

**General Standard Trade Terms and Conditions
for Sale and Delivery of Products Produced by Forschungsinstitut für Leder
und Kunststoffbahnen gGmbH, Freiberg (hereafter referred to as contractor)**

§ 1 Offer and acceptance

The legal relationship between the Research Institute of Leather and Plastic Sheetting gGmbH Freiberg (FILK) and its customers is solely based upon the following terms and conditions and individual contractual agreements. Deviating terms and conditions of the customer shall only become valid and part of the contract if FILK explicitly agrees to them in writing.

§ 1 Offer and acceptance

1. Offers may be subject to change without notice. Orders are binding for us only if and as far as we have confirmed them in writing or started to carry out them. Also alterations, supplements, and oral side agreements must be confirmed in writing.
2. Supplementary clauses in offers concerning the denomination of merchandise, e. g. "approx." ("ca."), "as delivered before", "as before" or the like only relate to the quality or quantity of merchandise, but not to the price. Such particulars in the orders and a possible confirmation will be understood by the contractor accordingly.
3. Quantity data are always understood as approximate. Minus or plus deviations of 10 %, which are caused by safety requirements or filling conditions, are regarded as conformable to the contract. Such deviations in quantity will be taken into full account in the invoice amount.

§ 2 - Purchase price and payment

1. Prices shall be agreed ex works, excluding packaging, freight, customs etc. VAT as currently applicable is to be added. The calculation of prices shall be based on offers and the scope of service the contractor defines.
2. Payments shall be made in the agreed currency due net within fourteen (14) days from date of invoice unless otherwise agreed. After that the customer shall be in default without further reminder.
3. In the event of default of payment by the customer, the contractor shall be entitled to interest of 8 percentage points above prime rate of German Federal Bank and to any further damages resulting from the default.
4. Bills of exchange or cheques will only be accepted by ways of exception and on account of payment. They shall be valid payment when they are cashed. Bank service charges shall be borne by the customer.
5. The customer is entitled to offset counterclaims against our payment claim only to the extent that said counterclaims are undisputed or recognized by declaratory judgement.
6. The Customer is entitled to retain payment due to any non-conformity until the contractor has decided on the validity of the customer's claim and only if the customer provides adequate security.
7. The customer is not entitled to retain payment due to non-conformity of a contract other than the one the payment claim arises from.

§ 3 - Delivery

1. Unless a firm date has been agreed explicitly, the delivery times and dates agreed are always regarded as approximate.
2. Events caused by force majeure - public-law constraints, strike, and lockout being included - entitle the contractor to cancel the contract. In such cases, indemnification for non-performance or delay is excluded. This also applies to not-on-time self-supply by suppliers that has not been caused by fault of the contractor.
3. The contractor is obliged to inform the customer about such events immediately. Then the customer, too, will be entitled to cancel the contract. If the contractor will be in default in delivery, the customer will be entitled to set a reasonably extended period and to cancel the contract after the expiration of this extended period. After unsuccessful expiration of the extended period the customer will be in no position to ask for indemnification for non-performance.

§ 4 - Shipment and acceptance

1. The risks of transportation ex place of delivery are always allocated to customer's debit; this also applies to carriage-paid supplies.

§ 5 - Packing and packaging

1. As far as deliveries are made in loan casks, not later than 4 weeks after arrival at the customer's he has to send the latter back to the contractor void and in good order and condition on his own account and risk, or return them free to the contractor's vehicle, against confirmation of receipt.
2. If the customer does not fulfil the commitment mentioned under paragraph 1 within the time stipulated, the contractor will be entitled to charge the customer with a reasonable fee for the time exceeding 4 weeks and, after unsuccessful setting of a deadline for return, to ask for paying the replacement price, setting off the fee mentioned above against it.

