

General Terms and (Service) Conditions

of the company Alzeyer Werkzeugmaschinen Service GmbH (in the following referred to as: “AWS GmbH”)

Status as of July 2013

The following terms and conditions apply to all services, in particular to non-recurring repair, assembly and maintenance services

(in the following referred to as one-time service contract -I-)

and recurrent services

(in the following referred to as recurrent service contract -II-)

as well as to general terms for all services

(in the following referred to as General Terms -III-)

These terms and conditions also apply if we provide our services without reservation although we are aware of conflicting or deviating terms and conditions of the client. The client’s general terms and conditions do not apply.

Our service conditions apply only to business men (§ 14 of the German Civil Code (BGB)), they do not apply to (end) consumers (§ 13 BGB). These general service conditions also apply to future orders.

I. Terms and Conditions concerning one-time service contracts

The following conditions apply to all one-time service contracts

- 1 Object of agreement
 - 1.1 The objects of a one-time service contract are repair, assembly and maintenance services of the client’s machine or facility (in the following referred to as “contract facilities”) provided by AWS.
 - 1.2 In the framework of a so-called one-time service contract AWS provides the following services:
 - 1.2.1 repair (including remote diagnosis and maintenance)
 - 1.2.2 maintenance
 - 1.2.3 support by customer hotline

- 1.3 At the client's request and based on a separate agreement and remuneration AWS provides the following services:
 - 1.3.1 Initial installation of the client's machine/ facility at the client's place of work (assembly)
 - 1.3.2 On-site support
 - 1.3.3 Training
 - 1.3.4 Consulting regarding extension/renewal of facilities

2 Conclusion of the contract

After having been engaged by the client by phone or in writing, a one-time service contract is concluded by the client's receipt of a corresponding confirmation via fax or email, whereby the receipt is deemed to be effective at the latest one day after the transmission. The date of confirmation is to be considered as the date of the conclusion of the contract.

3 Scope of service

- 3.1 Unless otherwise agreed, the duration of normal working hours complies with the legal requirements of the Federal Republic of Germany. AWS usually provides services from Monday to Friday from 8 to 12 a.m. and from 12.45 to 16.45 p.m. These working hours correspond to a 40-hour week and include time spent working, travelling and waiting. AWS maintains/repairs the client's machines/facilities according to the client's (problem) report. In addition to this, AWS provides a fault diagnosis on site, usually by means of a testing program, special instruments and test equipment.
- 3.2 The repair and maintenance services consist of repairing and if necessary replacement of defect components and are at the discretion of AWS. A machine/facility can be considered as repaired if it can be used again as intended.
- 3.3 AWS's service does not include water and electricity supplies, or other services which do not concern the machine/facilities. It does furthermore not include the disposal of defective or old components. If AWS provides spare parts only in exchange of the removed component, the latter shall become AWS's property. Otherwise the client retains ownership of removed components.
- 3.4 AWS has the right to refuse a service in particular cases, if at its own discretion the machine/facilities can no longer be repaired or are not worth being repaired, or if necessary spare parts cannot be procured. In addition to this, AWS reserves its right to interrupt services in case of an existing security risk until the risk is eliminated.
- 3.5 If components provided by the client are used to repair the machine/facilities, AWS is not liable for the faultlessness and/or serviceability of the component provided by the client. Furthermore AWS is not obliged to examine the component's suitability before fixing.

4 Client's participation in repair, assembly or maintenance services

4.1 The client has to support AWS at his own costs when the contractual repair, assembly or maintenance services are performed. The client is in particular obliged to provide the following technical assistance:

- Provision of the necessary amount of suitable assistants to perform the service. AWS is not liable for the assistants.
- Provision of the necessary tools and equipment as well as the required materials.
- Provision of heating, lighting, operating power, water, including the necessary connections.
- Provision of suitable, theft-proof recreation and work rooms and first aid for AWS employees.

4.2 The client has to take the necessary and appropriate actions to protect individuals and property at the repair/ assembly or maintenance site. The client must also inform AWS about existing special safety rules.

4.3 If the client does not fulfil its duties, AWS shall be entitled, but not obliged, subject to prior notification, to perform the acts incumbent upon the client in his place and at his expense.

