

General Terms and Conditions of Business of Goetz+Müller GmbH Etiketten aus Berlin

Status as of: February 2006

I. Formation of the contract

Orders are executed in accordance with the following conditions: The general terms and conditions of business of the ordering party or similar agreements shall not apply, unless this is expressly agreed in writing. Quotations, the conclusion of contracts and other agreements, e.g. oral subsidiary agreements, delivery dates and assurances by the contractor's sales personnel shall only be binding if they are confirmed in writing by the company management. Quotations that do not state a time limit shall be valid for three weeks. The prices quoted do not include value added tax.

II. Prices

- 1) The contractor shall be entitled to increase the prices agreed with the ordering party for goods that have not yet been delivered and for warehousing, if the costs to the contractor such as the price of material, public taxes or labour costs have been increased, however only and in so far as the increase in these costs is justified in objective terms and provided that the contractor is not in arrears with deliveries. If the contractor does not have to make part deliveries, the contractor shall not have the right to increase prices for four months after the contract is signed.
- 2) Additional costs caused through retrospective changes at the request of the ordering party, including machine idle times resulting from this, shall be invoiced to the ordering party separately.
- 3) Additional costs as defined in paragraph 2 shall also be accepted if the ordering party requests print proofs to be repeated on account of minor variations from the master copy that can be reasonably expected.

III. Payment and settlement

- 1) The payment due (net price plus applicable VAT) is due when the invoice is issued.
- 2) If payment is received within 10 days of the date of the invoice, the contractor will grant 2% cash discount on the payment for the goods. No reduction in price is granted for freight, postage, insurance or other shipping costs.
- 3) Bills of exchanges and cheques are only accepted after special written arrangement and only on account of performance. In this case, the ordering party must state to which order the cheque or bill of exchange relates.
- 4) The ordering party cannot invoke the arrangement set out in paragraph 2 if the ordering party is in arrears with another invoice owed to the contractor or if the ordering party has paid by cheque or bill of exchange in accordance with paragraph 3.
- 5) The ordering party may only offset a receivable that is not in dispute or which has been recognised by a declaratory judgement.
- 6) The ordering party shall have the right to retain blocks, manuscripts, raw materials and other items in accordance with § 369 of the German Commercial Code until all outstanding claims from the business relationship have been met in full.

IV. Deterioration of assets and delays in payment

1) Should satisfaction of the payment claim be jeopardized on account of the ordering party's insolvency, imminent illiquidity or indebtedness occurring or becoming known after the contract is signed or if an application has been made to institute bankruptcy proceedings against the ordering party, the contractor shall be entitled to request at any point advance payment and immediate payment of all open claims, including those that are not yet due, keep back goods that have not yet been delivered and stop on-going work on orders that are still in progress. This shall also apply if the ordering party does not make payments in spite of a reminder giving reasons for the delay or if protests have been made by him. If the contractor does not make use of these rights, this shall not have any effect on their continued existence.

2) If the ordering party is in arrears with payments, interest for late payment shall be charged on the outstanding amount at 8% above the respective base rate in accordance with § 247 of the German Civil Code.

V. Delivery periods and deadlines

1) The goods will be insured by the contractor at the request of the ordering party and at the expense of the ordering party in accordance with the respective freight forwarding conditions.

2) Should the contractor be late in rendering its services for a reason for which the contractor is responsible, the contractor shall initially be granted a reasonable additional period. Should the additional period pass without results, the ordering party shall be entitled to withdraw from the contract on account of the late provision of the goods or service. § 323 para. 2 of the German Civil Code shall not be affected.

3) If the contractor is not responsible for the situation that caused the delay, claims for damages and withdrawal rights of the ordering party shall be excluded.

VI. Reservation of title and anticipated constructive possession

1) All the goods supplied by the contractor shall remain the property of the contractor until all open claims in connection with the respective delivery have been satisfied in full.

2) In the event of statutory acquisition of ownership that has occurred beforehand in accordance with § 947 of the German Civil Code, the parties agree that the co-ownership of the shared object shall be transferred to the contractor with the value being apportioned according to the ratio of the main item. The transfer of ownership is subject to the condition subsequent that the full payment of the purchase price of the goods delivered is paid in full.

3) The parties agree that the item shall remain in the possession of the ordering party subject to the condition that the ordering party shall be in direct possession of the item on behalf of the contractor (constructive possession).

4) The ordering party shall be entitled to sell as part of a normal business transaction the items that have been assigned by way of security. The claims which the ordering party has acquired against a third party as a result of the sale are assigned to the contractor up to the amount of the goods and services which were delivered by the contractor. Paragraph 2 sentence 2 shall apply accordingly.

5) At the request of the contractor the ordering party undertakes to inform his purchaser immediately of the assignment and to give the contractor the information and documents required for collection.

6) The ordering party shall be entitled to collect the claims arising from the further sale of the items reassigned as security. The collection authorisation may, however, be revoked for good reason.

7) The ordering party may only assign these claims further, including assignment to a factor, with the prior written permission of the contractor.

8) Where the purchaser pays the ordering party by cheque, the ownership thereof is transferred to the contractor as soon as the ordering party has acquired ownership of the cheque. Where the payment is made by a bill of exchange, the ordering party shall assign his rights to the contractor in advance. An alternative to handing over these papers is for the ordering party to keep these in safe custody for the contractor or, if he does not gain direct possession of these papers, by assigning in advance to the contractor his right vis-à-vis a third party for these to be handed over to him; he will endorse these papers and hand them over at the request of the contractor without delay.

