



Terms and Conditions of Sale and Delivery
01/00483/27.02.2006

I. General

I. 1. The following Terms and Conditions form the basis of all offers submitted by us and are applicable to all agreements concluded with us for all manner of deliveries and services, either of our own or third party products, in particular our printing machines or parts thereof. Conflicting purchasing terms and conditions of our customers are hereby rejected. Agreements concluded with us shall only come into force on dispatch of our written order confirmation. However, we reserve the right, particularly in urgent cases, to tacitly accept orders sent to us by means of their direct execution.

I. 2. Divergent agreements or supplementary commitments must be made in writing. Commitments made by our field staff or employees shall only be legally binding provided and to the extent that they are confirmed by us in writing. The content of the agreement has precedence over the details in brochures, advertising material, operating instructions or suchlike.

I. 3. We reserve the right to modify the design and shape, provided that the subject matter of the delivery is not altered in a manner unreasonable for the buyer and that the modification is based on technical improvements or equipment changes by us or by our suppliers. The right to deviate from submitted samples and materials is reserved.

I. 4. The present Terms and Conditions apply to all business relationships with our customers operating as merchants.

II. Prices and terms of payment

II. 1. Prices agreed with us shall be applicable provided and in so far as the agreed deliveries and services are executed within a period of four months at the latest, unless the delay exceeding this lies within our sphere of responsibility. After its expiry, we shall be entitled, at our option, to additionally pass on any increase in parts and/or wage costs to the customer, or, where applicable, to issue invoices based on a new price list which has become available in the meantime.

II. 2. Our invoices are due for payment on the advice of readiness for shipment ex works. For the delivery of standard tampon printing machines ex works, our invoices are payable within 30 calendar days net. Our invoices for services are payable immediately without deduction. Our invoices for consumables (spare parts, accessories, clichés, inks and tampons) are due within 10 days net after receipt of the invoice. In the case of automated machines, special machine construction, ALFALAS laser systems and DMD Industrial Ink-Jet Systems based on a service contract, remuneration amounting to 30% of the total price is due on receipt of the order confirmation, the remaining 70% before shipment, after acceptance and trial run have taken place on our premises, latest 30 days after TAMPOPRINT AG has given notice of readiness for acceptance.

II. 3. Should the customer fall into arrears with the payment of a due claim, we shall be entitled to demand statutory default interest at the amount applicable for transactions among merchants amounting to 8% above the base lending rate of the ECB. The right to claim more extensive losses due to default remain thereby unaffected.

II. 4. Our prices are applicable plus the prevailing statutory rate of value added tax in so far as delivery takes place in Germany.

II. 5. If the customer falls in arrears of payment of more than 30 days, we shall be entitled to make due all claims arising from the entire business relationship, even in so far as deferment or instalment payments have been agreed, and to collect the total balance. We shall be entitled to hold back further outstanding deliveries and services. The commitment to delivery dates within the scope of the overall business relationship shall lapse.

II. 6. The customer shall only be entitled to assert a right of retention concerning counter-claims which have their origin in the same contractual relationship. The customer shall only be entitled to offset our payment claims against undisputed claims or claims which have been decided in law.

II. 7. Our field sales staff are not authorised to accept payments. The acceptance of payment orders, bills of exchange or cheques is effected, as is their forwarding on, in fulfillment. Any expenses incurred shall be borne by the customer.

II. 8. Incoming payments shall be offset firstly against any incurred expenses, next against interest, then against claims for any ancillary services and finally against the oldest respective purchase price/service wage.

III. Retention of title

III. 1. We shall retain title to the goods supplied by us until the satisfaction in full of all of our current claims arising from the business relationship. We undertake, on the customer's request, to assign to the customer title to the goods supplied by us, at our option, to the extent that and in so far as our excess security exceeds 25% of the total outstanding claims. The security value in this respect is deemed the sales price of the goods excluding value added tax.

