

General Terms and Conditions 07/2009

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1. General terms

1.1 The following terms and conditions shall apply to all offers placed by us and all contracts concluded with the customer, including electronic business. General terms and conditions of the customer shall only apply if expressly confirmed by us in writing. If a master agreement has been concluded between the customer and us (e.g. Global Agreement), provisions of these General Terms and Conditions that deviate from the provisions contained in such master agreement shall not apply.

1.2 Pfalzgrafenweiler/Pirmasens (Federal Republic of Germany) shall be the place of performance for both parties and all contractual claims. Customary trade clauses (such as for instance ex works) shall be construed in accordance with the definitions set by the International Chamber of Commerce as valid upon conclusion of the contract.

1.3 For the contents of the contract – particularly for prices, scope and quality of delivery, lead time, other time limits and commercial terms – our order confirmation shall primarily be decisive. All other arrangements shall be deemed subsidiary. In accepting goods and services or parts thereof, the customer acknowledges that the contents of the contract are subject to our order confirmation. Subsequent alterations of the contract shall only be valid if confirmed by us in writing.

1.4 Illustrations, rough drafts and other descriptions of our machines, accessories or spare parts shall only serve as demonstration purposes. They are not binding in respect of design and technical quality; this applies in particular to dimensions and weight. Design and technical quality shall be left up to us. Together with the order confirmation we shall provide dimensioned drawings. We reserve the copyright on drawings, documentation and other written materials. They may not be made available to third parties.

1.5 All deliveries to the customer shall be with the reservation of correct and timely receipt of delivery by us, in particular of required raw materials and primary products for the products to be delivered to the buyer. If delivery to us is not effected or is being delayed, we shall notify the customer thereof and shall be entitled to withdraw from the contract within reasonable time.

2. Prices and terms of payment

2.1 Our prices are to be understood without prompt-payment discounts or other price reductions ex works Pfalzgrafenweiler/Pirmasens, packing, freight and insurance not included, exclusive of value added tax.

2.2 Should custom orders require the use of new technologies and procedures, resulting in additional costs, we shall be entitled to adapt the agreed prices to the altered costs; new delivery dates and terms of payment shall be fixed accordingly. However, this shall only apply if such possibility is expressly provided for in the order confirmation. In this case, the state of technology that the initial prices are based on, shall be specified in the order confirmation.

2.3 After expiration of the agreed term of payment, we shall be entitled to charge interest at our bank's lending rate; the customer may produce evidence that no damage was caused by the customer's delay or that the damage caused was considerably less than the flat charge. We will only accept payment orders, cheques, bills of exchange and other means of payment as provisional means of payment and will only accept them definitively following receipt of the credit entry on our account. Discounting and prolongation of bills of exchange shall not be regarded as performance.

2.4 Should the customer fail to act according to its obligations, thereby putting it out of our power to render the services, or should the customer fail to effect due payment or otherwise be in debtor's default, we shall be entitled to fix an appropriate time limit for performance and to threaten to terminate the contract in case of unsuccessful expiration of such time limit; the fixing of a time limit shall be considered as a reminder within the meaning of Section 286 Civil Code (BGB). Should the customer fail to fulfil the contract subsequently before expiration of the time limit, we shall be entitled to terminate the contract and to dispose of the delivery item otherwise.

In case of such termination, we shall be entitled to charge the full purchase price. Payments already made as well as the value of such parts that can be reused without further modifications shall be deductible therefrom. Should the customer's breach of contract be due to force majeure, we shall only be entitled to charge the expenses incurred by us up to the date of termination as well as the costs we cannot avert.

This shall not prejudice any additional statutory rights or claims (e.g. compensation claims in case of a culpable breach of duty on the part of the customer).

2.5 If, following the conclusion of the contract, we learn about circumstances regarding the customer/user or its state, and if, taking basic commercial principles into consideration, we have cause to doubt the security of our claims, we shall be entitled to postpone discharge of our contractual obligations until payment of additional advances has been effected or securities have been provided by the customer. Should the customer fail to effect additional advance payments or to provide securities within an appropriately fixed time, we shall be entitled to withdraw from the contract.

2.6 Set-off and retention of payments based on the customer's claims – e.g. warranty claims – shall be excluded to the extent that such claims are not uncontested, ready for judgement or legally effective.

