

Mütze Textilband GmbH
Sachsenberger Str. 3, D-35066 Frankenberg
General Conditions of Delivery (GCD)

§ 1

General

1. The following GCD of Mütze Textilband GmbH, Frankenberg/Germany, - hereinafter called Mütze Textilband – shall apply to all contracts, goods and services including consultation services, information and the like. We work exclusively on the basis of our GCD. These shall apply to all present and future business relationships. Deviating, opposing and supplemental general terms and conditions from the customer shall not become a component of the contract, even if they are known, unless we expressly agree to their validity in writing. This shall apply, in particular, to outside logistics and quality provisions.

2. Our offers are non-binding. All agreements only become binding after our written confirmation. The content of our confirmation is only decisive for the contractual relationship. The present GCD shall apply in all events. In the event of a clash of contractual provisions, our contracting partner's GCD shall only apply to the extent that they conform to our GCD even when we do not expressly contradict them.

3. The customer may only assign rights from this contractual relationship with our prior written approval.

§ 2

Offer documents, delivery and delivery time

1. Cost estimates, drawings and other documents in the context of work planning remain our property even when they are dispatched. We retain all copyrights to them. The documents may neither be copied nor made accessible to third parties without our written consent. This shall also apply to electronic storage media or similar types of data and information carriers.

Should we not be awarded a contract, we are entitled to demand the return of documents supplied to the customer, in particular drawings.

Documents pertaining to our quotation and/or our order confirmation, especially illustration as well as performance and weight specifications, are decisive in line with deviations within the tolerances customary in the trade.

2. Devices that we have developed or manufactured remain our property. This shall especially apply to drawings, models, forms, matrixes and tools.

3. We can accept order and contracts within five workdays in any form. Should this not occur, a contract shall be deemed rejected.

4. Delivery times stated are non-binding unless otherwise agreed. Should we have expressly agreed on a time of delivery with the customer, fulfilling this delivery obligation requires that the customer meets its obligations punctually and properly. The right of objection for non-performance of the contracts remains reserved. The delivery period begins when our order confirmation is sent, however, not before all permits and documents necessary to execute the contract are available and all relevant questions have been answered. The delivery deadline shall be deemed adhered to if the ordered goods are sent on time.

5. The customer can withdraw from the contract if it becomes impossible to fulfil the contract or if we are in default, provided we still cannot perform delivery within a reasonable period of grace set by the customer. Withdrawal must be declared in writing and immediately after the reason for withdrawal has occurred.

6. Compensation claims from the customers due to delayed delivery or non-fulfilment are excluded unless we are culpable of intent or gross negligence in relation to essential contractual duties.

7. Should the customer fall into default of acceptance or violate other duties of cooperation, we are entitled to demand reimbursement of the damages incurred by us – including possible extra expenses. We are further entitled to withdraw from the contract and demand compensation due to non-fulfilment should the customer remain in default of acceptance. Setting a deadline is not necessary if the customer ultimately refuses to accept the goods.

8. The dispatch of objects ordered occurs at the customer's expense in the agreed manner (for example „ex works, free German border, fob, cif“, among others). The dispatch within Frankenberg/Germany occurs free of shipping charges. For rail dispatch, carriage and freight charges from the factory to the rail depot are not invoiced. We assume no guarantee for the choice of the cheapest mode of dispatch. We are not obligated to inform the customer that dispatch has occurred.

We do not insure the goods we dispatch. Costs to take out transport insurance at the customer's request are borne by the customer. Packaging costs are only invoiced separately if the customer requests special packaging or dispatch occurs in crates. Invoicing is done at cost price. Packing material is not taken back provided we are not obliged to do so by law. When using hired containers, the customer bears the freight costs; we will pay the hiring costs.

9. Partial deliveries are permitted even without express agreement.

10. The risk passes to the customer at the latest when the goods leave our factory or commissioned warehouse. Should dispatch be delayed despite of a readiness for shipment for reasons for which we are not responsible, the risk passes to the customer at the latest when the goods are ready to be shipped.

This shall also apply if partial deliveries are made or we have assumed other expenses such as shipping costs or delivery. Should an inspection be conducted, this is decisive for the transfer of risk. This must be performed without delay on the inspection date, alternatively after our notification of a readiness to inspect. The customer may not refuse approval in the event of a not significant defect.

11. The customer is obligated to issue Mütze Textilband with a confirmation of arrival when the goods are received, which satisfies the requirements of § 4 No. 1b UStG, § 6 a UStG in conjunction with § 17 a UStDV (VAT Implementing Regulation) and send it free of charge.

12. Should delivery be delayed by more than a month at the customer's request after our notification of readiness for shipment, the customer can be required to pay a storage fee of 0.50 % of the net price of the goods concerned for every month or part thereof, however, at most a total of 5.00 % within twelve months. The amount is due immediately. Both, we and the customer reserve the right to prove higher or lower storage fees.

