

**General Terms of Delivery and Payment
of the Rottendorf Pharma Ltd in Transactions with Traders
as Defined by the Commercial Code and Legal Entities
or Special Funds under Public Law**

1 General Terms

1.1 Our complete current and future business relation, all of our deliveries and services - including also additional services, consultations and information - are in principle and exclusively governed by our General Terms and Conditions which are stated hereinunder. This applies also if no reference is made to these again in subsequent transactions.

1.2 We object to deviating General Terms and Conditions of our customers. These apply only if acknowledged by us in writing. Tacit acknowledgements - even by conduct from which an intention may be implied - are excluded.

2 Conclusion of contract, Internet General Terms and Conditions, solution from the contract due to procurement impediments

2.1 Our offers are without obligation.

2.2 Our customer shall be bound to his offer / order for a period of one month as from having been received by us.

2.3 Modifications and completions including collateral agreements of or in addition to all stipulations need to be confirmed in writing in order to become effective. Deviations from this formal requirement by oral agreements are excluded.

2.4 As far as our customer transmits offers / orders by electronic mail, our acceptance of the contractual offer / acknowledgement of order can be effected in the same way.

2.5 Our General Terms and Conditions are stored in the internet under www.rottendorf.de and can be loaded down from this site.

2.6 The conclusion of contracts is subject to correct and timely delivery by our own suppliers. This is only applicable if the delayed supply or non-supply is beyond our responsibility, in particular in case of congruent covering transactions of additives with our suppliers. In this regard we assign our claims towards our supplier to our customers.

2.7 We undertake to inform immediately our customer about the kind of non-availability as defined by Nö 2.6 and to give a statement whether we refrain from the contract. In this case down payments shall be refunded by us. Further claims on the part of our customers do not exist in the cases as defined by Nö 2.6.

2.8 In case of manufacturing to order a deviation of +/- 10% from the ordered quantity is permissible.

3 Prices, maturity, delay, retention, set-off, (cash) discount

3.1 As far as not otherwise stated in writing, our prices are understood ex works plus applicable Value Added Tax.

3.2 The product quantity supplied by us is decisive for invoicing.

3.3 As far as not otherwise agreed, the purchase price is net and immediately payable on receipt of delivery and invoice.

3.4 During default our client has to pay interest on the debt which exceeds the relevant basic interest rate of the European Central Bank by 8%. Nevertheless we reserve the right to furnish proof and to assert damage caused by default.

3.5 The acceptance of cheques or bills takes place only by way of provisional performance, charging all additional costs for cheques and bills.

3.6 In case of justified doubts regarding the solvency of our client (eg default of payment, protest of cheques or bills, enforcements), which point to a significant deterioration of his financial situation, we are entitled to carry out outstanding deliveries only for cash in advance or for provision of securities. Receivables resulting from deliveries already carried out, for which delay was granted, fall due immediately and give us the right of retention of outstanding supplies until payment.

3.7 Our client is only entitled to set off if his counterclaims have been established to be effective or if these are undisputed; retention of performance is only possible if his plea is based on the same contractual relationship.

3.8 All (cash) discounts granted become invalid on occurrence of default of payment.

3.9 In case of defects of the article of sale our client is only entitled to withhold the partial amount of his payments which is equivalent to the criticized quantity supplied in ratio to the total quantity invoiced.

4 Times of delivery, delivery periods, suspension of deadlines, cancellation

4.1 Our statements regarding delivery periods are not binding. Delivery periods start running at the earliest on the day of receipt of all basic materials, but not before client's statement of release for materials to be supplied by himself, as far as no further conditions for the start of the work were agreed, and also not before receipt of a down payment agreed upon.

4.2 The time of delivery is observed if the goods have been shipped before expiry of said time or if notice has been given that the goods are ready to be collected.