3. Retention of title

3.1 We retain title to our delivery items until all our contractual claims have been completely settled. It is up to the customer to provide complete insurance of the delivery item.

3.2 Should the delivery item subject to a retention of title be seized under distress by a third party, a copy of the fieri feci shall be submitted to us without delay.

3.3 Should the laws of the country where the delivery items is located not permit a retention of title but provide for other seller's rights to the delivery item, we shall be entitled to exercise any such rights. The customer undertakes to co-operate in all measures we intend to take in order to protect our right of ownership – or in its place any other right to the delivery item.

4. Term of delivery and default in delivery

4.1 Unless an acceptance test has been agreed for the delivery item, a term of delivery described as binding shall be deemed to have been complied with if the delivery item has left our plant or if the customer has been notified of its readiness for shipment by the deadline. If not expressly described as binding, terms or dates of delivery shall be deemed non-committal. If no term or date of delivery has been indicated, and if there should be any doubt, the term of delivery shall be six weeks after the order confirmation was made out.

4.2 The customer shall not be entitled to reject partial deliveries that can be used independently.

4.3 Compliance with the term of delivery specified in the order confirmation shall depend on the customer's active co-operation regarding the clarification of all technical and commercial details. Our compliance with the term of delivery shall particularly require that the customer shall:

- return a signed copy of our order confirmation, whereby the date of receipt by us shall be decisive;
- not request any technical or commercial modifications;
- have provided sufficient amounts of testing materials according to our specifications in good time (see also Paragraph 5.1 hereof);
- have complied with or obtained information about all formalities required for smooth handling of transport, import and payments in good time and shall have procured import permits and letters of credit;
- effect the agreed payments on schedule, whereby the credit entry on our account shall be decisive;
- conduct the acceptance tests on schedule (Paragraph 5.3 hereof).

Should the customer fail to co-operate actively, we reserve the right to extend the term of delivery in a reasonable manner.

4.4 Apart from the cases set forth in Section 4.3, we shall be entitled to a reasonable extension of the term of delivery if difficulties which are beyond our control or, as applicable, beyond our sub-contractors' control (e.g. strikes, lockouts or force majeure) occur, to the extent that such events have a bearing on our adherence to the term of delivery.

4.5 In the event that we default on delivery, the customer shall be entitled to grant a respite. The additional period shall be one half of the original term, yet no less than 5 months. This shall not apply to delivery items that have been custom-made for the customer; in this case, the additional period granted shall be 3/4 of the original term and shall be no less than nine months.

After an unsuccessful lapse of the extended term, the customer shall be entitled to withdraw from the contract provided it has given notice of such intent when granting an additional period. Any payments received shall be reimbursed.

4.6 If the customer has suffered any damages due to our default, it shall also be entitled to demand indemnification in accordance with Section IV.4 of the terms of delivery of the Association of German Manufacturers of Machinery and Facilities (Verband Deutscher Maschinen- und Anlagenbau (VDMA)) amounting to 0.5 % for each full week of default and not exceeding 5 % of the value of the delivery items that could not be used in time or in accordance with the agreement. Any further compensation claims can only be asserted according to Section 8. hereof.

5. Scope of function and functional tests

5.1 Each product shall be tested by us before being delivered to the customer. Unless agreed otherwise with the customer, only products suitable for the processing of packing materials that are usual in the market and have the dimensions and qualities set forth in the specification shall be owed.

5.2 If an acceptance test for the delivery item at our plant has been agreed upon and the customer fails to appear at the agreed time, the acceptance test will not be conducted. If the acceptance test is postponed at the customer's request, it shall bear the corresponding additional costs.

5.3 Following the arrival of the delivery item at the customer's plant, the customer

shall immediately check to make sure that it is intact and complete. Any defects shall be reported to us without delay. Should the customer fail to promptly and correctly comply with these formalities, it shall forfeit any claims against us. Any defects notified to us shall be evidenced by photographs. A claims agent may be called in upon our request.

5.4 We shall make the services of our technically qualified staff available upon request and for payment – subject to the terms and conditions printed on the reverse side which shall apply in addition hereto. Staff will be deployed within the scope of our possibilities.

The staff may only be commissioned with the work agreed and the services of our staff shall only be made available when the customer has effected all preparations. Assistant helpers, power and equipment shall be made available to our staff as requested and free of charge.

