

General business conditions

of the company PRINCO International, spol. s r.o., having its registered office at the address Prague 4, Panušková 1299, postcode 140 00, business ID No: 452 70 481, entered in the Companies Register kept by the Municipal Court in Prague, section C, volume 8953

1. INTRODUCTORY PROVISIONS

- 1.1. These general business conditions (referred to hereinafter as "GBC") regulate the conditions under which the company PRINCO International, spol. s r.o. (referred to hereinafter as the "contractor") performs printing work and associated work (referred to hereinafter as the "work"), in particular on the basis of contracts for work for a client.
- 1.2. These GBC constitute an integral annex to every contract or order, and they apply for all contractual relations unless some deviating regulation is designated by a contract or confirmed order.
- 1.3. Definition of certain terms:
 - a) "client" means any natural or legal person who, under these conditions, enters into a contractual relationship with the contractor concerning the implementation of printing or other agreed activity.
 - b) "web pages of the contractor" means the pages www.princo.cz,
 - c) the word "imprimatur" means the approved page and graphic proof intended for printing.
 - d) "distribution list" means a list of dispatch places to which the binding number of dispatched amount of printed matter will be sent,
 - e) "electronic invoicing" means the delivery by the contractor of signed tax documents - invoices and credit notes in the PDF format to the electronic address of the client shown in the concluded contract or confirmed order,
 - f) "framework contract" means a contract on the basis of which the contractor provides the client, for an agreed period of time, with performance pursuant to the client's orders sent and approved on an ongoing basis.

2. CONCLUSION AND AMENDMENT OF CONTRACTUAL RELATIONSHIP

- 2.1. The contractor undertakes to perform the work for a client for a fee. A contractual relationship is concluded between the parties:
 - a) upon the signature of a contract or framework contract for work, or
 - b) upon the written confirmation of an order by the other contracting party.
- 2.2. The contractor undertakes to supply the client with performance at the times and under the conditions agreed in the concluded contract or mutually agreed order.
- 2.3. An order must, in particular, include a specification
 - of the person of the client, including contact person, authorised for cooperation with the contractor,
 - of the subject of performance, including amount, format, binding, colour plan and finish, if from the nature of the order or ordered work it does not involve usual properties,
 - agreed price and delivery deadline,
 - also packaging and any transport to the agreed destination.A client will be informed of incompleteness of data without undue delay.
- 2.4. For the purposes of clarity of records of all the contractor's orders, for various types of performance (magazine, leaflet, business cards etc.) a separate contract will be concluded or a separate order sheet will be confirmed. For the purposes of the conclusion of a contractual relationship, precedence will be given to the use of the draft contract or draft of order sheet submitted by the contractor.
- 2.5. Any subsequent changes in the concluded contract or confirmed order may be performed only after written agreement by both parties. The same also applies for changes required by the client which will have an impact on a change of price of the work.
- 2.6. If after the conclusion of the contract or confirmation of order the client requires a change to the subject of performance which might have an impact on the performance deadline, the contractor will announce the new deadline to the client within 2 days at the latest from the delivery of the request. The delivery deadline of the agreed work will be extended by the time of confirmation of the new performance

deadline by the client. If the new deadline is not agreed by the client after the expiry of two days, the duty of the contractor to deliver the work or part thereof shall expire. If the change of subject of performance requires a change of price of the work, when agreeing it the parties will proceed according to the procedure and deadlines according to the preceding sentence.

