

I. General

- I. 1.** The following conditions apply to all deliveries and services to customers unless the customer is the consumer. They apply more particularly to deliveries and services relating to our printing machines or parts thereof. Purchase conditions of our customers to the contrary are hereby repudiated. Contracts with us are only concluded on dispatch of our written confirmation of order. We do however reserve the right, more particularly in individual cases, to accept by implication orders given to us by direct performance.
- I. 2.** Divergent agreements or supplementary undertakings require written form. Promises given by our sales representatives or employees are only legally binding to the extent that they are confirmed by us in writing. Contents of the contract take precedence over particulars stated in catalogues, advertising matter, operating instructions or similar.
- I. 3.** We reserve the right to amend designs and forms unless the subject matter of the delivery is modified in a manner unreasonable for the purchaser and the modifications arise from further technical developments or alterations in equipment which originate from us or our sub-contractors. Deviations from samples and materials provided remain reserved.

II. Prices and terms of payment

- II. 1.** Prices agreed with us are binding if and to the extent that the agreed deliveries and services are made within four months of maximum, unless we shall be responsible for any excessive delay. We may at our discretion after expiry of this period, charge customers for increased costs of parts and/or labour or if necessary, invoice on the basis of new price lists coming into effect in the intervening period.
- II. 2.** Our invoices are payable net within 30 days from the date of the invoice on delivery from the factory of standard tampon printing machines. Our accounts for services rendered are payable immediately on receipt without deduction. Our invoices for non-durable goods (replacement parts, accessories, clichés, inks, tampons etc.) are due for payment net within 10 days from receipt of the invoice. 30% of the payment owed is due for payment on placing of contract with contracts for work and services in the field of automatic machines, building of special purpose machines, ALFALAS laser systems and DMD industrial ink jet systems. A further 60% of the payment owed is due for payment after complete acceptance by the customer and a test run at our premises prior to delivery. The remaining 10% is due for payment 14 days after delivery (from the factory gate, at our discretion, at either Kornal-Münchingen or Westerheim). On delay in acceptance by the customer, the particular balance remaining is due for payment immediately on the onset of delay. The above duties of the customer to make payment exist regardless of the working order of our machinery by virtue of impediments arising from or within the sphere of the customer (for example, building delays).
- II. 3.** We may demand statutory default interest in the amount of 8% above the then current base lending rate if the customer shall be in arrears with payment of a debt due. Enforcement of further damages for default remains unaffected.
- II. 4.** Statutory value-added tax of the currently valid rate is payable in addition to our prices, where the delivery is made within the country.
- II. 5.** We may demand payment of all debts from all business transactions, including where extensions in the time for payment and instalment payments have been agreed, and enforce payment of the total balance if the customer shall be in arrears with a payment by more than 30 days. We may withhold further outstanding services. Liability to comply with delivery dates shall lapse within the scope of the complete business relationship.
- II. 6.** The customer is entitled to exercise a right of retention only in respect of counterclaims originating from the same contractual relationship. Set-off against our claims for payment is only permitted to the customer for uncontested or judicially determined debts.
- II. 7.** Our sales representatives are not authorised to receive payments. Acceptance of money orders, bills of exchange or cheques takes place, as with their negotiation, as conditional payment. Expenses thereby arising are to be borne by the customer.
- II. 8.** Payments received will firstly be set off against any costs incurred, then against interest, then against claims for ancillary services rendered and finally against the then currently oldest purchase price / cost of processing, unless the customer specifically states on payment for which liability he is making the payment.

III. Retention of title

- III. 1.** We retain ownership in items delivered until receipt of all payments under the business relationship with the customer. We may re-possess the items delivered on conduct by the customer in breach of contract, more particularly on arrears in payment. No cancellation of contract is made on our part by virtue of re-possession of the items delivered unless we shall have expressly declared this in writing. Cancellation of contract always takes place on a charging by us of the items delivered. We are authorised to re-sell after return of the items delivered and the proceeds of sale will be allowed against the liabilities of the customer (less reasonable costs of sale).
- III. 2.** The customer is not authorised to re-sell the goods supplied by us prior to transfer of ownership, unless he shall have notified us of acting as a re-seller prior to conclusion of contract. The customer as from now assigns his claim to the purchase price in the amount of the total invoice price (including value-added tax) in the event of re-sale, including irrespective of whether the goods have been re-sold without or following further processing. He is under a duty towards us at all times to supply information and evidence in respect of a re-sale and evidence of claims thereby acquired to the extent that we are in a position to enforce the assigned debt. We hereby accept this assignment.
- III. 3.** Processing or modifying the item delivered by the customer is always carried out on our behalf. We acquire joint ownership in the new item in the proportion that the value of the item sold (total invoice amount including value-added tax) bears to the other processed items at the time of processing, where the item delivered is processed with other items not belonging to us. Furthermore, the same shall apply to the item arising through processing as applies to goods delivered subject to reservation of ownership.
- III. 4.** The customer is under a duty to treat the goods subject to a reservation of ownership with care, to hold them properly in safe custody and to insure them adequately against fire, theft, flood and vandalism. He assigns to us as from now his insurance claims in the amount of the total outstanding debt due to us. We hereby accept this assignment. He is under a duty to prove to us adequate insurance for the said risks at any time on request.
- III. 5.** The customer shall immediately notify us in writing on encumbering or other encroachments made by third parties, so that we may institute proceedings pursuant to section 771 ZPO [Rules of civil procedure]. The customer is liable to us for any deficiency arising if the third party shall not be in a position to pay us for legal costs and out-of-court expenses for litigation pursuant to section 771 ZPO.
- III. 6.** We undertake to release securities to which we are entitled on request by the customer, to the extent that the realisable value of our securities exceeds the debts to be secured by more than 10%. Selection of securities to be released shall be at our discretion.