The customer shall arrange for accommodation for our staff which meets West European standards with regard to amenities, catering and personal safety. The same standards shall apply to the transportation of our staff to the work site and back. Travelling and waiting times of our staff shall be deemed working time.

6. Defects

6.1 Our delivery items are free from defects if their actual quality is only slightly different from the contracted quality and such deviation is acceptable to the customer.

6.2 We warrant that our delivery items are free from defects as follows:

All defects notified to us in accordance with Sections 5.4 and 6.4 hereof, shall be remedied without charge either by subsequent improvement or delivery of faultless parts at our discretion (subsequent performance); Section 5.5 Par. 2, sent. 2 shall apply accordingly. Defective parts shall be returned by the customer upon request.

If we are not in a position to comply with the required quality standards in subsequent performance, we shall discuss that with the customer.

To the extent this is acceptable to the customer, subsequent performance may involve other delivery items or solutions from our program which generally meet the agreed quality requirements or, if no quality requirements have been contracted, which can be defined as contractual objects free from defects pursuant to the respective legal provisions (§§ 434 Par. 1, 633 Par. 2 Civil Code (BGB)).

6.3 The warranty period shall be 12 months as of the date of acceptance (see below) – or in case that acceptance is not required – as of receipt of the contractual object by the customer. This shall not apply to customer's claims for the compensation for damages based on the circumstances set forth in Section 8.1 hereof or if longer terms are provided for by the legal provisions of §§ 438 Par. 1 No. 2 (buildings and items for buildings), 479 Par. 1 (claim under a right of recourse) and § 634a Par. 1 No. 2 (defects of construction work) Civil Code (BGB). Acceptance within the meaning of this paragraph shall be deemed effected if the customer has not refused acceptance setting forth the reasons within three months after dispatch of the respective delivery item / work.

6.4 Warranty shall only apply if the customer has notified us of the defect immediately upon its discovery. Section 2.6 shall apply with reference to retention of payments and set-offs.

6.5 The customer shall not be entitled to remedy any defects on its own or to have them remedied by a third party without our written approval. This shall not apply in urgent cases where industrial safety is at risk, where unproportionately large damages need to be averted or if we default in subsequent performance. We must also be notified immediately in the foregoing cases. The customer can claim reimbursement of adequate costs for the remedying of the defects to the extent that it is entitled to remedy the defects itself or to have them remedied by a third party.

6.6 No warranty shall apply if

- a) the customer's packing materials and products to be packed are not in compliance with our requirements;
- b) the customer modifies the delivery item (Section 6.5 sent. 2 remains unaffected thereby);
- c) the delivery item was not installed or put in operation by our staff or was installed or put in operation contrary to our staff's instructions;
- d) our operating and maintenance instructions were not observed or the delivery item was otherwise used improperly;
- e) we were not given reasonable time for subsequent performance;
- f) the defect was due to normal wear and tear.

6.7 We can only be held liable for delivered parts that have not been manufactured by us, e.g. electrical and electronic parts, to the extent that we are entitled to assert warranty claims against the supplier.

6.8 The customer shall notify us in time if the delivered item is subjected to uncommon circumstances (due to climate, location or operation, etc.) or is used in multiple shift operation. Should the customer fail to notify us accordingly, it shall bear the associated risks.

6.9 In the event that subsequent performance (also multiple performance, as applicable) is unsuccessful, is refused by us or is unacceptable to the customer or

the fixing of a time limit is dispensable according to §§ 281 Par. 2 and 323 Par. 2 Civil Code (BGB), the customer may, at its discretion, decrease the remuneration accordingly or withdraw from the contract, even without fixing an adequate time limit for subsequent performance and unsuccessful expiration of such time limit if the defect is material – unless we can prove the absence of fault and our part. The customer may claim compensation for damages pursuant to Section 8 hereof or claim reimbursement of expenses pursuant to § 284 Civil Code (BGB), unless we did not have to reckon with it.

6.10 Upon our request, the customer shall be obligated to notify us within an adequate period of time fixed by us in writing whether it intends to insist on performance and/or which claims and rights it is willing to assert. Should the customer fail to act according to this obligation, it may only exercise its rights or claims after unsuccessful expiration of an adequate additional time limit for subsequent performance granted to us by the customer in writing unless we had definitely refused subsequent performance before. This shall not affect any of our statutory claims for compensation for damages.

