

Arwed Löseke Papierverarbeitung und Druckerei GmbH
general terms and conditions of business

I. General - area of applicability

1. The following terms and conditions of business are subject matter of the contract concluded between ourselves and the customer.
2. Our terms and conditions of business apply exclusively. We do not recognise terms and conditions which differ from or contradict our terms and conditions of business unless we have give our express written consent to their application. Our terms and conditions of business apply even if we are aware of customer's terms and conditions which differ from or contradict our terms and conditions of business and nevertheless make deliveries to the customer without reservation.
3. The UN Vienna convention on contracts for the international sale of goods of 11th April 1980 (CISG) as modified by any individual contractual agreements and these terms and conditions of business shall apply within the objectively concrete area of application. Further the material civil right of the Federal Republic of Germany shall apply to all legal relationships.
4. Any agreement between ourselves and the customer for the purpose of the execution of this contract is set out in writing in this contract. Subsequent changes or additions to the concluded agreement must be made in writing. Oral waiver of the requirement for the written form is not permitted. Facsimiles meet the requirement for the written form.
5. In case of any litigation only the latest German version of these general terms and conditions of business is negotiable.

II. Offer and acceptance

1. If the customer's order can be qualified as an offer in accordance with section 145 of the Civil Code we may accept it within two weeks. We will always confirm acceptance of the contract in writing or by Email or facsimile if delivery or invoicing does not occur immediately.
2. If we subsequently become aware of circumstances which cast doubt on the customer's credit worthiness we may require a prepayment before continuing to process the

order or make delivery or we may withdraw from the contract.

3. We retain title to and copyright on any diagrams, drawings, calculations and other documents. This also applies to any written documents designated as "confidential". The customer requires our express written consent before passing such documents on to third parties.

III. Prices

1. The prices offered are net prices in euros and do not include VAT unless agreed otherwise in the order confirmation. Prices are ex works and do not include packaging and dispatch costs, freight, insurance and postage unless expressly agreed otherwise.
2. VAT at the legally defined level on the day on which the invoice is made out will be shown separately in the invoice.
3. The deduction of a prompt payment discount requires a separate written agreement.
4. If goods are invoiced by weight and they are wrapped in paper prices will be calculated according to the gross weight.
5. Subsequent changes to sketches, designs, patterns, sample prints, tools and materials occasioned by the customer will be charged to him.
6. Increases in manufacturing costs which are the result of rises in the cost of materials may be passed on to the customer.

IV. Industrial property rights /Recycling Act

1. Equipment used by us in the production of the contractual product in particular films, plates, lithographs, printing cylinders and printing plates, live matter and tools remain our property and are not supplied to the customer also if they are invoiced separately.
2. The customer carries sole responsibility for checking the right of reproduction, copyright and other industrial property rights on the documents supplied by him. In accordance with this he must indemnify us and keep us safe and harmless from and against all claims by third parties.

3. The agreed remuneration is to be paid for samples, sketches, designs etc. which are expressly ordered by the customer even if the production order for the end product is not placed. We may make such documents, sketches, plans etc. available to third parties to whom we have transferred supply or provision of services in the production process on an ongoing basis.
4. If we gain copyright or industrial property rights through the development and carrying out of an order the customer is granted the simple right of use. This also applies when the customer has paid a part of the development costs. In particular we are entitled to exploit the rights of use or industrial property rights for orders from third parties if not agreed otherwise.
5. In case we have worked on engraved cylinders for the customer we may have free disposition over these cylinders (raw cylinder without the printing motive) 18 months after the final delivery unless the customer expressly objects to this within this period.
6. In case we deliver goods abroad or the customer has purchased the goods for use abroad we offer no guarantee for patent or property rights, rights of exploitation or other copyright-related property rights outside the Federal Republic of Germany which impede the customer's intended use of or intention for the goods.
7. If we are mandated by the customer to apply symbols to the product within the scope of the Recycling Act under the packaging regulations (e.g. the "Green Point") the customer is to be considered the "party bringing the symbol into circulation" from the Recycling Act within the meaning of the packaging regulations and must therefore pay the associated fees unless other agreements are made as part of individual contracts. If the customer is in breach of the Recycling Act or the packaging regulations and claims are consequently made against us the customer must reimburse us for all costs arising in connection with this.
8. The customer is obliged to accept the return of packaging in accordance with the regulations of the Recycling Act within the meaning of the most recent version of the packaging regulations and to recycle them as set out in the packaging regulations if he does not participate in the Duales System Deutschland GmbH (German recycling system). If we have an obligation to take back packaging under the Recycling Act or the packaging regulations the place of fulfilment for the return of the packaging is our registered place of business.

