

## General sales conditions (a)

### **1. DEFINITIONS AND ORDER**

The terms used in the present document have the following meaning:

"Buyer": the buyer indicated in the "Commercial Price Quotation" and/or "Purchase Order";  
 "Vendor": S.M.R.E. srl;  
 "Machine": the machine described in the "Commercial Price Quotation" and/or "Purchase Order".

The present document binds the buyer from the moment it is signed by him/her: every mutual obligation flows exclusively from the present document. Agreements not mentioned or different from those mentioned in the present document are not valid.

### **2. CONCLUSION AND SUBJECT OF THE CONTRACT - MODIFICATIONS**

Subject of the purchase is the machine with the characteristics described in the "Commercial Price Quotation" and/or "Purchase Order". Buyer takes notice of the fact that, due to continuous evolution, development and research applied by vendor to its production, characteristics of the purchased machine can vary up to the date of delivery.

Buyer will therefore renounce to any complaints regarding characteristics of the machine, also regarding the origin of the components, as long as the modifications are intended to improve the quality of the product, are the result of technological improvements, or are the result of legal regulations, and do not substantially alter the subject of the purchase.

The information indicated in advertisement or promotional documentation are merely indicative, are often a summary of several versions of the same machine model, and may be subject to changes at any given moment.

The only information to be taken into consideration is that mentioned in the "Commercial Price Quotation" and/or "Purchase Order" and as far as the dimensions of the machine are concerned, the only information to be taken into account is that indicated in the elaborated lay-out based on the ordered machine and additional optional accessories.

Buyer is aware of the following:

Unless specifically otherwise requested and indicated in the "Commercial Price Quotation" and/or "Purchase Order", the components used to construct the machine, including main components, are of the brand preferred by vendor.

Buyer has chosen to purchase the machine after having evaluated and fully understanding its potential. It is therefore the exclusive responsibility of the buyer to assess whether the purchased machine is fit to carry out the required workings, based on buyer's production, worked materials, quality of the end product. Vendor declines every responsibility in case buyer used the purchased machine to work materials that do not comply with the current market standards, that violate regulations, are against the law, or violate intellectual property and patents belonging to a third party.

### **3. PRICES**

The prices indicated in the "Commercial Price Quotation" and/or "Purchase Order" signed by buyer, are net prices are not subject to any other discounts. Indicated prices are intended Ex Works (ICC Incoterms 2000) vendor's premises in Umbertide, Italy, unless otherwise specifically indicated in the "Commercial Price Quotation" and/or "Purchase Order".

Indicated price will remain valid and unchanged until delivery date unless buyer will add further accessories. The purchase of further accessories must be confirmed both by buyer and by vendor.

### **4. PAYMENT TERMS**

Payment of the price will be executed according to the indications in the "Commercial Price Quotation" and/or "Purchase Order" and must be executed only and exclusively to vendor's legal headquarters.

In case the agreed down payment is not remitted, vendor will automatically stop the construction of the ordered machine, causing inevitable delay in the delivery time. A delay in further payments will mean that buyer loses the right to technical assistance as described under point 7.

Buyer will be held accountable to pay interest rates on default payments, as described in DL n. 231/2002 (Italian Law).

### **5. DELIVERY**

Lead time for delivery is indicated in the "Commercial Price Quotation" and/or "Purchase Order". Indicated days are intended as "working days", the counting of which will start only after buyer's approval of the machine lay-out and finalization of eventual financial practices.

In case the ordered machine is paid through leasing, delivery can take place only and exclusively after reception at vendor's legal headquarters of the original purchase order from the leasing company. These documents must arrive at vendor's legal headquarters at least 15 days before agreed delivery date.

In case of late reception of above mentioned documents, delivery will take place within 15 days from reception date, delaying therefore delivery date. Buyer is fully aware of the fact that lead time for delivery can be influenced by factors like availability of raw materials to vendor, strikes, lock outs, interruptions of the production chain, technical obstacles regarding the production, unavailability of components, difficulties with transportation or other factors not under vendor's responsibility.

Indicated lead time is therefore to be considered approximate. In case of delay, exceeded a period of 40 working days after the initially expected delivery date, buyer has the right to withdraw from the contract by written communication to be sent within the 5 days following the expiry date.

Following the withdrawal of the contract, vendor will return to buyer only the remitted down payment plus additional legal interests on the down payment. In no case buyer has the right to claim compensation for eventually suffered losses or refunds or penalties because of failure or delay in delivery of the machine.