IV. Packaging and shipment

- IV. 1.** Crates, loading sledges and other packaging material will be charged at cost price and will not be accepted by us for return unless otherwise provided by statute. In the latter case, it is to be returned to us by the customer without charge.
- IV. 2.** The customer bears the risk of transport damage. We shall however assign claims for compensation against the haulage carrier for transport damage to the customer after payment of the agreed purchase price if we shall be entitled to such.
- IV. 3.** Dispatch of our machines (standard tampon printing machines, automatic machines, special purpose machines, ALFALAS laser systems and DMD industrial ink jet systems) whether after sale or repair, is made within Germany ex-works at the risk of the customer. This also applies if delivery carriage paid is agreed. We are only liable to insure the goods during shipment if this is a constituent part of the confirmation of order or is otherwise agreed in writing. We accept no liability for delays in shipment. We deliver accessories, replacement parts, clichés, inks, tampons etc. free of charge excluding packaging, by the means of transport of our discretion (special wishes, express delivery or similar against reimbursement).

V. Assembly

- V. 1.** Training and instruction for the employees of the customer is not included in the contract in as far as assembly at the premises of the customer is a constituent part of the contract.
- V. 2.** We are only under a liability to assemble when the customer shows us the existence of complete structural and technical pre-requisites for installation of the plant and ensures free access and makes available at his own expense suitable lifting and conveying equipment within his factory premises. We accept no liability for employees and equipment used by him in this connection. We may withdraw our assembly staff from the site if these pre-requisites are not fulfilled on delivery and we shall be additionally entitled to claim for extra expenses for personnel and machines thereby incurred. Any agreed assembly deadlines and fixed periods for providing operational readiness shall be adjusted correspondingly.
- V. 3.** Company assistants and supervisors as well as a particular person responsible for the site on the part of the customer must be available without charge during the complete period of assembly.
- V. 4.** Every machine is tested by us before shipment. Original material required for setting and testing must be supplied without charge by the customer on request by us. The customer must reimburse us to the extent that we are charged customs duties and/or freight fees for outwards and/or return transport. No liability is accepted for return of the whole quantity as well as for labelling, damage or waste disposal.

VI. Delivery

- VI. 1.** The scope of delivery ensues solely from the confirmation of order. Printing ink and colouring chemicals are not included in the scope of delivery in the absence of express mention.

VI. 2. Delivery deadlines and delivery periods are not binding unless the contrary shall have been expressly confirmed. The agreed delivery dates or periods shall be reasonable adjusted if we are prevented from delivering in due time by reason of force majeure or similar unavoidable occurrences (for example, industrial action, traffic congestion). It shall also be deemed to be force majeure if export of the agreed delivery shall become illegal after conclusion of contract.

VI. 3. Delivery periods shall be reasonably adjusted if the customer shall not fulfil duties of co-operation in good time, for example, not making documentation available and printing patterns not provided and/or information and instructions required for manufacture and start-up not given in good time, that is, not provided immediately following request. The same shall apply if the customer demands subsequent modifications to the subject matter of the delivery or its equipment or subsequently alters instructions for the design.

VI. 4. We accept liability according to the statutory provisions to the extent that a firm deal within the meaning of section 286 (2) (4) BGB [German Civil Code] or section 376 HGB [German Commercial Code] is present. We accept further liability according to the statutory provisions where the customer is entitled to claim that his interest in further performance of the contract has come to an end as a consequence of a delay in delivery for which we are responsible. We accept further liability according to the statutory provisions to the extent that a delay in delivery is due to wilful or grossly negligent breach of contract for which we are responsible. Fault on the part of our representatives or contractors is to be attributed to us. The extent of our liability to pay compensation is limited to foreseeable damage typically arising, where the delay in delivery is not due to a wilful breach of contract for which we are responsible. We also accept liability according to the statutory provisions to the extent that a delay in delivery for which we are responsible is due to culpable breach of material duties, performance of which only enables proper performance of contract (fundamental contractual duty). In this event however, liability for losses is limited to foreseeable damage typically arising. Moreover, we accept liability in the event of delay for each complete week of delay within the framework of a lump-sum compensation payment for delay in the amount of 3% of the value of the goods delivered but at maximum not more than 15% of the value of the goods delivered. Further legal claims and rights of the customer remain unaffected.

