General Terms and Conditions of Sale

1) General

   a) The following terms and conditions shall apply exclusively to all deliveries and services, also to those under future contracts, unless expressly agreed otherwise in writing in a particular case. These terms and conditions are deemed to be accepted upon receipt of goods at the latest.

   b) Terms and conditions of the Buyer or third parties shall not apply unless the Seller expressly agrees to their inclusion in writing.

   c) In addition and subordinate to these terms and conditions, the General Terms and Conditions of the Association of Companies Involved in Drugs and Chemicals Wholesale and Foreign Trade (VDC Drogen- and Chemikalienverein e. V.) for its trading business, issued in June 1997, which were published in the German Federal Gazette (Bundesanzeiger) No. 139 of 30 July 1997, shall apply with the exception of paragraph 16 (Extent of damages; foreseeability) and paragraph 21 (Reservation of title).

   d) The invalidity of one or more of the following provisions shall not affect the validity of the other terms and conditions.

2) Shipment/Passing of Risk

   "Incoterms" as updated from time to time shall apply.

3) Impairment of Delivery

   a) The delivery times stated are valid subject to force majeure and sufficient authority's licence as well as maintenance thereof.

   b) If the obstruction according to subparagraph a.) continues for a longer time, the Seller shall be entitled to delay delivery accordingly or, at its option, to rescind the contract in whole or in part immediately or at a later point in time. The Buyer shall be entitled to rescind the contract if, at the Buyer's request, the Seller does not state whether it will rescind the contract or deliver within a reasonable period of time and if the execution of the contract has become unreasonable for the Buyer.

4) Acceptance

   a) If the Buyer delays acceptance/taking delivery in whole or in part, it is the Seller's choice either to deliver the outstanding quantities or to store the same at the Buyer's risk and expense and invoice them as delivered taking account of all costs incurred, or to rescind the contract setting a reasonable time-limit and/or to claim damages.

   b) Upon delay of acceptance any duty of the Seller to effect advance performance which may have been agreed shall end and the Seller shall only be obligated to effect delivery against advance payment of the purchase amount and the verbal offer shall suffice to give notice of default as regards each further partial quantity if the quantity delivered was actually ready for delivery at the time of the offer.

5) Liability

   a) The Seller shall only be liable for damages, on whatever legal grounds, subject to the following conditions:

      i) To an unlimited extent on the merits and in terms of amount as regards any damage resulting from injury to life, body or health, or if the Seller or its executives is/are responsible for intent or gross negligence.

ii) On the merits in each case of culpable infringement of essential contractual obligations.

iii) On the merits in the event of an infringement of nonessential contractual obligations if the conduct resulting in the damage is attributable to intent or gross negligence of an ordinary vicarious agent of the Seller.

iv) Otherwise, liability shall be excluded.

b) With the exception of a liability according to subparagraph a) aa), liability shall be limited in terms of amount as follows:

i) In the case of default and impossibility, liability shall be limited to the amount of the additional expenses required for the purchase of goods in replacement.

ii) Otherwise, liability shall be limited to reparation of the damage which the Seller anticipated as a possible result of the breach of contract upon conclusion of contract, or which the Seller should have anticipated taking into account the circumstances of which it was aware or should have been aware.

iii) Furthermore, any indirect damage and consequential damage resulting from defects in the delivery item shall only be recoverable in so far as such damage is typically to be expected if the delivery item is used as intended.

c) All claims under the German Product Liability Act shall remain unaffected thereby.

6) Payment

a) If the Buyer does not pay when payment is due, it shall be in default without any demand for payment being made. (Section 286, Subsection 2, No. 2 of the German Civil Code (BGB))

b) The issuing of cheques and bills shall only represent a payment when these securities have been cashed finally.

c) In the event of default in payment, or if after conclusion of contract the Seller learns about a substantial deterioration of the Buyer's economic situation, the Seller shall be entitled to demand advance payment or security because of matured and unmatured claims resulting from all existing contracts and to refuse performance until such advance payment or such security has been made/given.
If the Buyer does not satisfy the demand for advance payment/security within a period of one week, the Seller shall be entitled, at its option, to rescind the contract or to claim damages for non-performance.

d) Late payment in connection with partial deliveries shall entitle the Seller to refuse to continue delivery of the quantity still to be delivered according to the order.

