

Standard Terms and Conditions

of

**AS-Etikettendrucksysteme GmbH
Metzingen, Germany**

I. Applicability of our Standard Terms and Conditions

All deliveries and performance by us are rendered solely on our following sales and delivery conditions. These sales and delivery conditions also apply to all future business with us. We hereby object to all business conditions that deviate from our sales and delivery conditions, especially purchasing conditions of the customer. Agreements that deviate from these sales and delivery conditions apply only if they have been confirmed by us in writing as a supplement to these sales and delivery conditions. This also applies if we deliver without reservations even though we are aware that the business conditions of the customer deviate from these sales and delivery conditions.

Our sales conditions only apply vis-à-vis companies and legal entities of public law or special funds under public law within the meaning of Sect. 10 par. 1 BGB [German Civil Code].

II. Offers / Description of Goods

- (a)** Our offers are always subject to change without notice and are not binding on us. Insofar as nothing else is said explicitly, such offers only constitute an invitation to the customer to place an order. A legally valid contract is only agreed when we have confirmed the order in writing.
- (b)** Orders can be accepted by us within a period of 4 weeks of delivery to us. We are under no obligations in respect to a given order until we have accepted it.

- (c) Descriptions of goods delivered by us are only binding insofar as they have been explicitly confirmed by us in writing. They do not constitute guarantees of qualities or durability. We reserve the right to make changes insofar as they are due to changes in input materials delivered to us for which we are not responsible and are not unreasonable for the customer. If deviations from the description in respect to quality, colour, design, equipment or processing are minor, especially if they are usual in commercial practice, this shall not mean that the goods do not conform to the contract.

III. Conclusion of Contract / Scope of Delivery / Representation by Field Service Staff

- (a) The scope of a delivery to be made by us shall always be defined by the written order confirmation from us. If there is no such order confirmation but we made an offer binding on us for a stated period of time and this offer was accepted by the customer within the said stated period of time, then the scope of delivery to be made by us shall be defined by the said offer from us. We are also entitled to deliver quantities of goods that deviate by as much as 3% from the quantities ordered by the customer and confirmed by us. The customer shall be obligated to accept the excess or short delivery and to pay for the quantity actually delivered.
- (b) Oral subsidiary agreements only take effect insofar as they are confirmed by us in writing or the corresponding declarations have been issued by the required number of authorized agents (executive managers, proxy holders, general agents).
- (c) Our field service staff and representatives are not entitled to make special agreements that deviate from these sales and delivery conditions.

IV. Copyright

Except as other explicit agreements have been made with us in writing, we retain the copyright to drafts, originals and the like that have been prepared by us, especially the right to reproduce the same by any means for any application. Ownership of all

materials and masters prepared by us, especially final drawings, films, printing blocks and pressings, remains with us even if costs for them are invoiced to the customer.

V. Delivery Time

- (a)** Our details regarding delivery times and times of performance are not binding on us and shall be deemed to be approximations. We are entitled to make partial deliveries.
- (b)** Delivery periods only start when the customer has turned over to us all documents and information required to execute the order in accordance with the contract. Delivery periods are deemed to have been met if the subject of delivery has left our plant or we have notified the customer that we are ready to ship the goods.
- (c)** We are not responsible for a delay of delivery time if it is due to the fact that our suppliers did not deliver, or did not deliver on time, raw materials, components or semi-finished products even though we concluded appropriate covering transactions with them and were not responsible for the fact that delivery from them was omitted, delayed or deficient. In such a case, we agree to look for a replacement for the said omitted deliveries without delay, insofar as such a replacement delivery by another supplier would not constitute an unreasonable burden on us. A replacement delivery shall be deemed not to constitute an unreasonable burden only if it corresponds to the originally agreed delivery in price and quality. We are obligated to notify the customer without delay of the reasons for such a delay in delivery. If these circumstances result in the delivery to the customer being delayed by more than one month, both the customer and we shall have a right to withdraw from the contract. In this case, that which has been received by either side shall be returned and further claims shall be excluded.
- (d)** In a case of force majeure such as, for example, war, fire, flooding, earthquake, labour disputes, acts of government authorities as well as operational malfunctions in our or our suppliers' operations - insofar as we and they respectively cannot be held

responsible - the delivery period shall be extended forthwith by the duration of the disruptions plus a reasonable restart time.