4.3 Force majeure, strike or other disorders of our plant, which are beyond our responsibility and which cannot be influenced by us, as well as default of our supplier as defined by No 2.6 of our General Terms and Conditions suspend the deadlines for the duration of the impediment. In this case we are also entitled to cancel the contract or parts thereof after a period of one month without giving our client the right to assert any claims towards us.

4.4 The right of cancellation continues to be valid even if at first a final deadline has been agreed.

4.5 As for the rest, we shall be in default not before written reminder and not before expiry of a reasonable additional period of one month to be fixed by the customer. Our client is entitled to cancellation provided that he has threatened in writing to cancel the order at least within one week after unsuccessful expiry of the additional period and we are also not in a position to supply within said period. Compensation for damages is excluded unless we have willingly and knowingly or by gross negligence failed to observe the final deadline.

4.6 Our client can only cancel that part of the order for which the work has not yet been started by us.

5 Execution of the order (contracting out in case of third-party influence, examination of material, impediments of the order)

5.1 In the event of measures taken by public authorities, which are beyond our responsibility, the client shall be held liable by us for all expenses incurred.

We shall not be liable for the permissibility of the production and the sale of the goods manufactured in commissioned work and also not for consequences of its application or use according to the applicable legal provisions, in particular as defined by the provisions of the Medical Preparations Act, the Foodstuffs Act and the law on articles required for human needs including the statutory rules and orders in this regard, unless the observation of particular manufacturing and control prescriptions has been taken over by us in written form and which were not observed, either willingly and knowingly or as a result of gross negligence.

5.2 Basic materials, which were made available to us, are only checked by us with respect to their identity. We shall only be obliged to carry out further examinations regarding quality, purity, chemical composition or similar by virtue of explicit written agreement. Liability for loss, destruction or reduced quality of the basic materials supplied to us shall only be taken over by us in case of intention or of gross negligence. Compensation for damages is limited to the double amount of the added value at maximum, which means that we can only and at maximum be held liable for the double amount of the production costs (exclusive of costs of additives).

5.3 Our customer undertakes to give us the manufacturing specifications in unmistakable form. Regarding special wishes, such as validation of the manufacturing procedure, stability tests or annual reviews, it is necessary to inform us about these explicitly in writing.

5.4 In the event that the processing of the basic materials supplied by our customers includes particular risks, it is necessary to inform us accordingly by means of the relevant safety data sheet.

5.5 With respect to goods which we produce according to recipes made available by the customer or drawn up on behalf of the customer or approved by him, we do not take over any guarantee or liability for their therapeutical, pharmacological, toxicological or other qualities regarding their effectiveness or for any consequences of the application and duration thereof, unless this has been explicitly guaranteed by us in writing. Nevertheless, our liability is limited to intent and gross negligence.

5.6 In the event that during the execution of the order it turns out that it cannot or only be completed according to the customer's instructions under additional difficulties, we can hold liable the customer for the additional expenses incurred after having informed the customer about said difficulties.

6 Shipment, passing of risk, main duty of storage, exchange of pallets

6.1 Partial deliveries are permissible without particular agreement.

6.2 The risk of accidental destruction of the articles of the contract pass to client as from receipt of the notice of readiness for collection or shipment, at the latest as from the moment of leaving the loading ramp.

6.3 The goods supplied have to be accepted by our customer even in case of defectiveness and can only be returned provided our consent has been given.

6.4 Our customer stores - as main duty - all of our articles free of charge for us until passing of title or due resale, agreed return or destruction.

6.5 In case of supply on Euro pallets, the same quantity of pallets of medium kind and quality has reciprocally and simultaneously to be handed over. Missing quantities are to be substituted at the market price of brand-new Euro pallets.

6.6 In the event that the customer fails completely or partially to accept the goods, we are entitled to cancel without further explanation the part of the order which has not yet been completed or for which the work has not yet been started, irrespective of other rights.