3. INPUT MATERIALS FOR PRODUCTION

- 3.1. The client undertakes to supply input materials for production intended for printing in a format and at least in the quality given by the contractor on its web pages, in the section "How to prepare input materials". The format and quality of the supplied input materials are binding for the client.
- 3.2. The client takes due note of the fact that a reduced quality of production input materials may be reflected in a commensurate manner in the quality of the resultant product supplied by the contractor. Such a shortcoming shall not be considered a fault of the supplied performance. The contractor is obliged warn the client in writing of the inappropriateness of the supplied input materials if they do not comply with the minimum quality requirements given on the web pages of the contractor in the section "How to prepare input materials".
- 3.3. Incomplete, damaged, crumpled, illegible materials or materials which cannot be processed for other reasons shall be considered poor quality input materials.
- 3.4. Poor quality input materials will be returned to the client for reworking. The client will perform the reworking or augmentation of input materials without undue delay. In the case of a threat to the agreed production timetable, the contractor will propose a change of handover and receipt date. The new performance deadline will be agreed between the parties on the basis of the current production capacities of the contractor. In such cases the client is not freed of the duty to pay for loss which the contractor may incur as a result of a change of agreed production timetable.
- 3.5. The contractor is not in default with the delivery of the work if the client did not adhere to the deadlines for the handover of input materials for the meeting of liabilities of the contractor arranged in the agreed timetable for production of the work. The deadline for handover of the work is extended by the time of delay of the client with the supply of the input materials. If these input materials are not corrected even within the additional period, the contractor shall be authorised to withdraw from further performance.
- 3.6. The contractor will perform the work without further ado if the client insists upon its performance, in spite of a written warning of the faultiness of the supplied input materials.
- 3.7. The contractor shall not be liable for linguistic or stylistic errors remaining in the input materials supplied by the client, unless this duty is given in the contract or concluded order.
- 3.8. The contractor will only perform any additional work consisting of the correction of any additional errors or shortcomings arising from the supplied input materials following previous agreement. The client is obliged to afford cooperation to the contractor for this purpose.
- 3.9. The client shall remain the owner of the handed over production input materials. If the supplied input materials are in material form (artwork, product samples etc.), they will be returned to the client after the performance of the work. The contractor will only be authorised to retain these input materials in the case of default on the part of the client with the settlement of the agreed price, and this shall be until its full settlement.
- 3.10. The delivery of production input materials will be conducted from the part of the client in the following manner: If the nature of the input materials supplied by the client permits it, the production input documents will be delivered in electronic form.
 - a) to the email address of the contact person of the contractor, or
 - b) by post or in person saved on a data medium to the address of the contractor.
- 3.11. Electronic input materials containing files with a size in excess of 1 MB/1 file can be sent as a whole by the client in the manner given in b) or saved on the FTP server of the contractor with the address: ftp.princo.cz. The password and access data are published on the web pages of the contractor. The client will inform the contractor without delay of the sending of input materials in this manner by email to the address dtp@princo.cz.

4. AUTHORISATION TO REFUSE PRODUCTION OF WORK

- 4.1. The contractor reserves the right to refuse to perform a work or to suspend work on it in any of the following cases:

- a) the client has not paid the deposit for the settlement of the price of the work, not even by an additional, commensurate deadline, if its payment had been expressly agreed by the parties,
- b) the client did not supply, even by an additional deadline, production input materials allowing fault-free processing and the result of performance even though it had been warned in writing by the contractor of the faulty nature of the input materials,
- c) the content of the production input materials may justify suspicion of the commission of the criminal offence of the spread and support of a movement leading to the suppression of human rights or promotion of a movement supporting racial, religious or similar hatred; the same also applies to production input materials indicating the commission of a criminal act or misdemeanour.

Should there be no rectification from the part of the client or should the input materials not be put into a compliant state, the contractor shall be authorised to withdraw from the performance of the work without further ado.

- 4.2. The contractor shall bear no liability for a breach of personality or intellectual rights of third parties (i.e., in particular for the unauthorised use of photographs, copyrighted works, trademarks, utility patterns etc.) if this breach arises from the supplied production input materials of the client. But the contractor cannot free itself of this responsibility if the subject of performance is creative authorial work performed by the contractor itself.

5. APPROVED INPUT MATERIALS FOR PRINTING

- 5.1. The binding criterion for the evaluation of content (text) and formal correctness (text layout, colour plan etc.) is the imprimatur or mock-up agreed by the parties. For these purposes a mock-up means the printing of 1 of each item of printed material or its mutation which differs in terms of type.
- 5.2. The correctness and completeness of the imprimatur or mock-up must be agreed in writing by the client. If the contractor does not receive the written consent of the client at the latest on the last working day following delivery to the client, it shall be assumed that the client has no objections to them.
- 5.3. The contractor will take into account reservations towards the imprimatur or mock-up exclusively on the side of the client if the production timetable is not threatened by this adjustment or if this change does not require any extra costs. Otherwise, the contractor will offer the earliest possible performance deadline with regard to the production capacity. In justified cases it will also send a calculation of required extra work.
- 5.4. The contractor will not be liable for linguistic and stylistic errors which the client left in the imprimatur or mock-up after its approval. This shall not apply if linguistic proofreading or translation to a foreign language was agreed between the parties as a part of the performance.

6. PERFORMANCE AND QUALITY OF WORK

- 6.1. Should there occur minor deviations from the imprimatur in the work which do not, however, reduce the functionality of the work, the client shall be authorised to request a discount from the price of the work unless it agrees with the contractor on some other form of compensation. The parties will conclude a written agreement concerning the level of the discount and means of its provision.
- 6.2. Proper performance is considered to be performance in the usual quality of the given technology of processing, use of material and quality of production input materials.
- 6.3. In the case of mechanical processing of an order, proper performance in terms of amount shall be considered performance with a deviation not exceeding:
 - a) $-/+ 1\%$ in the case of a print run of 1000 printed items,
 - b) $-/+ 2\%$ in the case of a longer print run.A deviation exceeding the specified level, the existence of which has been proven in a credible manner, will be taken into account when billing the work as a discount in the subsequently issued invoice in the form of a credit note.