- (f) In respect to subsequent deliveries we shall have a retention right that lasts until all previous deliveries have been paid for. If, after the contract takes effect, we become aware of circumstances that significantly lower the customer's creditworthiness or if there are justified doubts concerning the customer's ability to pay, we shall be entitled to refuse delivery or to deliver only after receipt of advance payment or a security. If the customer does not pay or provide a security within a reasonable period that we have set, then we shall be entitled to withdraw from the contract.

VI. Default

- (a) Without prejudice to the customer's right to withdraw from the contract in the case of defects (see XII. Warranty), if performance by us turns out to be impossible or is delayed (default), the customer may only make use of its right to withdraw if there has been a violation of duty for which are responsible.
- (b) In a case of performance default, the customer may only withdraw from the contract or claim compensation for damages in lieu of performance if the customer first sets us a reasonable deadline in writing of at least 4 weeks for the delivery, thereby declaring the customer's intention to withdraw from the contract and/or assert claims for compensation for damages if the deadline is not met. If the deadline expires without delivery, the customer shall, upon demand by us, declare whether the customer still demands delivery, has decided to assert claims either for compensation for damages or for reimbursement of expenditures incurred in vain in anticipation of delivery, or has decided to withdraw from the contract. If the customer does not answer with such a declaration by a reasonable deadline set by us, the customer shall no longer be entitled to refuse delivery and shall no longer be able to withdraw from the contract or assert claims for compensation for damages or for reimbursement of expenditures incurred in vain in anticipation of delivery. Any claims for compensation for damages due to delayed delivery remain unaffected.

- (c) A deadline pursuant to the foregoing point (b) need not be set if we seriously and with finality refuse to perform in accordance with the contract or if there are special circumstances which, in consideration of both the customer's and our interests, justify immediate withdrawal from the contract.
- (d) The customer may not withdraw from the contract before performance by us becomes due or in the event of a purely negligible violation of duty by us. Finally, withdrawal from the contract is excluded if the customer is solely or largely responsible for the circumstances that would otherwise entitle the customer to withdraw from the contract or if a circumstance for which we are not responsible occurs while the customer is in default in accepting delivery.
- (e) Claims for compensation for damages or reimbursement of expenses incurred in vain in anticipation of delivery that are based on delay or impossibility of delivering under the contract are governed by Sect. XIII. of these sales and delivery conditions.

VII. Shipment

- (a) Deliveries are deliveries from our plant in Metzingen, so the place of performance for our obligations under each delivery contract is Metzingen. Shipment is shipment at the customer's risk and costs from Metzingen. Risks pass to the customer at the latest when the goods are sent. If shipment is delayed due to circumstances for which the customer is responsible, the risks pass to the customer as of the day of notification of readiness for shipment.
- (b) Transport insurance will only be taken out upon the express, written request of the customer, and then only at the customer's expense.

VIII. Prices and Payments

- (a) The price stated in the order confirmation is the price ex works plus the applicable statutory value added tax. These prices do not include any packaging or any costs for shipment ex works, insurance or customs duties. Invoices are payable net without

discount within 30 days of the date of invoice; invoices for initial costs are payable net cash.

- (b) Upon occurrence of payment default, we shall be entitled to demand interest at the rate of 8 percentage points above the applicable base interest rate without prejudice to our rights to assert further claims for damages caused by payment default.
- (c) Our prices are based on the economic circumstances, particularly our acquisition costs, that is, the prices for raw, auxiliary and operating materials as well as wages and salaries that apply at the time of order confirmation. We are entitled to adjust prices accordingly at reasonable discretion if and to the extent that acquisition costs change to our disadvantage between time of contract and time of delivery. If a price increase becomes necessary, we shall inform the customer of this without delay. If the customer does not wish to accept the increase, the customer shall be entitled to withdraw from the contract in question within one week of receipt of this notification. If the price increase does not exceed 3%, this right to withdraw from the contract shall be excluded.

IX. Retention Right / Offset

- (a) Retention of payments because of claims of the customer against us that are based on some other contractual relationship with us is excluded. The customer's rights pursuant to Sect. 320 BGB [German Civil Code] remain unaffected.
- (b) Offsets by the customer against our claims with claims of the customer are not permissible unless these claims of the customer are not in dispute or have been established by a final court ruling.