7) Set-Off/Retention

The Buyer shall only be entitled to rights of set-off if its counterclaims have been recognized by declaratory judgment, if they have not been contested, or if they have been acknowledged by the Seller. Furthermore, the Buyer shall be entitled to exercise a right of retention only in so far as its counterclaim is based on the same contractual relationship.

8) Reservation of Title

a) Delivery of the goods shall be effected subject to reservation of title according to Section 449 of the German Civil Code with the following additions.

b) The Seller shall retain title to the goods until all, also future, debts owed by the Buyer to the Seller resulting from the business relationship have been paid. The Buyer shall be entitled to process the goods only in the ordinary course of business. Each processing of the supplied

goods by the Buyer shall be carried out for the Seller, so that the Seller will acquire ownership of the new item. During and also after processing of the goods the Buyer will be the depositary of same for the Seller. If the Buyer joins, mixes or processes any goods of the Seller and goods from other sellers or its own goods, the Seller shall at all events acquire co-ownership of the new item according to the above-mentioned constructive possession in the ratio of the value of the goods delivered by the Seller to the value of the other goods. The goods shall be deemed to be the reserved goods of the Seller.

c) The Buyer's claims resulting from the unmixed or unprocessed resale of the goods shall hereby be assigned to the Seller in full, those resulting from the resale of the reserved goods to the extent of a partial amount of first rank corresponding to the value mentioned above in subparagraph b), sentence 4, irrespective of whether the reserved goods will be resold to one or more customers.

d) The Buyer shall only be entitled and authorized to effect a resale of the reserved goods with the proviso that the claim resulting from the resale according to subparagraph c) will pass to the Seller.
The Buyer shall not be entitled to any other disposal than the resale in the ordinary course of business. The Buyer is in particular not allowed to pledge, assign by way of security or otherwise burden the reserved goods with third-party rights. If the goods are seized by a third party or if execution is otherwise levied against them, the Buyer shall be obligated to notify the Seller immediately. The costs arising out of the intervention shall be borne by the Buyer if the Seller cannot demand compensation from the third party effecting the seizure.

e) In spite of the assignment, the Buyer shall be authorized to collect the debt resulting from the resale in the ordinary course of business as long as the Buyer performs its contractual duties with regard to the Seller. The Seller's right to collect shall remain unaffected thereby. The Seller will waive all rights resulting from the extended reservation of title to which the Seller is entitled as soon as the Buyer fulfils all existing obligations under the business relationship with regard to the Seller.
The Seller undertakes to release, at its option, the securities to which it is entitled in accordance with the above conditions as soon as the realizable value exceeds the claims to be secured by 20%.

f) In the event of default on the part of the Buyer as well as in the case of any cessation of payments or substantial deterioration of the Buyer's financial situation, the Seller shall be entitled to revoke both the resale and the right to collect. In that case, the Buyer shall be obligated to provide the Seller with all the necessary information in order to enable the Seller to collect the debt from the purchasers itself. In such cases, the Seller shall also be entitled to demand return of the reserved goods that are still in the Buyer's possession or to rescind the contract.

g) Notwithstanding Section 449, Subsection 2 of the German Civil Code, the Seller may also demand return of the item if the Buyer defaults on the purchase price.

9) Place of Performance/Place of Jurisdiction, Governing Law

a) Place of performance shall be Hamburg. Place of jurisdiction shall be Landgericht Hamburg.

b) German law shall apply exclusively to the contractual relationship; the provisions of the UN Sales Convention shall be excluded.