

TERMS AND CONDITIONS OF CONTRACT MANUFACTURING AND SALES

Preamble

You ("The Customer") have chosen Natural Beauty Care Pty Ltd ABN 51 069 010 742 ("NBC") as a Contract Manufacturer for the manufacture of Customer's products. The development, manufacturing, sale and delivery of the Customer's products by NBC are subjected to the terms and conditions as follows:-

1.0 Products

1.1 Generally, products to be manufactured are bath and beauty care products. Specifications of individual products to be manufactured shall be discussed on an on-going basis and mutually agreed upon.

2.0 Product Development

2.1 The Customer may develop their products and engage NBC to manufacture these products. All cost of development will be borne by the Customer and the Customer acknowledges that all products that NBC is engaged to manufacture do not infringe any patents, copyrights, brands or other intellectual property rights not belonging to the Customer and indemnifies NBC against any and all claims arising from the infringement of any patents, copyrights, brands or other intellectual property rights.

2.2 The Customer may engage NBC to develop products for the Customer. In such an event, the Customer agrees to reimburse NBC for any and all costs incurred in the development process including all materials, equipment, and labour. NBC will prepare a report of all costs incurred and invoice the Customer. Development costs incurred by NBC shall be payable regardless of the outcome of the development.

2.3 Unless otherwise agreed by NBC all development costs incurred shall be payable immediately upon presentation of an invoice. NBC shall have the absolute discretion to waive costs incurred in development either partially or wholly.

3.0 Price and Quotations

3.1 NBC shall provide the Customer a quotation for each project that Customer has requested NBC to perform. All quotations are subject to the following:-

3.1.1 Quotations shall, unless otherwise specified, remain valid for a period of 28 days from the date of such quotation and shall be in reference only to such products, equipment, materials and/or accessories ("Goods") and/or services (if any) as are specified therein.

3.1.2 Every quotation made or given by NBC is by way of invitation to treat only and shall in no circumstance constitute or be deemed to constitute an offer by NBC.

3.1.3 Unless specified, all prices quoted are Ex-Warehouse and do not include GST, delivery, postage, duties or any other taxes or other unforeseen expenses that may become applicable in the future.

3.1.4 NBC calculates all prices based on information, materials and components as at the time of the quotation. Unless agreed in writing by NBC, quotations provided shall no longer be valid if changes to goods and/or services are made.

3.1.5 NBC reserves the right to withdraw or revise any quotation at any time before it accepts any order.

4.0 Ordering Procedure

4.1 At the start of each financial year the Customer shall endeavour to provide an annual forecast of the products that the Customer would like NBC to manufacture.

4.2 The Customer shall also provide a rolling quarterly forecast to NBC of the products that the Customer would like NBC to manufacture.

4.3 The Customer must place orders with NBC at least 30 days before production is due to commence. All orders placed must be on the Customer's official Purchase Orders form and must include accurate details about the Customer including full company name, address, A/CN and/or ABN.

4.4 All confirmed orders cannot be cancelled unless agreed in writing by NBC and in the event that NBC agrees to cancel an order the Customer agrees to be liable to NBC for all labour performed, all finished products produced, all materials and/or components procured or committed to being procured and reasonable administration charges up to the date of the cancellation.

5.0 Delivery

5.1 The times or dates of delivery indicated by NBC to the Customer in any quotation are estimates only and although every reasonable effort will be made by NBC to deliver within the timeframe specified, no liability shall arise for any failure by NBC to deliver within such timeframe nor shall the Customer have the right to make any objection, claim any compensation or rescind any contract between NBC and the Customer due to a failure by NBC to deliver within such timeframe.

5.2 The Customer must notify NBC of any errors or shortages with the Goods within fourteen days of the receipt of Goods. The delivery dock number must be quoted with such notification. Shortages advised when payment is due are not admissible.

6.0 Insurance

6.1 Unless the invoice includes a charge for delivery insurance the Goods shall be at the sole risk of the Customer as soon as they leave the possession of NBC or its employees.

7.0 Returned Goods

7.1 The return of Goods will not be accepted without prior written approval by the Financial Controller or Senior Accounts Officer of NBC.