5 Industrial property rights of third parties

If the object to be repaired is not delivered by AWS, then the client has to indicate the industrial property rights that exist with respect to the object; as far as AWS is not at fault, the client shall indemnify AWS from any industrial property claims of third parties.

6 Not feasible repairs

6.1 The client is charged for the work performed for the submission of an estimate, as well as for any additional effort of defect detection, if a repair is not feasible due to reasons for which AWS is not responsible, in particular because:

- the defect reported in the complaint has not occurred during inspection (case of a wrong error message)
- the spare parts cannot be procured

- the client has missed the agreed deadline due to negligence
- 6.2 The item being repaired only needs to be returned to its original condition at the express wish of the client and with reimbursement of the costs unless the work carried out was not necessary.
- 7 Declaration of costs
- 7.1 If possible at the time of the conclusion of the contract, the client has to be informed about the estimated costs of repair. Should it not be possible to perform the repair at said costs or should AWS deem additional work to be necessary during the course of work, the client's consent has only to be obtained, if the original price is exceeded by more than 15 %.
- 7.2 Should the client require a cost estimate with binding prices prior to performance of the repair, he shall expressly request said cost estimate. A liability only exists in case of written cost estimates.
- 8 Special rules for assemblies
- 8.1 Assemblies are charged according to the price list for service conditions on a time basis – as published on AWS's homepage – , unless a lump-sum has been expressly agreed on.
- 8.2 Necessary material is charged according to the actual consumption. The material used is charged according to the AWS's prices which apply at the time of delivery on the basis of AWS's general delivery and payment terms and conditions.
- 8.3 The goods and materials delivered remain AWS's property until all payments resulting from the assembly contract have been made.
- 8.4 Assembly periods are only binding if expressly agreed on. If an assembly component supplied by AWS is damaged during assembly through AWS's fault, AWS shall have the choice of repairing it at its own cost or delivering a new component.

II. Terms and Conditions for recurrent service contracts

In the event of the conclusion of a recurrent service contract AWS provides maintenance services of the client's machine/facilities in accordance with the following conditions:

- 1 Services by AWS

- 1.1 Once a year, AWS carries out maintenance works on those of the client's machines/facilities which are mentioned in the contract.
- 1.2 Maintenance works are deemed to be compensated by the lump-sum agreed on. Necessary spare parts are charged separately.
- 1.3 The client will be given notice about maintenance works in due time by AWS. AWS is entitled to combine special services due to reported malfunctions with regular maintenance services.
- 1.4 Malfunctions which occur apart from regular maintenance services will be repaired by AWS after having been notified by the client. These repair services will be charged separately by AWS depending on working time, travel costs and usage of necessary spare parts.
- 1.5 The elimination of malfunctions or failures which were brought out by malicious acts by third parties, by force majeure, by the client's poor maintenance of his machines/ facilities or by inadequate operation (Failure to observe the instructions on use and a non functional use) caused by the client or his employees, are not the responsibility of AWS in the framework of the recurrent service contract. If AWS nevertheless provides repair services, AWS is entitled to charge the client separately for the services provided according to its price list for service conditions. AWS furthermore reserves its right to refuse repair services in particular cases if, at its own discretion, the machine cannot be repaired or is not worth being repaired, or if necessary spare parts can no longer be procured. In this case AWS's refusal is deemed the end of the recurrent service contract.

2 Client's obligations

- 2.1 The client has to inform AWS immediately in case of any malfunctions or damage occurring to the machines/facilities.
- 2.2 The client is obliged to contribute to the performance of services in an appropriate way. In this regard, Clause 1.4. applies correspondently.

3 Term of a contract

- 3.1 A recurrent service contract is concluded for a period of two years. It is automatically prolonged for one year if it has not been expressly cancelled before the expiry of the two year term by one of the contractual partners.
- 3.2 The contract can be terminated by both sides with a notice period of one month at the end of each duration period. The termination must be communicated in writing.

III. General provisions

The following provisions apply to all services, in particular to one-time service contracts (I) and recurrent service contracts (II) including consulting, planning, provision of information and similar services:

1 Offers and related documentation

- 1.1 All offers are non-binding with regard to prices and availability. Figures, drawings, and any data as to dimensions and weight are only approximately applicable, unless they have been explicitly declared as binding.
- 1.2 We reserve our ownership and copyright with regard to figures, drawings, estimates and other documentation; they must not be passed on to third parties. All documents relating to an offer have to be returned immediately upon our request, should we not be awarded the order.

