



**Mühlbauer**  
High Tech International

## Mühlbauer ID Services GmbH

### Solutions for ID Projects

- Conceptional formulation/engineering
- Implementation
- Turnkey realization
- Related services

Mühlbauer ID Services GmbH  
Josef-Mühlbauer-Platz 1 • 93426 Roding • Germany

### **Public Services Agency**

Mr. Mircea Esanu  
42, Pushkin Str.  
2012 Chisinau  
Republic of Moldova

Roding, August 09, 2023

**Offer no. A-2023-SU-0002568-1**

Dear Mr. Mircea Esanu,

Thank you for your interest in our products.

As requested and discussed with our Mrs. Aleksandra Petrovic, we are pleased to submit the following offer to you:

**PPT 2018 ST - SHEET TURNING STRESS**

**PPT 2018 BP - BOOK BEND STRESS**

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Mühlbauer ID Services GmbH - Headquarters - Josef-Mühlbauer-Platz 1 - 93426 Roding, Germany  
Phone: +49 (0) 9461 952-0 - Fax: +49 (0) 9461 952-1101 - info@muehlbauer.de - www.muehlbauer.de

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Headquarters Roding, Commercial Register Regensburg HRB #: 9094, VAT #: DE 813871380  
Managing Director: Karl Brandl

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Mühlbauer Group - Headquarters - Josef-Mühlbauer-Platz 1 - 93426 Roding, Germany  
Phone: +49 (0) 9461 / 952-0 - Fax: +49 (0) 9461 / 952-1301 - info@muehlbauer.de - www.muehlbauer.de

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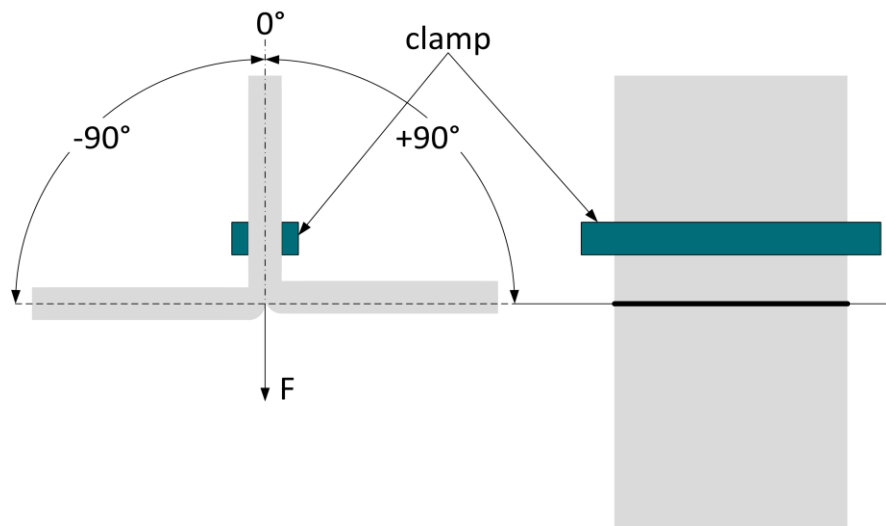
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## 1 **PPT 2018 ST**

### 1.1 **Basis PPT 2018 ST; Sheet Turning Stress**

The newest generation of passport test systems supports the production quality monitoring. The purpose of this test is to determine the folding resistance of a machine readable passport (MRP) sheet at the spine.



*Sheet Clamping Illustration*

#### **Technical Data**

- Power supply: 110-230 V, AC,  $\pm 10\%$ , N, 50 / 60 Hz, approx. 300VA
- Connector



#### ▪ **Dimensions PPT 2018 ST**

- Height: 295 / 590 mm
- Length: 585 mm
- Depth: 555 mm
- Weight: approx. 38 kg



- **Test procedure according ISO/IEC 18745-1:2018**

- Bending Frequency:  $f = 0.5 \text{ Hz}$
- Bending Angle:  $\alpha = \pm 90^\circ$
- Tensile Force:  $F = 12.5 \text{ N} \pm 5 \%$

- **Tester Data**

- Number of cycles adjustable from 1 to 50,000
- passports concurrent 1 pieces  
inside of tester

## **1.2 Documentation**

Operating instructions in English language will be provided.

- If the machine is intended for an EU member state, operating instructions in the national language (other than English or German) are available on request, in accordance with the Directive 2006/42/EC on machinery.