III. 2. The customer shall not be entitled to resell the goods supplied by us before their payment in full, unless it indicated to us that it was a reseller before the conclusion of the contract. In any event, in the case of a resale, the customer hereby assigns the purchase price claim against its buyer to us. It undertakes to furnish us with information and with proof at any time regarding the resale and claims thus acquired, to the extent that we are able to realise the assigned claims. We shall accept this assignment.

III. 3. If the reserved goods are combined with other items which do not belong to us in such a way that they become an integral component of the new article, then we are to be regarded, in the relationship to the customer, as the manufacturer of the new

article and shall acquire ownership of the article produced or at least co-ownership according to the share of the value of the processed reserved goods.

III. 4. The customer undertakes to handle the reserved goods with care, to keep them in a due and proper manner and to insure them to a sufficient extent against fire, theft, water damage and vandalism. As of today, it assigns to us its claim to the insurance benefit due at the time of the claim to the amount of the total outstanding claim made out in our favour. We hereby accept this assignment. It undertakes to furnish us with proof of adequate insurance cover against the said risks at any time on request.

III. 5. Should reserved goods supplied by us be sold by the customer after processing, then the extended retention of title to which we are entitled shall continue on the claims against its buyer to the amount of the share in value of our reserved goods in the newly created article.

III. 6. We shall be entitled to cancel the agreement for any actions by the customer which violate the agreement, in particular arrears of payment or the violation of an obligation in accordance with the above items 2-4 of these Terms and Conditions, and to demand the return of the goods under our retention of title to an extent deemed reasonable by us.

IV. Packaging and shipment

IV. 1. Crates, loading cradles and other packaging materials shall be charged at cost price and are not returnable, unless a statutory regulation to the contrary is applicable. In the latter case they are to be returned to us by the customer free of charge.

IV. 2. We only accept liability for the due and proper condition of the packaging until it leaves our premises. In the event of default in acceptance, we accept no responsibility for the due and proper condition of the packaging..

IV. 3. The shipment of our machines (standard tampon printing machines, automated machines, special machines, ALFALAS laser systems and DMD Industrial Ink-Jet Systems) - whether after purchase or repair - is effected within Germany ex works at the risk of the ordering party. This also applies if freight-free delivery has been agreed. We are only obliged to insure the goods during transport if this is stated in the order confirmation or has otherwise been agreed in writing. We accept no responsibility for delayed shipment. We deliver accessories, spare parts, clichés, inks, tampons etc. carriage free excluding packaging, using a form of transport of our choice (special requests, express or suchlike against payment).

V. Assembly

V. 1. To the extent that the assembly of the plant on the customer's premises forms a part of the agreement, the training and familiarisation of the customer's staff shall not form part of the agreement. Following the trouble-free trial run, we shall not be obliged to rectify later defects unless they are due to a fault in the delivery which forms the subject matter of the agreement. Otherwise such additional services require a separate contract in which case the customer undertakes to pay the amount due in this respect immediately and without objection.

V. 2. We shall only be obliged to effect assembly when the customer informs us that all constructional and technical requirements for the installation are fully in place and guarantees us free access and makes available at its own cost suitable hoisting and transporting equipment within its own grounds. We accept no responsibility for staff and tools deployed by it in this context. Should these requirements not be in place upon delivery, then we shall be entitled to withdraw our assembly crew from the construction site and we shall also be entitled to demand payment of the extra expenses for staff and machines thus incurred. Any binding assembly deadlines and suchlike regarding the establishment of operational readiness shall lapse.

V. 3. During the entire assembly period, the customer is to provide free of charge at its expense its own auxiliary and supervisory staff as well as a person responsible for the construction site and also the personnel who are to work on the machine or plant for their familiarisation.

V. 4. Every machine is tested by us before shipment. At our request, the original material required for adjustments and testing is to be made available to us by the customer free of charge. To the extent that we are charged customs duties and/or freightage for the outward and/or return shipment, these expenses are to be reimbursed by the customer. No liability is accepted for the return shipment of the total volume nor for marking, damage or loss in value.

