

ZSK STICKMASCHINEN GMBH KREFELD

General Terms and Conditions of Sale

I. General

- (1) The following terms are applicable to all our sales. Any different Terms required by the Purchaser are hereby excluded even if we have not expressly contradicted.
- (2) Any oral commitments or statements are invalid unless confirmed in writing.
- (3) The invalidity or incompleteness of any clause of these general contract terms shall not affect the validity of the remaining clauses. Invalid or incomplete clauses shall be replaced by valid and complete clauses which would best meet parties economic interests as reflected in this agreement.

II. Offer and Contents of Obligations

- (1) Our offers are not binding upon us until accepted by the purchaser.
- (2) If data contained in the Purchaser's acceptance differ from data contained in our offer the data contained in our offer shall always prevail.
- (3) All technical specifications contained in our offers and order confirmations are approximations, only.
- (4) Safety devices required under foreign national laws are not included in our delivery obligations unless expressly confirmed by us to the contrary.
- (5) Our obligations are governed by Incoterms in their latest version.

III. Prices and Payment Terms

- (1) We quote net prices. Any applicable value-added tax is charged separately. Except where agreed otherwise, all prices are ex works and do not include packing material, freight, delivery to the place of installation, unloading or installation.
- (2) The agreed prices shall remain binding until the purchase price has become due and payable, or until the expiration of six months from the date of the acceptance of our offer, whichever is earlier. Thereafter, we may adjust the price if and as long as the purchase price has not been paid, provided we do not default with our delivery obligations.
- (3) Payments shall be made without deductions in German Marks or the corresponding equivalent value in Euro, respectively. Payment shall be made in cash, by cheque, bank transfer, letter of credit or against documents. Drafts and cheques shall be accepted for the purpose of payment and not in lieu of payment. The costs of discounting and collection shall be borne by the Purchaser.
- (4) In case of payment delays beyond the due date, or in case of granted payment extensions, the Purchaser shall pay interest at a rate of 2 % over the current discount rate of the German Federal Bank.
- (5) The Purchaser shall have no right to withhold payments or to set off counter-claims unless such counter-claims are undisputed or determined by a final and binding court ruling.
- (6) If the Purchaser has not paid at the due date, or if we become aware of facts indicating an existing or prospective inability to pay (draft or cheque protests, attachments and the like), all debts resulting from our deliveries shall be immediately due and payable. In this case we are entitled to rescind any current contracts immediately. Any merchandise with respect to which we have retained our title and ownership shall be immediately returned to us at the Purchaser's cost.

IV. Delivery Time

- (1) Any quoted delivery time refers to the time of completion at our works. Unless a firm delivery deadline has been specially agreed, our delivery time quotations are not binding upon us. If we fail to meet a firm delivery deadline by more than three weeks, the Purchaser shall be required to grant an adequate extension. Claims for damages due to a delivery delay beyond the extension shall be excluded unless the delay was caused intentionally or by gross negligence.
- (2) Our obligation to keep a contractually agreed delivery time is conditional upon the other party's timely delivery of all services and performances required of it, such as the submission of required approvals, the compliance with agreed payment conditions and the fulfillment of other contractual obligations.
- (3) Events of force majeure, even if occurring in the sphere of our suppliers, including without limitation unforeseen manufacturing obstacles, disturbances of manufacturing operations of any kind, strikes, lock outs, currency transfers and other market barriers, supply and raw material shortages, shall give us the right to postpone or rescind contractual delivery obligations irrespective of whether such obligation was fixed to a firm date or not. In cases of force majeure, the other contractual party shall have no claim for damages.
- (4) We are entitled to make partial deliveries.

IV. Passing of Risk

- (1) All risks shall pass to the Purchaser at the time when we hand the merchandise to the transportation company, when we effect the shipment by mail or when the merchandise is picked up by or on behalf of the Purchaser at our works. Packing and shipping arrangements shall be made at our discretion and best judgement. We herewith assign to the Purchaser any claim which we may have against the transportation company. All other claims against us in connection with the transportation of the merchandise to the Purchaser or his designee are excluded.