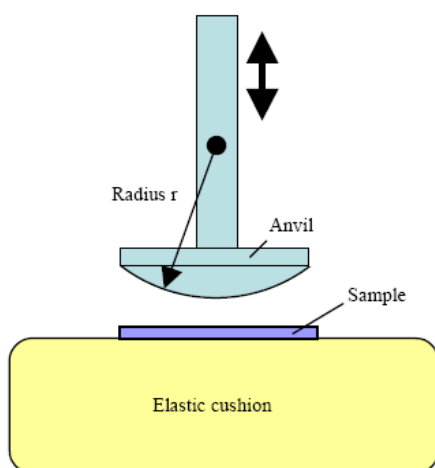
The operating instructions contain information about:

- Safety
- Operation
- Service

## 2 PPT 2018 BP

### 2.1 Basis PPT 2018 BP; Book Bend Stress (back pocket)

The newest generation of passport test systems supports the production quality monitoring. This test simulates the stresses of sitting on a MRP (Machine Readable Passport). This method applies a force to the MRP and forces it to bend around a curved surface. The resulting stresses acting on the MRP are a combination of compression and bending stresses.



#### Technical Data

- Power supply: 110-230 V, AC,  $\pm 10\%$ , N, 50 / 60 Hz, approx. 300VA
- Connector



Europlug CEE 7/16

- Dimensions PPT 2018 BP**

- Height: 295 / 590 mm
- Length: 585 mm
- Depth: 555 mm
- Weight: approx. 38 kg

- Test procedure according ISO/IEC 18745-1:2018**

- Anvil spherical impact area radius 150 mm
- Anvil diameter  $\geq 95 \text{ mm} \times 125 \text{ mm}$
- Cushion of foam density of 30 g/l to 55 g/l  
hardness of 150 N to 265 N (ISO 2439 method A)

- Press of the anvil into the MRP and cushion support maximum force of 350 N  
for 5 s  $\pm 1$  s

- Tester Data**

- Number of cycles adjustable from 1 to 15,000
- passports concurrent inside of tester 1 piece

## **2.2 Documentation**

Operating instructions in English language will be provided.

- If the machine is intended for an EU member state, operating instructions in the national language (other than English or German) are available on request, in accordance with the Directive 2006/42/EC on machinery.

The operating instructions contain information about:

- Safety
- Operation
- Service

### 3 **Prices**

#### 3.1 **Prices for PPT 2018 ST**

Pos.	Description	pcs	
1.1	Basis PPT 2018 ST: Sheet Turning Stress	1	
1.2	Documentation	1	
<b>Price</b>		<b>1</b>	<b>13.358,00 €</b>

#### 3.2 **Prices for PPT 2018 BP**

Pos.	Description	pcs	
2.1	Basis PPT 2018 BP: Book Bend Stress (back pocket)	1	
2.2	Documentation	1	
<b>Price</b>		<b>1</b>	<b>12.618,00 €</b>

#### 3.3 **Prices for Packaging & Transport**

Pos.	Description	pcs	
---	Packaging, transport DAP Chisinau Municipality, Moldova and transport insurance for 1x PPT 2018 ST, 1x PPT 2018 BP	1	
<b>Price</b>		<b>1</b>	<b>1.330,00 €</b>

#### 3.4 **Prices for Machine setup and additional training**

Pos.	Description	pcs	
---	Installation, regulation/adjustment, commissioning of the equipment and training of the Buyer's personnel, is carried out by the Supplier within up to December 29,2023 1 man-day(s) (8 h per man-day) incl. travel expenses to and from customer site, board and lodging	1	
<b>Price</b>		<b>1</b>	<b>1.850,00 €</b>

#### **4 Project Related Terms**

The PPT 2018 ST, PPT 2018 BP will be shipped out from the Seller's factory in Roding/Germany. The Buyer bears the costs for import to the Republic of Moldova.

##### **Service**

The following terms apply to the: PPT 2018 ST, PPT 2018 BP.

The standard service includes repair of defect systems and its components at delivering factory free of charge during warranty period. Transport costs of the defective systems and its components to the delivering factory must be borne by the customer. Alternatively shipment of exchange components and service at customer's location can be arranged. In this case the travel expenses must be borne by the customer. For such service several levels are available und must be additionally selected and agreed on:

- Travel expenses
- 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Level Support
- Hardware Maintenance
- Software Maintenance
- Backup Systems

##### **COVID-19 (Coronavirus SARS-CoV-2)**

In case a service intervention commissioned by the Buyer is demonstrably impaired by the enactment of local legal provisions and regulations as a result of the Covid 19 pandemic, the Seller reserves the right to charge any related costs due to the impairment (the respective hourly/daily rates of the Seller shall apply). Impairment shall mean but is not limited to when an assigned service engineer has to go into quarantine in the Buyer's country on the outward journey or if he has to go into quarantine in his home country on the return journey.