9) Should the contractor make use of his right to retain ownership, this shall only be considered to be a withdrawal from the contract if this is expressly declared in writing. The right of the ordering party to own the reserved property shall lapse if he does not meet his obligations arising from this or another contract. The ordering party shall advise the contractor immediately of attachment or other impairments by third parties. Assignment by way of a pledge or assignment as security shall require the contractor's permission.

10) Assignments in accordance with items 4 and 8 shall be accepted by the contractor.

11) Should the value of existing securities exceed the secured claims in total by more than 20 percent, the contractor undertakes to release security of his choice at the request of the ordering party. The ordering party undertakes to keep safe the goods with reservation of title and the goods transferred as security free of charge, to store these separately or to mark them and insure them against the usual perils. Any claims against third parties on account of loss or damage of these goods shall be assigned to the contractor, who at that same time shall declare acceptance of the assignment.

VII. Notification of defects and warranty

1) The ordering party shall immediately inspect in all cases the goods delivered and the master copies and intermediate certificates sent for correction to ensure that they satisfy the contractual requirements. The risk of any errors is transferred to the ordering party once permission to print has been given, providing that the errors concerned were not created during a production process after the print proofs were checked or if it was not possible to detect them. The same applies to other releases given by the ordering party to authorise further production. The permission of the ordering party to print shall consider to have been given if the ordering party does not indicate any requests for changes within one week of the printing proofs being sent. Appropriate information is provided with the printing proofs in each case.

2) Notifications of defects shall be excluded if they are not filed in writing within one week of receipt of the goods. Claims on account of hidden defects which cannot be identified after an immediate examination shall be subject to a limitation period of one year after transfer of risk.

3) In the case of colour reproductions for all printing processes, complaints about minor variations from the original may not be made if this can be attributed to the characteristics of the paper or other materials as long as these variations are within the tolerances typical of the paper or other responsible delivery industry and are considered acceptable for the ordering party. The same applies to the comparison between press proofing and the production run.

4) No complaints may be made concerning deliveries which are up to 10% above or below the print run ordered. The actual quantity produced will be invoiced. Differences of 15% shall be permissible in the case of a delivery from specially manufactured paper over 1,000 kg.

5) In the case of variations in the quality of the material used, e.g. varnishes or gums, caused by faulty goods, the contractor shall only be liable up to the amount of the contractor's own claims against the supplier. The contractor shall be free of any liability through the assignment of claims against the supplier to the ordering party. Where claims against the supplier do not exist or if such claims cannot be successfully enforced, the contractor shall have secondary liability.

VIII. Safekeeping and insurance

Master copies, raw materials, printing stock and other items suitable for reuse such as semi-finished and finished products shall only be stored after the delivery date in accordance with prior agreement and if a special payment is made. If the items mentioned above are to be insured, the ordering party shall pay the insurance.

IX. Property/copyright and marking obligations

The items used by the contractor to manufacture the contractual products, in particular drafts, sketches, technical documents, lithographs, press proofs, finished artwork, films, blocks, etc., shall remain the property of the contractor, even if they have been invoiced separately, and will not be handed over.

The contractor reserves all rights of use. Use by the ordering party and third parties shall not be permitted without the permission of the contractor.

For each case of contravention the ordering party shall be entitled to demand a contractual penalty amounting to the contractual value usually invoiced for producing one separate item.

The ordering party alone shall be liable if the execution of his order infringes the rights, e.g. copyright, of a third party. The ordering party shall indemnify the contractor against all claims of a third party on account of such liability.

The ordering party alone is responsible for observing all legal obligations in respect of labelling and marking requirements. No obligation shall exist for checking the plans and documents submitted to ensure that they are free of errors.

X. Liability

1) In the case of losses which do not relate to fatal or other injury to persons or damage to health, the contractor shall only be liable in the event of gross negligence or an intentional breach of obligations on the part of the contractor.

2) This shall also apply if the violation of the obligation has been committed by a legal representative or vicarious agents.

3) Where fundamental contractual obligations have been breached, the liability of the contractor shall be unlimited.

4) Liability is limited to the losses that could typically be foreseen when the contract was signed.

XI. Periodic tasks

Orders in respect of work which is repeated regularly can be terminated by giving a period of notice of at least three months to the end of a month.

XII. Imprint

The contractor may refer to his company in a suitable way with regard to the products that are the subject of the contract if the ordering party has given permission. The ordering party may only withhold consent if he has an overriding interest.

XIII. Place of performance, place of jurisdiction, effectiveness

- 1) The place of performance and the court of jurisdiction for all claims and legal disputes arising from the contractual relationship, including bills of exchange and summary procedures where the plaintiff relies entirely on documentary evidence, shall be Berlin, if the ordering party is a businessman as defined by the German Commercial Code.
- 2) As a result of one or several provisions of this of this contract becoming invalid, the effectiveness of the remaining conditions of this contract shall not be affected. The appropriate legal arrangement shall take the place of an ineffective or impractical provision. If such a legal arrangement does not exist, an effective provision which comes closest to the meaning and purpose of the ineffective or impractical provision shall be considered to have been agreed.
- 3) This contract shall be subject to German law only.