

WAGENFELDER SPINNEREIEN GMBH

D-49414 Wagenfeld

GENERAL CONDITIONS OF SALE AND DELIVERY FOR EXPORT TRADE

1. Applicable conditions

Delivery will be made on these general conditions of sale and delivery and according to the International Rules for the Interpretation of Commercial Terms (Incoterms) laid down by the International Chamber of Commerce, unless any other terms have been agreed upon.

Other terms and conditions, especially any general terms of purchase submitted by the buyer, are binding to the seller only if the latter confirms these in writing to the buyer.

Any agreements made between the buyer and the seller's representative must be confirmed by the seller in writing.

This contract shall be governed by the domestic law of the Federal Republic of Germany.

The UN Convention on Contracts for the International Sale of Goods is hereby excluded.

2. Place of performance, place of jurisdiction, and court of arbitration

The place of performance is the seller's factory.

The place of jurisdiction is the court competent for the domicile of the seller. Place of jurisdiction for any legal actions on the part of the seller, at his discretion, can also be the court competent for the domicile of the buyer.

In all cases of controversies arising out of this contract, which have not been submitted to the ordinary court, the seller has the right either to appeal to a court of arbitration according to the Rules for the International Chamber of Commerce (I.C.C.) Court of Arbitration or to a court of arbitration of the International Wool Textile Organization (IWTO) according to the International Wool Textile Arbitration Agreement.

3. Orders

Orders submitted are regarded as being without engagement. Orders and verbal agreements are only valid if they have been confirmed in writing or have been fulfilled by consignment of the goods and delivery of the invoice.

4. Date of delivery

The delivery date confirmed by the seller is ex works. Changes in dates of delivery and amendments to orders can be made only with the consent of the seller. All orders must be completed within the agreed period. Partial consignments are allowed unless other agreements have expressly been made. The seller is entitled to an additional delivery period of 4 weeks unless other agreements have been made. The additional delivery period can be claimed by the buyer after expiry of the normal time of delivery and will be counted from the date on which the written notice of the buyer is received by the seller. Before expiry of the additional delivery period the buyer cannot make any claims on account of delays in delivery.

5. Force Majeure

Force Majeure, war, strikes, or official acts from whatever cause they may arise which will impede delivery, as well as labour disputes and other disturbances at the seller's factory - or in the factories of his suppliers - will relieve the seller of the obligation to effect delivery within the agreed period. The buyer must be advised immediately of the occurrence of any such event and of the possible consequences. If delivery is not made within 2 months after the confirmed time of delivery, both the buyer and the seller have the right to cancel that part of the contract which refers to the goods affected by the disturbance.

6. Insurance

Insurance will be covered by the seller at least to the value of his invoice, as follows:

- a) as far as the border when delivery is made free border.
- b) up to delivery aboard the vessel when delivery is made f.o.b..

- c) up to the buyer's house (factory) at the place of delivery when delivery is made free house, customs duties unpaid,
 - d) up to the port of destination, including a storage period of 30 days when delivery is made c.i.f..
- Extension of the duration of the insurance can only be made at the buyer's expense.

When delivery is made ex works the goods will travel at the buyer's cost and risk. Such consignments will be insured by the seller at the buyer's expense unless the buyer has effected advance payment.

Insurance will be effected under the terms of the Institute Cargo Clause C and will cover the c.i.f. value plus 10%. More extensive insurance cover will be provided only upon request and at the buyer's cost.

In case of damage the buyer has claim to indemnification from the insurance company only to the extent of the seller's compensation by the insurance company.

Insurance risks not covered by the seller up to the final acceptance of the goods must be accepted by the buyer with a declaration of the insurance having been covered.

7. Freight

For delivery as under Items 6 c and d:

The costs of ocean freight and marine insurance included in the sales price are based on the rates valid on the date of issue of the confirmation of order. If on the date of shipment there are any increases or decreases, these will be at the buyer's expense or benefit.

8. Tolerance of differences in quantity

An overall difference of 5% of the quantity purchased under the contract is allowed for the weight of consignments. For coloured yarns the seller may deliver up to 10% more or less per colour provided that the overall difference does not exceed 5%.