The Buyer shall settle such invoices within 15 calendar days.



## 5 **Special Offer Conditions**

### **Price**

The prices are understood DAP Chisinau, Moldova (INCOTERMS 2020) excluding the legal value-added taxes (VAT), withholding taxes (WHT), customs and/or local import excise dues or any other applicable taxes, duties and fees effective on the date of delivery, incl. documentation in German or English language. We reserve the right to modify the prices until clarification of all details. Amendments to the order will be charged separately.

### **Taxes**

The Buyer shall be responsible for payment of taxes and duties of any kind payable with respect to the purchase items arising out of or in connection with this offer. Without limitation, the Buyer will be responsible for all applicable sales taxes unless it first claims a sales tax exemption by providing the Seller with an exemption certificate acceptable to the applicable authorities. If applicable law requires the Buyer to withhold any taxes levied by the authorities in the Buyer's country of residence on the payments to be made to the Seller pursuant to this offer ("Withholding Tax"), the Buyer shall gross up the payments, as applicable, such that the payments to be received by the Seller shall be equal to the amounts owed in accordance with this offer prior to the levying of any Withholding Tax. The Buyer is responsible for obtaining and providing to the Seller any certificate of exemption or similar document required to exempt any sale from sales, use or similar tax liability.

### **Terms of Payment - for Hardware/Software and associated Services**

100 % Within 20 (twenty) business days after delivery of the requested Goods.  
All bank charges and commission fees of the bank of the Buyer will be borne by the Buyer.

### **Delivery Time**

Delivery, Installation, regulation/adjustment, commissioning of the equipment and training of the Buyer's personnel, is carried out by the Supplier within up to December 29, 2023.

### **Factory Acceptance Test (FAT)**

#### **FAT for Hardware/Software and associated Services**

After completion of the hardware/software the Seller shall declare readiness for FAT to the Buyer. The FAT will be performed at the Seller's site under production-relevant conditions and will include tests for functionality, completeness and performance data of the purchased item(s). FAT is passed successfully with the Buyer signing of the FAT certificate.

### **Site Acceptance Test (SAT)**

#### **SAT for Hardware/Software and associated Services**

After installation of the hardware/software at the Buyer's site, the Seller shall declare readiness for SAT to the Buyer. The general infrastructure for the SAT of the hardware/software must be prepared by the Buyer prior to installation of the hardware/software. SAT is passed successfully with signature of SAT certificate by the Buyer. SAT may not be unreasonably refused by the Buyer in case of any detected minor defects, which are to be remedied by the Seller within the scope of the warranty terms. The putting into operation of the hardware/software before successful SAT is at the Buyer's sole risk and responsibility and the Seller is not liable for any consequential or indirect damages accrued by the Buyer through the premature putting into operation of the hardware/software. SAT shall be deemed to have passed successfully, if the Buyer takes the hardware/software into use without signature of SAT. The production start-up of the hardware/software as well as thorough training of the Buyer's maintenance and operating staff is not part of SAT unless otherwise stated in this offer, but can be performed by the Seller's trained technicians according to the Seller's service and installation conditions.

### **Test Material**

The necessary test material/data, if applicable, must be provided by the Buyer in sufficient time and quantity, as requested by the Seller. Unless otherwise agreed by the Buyer and the Seller, the test material must be sufficient for a minimum test run of five (5) hours FAT and five (5) hours SAT and must be delivered to the Seller site (freight, taxes and duties pre-paid) at least four (4) weeks prior to the scheduled test date set by the Seller. The test material provided by the Buyer for the FAT must be the same as for the SAT. The Buyer is liable for suitability and quality of the test material. Highly customized hardware/software may require additional test/sample material/data and will have to be agreed and defined separately between the Buyer and the Seller.

In case the Buyer is not able to provide the necessary test material for FAT in time, the Seller will provide its own test material. As the SAT is a repetition of the FAT, consequently the SAT shall be executed also with the test material of the Seller. The provided test material of the Seller shall be at the Buyer's expense. Any additional effort of adjusting the hardware/software to the Buyer's material after SAT is at the expense of the Buyer.

### **Warranty**

The Seller warrants that the purchase items are free from defects in materials, workmanship and design under normal use and comply with the specifications described herein. The warranty period for the purchase items starts on the date of each delivery. The warranty period for hardware/software expires after 12 months. Consumables and wearing parts are explicitly excluded from warranty unless otherwise provided in writing.

In case of payment delays any warranty rights are excluded until due payment obligations have been settled by the Buyer. The Seller reserves the right to terminate the warranty period ahead of schedule for hardware/software, where services/changes/modifications/alterations have been performed by personnel not authorized or certified by the Seller or where parts have been installed, which do not originate from the Seller. All further legal claims expire after a period of twelve (12) months from transfer of risk.