§ 6 - Reservation of ownership

1. The ownership of a merchandise is passed over to the customer only after full payment of the purchase price.
2. As long as the customer discharges his due to the contractor correctly, he is entitled to a redispach of the reserved merchandise in accordance with commercial customs.
3. If the customer does not meet his payments also after setting of an extended deadline, the contractor will be entitled to claim back the reserved merchandise without setting of a further extended deadline and without notice of rescission. Such taking back of the merchandise reserved will mean a withdrawal from the contract only if the contractor has declared so in writing.
4. A treatment or processing of the merchandise by the contractor does not bind. The contractor has the legal position of a producer in the sense of § 950 BGB and acquire ownership of intermediate and final products in the ratio of the invoice value of the merchandise reserved to the invoice values of other persons' merchandise; in this respect the customer holds the merchandise us gratuitously as a trustee for the contractor. The same applies to a use or mixing of reserved merchandise with other persons' merchandise in the sense of § 947, 948 BGB.
5. The customer cedes to the contractor claims to third persons, which arise by resale of the merchandise reserved, in order to secure all contractor's claims. If the customer sells merchandise which, in accordance with paragraph 4, is only partially property of the contractor, he will cede the claims to third persons against a corresponding partial amount. If the customer uses the reserved merchandise in the framework of a contract for work and/or services or similar contract, he will cede to the contractor the (compensation-for-work) claim to the invoice value of the merchandise used for this purpose.
6. Under the condition of an ordinary course of business the customer is authorized to collect the accounts resulting from a redispach of the merchandise reserved. If the contractor has a serious reason to fear that the customer does not or will not discharge his liabilities correctly, the customer will have to inform his customers about the cession; he will have to refrain from any disposition of the liability, give the contractor all necessary information on the stock on hand that comprises the property as well as on the claims ceded to the contractor, and hand over the data and documentation required for the assertion of the claims ceded. The contractor has to be informed immediately about cases of access of third persons to the merchandise reserved and claims ceded.
7. If the value of the collaterals, to which the contractor is entitled, exceeds the total amount of the claim to the customer by more than 15 %, the contractor is obliged to unblock securities of his choice on customer's request.

§ 7 - Warranty rights

If, besides the legal conditions, the following conditions are met, in accordance with the legal provisions the contractor is liable for defects, which also include absence of properties warranted, by cancellation of sale or of contract of work and/or services, respectively, reduction of purchase price or substitute delivery, to choice.

1. Immediately after delivery, in accordance with commercial customs the customer has to check the merchandise and its packing.
Moreover, if the merchandise is delivered in shipping pieces, he has to check the label of each single shipping piece for accordance with the order.
2. The customer immediately has to complain in writing about deficiency or defects.
3. If the customer does not perform the check as required or if he does not complain immediately about deficiency or a defects found or findable, he will lose his warranty rights concerning the deficiency or defects found or findable.

The same applies to the case of erroneous delivery of merchandise other than stipulated, also if the deviation is so essential that an approval of the merchandise by the customer had to be regarded as impossible.

In the case of a hidden defect the customer has to complain about the defect immediately after its discovery. Otherwise the merchandise will be regarded as approved also with respect to this defect. At any rate, a complaint about a hidden defect will be impossible after expiration of 8 weeks from the receipt of the merchandise. This does not affect a claim for substitute delivery to replace the consignment of non-ordered merchandise.

§ 8 - Liability for consequential harm caused by defects and other harm

1. The contractor is liable as follows below for detriment of the customer's legal assets, caused by defects of the item purchased, erroneous delivery of merchandise other than stipulated, or deficient or defective packing.
 - As far as it would have been possible to avoid harm by keeping of customers' checking duties, any kind of liability of the contractor is excluded unless the harm has been caused by contractor's or legal representatives' intentional or grossly negligent behaviour.
 - As far as harm arises despite keeping of customer's checking duties, the contractor is liable only for intentional or grossly negligent breaches of the contract.
 - The contractor is liable for culpably false advice, information, or recommendation only if they were given in writing.
2. Any and all claims of the customer, that are not subject to § 634a German Civil Code, shall be time barred after a period of 12 months. The limitation period commences with delivery of the research results or expert opinion.

§ 9 Final provisions

1. For fully qualified merchants the registered office of the Forschungsinstitut für Leder und Kunststoffbahnen (FILK) gGmbH is the place of jurisdiction. In business with non-merchants the defendant's habitual residence or registered office, respectively, is the place of jurisdiction.
2. If some of the above clauses should be or become null, the null conditions shall be replaced by such regulations that come closest to the economic objective of the contract, reasonably safeguarding the interests of both parties.

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Forschungsinstitut für Leder und
Kunststoffbahnen gGmbH

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