

# General Terms and Conditions of Business (T & Cs) of Perfecta Schneidmaschinenwerk GmbH Bautzen, Schäfferstrasse 44, 02625 Bautzen as of January 03, 2011

## Paragraph 1 Scope

(1) All goods, services and quotes by the vendor are made exclusively on the basis of these General Terms and Conditions of Business (referred to hereinafter as "T & Cs") if the client is a company, a legal entity in German public law or a special fund in German public law. These T & Cs are an integral part of all contracts concluded by Perfecta Schneidmaschinenwerk GmbH, Schäfferstrasse 44, 02625 Bautzen referred to hereinafter as "Perfecta") with its business partners (also referred to hereinafter as "clients") in respect of the goods or services to be supplied. These conditions also apply to all future goods or services supplied to the client, even if they are not agreed on again separately.

(2) Business conditions of the client's or third parties will not apply, even if Perfecta does not dispute their validity in individual cases separately.

## Paragraph 2 Offers, Concluding Contracts and the Written Form

(1) If an order is to be referred to as a quote, we may accept this within two weeks.

(2) Additions and alterations of the agreements reached, including these T & Cs, must be in writing to be legally valid. With the exception of managing directors and authorised company officers, the employees of Perfecta are not entitled to make any oral agreements that deviate from these conditions. Transmission by telefax will suffice to fulfil this provision.

(3) Perfecta retains ownership or copyright on all documentation or items given or sent by it, e.g. quotes, estimates, drawings, illustrations, calculations, models etc. The client may not make this documentation or these items accessible to third parties, publicise them, use them itself or through third parties or duplicate them without the express permission of Perfecta.

## Paragraph 3 Prices and Payment

(1) Prices apply to the agreed scope of goods or services as listed. Extra, additional or special services will be invoiced separately. Prices are in EUROS and ex works plus the costs for packaging, for freight and for insurance as well as the applicable statutory value added tax; in the case of export deliveries they will also include customs duties and all fees and public charges.

(2) All amounts invoiced are due for payment immediately. The deduction of discount requires explicit agreement.

(3) The offsetting of counter-claims or retention of payments based on such claims is only permitted if the counter-claims are undisputed or have been established under law.

## Paragraph 4 Delivery and Delivery Periods

(1) Proposed deadlines and dates for the supply of goods and services announced by Perfecta are unbinding provided that a firm deadline or date has not been expressly approved or agreed to. If shipment has been agreed to, delivery deadlines and periods apply to the moment the goods are handed over to the freight forwarder, carrier or other third party appointed to carry out the transport. The commencement of any performance or delivery period as announced presupposes that all technical issues have been clarified.

(2) Perfecta is not liable for impossibility of delivery or for delivery delays if these are due to Acts of God or other events unforeseeable at the time the agreement was signed, e.g. operational disruptions of all kinds, problems in obtaining materials or energy, transport delays, strikes, lawful lockouts, lack of employees, energy or raw materials or non-delivery, incorrect delivery or untimely delivery by suppliers, if Perfecta is not responsible for them. If such events make performance or deliveries considerably more difficult or impossible and the hindrance is not only of temporary duration, Perfecta will be entitled to cancel the agreement. In the case of hindrances of only temporary duration, delivery or performance deadlines will be extended by the length of the period of the hindrance plus an appropriate start-up period. If as a result of the delay the client cannot reasonably be expected to accept the goods or services, it may cancel the contract by immediate declaration to Perfecta.

(3) Perfecta is entitled to make partial deliveries if the client can use the partial delivery as part of the contractually intended purpose, if delivery of the remaining goods as ordered is assured and if the client incurs no major additional effort or costs.

(4) If Perfecta falls into arrears with the supply of goods or services or if the supply of goods or services is not possible for whatever reason, Perfecta's liability to pay damages is limited to the provisions in Paragraph 7 of these T & Cs.

## Paragraph 5 Place of Fulfilment, Transfer of Risk, Acceptance

(1) The place of fulfilment for all obligations arising from the contractual relationship is the location of the place of business of Perfecta, unless other arrangements have been made. If Perfecta is also required to perform installation, the place of fulfilment will be the place where installation is to be carried out.

(2) Risk transfers to the client when the goods to be delivered are handed over to the freight forwarder, carrier or other party appointed to carry out delivery. This also

applies in the case of partial deliveries or if Perfecta has contracted to perform other services such as shipping or installation. If shipping or transfer is delayed for reasons for which the client is responsible, risk transfers to the client on the day the goods to be delivered are ready to be shipped and Perfecta has notified the client of this. Warehousing costs incurred after risk has been transferred will be borne by the client.

(3) Formal acceptance is to be carried out if requested by a party to the contract. If acceptance is not required, performance will be deemed to have been accepted after 12 working days have expired and following written notification that performance has been completed. If acceptance is not required and if the client uses the goods or services or part thereof, acceptance will be deemed to have been carried out after six working days have expired following commencement of use unless other arrangements have been agreed to.