For low-value purchase items the place of performance for warranty claims is the principal place of business of the Seller. In such case of warranty claims the Buyer shall send the affected purchase items to the Seller's site and back again on its own cost and risk. If the warranty claims are legitimate, the Seller on its own cost will arrange the shipment of the repaired/replaced purchase item back to the Buyer on the basis CPT Buyer's principal place of business (INCOTERMS 2020).

### **Limitation of Liability**

For direct damages and/or claims arising from the Seller's legal liability the Seller is responsible up to an amount not to exceed the price of the particular defective hardware/software or services. For damages to property the Seller holds suitable liability insurance. This limitation shall not apply in case of liabilities of the Seller, which are indispensable by applicable law, such as but not limited to damages to persons, intentional acts or gross negligence. The Seller is not liable for consequential, indirect, special or incidental damages, such as but not limited to loss of profit, loss of production or recall cost. As far as the UN Convention on Contracts for the International Sale of Goods (CISG) is applicable, the Seller shall be liable for damages only if being guilty in this respect.

**Software License Conditions**

By using the software the Buyer accepts the corresponding License Conditions. The Seller grants the Buyer a non-exclusive, non-transferable, revocable – until purchase price is fully paid – right for the use of delivered software. Revocation is always admissible if and in so far the Buyer is in default of payment and the Seller sets the Buyer an adequate deadline for paying the purchase price with reference to the consequences of revocation. Right of use is irrevocably granted after the agreed purchase price is fully paid.

**Validity**

Valid till October, 12th 2023 and replace all former offers concerning this project. This offer becomes binding with the Seller's confirmation of order.

**Applicable Law and Jurisdiction**

In case the Buyer being a foreign customer, German law is applicable. In all cases, the exclusive court of jurisdiction for all claims arising out of or in connection with this Contract is the location of the Seller.

## GENERAL TERMS AND CONDITIONS FOR DELIVERIES, WORK AND SERVICES

### I. General

- The following conditions apply to all consultations, offers, sales, deliveries and services and to all current and future contractual relationships between Mühlbauer ID Services GmbH, its affiliates (hereinafter "Seller") and the Buyer, who is entrepreneur according to § 14 BGB (German Civil Code), exclusively. Conditions for purchasing of the Buyer, which are completely or partly contrary to the conditions of the Seller or the legal regulations, are hereby expressly disagreed. The following conditions also apply if the Seller carries out the deliveries or services in awareness of conflicting purchase conditions of the Buyer without reservations. The following conditions apply to all future business relations, even if they are not explicitly referenced and as far as the Buyer has known them or ought to have known due to a previous business relationship. For the scope of the deliveries or services the bilateral consistent written declarations shall apply.
- Verbal subsidiary agreements do not exist. Agreements, particularly between the representatives of the Seller, deviating from the conditions of the Seller in individual cases, are only binding with the confirmation by the Seller in text form.

### II. Offer and conclusion of the contract

- Offers of the Seller are always without engagement, i.e. they merely constitute a request to the Buyer to give a legally binding offer. Contracts, even those at trade fairs or through agents of the Seller, only are entered in accordance with the written confirmation of order of the Seller and its receipt by the Buyer. Advertising documents and brochures of the Seller are not binding, and, in particular, are subject to modifications and errors. § 434 par. 1 sent. 3 shall remain unaffected.
- The Seller reserves the title and copyright for figures, drawings and calculations as well as for other documents. This also applies to those written documents, which are referred to as confidential. Prior to its transfer to a third person, the Buyer has to obtain the written confirmation of the Seller and the documents have to be returned upon request to the Seller.
- The configuration of the subject of the contract is exclusively described in the offers, confirmation of orders and the corresponding documents of the Seller, without being a guarantee according to § 443 BGB (German Civil Code), subject to par. 4.
- As far as guarantees are given by the Seller, this needs to be done expressly and in written form, and they shall not constitute guarantees according to § 443 BGB, but independent guarantee promises.

### III. Deliveries and terms of delivery

- The Seller cannot be held responsible for delays if the Buyer does not or not in time fulfill its obligations to cooperate, particularly taking care of magisterial authorizations, implementation plans, documents for specification of the subject of the contract, clarification of all technical details, payment securities and down payments. If these obligations are not fulfilled in time, the delivery times will be extended accordingly plus an adequate starting time, unless the Seller is responsible for the delay.
- If, after conclusion of the contract, there are any indications that the ability of the Buyer is endangered, e.g. default of payment, suspension of payment, request for insolvency proceedings, chattel mortgage of current assets, unfavorable information of banking establishments, credit institutions or credit insurers, the Seller is entitled to suspend his services and to cancel the contract and/or to claim damages after an unsuccessful appointment of a date for providing security in the form of directly enforceable bank guarantee or advance payment. The appointment of a date is not applicable if the endangerment of the ability is obvious.
- Binding delivery dates have to be agreed upon always in written form. In case of separable deliveries the Seller is entitled to partial delivery and to early deliveries subject to prior written information.

