

**General terms and conditions for delivery and payment**  
**Issue: January 1, 1994**

**I. Scope**

1. All our supplies are subject exclusively to the following terms and conditions; by the acceptance of the delivery the latest, they are deemed to have been accepted.
2. Any divergent general terms of the purchaser shall become effective only if they have been expressly approved by us in writing.

**II. Offers and conclusion of contracts**

1. All offers are always without engagement. Any details regarding dimensions or quantities are approximate data only. Samples are to be regarded as approximative reference samples only.
2. Orders shall be regarded as accepted only after confirmation in writing by us; all our order confirmations are, however, to be understood subject to obtaining all permits required for the export and/or import. Likewise, any and all other agreements not made in writing, and in particular those made with representatives or agents, require our written confirmation. Cables or telex messages are regarded as a sufficient written confirmation in the sense of the above mentioned rules and regulations.
3. In order to avoid any misunderstandings, the purchaser has to return to us immediately one copy of the order confirmation provided with his signature. We are entitled to continue with the processing of the order and, in particular, to deliver the goods after receipt of the signed copy only.

**III. Time of delivery**

1. We shall use every effort to adhere to the delivery times but they are to be regarded as an approximate indication only. Times of delivery begin on the day when the order confirmation is mailed. Delivery is deemed to have been effected in due time when the goods have been loaded at the end of the delivery period or at the date stipulated for delivery, or in case the goods are collected by the purchaser himself, when notice has been given that the goods are ready for dispatch or for delivery.
2. In the case of later alterations of the contract which might influence the period or date of delivery, the time of delivery shall be reasonably extended.
3. We reserve the right of a correct delivery in due time by ourselves.
4. Partial deliveries are allowed.
5. Excess- or short deliveries up to 5 % of the contracted quantity are permissible.

**IV. Prices**

1. Our prices are based on the exchange parties valid on the day of conclusion of the contract and on the respective rates for incidental expenses occurring upon export or import of goods, like export premium, export tax, freight, surcharges, insurance and war risk as well as customs duties and other levies. Any alterations of these parties or costs/expenses occurring through to arrival of the goods are for the account of the purchaser. Our prices are based on the dry weight plus the permissible moisture regain. For 100 % pure yarns and plied yarns, the moisture regain is as follows:

|                               |                |
|-------------------------------|----------------|
| a) 100 % cotton               |                |
| b) 100 % viscose staple fibre | 11.0 % or 13 % |
| c) 100 % polyamide fibres     | 4.5 %          |
| d) 100 % polyester fibres     | 1.5 %          |

and in the case of blends of cotton or viscose staple fibre with flax or flax tow 11.5 %
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**V. Payment**

1. If not otherwise expressly agreed upon, the amount of the invoice shall be due for payment without rebate.
2. All payments have to be made exclusively to our account.
3. When the due date for payment is exceeded, interest shall accrue at a rate in accordance with bank practices for short-term credits, at least, however, 5 % above the rate of the Deutsche Bundesbank for discounts. The assertion of a further claim for damage is reserved.
4. Cheques or bills of exchange which in any case, i.e. also after a longer-term payment practice, are subject to acceptance, shall be regarded as payment only after having been honoured. Any discount- or bank charges arising shall be for the account of the orderer. No liability is assumed for presentation or for making protest in due time.
5. If payment is delayed by the purchaser, with no request for payment required after due date, any and all accounts receivable - even if deferment has been granted and/or bills of exchange have been accepted - shall immediately fall due for payment. If hereby or on account of other circumstances (like dishonouring bills or cheques, reduction of the credit line by trade credit insurances, suspension of payments, bankruptcy petition etc.), the credit standing of the purchaser would become questionable for us, we shall be entitled to subject further deliveries to advance payments or to the provision of securities, to claim damage for non-compliance or to rescind a contract to the extent as deliveries have not yet been made.
6. The purchaser shall not have any right of retention. Being a non-merchant, he shall renounce to the enforcement of a right of retention out of former or other business affairs of the current business relation. A set-off can be based only on uncontested counterclaims which have become res judicata.

**VI. Retention of title**

1. The goods delivered shall remain our property until full payment of all our claims arising from the business relation with the purchaser. The integration of single claims in one current invoice as well as the recognition of the balance do not affect the retention of title. Payment has been made when the equivalent amount has been received by us. If a cheque is submitted combined with the drawing of a finance bill, the retention of title shall become extinct only after extinction of the liability for endorsement.
2. A processing of the delivered goods in the sense of §947 to §950 BGB is deemed to have been effected on our behalf, but without any costs for our account so that we become the owner of the semi-finished and finished goods so processed and produced. If now the goods subject to a reservation, are processed together with other goods belonging to the purchaser or objects subject to the so-called simple retention of title of third parties as per §455 BGB we shall acquire sole title to the goods so processed. If the goods subject to a reservation, are processed together with other goods also subject to a longer retention of title, hence with exclusion of the legal consequences resulting from § 950 BGB, we shall acquire a co-ownership in the new object based on the ratio of the invoice value of our reserved goods and the invoice value of the other processed objects. The above described processed goods which shall be stored with reasonable care gratuitously for us and maybe for other co-owners, too, are regarded as goods subject to a reservation in the sense of the terms and conditions following hereinafter.
3. At any time, the purchaser of the goods subject to a reservation, has to maintain an insurance policy covering the usual risks and has to give proof of such policy upon request. Hereby, the purchaser shall assign his possible insurance claims to us which we, on our part, accept.
4. The purchaser may sell and process the goods under reservation in the ordinary course of business only. Other disposals, and in particular chattel mortgage or pledging shall not be allowed. Textile finishers have to be advised especially of the prohibition to pledge. Any inter-

