

TROVAN General Terms and Conditions of Business
September 25, 2009

1. Applicability of the TROVAN General Terms and Conditions

- 1.1 TROVAN's quotations, deliveries and services are provided subject to these General Terms and Conditions of Business (hereinafter "General Terms and Conditions") By placing an order with Trovan, Ltd., (hereinafter "TROVAN") the Buyer accepts the General Terms and Conditions in full. Deviations from the Terms and Conditions are binding upon TROVAN only in the event they are expressly acknowledged in writing by TROVAN.
- 1.2 Terms and conditions of the Buyer deviating from TROVAN's own are hereby expressly excluded. This exclusion applies most particularly in situations where an order is placed by the Buyer with reference to terms and conditions stipulated by the Buyer.
- 1.3 The General Terms and Conditions are the basis for all future business transactions between TROVAN and the Buyer.

2. Scope of delivery and services provided

- 2.1 Verbal agreements are valid only if accepted in writing by TROVAN
- 2.2 TROVAN reserves all title and copyright to illustrations, drawings, calculations and other documents. This also applies to written documents that are described as "confidential." Before passing such material to third parties, the Buyer must obtain TROVAN's express written consent.
- 2.3 In the event Buyer orders customized transponder products (non-stock items) that are made to order, to the Buyer's specifications, short deliveries or excess deliveries of up to 10 percent of the quantity ordered are deemed to be in conformity with the Contract, as defined in 4.1 below. In the event of short delivery, TROVAN shall refund the overpayment and in the event of excess delivery, the Buyer agrees to pay for the overage amount at the contracted per-piece rate.
- 2.4 In the event TROVAN agrees in writing to cancel a Buyer's order, TROVAN is entitled to assess, at its option, a minimum charge of 20 percent of the order value, plus VAT, if applicable.
- 2.5 TROVAN is entitled to employ subsidiaries and third parties as subcontractors in the fulfillment of its duties under this Contract.

3. Buyer's Obligation to Cooperate

- 3.1 Upon TROVAN's request, the Buyer shall confirm the correctness and completeness of documentation and information Buyer has supplied.
- 3.2 Buyer shall supply TROVAN with the information and documentation it needs to perform its duties. Buyer shall advise TROVAN promptly and without prompting of any circumstances which may impact TROVAN's ability to provide effective delivery and/or performance of its duties.

4. Quotations, offers and prices

- 4.1 Our quotations are non-binding and subject to confirmation, in other words, a contract (hereinafter "Contract") is only effected if TROVAN confirms the Buyer's order in writing.
- 4.2 Unless otherwise stated, a written offer or quotation is valid for 21 days from the date of issuance.
- 4.3 Prices are quoted ex works, from the warehouse or facility designated in the offer, exclusive of packing and handling, freight costs, transportation insurance, taxes and duties, fees or licenses (including but not limited to Certificates of Origin and Export Certificates).
- 4.4 TROVAN shall at its option invoice separately any packing and handling, freight costs, transportation insurance, taxes and duties, fees or licenses (including but not limited to Certificates of Origin and Export Certificates) incurred for deliveries split at the customer's request.

5. Title

- 5.1 Goods delivered by TROVAN remain TROVAN's property until all receivables arising from the Contract, as well as from any concurrent or future Contracts between the Buyer and TROVAN, have been paid for in full.
- 5.2 The goods to which TROVAN reserves title or a share thereof (the "Reserved Title Goods") may only be sold, processed or combined with items of different origin in the course of normal business operations. Resale of the Reserved Title Goods by the Buyer is only permitted on condition that the Buyer's receivables arising from the sales transaction pass to TROVAN. The validity of the Contract and the obligations of the Buyer toward TROVAN remain unaffected by any such sale.
- 5.3 If the Reserved Title Goods are inextricably intermingled or combined with goods belonging to others, TROVAN acquires a pro-rata share of the title in the new good at the time point the intermingling occurs. The Buyer shall preserve in this fashion TROVAN's sole or co-ownership in the goods.
- 5.4 In the event of breach of contract by the Buyer, in particular payment default, TROVAN is entitled to recover the Reserved Title Goods after sending a reminder and the Buyer is obliged to surrender them. TROVAN's seizure of goods constitutes its termination of the Contract. TROVAN is entitled to sell the goods after recovering them. The proceeds of sale must be applied toward settling the Buyer's liabilities after deducting reasonable costs of sale. If

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any liabilities remain after TROVAN's recovery and sale of the goods, Buyer continues to be responsible for payment of same.