7 Reservation of title, entrusting for collection

7.1 Simple and extended reservation of proprietary rights is applicable until payment of all - also in the future arising - receivables resulting from the entire business relation with our customer,

even if payments are made on invoices which are particularly designated. In case of open account the reserved title is also meant to secure our receivables. We reserve furthermore the proprietary right of our goods until all claims, which we have towards enterprises linked with the customer, have been satisfied.

7.2 In case of liability as defined by the law on bills of exchange and promissory notes or secondary liabilities on our part resulting from the business relation, the reservation of title does not expire before we have been exempted from the liability of the parties to a bill of exchange or the secondary liability has expired.

7.3 Our customer undertakes to insure the reserved goods in a proper way against possible damages or theft and to prove the insurance if requested by us.

7.4 As far as our total claim is undoubtedly secured by more than 125%, we undertake, on customer's request, to release securities of our choice at a reasonable sum.

7.5 In case of seizure by a third party of the goods belonging to us or of claims substituting these, the customer shall immediately inform us about this in writing and notify the third party immediately of our reservation of title and of the assignment of the claim to us.

7.6 Our customer declares explicitly not having made any advance disposal regarding our reserved goods which could limit our rights resulting from the above reservation of title.

7.7 Our customer is only entitled to resell the reserved good in ordinary course of business, which means at least at his original price. He assigns to us already at this stage all claims, which accrue to him as a result of a resale to third parties, at the sum of all our receivables. The assignment is hereby accepted by us.

7.8 Our customer is only authorized to resell or dispose otherwise of the reserved goods if it is guaranteed that his claim towards his purchaser passes to us.

7.9 Our customer is authorized to collect the assigned claims as trustee. We are entitled to withdraw the authorization for collection and to collect the claim ourselves as soon as our customer is in default of payment.

7.10 In case of revocation of the entrusted authorization for collection, our customer shall give us any necessary information concerning the balance and the extent of our reserved goods, to inform us about outstanding accounts receivable resulting from the extended reservation of title and to transfer to us the property of the original evidence in order to put through said claims. In this case he shall disclose to his client the assignment and instruct the client irrevocably to make payment to us.

7.11 The final repurchase of our delivered goods due to default in payment of our customer does not result in cancellation of the contract. In such case the current value of the repurchased goods is rather credited against the outstanding purchase price.

8 Defects, warranty, notification of defects, burden of proof, exclusions

8.1 With respect to the quality of our article of sale the agreed product specification is exclusively applicable. On the other hand, public statements, sales talks or advertisements on the part of third parties are not considered to be a contractual description of the quality of our article of sale. Samples made by us are only considered as representative samples.

8.2 Our client undertakes to inform us in writing about obvious defects of the article of sale within a term of one week as from acceptance of the article of sale and about concealed defects within the same period as from the discovery thereof, attaching a sample where possible. If the term is not observed, the assertion of warranty claims is in principle excluded. Dispatch of the notification in good time is also necessary to observe the term.

8.3 Our client bears the full burden of proof in order to fulfil all requirements of his claim to subsequent improvement, ie for the defect, the existence thereof at the moment of passing of risk, for the time of establishing the defect and for the notification of defects in good time.

8.4 In case of only insignificant defects of our articles of sale we do in principle not assume any liability.

8.5 In case of other defects of our articles of sale we are given opportunity to subsequent improvement of the batch/es concerned, as far as subsequent improvement is possible and reasonable from the aspect of safety of medications.

8.6 Subsequent improvements are made by us at our expense with carriage paid from the original station or place of destination.

In case of substitute deliveries we take over the double amount of the manufacturing costs (exclusive of material cost) and the costs for disposal of the faulty delivery.

8.7 We are entitled to carry out at least two attempts of subsequent improvement for each defect and two substitute or additional deliveries for each defect.

8.8 In the event that our subsequent improvement fails definitely, our client has in principle the choice only to reduce the purchase price or to cancel the purchase or, instead, to demand compensation for damages.

