

Terms of Trade

1. Sales shall exclusively be subject to the below mentioned terms, unless seller and buyer sign an individual agreement in writing. Seller shall expressly refuse any of buyer's conditions of purchase. The uncontested acceptance of these terms of trade shall be considered as buyer's consent, even if the acceptance of any other conditions are excluded in his own conditions of purchase. These terms of trade shall likewise be applicable to any future business transaction(s), and shall also apply if seller supplies to buyer without any reserve, knowing that orderer's conditions are in conflict with and different from these terms of trade.
2. Quotations and price lists shall always be understood without commitment. In particular, seller shall have the right to correct any errors in prices.

All orders and agreements shall have to be drawn up in writing. In particular, any contract shall require a statement of acceptance in writing. Any verbal agreement or agreements with any of seller's representatives or agents shall only be legally effective if confirmed in writing by seller. Any changes and modifications to an agreement based on these terms and conditions shall have to be made out in writing in any case.

Unless otherwise agreed, the prices shall be understood ex factory in Blomberg, packing and VAT not included. If seller generally increases his prices prior to supplying the merchandise, he shall be authorized to likewise increase the prices agreed in this instance. This shall also be applicable to any cost increase(s) for which seller cannot be held responsible.

3. Any of seller's terms of delivery shall be understood without commitment. Any withdrawal from the purchase contract shall only be effective if buyer sets a period of grace which must not be less than three weeks. Any compensation claim shall be excluded, unless seller's practices are grossly negligent or intentional.

In case of force majeure events, shortage of raw materials and any business interruption due to strike, lockouts, disturbances, governmental actions as well as any other unforeseeable, unavoidable and serious event(s) beyond seller's control, seller shall have the right to extend the period of delivery by the duration of the impediment plus a reasonable time of preparation. If the performance of the contract becomes unacceptable for either party, it may withdraw from the contract in so far. Buyer shall not have a right to claim for damages in case of said extension or seller's withdrawal from the contract.

4. Shipment shall be made in the name and on the account of buyer. The risk shall pass on to him upon loading of the merchandise, even if carriage prepaid has been agreed. If the expedition is delayed on buyer's fault, the risk shall pass on to buyer at the day on which the merchandise is ready for shipment. Seller on his part shall not be under the obligation to provide for transport insurance. Delivery in installments shall be possible and admissible and shall be separately invoiced.

If shipment is not possible for reasons for which seller cannot be held responsible, preparation of the merchandise ready for shipment shall be considered as compliance with the contract.

If buyer has not given any special instructions as to the shipment, seller shall choose the manner of delivery at his own discretion and shall not have to opt for the cheapest way of expedition and shipment. If any reimbursement of freight has been agreed, the cost of freight shall be advanced by buyer without deduction of any discount.

Merchandise is packed adequately and in accordance with usual industry practice. Packing material as scantlings, pallets, wooden boxes etc. shall be charged at cost price unless it is returned within 4 weeks in reusable condition, freight prepaid.

5. In case of derived timber products, the thickness of same has been measured prior to the processing. In this case, any deviations of plus/minus 10% shall be admissible, subject to any other agreement in writing. Sanding reduces the thickness of outside veneers. Seller shall be allowed to vary the quantity supplied, i. e. seller shall be allowed to supply 10% more or less of the quantity ordered. If any dimensions are indicated for panels made of derived timber products, the first figure indicates the direction of the fibres of the outside veneer.

The thickness of any coatings, whether made of synthetic materials, metals or lacquers may vary up to 10% unless the parties expressly agree otherwise in writing.

6. In accepting any orders, the creditworthiness of buyer shall be implied. If seller is subsequently informed of any circumstances under which buyer's creditworthiness appears to be insufficient, seller shall be authorized to ask for advance payment of the agreed purchase price or for a security prior to completion or delivery of the merchandise. If buyer refuses to make an advance payment or to lodge a security, seller shall be authorized to withdraw from the contract. Among other things, lacking creditworthiness exists if buyer does not pay a previous invoice after being reminded.

In any case of lacking creditworthiness, seller shall be allowed to ask for a security for all and any bills in circulation – even from previous sales. If buyer does not comply, seller shall be authorized to claim immediate cash payment of any bills previously accepted.

7. Payment shall be made within 30 days after the date of the invoice in cash – if not agreed otherwise – or within 14 days less 2% discount of the gross value of the merchandise.

Seller shall be entitled to assign his claims to Heller Bank AG. In this case, payments with full discharge of debt have to be made exclusively to Heller Bank AG.

Each payment received shall be allocated to the earliest claim pending.

If buyer falls in arrears with a payment upon reminder, all liabilities from the business relation shall fall due without written notice, including those covered by bills of exchange – unless buyer can prove that he is without fault.

Any bills of exchange are only accepted upon previous agreement and in fulfilment of the transaction if these are discountable, yet without granting of any discount. Any discount charges shall be invoiced separately and payable immediately without any deduction.