ventions or measures taken by third parties with regard to the goods under reserve, have to be made known to us without delay. On his own account, the purchaser has to take any and all urgent measures required to safeguard our rights and titles. In the case of a resale of the goods, the respective countervalue shall substitute the goods delivered.

5. The claims of the purchaser based on the resale of the goods under reserve shall be assigned to us already now, totally if the goods under reserve are our property alone, otherwise in an amount corresponding to the value of our co-ownership in the processed goods; we already now accept the assignment. If the assigned claim against the purchaser of the goods under reserve were included in a current account, the assignment shall refer also to the claims from the account current. Irrespective of the assignment and our title to collect, the purchaser shall be entitled to collect as long as he fulfills his obligations towards us and provided, he does not suffer from loss of property. Upon our request, the purchaser has to inform his debtor about the assignment and has to submit to us the necessary information and documents for the assertion of our claims and titles.
6. In the case of a delayed payment or a jeopardizing of the credit standing (VI, sect. 6, sent. 1 + 2) we shall be entitled to request the restitution of the goods under reserve. Taking back the goods does not mean a rescission of the contract.
7. If the value of the securities existing for us, should exceed our claims by totally more than 20 %, we shall to such extent and upon request of the purchaser be obliged to release securities in our option.

**VII. Notice of defects, warranty, liability**

1. Our warranty covers the guaranteed properties and a faultlessness in accordance with the commercial quality standard (except for foreign fly lint). For special lots, delivery of samples and test supplies, warranty claims and in particular the right of redemption are excluded.
2. Our warranty does not cover any damage occurring after passing of the risk, in particular, by a faulty or neglectful treatment, inappropriate storing of the goods, climatic or other influences on the goods.
3. Defects/Deficiencies:  
Claims regarding the gross weight must be made within three business days the latest after arrival of the yarn at the place of destination.

Claims regarding the yarn itself (faults) can only be made within two weeks after arrival at the place of destination and only to such extent as the processing of the yarn has not yet been commenced. This does not include concealed defects. After expiry of a period of two months after arrival of the yarn at the place of destination, hidden defects/faults can no longer be claimed. Also in the case of a delivery of an absolute AI-quality of the yarns, the seller does not give a quality guarantee with regard to the utilization of the goods, and in particular with regard to the dyeing of the yarns and the fabrics made thereof, if not otherwise expressly confirmed in writing. We shall have the opportunity to verify the claim on site either on our own or by a representative. Upon our request the purchaser has to submit for his claim the test results of a German Test Authority for textile fabrics. In the case of justified and accepted claims, the goods shall be taken back without replacement or goods are delivered in replacement according to short-term availability in an equivalent quality.- 6. Claims based on defects shall become statute-barred one month the latest after our express written rejection of the claims.

**VIII. Force Majeure, strike and lock-out**

1. If we should be prevented from fulfilling our obligations by the occurrence of unforeseeable extraordinary circumstances which in spite of a reasonable care and diligence could not be avoided - irrespective of whether such circumstances occurred at our works or at the works of one of our sub-suppliers - e.g. lacking manpower in general, strike, lock-out, operational breakdowns, difficulties in transport, lack of essential raw materials, we shall be entitled - also within a delayed delivery - to reasonably extend the time of delivery or to withdraw from the contract either wholly or partially. No claims for damage or rights to rescind can be derived from this by the purchaser.
2. If the aforementioned circumstances should occur at the purchaser's he shall likewise be entitled to reasonably defer his obligation to take delivery.
3. Anyone, who wants to claim relief by any of the aforementioned circumstances, has to inform the other party accordingly without delay.

**IX. Place of performance, applicable jurisdiction, place of jurisdiction, severability**

1. The place of performance for all obligations arising from the contractual relationship with the purchaser is Nordwalde.
2. The contracts concluded with us are subject exclusively to the jurisdiction of Germany, with the application of the uniform laws of 17-07-1973 on the international sale of goods (BGBl. 73 I P.856) as well as on the formation of contracts for the international sale of goods (BGBl. 73 I P.868) being excluded.
3. All disputes arising from the business relationship with merchants entered into the commercial register, including actions on bills of exchange and cheques, shall be subject to the Lower Local Court of Steinfurt or to the Provincial Court of Münster or optional, to the court of the domicile of the purchaser.
4. The entire or partial nullity of one of the aforementioned provisions does not affect the validity of the General Terms and Conditions for Delivery and Payment. If one of the aforementioned provisions should be null and void according to the law on standard business conditions, the party affected by the nullity may substitute the void provision by a permissible term/condition fulfilling the purpose and intentions of the invalid provision to the largest possible extent.