8.9 If our client after unsuccessful subsequent improvement decides to reduce the purchase price or to cancel the contract due to legal imperfection in title or defect in quality, he shall not be entitled to additional compensation for damages

8.10 In the event that our client after unsuccessful subsequent improvement decides to get compensation for damages, the article of sale remains at our customer's if this is reasonable for him. In such case the claim for compensation is at maximum limited to the double amount of the manufacturing costs (without material cost) and the costs for disposal.

This does, however, not apply if proof is furnished that we have that we have willingly and knowingly infringed the contract.

8.11 Further claims, in particular compensation for expenses or damages due to defects or consequential damages, are only possible within the scope of the provisions as defined by No 9 (general limitations of liability).

8.12 Warranty expires if the article of sale has been affected by improper storage, unless there is no causality of this for the damage.

8.13 We do in principle not agree on obligations under guarantee.

9 General limitations of liability, burden of proof

9.1 We take over liability in accordance with the law for liability claims of our customer as a result of product liability, for claims resulting from physical injuries or health impairments on the part of our customer or loss of his/her life. The same applies if the customer proves that we have willingly and knowingly infringed the contract.

9.2 In case of careless breach even of essential contractual obligations our liability shall be limited to the foreseeable and direct mean damage which is typical of the contract; compensation for indirect damage (eg loss of profit) is excluded.

9.3 The same limitation of liability or exemption from liability as defined by No 9.2 applies in case of infringing essential or non-essential contractual obligations by ordinary negligence on the part of us.

9.4 Our customer bears the burden of proof for careless behaviour on the part of us.

10 Limitation of the right of cancellation as for the rest

10.1 Except the warranty clauses for defects of our article of sale, our customer shall only be entitled to cancel the contract if a fault on the part of us can be proved.

10.2 A fault is understood to comprise only careless or seriously careless behaviour on the part of us, our representatives, authorized agents or person employed in performing an obligation for whom we are vicariously liable.

11 Insurances

11.1 In addition to the statutory insurances we effect transport insurances, which are customary for this branch of business, for the supply of the additives to be made available and for the delivery of the contractual products with own vehicles.

11.2 We effect fire, water pipe and burglary insurances for the storage of the supplied additives or packaging.

12 Property of tools

The title to tools, which we make or buy to carry out the customer's order and for which we have received payment by the customer, is left to us. No reimbursement shall be made.

13 Limitation of actions

13.1 All claims on the part of our customer resulting from the contract become statute-barred at the end of one year as from passing of risk of the article of sale. This does not apply to claims as defined by No 9.1 or if the customer proves that we have maliciously infringed the contract.

13.2 The running of time for the purposes of the Statute of Limitation shall not be suspended by negotiations or examinations requested by our customer with regard to the existence of defects or authorities and rights to which both of the parties are mutually entitled taking into consideration said defect.

14 Place of performance, legal venue, applicable right

14.1 The place of business of our company is the place of performance for deliveries and payments.

14.2 Düsseldorf is the exclusive legal venue for all disputes resulting from this contract except claims under tenancy, leasehold or patent law. The same applies even if the customer does not have a general legal venue in Germany.

14.3 We are nevertheless entitled to assert claims against our customer also at the legal venue of his place of business.

14.4 The legal relationship between ourselves and our customer is exclusively governed by German law. The application of the UN convention on international sale of goods (CISG) is excluded.

15 Final provisions

15.1 As far as particular provisions of the contract with our customer including these General Terms and Conditions or of special agreements are or become ineffective, the validity of the rest of the agreement shall not be affected by this. The provision, which is partially or totally ineffective, should be replaced by another one which we and our customer would have chosen to reach the economical purpose of the provision if the ineffectiveness of said provision had been known.

15.2 The same applies analogously to gaps in the provisions.

15.3 Our customer and we undertake to replace the ineffective provision or fill the gap by written supplementary agreement.

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