7. HANDOVER AND RECEIPT OF WORK

- 7.1. Unless otherwise agreed, the registered office of the contractor shall be considered the place of performance (supply of work). Handover of the work means
 - handover to the client at the registered office of the contractor,
 - handover to first haulier if arranged by the client,

- handover to client from haulier arranged by the contractor.

- 7.2. The work shall be considered delivered even if the client did not pick up the agreed work in spite of the fact that it was obliged so to do.
- 7.3. The client is not authorised to refuse to take delivery of a work with a fault which does not constitute an obstacle to its proper use.
- 7.4. The client will confirm the receipt of the work by the signature of the written protocol or delivery note. In the case of handover of the work via the haulier of the contractor, the client will confirm receipt by means of signature of the delivery note. In the protocol or delivery note the client will give a list of faults of the subject of receipt. The contractor will supply the form of the protocol or delivery note.
- 7.5. Unless agreed otherwise between the parties, the client is obliged to pick up the work within 3 days from the delivery of the call of the contractor for it to be picked up. Upon the expiry of this period, or when the third day from the date agreed for receipt has passed, the contractor will take the work into safekeeping. For the safekeeping performed, it shall be authorised to charge a warehousing fee of CZK 100, excluding VAT, for each warehoused pallet and day or part thereof of default with receipt of the work.
- 7.6. The risk of damage to the work transfers to the client upon the handover of the work to the client or receipt from the part of the first haulier ensured by the client. In the case of a haulier ensured by the contractor, the risk of damage to the work transfers to the client at the moment of handover to the client in the agreed place. In the case of groundless refusal to take delivery of the handed over work, this risk transfers to the client at the moment of its refusal. In such a case performance not received will be warehoused at the expense of the client.
- 7.7. The contractor is not authorised to conclude insurance for the produced work.
- 7.8. Until the full payment of the price of the work the contractor is the owner of the produced work.
- 7.9. The contractor is not authorised to give the client the work nor any part thereof if the client is in default with the settlement of any preceding due receivables by more than 7 days.

8. PACKAGING

- 8.1. Unless otherwise agreed between the parties, the contractor will package the work or any handed over part of it in shrink film, wrapping paper or cardboard boxes so that the work should not be damaged during a regular form of transport.

9. TRANSPORT OF WORK

- 9.1. Unless the parties agree otherwise, the client shall be obliged to supply a distribution list at the latest 5 days before the date for dispatch of the work. In the distribution list the client will also designate the responsible person who will ensure the receipt of the work at the distribution places. In the case of the absence of this data, the contractor shall not be liable for loss arising.
- 9.2. If the transport of the work is performed by the contractor or haulier arranged by it, it shall be obliged to inform the client about the delivery of the work within 48 hours at the latest before the planned dispatch, with the exception of cases where the time for the implementation of the work will be shorter. The notification may also be made by telephone.
- 9.3. In the event that the client ensures the receipt of the work by a haulier which it arranges, it shall be obliged to give the haulier's identification data to the contractor at the latest 24 hours before the receipt of the work.
- 9.4. The contractor undertakes to stack the work at the designated place at least 5 m from the vehicle. During the stacking of the work, the client shall be obliged to provide the contractor with the necessary cooperation in the form of accessible technical resources. In the case of a lack of cooperation the contractor is authorised to increase the agreed price to include the demonstrably expended costs associated with the stacking of the work.

10. COMPLAINT CLAIMS AND WARRANTY PERIOD

- 10.1. Upon receipt of the work, the client is obliged to inspect it to see if it has been delivered in the agreed amount and quality. It will announce any faults to the contractor by these times:
 - a) evident faults within 5 days of receipt of the work at the latest,
 - b) hidden faults within 3 months of receipt of the work at the latest.