VI. 5. The customer may only enforce his rights arising where we are in delay, if he has set us a reasonable subsequent period for performance with plant construction contracts of at least three weeks, and of at least one month where installation and start-up is to be carried out at the premises of the customer.

VI. 6. We accept no liability for damages or delay in cases of non-performance or absence of warranted characteristics if delivery of prototypes has been agreed and where the order is specified as such. This exclusion of our liability is attached to the condition that we prove that observance of contractual undertakings is either not technically possible within the scope of the contract or not economically feasible within the scope of the contract. We may refuse performance in these cases.

VI. 7. Our duty to make delivery is subject to correct self-supply in good time by our suppliers unless we are responsible for the failure to supply. The customer will be notified without delay in respect of the unavailability of the service. In this event, we will immediately refund payments already made.

VII. Tools, models

The tools, models, hardware and plans purchased or manufactured by us for completion of orders remain in our ownership (unless otherwise stated in the order) including if they were manufactured according to specifications provided by the customer or the costs of purchase or manufacture has been paid wholly or in part by the customer.

VIII. Property rights, patents

VIII. 1. We are not under a duty with customised machines manufactured on behalf of the customer (special purpose machines), to examine whether patents or other industrial property rights of third parties are infringed by reason of the special manufacture. The customer shall indemnify us for and against all claims and shall reimburse us for reasonable legal costs where a claim in such cases is made against us by third parties on account of infringement of patents or other industrial property rights, unless there shall be no fault on the part of the customer.

VIII. 2. The customer is under a duty to observe the patent and industrial property rights employed within the scope of our manufacture and technology and neither to copy himself nor make available to third parties for copying our machines and their specifications and accessories.

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.** The machines supplied by us (standard machines and special purpose machines) are in principle designed for single shift operation.
- X. 2.** The customer is under a duty to examine and commence operating machines and/or parts and materials delivered immediately on receipt. Patent defects recognisable during this examination or start-up are to be notified to us in writing within eight days. Details of the faults are to be stated. The guaranty lapses on breach of the duty to examine and notify complaints.
- X. 3.** X. 3. We give a twelve month guaranty for machines in our regular product range (standard machines) on use in single shift operation. The guaranty period is reduced to six months with multi-shift operation. We give a twelve month guaranty for special purpose machines (semi or fully automatic operation).
- X. 4.** We fulfil the guaranty by way of subsequent performance to the extent that there is a fault in the subject matter of purchase. We have the right to choose between remedying faults and delivering new items free of faults or new manufacture of machines free of faults. We bear all expenditure necessary for the purposes of removal of faults, more particularly costs of transport, travelling expenses and the costs of labour and materials in the event of remedying defects, unless these are increased because the item has been taken to a location other than the place of performance.
- X. 5.** The customer may at his choice cancel the contract or require a price reduction if the subsequent performance is ineffective.
- X. 6.** We accept liability for damages according to the statutory provisions in the case of wilfulness or gross negligence. Liability for damages in the case of gross negligence is limited to foreseeable damage typically arising.
- X. 7.** We accept further liability according to the statutory provisions if we culpably infringe a material duty where only performance of which enables proper realisation of the contract (fundamental contractual duty). Liability is limited to foreseeable damage typically arising.
- X. 8.** Liability for culpable death, physical injury or impairment of health is not thereby affected, and this also applies to mandatory liability according to the law relating to product liability.
- X. 9.** Otherwise, liability is excluded.

XI. Illustrations and drawings

XI. 1. Illustrations and drawings of our machines and equipment in catalogues or other documentation only serve general illustrative purposes and are not technically binding. Dimensions and weights stated are approximate. Such documentation remains our property including when supplied, and is subject to our copyright.

XI. 2. It is acknowledged by the customer that installation plans, site plans and drawings of his local conditions supplied to us by him form a fundamental basis for our contract processing, construction and production. The customer bears any additional expenses if alterations are necessary by reason of divergences at the site.

XII. Final provisions

- XII. 1.** The place of performance for all duties arising from contracts agreed with us is Kornal-Münchingen. The place of jurisdiction for all disputes arising therefrom is Stuttgart.
- XII. 2.** The law of Germany applies alone to all contracts concluded with us. Application of the UN Sales Law is excluded.
- XII. 3.** Our Terms of Business for Special Purpose Machines apply to automated and special purpose machines in addition to the present conditions. The General Terms of Business of the Printing Industry apply in addition to these conditions. Our separate Conditions for Electronic Sales Transactions apply in the case of orders given via the Internet.
- XII. 4.** If one of the before-stated provisions shall be or become ineffective the remaining provisions shall remain unaffected.

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