In case of any delayed or postponed payment, seller shall invoice interest of 8% on top of the respective discount rate of the German Federal Bank calculated from the 30th day after the date of the invoice. This applies particularly if buyer is in arrears with his payment of the purchase price. However, buyer shall be authorized to prove any lower damage or none at all. If buyer is in arrears with his payment, he owes a summons fee of EUR 5.00 per letter, i. e. for each reminder in writing. If buyer does not pay for a delivery according to the conditions or not at the due date, seller shall be authorized to abstain from any further delivery without setting a respite. Irrespective of this provision, he may set a deadline after which he may claim compensation for damage due to non compliance.

Buyer shall only have a right to set off any amounts if his counterclaims are legally established, inconstested or accepted by seller. Buyer shall not have a right of retaining any sums covering any constested counterclaims.

In case of any deliveries and performances to orderers abroad, it is expressly agreed thall all costs associated with legal measures taken by supplier in case of delayed payment – either judicial or extrajudicial – shall be borne by orderer.

8. The right to claim rescission of contract due to non-performance or defective performance shall be excluded if seller cannot be held responsible for the reason of rescission or the defective performance. If only a part of seller's performance is affected, a rescission in whole shall be excluded. The same applies for a rescission before due date. Buyer shall not have a right to claim for compensation of lost expenses unless seller is found guilty of gross negligence or intention.

9. Buyer shall claim any apparent defect within 8 days after arrival of the merchandise at the place of destination at the latest, and prior to the processing of same, in writing, and indicating reasons. Defects shall also be considered as "apparent" if they can be discovered during regular inspection. Buyer's obligation to examine the merchandise shall apply to the entire delivery. Irrespective of any eventual defect, the merchandise shall be properly accepted and stored. Seller shall be given the opportunity to inspect the merchandise under claim.

Any hidden defect shall be claimed within 8 days upon discovery of same.

If buyer does not claim the respective defect within the above mentioned time limits, seller shall not be held liable. He shall likewise not grant a warranty. Any rescission shall be excluded.

10. In so far as any merchandise or performance shows defects, seller shall warrant at his discretion either by remedy of said defect, or by replacing the deficient delivery or performance. He shall be obliged to pay for all expenditure required by said measures up to the amount of the agreed purchase price. If subsequent performance of the contract is not acceptable to buyer for reasons he is obliged to prove, or if seller refuses a subsequent performance, buyer shall be authorized to withdraw from the contract or to claim abatement. If these terms of trade do not provide otherwise, any further claims shall be excluded regardless of any legal reasons.

For this reason, seller shall not be liable for any damage which did not occur at the very object supplied, in particular, he shall not be liable for any lost profit and expenses or any other property damage on buyer's part. This exemption from liability shall not be applicable in as far as the damage is due to intention or gross negligence. It shall likewise not be applicable in any case of fraudulent concealment of a defect or if seller has made a warranty with respect to the condition of the goods.

In as far as seller negligently violates any obligation which is essential to the contract and if any exemption from liability is not feasible, his liability shall be limited to EUR 3,000,000 for personal damages, EUR 1,500,000 per person and to EUR 1,250,000 for any material damages, for the respective year.

The period of warranty shall be 12 months, counted from the passing of risk. It shall also be considered as a period of prescription which is likewise applicable to any other contractual and legal claims unless no other period of prescription is prescribed by law.

11. Seller shall not grant any warranty unless expressly stated in writing upon conclusion of the contract at the latest.

The condition of the goods as required by the contract is based on the description in the written contract. In case of incomplete description it may be completed by seller's product specifications and descriptions. Public comments, recommendations, advertising and statements made in issuing prospectus shall not be considered as statements of condition.

Any technical advice or other advice furnished by seller verbally, in writing and by means of tests is given to the best of his knowledge and without any commitment. The same applies to eventual property rights of third parties and does not release buyer from his own obligation to examine the goods and products supplied by seller with reference to its suitability for intended processing and purposes. Being beyond seller's possibilities of control, buyer assumes sole responsibility for application, use and processing of the goods and products.