VI. Delivery

VI. 1. The scope of delivery is exclusively defined by the order confirmation. Unless expressly stated, printing inks and colour chemistry are not included in the scope of delivery.

VI. 2. Delivery dates and delivery periods shall be non-binding unless otherwise expressly confirmed. Even should this be the case, the deadlines are only valid subject to unforeseen impediments such as force majeure, strikes and distribution and traffic disturbances. We accept no warranty in particular for the fulfilment of export requirements and accept no liability for delays for cross-border shipments.

VI. 3. Delivery periods shall become invalid if the customer does not meet its obligation to co-operate in good time e.g. provide printing samples and/or give the necessary information and instructions for the production and start-up in good time i.e. if it does not furnish these immediately on request and make documentation available. The same applies if the customer requests subsequent modifications to the subject matter of the delivery or to its equipment or subsequently amends instructions for execution.



VI. 4. We shall otherwise only be liable for losses caused by default in the event of intent or gross negligence committed by us or our staff. This does not apply to injury to life, body or health. More extensive claims, irrespective of their nature, are excluded.

VI. 5. Should we fall in arrears, the customer may only make use of the rights thus acquired after setting us a reasonable grace period of at least **three weeks**; for plant construction agreements, where assembly and start-up are to take place on the customer's premises, of at least **one month**.

VI. 6. If the delivery of prototypes has been agreed, in cases of non-performance or of the absence of guaranteed characteristics, we shall be neither liable for damages nor for default provided the order has been designated as such. This exclusion of our responsibility is linked to our providing proof that compliance with the contractual commitment within the scope of the agreement is either technically impossible or not economically realisable within the scope of the agreement. In such events, we shall be entitled to refuse performance.

VI. 7. Our delivery obligations are subject to our own correct and timely supply by our suppliers, unless we can be held responsible for the non-delivery. The customer shall be informed without delay about the non-availability of the delivery or service. In such an event, we shall refund without delay any payments made in this respect.

VII. Tools, models

The tools, models, incidental parts and plans necessary for the execution of orders shall remain our property, even if they have been produced on the basis of the ordering party's specifications and even if the expenses incurred for their production have been paid in whole or in part by the customer.

VIII. Property rights, patents

VIII. 1. We are not obliged to check whether patents or other property rights of third parties are violated by the production and/or utilisation of the subject matter of the delivery if, at the customer's request, it deviates from our standard range based on our catalogue. In such an event, the customer shall indemnify us from all possible claims of third parties based on the violation of property rights.

VIII. 2. The customer undertakes to observe the patents and property rights applied within the scope of our production and technology and not to reproduce our machines and their details and accessories itself nor to make them available to third parties for reproduction.

IX. Sample prints

If trial prints are provided to the customer by us as outturn samples for checking and approval within the scope of establishing operational readiness, then their quality shall be deemed in due form and approved unless the customer submits a complaint in writing within **two weeks** of receipt. This only applies if we have made explicit reference to this deadline to the customer on forwarding the items.

X. Warranty

X. 1. Our machines (standard and special machines) are always designed for **single-shift operation**.

X. 2. The customer undertakes to inspect delivered plant and/or parts and materials immediately on receipt and to put machines into operation. Any defects are to be reported to us in writing within **eight days** providing a detailed description of the complaint. Otherwise the warranty lapses.

X. 3. We grant a **twelve-month** warranty on our standard machines in the event of their use in single-shift operation according to the contract. We also grant a **twelve-month** warranty on special machines (semi- or fully-automated). An extension to 18 or 24 months is possible under special conditions to be negotiated.

X. 4. The warranty shall cover the right to subsequent rectification. In place of this, we are entitled, at our option, to exchange the subject matter of the delivery by means of a replacement delivery with a fault-free delivery. More extensive claims shall be excluded, in particular those for damages, regardless of their legal basis, unless due to injury to life, body or health attributable to us or for malicious or wilful acts or any other gross culpability.

