

General Purchasing and Ordering Terms and Conditions (as of August 2006)

Sect. 1 General, Scope of Application

- (1) Only the General Purchasing and Ordering Terms and Conditions set by Lindenfarb Textilveredelung GmbH (hereinafter "Lindenfarb") shall be applied. Supplier's terms and conditions of purchase shall not be applied by Lindenfarb unless Lindenfarb provides its express written agreement to their acceptance. Lindenfarb's General Purchasing and Ordering Terms and Conditions shall also apply if Lindenfarb accepts a supplier's delivery without reservation and in the knowledge that the supplier has terms which conflict with, or deviate from, these terms and conditions.
- (2) Orders placed by Lindenfarb and any amendments made or supplements desired by the supplier shall require Lindenfarb's written confirmation.
- (3) These General Purchasing and Ordering Terms and Conditions shall also apply to all future transactions and contracts with the supplier.

Sect. 2 Deliveries, Contractual Penalties

- (1) The dates given in an order shall be fixed and binding. Should delivery take place before the agreed date then Lindenfarb reserves the right not to accept the shipment and to return it to the supplier at the latter's expense and risk.
- (2) The supplier shall inform Lindenfarb immediately in writing if circumstances arise that makes it impossible to comply with the delivery date.
- (3) In the event of a delay on the part of the supplier then Lindenfarb shall be entitled to demand a contractual penalty to the sum of 0.15 % of the value of the shipment as per the final invoice for every commenced day of the delay. The total sum may not exceed five per cent of the value of the shipment as per the final invoice. The assertion of further claims shall remain independent of this.
- (4) Unless Lindenfarb and the supplier have explicitly agreed otherwise, deliveries must be made to Lindenfarb's headquarters in Aalen, Germany.
- (5) Every shipment must be accompanied by a delivery note. If Lindenfarb has explicitly agreed to bear the transport costs, the supplier must choose the cheapest form of transport available. Transport insurance shall only be required if expressly insisted by Lindenfarb.
- (6) The goods must be packed in such a way that transport damages are avoided. Packaging materials shall only be used to the extent required for transport purposes.
- (7) Deliveries and services must comply with legal regulations on safety and environmental protection, in particular the safety recommendations of the relevant German bodies and associations, such as the Textile and Clothing Liability Insurance Association, and other directives and regulations concerning dangerous substances.

Sect. 3 Transfer of Risk; Declaration of Ownership; Assignment of Claims; Default of Acceptance

- (1) The transfer of risk shall take place upon handing over the shipment to Lindenfarb. In the case of deliveries, including assembly, then this shall not be the case until after conclusion of acceptance tests by Lindenfarb.
- (2) Declaration of ownership in favour of the supplier and/or third parties shall be excluded. The supplier may only assign his claims against Lindenfarb to a third party with Lindenfarb's consent.
- (3) Strikes, lock-outs, disruptions to operations and limitations to operations shall be deemed to be acts of God and shall exempt Lindenfarb from the obligation to accept goods for as long as they last.

Sect. 4 Prices

- (1) The prices stated in the order shall be fixed prices. The price shall include all expenses in connection with the deliveries or services to be performed, in particular costs for freight, packaging and material testing procedures.
- (2) Fees for demonstrations, presentations, negotiations and/or quotations shall not be granted.

Sect. 5 Issuing of Invoices, Terms of Payment

- (1) All invoices must be submitted in duplicate. They must include Lindenfarb's order number and account allocation. Should the aforementioned information be missing, then the supplier shall not be entitled to submit an invoice claim against Lindenfarb.
- (2) Unless Lindenfarb's order does not state otherwise, the full payment is due within 30 days after handover of the goods, procurement of title and a verifiable invoice has been received.
- (3) Lindenfarb shall be entitled to their offset rights and rights of retention to the legal extent permitted.

Sect. 6 Notification of Defects, Warranty, Release from Liability

- (1) Lindenfarb is obliged to inspect for and notify of defects present as per Sect. 377, 381 German Code of Commercial Law (Handelsgesetzbuch - HGB) and a notification of defects shall be deemed immediate and timely if made within two weeks of receiving the goods or, in the case of concealed defects, after their discovery.
- (2) The warranty period shall be 24 months from the transfer of risk provided that a longer period is not stipulated by law.
- (3) The supplier shall release Lindenfarb from liability claims of third parties provided that the supplier is responsible for defects causing the liability.

Sect. 7 Offset Rights and Rights of Retention

The supplier may only use offset rights or rights of retention against Lindenfarb if the debt claims are undisputed or legally established.

Sect. 8 Severability Clause

If any provision or provisions of these terms and conditions shall be held to be invalid, illegal, unenforceable or in conflict with the law of any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. Both contracting parties shall be obliged to close any loopholes that arise with a provision corresponding to the economic intent of the provision which has become invalid.

Sect. 9 Place of Settlement and Legal Recourse, Applicable Law

- (1) Provided that the supplier has merchant status, Lindenfarb's place of business shall be agreed as the place of settlement and legal recourse. Lindenfarb shall, however, be entitled to initiate proceedings against the supplier at the court responsible for the latter's place of business.
- (2) The laws of the Federal Republic of Germany shall have sole validity.