6.11 The customer's statutory right to withdraw from the contract due to defects of the contractual object is not subject to any fault on our part. In all other cases of breach of duty, the customer shall only be entitled to withdraw from the contract if we can be held liable for such breach of duty.

7. Special terms and conditions of electronic business

7.1 The customer has to make sure that only authorized employees place electronic orders with regard to the customer accounts set up for the customer's company.

7.2. The customer has to make sure and get its employees to refrain from disclosing passwords and user codes for the use of its customer accounts to third parties and to take care that such information is kept strictly secret and protected against access or discovery by unauthorized persons.

8. Liability

8.1 The following Sections, 8.2 to 8.5, shall apply to all claims for compensation for damages based on whatever legal grounds (e.g. warranty for defects, default, breach of duty in contractual relationships and other relationships under the law of obligations, impossibility of performance, tort etc.), with the exception of

- claims for damages resulting from a violation of life, body or health,
- customer's claims and rights in case of malicious concealment of defects on our part or the lack of a quality that we have guaranteed,
- customer's claims and rights based on wilful or grossly negligent behaviour on our part, or on the part of our legal representatives or subagents, as well as
- claims pursuant to the Product Liability Act.

The aforementioned exceptions shall be subject to statutory provisions.

8.2 In case of damages caused by mild negligence, we shall only be liable if material duties are violated which are associated with the nature of the contract and the violation of which could endanger achievement of the contractual purposes. Beside that, our liability shall be excluded in case of damages due to mild negligence –or simple negligence.

8.3 To the extent that there is justified reason to hold us liable for a violation of material contractual duties pursuant to Section 8.2 in the above, such liability shall be limited to compensation for typical damages that are foreseeable for us upon conclusion of the contract.

8.4 If liability for typical damages that are foreseeable for us upon conclusion of the contract applies pursuant to the above provisions, such liability shall be limited to the amounts covered by our company / professional liability insurance. The following insured sums no more than twice a year shall apply

EUR 5.000.000 for property damages
EUR 500.000 for pecuniary losses.

8.5 The customer's claims for damages shall become statute-barred –unless shorter periods are provided for by law –

- in case of a warranty for defects (Section 6) upon expiration of the time limit set forth in Section 6.3 sent. 1,
- in all other cases after one year commencing the end of the year in which the claims originated and the customer learned or, without gross negligence should have learned about the circumstances giving rise to such claim and about the debtor as such. Regardless of the customer's knowledge or grossly negligent lack of knowledge thereof, the claims shall become statute-barred five years after their emergence or, regardless of their emergence or of a knowledge thereof or grossly negligent lack of knowledge thereof, ten years after the occurrence of the respective act, breach of duty or other damaging event (maximum period).

9. Burden of proof, disputes, applicable law

9.1 Our General Terms and Conditions shall not shift the burden of proof situation provided for by the law to the customer's disadvantage.

9.2 The exclusive place of jurisdiction for all disputes arising from contracts covered by these Terms and Conditions shall be the Regional Court of Rottweil/

Germany. However, we shall also be entitled to sue the customer directly at its registered seat.

9.3 German law shall apply exclusively excluding the conflict of laws provisions of private international law and the UN-Convention on the International Sale of Goods.

We shall make the services of our engineers available for the installation, overhauling and repair of the machines supplied by us upon contractual agreement or special request. Work going beyond the services specified in the above can be performed if agreed with us in advance.

Our service engineers shall render their services on the basis of our General Terms and Conditions printed on the reverse side and the following Terms and Conditions for Services which shall apply in addition thereto:

1. Our service engineers are not authorised to make legally binding statements in whatever form.

2. If we are commissioned with work other than the installation, overhauling and repair of the machines supplied by us in conformity with the enclosed operating instructions and if such other work includes significant changes to the machines or results in same, we reserve the right to conduct a safety inspection in accordance with the law governing the safety of technical equipment (Gerätesicherheitsgesetz (GSG)) in combination with the pertinent statutory rules and orders passed with reference to same at the customer's expense.

The customer shall not be entitled to derive any rights or claims against us from the non-execution of any renewed safety inspection that may be required – irrespective of the legal grounds such requirement is based on – if the non-execution is not due to intent or gross negligence and has not resulted in damages to life, body or health.

