

TRADING RULES **FOR FREESIA MACROSS EXTRUDER** **IN ALLOCATION FESTIVAL**

March 2009

Freesia Macross Corporation
Special Distribution Section

We believe that the best service to a customer should be the realization of the highest cost performance. We have achieved the business revolution by basing the complete standardization in every courses of purchase, manufacture and sales.

By this time, we distribute the product at the special allocation festival price attained by the Re-engineering which is possibly at last realized. We have established the transparent and fair rule by abolishing the usual and wasteful trading rules and practices customary up to now so that we can realize this price. To share our highest cost performance ratio which can be materialized in the area of the extruders for the first time in the world, it is essential for you to observe the following trading rules.

1. Application

1.1 Preliminary Order

- A preliminary order is required.
- No cancellation fee is charged in case that the preliminary order is canceled.
- The method of preliminary order is as follows:
Overseas customers • • • **ONLY BY FAX**

Note: Application and inquiries by other means cannot be responded.

- **SEND YOUR ORDER TO:**

Freesia Macross Corporation Special Distribution Section

Fax :0081-3-5818-1549

- If a formal contract is not made within one month from the preliminary order, the preliminary order is canceled.

1.2 Regarding The “Allocation With The Special Price”

(Our present production capacity for “Allocation” is 100 extruders per year.)

- Fifty (50) extruders are allocated for 42 countries around the world. (For a six months)
- If the number of preliminary orders exceeds the limit, we accept your preliminary orders up to the double quantity of our limited order. Then a strict lottery is performed.
 - Upper limit system : The limited order quantity is related to the upper limit of our production capacity.

2. Contract And Method Of Payment

2.1 Meeting for the contract

- A meeting will be held for the contract at our head office in (Chiyoda-ku, Tokyo) of Freesia Macross Corporation on the date and time specified by Freesia Macross Corporation.
- You should bring ¥200,000 to deposit.

Note: If you are not ready to make a deposit at the meeting, we recognize that you do not intend to buy our machine and the meeting will be canceled.

- At the meeting, the following issues are determined:

- Model and number of extruder(s) to be distributed
 - Type and number of accessory equipment(s) to be distributed
 - Selection and addition of option or moduled accessory equipment.
(Refer the attached sheet which will be handed you at the meeting.)
 - Type of option and spare parts
 - Date of delivery
 - If both companies cannot reach to an agreement at the meeting, you can decline to sign the contract. No cancellation fee will be charged.
 - If you want to cancel, please do so at the meeting. Another customer will obtain the right of purchase.
 - The following system is adopted for overseas customers to be fair comparing with domestic customers.
 - We pay half of Air FRE, based on the least expensive economy class ticket that we find, for up to two (2) persons.
 - We pay our share of the air fare at the meeting in cash.
 - Free charge of training course (instead of ¥10,000 per person for domestic customer.).
 - We introduce for your lodging in Japan the hotels to charge you less than \$100 per night per person.
- Note:* We do not provide transportation to/from the airport.

2.2 Provisional Contract

- When mutually agreed by both, and when the limited order quantity is not yet full, a provisional contract is made according to the following procedure, right after the meeting.
- You order booking deposit ¥200,000 in cash as a part of down payment of the acquisition for the recipient right of allocation...
- We issue a receipt for ¥200,000 with a certificate for the recipient right of allocation.
- Both parties sign on the duplicated original copies of “Contract sheets.” Each of those originals shall be kept respectively by both Freesia Macross Corporation and the Customer.

2.3 Formal Contract

- Within one (1) week from the provisional contract, you should deposit to our bank account written below or pay in cash one third of the total amount of purchase { which is written on the “Contract regarding acquisition of the right of purchase for Freesia Macross extruder(s)”}.

For Your L/C Payment:

“The Hongkong and Shanghai Banking Corporation, Ltd.”

(11-1, Nihonbashi 3-chome, Chuo-ku Tokyo, Japan) [SWIFT CODE: HSBC JPJT]

Account No.009-028788-001 = Freesia Macross Corporation_

For Your Telegraphic Transfer Payment:

“Resona Bank, Ltd.”

(25-11, Ueno 5-chome, Taito-ku, Tokyo, Japan) [SWIFT CODE: DIWA JPJT]

Account No.7008943 = Freesia Macross Corporation

- The formal contract becomes effective when we confirm your payment.

Note: If the payment is not made by the due date, you lose ”the right of purchase for Freesia Macross Corporation extruder(s).” The down payment of ¥200,000 will be appropriated to the meeting expenses and will not be reimbursed.

2.4 The Rest Of The Payment

- You should deposit to the above bank account or pay in cash the remaining two thirds of the total amount of purchase { written on the "Contract regarding acquisition of the right of purchase for Freesia Macross Corporation extruder(s)"} by the time of completion of the training course, which is described later in these rules.

2.5 Cancellation Of Contract

- When you cancel the contract by the reason of your own, you should pay either one third of the total amount of purchase or the expenses which Freesia Macross Corporation spend for this contract by the time of cancellation, whichever is larger.

