

GENERAL TERMS AND CONDITIONS OF SALES of Lantal Textiles Ltd (hereinafter LANTAL)

1. General

The Agreement and its amendments must be made in writing and become effective with the receipt of LANTAL's written confirmation that it accepts the order (Order Confirmation). These general terms and conditions of business are binding if they are declared applicable in the offer or in the order confirmation. Any provisions to the contrary by the Buyer are only valid if LANTAL has accepted them expressly in writing. LANTAL is entitled to revoke offers after the fruitless expiry of three (3) weeks from dispatch.

2. Scope of deliveries and services

The deliveries and services of LANTAL including the services of the fire test laboratory are specified bindingly in the order confirmation including any of its annexes. LANTAL's delivery and performance obligations shall be deemed fulfilled if the deliverables comply with the agreed written specifications, drawings and/or other technical documents.

3. Drawings and technical specifications

Leaflets and catalogues are not binding unless provided otherwise. Any specifications in technical documents are only binding if they are expressly confirmed. LANTAL reserves the right to all drawings and technical documents it has issued. The Buyer acknowledges these rights and will not grant third parties access to the documents in whole or in part without LANTAL's prior written consent or use them for any purpose other than the purpose for which the Buyer has received them. The Buyer checks the technical documents and informs LANTAL immediately of any requested changes or supplements.

4. Requirements and specifications of the Buyer

The Buyer must notify LANTAL no later than at the time of order of the requirements and specifications which refer to the performance of the deliveries and services.

5. Changes to orders

The Buyer can request a change to orders at any time in return for corresponding compensation and adjustment of the implementation deadlines; this change is to be notified to LANTAL early on.

6. Delivery terms and conditions

All prices are net ex works pursuant to Incoterms 2010 unless agreed otherwise.

The delivery tolerance is +/- 10% of the ordered quantity.

The delivery and performance obligations are subject to the explicit requirement that all necessary authorizations including export, transit and import permits pursuant to the corresponding legal and other requirements are available in time. The failure of the renewal or withdrawal of any required official permits shall be considered as a force majeure event.

7. Services of the fire testing laboratory

Participation of the Buyer in tests by the fire testing laboratory necessitates the consent from the Director Test Lab. After conclusion of the test, the Buyer will receive a written report. Inspections in the test documentation require approval from the laboratory manager. The report is either provided in German or English language. Should the report be made in another language the Buyer shall mention this on the purchase order and shall bear the cost for the translation.

The fire testing laboratory will archive the records which will be kept for five years. Solely the indicated, signed original test report of the fire test laboratory applies for assessment and interpretation. For all other documents of the fire test laboratory, any liability is excluded. If expert reports and audits are carried out by the authorities responsible, the responsible authorities will be granted access to the laboratory for the accreditation of any documents required.

8. Fire testing laboratory: transport and storage of test material

Risks and transport costs for deliveries to the fire testing laboratory or return transport and any disposal measures of test materials will be charged to the Buyer's account. If the Buyer demands the return of test materials, this is to be recorded in a written order. If there are no clear instructions, the test material will be stored by the fire test laboratory for three months after delivery of the report. After expiry of this deadline, the test material will be professionally disposed.

9. Payment terms

Except as otherwise agreed, all payments by the Buyer shall be made in accordance with the agreed upon payment terms applicable at the domicile of LANTAL without deducting any discount, expenses, taxes, dues, fees, duties and similar costs and expenses. If applicable, all value added taxes (VAT), which are levied outside Switzerland shall be borne by the Buyer. The same applies to any other taxes, duties, fees and customs duties levied outside Switzerland. Unless agreed otherwise, all invoices are due and payable thirty (30) days net from the date of issuance. If the Buyer does not pay by the agreed due date, then the Buyer has to pay interest from the agreed due date without prior dunning letter. The rate is determined by the usual interest rates at the domicile of LANTAL but shall at least be 4% above the discount rate of the Swiss National Bank. In any such case LANTAL reserves also the right to postpone other deliveries to the Buyer up to the date of the total payment. In the event that LANTAL concludes in its sole discretion that the Buyer falls in financial difficulties, LANTAL

shall be authorized to make deliveries only against pre-payment or adequate security. If the Buyer does not make or deliver such pre-payments or adequate security within a reasonable postponement of the payment date, LANTAL shall be authorized to terminate some or all related contracts fully or in part. The rights to additional compensation are reserved. Bank fees for payments in foreign currencies will be charged to the Buyer.