### **6. INSTALLATION AND TESTING**

Before delivery every constructed machine will be tested by vendor at vendor's head quarters. To guarantee full satisfaction of buyer, in the days before delivery vendor is available to test the machine together with buyer, using specific materials from buyer, simulating actual production. Buyer must therefore take care of sending necessary materials to vendor at least 25 days before expected delivery date. Without receiving explicit communication otherwise, vendor expects that buyer will be present at the testing in order to verify that the machine is well functioning and that it has the characteristics described in the "Commercial Price Quotation" and/or "Purchase Order". In case buyer is not present at the testing at vendor's legal headquarters, accepting delivery of the ordered machine, vendor will consider the testing carried out by vendor's technicians on vendor's premises valid and binding. Vendor will take care of installation of the machine, made ready to function, at buyer's company premises. A further functionality test will be carried out. Vendor will not in any way carry out connections or modifications to the electrical wiring system at buyer's premises. Buyer must make sure that electrical and pneumatic (compressed air) facilities are available so that the machine can be easily connected to the system of buyer's premises, according to the regulations of law. These predispositions should be made on vendor's specific technical indications. The installation of the machinery does in no way include the unloading of the delivered machine on the buyer's premises, even in case the shipment has been organized by vendor according to a commercial agreement. Once the machine has arrived on buyer's premises, buyer must unload the machine. Buyer must make a forklift available that is suitable for machine's weight and, based on necessities, any other suitable means necessary to place the machine on his/her premises so that technicians can carry out the installation. >>

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## General sales conditions (b)

>> Machine must be positioned in the agreed upon assembly area, ready for the actual assembly of the machine. Vendor's technicians are not authorized in any way to move or unload materials or machinery on buyer's premises. In case machinery will be placed on a platform or in areas otherwise difficult to reach, buyer must evaluate a safe way to reach that area with the delivered machine and buyer will be fully responsible for the safety of that area (for example a platform) and its suitability for heavy machinery. Travelling costs, food and beverage, and sleeping accommodations for vendor's staff are to be supported exclusively by buyer, unless otherwise specifically indicated in "Commercial Price Quotation" and/or "Purchase Order".

### **7. TECHNICAL ASSISTANCE AND MAINTENANCE**

Technical assistance and maintenance will be carried out at buyer's explicit request. It is the exclusive responsibility of buyer to keep track of the correct functioning of the machine. Buyer must constantly audit quality and suitability of the workings carried out with the machine. Vendor declines all responsibility in case erroneous regulations or erroneous functioning of the machine cause defects of any kind in the worked materials or manufactured end products. Vendor declines all responsibility in case malfunctioning of the machinery constructed by vendor causes loss of production. Travelling costs of vendor's staff are to be supported exclusively by buyer and will be calculated based on the effectively supported costs like food and beverage, sleeping accommodations, air plane tickets, driven car kilometers (based on A.C.I. tariffs), hourly cost of staff counting from their departure until their return to vendor's legal headquarters. After every intervention by vendor's staff, a technical report will be released with details regarding the carried out intervention and eventual substituted parts. Based on that report, an invoice will be emitted, with payment terms of 30 days end of month through bank transfer.

### **8. WARRANTY**

The machine is covered by 24 months of constructor's warranty according to EU law. As far as warranty is concerned, vendor is committed to repair or substitute the parts accepted by vendor as faulty, not suitable for use due to a flaw in material or because of a construction error: erroneous parts must in any case be returned to vendor. Parts that are to be substituted under warranty will be supplied free of charge. Shipping costs for parts, even if substituted under warranty, will be bear by Buyer. Buyer will lose the right to warranty in case flaws are the result of the erroneous operating of the machine by buyer himself/herself, by buyer's staff, or by a third party, erroneous installation not imputable to vendor, unskillfulness in operating the supplied machine, erroneous or abnormal use, bad or erroneous maintenance, repairs, substitutions, modifications, or any other interventions carried out by buyer or on behalf of buyer by a third party without explicit authorization of vendor, or otherwise due to reasons out of control of vendor. All parts and components that by their nature or use are subject to normal wear or whose deterioration is inevitable are excluded of warranty. On all components not constructed by vendor warranty is valid as indicated by vendor's third party supplier. After repair or substitution of eventual faulty parts, vendor's obligation is to be considered fulfilled. Vendor will not be held accountable for requests of compensation for eventually suffered losses. The auditing of the correct functioning of the machine according to its specific characteristics is responsibility of the buyer. Forwarded complaints will in any way not authorize buyer to suspend payments previously agreed upon by contract; eventual credit notes will be calculated on the last payment term.

