



## General Terms And Conditions Of Sale ("GTC")

### 1. General Provisions

These General Terms And Conditions Of Sale ("GTC") of PharmaZell GmbH supersede all our previous GTC. Our GTC in their respectively valid version apply to the execution of future orders. Departures from our GTC shall be valid only with our written confirmation. Standardized preprinted purchasing terms and conditions, specifically any provisions deviating from our terms and conditions, are deemed invalid and unenforceable by us, even if we do not expressly object to them.

### 2. Offers and Prices

Our offers are subject to change. The purchase agreement shall only be deemed concluded upon Buyer's receipt of the order confirmation or execution of the order. Each partial delivery shall be regarded as an independent performance. Any complaints relating to a partial delivery shall have no impact on the execution of the remaining portion of the order.

Orders are filled at prices valid on the day of shipment and such prices apply only to domestic consumption.

All prices are denoted in EUROS plus the respective statutory Value-Added Tax / Sales Tax.

### 3. Delivery

The goods will be shipped ex works at the expense and risk of the Buyer. Shipping route and shipping type shall be determined solely by us. Any requests from the Buyer shall be duly considered. Additional costs incurred by the special shipping requests of the Buyer shall be at the Buyer's expense.

The risk of loss, damage or destruction of the delivery item shall pass to the shipper once it has been shipped or handed over or passes to the Buyer once it has been made available for pickup by the Buyer. As proof of unobjectionable packaging, the unobjected-to acceptance of the delivery item by the shipper or forwarding agent shall suffice. Upon the Buyer's request, shipments will be insured against normal transport risks by PharmaZell at the Buyer's expense. Damaged goods claims for shipments insured by us, will require production of the railroad, postal service or the shipper's/forwarding agent's shipping papers.

Reviewal of the recyclability as indicated by the date in the analysis certificate is the sole responsibility of the party in possession of the material after it has exceeded the given time limits.

### 4. Force Majeure, Contractual Obstacles

Acts of God, including but not limited to war, labor dispute, lockout, raw material and energy shortages, operational and traffic disruptions and measures by public authorities, which also may adversely affect our suppliers, constitute a release from performing our contractual duty for the duration of the disruption and within the scope of its impact. In such a case, we are entitled to partially or completely rescind the contract without paying damages.

### 5. Payment

Unless otherwise agreed, payments shall be made within fourteen (14) days from the date of invoice.

In certain cases, we reserve the right to execute deliveries for cash, cash advance or cash on delivery only. Any agreed-upon discounts will only be allowed for payments made by cash, check, money order, or bank remittance but not for payments made by bills of exchange.

After the payment period ends (payments are deemed to have been made when the invoice amount is credited to ParmaZell's bank account), the Buyer shall be in default of payment without reminder. The default interest rate shall be at eight percent (8%) p.a. above the valid base interest rate. Pharmazell reserves the right to additional damage claims caused by the delay. If the Buyer defaults on their payment, we are entitled to demand immediate payment of all existing claims, regardless of their maturity. The same shall apply if a substantial deterioration in the Buyer's asset situation becomes known.

When making a payment by bill of exchange, which we reserve the right to accept or deny, any discount and banking fees shall be charged to the Buyer. Setting off other undisputed or legally established counterclaims and exercising the right to refuse performance and suspend the release of goods or retain goods from the same legal transaction against our claims shall require our written consent. Deductions of any kind upon settlement of our invoices can only be permitted if they have been approved by us with a written credit notice or if they are expressly agreed upon in writing.

### 6. Retention of Title

We retain title to all goods delivered by us until complete payment of our entire claims from the transaction (primary and secondary claims) has been made and any checking account balance that results against the buyer has been settled.

The buyer shall be entitled to dispose of the merchandise owned by us only within the framework of best business practices.