- 10.2. All faults must be announced to the contractor in writing, and a claim against faults will contain a specification of the fault and number of faulty products. Unless the contractor requests in writing the submission of all faulty product, the client will prove their existence by submitting at least 10% of the faulty products.
- 10.3. The client undertakes to provide the contractor with all necessary cooperation during the elimination of faults. In the absence of cooperation, the contractor shall not be in default with the elimination of a fault claimed against.
- 10.4. If a damaged package is ascertained, the client shall be obliged to make out a record of this fact with the participation of the haulier and impartial person, and to inform the contractor of it without delay. The same shall apply in the case of the provision of a smaller amount of printed material than was agreed.
- 10.5. Loss of or damage to the work after its receipt by the client or haulier agreed by the client does not free the client of the duty to pay the agreed price of the work.
- 10.6. If within a period of 30 days from the receipt of faulty products the contractor does not ensure their repair or replacement, it shall be obliged to provide the contractor with a discount on the price of the work. Unless the parties agree otherwise, the discount will be provided in the form of a credit note.
- 10.7. No complaint claim against the work or part thereof shall have an impact on the liability of the client to pay the agreed price of the work.
- 10.8. The warranty period begins to run at the moment of transfer of risk of damage to goods to the client. The length of the warranty period of used materials and production process used during the processing of the work is governed by the conditions declared by the supplier of the used production material or conditions of used technological procedure.

11. PRICE OF WORK

- 11.1. The price of the work is designated by the agreement of the contracting parties on the basis of the preceding pricing calculation of the contractor. With the aim of a provisional estimate, for a price bid it is possible to use the approximate prices given on the web pages of the contractor.
- 11.2. Unless the parties agree otherwise, the agreed price is without VAT and transport costs. The transport costs will be enumerated separately.
- 11.3. Unless agreed otherwise, the price of the work contains packaging (including price of pallets and boards), all changes and costs for records, dispatch, storage, liquidation or other handling of extracted or otherwise arising refuse or other unnecessary materials. The contractor shall also bear the costs for protective and security measures necessary for the performance of the work.
- 11.4. Should there occur a change in the technical specification of the work or on the basis of additional work required by the client, the increase in price will be taken into account in a new price bid of the contractor.
- 11.5. In the course of the duration of the contractual relationship, the contractor shall be authorised to amend the agreed price unilaterally only in these cases:
 - a) if the level of VAT changes; in such a case the level of VAT current as of the day of provision of performance will be specified,
 - b) should the level of insurance change, if insurance had been agreed between the parties,
 - c) if the price of the production material (paper) changes by more than 3% compared with the agreed price,
 - d) in the case of a provable change in the price of energy used by the contractor when performing the work by the level of inflation ascertained by the Czech Statistical Office in this period for the preceding calendar year.
- 11.6. If justified by circumstances, the contractor may change the price of the work pursuant to a), b), c) at any time in the course of the duration of the contractual relationship. In the case of changes in the prices of the work pursuant to d), the contractor shall make the change before the implementation of the first order in the given calendar year. In these cases the price may be unilaterally increased only by this change.
- 11.7. Unless agreed otherwise between the parties, the price for the performance of the first 3 orders at the contractor will be paid by the client at the latest upon receipt of the work.

12. INVOICING AND PAYMENT CONDITIONS

- 12.1. The contractor will make out a tax document immediately after the performance of the work or any part performance. As a rule the tax document will be given to the client within 3 days from the receipt of the work or part thereof.

- 12.2. A proper tax document (invoice) will contain these particulars:
- e) name, registered office, identification and tax identification number of parties,
 - f) designation "invoice" and its number,
 - g) date of issue of invoice and date of maturity of invoiced amount,
 - h) date of tax supply or receipt of payment,
 - i) description of supplied performance containing at least the name of the order or its number,
 - j) bank details of the contractor,
 - k) price of work, level of amount corresponding to VAT rate and overall invoiced amount.
- 12.3. The invoice is due within 14 days from its delivery unless the parties agree otherwise. In the case of doubt concerning its delivery, the third day after its sending to the client shall be considered the day of delivery.
- 12.4. In the case of an agreement on electronic invoicing, the client will be sent invoices and credit notes to the imparted email address. An invoice shall be considered duly delivered at the moment of its sending to the contractor. For the eventuality of problems with the receipt of such a sent invoice (unavailability of email box of addressee, inability to deliver for other reasons), the third day after its sending to the client shall be considered the day of delivery of the invoice.
- 12.5. Unless agreed otherwise, the client is authorised to issue prepayment invoice, and this shall be up to the level of the total price of the work.
- 12.6. The day when the relevant amount was credited to the account of the contractor shall be considered the date of settlement of the invoice.
- 12.7. In the case of delay of client with the settlement of any previous due receivable of the contractor by more than 10 days, the contractor is authorised to suspend work on the work. All performance deadlines will be extended until the time of full settlement of due receivables of the contractor.
- 12.8. In the event of repeated default on the part of the client with the payment of a previous due receivable of the contractor, the contractor is authorised to withdraw from the performance of the agreed work.
- 12.9. If the agreed amount is delivered at the agreed price, no further reservations of the client shall have an impact on the maturity of a duly issued invoice.