### **9. RESERVED OWNERSHIP**

Vendor reserves the right of ownership on all delivered goods, according to articles 1523 and E 2762 C.C. until delivered goods have been fully paid according to agreement and buyer has fulfilled all obligations. Buyer will therefore remain depository of delivered goods and has the obligation to keep these and not move these from the area in which they were installed, unless for reasons of normal use, without vendor's previous written consent. In case of seizure or confiscation or similar events of the delivered goods, in case these have not yet been fully paid, it is the obligation of buyer to inform vendor within 3 days by means of letter sent by recorded delivery with acknowledgement of receipt. It is also obligation of buyer to inform the executors of the existence of the present contract of reserved ownership. Costs of registration and transcription of the contract and of the reserved ownership are to be supported by buyer.

### **10. ASPIRATION OF FUMES**

IN CASE THE MACHINE PROCUDES FUMES DURING THE WORKING FASE: ART. 64 COMMA 1 D. LGS. 626/94. (ITALIAN LAW) SPECIFIES THAT IT IS THE RESPONSIBILITY OF THE EMPLOYER WHO MAKES THE MACHINE AVAILABLE FOR USE TO THE WORKERS, TO VERIFY, ACCORDING TO THE DATA INDICATED IN THE SECURITY MANUALS AND SCHEDULES, THE CHARACTERISTICS AND DANGERS OF THE WORKED MATERIALS. IF APPROPRIATE, THE EMPLOYER MUST MEASURE THE GENERATED DANGEROUS SUBSTANCES, MUST GUARANTEE THAT THESE SUBSTANCES ARE ASPIRED AND CAPTURED, AND FINALLY RELEASED INTO THE ATMOSPHERE ACCORDING TO ART. 4, COMMA 5 LETTER N D. LGS. 626/94. THE MACHINE SUBJECT OF THE PRESENT CONTRACT HAS BEEN DESIGNED AND CONSTRUCTED TO BE CONNECTED TO THE ASPIRATION SYSTEM OF THE PLANT IN WHICH IT WILL BE INSTALLED AND OPERATED. IN ORDER TO PERFORM THE ABOVE DESCRIBED OBLIGATIONS AS EASILY AND EFFECTIVELY AS POSSIBLE.

### **11. ADDITIONAL AGREEMENTS**

Eventual additional agreements or agreements not in compliance with the agreements stated in the "Commercial Price Quotation" and/or "Purchase Order" and/or in the present "General Sales Conditions" will be valid only and exclusively if in written form and subscribed both by vendor and by buyer.

### **12. SOFTWARE, HARDWARE**

With the purchase of the CAD/CAM software – in particular "Easy Works Xtreme", "Nesting" and "Split box" – installed in the S.M.R.E. machines the buyer does obtains the right to use these programs, together with the other programs installed in the machine, for as long as the machine is in operation and owned by the buyer. The buyer (customer) does not become the proprietor, nor do they obtain ownership of those programs at any time, and only has the right to use such programs that have been installed by S.M.R.E. technicians. The buyer does not have the right to copy or diffuse the programs named above or to use them on machines other than the one in which the programs were installed by S.M.R.E. After the initial purchase, S.M.R.E. will not require from the buyer to remit any further payments (for example a license fee) for the use of the above named programs, however, S.M.R.E. may decide to offer the buyer an upgrade or future improvement at a price defined by S.M.R.E. or by an S.M.R.E. distributor. In order for the machine function correctly and to avoid malfunctioning, S.M.R.E. strongly suggests that buyer ensures that all files and drawings are virus-free before they are uploaded into the machine. S.M.R.E. also suggests that no other programs are installed in the machine other than those installed by S.M.R.E. technicians. S.M.R.E. and S.M.R.E. distributors decline all responsibility for the loss of data or other damages caused by virus infections or non-authorized use of the software. Prior to shipment of every S.M.R.E. machine, the computer which is connected to the machine is fully checked and guaranteed to be virus free. The copyright of the S.M.R.E. software is protected by national and international Law. For warranty issues regarding the hardware (personal computer, screen, etc.) delivered with the purchased machine, buyer shall refer to the manufacturer of the hardware, not to S.M.R.E.

### **13. JURISDICTION**

For the resolution of any controversy between vendor and buyer, both parties declare that the jurisdiction is exclusively that of the Court of Perugia.

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