- In the case of call orders, an adequate delivery date is deemed to be agreed, which is at least six weeks from the date of the call order. In case manufacturing or acceptance dates are not agreed, the Seller may ask for a binding fixing of it at the latest three (3) months after confirmation of order. If the Buyer does not comply with such request within two (2) weeks after posting a written notice concerning this matter, the Seller is entitled to set an additional respite of one week and after unsuccessful expiration of that period the Seller is entitled to claim damages and/or to cancel the part of the contract which has not been fulfilled. The same applies when, after expiry of the delivery date, the subject of the contract or parts thereof have not been accepted or have not been delivered due to a default of the Buyer.
- Delays, arising out of acceptance delays of the performed work at the agreed date on Buyer's side have to be notified in writing to the Seller at least one week before the agreed date. In case the Buyer defaults acceptance or culpably breaches other duties of co-operation, the Seller shall be entitled to claim for damages caused thereby, including potential additional costs. Further claims or rights shall remain reserved.
- As far as circumstances, not caused by the Seller, complicate, delay or make the fulfillment of accepted orders impossible (Force Majeure), the Seller is entitled to postpone the delivery, the partial delivery or the outstanding delivery for a period equal to the period of the obstruction or to cancel fully or partly the contract without a claim for damages by the Buyer. Force Majeure includes particularly e.g. magisterial intervention, refusal of necessary export approvals, war, revolt, terrorism, governmental acts, business disruption, strikes, lock out, epidemics, interruption of work due to political or economic affairs, shortage of essential raw or working materials, shortage in materials, difficulties with the energy supply, transport delay due to traffic congestion, power failure, acts of god or an inevitable event which affect the Seller, his subcontractors or foreign companies, of which the operations of the plant of the Seller is depending on. The antecedent is also valid if such events occur at a moment at which the Seller is in default. The Seller shall have the same rights if goods required for the order are not available, as the Seller has not been delivered by their subcontractors, although the Seller has concluded a matching cover transaction and the Seller is not otherwise guilty on this. The Seller shall be obligated to inform the Buyer when one of the above-mentioned circumstances occurs, and, in case of withdrawal, to reimburse without delay any considerations already made by the Buyer.
- The Buyer can only set an additional respite for delivery, if the agreed delivery date has been exceeded by more than two (2) weeks. This additional respite has to be adequate and last at least three (3) weeks. After unsuccessful expiry of the additional respite the Buyer is entitled to cancel the contract. § 323 par. 2 BGB shall remain unaffected. Any claim for damages against the Seller due to breach of duty shall only exist in accordance with the provisions under fig. IX.

### IV. Prices and payment terms

- Unless otherwise agreed the prices for delivery are ex works (INCOTERMS 2020), exclusive packaging, shipping costs and all taxes, duties or levies payable under the applicable law. The Buyer is obligated to pay or reimburse the taxes, duties or levies that are imposed on the Seller or his subcontractors.
- The Seller shall be entitled to unilaterally increase prices accordingly in the event of an increase in material production and/or material and/or product procurement costs, wage and ancillary wage costs, social security contributions as well as energy costs and costs due to environmental regulations, and/or currency regulations and/or changes in customs duties, and/or freight rates and/or public charges, if these directly or indirectly influence the goods production or procurement costs or costs of the contractually agreed services and if there are more than four months between the conclusion of the contract and delivery. An increase in the aforementioned sense is excluded if the cost increase in any or all of the aforementioned factors is offset by a cost reduction in other of the aforementioned factors with respect to the total cost impact for the delivery. If the new price is 20% or more higher than the original price due to the aforementioned right of price adjustment, the Buyer shall be entitled to withdraw from contracts that have not yet been fully performed. However, the Buyer may assert this right only immediately after notification of the increased price.

3. Unless otherwise agreed, invoices shall be paid due net in the agreed currency within 14 days from date of invoice. The legal regulations regarding the consequences of default in payment shall be applicable. In case of default in payment by the Buyer, the Seller shall be entitled to stop contractual services until the Buyer has settled the liabilities payable.
4. Partial deliveries are charged at once and each of them are payable separately, irrespective of the completion of the total delivery.
5. The Buyer only is entitled to charge up against the Seller, if the counterclaims are legally stated, undisputed or acknowledged by the Seller. Furthermore the Buyer is entitled to exercise a lien insofar as the counterclaim is based upon the same contractual relationship.