2 Prices

- 2.1 Insofar as not otherwise specified in the order confirmation, our prices shall apply 'ex works' or ex warehouse, excluding packaging; this shall be charged separately.
- 2.2 For any orders under €50.00 (net) a small quantity extra charge of €20.00 will be added.
- 2.3 Products with a retail price of less than € 10.00 cannot be taken back.
- 2.4 The value added tax at the statutory rate is not included in our prices; it is shown in invoices as a separate item at the rate in force on the day of issue of the invoice.
- 2.5 Package materials and pallets are invoiced at cost price. Special packaging will be invoiced in accordance with the price charged by our supplier. Packaging material cannot be returned.

(alternatively: material will be made available on a loan basis and is charged at cost price if not returned freight paid within four weeks of delivery)

3 Remuneration/payment

- 3.1 AWS charges its services – with the exception of maintenance services (s. III. 3.2) – according to working hours, travelling costs and necessary spare parts. The billing takes place immediately after the provision of the services on the basis of the current version of the price list, plus the statutory value-added tax. Once the services have been provided, the client has to sign an appropriate performance record.
- 3.2 AWS's maintenance services are charged immediately after the provision of the services on the basis of the currently applicable fees. Further services, which have been provided but are not compensated by these fees, are charged by AWS on the basis of the currently applicable price list for services.

- 3.3 For services which are interrupted prematurely at the client's request, the client has to pay for services already provided as well as for any other related expenditures incurred by AWS.
- 3.4 The services invoiced by AWS are payable net immediately after having received the invoice. Cheques, bills of exchange, and any other means of payment shall only be accepted on special agreement and subject to respective cover and on account of payment. Any charges and fees arising in this context shall be at the expense of the client.
- 3.5 In case of payment default, we are entitled to claim the statutory default interest according to § 288 BGB. The claim of additional damages caused by delay shall thereby not be excluded. However the client is entitled to prove that only minor damage has occurred.
- 3.6 The set-off of claims, price reductions and the right of retention are excluded, unless the counterclaims or rights of the client are legally binding or recognized by AWS.
- 4 Terms of delivery
- 4.1 Terms of delivery are indicative. In the case of a delayed delivery the client is not entitled to assert claims for damages unless otherwise agreed by individual contract or to the extent that the following rules do not provide otherwise.
- 4.2 The delivery deadline or delivery date are deemed to have been met if, on the expiration of such deadline, the delivery items have left our plant or have been notified as ready for shipping (in case of collection by the purchaser) or until the expiration of such deadline the object to be repaired or the assembly item are ready for collection by the purchaser.
- 4.3 If the delivery period or repair/assembly/maintenance services are delayed due to force majeure, industrial disputes or other occurrences which are outside the realm of influence of AWS, a reasonable extension of the delivery period will be granted. This also applies if such occurrences arise after AWS has fallen behind. Furthermore we reserve the right to withdraw from the contract in whole or in part.
- 4.4 If, demonstrably due to delay of the AWS, a damage arises during assembly or repair for a client which has his headquarters within the European Economic Area (EEA), the client is entitled to require overall compensation for damages due to arrears. They amount to 0.5% for each full week of delay, but to a maximum total of 5% of the assembly/repair value of the part of the machine to be assembled/repared by AWS which, as a consequence of the delay, cannot be used in good time. If the client claims overall compensation for damages due to arrears, any further claims shall be excluded.
- 4.5 The fulfilment of our delivery obligations requires the punctual and proper fulfilment of the client's duties.
- 4.6 If the client delays acceptance or otherwise culpably breaches duties of cooperation, AWS are entitled to claim damages incurred by AWS including possible additional expenditure.
- 5 Transfer of risk in case of shipment

- 5.1 The risks are transferred to the client upon delivery ex works/ ex warehouse, even if freight-free delivery has been agreed.
- 5.2 If dispatch is delayed due to circumstances that the client is responsible for, then the risk transfers to the client from the day of the readiness to dispatch.
- 5.3 We shall arrange transport insurance, insofar as the client requests this explicitly and accepts the associated costs.
- 5.4 Partial and premature deliveries shall be allowed.