10. Retention of title

LANTAL remains the owner of all its deliveries until it has received all payments in full under the Agreement. The Buyer is obliged to cooperate in any measures necessary to protect LANTAL's property; in particular, by entering into this Agreement the Buyer authorizes LANTAL to record or enter a priority notice of the retention of title in public registers, books, or similar in accordance with the applicable national laws and all formalities in connection therewith at the Buyer's expense. During the period of retention of title, the Buyer will maintain the delivered items at the Buyer's own expense and will insure them against theft, breakage, fire, water, and other perils in favor of LANTAL. Furthermore, the Buyer will take all measures so that LANTAL's title is neither impaired nor cancelled.

11. Delivery date

Any statements in the order confirmation as to the date are nonbinding estimates. If the delivery is late, the Buyer is obligated to grant LANTAL a reasonable grace period in writing. If LANTAL cannot fulfill the order during this grace period due to its own fault, then the Buyer is entitled to refuse receipt of the delayed portion of the delivery. If it would be unreasonable for the Buyer to accept a part of the delivery, then the Buyer has the right to rescind the Agreement and to demand the return of any payments against the return of any deliveries which were already made. The Buyer is not entitled to any rights and claims because of the delayed delivery with the exception of those expressly stated in this Item. This restriction shall not apply if LANTAL acted in unlawful intent or gross negligence; however, it shall apply to the unlawful intent or gross negligence of any assistants.

12. Installation

LANTAL provides the necessary employees at the prevailing rates at the time of work provided a separate agreement is made in a timely manner. The working hours, travel and waiting time, the expenses for travelling to and from the destination, room and board as well as transport costs for the tools are invoiced. The Buyer provides any assistants needed for the installation free of charge.

13. Inspection and acceptance of deliveries and services

The Buyer shall carry out a visual inspection of damages, completeness and defects of the deliveries and services within five (5) working days and shall promptly notify LANTAL in detail of any possible defects in writing. If the Buyer fails to do so, then the deliveries and services are deemed approved. The Buyer shall authorize LANTAL to investigate any notified complaints on the premises of the Buyer. If the Buyer refuses receipt of the deliveries or if he is in breach of contractual obligations, LANTAL shall be authorized to deliver the deliverables at the expense and risk of the Buyer to a warehouse for storage. An acceptance inspection is carried out upon the Buyer's or LANTAL's request where the Buyer shall examine the deliverables with the diligence of a conscientious business man and notify LANTAL immediately of any defects. In the event that the Buyer has discovered any defect but fails to notify or assert such defect, they shall be deemed accepted. Any defects which could not be discovered during the acceptance inspection shall be notified to LANTAL within fourteen (14) days upon discovery of the defect and, if the Buyer fails to do so, the respective deliverable shall be deemed to have been accepted with respect to such hidden defects. An acceptance report for hidden defects is generated, which must be signed by the Buyer and by LANTAL or by its representatives. This report states that the acceptance took place, that it was only conditional, or that the Buyer refused acceptance. In both of the latter cases, the asserted defects must be specified individually in the report. The Buyer may not refuse the acceptance and signing of the acceptance report because of minor deficiencies, in particular such which do not significantly affect the function of the deliveries or services. LANTAL must rectify such defects promptly. In the event of a significant deviation from the agreement or major defects, the Buyer must grant LANTAL the opportunity to rectify these within a reasonable grace period. Subsequently, another acceptance inspection takes place. If this again shows significant deviations from the agreement or major defects, then the Buyer is entitled to request a reduction in price. However, if the defects or deviations noticed during this inspection are so severe that the deliveries and services are not usable or only usable to a greatly reduced degree for the known purpose, then the Buyer is entitled to refuse the acceptance of the defective portion or, if a partial delivery would be economically unreasonable, the Buyer can rescind the agreement. LANTAL can only be obligated to reimburse the amounts which were paid for the parts affected by the rescission. In addition, the acceptance is deemed carried out if the acceptance inspection cannot be carried out on the scheduled date for reasons not caused by LANTAL, if the Buyer refuses acceptance without being entitled to do so, if the Buyer refuses to sign the acceptance report, or as soon as the Buyer uses the deliveries or services of LANTAL. The notification of any defects does not authorize the Buyer to withhold payment for defective deliverables. Any non-complying deliverables which have been notified shall be immediately returned to LANTAL in the original or an equivalent packaging. The Buyer does not have any rights and claims because of defects on any kind of deliveries and services with the exception of those aforementioned and expressly specified in Item 12 hereafter. In case of lab tests the Buyer shall verify the test report within ten (10) working days after delivery. After this period the report is deemed to be accepted.