- (2) Insurance against the transportation risks shall be obtained by us upon expressly written agreement at the Purchaser's expense, only. If such transportation insurance has been obtained, the Purchaser is obliged to order a transportation claim survey without delay prior to unpacking. In case of a failure to do so, the Purchaser may lose its insurance protection under the general insurance terms of the transportation insurer.

VI. Warranty

- (1) Readily noticeable faults must be notified to us in writing immediately upon receipt of the merchandise, or within a final notice deadline of 10 days at the latest. Upon request, the faulty merchandise, or faulty parts thereof, shall be returned to us at the Purchaser's expense. Defects which, even after careful inspection are not discovered immediately, must be forwarded to us without delay as soon as such defects have been discovered.
- (2) The extent of our liability is limited to repair or replacement at our cost of any part which, within 12 months from the date of our shipment, becomes unusable or defective to such an extent that normal use is significantly impaired, provided that the defect is due to a cause which existed prior to the point of time at which the risk had passed to the Purchaser, particularly if such a defect relates to a faulty technical design, faulty material or faulty manufacture, and further provided that we have been notified of the defect within the deadlines agreed above. We are not responsible for any defect caused by natural wear and tear, faulty or negligent handling, excessive use, inappropriate operating material, chemical, electro-chemical or electrical influences, weather or other nature influences. The Purchaser is obliged to allow, free of charge, sufficient time and opportunity for alterations and/or the supply of replacement machines and parts as we may deem necessary.
- (3) If the Purchaser claims our merchandise is defective, and if we incur expenses in connection with an intended repair or replacement of such merchandise, then, should the merchandise prove to be contractually in order, the Purchaser shall reimburse us with any unnecessarily incurred expenses.
- (4) The Purchaser shall have no claims, in particular no claims for rescission, reduction of the purchase price, damages for non-fulfillment and delivery default except where our repair or replacement efforts have been unsuccessful for more than three months from the date of an orderly defect notice. In case of defects in the area of special, non-standard functions or special equipment, the Purchaser may under the above conditions rescind the agreement or reduce the purchase price only in regard to such non-standard functions or equipment. In such cases, any claims damages are excluded except where the defect is caused intentionally or by gross negligence. The Purchaser has no right to assign warranty claims to a third party, particularly not in connection with sale of the merchandise.
- (5) We shall have no warranty obligations if the Purchaser himself, or through a third party, who has not been authorized by us, changes, repairs or services the merchandise. We have no warranty obligation if and as long as the Purchaser violates his contractual obligations, in particular his payment obligations.

VII. Retention of Title

- (1) All merchandise remains in our ownership until all presently existing payment claims have been fulfilled and any debt balance of an open account has been paid.
- (2) Until all our payment claims have been fulfilled, the Purchaser shall have no right to resell or relocate our merchandise unless we have consented in writing. In order to secure our payment claims, the Purchaser herewith assigns to us, up to the amount of such claims, with priority rank before any other party, all claims against third parties which he may obtain in connection with any transaction relating to our merchandise. For the same purpose, the Purchaser herewith assigns to us any other claim which he may now or in future obtain in connection with our merchandise for any legal cause whatsoever.
- (3) As long as we have retained title in our merchandise, the Purchaser shall immediately report to us any negative impact on our property, particularly attachments etc.
- (4) Our retention of title as described above shall cease only upon complete payment by the Purchaser. If the Purchaser pays by cheque or draft, the retention of title ceases only upon completion of the collection procedure and full payment. The contractual parties herewith agree that our merchandise is our security property and that the Purchaser is entitled to maintain and use it properly and in the orderly course of his business.

VIII. Final Clauses

- (1) The place of fulfillment and place of venue for both parties and for all rights and obligations resulting from the business relationships is Krefeld, exclusively. This applies also to actions concerning cheque and draft collections irrespective of the place of payment stated on the cheque or draft.
- (2) the Purchaser may not assign to a third party any claim which he may have against us.
- (3) All of our sales are governed by laws of the Federal Republic of Germany. The Hague Uniform Sales Laws are not applicable.