- 5.5 The Buyer is entitled to process and resell the Reserved Title Goods in the due course of business. Receivables arising from resale, insurance claims, tort etc. with respect to the Reserved Title Goods, are hereby assigned in full to TROVAN as security.
- 5.6 Buyer is revocably authorized by TROVAN to collect the receivables assigned to TROVAN in its own name for TROVAN's account. The receivables may not be assigned or pledged by the Buyer. The authorisation to collect the receivables may be revoked by TROVAN only if the Buyer fails to duly comply with its payment obligations or if TROVAN becomes aware of circumstances that may endanger TROVAN's rights under this Contract. The collection authority of the Buyer is extinguished if the Buyer ceases to make payments, is ordered by a court of law to disclose its asset position, a petition is made for the opening of insolvency proceedings, or Buyer seeks extra judicial settlement for this purpose.
- 5.7 At TROVAN's request, Buyer must notify its debtors of the assignment of the receivables in question and notify TROVAN of the debtors' identity, contact information, and the amounts owed by them and surrender to TROVAN any documents it requires to claim the assigned receivables.
- 5.9 In the event of attachment of the Reserved Title Goods, or other interventions by third parties, Buyer must notify said third parties of TROVAN's title and notify TROVAN in writing without delay so that TROVAN may bring an action under § 771 Code of Civil Procedure (ZPO). If the third party is not in a position to refund the legal costs incurred by an action under § 771 ZPO, the Buyer is liable for the loss TROVAN has sustained. In the event of Buyer's breach of contract or in the event TROVAN becomes aware of other circumstances which may appear to endanger TROVAN's rights, TROVAN is entitled to recover the items sold. TROVAN's recovery of the goods sold constitutes withdrawal from the Contract.
- 5.10 If TROVAN accepts the returned goods, with return shipping paid by Buyer, while releasing the Buyer from its duty of acceptance, TROVAN may require that the Buyer pay 25% of the invoice amount as damages for non-performance. The Buyer is entitled to prove that the damages suffered were lower.
- 5.11 Title to the Reserved Title Goods and to associated assigned receivables passes to the Buyer upon full payment of all receivables due TROVAN arising from the business relations.

6. Payment

- 6.1 Payment is to be made to Trovan's account without deductions within the agreed upon payment terms or, if not otherwise agreed, immediately with no deductions. The date of receipt of funds on Trovan's account shall be considered the effective payment date.
- 6.2 Payment is to be made in the currency stated in the order confirmation/invoice and to the account stated in the order confirmation/invoice.
- 6.2 In the event of late payment TROVAN is entitled to Buyer's payment of interest at a rate of 8 p.c. above the base interest rate of the European Central Bank. In the event TROVAN is able to demonstrate greater damages as a result of Buyer's late payment, TROVAN shall be entitled to compensation for same, and shall be entitled to pursue legal recourse.

7. Blanket Orders, Apportioning of Goods and Partial Deliveries

- 7.1 In the event Buyer places a blanket order, the total quantity ordered is deemed to have been called up one month after expiration of the agreed-upon period in which call-ups were to take place; in the absence of such agreement, twelve months after conclusion of the Contract.
- 7.2 If the Buyer does not undertake the apportioning of the goods incumbent upon it within one month of expiry of the period allowed for said apportioning at the latest or, in the absence of any such agreement, within one month of our request for apportioning at the latest, TROVAN may apportion and deliver the goods at its discretion.

8. Shipping

- 8.1 Product packaging is disposable packaging that may not be returned to TROVAN. Special types of packaging shall be billed separately.
- 8.2 TROVAN's shipping method is at its discretion, unless Buyer stipulates in writing a shipping method of Buyer's choice prior to order confirmation.

9. Risk

- 9.1 Unless otherwise specified by TROVAN, risk passes to the Buyer as soon as the goods have been handed over to the person undertaking transport or when it has left the warehouse for the purpose of shipment.
- 9.2 In the event delivery is delayed due to circumstances under Buyer's control, risk passes to the Buyer as soon as written notice is made to the Buyer that the goods are ready for delivery.

10. Delivery Period

- 10.1 In order to be binding, the delivery date must be confirmed as such by TROVAN in writing.