8.0 Title Retention

8.1 Until the contract price of all Goods and/or services (if any) that are the subject of any contract between the Customer and NBC shall have been paid or satisfied in full the following provisions shall apply:-

8.1.1 The property of such Goods remains vested in NBC notwithstanding the delivery of the same.

8.1.2 The Customer shall hold such Goods as bailee for and on trust for NBC.

8.1.3 The Customer shall store such Goods in such a way that they can be readily identified as being NBC's property.

8.1.4 The Customer shall on request inform NBC of the precise location of each item of such Goods identified where applicable by serial number, by supplying to NBC at the Customer's expense a written schedule of the said location(s) with 7 days of such request.

8.1.5 The Customer may sell such Goods in the ordinary course of the Customer's business and may pass good title to a third party being a bona fide purchaser for value without notice of NBC's rights on the following conditions:-

8.1.5.1 The proceeds of such sale up to the Customer's maximum indebtedness to NBC shall be held by the Customer on trust for NBC;

8.1.5.2 In the event of such sale the Customer shall, up to its maximum indebtedness to NBC, account to NBC on demand for the said proceeds of sale;

8.1.5.3 NBC may at any time revoke the Customer's said power of sale;

8.1.5.4 The Customer's said power of sale shall automatically cease if the Customer at any time is in default of payment of monies due to NBC pursuant to any contract between it and NBC; and

8.1.5.5 The Customer shall notify NBC without delay of any actions by third parties which might infringe NBC's title to such Goods.

8.1.6 Upon termination of the Customer's power of sale, NBC or its servants or agents shall be entitled to enter upon any of the Customer's premises for the purpose of removing and repossessing such Goods and/or proceeds of sale.

8.1.7 The Customer shall insure such Goods against theft or any damage howsoever caused until their full contractual price has been paid or until sale, whichever shall first occur, and NBC shall be entitled to call for details of the insurance policy and if the Customer does not insure such Goods or fails to supply details of the insurance policy on demand to NBC the Customer shall reimburse NBC for the cost of any insurance which NBC may reasonably arrange in respect of such Goods during the whole or any part of the period from the date of delivery of such Goods until the day of payment to it of their full contractual price.

8.1.8 Nothing in this Clause shall be construed as having appointed the Customer as NBC's employee or agent and NBC will not be liable to any third party for any representation or warranty made or given by the Customer to such third party in relation to such Goods.

9.0 Personal Property Securities Register

9.1 Pending payment in full for the Goods the Customer grants a security interest in such Goods to NBC to secure such payment.

9.2 Pending payment in full for the Goods the Customer grants a purchase money security interest in the proceeds of sale of such Goods to NBC to secure such payment.

9.3 The Customer acknowledges that NBC shall be entitled to register its security interest(s) on the Personal Property Securities Register and agrees to execute all documents that may be required to enable such registration.

9.4 The Customer must not do, or agree to do, any of the following unless it is permitted to do so by a Clause of these Terms and Conditions:-

9.4.1 Create or allow another interest in any Goods or proceeds of sale of such Goods; or

9.4.2 Dispose or part with possession of any Goods or proceeds of sale of such Goods.

10.0 Payments and Credit

10.1 Payment for all Goods and/or services (if any) the subject of any contract between NBC and the Customer shall be made at the times and on the terms expressed in the Company's quotation (if any).

10.2 In the absence of provisions as to payment being set out in NBC's quotation then all accounts must be paid as per terms approved by NBC's Finance Department. If at a date on which NBC is ready to deliver Goods the Customer refuses to accept delivery for any reason NBC may immediately present their invoice(s) for full settlement within the approved terms.

10.3 The Customer shall pay interest on all overdue amounts at the rate of 12% per annum (or such other rate as the Company may specify in any quotation) from the due date until the date of payment, calculated daily.

10.4 In the event of default of payment and without prejudice to any other rights or remedies available to it NBC reserves the right to demand payment of all outstanding balances whether or not due on the date of default and/or to cancel any or all outstanding orders from the Customer.

10.5 The Customer shall not be entitled to withhold payment to NBC or make any deduction from the contract price in respect of any set-off or counter-claim or for any other reason whatsoever.

10.6 In the event of default of payment NBC shall be entitled to retake possession of and resell the Goods and shall be released from any and all obligations under any contract(s) between NBC and the Customer.

10.7 The Customer agrees and acknowledges that it will reimburse NBC for all loss incurred by NBC as a result of a default in payment by the Customer, including but not limited to legal costs or other agency fees expended in recovering any outstanding amounts.