#### **V. Retention of title**

1. The goods remain property of the Seller until all claims against the Buyer out of the business relationship have been fulfilled. With the conclusion of the contract the Buyer authorizes the Seller, on Buyer's expense, to enter or announce the retention of title in the required form and in accordance with applicable national rules in public registers, books or similar documents. The Buyer is obliged to give the Seller any assistance to enable him to take all necessary measures to protect its property. If the Buyer acts contrary to contract, particularly in case of payment delay, the Seller is entitled to take back the goods. The Buyer is obliged to surrender. By taking back the goods the Seller does not cancel the contract, unless the Seller would have made expressly a written declaration thereof. The distress of the goods by the Seller always means a cancellation of the contract. After taking back the goods the Seller is entitled to resale. The revenue is to be deducted from the liabilities – less adequate handling charges – of the Buyer.
2. The Buyer is obligated to take care of the goods; particularly, he is obligated to insure them sufficiently amounting to the replacement value at his own expense against water damages, fire losses and damages due to theft. Provided that maintenance and inspection operations are necessary, the Buyer has to carry them out in time and at its own expense. A fundamental relocation of the goods requires the prior written consent of the Seller.
3. The Buyer is entitled to resell the goods in a regular course of business; the Buyer transfers to the Seller all claims amounting to the grand total of the invoice (including VAT), which arise from the resale against third parties, irrespective of whether the goods have been resold without or with modifications. The authorization for collection of receivables also exists after assignment. The Seller's authority to collect the claim by himself will remain unaffected thereof. But the Seller commits not to collect the claims if the Buyer fulfils its payment obligations with the collected sales revenues, the Buyer does not fall behind with payment and particularly, there is no request for insolvency, composition or bankruptcy proceedings or suspension of payment. In these cases, the Seller is entitled to request that the Buyer discloses the conveyed claims and whose debtors, gives all necessary information for collection, hands out all corresponding documents and notifies the assignment to the debtors (third parties).
4. The processing or transformation of the goods always is carried out on behalf of the Seller. If the goods are processed with items, which are not owned by the Seller, he will acquire a co ownership share concerning the new item proportional to the value of the goods (invoiced final amount, including VAT) to the other processed item at the date of processing. This also applies for items resulting due to processing of the goods.
5. If, in the case of deliveries abroad, certain additional measures and/or declarations beyond the agreement on the retention of title are required on the part of the Buyer in the importing country in order for the aforementioned retention of title or the other rights of the Seller designated therein to become effective, the Buyer shall notify the Seller thereof in text form and shall carry out or submit such measures and/or declarations without undue delay at its own expense. The Seller shall cooperate in this to the necessary extent. If the law of the importing country does not permit a reservation of title, but allows the Seller to reserve other rights to the delivery item, the Seller may exercise all rights of this kind. To the extent that an equivalent security of the Seller's claims against the Buyer is not achieved thereby, the Buyer shall be obliged to promptly procure for the Seller, at the Seller's expense, other suitable securities in the delivered goods or other securities at the Seller's reasonable discretion. The Buyer's right to judicial review and correction of the Seller's equity decision shall remain unaffected.

#### **VI. Passing of the risk**

1. The shipment of the goods is carried out by the Seller ex works (INCOTERMS 2020) at the risk of the Buyer. The same applies if the freight and other costs are at the expense of the Seller. The goods are insured by the Seller against transport damages only at the expressly written instruction and on account of the Buyer.

2. If pickup is agreed at the responsibility of the Buyer and not carried out within eight (8) days after the agreed date, the shipment will be carried out by the Seller for account of the Buyer using a type of shipment which seems to be economical to the Seller.
3. The risk passes with the handover of the customarily packaged goods to the Buyer, the first freight carrier or the forwarding agent. This also applies for separate partial deliveries and if the Seller has borne the forwarding charges.
4. If the shipment is delayed by request of the Buyer or in case of default of acceptance, the risk will pass with notice of readiness for shipment. In this case the storage of the goods is on behalf and at the expense of the Buyer.
5. Transport packaging, selling packaging, re-packaging and any other packaging according to the regulations about packaging will not be taken back, excepting pallets. The Buyer shall be obligated to arrange the disposal of the packaging at its own expense.

