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General Terms & Conditions of Sale and Delivery

1. Scope

J. Kaulhausen & Sohn -JKS- is the German company in the world who supplies Aprons & Cots for all 4 spinning systems: Ring Spinning, Compact Spinning, Air Jet Spinning and Rotor Spinning.

These General Terms and Conditions of Sale and Delivery shall govern the transaction described in seller's order confirmation unless additional or contrary terms are expressly stated in the seller's order confirmation. The purchaser's General Terms and Conditions, in particular the purchaser's Purchasing Terms and Conditions, do not become part of the contract even if the seller accepts payments from the purchaser and makes deliveries.

2. Conclusion of the contract

A contract for the sale of goods is made and becomes effective upon receipt by the purchaser of the seller's written order confirmation upon the terms stated therein.

3. Scope of supplies and services

The supplies and services are exhaustively specified in the order confirmation and any annexes thereto.

4. Technical documents

Unless otherwise agreed upon, brochures and catalogues are not binding. Details of weights and dimensions provided by the seller are only approximate.

5. Prices

Unless otherwise agreed upon, all prices shall be deemed to be ex works, plus the respective statutory value added tax. Additional deliveries, services and performance are calculated separately.

6. Terms of payment

6.1 Payments shall be made at supplier's account according to the terms as per order confirmation, without any deduction for cash discount, expenses, taxes, duties, fees or others.

6.2 If the customer delays in the agreed terms of payment, the customer is liable, without reminder, for interest with effect from the agreed data on which the payment was due at a rate of 4 % over the current -1- month EUR-LIBOR target. The right to claim further damages is reserved.

7. Retention of ownership

7.1 The seller retains ownership of the items supplied until all existing obligations towards it have been met in full and until it has been indemnified in full against all contingent liabilities.

7.2 The purchaser shall take all action necessary to protect

the seller's property (e.g. procuring insurance on the items supplied) at its own expense. The purchaser shall and hereby does authorize the seller to execute any required instruments in the purchaser's name and to make any registration of its retention of ownership in public registers, books or suchlike which may be necessary to comply with the relevant legal provisions. The cost of registration will be borne by the purchaser.

8. Delivery, Delivery time, insurance, etc.

8.1 Delivery time shall start soon as the contract is entered into, all between both parties and all official formalities have been completed, payments due with order have been made, in case payment agreed on Letter of Credit cleared in all details.

8.2 Delivery, transfer of risk, insurance, etc. shall be made pursuant to the agreed Incoterms®, clause (2010 Edition, ICC).

8.3 Partly deliveries are permissible.

8.4 Any delay of the supplies or services does not entitle the customer to any rights and claims other than those expressly agreed on in the order confirmation. The purchaser has no rights to cancel the contract.

8.5 Delivery must be accepted by the purchaser. The purchaser must examine the packaging immediately after the arrival of the delivery at its destination and notify the seller immediately in writing of recognizable damage and defects (including incomplete delivery); otherwise the delivery is deemed to be approved in this respect. If the purchaser discovers any damage, it shall mitigate this as far as possible.

8.6 The delivery time is reasonable extended if the customer or a third party is behind schedule with work it has to execute, or with the performance of its contractual obligations, in particular if customer fails to observe the terms of payment.

8.7 However, if the seller has failed to comply with the delivery period or date of delivery through a lack of due care, the purchaser is entitled to the payment of liquidated damages after the fifth week of delay, to the exclusion of all other claims. The liquidated damages shall be limited to 0.5% of the order value of the delayed part of the delivery for each full week of further delay, but in any event not exceeding a total of 5% of the order value of the delayed part of the delivery.

8.8 The delivery period will be appropriately extended and the date of delivery postponed in the event of force majeure such as epidemics, mobilization, war, riot, labour disputes, damage caused to the plant by natural disaster, embargoes, obstruction of import, export or transit, etc., or other obstacles outside the control of the seller, irrespective of whether these arise with the seller, the purchaser or a third party. Each party to the contract will itself bear the costs it incurs as the result of an event of force majeure.



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9. Inspection and acceptance of delivery, deterioration in financial condition

9.1 If the seller learns of a material deterioration in the financial condition of the purchaser the seller can request full or partial payment in advance or the provision of security, or cancel the contract.