10.8 Nothing in this Clause is to be construed as consent by NBC to a default in payment of the contract price.

11.0 Responsibility for raw materials, components and finished products

11.1 By engaging NBC to manufacture the Customer's products, the Customer hereby agrees to be responsible for all raw materials, components, and finished products in the following manner:-

11.1.1 Consigned raw materials and components.

11.1.1.1 Customer must provide sufficient quantities of consigned raw materials and components in advance in accordance with the dates stipulated by NBC to meet the planned manufacturing quantities ordered by the Customer.

11.1.1.2 Upon the completion of the manufacturing of the Customer's products or in the event that the raw materials and components provided to NBC are no longer suitable for the manufacturing of the Customer's products the Customer shall be responsible for collecting all remaining raw materials and components from NBC's warehouse.

11.1.1.3 The Customer may request that NBC dispose of all remaining raw materials and components belonging to the Customer. Such requests must be in writing and all costs incurred in disposing of the raw materials and components shall be borne by the Customer.

11.1.1.4 The Customer acknowledges and assumes all liability for the suitability, stability and compatibility of all packaging components supplied by the Customer to NBC for use in the manufacture of the Customer's products.

11.1.2 NBC purchased raw materials and components.

11.1.2.1 NBC may, at the request of the Customer, purchase raw materials and components required to manufacture the Customer's products and the costs of such raw materials and components including freight, duties, holding costs, and any other incidental costs, will be included in the contract price.

11.1.2.2 Until payment of the full contract price NBC will retain right title and ownership in the raw materials and components.

11.1.2.3 The Customer shall reimburse NBC all costs, including purchase cost, freight, duties, holding and other incidental costs, for all unconsumed raw materials and components resulting from the Customer's cancellation of any order.

11.1.2.4 The Customer shall reimburse NBC all costs, including purchase cost, freight, duties, holding and other incidental costs, for all unconsumed raw materials and components which are not able to be used in the manufacturing of the Customer's products for any reason.

11.1.2.5 The Customer shall be responsible for collecting all remaining raw materials and components from NBC's warehouse following completion of the manufacturing of the Customer's products

11.1.2.6 The Customer may request that NBC dispose of all remaining raw materials and components belonging to the Customer. Such requests must be in writing and all costs incurred in disposing of the raw materials and components shall be borne by the Customer.

11.1.3 Finished products.

11.1.3.1 The Customer acknowledges and assumes all liability for the performance, stability and suitability of products manufactured and supplied by NBC from formulations supplied to NBC by the Customer

11.1.3.2 The Customer may defer delivery of finished products for a maximum of 30 days. Thereafter, NBC shall invoice the Customer for all finished products held in NBC's warehouses. NBC will hold the Customer's finished products for a further 30 days after the invoice is rendered within which timeframe the Customer must give NBC its disposition instructions. If no instructions or mutually agreed arrangements are received or concluded, NBC will have the right to dispose of the finished products in any manner and the Customer will be liable for the cost of such disposition and NBC will further have the right to resell the finished products and retain the proceeds of sale and the Customer will not be entitled to make any objection or claim any compensation in this regard.

12.0 Warranties

12.1 Where the effect of any relevant legislation is that any terms, conditions, warranties and other rights are implied or given in respect of any contract between NBC and the Customer and it is not lawful or possible to exclude the same, then such terms, conditions, warranties or other rights shall (but only to the extent required by law) apply to these Terms and Conditions but save as aforesaid all such implied conditions, warranties and rights are hereby excluded.

12.2 Subject to any statutory provisions to the contrary all quotations are made or given and orders are accepted without any guarantee, warranty or conditions, express or implied that the Goods to be supplied are fit for the purpose(s) for which the Goods are required by customer or that the Goods to be supplied are suitable for use under any specific conditions notwithstanding such conditions may be known to NBC at the time nor is any guarantee given as to the life and wear of such Goods.

12.3 Any performance data mentioned in the quotation or associated documents including but not limited to relevant product brochures are indicative only and the Customer is not entitled to rely on such data and must rely on its own enquiries.

12.4 Unless otherwise expressly stated in writing, NBC gives the following warranty:

12.4.1 In the case of Goods manufactured by NBC, such goods will upon delivery to the Customer, comply in all respects with the written product specifications as mutually agreed and accepted by the Customer and NBC.