12. Any further liability for any compensation of damage other than provided in the above terms shall be excluded, irrespective of the legal nature of the claim filed, except in cases of gross negligence or intention. This, however, applies neither to claims raised under articles 1 and 4 of the law relating to product liability, nor to those from any initial inability or impossibility pleadable. In so far as any liability is excluded or limited, this shall include managers on all levels, employees and labourers as well as any other staff members.
13. The merchandise shall be supplied under retention of title in accordance with article 455 of the German Civil Code and shall include the following supplements:
 - a) Seller shall retain title of the item(s) bought until all payments of the business relation have been received. In case of any of buyer's behaviour in contravention to the terms of the contract, in particular in case of any delayed payment, he shall be authorized to take the bought item(s) back. In taking back the item(s) bought, he shall not withdraw from the contract, unless expressly stated by seller in writing. However, if he pledges the object, this shall always be considered a withdrawal from the contract. After taking the object back, seller shall be allowed to use same. The proceeds from using the object shall be set against buyer's liability, less an appropriate amount of exploitation cost.
 - b) Buyer shall be obliged to treat the object he bought with care. In particular, he shall be bound to sufficiently insure it at his own expense against fire, damage through water and theft at the price of a like new item, and to be liable for said object. In as far as any servicing and inspection work is required, buyer shall have this work performed in time and at his expense. As long as any of seller's claims exist, he shall be authorized to ask buyer for any information about any merchandise supplied under retention of title which has remained in his possession and about the place in which it is stored. He shall likewise be authorized to inspect said merchandise any time at the place where it is stored. In case of any insolvency or bankruptcy

proceedings, buyer shall be obliged to label said merchandise in a way perceivable by any third party or in any other way to show that said merchandise is owned by seller.

- c) In case of any pledging or any intervention from any third party or parties, buyer shall inform seller immediately in writing, so that the latter may take action in accordance with article 771 of the order of civil proceedings. In as far as said third party is not in a position to refund him for any judicial and extrajudicial cost of proceedings acc. to article 771 of the order of civil proceedings, buyer shall be liable for any accrued losses.
- d) In case of any arrears in payment or any application for insolvency or bankruptcy proceedings, the merchandise under retention of title shall be handed out upon seller's request, freight and expenses prepaid, without any necessity to set any respite or to withdraw from the contract by seller. Any respective property right shall end. The same applies if buyer should jeopardize his compliance with the contract - for instance because of lacking creditworthiness, lacking insurance or improper storing of the merchandise upon which seller shall withdraw from the contract.
- e) Buyer shall be entitled to resell the merchandise in due course of business. However, he shall cede to seller all receivables in the sum total of seller's invoice (VAT included) accruing to him from sales against his customers or any third party, independent of whether the merchandise has been resold prior to or after the processing. Buyer shall remain authorized to collect these receivables even after the ceding of same. Seller's right to collect this amount receivable shall remain unaffected. However, seller shall engage not to collect said amount receivable as long as buyer (i) complies with his commitments from the proceeds received, (ii) is not in arrears with his payments and in particular if (iii) no application to open any bankruptcy or insolvency proceedings has been filed or payments have been suspended. In this case, seller shall be allowed to claim from buyer full information about the receivables ceded to him and about the respective debtors, as well as full details required for collection of same, and the handing over of all pertaining documents to him, and information of his debtors about said cession in writing.
- f) Whenever buyer processes or transforms the merchandise bought, said processing or transformation shall always be carried out for seller. If the merchandise is processed together with other items not owned by seller, seller shall acquire joint ownership of the new item or items in the ratio of the value bought by buyer and the other items processed at the time of processing. The item or items created by said processing shall be subject to the same conditions as applicable to the items delivered under retention of title.
- g) If the merchandise bought by buyer is inseparably mixed with any merchandise not owned by seller, he shall acquire joint ownership of

the new merchandise in the ratio of the value bought by buyer and the other mixed items at the time of mixing. If said mixing takes place in a way in which buyer's item becomes the main item, the agreement shall be that buyer shall reserve to seller his pro rata co-ownership. He shall keep said property owned wholly or partly for seller.

- h) Buyer shall likewise cede to seller as a security any receivables accruing against any third party in any combination of the merchandise bought from seller with any real estate.
 - i) In case of buyer's cooperation with a factoring bank on the basis of a non-recourse factoring, he shall only be authorized to resell the merchandise if any claims against the factor have been assigned to seller in advance in exchange of the receivables in the sum total of the purchase price, if seller has been notified of said assignment and if the factor has agreed to the assignment. Seller shall accept this assignment.
 - j) Seller shall engage to release the securities due to him upon buyer's request, in so far as the value of his security exceeds the claim(s) to be secured by more than 15%. The choice of the securities to be released remains with seller.
14. Buyer is aware of the fact that seller keeps in computer memory and uses any data available to him in connection with the business relation in accordance with the federal law relating to the protection of data. No special notice will be communicated in this respect.
15. Place of performance shall be Blomberg for any payment, the place of expedition for any delivery.

In any case of legitimate redhibition or admissible rescission, buyer shall be liable to forward the merchandise delivered to him back to seller on his own cost and risk.

Blomberg shall be the local place of jurisdiction. Buyer may likewise be sued at his own place of business.

Any disputes arising from this contract also in connection with deliveries abroad shall be governed solely in accordance with applicable German laws. The application of the uniform law on the international sale of movable property and the conclusion of international sales contracts for movable property – both dated 17.07.1973 – as well as the UN law of sales dated 11.04.1980 shall be excluded.