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- 10.2 Timely delivery is subject to Buyer supplying all necessary documentation, permits, releases and clarification as well as approval of plans and schematics, as well as Buyer's compliance with the agreed-upon payment terms. In the event Buyer does not fulfill these prerequisites in a timely fashion, the delivery period will be correspondingly delayed, or, at TROVAN's option, renegotiated. TROVAN is entitled to payment of damages resulting from any delays on Buyer's part.
- 10.3 TROVAN will be deemed in compliance with the delivery date when the finished goods are available for pick-up at TROVAN's shipping facility or warehouse, or have been picked up by the freight hauling company or forwarding agency.
- 10.4 If delivery is delayed by circumstances beyond TROVAN's control ("Force Majeure"), including but not limited to fire, flood, war, intervention by government authorities, industrial action, difficulties arising in the procurement of materials, supply chain problems or the like, TROVAN's contractual obligations are suspended for the duration and the scope of the disturbance. If TROVAN is not able to perform as required under the Contract due to a Force Majeure impact that lasts longer than four weeks, subsequently, with reasonable notice, either Buyer or TROVAN may, at their option, withdraw from that part of the Contract which is not yet completed. The Buyer shall not be entitled to any compensatory damages.
- 10.5 If TROVAN fails to adhere to binding, confirmed delivery dates or is in default of its contractual obligations, except as specified in 10.4 above, the Buyer is entitled to default compensation equal to 0.5% for each complete week of default, up to a maximum of 5% of the total invoice value of the supplies and services affected by default. All further claims are excluded, unless default is due at least to gross negligence.
- 10.6 In the event Buyer agrees to accept partial deliveries, TROVAN is entitled to make partial deliveries and invoice each of them separately and Buyer must accept partial deliveries.
- 10.7 If the Buyer has not met its obligations toward TROVAN or is in default with respect to its obligation to take delivery of product, TROVAN is entitled to claim compensation for damages sustained, including any costs incurred as a result.
- 10.8 TROVAN is not obligated to make deliveries so long as Buyer has any unmet obligations toward TROVAN, and TROVAN is entitled to request and receive additional securities for payment owed. In the event the goods have already been consigned to the shipper, TROVAN is entitled to retrieve said goods until such time as TROVAN has received corresponding securities.
- 10.9 In the event Buyer cannot or will not accept delivery of the goods, or delivery is held up due to buyer's failure to pay, TROVAN may put the goods into storage, with the risk and cost to be borne by the Buyer. From the date the product is put into storage, TROVAN may charge a storage fee of 0.5% of the invoice amount for every month or every part of a month the goods remain in storage, except if TROVAN's cost incurred are lower, in which case Buyer shall be charged a correspondingly lower amount.
- 11. Manufacture and Warranty**
- 11.1 Buyer must inspect the received goods for readily apparent deficiencies without delay, including but not limited to deficiencies in quantity or damage, and to report the same to TROVAN in writing no later than 2 weeks after receipt of product. In order to qualify, the claim must be sent within the stated period. In the event of other deficiencies, the Buyer is obligated to report these in writing immediately upon discovery, but within the warranty period stipulated in 11.13. The Buyer is solely responsible for documenting the deficiency and for meeting the prerequisites of filing a claim in a timely fashion.
- 11.3 TROVAN warrants that it has the means and capacity to supply the Product under the terms of this Contract and that the Product is of merchantable quality and fit for distribution, installation and the ordinary use in the intended manner and will perform in accordance with its descriptions and specifications.
- 11.4 TROVAN warrants each Product, as defined in clause 10 below, against defects in material and workmanship under normal use and service, in accordance with the product specifications. The warranty period extends for a period of twelve (12) months from the date of shipment to the original purchaser.
- 11.5 The Products are defined as follows
(a) TROVAN Transponders procured through TROVAN;
(b) TROVAN Readers procured through TROVAN
(c) Accessory equipment for TROVAN Readers and TROVAN Transponders procured through TROVAN.
- 11.6 This express warranty is extended by TROVAN to the original purchaser and is not assignable or transferable to any other party. This is the complete and exclusive warranty for products manufactured by TROVAN and may not be enlarged without TROVAN's express written consent.
- 11.7 TROVAN will at its option repair, exchange or replace the Product during the warranty period at no charge, provided it is returned in accordance with the terms of this warranty. Replaced parts are warranted for the balance of the original applicable warranty period. In the event no defect is found during evaluation, a €40 minimum charge will be assessed for labor and materials expended. For Products not covered by the warranty (due to age, misuse and/or damage), a quote for repairs will be issued, and no work will be performed until a valid purchase order is received. The rate for repairs is €40 per hour, plus materials. Product left over 30 days without repair authorisation and purchase order will be returned with evaluation charges and shipping costs applied.