X. Retention of Ownership

- (a) The goods delivered shall continue to be our property pursuant to Sect. 449 BGB ("conditional goods") until our invoice and all previous deliveries and services including all secondary claims have been paid in full, which in cases of payment by cheque

or bill of exchange shall be the time at which we are able to dispose of the funds. Retention of ownership shall not be affected if individual claims are inserted in a current account, a balance is struck and this is acknowledged.

- (b)** If conditional goods are combined or mixed pursuant to Sections 947, 948 BGB, then we shall become co-owners of the entire resulting object in accordance with the ratio of the invoice value of our deliveries and services to that of the remaining processed goods at the time of processing, combination or mixture. It is agreed in advance for the event that the customer becomes sole owner due to mixture, that in the act of becoming sole owner due to mixture the customer shall have transferred co-ownership to us in accordance with the foregoing ratio and agreed to keep the new object for us at no charge to us.
- (c)** For the event that the customer sells conditional goods by themselves or together with goods that do not belong to us, it is agreed in advance that in so doing the customer shall have assigned to us the claims resulting from the sale in the amount of the value of the said conditional goods together with all ancillary rights. If we are co-owners of goods that are sold, the assignment shall apply to the amount that corresponds to the value of our co-ownership share. We hereby empower the customer, subject to revocation, to collect the claims assigned to us. If the customer enters into default with respect to the customer's obligations to us, then the customer shall disclose to us the identity of the debtors of the claims assigned to us and notify them of the assignment. In such a case we too shall be entitled to notify the debtors of the assignment and to make use of our authorisation to collect.
- (d)** If conduct on the part of the customer is contrary to the contract, especially in a case of payment default, we shall be entitled to take back the conditional goods after a reminder with deadline that has expired without avail and the customer shall then be obliged to surrender the said conditional goods. Assertion of retention of ownership and attachment by us of the subject of delivery shall not be construed as withdrawal from the contract. The customer hereby agrees in advance that in such a case the persons deployed by us to collect the conditional goods may enter and drive on the customer's premises for this purpose.

- (e) The customer is only entitled and empowered to sell or use conditional goods in the normal, proper course of business and under the condition that the claims assigned to us pursuant to the foregoing paragraph (c) actually pass to us. The customer is not entitled to dispose of the conditional goods in any other way. In particular, the customer may not pledge conditional goods or assign them as collateral. Upon discontinuation of payments or application for or opening of insolvency proceedings, the customer's rights to sell and use conditional goods and authorisation to collect claims pursuant to Section X.(c) shall expire.
- (f) The customer shall notify us without delay of any debt enforcement proceedings against conditional goods or claims that have been assigned to us and to supply us with all documents required for us to contest such proceedings.
- (g) All conditional goods shall be stored and kept by the customer with care and insured at the customer's expense against water damage, fire and theft. It is hereby agreed in advance that all claims against insurers are assigned to us in respect to the conditional goods and we accept this assignment. We are entitled to disclose this fact of assignment to insurers at any time. The customer shall have the duty to keep all conditional goods in proper condition for the duration of the retention of ownership.
- (h) If the value of the securities granted to us exceeds our claims against the customer by more than 20%, then we shall be obligated to release the said collateral to the customer to the extent that it exceeds the agreed coverage amount.

XI. Notice of Defects

- (a) It is incumbent on the customer to inspect goods from us immediately upon delivery in accordance with Sect. 377 HGB [German Commercial Code]. All defects and quantitative deviations from the quantity ordered shall be notified to us in written form without delay within at most 7 days. If defects that cannot be recognised by a proper inspection of incoming goods are noticed later ("concealed defects), the customer shall notify them to us within 7 days subsequent to the customer becoming

aware of them. When doing so, the customer shall give us evidence of the time at which the customer became aware of them.

- (b) If defects or other complaints are not asserted within the time periods of the foregoing paragraph (a), then all claims against us because of such defects or quantitative deviations shall be excluded.