§ 3

Prices

1. The prices valid on the day of conclusion of contract shall apply if there are less than four months between the conclusion of contract and the agreed delivery date. Should a delivery date of more than four months be agreed, we are entitled to pass on any increase in costs, in particular, those

of materials and wages, with the price.

For transactions with companies, we are entitled to pass on an increase in manufacturing and procurement prices with the price, in particular, increases in material and wage costs in order to maintain the amount of our margin.

The right to increase prices does not exist if delays in delivery are verifiable caused by us. Furthermore, it does not exist if the change in manufacturing and procurement is not at least 50 % of the manufacturing or procurements costs the price agreement was based on. The reasons for the price adjustment as well as calculating the amount will be verified on request.

2. The prices shall apply without special agreement and subject to the regulations in § 2 No. 8 ex work including loading in the factory. Value added tax in the valid amount is added to prices.

§ 4

Payment, default, off-setting and assignment, insolvency insurance

1. Unless otherwise agreed, the purchase price is payable within 30 days after invoice date without deduction in cash or by transfer to our account. Discounts are not granted.

2. Should the customer be in default, annual default interest of 9 percentage point above the base interest rate valid at the time in terms of § 247 BGB is payable, however, at least in an amount of 10 % p.a.

3. Offsetting our claims or a corresponding right to retention on behalf of the customer is excluded unless they are undisputed or legally determined. Assignment are invalid vis-à-vis us unless this is expressly permitted in these GCD or individual agreements. We do not acknowledge Group invoicing clauses.

4. Should we become aware of an unfavorable financial situation or a deterioration in the customer's financial situation, we are entitled to demand the immediate payment of the full purchase price, the provision of sufficient securities or, if the customer does not respond to our demand, the assertion of compensation claims or withdrawal from the contract after prior warning or granting a period of grace. This shall apply, in particular, if we become aware of a cause for insolvency.

§ 5

Retention of title

1. We reserve the title to the purchased item until all receivables from the business relationship with the customer have been settled in full.

2. In event of conduct contrary to contract on behalf of the customer, especially in the event of default of payment, we are entitled to demand that the purchased item is returned. Returning the purchased item to us shall only constitute a withdrawal from the contract if we have notified the customer in writing from this effect. After recovering the purchased item we are authorized to dispose of it; the proceeds of disposal shall be credited to the customer's payables – less reasonable disposal costs.

3. The customer is obligated to treat the purchased item with care. Should the customer be a merchant, it must sufficiently insure the purchased item at its expense against damages by fire, water and theft at replacement value.

4. We remain the owner of the goods irrespective of the processing step or form they are in. Acquisition of title by the customer according to § 950 BGB is excluded. The customer acquires potential ownership for us and stores all goods for us. Should our goods be mixed or combined with movable items of the customer, the customer now already transfers ownership or co-ownership rights to the mixed or combined objects to us and stores them for us with care. The customer is only entitled to combine our goods with a property after all receivables from the business relationship

have been settled. Should combination occur anyway, § 951 BGB shall apply. The contractual claims, in particular

5. In the event of attachments or other third party interventions, the customer must inform us immediately so that we can take legal action pursuant to § 771 ZPO, the customer is liable for costs incurred by us from the legal action.

6. The customer is entitled to resell the purchased item within its normal course of business. It now already assigns all receivables in the amount of the final invoice amount (including value added tax) of our receivables that he accrues from the sales of the delivery of work or a comparable legal relationship against his buyer or third party. This shall apply irrespective of whether our goods were previously processed, mixed or combined with moveable items. We now already accept this assignment. The customer is irrevocable authorized to collect his debt even after the assignment. Our right to collect the debt ourselves shall not be affected by this. However, we undertake not collect the debt as long as the customer meets its payment obligations, does not fail into arrears with payment and, in particular, has not applied for insolvency proceedings to be initiated. However, if this is not the case, we can demand that the customer discloses the assigned receivables and their debtors, provides the information necessary for collection, supplies the documents associated with it and informs to debtor of the assignment.

7. We undertake to release the securities due to us on request to the extent to which the realizable value of our securities exceeds the receivables to be secured by more than 20 %. We have the right to choose the securities to be released.

§ 6

Guaranteed characteristics and liability for defects

1. The guarantee of certain characteristics exists only if the characteristics are expressly included in the contract. We reserve the right to improve and optimize the quality of our products. The detailed goods description contains a reference to DIN standards, however, no guarantee of characteristics. The delivery of samples or test specimens is non-binding and only represents a guarantee of characteristics if this was expressly agreed in writing.