9. Delay in dispatch

If dispatch is delayed for want of instructions from the buyer, the seller has the right, after an additional period of 10 days, to invoice the goods to the buyer and demand payment or to withdraw from the contract and/or to claim damages. The buyer will in particular have to carry the costs and the risks resulting from not having issued in good time the necessary instructions or not having completed the necessary formalities such as obtaining import licences.

10. Complaints

Defects in quality must be lodged immediately and before processing. They can only be recognized if notified by the buyer to the seller in writing within 14 days from receipt of the goods by the buyer. Hidden defect must be notified to the seller in writing immediately upon discovery within 6 months from the date of dispatch. Goods can only be returned with the explicit consent of the seller.

Differences in quality, colour, finish, etc. which are commercially accepted or are technically unavoidable shall not be considered as a basis for complaints.

Claims for defects by the purchaser against the seller expire after one year from the date of the arrival of the goods.

Consumers' claims for defects remain unaffected.

Claims for compensation for injury to life, limb or health, based on the seller's breach of duty by negligence or the grossly negligent or culpably intentional breach of duty by one of the seller's vicarious agents, also remain unaffected.

Claims for compensation for other damages, based on the grossly negligent breach of duty of the seller or the culpably intentional grossly negligent breach of duty of one of the seller's vicarious agents also remain unaffected.

11. Invoicing and payment

For the purpose of invoicing, the weight of the consignment (net kilograms of yarn on the basis of the commercial weight) shall apply. Incidental charges, such as bank charges for the transfer of the invoice amount and charges involved by the release of the insurance documents shall be carried by the buyer. The buyer is not entitled to offset any charges with claims of seller or to retain any payments.

If the buyer is in arrears with his payment, or if there are doubts as to his solvability, the seller reserves the right to demand payment in advance and to revoke any given terms of credit.

If the period for payment is exceeded, the seller shall be entitled to demand interest at a rate of 6% above the discount rate of the European Central Bank. In this case the seller is under no obligation to make any further deliveries until payments due are settled. In such a case the seller can demand advance payment.

12. Reservation of proprietary rights

The goods shall become the property of the buyer only when the latter has met all obligations arising from the agreement, provided that this is permissible under the laws of the country where the delivered goods are situated. If such reservation of proprietary rights is not allowed, but if it is permissible, by the laws of the country, for the seller to exercise other rights in connection with the delivered goods, the seller may exert all such rights.

The buyer is obliged to assist seller in measures for the protection of the seller's property. If third parties wish to assert or execute rights to the appropriate goods the buyer must inform the seller of this fact immediately.

13. Information and advice

Information concerning the processing and application of the seller's products, technical advice, and other particulars are given to the best of seller's knowledge, but without engagement and liability.

14. Technical conditions

The humidity allowance on the dry weight of yarns is as follows:

- cotton	8,50 %
- linen	12,00 %
- wool and fine animal fibres	18,25 %
- cut rayon fibres	13,00 %
- polyamide fibres (e.g. perlon, nylon)	6,25 %
- polyacrylic, polyvinyl chloride, polypropylene fibres	2,00 %
- polyester fibres	1,50 %

In the case of blends the humidity allowance will be calculated on the basis of the allowances applying for the individual unblended yarns in proportion.

The following deviations in count are allowed:

- for yarns containing floss bast, carded yarns and semi-worsted	5,00 %
- for all other yarns	3,00 %

In the case of folded yarns the limits of deviation are based on the count of the individual single threads used in the composition of the yarn. Deviations within the above limits give no entitlement to compensation. No allowance will be granted for yarns of too fine a count.

If the deviation between the count stipulated in the contract and the count delivered is in excess of twice the allowed deviation the buyer may refuse delivery of the yarn, but the seller shall have the right to deliver a replacement once.

Excesses over the allowed limits must always be proved before processing.

The above conditions do not apply to crepon-, mouline-, voile-, fancy-yarns and other special yarns.

All differences in weights, in tubes and in yarn counts will only be decided by way of conditioning. For worsted, semi-worsted, and carded yarns decision will be under the regulations of the International Wool Textile Organization, for the other yarns on the basis of the testing regulations in buyer's country.