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- 11.8 TROVAN is not responsible for the operation or performance of
(a) value-added products in which the Product is incorporated;
(b) any ancillary equipment not furnished by TROVAN which is attached to or used in connection with the Product. TROVAN does not warrant the installation, maintenance or service of the Product.
- 11.9 TROVAN is not responsible for TROVAN products procured by the Customer from overseas suppliers. Customer is required to furnish proof of purchase upon request by TROVAN.
- 11.10 Defective parts will be repaired or replaced. The warranty covers TROVAN transponders used in the intended manner.
- 11.11 The foregoing warranties will not apply if replacement is required due to accidents, neglect, abuse, misuse, tampering, intentional damage or other acts or omissions.
- 11.12 TROVAN is not responsible for
(a) its failure to provide service or parts due to circumstances beyond its control due to Force Majeure;
(b) defects or damage resulting from use of the product in other than its normal and customary manner;
(c) defects or damage from misuse, accident or neglect;
(d) defects from improper testing, operation, maintenance, installation, alteration, modification or adjustment;
(e) defects or damage due to lightning or other electrical discharge;
(f) product which has been disassembled or repaired by any entity other than an authorized TROVAN service center;
(g) modification, tampering with or abuse of the product;
(h) freight costs to repair depot.
- 11.13 The warranty period for products supplied by Trovan shall be one year from date of shipment to the original purchaser.
- 11.14 This warranty sets for the full extent of TROVAN's responsibility regarding the Product. Repair, replacement or refund of the purchase price, at TROVAN's option, is the exclusive remedy. This warranty is given in lieu of all other express warranties. All other warranties express or implied, including without limitation implied warranties of merchantability and fitness for a particular purpose, are specifically excluded. In no event shall TROVAN be liable for damages in excess of the purchase price of the product, for any loss of use, loss of time, inconvenience, commercial loss, lost profits or savings or other incidental, special or consequential damages arising out of the installation, use or inability to use product, to the full extent such may be disclaimed by law.

12. Liability

- 12.1 Except as otherwise provided in this Contract:
(a) all terms, conditions, warranties, undertakings, inducements or representations whether express, implied, statutory or otherwise relating in any way to the Product or to this Contract are excluded; and
(b) in no event shall TROVAN be liable for any special, incidental, indirect or inconsequential damages including damages for loss of business profits, business interruption and loss of information which may be suffered or incurred or which may arise directly or indirectly in respect of the Product.
- 12.2 Subject to clause 11 TROVAN makes no express or implied warranties or conditions including without limitation the warranties as to merchantability or fitness for a particular purpose with respect to the Product and no oral or written information or advice given by TROVAN its servants, agents or employees shall create a warranty or in any way increase the scope of any warranty given under clause 11.
- 12.3 Nothing in this Contract is intended or shall be construed as excluding or modifying any statutory rights, warranties or conditions which are applicable to this Contract by virtue of any national or state fair trading, trade practices or other consumer legislation unless permitted by that legislation, however, TROVAN's liability for any breach of warranty or condition shall be and is limited to either:
(a) the replacement and supply of any part of the Product; or
(b) the correction of any defect in any part of the Product as TROVAN in its sole discretion may determine necessary.
- 12.4 Regarding deliveries and services rendered to buyers from abroad, it is expressly agreed upon that all costs of prosecution and action by us due to default of payment, judicial as well as extrajudicial, will be borne by the buyer

13. Severability

Should any provision of this Contract be declared invalid or unenforceable or should the Contract contain an omission, the remaining provisions shall remain valid. In the place of an invalid provision, a valid provision is presumed to be agreed upon by the parties, which comes economically closest to the one being replaced; the same shall apply in the case of an omission.

14. No Waiver

The failure of either party to enforce at any time the provisions hereof shall not be construed to be waiver of such provision or waiver of the right thereafter to enforce each and every provision hereof.

15. Choice of Law and Jurisdiction

This Contract made in English language shall be controlled and interpreted under the laws of Germany. The place of jurisdiction shall be Duesseldorf, Germany.