2. We have complete faith in the quality of our products and our quality assurance. Quality controls conducted by the customer or its representative in our factory require our prior written consent. We do not bear the costs thus incurred by the customers.

3. If the business transaction is a commercial purchase, the customer's defect claims require that the customer has properly met its obligation to inspect and make notification of defect owed under § 377 HGB. The purchased item must be checked especially for material defects and transport damage immediately. Notifications of defect must be given without delay.

The statutory warranty rights for businesses that are not commercial purchases, especially the warranty rights of consumers, shall not be affected.

4. Should the purchases item contain a defect, the customer is initially only entitled to demand subsequent performance in the form of a removal of defect or the delivery of a new, defect-free item. In the event of the removal of defect or replacement delivery, we are obligated to bear all necessary costs, in particular, transport, road, work and material costs as long as these do not increase because the purchased item has been moved to a different location than the place of fulfilment.

5. Should subsequent performance fail or should we reject it because it is connected with disproportionate costs, the customer is entitled at its discretion to demand a withdrawal from the contract or a reduction in the purchase price. Our rights with regard to the impossibility to perform shall remain unaffected.

6. We are only liable for compensation for material defects if the damage is not due to intentional or gross

negligent conduct on behalf of our representative or vicarious agent. Should we not be responsible for intentional breach of contract, liability for damages is limited to the foreseeable, typically occurring damage.

7. In the event of a culpable breach of an essential contractual duty, we are liable in accordance with legal provisions whereby the liability for damages is limited to the foreseeable, typically occurring damage.

8. Should the customer be entitled to claim compensation in lieu of performance due to a gross negligent breach of duty, our liability for damages is limited to the foreseeable, typically occurring damage.

9. Liability based on culpable injury to life, limb or health shall remain unaffected; this shall also apply to compulsory liability under product liability law.

10. Unless otherwise stipulated above, liability is excluded.

11. With regard to the limitation period of the customer's damage claims, legal provisions shall apply.

§ 7

Intangible assets

1. We do not check for the possible infringement of intangible assets, in particular, patents, trademarks, registered designs or copyrights as well as other industrial property rights – national and international – for goods produced according to the customer's specifications. The customer is responsible that goods manufactured according to its specifications are free from third party rights. The customer guarantees this when placing the order.

2. With regard to our own products, we guarantee that no third party industrial rights in Germany are infringed. We are not liable for the infringement of intangible assets in the rest of the EU and in countries outside of the EU.

§ 8

Joint liability

1. Liability for compensation other than that intended in § 6 is excluded, irrespective of the legal nature of the claim asserted. This shall apply, in particular, to compensation claims owing to the violation of any pre-contractual obligations, due to other breaches of duties or due to fruitless claims for the compensation of material damage according to § 823 BGB.

2. The limitation of the obligation to compensation according to paragraph 1 shall also apply if the customer demands the reimbursement of fruitless expenses instead of a claim for compensation of damages in lieu of performance.

3. Should our liability for damages be excluded or limited, this shall also apply with regard to personal liability of our organs, employees, co-workers, representatives as well as vicarious agent and assistants.

§ 9

Data protection

We point out that data received about the customer with regard to the business relationship or in connection with it – irrespective of whether this is supplied by the customer or by third parties – is stored and processed by taking the requirements of the Federal Data Protection Law.

§ 10

Final provisions

1. Legal venue is Frankenberg/Germany if the customer is a businessman. We are, however, entitled to sue the customer in the court responsible for its residential or business address.

2. Should the order confirmation not state otherwise, the place of fulfilment is Frankenberg/Germany.

3. The law of the Federal Republic of Germany shall apply. The validity of the UN Convention on the International Sale of Goods is excluded.

4. Should individual provisions of this GCD be or become invalid, the validity of the remain provisions shall not be affected by this. The Parties undertake to agree to replace the invalid provision with one that come closest economically to the invalid provisions.

5. Deviations from the contractual stipulations and ancillary agreement require the written form. This shall also apply to waiving the written form requirement.

6. The German version alone is decisive for interpreting these GCD.

7. The customer undertakes to access the updated GPC under <http://www.muetze.de> on the homepage of Mütze Textilband GmbH always on 1 January, 1 April, 1 July and 1 October and thus inform itself about any changes independently. Should the customer not have internet access, we will sent the GCP on request in hardcopy free of charge.

8. Technical tolerances for textiles: In textile production, the following tolerances are inevitable and deemed to be accepted without prior notice: Delivery quantity +/- 10% for each article, color and width; roll length +/- 2-5% depending on the kind of textile. The tolerance for roll width varies, depending on the quality and texture of material and must be evaluated and – if necessary - defined upon customer request. In order to provide customer with a consistent high quality above standards, we strive to strictly comply with the tolerances specified. However, any fault discovered by customer should be notified to us immediately for evaluation.