3. Price

3.1 Extruder Main Body

3.1.1 Price for optional spec motor for single screw extruder

- For NV100mmSG, NV65mmSG, and NV40mmSG,an AC Motor (One Fixed Speed) is the standard. These are epoch-making machines because an inverter controlled motor can be selected as option.

An Inverter Controlled Motor (No-step Variable Speed) would be charged additionally.

For example: additional ¥1,480,000 for 90KW motor

3.1.2 Price for optional spec motor for twin screw extruder

- The standard motor for each model is the following:

Model	Standard Motor	
NR2-46mm	400v-55kw Inverter Controlled Motor	no-step variable speed
NR2-75mm	400V-90kw Inverter Controlled Motor	no-step variable speed
NR2-104mm	400V-300kw DC Motor	no-step variable speed

- If you choose a motor with non-standard capacity, it will be additionally charged.

- Available capacity of the motor which you can select is 6 types as follows;

Inverter	22kw	55kw	90kw
DC	300kw	600kw	

3.1.3 Options

- Available options are predetermined for each model.

Example: Hopper screw, Screw feeder, Side feeder

- Each option has its list price and special price.
- A die for profile extrusion, a die for sheet extrusion, and an adapter for a die need a separate estimate.
- Special specification which requires to modify the extruder main body is not accepted in this allocation festival.

3.2 Accessory Equipment

- The special price on the advertisement is the one it is purchased with an extruder.
- If you buy only the accessory equipment without an extruder purchase, the price is 5% higher than the special price on the ad.
- Special specification which requires to modify the main body of machinery is not accepted in this allocation festival.

3.3 Spare Parts

- We have many parts available other than listed in the ad.
- Each spare part has its list price and special price.
- The following privilege is given to overseas customers, in order to cover our short manpower for maintenance service.

Spare parts are distributed for one third of the list price.

(This is valid only when purchased with an extruder, please buy and stock as many parts as possible.)

3.4 Other Expenses

- All the prices are on the basis of EXW Freesia Macross Corporation Saitama factory.
- Packing and shipping are estimated separately.
- The expenses for the import/export procedure is the following:
 - The handling charges for the import/export procedure is 3% of the total amount of purchase.
 - Packing, shipping and custom clearance fee will be billed at cost.

We do not do installation or machine tuning, as a rule. Instead, we provide extensive training course. There may be some exceptions, depending on the sum of your purchase. Please feel free to ask about it.

4. Training Course

4.1 Duty to take the training course

- When you purchase a Freesia Macross Corporation extruder, it is mandatory to you to take our training Course :
 - Place Freesia Macross Corporation Saitama factory
 - Date Will be specified by Freesia Macross Corporation
 - Term Overseas customers 3days from 8:00am ~ 20:00pm
 - Object The machine which is delivered, or an equivalent

4.2 Subject

- Operation
- Installation
- How to maintain the machine
- Test operation to confirm the performance
- Agreement / Confirmation for the definite guarantee of the operation and the maintenance

4.3 Fee

- Overseas customers • FREE OF CHARGE
 - We pay half of air fare, based on the least expensive economy-class ticket available, for up to two (2) persons.
 - We pay in cash for the half of air fare at the end of the training course.
 - We introduce you a lodging in Japan to charge you less than \$100 per night at your account for up to two (2) persons.
 - The training cost includes lunch at our Factory canteen, but does not include breakfast nor supper.
- Note:* We do not provide transportation to/from the airport, and the domestic traffic charges are to be born by the Customer.

4.4. Certificate Of Achievement

- We issue a Certificate of Achievement at the end of the training course for those who acquired the skills necessary for installation, operation, and maintenance.
- Please note that we might reject to deliver the machines and equipment if you fail to acquire the necessary skills at the training course. In this case, we will return you all of the amount which you paid us by then.

5. Delivery Date

- Approximately 3.5 to 5.5months after receipt of your formal order.
- Official delivery date is determined when the provisional contract is made.
- The delivery date may be changed and postponed, in case of : Such as act of God (Flood, Thunderstorm, Earthquake, Volcano explosion, or other natural disaster.)

6. Guarantee

As being a member of Japan Plastics Machinery Industry Association, Division of Hollow Container Processing Equipment, we guarantee machines and equipment we deliver according to the following rules.

6.1 Term

- One (1) year from the delivery date written on "Contract regarding acquisition of the right of purchase for Freesia Macross Corporation extruder(s)"
- For the parts listed below, the term of guarantee is determined as listed.

Parts	Term	Parts	Term
Heater	6months	Oil Motor	6months
Limit switch	6months	Oil Valve	6months
Control relay	6months	Signal Tube	3months
Temperature controller	6months	Resin Pressure Gauge	3months
Thermocouple	6months	Other Pressure Gauge	6months
Magnet switch	6months	Rubber Hose	6months
Blower	6months	Oil Pump	6months
Control timer	6months	Solenoid Valve	6months
Micro Switch	6months	Packing & Gasket	6months
Vacuum gauge	6months	Motor	6months

6.2 Exceptions

- Parts of consumption listed below are not covered by the guarantee.
 - Screw
 - Cylinder
 - Bearing
 - Oil Seal
 - Screw Shaft
 - Pelletizer Rubber Roll
 - Pelletizer Rotary Blade
 - Pelletizer Fixed Blade
- Even during the period of guarantee, the damage and/or trouble of the machine by the following cause is not covered.
- In case that the machine(s) and/or equipment(s) are not operated faithfully as the instruction of the training course or are not maintained as instructed.
- In case that the machine(s) and/or equipment(s) are modified not by us.