XII. Warranty

- (a) In the case of a defect that has been notified to us in time pursuant to section XI, we shall, at our option, either rectify the defect (supplementary performance) or deliver replacement goods, provided the customer proves the defect was already present when risks passed to the customer. The limitation period for all claims based on defects shall be 12 months from date of transfer of the subject of delivery. This shall not apply to damages from loss of life, bodily injury or impairment of health that are caused by defects for which we are at fault.
- (b) The customer shall be entitled to take recourse to the legal remedies of withdrawal from the contract and reduction of the price and demand compensation for damages within the framework of the following section XIII in lieu of supplementary performance or substitute delivery if we have allowed a reasonable deadline set by the customer for supplementary performance to pass, or if we have rendered supplementary performance two times or delivered replacement goods but this has not eliminated the defect, or if we have refused, without justification, or unduly delayed necessary supplementary performance or a substitute delivery or if supplementary performance is not reasonable for the customer for any other reason, or if the prerequisites of Sections 281(2) or 323(2) BGB apply.
- (c) Moreover, we shall not be obligated to provide supplementary performance or a replacement delivery if this is only possible at disproportionate costs. Such costs are disproportionate if they exceed the purchase price of the subject of delivery by more than 25%, whereby the value of the replacement delivery itself is not taken into ac-

count. Statutory claims of the customer remain unaffected in this case except that the following section XIII shall apply to claims for compensation for damages.

- (d) We do not accept any warranty in cases of negligible deviations from the agreed qualities or negligible impairments of usability.
- (e) We assume no guarantee and no liability for suitability of our products for the purposes intended by the customer unless we are liable for suitability on the basis of express agreement or declaration in the context of a guarantee of qualities or durability. Moreover, it is up to the customer to check the suitability of the material for the customer's special application purpose.
- (f) Final drawings and proof sheets are only presented upon explicit request. If typeset corrections result from subsequent changes not planned in the manuscript, then these will be invoiced separately to the customer. After the customer's release for printing, we cannot be held liable for printing errors that the customer overlooked while making corrections.

XIII. Compensation for Damages

- (a) Insofar as nothing else is agreed in these standard terms and conditions, all claims of the customer for compensation for damages of any type whatsoever, including claims for reimbursement of expenditures incurred in vain in anticipation of delivery as agreed and also including indirect damages - on any legal grounds whatsoever - shall be excluded. This applies in particular for claims based on any violation of duty arising from the relationship of obligation or from a tortious act. This exclusion of liability also applies if we have deployed assistants or vicarious agents.
- (b) However, in deviation to XIII (a), we are liable in cases of gross negligence or intention on the part of our supervisory staff or assistants as well as in all cases in which we, our supervisory staff or assistants have culpably violated essential contractual duties (cardinal duties). Cardinal duties are duties that must be fulfilled for proper ful-

fulfilment of the contract to be possible at all and on the fulfilment of which the contracting partner may normally rely.

- (c) However, if a violation of cardinal duties results only from simple negligence, our liability shall be limited to the value of the order.
- (d) If, in a case of the foregoing paragraph (c), the order value does not correspond to the damages that are typical of and predictable for the given violation of duty, our liability shall definitely be limited to the typical, predictable damages.
- (e) The foregoing limitations of liability do not apply to claims from the German Product Liability Act or if we have assumed a guarantee for the qualities or durability of the subject of delivery. Moreover, the exclusion of liability does not apply to damages arising from loss of life, bodily injury or impairment of health. Insofar as claims for compensation for damages are not excluded by the foregoing regulations, such claims shall be subject to the statutory limitation periods.

XIV. Separation Clause

In the case that one or more provision of these sales and delivery conditions are or become ineffective, the remaining provisions shall not be affected by this. Rather, the parties shall be obligated to replace the ineffective provision with that arrangement which comes as close as possible to their volition as expressed in these sales and delivery conditions.

XV. Place of Fulfilment, Jurisdiction, and Applicable Law

- (a) The place of fulfilment is the legal domicile of our company in Metzingen.
- (b) The sole place of jurisdiction for all disputes arising from this contract shall be Reutlingen, Germany. The plaintiff shall also be entitled file lawsuits at the defendant's legal domicile.

- (c)** All legal relationships with us, including those based on these sales and delivery conditions, shall be governed solely by the laws of the Federal Republic of Germany. Application of the Vienna UN Convention on contracts for the international sale of goods of 11 April 1980 shall be excluded.