13. CONTRACTUAL SANCTIONS AND PENALTIES

- 13.1. In the case of delay on the part of the contractor with the performance of the work or part thereof, the client shall be authorised to bill a contract penalty of 0.1 % of the price of the performed work or part thereof for each day of duration of the default until the full performance of this undertaking, but up to a maximum of 10 % of the total price of the work.
- 13.2. In the event of default on the part of the client with the settlement of any due liability, the contractor shall be authorised to bill a contract penalty at the level of 0.5 % from such a liability for each day of duration of default with its payment.
- 13.3. The client undertakes to inform the contractor of a change of its business name, change of business ID No and tax ID No, registered office, authorised person, bank number, and decision on entry to liquidation or initiation of insolvency proceedings, and this shall be within 14 days from the initiation of such a change. In the event of delay of notification, the client undertakes to pay the contractor a one-off contract penalty of CZK 1000.
- 13.4. The contractor may in whole or in full forgo or waive the recovery of the aforementioned contract penalties.
- 13.5. The payment of a contract penalty does not affect the right to compensation for damage.

14. SPECIAL AGREEMENTS

- 14.1. The parties undertake to preserve the confidentiality of all secret or confidential facts of which they learn in connection with the implementation of the work. All information which is designated by the parties as being such facts shall be considered as such.
- 14.2. The client agrees that for the purposes of its database of implemented orders, the contractor will for its own purposes process and archive all the data announced by the client in compliance with Act No 101/2000 Coll., concerning the protection of personal data, as amended.
- 14.3. If the activity of the contractor also contains a work protected by Act No 121/2000 Coll., the Copyright Act, as amended, the contractor undertakes to transfer the result of such activity along with the work.

- 14.4. In the case of performance of the contractor on the basis of a framework contract, the parties undertake to discuss a new price if a change of production costs and used energy rises above the profitability level of the provided performance. If the parties do not agree on a change of price within a period of 30 days from the start of negotiations, either party shall be authorised to withdraw from such a framework contract. In the event of withdrawal of the contractor from a framework contract, the client shall have no right to compensation for damage.
- 14.5. Either party is authorised to renounce the framework contract without giving a reason within a 2-month notice period. This period begins to run on the first day of the following calendar month in which this notice of renunciation was delivered to the other party.
- 14.6. Before the conclusion of a framework contract, or at any time in the course of its performance, the contractor is authorised to make continuation in performance conditional on the conclusion of an additional securing instrument (for example, issue of promissory note). If the client does not accede to this proposal even within an additional period, the contractor shall be authorised to withdraw from the framework contract.

15. COMMUNICATION AND DELIVERY

- 15.1. Unless designated otherwise in these GBC, communication between the parties shall be performed in writing. Any and all amendments to contractual relations may only be made in writing. The same applies for the delivery of calls, withdrawals, renunciations of framework contract, billing of contract penalty or other announcement which may have an impact on the contractual relationship of both parties when implementing mutual performance.
- 15.2. Written form means announcement or imparting made via postal correspondence, fax or email
- 15.3. Should there be any doubts concerning the delivery of the announcement or imparting referred to, a consignment shall be considered delivered upon the expiry of the third day after its delivery.

16. CONCLUDING PROVISIONS

- 16.1. These GBC shall also be applied mutatis mutandis for online orders made via the web page of the client.
- 16.2. The contractor is authorised to amend these GBC at any time in the course of the duration of the contractual relationship. The amendment will be made by posting new GBC on the web pages of the contractor. The contractor will announce to the other party the intention to amend the GBC at least 30 days before its publication. If the nature of the amendment of the GBC in some significant manner impacts the rights of the client, the client shall be authorised to withdraw from a concluded contract after this period. The client shall incur no right to compensation for damage by this withdrawal.
- 16.3. The invalidity or unenforceability of any provision of these GBC shall not cause the invalidity of the GBC as a whole. For such a case the parties undertake to replace such a provision with the closest valid and enforceable provision to the replaced one according to the sense of the original provision.
- 16.4. Unless designated otherwise in these GBC, the regulation contained in Act No 513/1991 Coll., as amended, shall be used in support of the regulation of contractual relations. The contractual relations concluded with the contractor before the effectiveness of these GBC shall remain unaffected by the effectiveness of these GBC.
- 16.5. These GBC become effective on the date 1. 3. 2011. The contractor will also provide the text of the GBC at any time in printed form upon demand.

Prague, date 28. 2. 2011

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Tomáš Baloun, executive