14. Warranty, liability for defects

The warranty period shall be twenty-four (24) months starting at the time the delivery leaves the factory, or at the agreed acceptance of the deliveries and services, or at the time the installation is completed but in any event starting no later than fourteen (14) days after the agreed upon delivery date provided LANTAL took care of the installation. If shipment, acceptance, or installation is delayed for reasons which are LANTAL's fault, then the warranty period shall begin no later than three (3) months after the ready-for-dispatch notification. The warranty expires prematurely if the Buyer or third parties undertake improper modifications or repairs, or in the event of a defect if the Buyer does not use immediately all suitable means to mitigate the damage and does not afford LANTAL the opportunity to rectify the defect. LANTAL agrees to rectify or replace at its own discretion as soon as possible any parts of LANTAL's delivery which become defective or unusable by the end of the warranty period due to proven defective materials or defective fabrication upon the written notification of the Buyer. Any replaced parts become the property of LANTAL. LANTAL shall pay the costs for the rectification. Guaranteed characteristics are only characteristics which are expressly specified as such in the order confirmation. This guarantee is effective only until the expiration date of the warranty period. If an acceptance inspection has been agreed, then this guarantee is deemed as fulfilled if the applicable characteristics have been proven during this inspection. If the guaranteed characteristics are not or only partially fulfilled, then the Buyer first has a right to rectification by LANTAL. The Buyer must grant LANTAL the time and opportunity necessary for this purpose. If the rectification is not or only in part successful, then the Buyer has a right to request a reasonable price reduction. If the defect is major, making it unable to be rectified within a reasonable time, and if the deliveries and services are not or only in a very limited manner usable for the intended purpose, then the Buyer has the right to refuse acceptance of the defective part or to rescind the agreement if the partial acceptance is economically not reasonable. LANTAL can only be obligated to reimburse the monies which were paid for the parts affected by the rescission. Defects which are not proven to be caused by defective materials or defective fabrication, e.g. those caused by improper handling, excessive wear and tear or other reasons not caused by LANTAL and consequential damages are excluded from LANTAL's warranty and liability. The Buyer has no rights and claims because of defects in material or fabrication and because of a lack of guaranteed characteristics with the exception of those expressly specified above. LANTAL shall only be liable in the event of unlawful intent or gross negligence for any claims of the Buyer for inadequate advice and similar or for a violation of some additional obligations. The following appearances, which are part of the raw material used, are not deemed defects and LANTAL hereby rejects any and all liability regarding color deviations, width deviations, distortion, sitting marks, shading (pile distortion / pile reversal) in carpets and weight within the customary scope. In this respect deviations of +/- 5% weight tolerances shall apply. Mechanical examinations with abrasion tests according ISO 12947-2 have proven unreliable and are not conclusive for the determination of the product lifetime and the abrasion resistance of textiles.