- In case that the machine(s) and/or equipment(s) are improperly or carelessly operated
- In case of act of God (Flood, Thunderstorm, Earthquake, Volcano explosion or any other natural disaster.)
- In case that the machines and/or equipment are moved to a different location or transferred to a third party
- In case that the material fed into the machine prevents normal operation
- In case that the machine(s) and/or equipment(s) are not properly installed by you
- In case that property, output rate of your products or other method of operation is not proper

6.3 Cost

6.3.1 For Domestic Customers (OMITTED)

6.3.2 For Overseas Customers

- If we send a service person to your place, it would take much time before arriving and it would make quick recovery difficult. Thus, in order for quick treatment, overseas customers are given the following privileges.
 - We provide parts at one third of the list price during the guarantee period, regardless of cause of the trouble. You should pay in full (deposit to our bank account) at the time of placing order (before shipping from Freesia Macross Corporation). The followings are separately charged.
 - Shipping
 - Custom clearance
 - Packing
 - You ship the broken parts to Freesia Macross Corporation.
 - When the broken parts reach us, and if it is within the coverage of our guarantee, we return all that you deposited.
 - Even for the overseas customers, we don't guarantee the production. We provide spare parts at one third of the list price only when purchased with an extruder. Please buy as many parts as possible on this occasion so that you can recover earlier.
 - Regarding the technical service, the fax and telephone will be used mainly. During 3 days training course, the common technical base(terms, foundation and knowledge etc.) must be obtained. by you, which enables the communication by fax and telephone.

7. Specification Determination And Performance Confirmation

- On the basis of our 40 years of experience in the field of manufacturing and vending the extruder, we have set the following principles to standardize the specifications of the versatile, flexible, general purpose extruders.
- Great output type with a large capacity motor as standard.
(The greater serves for the smaller.)
- The minimization of the diameter and the machine.
(The smaller serves the greater.)
- The inverter or DC motor for a twin screw extruder as standard.

High performance of no-step variable speed.

(The greater serves for the smaller.)

- Element configuration of screw for twin screw as standard.

Shaft of involute spline as standard.

(The greater serves for the smaller.)

- Minimization of the diameter, remarkably larger output capacity .

(The smaller serves the greater.)

- Make a temperature control zones smaller
- PID temperature control as standard
- Brass-cast heater as standard. (The greater serves the smaller.)
- High-grade materials and parts as standard
- Therefore, the Freesia Macross Corporation single screw extruder can process any products that can be processed by a conventional extruder, by setting up the proper conditions and by adding necessary options. Further more we devised the better quality and the better capacity.
- Equally, the Freesia Macross Corporation twin screw extruder can process any products by setting up the proper conditions, by adding proper options, and by assembling the proper screw elements. Furthermore we devised the better quality and the better capacity.
- Regarding output capacity, we present the typical quantity based on our experience or the supposed quantity estimated from the mechanical factors of each machine type. We cannot guarantee the output capacity because it depends on the material and operation condition.
- Neither can we guarantee the characteristic of the products from our extruders..

7.1 Operation For Performance Confirmation

- A test operation is performed in your presence before delivery in order to confirm the machine performance.
 - Date Specified by Freesia Macross Corporation
 - Term One (1) day
 - Place Freesia Macross Corporation Saitama factory
 - Materials The ones supplied by you (600kg-1ton)
 - Purpose To confirm mechanical and electrical functions
- Upon the test operation, you should supply raw material (600kg-1ton) at least one (1) week prior to the test.
- If you do not get the output rate and/or quality of he products, we cooperate with you to optimize operating conditions etc.
- A skilled operator of Freesia Macross Corporation will be happy to extend the test operation.
- The cost for the extension is ¥200,000 per day. It should be paid in full in cash.
- The delivery date will be postponed if agreed by you and us.
- We can make a modification to the machine as long as it does not exceed our range of options.
- The cost for the modification will be estimated separately, and should be paid in full in cash.

7.2 Pre-Contract Test Operation

- Only those who has placed a preliminary order are entitled to perform the pre-contract test operation.
- A skilled operator of Freesia Macross Corporation will be happy to help you.
- It is performed as follows

- Date Specified by Freesia Macross Corporation
 - Period One (1) day
 - Place Freesia Macross Corporation Saitama factory
 - Materials The ones supplied by you (600kg-1ton)
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- The cost is ¥200,000 per day, and should be paid in full in cash by the end of the test.
 - If you do not make a formal contract within two (2) weeks after the test operation, you will lose the right of purchasing a Freesia Macross Corporation extruder.
 - Please send the raw material to Freesia Macross Corporation Saitama factory at least one (1) week prior to the test.