

GENERAL TERMS AND CONDITIONS SPINNING

I. General Conditions

1.

Any offers as well the acceptance of any orders shall be governed by the following terms of delivery, which shall have priority.

2.

Our offers are not binding and are made without obligation. The scope of delivery shall be conditional on our written order confirmation (Final Yarn Contract).

3.

The applicability of any conflicting conditions set by the Buyer on any printed order forms or in any other manner whatsoever shall be explicitly excluded, without requiring our specific objection.

II. Reservation of Title

Any goods shall be delivered on a conditional sale basis, as extended by the following clauses:

1.

We reserve our title to any goods delivered until full payment of all claims, including any future claims, has been effected.

2.

The Buyer shall be entitled to process and resale any goods subject to the following provisions:

a)

In such cases where the Buyer's conduct does not conform with the contract, including without limitation any default in payment, we, having demanded payment, shall be entitled to reclaim the goods and the Buyer shall be obliged to return the goods.

b)

The assertion of the reservation of title, as well as the levying of execution against the goods by us shall not be deemed a revocation of the contract, unless explicitly stated by us in writing.

c)

The Buyer shall be entitled to resale the goods in the ordinary course of business: However, the Buyer hereby agrees and undertakes to assign to us all claims accruing to the Buyer from such resale, in an amount equal to the purchase price (inclusive of VAT) agreed between us and the Buyer, irrespective of whether the goods are sold prior to or after their processing. The Buyer shall be entitled to collect such claims following the assignment

thereof. Our right to collect such claim ourselves shall remain unaffected thereby; however, we agree and undertake to refrain from the collection of any such claim as long as the Buyer duly meets its obligations for payment and does not default. However, should that be the case, we shall be entitled to request of the Buyer to disclose to us the claims assigned as well as the debtors thereof, to provide any information required for the collection of such claims, to deliver any pertaining documentation and to notify the concerned debtors (third parties) of such assignment.

d)

Any processing and/or mixing of the goods carried out by the Buyer shall always be performed on our behalf. In such cases where the reserved goods are processed/mixed with goods not owned by us, we shall acquire co-ownership in the new chattel thus created, at a ratio corresponding to the proportion of the value of the reserved goods to the value of the other processed/mixed goods at the time of the processing/mixing. The Buyer shall ensure the proper storage of such new chattel jointly owned.

e)

The Buyer shall not be entitled to pledge, or assign by way of security, any reserved goods. The Buyer shall notify us immediately of any attachment, seizure or any other orders by third parties and shall provide us with all information and documentation required to safeguard our rights. Execution officers and/or third parties shall be advised of our title.

f)

The reservation of our title shall remain in full force even in such cases where individual claims payable to us are included in any current account and the balance has been struck and the statement of account has been accepted.

g)

In such cases where the security provided by the reservation of title exceeds the claim to be secured by 20 percent, we will release deliveries that have been fully paid at our discretion.

h)

Any amounts that are received for assigned claims shall be kept separately, pending remittance.

III. Retention and Set-Off

The retention of any invoiced amounts due, any set-off with counterclaims - unless such counterclaims have not been contested or have become res judicata - as well as any deductions shall be excluded.

IV. Cancellation

In such cases where the Buyer cancels a given order without just cause, we shall be entitled to claim an amount equal to 10 percent of the selling price as a compensation for the costs incurred in connection with the processing of the concerned order as well as for

lost profit, without prejudice to our right to claim any actual damage in excess thereof. It shall be the Buyer's obligation to prove the damage to

be smaller.

V. Delivery and Passing of Risk

1.

The Buyer shall be obliged to take delivery of the goods delivered. Unless otherwise agreed upon (delivery performed by us), delivery shall be effected at our company seat in Linz. The Buyer shall be obliged to take delivery of the goods within a period of 14 days, except in such cases where the Buyer is temporarily prevented from taking delivery without any fault on the Buyer's part.

2.

Where the Buyer fails to take delivery of the goods for a period exceeding 14 days from receipt of the notice indicating readiness to deliver, we, having granted an additional 14 days' period, shall be entitled to withdraw from the contract or to claim damages on the grounds of non-performance. The granting of such additional period of time shall not be required in such cases where the Buyer

seriously or finally refuses to take delivery or obviously is not able to pay the purchase price within such period of time.

3.

The risk passes to the Buyer upon taking delivery of the goods. Should the Buyer declare its refusal to take delivery of the goods, the risk of accidental loss or accidental deterioration of the goods shall pass to the Buyer at the time of such refusal.

VI. Force Majeure, Interruption of Operations

In case that a Party hereto is prevented to comply with a contractual obligation due to an event of force majeure, this Party is released from its performance obligations for the time of its prevention. After the event has lapsed, the respective Party will endeavor to recover the services not yet provided as far as this is possible, taking into account its technical capacities, and as far as it is reasonable, taking into account its other obligations. With respect to price changes in such case, Section VII. applies; however, for the computation of the period the agreed date of delivery is replaced by the actual date of delivery.

Force majeure in the meaning of this provision are, in particular, fire, high water, explosion, labor struggles and extraordinary disturbances of operations which go significantly beyond the scope and frequency of normal disturbances of operations.

The Parties hereto are obliged to inform each other without delay about events by which they are concerned and to provide evidence for such events upon request.

In case that an event of force majeure lasts for more than three weeks, each Party hereto is entitled to withdraw from this Contract without keeping a notice period. However, this right of withdrawal may only be exercised until the Party concerned by the event has notified its ability to supply the goods.