3. The customer shall request the services in good time – at least four weeks prior to the commencement of work in order that we may make long-term plans for the deployment of our service engineers and guarantee smooth completion of the services. We cannot be held liable in any way whatsoever if the customer does not make its arrangements early enough to allow us sufficient time to assign our service engineers and we are thus prevented from deploying our staff in time – e.g. as a result of decrees issued by administrative officers, force majeure or lack of qualified staff.

4. Any advance estimates as to the duration and costs of work, we are requested to submit, are only approximate and non-binding.

5. In the event of a subsequent extension of an order, an appropriate prolongation of the term for completion of the services shall be agreed upon separately.

6. Demands for service engineers, spare parts and additional parts should generally be made in writing and indicate the respective order numbers.

7. The customer undertakes to effect the following preparations at its own expense and responsibility:

a) Transport of the machines to the installation site. Any transport damages shall be reported to us without delay.

b) Preparation of the system

The system must be unpacked and degreased without using caustic solvents which could cause damage to machine parts or paint. Prior to the performing of overhauling and repair work, the machine must be cleaned and made easily accessible. The power supplies to the machines must be prepared in advance.

c) Preparation of work materials

The accessory crates must be opened and the spare parts cleaned and placed near the machine. Care should be taken not to lose any small parts during unpacking.

d) Preparation for the workflow

All auxiliary units connected to our machines for material feed, filling, proportioning and product conveyance must be positioned in a way to make them easily accessible and to allow smooth completion of adjusting and maintenance work.

e) Provision of aid, etc.

The customer shall make the following available free of charge in particular:

- any auxiliary equipment necessary for the work, such as lifting equipment, timber, ropes, etc., as well as adequate tools including a workbench with vice close to the machine;
- in the event that additional staff is needed, the assistance of bricklayers, fitters, handymen, carpenters, etc. The staff providing assistance shall follow our service engineer's instructions. It is recommended to assign two technically skilled and experienced persons which will later operate the machine, to assist our service engineer.
- the raw materials to be processed, such as filling materials and packing materials (including glue), for an industrial continuous operation for the length of time the customer desires for the training of its service staff (quality and dimensional accuracy of the packing materials and supplies must comply with the specifications agreed previously or, as applicable, those recommended by us);

- the necessary power for operation (e.g. electricity, water, compressed air, steam) and lighting, space that can be locked for the storage of valuable system components, tools, etc.

The preparation measures outlined in the above shall be carried out far enough in advance, so that our service engineer can begin its service work immediately upon arrival at the customer's.

8. The customer also undertakes to notify us promptly, and in writing, of the statutory and administrative safety regulations applicable at the place of operation, to the extent that these regulations must be observed and complied with by our service staff. All safety equipment, such as protective clothing, safety shoes, etc. must be made available by the customer free of charge.

9. Unless agreed otherwise, the customer acknowledges, upon commencement of the work by our service staff, that all tasks carried out in accordance with the customer's instructions, going beyond the agreed scope of work, shall be performed for the customer's account and at its sole responsibility. In this case, the customer expressly indemnifies us and our employees against any and all respective contractual obligations.

10. The service engineer shall observe the working hours at the customer's plant and comply with the plant's regulations. It shall work overtime in urgent cases. In all other cases, our service engineers' working time generally shall be limited to a maximum of 10 working hours a day.

11. The customer shall provide a car unless our service staff's hotel accommodation is located near the work site or can be reached by public transportation within half an hour. A single room with shower and heating available and toilet shall be deemed an appropriate accommodation.

12. The service engineer must provide the customer with a list of the hours worked when invoicing for the service. The customer shall confirm the correctness of the hours worked as set forth in the list, the due handing-over of the functional machine and the proper performance of the extraordinary work with its legally binding signature.

13. If the service work is disturbed or interrupted due to circumstances that we cannot be held accountable for, all costs resulting from such circumstances (including costs for periods of delay) shall be for the customer's account. This shall apply for instance if disturbances occur in third-party units that are connected in series, even if our service engineer was charged with connection and installation.

14. Our liability for defects as well as our liability based on any other reasons shall be subject to Sections 4, 6 and 7 of our General Terms and Conditions as printed on the reverse side.

15. With regard to all services rendered at the machines, we reserve the title to all built-in units, spare parts and accessories, until the parts and services have been paid for in full.

16. Taxes incurred in connection with service work in the customer's country shall be for the customer's account.

The customer shall name an authorised person as a contact.