9. If the customer is in culpable breach of these obligations and this results in a fine being imposed upon us as a result of an infringement of the packaging regulations the customer is obliged to indemnify us against this monetary obligation. If we have already paid the fine the customer must reimburse us this amount.

V. Delivery

1. Delivery is made on the account of and at the risk of the customer including also if we bear in part or in full the transport costs.
2. Any delivery period agreed begins on the day on which the customer's final printing or production approval is received. The meeting of our delivery obligations is dependent on the punctual and proper fulfilment of the customer's obligations. The plea of non-performance is reserved.
3. The delivery period is met if we have dispatched the goods on the last day of the agreed period.
4. In the event of subsequent changes to the contract the originally agreed and confirmed delivery period is extended appropriately. Should delivery be delayed for reasons for which the customer is responsible the delivery deadline is met if the customer is informed that the goods are ready for dispatch within the agreed period.
5. We do not have to bear the costs for the consequences of late delivery if this is a result of natural disaster, measures by the public authorities, shortage of materials, stoppages, traffic difficulties, strikes, lock-outs, other operational interruptions, war-like conflicts, a lack of appropriate means of transport or supply services or other circumstances outside of our operational control. In this case we are entitled to extend the agreed delivery period appropriately.
6. In addition in the event of failure to make delivery the customer is not entitled to seek legal redress of any kind until he has set us a reasonable deadline for delivery in writing. Claims can only be derived from failing to meet the delivery deadline for completed orders if we have been informed of any damages resulting from delay at least 2 weeks before expiry of the agreed delivery deadline.

7. The full quantity of call orders must be taken within six months of the date of the declaration that the goods are available if not agreed otherwise. After expiry of this deadline we may demand payment in advance including additional storage costs for quantities which have not been collected. If the customer fails to make the payment in advance despite requests to do so we are entitled at our discretion either to insist on that the customer takes delivery of the goods and to invoice him for these including the additional storage costs or to sell the goods or to withdraw from the contract and demand compensation for damages. If we assert claims for compensation for damages a fixed level of compensation for damages of 15% of the value of the order is agreed. Our right to assert further claims for compensation for demonstrable damages remains unaffected. The customer has the right to prove that no damages or damages less than this amount have arisen.
8. If the customer is in arrears with taking of the goods the risk of accidental destruction and of accidental deterioration of the goods is transferred to him. Furthermore beginning one month after he has been informed that the goods are available for collection the customer may be invoiced for storage costs to the sum of 0.5% of the invoiced sum for each month or part month. The total storage costs may not exceed 4% of the invoiced sum per annum. The customer has the right to prove that no storage costs or storage costs less than this amount have arisen.
9. We are entitled to make part deliveries. The International Chamber of Commerce in Paris Inco-Terms 2000 shall apply exclusively for delivery terms "EXW, FAS, FCA, FOB, CFR, CIF, CPT, DAF, DES, DDU, DEQ, DDP".

VI. Packaging and dispatch

1. We are liable for proper packaging in keeping with normal industry practice carry out dispatch with due care are however only liable in the case of intent or culpable negligence.
2. Dispatch dates are only binding when express written confirmation is given.

VII. Tolerances

1. Weight deviations

Deviations in the coating weight per unit area follow the tolerances specified in the terms and conditions of delivery of the producer of the materials used. If not otherwise specified in those terms and conditions the following are considered to be in conformity with the contract:

- a) for paper and cardboard +/- 5 %
- b) for plastic +/- 15 %

2. Deviations in measurements

For all deliveries the following deviations in measurements are agreed as being in conformity with the contract:

- a) Bag length +/- 4 mm
- b) Bag width +/- 3 % (for bag width < 80 mm)
+/- 2 % (for bag width > 80 mm)
- c) Roll width +/- 3 mm
- d) Sheet length +/- 5 mm
- e) Sheet width +/- 5 mm
- f) Plastics +/- 5 %

3. Deviations in quantity

For all productions as a result of production processes we reserve the right to deliver up to 20% more or less than the quantity ordered with the actual quantity delivered being invoiced as long as this is not unreasonable for the customer. This rate rises to 30% for:

- a) sales by quantity: for quantities less than 50.000 pieces
- b) sales by weight: for weights less than 500 kg

VIII. Printing

1. For printing we use printing inks which are standard in the Federal Republic of Germany. In case there are particular requirements for the inks such as light-fastness, alkali-fastness, abrasion resistance etc. the customer must inform us of this in writing when placing the order.