## Paragraph 6 Physical Defects, Claims for Defects

(1) Information from Perfecta on the goods or services to be supplied and all illustrations of the same are authoritative unless their usability for the contractually agreed purpose presupposes no other precise match. The information constitutes no guaranteed features of the goods' or services' inherent characteristics; rather, it is a description or characterisation of the goods or services. Deviations typical in the trade and deviations required by law or which display technical improvements and the replacement of components by equivalent parts are permitted as long as they do not impair the usability of the contractually intended purpose.

(2) The guarantee period is one year as from delivery or, if acceptance is required, after acceptance.

(3) Claims for defects presuppose that the client has duly fulfilled its obligation to inspect the goods or services and has notified us of any defects pursuant to Section 377 of the German Commercial Code. In the case of a contract for services, Section 377 of the German Commercial Code will apply analogously. Following the transfer of risk and/or acceptance of the product, the client is required to inspect it immediately to ensure that it is in working order and to notify us in writing of any defects after they have been discovered but no later than seven days thereafter.

(3) If a defect is due to fault on the part of Perfecta, the client may request compensation under certain circumstances as per Paragraph 7.

(4) Claims for defects will not apply if the client alters the item delivered or has it altered by a third party without the consent of Perfecta and the alteration makes repair of defects impossible or difficult to the point where they are unreasonable. In all cases the client is required to bear the additional costs of repairing the defect resulting from the alteration.

## Paragraph 7 Liability for Compensation

(1) Perfecta's liability for compensation, regardless of the reason but in particular for impossibility of performance, delay, non-delivery or incorrect delivery, breach of obligations in contract negotiations and forbidden actions, is limited under the terms of Paragraph 7, provided each reason is due to fault.

(2) Perfecta is not liable in cases of simple negligence by its management, lawful representatives, salaried employees or other agents as long as there is no breach of an essential contractual obligation. An essential contractual obligation is an obligation on which the client can and may rely. Essential contractual obligations include the obligation to deliver and install in a timely fashion goods that are free of essential defects, advisory, protective, custodial and duty of care obligations that enable the client to use the item delivered in the contractually prescribed manner or whose purpose is to protect the lives and health of the client's personnel.

(3) If Perfecta is liable pursuant to Paragraph 7 (2) for compensation on its merits, this liability will be limited to damages that Perfecta foresaw when concluding the agreement as a possible consequence of a breach of contract or which it should have foreseen when taking the usual care. Indirect damage and consequential damage resulting from defects in the item delivered can only be replaced or reimbursed if such damage is to be typically expected in items of this nature when used as intended.

(4) In cases of liability for simple negligence, the obligation on the part of Perfecta to replace or reimburse physical damage and resulting loss of profits is limited to the amount of 2.000.000 € for each claim but for no more than two claims per year (corresponding to the current insurance coverage of company liability insurance), including breaches of essential contractual obligations. Perfecta will, on request, send a copy of the insurance policy to the client. Where the insurer is not required to reimburse a claim based on a breach of obligations by Perfecta, Perfecta will undertake to the client to be liable for the amount of coverage from its own funds.

(5) Exclusions and limitations of liability apply to the same extent to the benefit of the management, lawful representatives, salaried employees and other agents of Perfecta.

(6) The restrictions in this Paragraph 7 do not apply to the liability of the vendor for deliberate actions, inherent

guaranteed features, death, physical injury or harm to human health or liability pursuant to the German Product Liability Act.

## Paragraph 8 Retention of Title, Sureties

(1) Perfecta retains right of ownership to the items delivered until all payments from the business relationship have been received. In the case of conduct in breach of the contract on the part of the client, Perfecta will be entitled to take back the item delivered. Taking it back will constitute cancellation of the contract. After taking the item back Perfecta will be authorised to sell it and to offset the proceeds from such a sale against the client's liabilities, less appropriate administrative costs.

(2) The client is obliged to treat the item delivered with care; in particular it is obliged to insure the item at its own expense against damage by fire, water and theft. If maintenance and inspection work are required, the client must carry this out at its own expense in a timely fashion.

(3) If requested to do so by the client, Perfecta will undertake to release the securities owed to it if the realisable value of our securities exceed the value of the claims to be secured by more than 10%; the choice of the securities to be released will be the responsibility of Perfecta.

(4) If the goods are delivered abroad, Perfecta will be entitled to request the client to give it an unrestricted, chronologically unlimited, directly enforceable guarantee from a bank subject to German law licensed in the EU, for the purpose of guaranteeing payment claims.

## Paragraph 9 Place of Jurisdiction, Choice of Law, Final Provisions

(1) The place of jurisdiction is the location of the place of business of Perfecta; however, Perfecta is also entitled to bring legal action against the client at its court of domicile.

(2) The laws of the Federal Republic of Germany apply exclusively and exclude the provisions of the UN Convention on the International Sale of Goods (CISG).

(3) If the contract or these T & Cs contain omissions, it is agreed that those omissions will be replaced by those legally valid provisions that the parties to the contract would have agreed to according to the commercial aims of the contract and the purpose of these terms and conditions of business if they had known about the omission.