6 Acceptance

- 6.1 The Client is obliged to accept the repair/assembly/maintenance work as soon as he has been shown its completion by AWS. If the repair/assembly/maintenance work proves not to be in line with the contract, AWS is only obliged to eliminate the defect if the defect is of substantial importance to the interest of the client and is not due to circumstances that the client is responsible for. The client cannot refuse acceptance where a non-essential defect is present.
- 6.2 If the client makes a complaint in writing and in a comprehensible way about non substantial defects, acceptance is considered completed after a period of one week following the announcement that the repair/assembly/maintenance work is finished or the work has been made available. The operative use of the repair/assembly/maintenance work or the work itself is also deemed acceptance.
- 6.3 The acceptance discharges AWS's liability for identifiable defects, unless the client reserves the right in writing to assert a certain defect.

7 Reservation of proprietary rights

- 7.1 AWS retains title to the good delivered until all AWS's claims deriving from the business relationship are met (current account reservation). In the event of the client behaving in breach of contract, in particular in the event of late payment, we shall be entitled to take back the merchandise. Taking back the merchandise purchased does not mean a withdrawal from contract on our part, as far as the German instalment purchase law (Abzahlungsgesetz) is not applied, unless we have expressly declared that in writing. After reclamation of the item delivered, AWS are authorised to exploit it; the returns of exploitation are to be credited against your liabilities, minus appropriate realisation costs.
- 7.2 The client is obliged to handle with the utmost care all goods that are subject to a reservation of title clause, in particular to sufficiently insure at its own cost the relevant merchandise for the full replacement value. The client shall conduct maintenance and inspection work in good time at its own expense.

- 7.3 The client shall immediately notify AWS in writing about any attachments or other such actions by third parties.
- 7.4 The client is entitled to resell the item purchased in the scope of proper business; at which point, he shall assign all receivables to the amount of the final invoiced sum (including VAT) which he acquires on the basis of the resale vis-a-vis his recipients or third parties namely regardless of whether the object of purchase has been resold with or without further processing. The client shall retain the right of recovery of the debt even after he has assigned the claim to us. However this shall not affect our right to enforce the claim. However, we agree not to recover debts ourselves as long as the client complies with his payment obligations out of the amounts received. If the client enters into payment default or if a petition on an insolvency process on his assets is filed or if a cessation of payment exists, we can require the client to inform us about the assigned book account and their debtors and hand over the respective documents and to inform the debtor about the assignment.
- 7.5 The processing or reworking of the delivered good by the client shall always be on behalf and by order of AWS. If the delivered item is inseparably processed together with other items, which do not belong to AWS, AWS acquire joint ownership of the new object depending on the value of the delivery item and the value of the other inseparably processed item at the point of time that the amalgamation occurred. Apart from this, the same shall apply for the item resulting through processing as for the item delivered under reserve.
- 7.6 To secure AWS's claims against him, the client shall also assign all claims against a third party that accrue to him through the connection of the object of sale to property.
- 7.7 At the request of the client, we undertake to release the securities to which we are entitled insofar as the realisable value of our securities exceeds the claims to be secured by more than 20%; the selection of the securities to release being a decision for AWS.

8 Claims and rights for defects

- 8.1 The rights of the client with regard to defects are subject to his having duly met his responsibilities to check the consignment and to provide notification of defects as required by §§ 377, 378 HGB. If the parties have agreed upon a joint acceptance of the item of delivery and the handover has taken place, a subsequent complaint with regard to defects that could have been recognized upon handover shall be precluded.
- 8.2 One-time service contracts: If, in case of a one-time service contract (I.), services do not remove the relevant problems or the maintenance service is defective, the client has to report this immediately in writing. AWS reserves the right to carry out a subsequent attempt at improvement within a reasonable period of time and, in case of failure of the first subsequent attempt, AWS also has the right to carry out a second subsequent attempt at improvement. If the second attempt at improvement fails or is declined by AWS, the client is entitled a reduction of the price paid.
- 8.3 Recurrent service contracts: In case of a recurrent service contract (II.) paragraph III.8.2. applies accordingly, whereby in the case of the failure of the second attempt at improvement or if it is

declined by AWS, the client is entitled to a cancellation or a reduction of the repair price – and if, despite the reduction, a continuation of the contract is clearly not of interest to the client – has the right to terminate the recurrent services contract prematurely.