X. 5. If the purchased object is defective on the transfer of risk, then the customer shall be entitled to set us a grace period for subsequent rectification or a replacement delivery of a least **three weeks**; for the delivery of complete plants including assembly on the customer's premises of **one month**. If our subsequent attempt to rectify the defect fails on several occasions, the customer may make use of its statutory right to revoke the agreement. The right to reduce the purchase price is excluded unless the defect is insignificant.

X. 6. If our delivery lacks a guaranteed characteristic at the time of handover, then the related statutory rights of the customer shall remain unaffected. However, we accept no liability for consequential damage unless this involves injury to life, body or health and gross culpability on our part. A guaranteed characteristic shall only be applicable if it is expressly denoted as such in the agreement and not just in the description of the technical features of the subject matter of the delivery. Details of piece numbers per time unit and production capacities merely constitute approximate figures for the capacity of the machine.

X. 7. We accept no guarantee if items other than those that have been provided to us and used by us as outturn samples and test sample parts, are printed, if other inks or a different colour chemistry are used, if other receivers are deployed, and also should there be dust or other air pollution or any relevant changes in the production conditions. The same applies in the event of soiling on printing items or changes in the materials which are to be printed. Every warranty assumes that original parts supplied

by us are exclusively used in our plants and machines, as well as incidentals exclusively delivered and approved by us.

X. 8. If this point is not observed or if errors in operation are ascertained during warranty work, not only shall the warranty lapse for the contractual performance of the plant but also for its functionality as such. Operating errors shall be assumed if, following functional defects, the due and proper functioning of the machine when operated correctly is ascertained by our personnel.

X. 9. More extensive claims on the part of the customer, regardless of the legal basis, in particular on account of warranty or damages and also due to positive breach of contract or on account of tort shall be excluded, unless they are due to injury to life, body or health or gross culpability on our part. We accept no liability for advice we have given concerning the organisation of the customer's company in respect of installations effected.

X. 10. In the case of production based on the customer's drawing, we shall only be liable for execution on the basis of the drawing. If we are to independently solve the design tasks ourselves, then warranty claims may only be asserted if the customer provides proof that our product does not correspond to the accepted state-of-the-art technology.

X. 11. In the event of the faulty delivery of printing clichés, stamps and other wearing parts, warranty shall be restricted to the replacement of the part supplied by us free of charge, unless the substitute delivery has failed on several occasions. Claims for damages are excluded within the limits of the above provisions. We accept no warranty for incidentals and wearing parts delivered at the same time whose structural life does not exceed the above accepted 12-month warranty period.

XI. Illustrations and drawings

XI. 1. Illustrations and drawings of our machines and appliances in brochures or in other written documentation only serve by way of general illustration and are not binding in technical terms. Any dimensions and weights stated are approximate values. Such documents remain our property even after being distributed and are subject to our copyright.

XI. 2. The customer is aware that the erection plans, site plans and drawings of its on-site conditions which it provided to us form the fundamental basis of our order processing, design and production. If alterations should become necessary because of on-site deviations, then the customer is to bear the additional costs.

XII. Final provisions

XII. 1. Place of performance for all obligations arising from agreements concluded with us is München. Place of jurisdiction for all disputes thus arising is Stuttgart.

XII. 2. All agreements concluded with us shall be exclusively governed and construed in accordance with German law. The application of the Hague Conventions Relating to a Uniform Law on the International Sale of Goods as well as of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980 are excluded. However, for contracts with a foreign content, we shall be entitled to declare the provisions of these laws and conventions as applicable.

XII. 3. As a supplement to the above provisions, our special terms and conditions for special machines apply for automated machines and special machine construction. The standard terms and conditions of the graphics industry are valid as a supplement to these Terms and Conditions. In the event of Internet orders, our special terms and conditions for long-distance sales transactions apply.

XII. 4. If one of the above provisions should be or become ineffective, then this shall not affect the effectiveness of the remaining provisions.