15. Non-compliance, partial compliance, consequences

In all cases of partial compliance or non-compliance not expressly specified in these provisions, the Buyer may set an extension for the respective delivery or performance obligations of LANTAL with the threat of terminating the contract if LANTAL fails to comply with such extension. This applies in particular when LANTAL starts processing deliveries and services without reason so late that the timely execution can no longer be anticipated, an execution in violation of the agreement caused by LANTAL can be anticipated or the deliveries or services were executed in violation of the agreement caused by LANTAL. If LANTAL does not comply during a reasonable grace period, then the Buyer is entitled to rescind the agreement concerning the deliveries or services which were executed in violation of the agreement or their execution in violation of the agreement can be anticipated with certainty and the Buyer can demand repayment of any payments made on this part. In such an event, the Buyer's possible claim for compensation and the exclusion of any additional liability are subject to the provisions stipulated in Item 15 and the claim for damages is limited to 10% of the contract price of the deliveries and services for which the agreement is rescinded.

16. Termination of the Agreement by LANTAL

Where unforeseen events significantly modify the economic relevance or the content of the deliveries and services or significantly impair LANTAL's work, as well as in the event of the subsequent impossibility of implementation, the Agreement shall be adjusted accordingly. If this is not feasible economically, then LANTAL is entitled to terminate the agreement or the affected parts of the agreement. If LANTAL wishes to use its right to terminate the agreement, then it must notify the Buyer promptly after recognizing the scope of this event and even if at first an agreement to extend the delivery date was concluded. In the event the agreement is terminated, LANTAL is entitled to be compensated for any deliveries and services it has already provided. Any damage claims of the Buyer due to such termination of the agreement are excluded.

17. Force Majeure

LANTAL shall be released from its delivery and performance obligations if they cannot be fulfilled due to unforeseeable, unavoidable or other events outside the control of LANTAL. In the event that the Force Majeure event lasts for more than three (3) months each party shall be authorized to terminate that part of the contract which cannot be fulfilled.

18. Exclusion of further liability for LANTAL

All cases of contract violations and their legal consequences as well as all claims by the Buyer, for whatever legal reason they are filed, are conclusively regulated in these provisions; In particular, the exclusion of liability applies to all not expressly stipulated claims for damages, reduction, termination of the agreement, or agreement rescission. In no case shall the Buyer have any claim for replacement of damages which did not occur to the delivery item itself such as production outages, loss of use, loss of orders, loss of profits, and other direct or indirect damages. This exclusion of liability does not apply to LANTAL's unlawful intent or gross negligence; however, it does apply to unlawful intent or gross negligence of any assistants. Furthermore, this exclusion of liability does not apply if opposed by mandatory provisions of law.

19. Independence

Both LANTAL and the Buyer are independent companies and no party is entitled to act in the name of or for the account of the other party or enter into obligations without prior written agreement.

20. LANTAL's right of recourse

If persons are injured or third party property is damaged by actions or non-actions of the Buyer or the Buyer's assistants and if a claim is filed against LANTAL for this reason, then LANTAL has a right to recourse against the Buyer.

21. Assignment

LANTAL is entitled to assign or to transfer to third parties the rights and obligations under this agreement concluded with the Buyer in whole or in part without the Buyer's written consent.

22. Intellectual property rights

All intellectual property rights, including copyrights, personal rights, patents, models, designs, utility patterns, trademarks, names and companies as well as know-how belong to LANTAL and may not be copied or otherwise used or utilized without prior written agreement with LANTAL.

23. Approvals and compliance with statutory regulations

LANTAL undertakes to procure any approvals required for the fulfillment of the contract pursuant to the relevant statutory regulations such as export control laws, type certificates, etc.

24. Confidentiality

This contract, offers, order confirmations and all other important documents and information which are disclosed by LANTAL to the Buyer, his agents, employees or subcontractors shall be treated confidential. The disclosure and use thereof shall be limited to such persons who have a need to know for the fulfillment of their duties and the Buyer shall not transmit such information and data to third parties without the prior written authorization by LANTAL.

25. Place of performance, jurisdiction, and applicable law

Place of performance and jurisdiction is **Langenthal, Switzerland**. However, LANTAL is entitled to bring legal action against the Buyer at the Buyer's location. The legal relation is subject to **Swiss law**. The Vienna Convention on Contracts for the International Sale of Goods dated April 11, 1980 shall be excluded.

Lantal Textiles Ltd