It is expressly stated that slight deviations in colour are in conformity with the contract. They do not entitle the customer to decline to accept the goods or to a reduction in price or other legal redress. Test prints will only be made available before printing if the customer requests this or if we consider it necessary. Proof copies from the machine will be invoiced separately depending on expenditure.

2. We offer no guarantee for migration of plasticizer, paraffin soluble inks or adhesives or similar migration effects and for the consequences of these. In particular the customer must expressly inform us of any food safety requirements or other public legal regulations of the state to which the goods are to be delivered for food to be packed. This must be done in writing. We accept no liability if the customer fails to do so.
3. For codification or numbering the graphical image with codification is to be agreed with us with regard to the technical possibilities for manufacture. The customer carries sole responsibility for the correct layout and placement of the code. We offer no guarantee for codification templates made available. Because of the tolerances of paper and cardboard, printing inks and scanners no guarantee of equal suitability of different print runs can be offered. Sample deliveries, pre-, part- and complete production runs are to be checked by the customer immediately on receipt. A guarantee of legibility of the codification on flexible materials is expressly excluded. Misprints of up to 5% do not represent reasons for complaint. This also applies accordingly for numbering.
4. Printing of EAN barcodes takes place according to the current state of technology and taking into account the pertinent CCG regulations (cf co-organisation series, pamphlet 2, "The EAN barcode"). Additional undertakings in particular undertakings concerning the results of scanning at the till within the retailer cannot be made because of other customer related factors influencing the barcode after delivery and due to non standardized measuring and laser technology.

IX. Materials and carrying out of orders

Unless specific instructions are given by the customer orders will be carried out using industry standard materials and in accordance with manufacturing procedures usual within the Federal Republic of Germany. If the goods to be packed or the customer's packaging process have specific qualities or requirements the customer must expressly inform us in writing of any relevant requirements and conclude an appropriate agreement. This applies in particular for legal requirements of the relevant state such as f. ex. food safety requirements.

X. Reservation of ownership

1. We retain title to the object of sale until receipt of all payments arising from the supply agreement. Where the customer is in breach of contract in particular where the customer is in payment arrears we are entitled to repossess the object of sale. The repossession of the object of sale does not represent withdrawal from the contract unless we expressly state this in writing. Distraint of the object of sale by ourselves always represents withdrawal from the contract. We are entitled to exploit the object of sale after having taken it back. The proceeds of the exploitation are to be credited to the customer reduced by appropriate costs of exploitation.
2. The customer must treat the object of sale with care in particular he must adequately insure it at his own cost to the original value against loss due to fire, water and theft. (Where servicing and inspection work is necessary the customer must carry this out promptly at his own cost.)
3. The customer must inform us in writing without delay in the event of distraint or other interventions by third parties so that we can bring an action under section 771 of the Code of Civil Procedure. In case the third party is not in a position to reimburse the judicial and extra-judicial costs of an action under section 771 of the Code of Civil Procedure the customer is liable for any shortfall arising.
4. The customer is entitled to sell the object of sale in the proper course of business. However he assigns us all debts due to the sum of the invoiced final amount (including VAT) of our debts due which accrue to him through the disposal from the recipient or third parties and regardless of whether or not the object of sale was subject to further reworking before sale. The customer remains authorised to collect the debt due after this assignment of debts. Our entitlement to collect the debt due ourselves remains unaffected. We are obliged not to collect the debt due as long as the customer meets his payment obligations from the proceeds taken is not in default of payment and in particular no application for insolvency proceedings has been made and no suspension of payments has taken place. Should this be the case we may require that the customer informs us of the assigned debts due and their debtors give us all information required for collection, hand over related documents and informs the debtor (third party) of the assignment of the debts due.