12.4.2 In the case of Goods manufactured by NBC, NBC will within a period of 12 months repair or replace at its option any defective Goods or part thereof provided that:

12.4.2.1 Such defect is due to faulty materials or workmanship;

12.4.2.2 Notice of such defect is given to NBC within 7 days of discovery of the defect;

12.4.2.3 Such defect does not arise from accident, ordinary wear and tear, or faults arising from operation or maintenance that is careless or not in accordance with instructions; and

12.4.2.4 The Customer has not modified any of the Goods or carried out any repairs thereon without having obtained NBC's prior written consent.

12.4.2.5 Such defect is not due in part or whole to faulty, incompatible or unsuitable components supplied or specified by the Customer to NBC for the manufacture of the Customer's products.

12.4.3 In the case of Goods which are purchased by NBC and not of its own manufacture, NBC limits all guarantees or warranties to the extent that such guarantees or warranties are given by the supplier thereof to NBC.

12.5 NBC shall under no circumstances be liable to customer for any form of incidental or consequential damages in connection with or arising from the furnishing, performance or use of the Goods of any part thereof and NBC's total liability for a breach of any of the terms hereof and of any warranty or condition express or implied shall be in all circumstances limited at the option of NBC to either the replacement of the defective Goods or part thereof or the repair of such defective Goods or part thereof. For the purposes of this clause incidental or consequential damages includes but is not limited to loss of profit, use or goodwill for like financial loss, payment made or due to any other person and any loss or damage caused by delay in the performance or any obligation together with any expenses incurred by the Purchaser in connection therewith arising there from or incurred in mitigation or attempted mitigation of such loss or damage.

12.6 NBC shall not be liable for any personal injury, property damage, consequential or contingent loss or damage caused through the negligence or otherwise of NBC, its agents or employees

13.0 Waiver

13.1 Notwithstanding any other provisions in these Terms and Conditions, NBC may end any contract with the Customer immediately by notice if the Customer materially breaches the contract or these Terms and Conditions in a way that cannot be remedied or if the Customer continues to be in breach of the contract or these Terms for five (5) business days after delivery of a notice from NBC that specifies the breach and requires it to be rectified within that time.

13.2 NBC may end a contract immediately by notice if any of the following adverse events occurs in relation to the Customer:

(a) a warranty given by the Customer is inaccurate;

(b) a liquidator or provisional liquidator is appointed to the Customer or any of its assets;

(c) the Customer ceases, or indicates it is about to cease, carrying on business; or (d) an external controller is appointed to the Customer, and that external controller does not confirm in writing, within five (5) business days of receipt of a written request from NBC, that the customer will continue to perform its obligations under its contract with NBC.

13.3 In the event that NBC ends a contract in accordance with these Terms and Conditions the Customer must immediately on demand pay to NBC:-

(a) all monies then due and payable under the contract or under any purchase order;

(b) the amount invoiced by NBC for components purchased pursuant to the Contract or purchase order;

(c) the amount invoiced by NBC for its labour and administrative time incurred for the purpose of fulfilling a customer order, which amount shall be the sum that is equivalent to 35% of the purchase order price.

The customer acknowledges and agrees that NBC incurs a substantial capital and operational expense by way of labour and administrative time in the process of fulfilling customer orders, and further acknowledges and agrees that the amount payable under the sub-clause constitute a genuine pre-estimate of the loss which would be suffered by NBC from the termination of the contract with the Customer. NBC's failure to insist upon strict performance of any of these Terms and Conditions shall not be deemed a Waiver thereof or of any other rights NBC may have and shall not be deemed to be an acquiescence to any subsequent breach of any of these Terms and Conditions.

14.0 Interpretation

14.1 In the interpretation of these Terms and Conditions the headings are inserted for clarity of reference and do not define, limit or affect the interpretation hereof.

15.0 Severability

15.1 Any of these Terms or Conditions or part thereof which infringes any State or Federal legislation shall be severable from the Contract without affecting the remaining Terms and Conditions.

16.0 Force Majeure

16.1 If, by reason of any fact, circumstances, matter or thing beyond the reasonable control of NBC, NBC is unable to perform in whole or in part any obligation hereunder, NBC shall be relieved of that obligation to the extent and for the period that it is so unable to perform and shall not be liable to the Customer in respect of such obligation and the Customer shall not be entitled to make any complaint or claim any compensation in respect of the failure to perform such obligation.

17.0 Law and Jurisdiction

17.1 All contracts made between NBC and the Customer shall be governed by and construed in accordance with the laws of the State of Victoria.

The above terms and conditions are hereby accepted by the Customer on acceptance of a quote and receipt of Goods and/or Services (if any).