- 8.4 Purchase of merchandise: In case of a purchase of merchandise and defects for which AWS can be held responsible, AWS reserve the right to choose with regard to an attempt at improvement between repair and subsequent delivery. This rule also applies to parts of the delivered item. If the second attempt at improvement fails or is declined by AWS, the client is entitled to choose between the reduction of the price paid and the withdrawal from the contract.
- 8.5 Work performance: With respect to defects which occur during work performance and for which AWS are liable, we reserve the right to choose between an attempt at improvement and a reproduction. This rule also applies to parts of the object of work. If we refuse or are not able to improve or reproduce the relevant task, or the repair of deficiencies/reproduction fails in any other way, or cannot be reasonably expected of us, the client is entitled to choose between the reduction of remuneration, a cancellation of the contract and compensation in place of delivery by taking into consideration the limitations of liability set by these General Terms and other individual agreements. In case of minor defects/ minor breaches of contract a cancellation of the contract is precluded. The same applies if we are not liable for the defect/ breach of contract.
- 8.6 Further claims and rights of the client, in particular claims for damages including losses of prospective profits or other financial losses are excluded, unless the reason of damage is based on intent, on gross negligence or intentional deception, or if a guarantee for the relevant quality or characteristic has been expressly given in written form.
- 8.7 AWS is not obliged to correct defects when the defect is immaterial to the interests of the client or arises through circumstances for which the client is responsible. This applies especially to defects on parts that were supplied by the client.
- 8.8 Regarding the costs resulting from rectification of said defect, AWS shall bear the costs of the replacement part including shipping, provided that the complaint turns out to be justified. AWS also bears the costs of the disassembly and installation as well as the costs of any necessary provision of the necessary fitters and assistants including journey costs insofar as no disproportionate burden for AWS arises thereby.
- 8.9 There is a warranty period of 12 months for completed services in case of newly produced items and work performances. In all other cases there is a warranty period of 6 months starting from the acceptance by the client. In case of purchase of merchandise there is a warranty period of 1 year from delivery or acceptance; in the case of delivered goods having been used, any guarantee and liability on the part of the vendor for the quality of the goods is ruled out.
- 9 Liability of AWS
- 9.1 AWS shall only bear liability for damage arising from: wilful intent and gross negligence; any culpable injury to life, physical integrity or health; in case of a quality guarantee; and according to the German Product Liability Act.

- 9.2 In the event of ordinary negligence, AWS only accepts liability for failure to carry out duties essential to the contract (violation of primary duties) and for typical, contractual and foreseeable damages.
- 9.3 With the exception of intent, our total liability shall not exceed the payments which were made by the client to AWS within the last 12 months. AWS is only liable for direct damage. AWS is not liable for any indirect damages including, for example, loss of profit.
- 9.4 In the event that a client files a direct claim against organs, collaborators or vicarious agents of our company, this limitation of liability also applies in favour of our organs, collaborators or vicarious agents.
- 9.5 All entitlements of the client - on any legal basis whatsoever - expire after 12 months for damage claims, unless another period has been agreed on. For claims under the headings listed in 9.1, the statutory periods shall apply.

10 Transfer of rights and duties

AWS has the right to transfer the rights and duties of this contract to a third party of its choice, in particular to make a third party provide maintenance, assembly and work services, provided that a fulfilment of obligations is guaranteed this way.

11 Other rules

- 11.1 All agreements between AWS and the client in order to fulfil the contract have to be included in the written contract. Subsidiary agreements, oral arrangements, confirmations etc. have to be confirmed by us in writing in order to become effective.
- 11.2 In the event of a term being or becoming partly/ wholly void, this does not affect the validity of the remaining terms which still form part of the contract. The ineffective provision shall be replaced with an effective provision that comes as close as possible to the economic spirit and intent of the ineffective provision. The same applies in the case of a contractual omission.
- 11.3 All legal disputes and proceedings arising from this contract must be brought at the court having jurisdiction for the registered office of AWS, provided that the client is a merchant, is a legal entity under the public law or has a separate public law personality. AWS reserves furthermore the right to sue the client at his registered office.
- 11.4 The place of performance is our place of business, unless otherwise stipulated in the order.
- 11.5 The substantive law of the Federal Republic of Germany applies. The application of private international law and the UN Convention on the International Sale of Goods (CISG) shall be excluded.