5. The reworking or reformation of the object of sale by the customer is always carried out on our behalf. If the object of sale is reworked with other objects which do not belong to us we acquire co-ownership of the new item in proportion to the value of the object of sale (invoiced final amount including VAT) to the other reworked objects at the time of the reworking. The same applies to the items arising as a result of the reworking as for the object of sale supplied under reservation of title.
6. If the object of sale is inseparably mixed with other objects which do not belong to us we acquire co-ownership of the new item in proportion to the value of the object of sale (invoiced final amount including VAT) to the other objects mixed at the time of the mixing. If the mixing occurs in such a way that the customer's item is to be viewed as the main item it is agreed that the customer transfers co-ownership to us proportionally. The customer will keep the solely or jointly owned items arising in safe custody on our behalf.
7. As security for our debts due the customer also assigns us those debts due from third parties which arise through the connection of the object of sale with a real estate.
8. We are obliged to release the securities to which we are entitled on being requested to do so by the customer if the realisable value of our securities exceeds the debts due that need to be secured by more than 10%. The choice of securities to be released is ours.

XI. Warranty period

1. The warranty period is 12 months.
2. Provision of compensation for damages in lieu of the service within the scope of the warranty is excluded. This applies to intent, culpable negligence and in the event of death, bodily injury and injury to health.
3. In the manufacture of paper and plastic packaging and similar goods a relatively small number of defective goods is technically unavoidable and a proportion of 5% of the total quantity does not represent reasons for complaint irrespective of whether the defect is in processing or in printing. Within the meaning of the Vienna sales law convention this proportion is considered as being in accordance with the contract.

4. Defects in a part of the delivery may not be used as reasons for complaint about the whole delivery if it is possible to separate unblemished and defective goods with reasonable means.
5. For fully automatic bag production counting is carried out automatically. In this case we are entitled to base the delivery and calculation of the quantity on this count.
6. Compensation for damages is excluded if the customer fails to store goods properly.
7. If circumstances arise for which we are not responsible as mentioned under number V. that substantially change the economic significance or content of the delivery and service or have a significant effect on our operations the contract will be amended appropriately when this may be done in good faith. If this is not economically reasonable we are entitled to withdraw from the contract. If we make use of this entitlement we will inform the customer of this as soon as the consequences of these events are clear even if an extension of the delivery period was agreed with the customer before.

XIII. Liability

1. We are liable in accordance with the legal regulations where the customer asserts claims for compensation for damages which are based on intent or culpable negligence, including intent or culpable negligence by our representatives or persons employed in performing a contractual obligation for whom we are vicariously liable. As long as we are not to blame for any intentional breach of contract liability for compensation for damages is limited to foreseeable damages which might typically be expected to arise.
2. We are liable in accordance with the legal regulations where we culpably breach a significant contractual obligation. In this case however liability for compensation for damages is limited to foreseeable damages which might typically be expected to arise.
3. Liability for culpable injury to life, bodily injury or injury to health remains unaffected. This also applies to compulsory liability in accordance with the Product Liability Law.
4. Unless otherwise stated above no liability will be accepted.

XIII. Payment

1. Payment is considered to have been made on time if the financial institute's credit entry is properly made within 14 or 30 days of the invoice date or if the individual contractually agreed payment period is adhered to.
2. Payment is to be made to our paying agent without deductions or bank charges.
3. The setting off against or the exercising of a right of retention against our claims is only permitted for undisputed or legally established claims.
4. When the parties to the contract agree to payment by L/C the latest version of the International Chamber of Commerce in Paris "UCP 500" Uniform Customs and Practice for Documentary Credits will be used in the interpretation of the agreement with the exclusion of article 41.
5. Bills of exchange and checks are only accepted as conditional payment. Payment by bill of exchange requires specific agreement. The customer must bear the interest and costs for the discounting or the redemption of bills of exchange and checks and honour these in cash.
6. The failure to adhere to the payment terms as a result of circumstances arising from a significant deterioration in the customer's financial circumstances of which we become aware only after conclusion of the contract will result in all outstanding debts - also if additional time has been allowed for payment - becoming immediately due. Should there be bills of exchange which have not yet been honoured we nevertheless have the right to demand immediate payment in cash. In addition we have the right to demand prepayment and the provision of security from the customer for contractually based further deliveries.

XIV. Place of fulfilment and place of jurisdiction

1. The place of fulfilment for all mutual contractual obligations is Hildesheim.
2. The place of jurisdiction is Hildesheim. We are nevertheless entitled to bring actions against the customer at his registered place of business or place of residence.

Status: October 2004