#### **VII. Cooperation Obligations**

1. The Buyer is obligated to make available to the Seller all information, documents, data, specifications and materials pertaining to the order which are necessary for the successful realization of the hardware/software and blank ID documents specifications. Furthermore, the Buyer is obligated to provide a suitable environment for the correct functionality of the hardware/software to be installed; this includes a suitable climate controlled indoor environment, a suitable electric power/compressed air supply and ventilation system, a proper environment for the software and a proper storage environment for the blank ID documents.
2. The Buyer is obligated to provide a Personal Computer with access to the internet and a telephone landline for the Seller's personnel performing installation, training and any subsequent service/maintenance/upgrades intervention within the scope of the warranty. If the Buyer does not purchase the hardware necessary to run the software supplied/sold by the Seller, the Buyer must provide the necessary hardware, free of charge, for the installation of the software. The Buyer is responsible for ensuring, that the hardware meets the requirements set forth and provided by the Seller for the installation of the hardware/software. The Buyer must appoint a contact person, who will be responsible for the project management at the Buyer's site. Software updates provided by the Seller must be installed by the Buyer without delay. The Buyer is also responsible for adequate backup of data.
3. The usage of the hardware/software and the blank ID documents/consumables shall be performed by the operators of the Buyer. The Buyer is responsible for the qualification and the quantity of his operators for the use of the purchased goods.
4. The Buyer is responsible for suitable quality assurance during production usage of the purchased good including but not limited to input control of utilized blank ID documents/consumables prior to usage of the purchased good and output control of produced material after usage of the purchased good.

#### **VIII. Liability for defects**

1. The Buyer has to inspect immediately the goods according to § 377 of the German Commercial Code (HGB) and to give immediately notice in text form to the Seller of any visible defects, particularly obvious ones. This obligation to give notice also applies if defects become visible at a later time. Giving notice shall be regarded as immediately if it is performed within two weeks, with the timely sending of the notice being sufficient for fulfilling the time limit. If the Buyer fails to notify the Seller in due time in writing, the goods shall be considered accepted in relation to these defects. Any liability due to fraudulent conduct shall remain unaffected.
2. If the goods have defects, the Buyer will be entitled to choose supplementary performance in the form of a removal of defects or delivery of an object free of defects. Replaced, defective parts shall be returned to the Seller and become the property of the Seller. The Seller is entitled to refuse the manner of the chosen supplementary performance, if it only is possible with disproportional costs. Place of performance is the place of the delivering factory in each case. For removal of defects it is to give reasonable time and opportunity to the Seller. The Buyer has to grant to the Seller access to the defective goods, including the disassembly and assembly, without cost to the Seller.

3. If the supplementary performance fails despite repeated attempts, if the supplementary performance is refused in accordance with § 439 (4) of the German Civil Code (BGB) or if the supplementary performance is unreasonable, the Buyer shall be entitled to choose between cancellation of the contract or reduction of the purchase price as well as damages or reimbursement of expenses. Cancellation is excluded if the breach of duty by the Seller is insignificant. Further claims due to or in connection with defects or consequential damage caused by defects, regardless of the reason, shall only exist in accordance with the provisions under fig. IX.
4. The limitation period for claims due to defects is twelve (12) months, beginning from the delivery of the goods. This shall not apply to claims for damages arising from a guarantee, the assumption of a procurement risk, in the event of intentional or grossly negligent breach of duty, injury to life, body and health, breach of fundamental contractual obligations (fundamental contractual obligations are those whose fulfillment characterizes the contract and on which the Buyer may rely), in the event of default, insofar as a fixed delivery date has been agreed, as well as for liability under the Product Liability Act and/or under any other mandatory statutory liability provisions.
5. Operational life times for wear parts, such as cutting punches, stencils, milling cutters, bearings, consumables, metering devices and needles, contact equipment, etc. are binding only when they have been assured in writing. The Seller shall not be liable for defects caused by parts not supplied and delivered by him, modifications made without the written consent of the Seller, excessive strain, improper tools and material, faulty or negligent treatment, repairs carried out by the Buyer or third party in an inappropriate manner or for normal wear (especially wear & tear).

#### **IX. Liability for damages**

1. For damages to life, body and health, in case of willful intent or gross negligence, for claims for damages arising from a guarantee, the assumption of a procurement risk, in the event of default, insofar as a fixed delivery date has been agreed, as well as for damages arising from the Product Liability Act and/or from any other mandatory statutory liability facts, the Seller shall be liable in accordance with statutory provisions.
2. For damages based on breach of fundamental contractual obligations due to slight negligence, the Seller shall be liable according to statutory provisions, but limited to the amount of the contractually typical damage foreseeable when the contract was concluded. Fundamental contractual duties are the fundamental obligations resulting from the contract, whose fulfillment allows the contract to be properly executed, whose infringement endangers the fulfillment of the purpose of the contract, and on the compliance of which the Buyer regularly relies and may rely. Claims for damages resulting from a breach of non-essential contractual duties in case of slight negligence shall be excluded.
3. The Seller shall not be liable for indirect damages (consequential damages) such as loss of production, loss of profit, recall costs, etc.
4. An extended liability for compensation as provided in this fig. IX is excluded, regardless of the character of the asserted claim. This is also valid to personal liability for damages of appointees, employees, assistants, agents and servants of the Seller.
5. As far as the UN Convention on Contracts for the International Sale of Goods (CISG) is applicable, the Seller shall be liable for damages only when being guilty in this respect.