The buyer is not entitled to garnish, assign and transfer title to serve as collateral. With respect to processing our delivered item, the retention of title extends to newly created merchandise. In the event of becoming commingled with any products that are not owned by PharmaZell, PharmaZell shall assert co-ownership (*Miteigentum*) of the new, resulting product under sections 947/948 of the German Civil Code. All claims from the sale of goods subject to retention of title from our deliveries to the Buyer, including bills of exchange and checks, are hereby assigned to us by the Buyer to secure our claims from the retention of title. Upon our request, the Buyer shall provide us with the necessary information about the stock of goods owned



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by us and the number of claims assigned to us and notify its customers of the assignment. If the value of the assigned claims exceeds our total claims by more than 20%, then at the request of the Buyer we shall decide to either release or cause the release of collateral. The Buyer is required to buy appropriate insurance coverage for our deliveries subject to retention of title at their own expense against insurable damages (fire, water damage, theft, etc.). The Buyer assigns their insurance policy claims to us in advance.

If payment is suspended, bankruptcy proceedings instituted, a check or bill of exchange bounces, or a garnishment occurs, the right to resell or process the goods and to collect outstanding accounts receivable shall expire. Any assigned accounts receivable received thereafter shall be immediately collected by the Buyer in an escrow account (direct debit authorization).

Any acceptance of returned goods shall take place by way of security without withdrawal from the contract; this shall also apply if partial payments have been permitted.

The Buyer must notify us immediately of garnishments of retained goods by third parties or of any other impairments.

### 7. Warranty

Our warranty is limited entirely to our delivered goods being in compliance with our specifications at the time of the risk allocation from us to the Buyer. We cannot provide any warranty for properties of our goods that are not covered by our specifications. All the information, advice and data provided by us is to the best of our knowledge and based on our research work and experience but is nonbinding and excludes any liability. It does not release the Buyer from performing their own tests and inspections. Any complaints about product defects, wrong deliveries and quantity discrepancies should be filed in writing immediately, but no later than 10 days after arrival of the goods at the location specified by the Buyer, and provide order dates as well as invoice and shipping numbers. If there is a claim related to product defects, we shall decide to either replace or take back the merchandise for a refund of the purchase price. With respect to incorrect quantities, we may choose between making a subsequent delivery or providing a credit voucher.

To the extent that PharmaZell is liable to the Buyer for any product defects that may exist, the related claims of the Buyer shall expire after one (1) year. The commencement of the statutory limitation period shall be governed by law.

### 8. Liability

All claims for compensatory damages brought by the Buyer, regardless of their legal foundation, shall be excluded if based on slightly negligent breach of our contractual or statutory duties.

All Buyer's claims for compensatory damages on the grounds of default or frustration are limited to the amount of the relevant purchase price of the delayed or undelivered part of our delivery. If such claim has arisen from gross negligence, our liability shall be restricted to the predictable and typical damage resulting from a breach of duty. We do not assume any liability for returned goods without our prior written consent.

### 9. Assignment of Claims

The rights from a purchase agreement the Buyer entered into with us may not be transferred or assigned to third parties without our prior written approval.

The Seller reserves the right to assign their claims for refinancing purposes without the prior consent of the Buyer. All rights to assigned claims transfer to the assignee.

### 10. Place of Performance and Jurisdiction

The place of performance for the delivery shall be the location of the delivery factory or warehouse. The place of performance for the Buyer shall be Raubling. German law shall apply. The UN Convention on Contracts for the International Sale of Goods is excluded.

If the buyer is a general merchant, the place of jurisdiction shall be Munich – for disputes also arising from or in connection with bills of exchange and checks – or alternatively, we may decide that the court of jurisdiction shall be at the legal business domicile of the Buyer.

### 11. Severability Clause

If any provision or provisions of this agreement shall be held to be completely or partially invalid, unenforceable or in conflict with the law of any jurisdiction, the validity, legality and enforceability of the remaining provisions or the remaining parts of such provisions shall not in any way be affected or impaired thereby.

Please visit our website [www.pharmazell.com](http://www.pharmazell.com) to find the German version of these terms.

Raubling, July 14, 2010  
PharmaZell GmbH