VII. Price Changes

Price changes shall be permitted in such cases where a period of more than six weeks has lapsed between the conclusion of the contract and the agreed date of delivery. Should there be any increases in wages, material costs or market-based input prices during the period preceding completion of the delivery, we shall be entitled to a reasonable price increase, conforming to such cost increases. The Buyer shall be entitled to withdraw from the contract only in such cases where the price increase exceeds the general cost-of-living increment between the time of order and the time of delivery to a significant extent.

VIII. Warranty and Damages

1.

Natural wear and tear shall in any case be excluded from warranty. We give a warranty for a period of 6 months from the delivery date, provided, however, that the Buyer notifies us of any defects in writing within a period of 12 days from acceptance. Any further warranty shall be explicitly excluded. Any presumed defectiveness at the time of delivery shall be explicitly excluded.

2.

As far as any further claims and rights are concerned, we will accept liability only in cases of damage caused intentionally or by gross negligence.

3.

In such cases where yarns are processed for purposes not suitable pursuant to the relevant state of the art, any complaint with respect to defects shall be excluded.

4.

The Buyer shall be obliged to check any delivered goods for transport damage prior to acceptance and, should any damage be established, to request a confirmation thereof from the carrier. In such cases where any damage is established, such goods shall not be processed prior to an inspection by the average agent. Should the Buyer fail to fulfil these obligations, the delivery shall be deemed accepted in perfect condition. In such cases, we shall not be liable for any compensation whatsoever.

5.

We will not accept any responsibility for the failure to comply with the agreed delivery times where such non-compliance is caused by any circumstances beyond our control; furthermore, we will make no compensation whatsoever for any consequential damage resulting therefrom.

6.

Test dyeing and other tests:

In order to detect any possible defects, sufficient quantities of white raw material shall be dyed in a test dyeing process. In a pre-test that is not to be objected, a normal dyeing process, or at least a second test dyeing process, shall be carried out immediately after the production of approximately 500 meters.

In all processing areas,

- stock-dyed yarn batches shall be checked for streakiness prior to and during processing;
- yarn shrinkage shall be reasonably checked for uniformity, where undyed and dyed yarns or yarns of differing fibre structures are processed together.

One-way pallets and cardboard boxes will neither be invoiced nor taken back. Therefore, the Buyer shall be obliged to re-use any packaging materials supplied by us or to ensure the recycling of any such material in accordance with the provisions of the Packaging Regulation and other waste legislation governing the recycling of sales packaging. The Buyer shall keep reasonable documentation on the further processing of any such packaging materials and, upon request, shall make such documentation accessible to us, in order to enable us to provide any evidence required by waste legislation.

IX. Tortious Liability

Any claims in tort shall be excluded except where the claimed damage was caused intentionally or by gross negligence. This shall also apply to acts performed by any of our vicarious agents.

X. Terms of Payment

1.

The purchase price, as well as the remuneration for any additional services shall be payable upon delivery of the goods.

2.

Invoices shall be payable in accordance with the following terms of payment, with the mode of payment (e.g. payment by bill of exchange) being decided by us at our option:

- prior to the delivery of the goods with a 2 percent discount;
- within 30 days from the invoice date with a 2 percent discount;
- from the 31st day to the 60th day from the invoice date without any discount.

3.

Payment by cheque and bill of exchange shall be deemed effected only upon the honouring thereof. The acceptance of any bill of exchange shall be subject to a prior

written agreement with us. Where bills of exchange are accepted, the usual bank discount and collection fees will be charged. They shall be payable in cash immediately.

4.

In the case of payment after the due date, we shall be entitled to charge default interest at a rate of 8.0 percent p.a. above the applicable base interest rate, as fixed by the Austrian National Bank. Such interest rate will increase or decrease where evidence in support of a higher interest charge is furnished by us or evidence in support of a lower interest charge is furnished by the Buyer, respectively.

5.

Any delays in payment will release us from further delivery obligations.

6.

In such cases where the net claim exceeds the limit of our insurance coverage (default risk insurance), we shall be entitled, at our discretion, to demand cash-in-advance payment or other securities for any further deliveries.

XI. Arbitration

The Parties hereto agree to oust the jurisdiction of a court and to submit any and all disputes arising out of or in connection with this Contract or any future business transactions concluded between the Parties to the Arbitration Rules and the court of arbitration of the Vienna Commodity Exchange, which shall apply Austrian law.

XII. Place of Performance and Venue

1.

The place of performance shall be our company seat in Linz.

2.

If, for any reason whatsoever, the court of arbitration of the Vienna Commodity Exchange does not have jurisdiction, the competent courts of law shall have exclusive jurisdiction to determine and settle any and all disputes arising out of or in connection with this Contract. Action shall be brought before the court that has jurisdiction at the place of our company seat. We shall also be entitled to sue at the place of the Buyer's headquarters.

3.

Austrian law shall exclusively apply, excluding application of the UN Convention on Contracts for the International Sale of Goods; this shall also apply to contracts concluded with Buyers whose company seats are located in foreign countries.

XIII. Other Provisions

1.

The assignment of any of the Buyer's rights and obligations under the contract concluded with us shall only be effective when accepted by us in writing.

2.

If any of the provisions contained herein is or becomes ineffective, this shall not affect the validity of the remaining provisions hereof.

Recommendations for the processing of our yarns

Dear customer,

In order to help you avoid processing errors, we ask you to comply with the following instructions:

1.

Please ensure batchwise processing of our undyed goods, i.e. do not mix different batches during processing. You will receive separate delivery notes for different batches.

2.

Please always process the yarns delivered by us in the order of their delivery.

3.

Yarns that are delivered at greater intervals also have to be processed separately, even if no batch change has been indicated by us.

4.

We endeavour to deliver our yarns on tubes of the same colour. Please inform your personnel of this fact. Should any delivery contain yarns that are wound onto tubes of any different colour and should this not be indicated on the delivery note, please contact us.