#### **X. Intellectual property rights**

1. The intellectual property rights concerning drafts, drawings, software, products, articles, equipments and any other new designed or developed items created by the Seller or by third parties instructed by the Seller, belong to the Seller, even if the Buyer has borne the expenses for this purpose.
2. The Buyer may use the provided drawings and plans from the Seller only for the intended purpose. The Buyer is not entitled to use the drawings and plans for any other purpose, particularly not for the reproduction of the supplies or parts of the supplies.
3. The Seller shall hold harmless, protect and indemnify the Buyer against any and all claims, costs, expenses or liability directly arising out of the alleged infringement or infringement of patent, copyright, trade secret rights in the Buyers' country and as a consequence of the use by the Buyer of the purchased goods in accordance with their technical specifications provided that the Buyer shall promptly notify the Seller in text form of any claim, that no claim may be made after a period of three (3) years from the date of

delivery of the purchased goods giving rise to the claim, that the Buyer shall provide all information and give the Seller the opportunity to defend and settle under the responsibility of the Seller any lawsuit in this respect and that the Buyer itself shall refrain from making any admission, declaration or arrangement with the third party raising such claims. The Seller however is not liable for the infringement of intellectual property rights and other rights or patents, resulting from the Buyer's use of the goods against the instructions of the Seller. The same applies for infringements, which arise from process steps, used blank ID documents, unauthorized hardware/software modifications by the Buyer, the manufacture of endproducts outside the scope of intended purpose of goods as deemed appropriate/reasonable by the Seller and, but not exclusive, any type of criminal and/or illegal enterprise.

#### **XI. Export Control**

1. The legally binding conclusion of the Contract and Seller's obligation to fulfill the Contract is subject to the proviso that neither the conclusion nor the fulfillment is prevented by any impediment arising out of applicable national or international foreign trade and customs requirements or embargoes (or other sanctions).
2. The Buyer and the Seller must provide all information and documents necessary for the delivery (e.g. export, intra-community transfer, transfer (in-country), transit, import) and/or required by any competent authority or other state institution.
3. Delays due to export control inspections or official approval procedures shall invalidate deadlines and delivery times.
4. If the termination of the Contract is necessary to comply with national and international laws, the Seller is entitled to terminate the Contract without notice.
5. The Buyer shall not be entitled to claim damages or other rights for the non-conclusion of this Agreement or for any non-fulfillment or delayed fulfillment resulting from one of the above-mentioned impediments. In the event of termination, the claim for damages or other rights by the Buyer due to termination shall be excluded.

#### **XII. Additional clauses**

1. The use and the collecting of personal data will be handled in compliance with the applicable data protection laws. The Seller reserves the right to use the Buyer's personal data, which the Seller has received due to the contractual negotiations or execution of the contract, for advertising purposes of the Mühlbauer Group, for example sending an email newsletter. The Buyer may object to this use for advertising purposes at any time by notice to the Seller.
2. German law shall be applicable.
3. The assignment of claims against the Seller to which the Buyer is entitled due to the business relation, shall be excluded.
4. Unless otherwise stipulated in the order confirmation of the Seller, place of performance is the business location of the Seller.
5. Jurisdiction is for any of the contractual disputes, which arise directly or indirectly, the location of the Seller. The Seller reserves the right to submit any disputes to the general place of jurisdiction of the Buyer.
6. If one of the preceding conditions is ineffective, the effectiveness of the regulations about acceptance and these terms and conditions for the rest will remain unaffected thereof. Any clauses, becoming ineffective, will be replaced by new clauses, which achieve the equal economic success. As far as clauses have not become an integral part of this terms and conditions, the subject matter of contract insofar acts in accordance with the legal regulations.

We hope that this offer will meet with your approval and assure you, that any order will have our highest attention. If you do have any question, please do not hesitate to contact us.

We are looking forward to your reply and remain

with our best regards

***Mühlbauer ID Services GmbH***

i. A.

i. A.

Aleksandra Petrovic  
*Regional Sales Manager*

Aleksandr Safonov  
*Regional Sales Manager*