

General conditions of sale

Offers, Orders

Our offers shall not be binding. Orders and oral agreements shall only be binding to us, if we have confirmed in writing or on a form, or comply with them by delivery of goods and invoice.

Any deviations from our conditions of sale, especially reservations of the Buyer, shall be invalid unless explicitly agreed in writing.

Calculation of Prices

The prices invoiced shall be based on the weight of dispatch and the prices valid on the day of shipment. If prices have been raised since the time of the conclusion of the contract the Buyer shall have the right to withdraw from his order within 14 days of having been informed of the price increase; the right of withdrawal shall not apply if the price increase is due to a rise of freight rates and/or an increase of sales tax.

Payment

Provided that we accept bills of exchange, discount expenses and bank charges shall be for the buyer's account. No responsibility is taken for presentation and protesting on time.

Only if counterclaims are uncontested or have become res judicator, the Buyer shall have the right to set off against our claims, or the right to withhold payment.

If the Buyer is in delay of payment or if there are well-founded doubts about the Buyer's solvency or credit worthiness, we shall be entitled to demand payment in advance for any outstanding deliveries – without prejudice to any other rights. We are also entitled to bring to account immediately all demands from the business connection as due.

If the term of payment is exceeded, we shall furthermore have the right to charge interest for default for the outstanding payment at a customary debit interest rate, however at a rate of not less than 3% above the effective discount rate of the German Central Bank.

Delivery and Acceptance

We are not obliged to assure further deliveries from running delivery contracts, if and as long as the Buyer is in delay with a due payment. Where the goods are to be delivered and accepted in instalments within a certain period of time, acceptance shall be distributed evenly over the entire period. If the Buyer is in delay with calling or acceptance of partial deliveries for more than 14 days, he is not entitled to a later delivery. The same applies to quantities of goods we have not delivered due to delayed payment. This is without prejudice to any other of our rights.

In case deliveries are culpably delayed by us, the Buyer shall grant an appropriate extension of time in writing. Upon expiration of such an extension the Buyer shall have the right – excluding any other rights - to withdraw from the contract or to claim damages.

However, any claims for damages related to late delivery or default shall be limited to the invoice value of the goods not supplied or not delivered in time, unless we shall be fully liable for intent or gross negligence according to legally binding mandatory provisions. Unforeseeable operational disturbances, delayed deliveries or failure of delivery by our suppliers, shortage of labour, energy or raw material, strikes, lockouts, difficulties in purchasing means of transport, traffic disturbances, official decrees, and any other hindrances beyond control shall relieve the party concerned from its obligation to supply or take delivery, as the case may be, as long as and to the extent that the hindrance prevails.

If, as a result thereof, supply and/or acceptance is delayed by more than 1 month, either party shall have the right – excluding all further claims - to cancel the contract in respect to the amount of goods concerned by the disturbance of supply and/or acceptance.

Shipment

All shipments are at the risk of the Buyer. We shall reserve the right to choose mode and route of dispatch. We will try to consider the Buyer's wishes; all additional costs caused thereby go to the account of the Buyer.

Notification of Defects

It is solely the Buyer's responsibility to examine, whether the condition of the goods delivered is as contracted and whether the goods are suitable for their intended application. In case the examination is not dually carried out, or if obvious defects are not notified without delay, in any case not later than 14 days after receipt of the goods, they shall be deemed accepted. Hidden defects shall be deemed to be accepted if they are not notified to us immediately upon discovery, but not later than 2 years after the delivery of the goods at the place of dispatch. Notifications of defects shall be made in writing, including date of order and number of invoice and shipment reference number. Goods forming the subject of a complaint shall not be returned except with our explicit consent.

In case notifications of defect are made in due time and well-founded, we will provide reduction of purchase price, subsequent improvement, replacement, or return of goods with full refund of the purchase price. Any further claims of the Buyer - as far as legally allowed - are excluded; this applies especially to claims of consequential damages not immediately related to the delivered good.

No warranty shall apply if minor qualities (no 1A qualities) are sold, as expressly agreed, except that the goods delivered do not comply with the minor quality as contracted.

Liability, Cancellation of Contract

The Buyer is entitled to claim for damages or withdraw from



the contract only in those cases and on a scale explicitly defined in these conditions; any further liability shall be excluded - for whatever cause in law, including breach of secondary obligations and tort – except that we shall be fully liable for intent or gross negligence according to mandatory legal provisions.

Retention of Title

Title to the delivered goods shall remain with us to secure all our claims arising from the present and future business relationship until the Buyer has settled all amounts of the debit balance.

Our property shall extend to new goods produced from our goods subject to retention of title. The Buyer does not acquire ownership of new goods produced from reserved goods; any processing shall be undertaken by the buyer on our behalf and the new goods kept in storage for us. No claims arise thereof against us. In case the Buyer combines the reserved goods inseparably with goods from other suppliers, we shall have a property share in the new goods on their full value (including added value) together with these suppliers – excluding the Buyer's co-ownership - as follows:

We shall have a property share in proportion of the invoice value of our reserved goods to the total value of all other reserved goods contained.

If there remains a share not subject to retention of title, because other suppliers have not extended their retention of title to the added value created by the Buyer, our share of co-ownership is increased by this legal share. In case other suppliers have also extended their retention of title to the remaining share, we are only entitled to a share resulting from the relation of the invoice value of our reserved goods to the invoice values of the goods of these suppliers.

The Buyer here and now assigns to us as security his claims arising from the resale of present and future reserved-title goods supplied by us, including all secondary rights to the extent of our property share. When processing is performed within a contract for work and services, the work wage claims shall be assigned to us amounting to the proportionate value of our invoice for the used goods subject to retention of title.

As long as the Buyer dually fulfils his obligations from the business relationship with us, he is authorised to dispose of such goods owned by us in the normal course of business and to collect the claims assigned to us in his/her own name. In case of delayed payment or well-founded doubts about the Buyer's solvency or credit worthiness, we shall be entitled to collect the assigned receivables and to take back the reserved-title goods; however, cancellation of the contract shall not be effective, unless we have expressly declared this in writing.

Should the value of the securities granted to us exceed our receivables by more than 20% in total, we shall release securities of our choice at Buyer's request.

Trademarks

Many of the products delivered are labelled with a trademark. When these products are refilled or repacked, or used for further processing, or mixed with other agents, or the like, the Buyer shall not have the right, without prior consent of the owner of the trademark, to use the trademark in connection with the products refilled or produced by the Buyer.

Place of Performance

Jurisdiction

Place of performance and jurisdiction shall be our respective place of consignment, for payment

Augsburg. If the Buyer is a merchant who has been entered as such in a commercial register, the place of jurisdiction is Augsburg. The Seller shall furthermore have the right to sue the Buyer at the Buyer's general place of jurisdiction

January 2004

Polywert GmbH

Hereby I accept this general conditions of sale:

Date:

Company (stamp):

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Signature:

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