9.2 The benefit and the risk of the supplies shall pass to the customer by the date of their leaving the works.

9.3 If delivery is delayed due to circumstances for which the purchaser is responsible, the seller is entitled to store the items being supplied at the purchaser's expenses.

9.4 The foregoing provisions also apply in the event of the revocation of a delivery order, which is already in the process of manufacture.

9.5 As far as being normal practice, the supplier shall inspect the supplies before dispatch. If the customer requests further inspection of the goods, this has to be specially agreed upon with order confirmation and paid for by the customer.

9.6 After the goods arrived at the purchaser it is agreed that the goods are latest put into operation after 4 weeks after arrival. The purchaser must conduct acceptance test within one additional month and notify the seller immediately in writing of any defects or failure according to its agreed specifications. If the purchaser fails to do this, the deliveries and services are deemed to be approved.

9.7 Deficiencies of any kind in supplies or services shall not entitle the customer to any rights and claims other than those expressly stipulated in Clause 10 (guarantee, liability for defects)

10. Guarantee, liability for defects

10.1 The warranty period is 12 months, irrespective of the operating time of the items supplied. It commences on the date on which the items supplied are put into operation. If delivery, acceptance of delivery, assembly, installation or putting into operation are delayed for reasons for which the seller is not responsible, the warranty period shall expire no later than 18 months after notification by the seller that the material is ready for delivery, or the delivery itself, whichever first occurs. If parts of the delivery have to be replaced or repaired pursuant to Clause 10.3, a new warranty period of six months as from delivery or completion of the repair shall be given for the new or repaired parts.

10.2 The warranty shall be null and void in the event:
- the purchaser or a third party performs repairs and installations improperly or makes modifications at the machine without the seller's written consent and information;
- the purchaser - in the event of a defect - fails to take appropriate action immediately to minimize damage and give the seller the opportunity to remedy the defect; or
- original JKS parts are combined with other Aprons & Cots from other suppliers.

10.3 The seller undertakes after the purchaser's written request to repair or replace as quickly as possible, at its option and expense, all parts supplied by the seller which become

demonstrably defective or unserviceable before expiry of the warranty period due to poor material, incorrect design or deficient workmanship, subject to the following provisions: Replaced parts become the property of the seller. The purchaser is obliged to provide the seller with all necessary support in exporting the part of the delivery to be repaired or replaced and in importing the replacement delivery or the repaired part of the delivery; otherwise the purchaser itself shall bear the consequences of a delay to or failure to make a replacement delivery or repair. Any customs duties and taxes in the country of destination of the delivery will be borne by the purchaser.

10.4 Parts subject to wear and, in particular, defects and damage resulting from ordinary wear and tear, deficient or improper maintenance, disregard of operating instructions or other operating specifications, excessive stress, unsuitable operating materials, use of unsuitable raw materials, chemical or electrolytic effects, fluctuations in voltage and current, and other reasons not within the seller's control are excluded from the warranty and the seller's liability.

10.5 In no event shall the purchaser be entitled to claim compensation for damage of any kind other than to the actual items supplied, such as loss of production, loss of use, loss of orders, lost profits and other indirect consequential or economic losses.

10.6 All rights and remedies of the purchaser for a claim provided in breach of contract are exclusively established and provided for by these terms and conditions, regardless of the legal theory for the claim. In particular, all claims by the purchaser for compensation (including consequential damages such as for production stoppages, loss of profits, loss of use and any other financial loss), reduction of the purchase price, cancellation of the contract, etc., which are not expressly stated, are excluded.

11. Place of performance, place of jurisdiction and applicable law

11.1 The place of performance is Eschweiler, Germany.

11.2 All disputes resulting from the business relationship with merchants, legal entities under public law and special funds under public law shall be under the exclusive jurisdiction of the Amtsgericht Aachen (local court Aachen) i.e. the Landgericht Aachen (district court Aachen).

11.3 All legal relationships with the Principal are exclusively governed by the law of the Federal republic of Germany. The application of the United States Convention on the International Sales of goods of 11. April 1980, BGBL (Bundesgesetzblatt - federal law gazette) 1989, II, p. 588; 1990 II, 1699) is excluded.

12. Concluding provisions

12.1 All agreements and legally relevant declarations by the parties to the contract are binding only if made in writing. This also applies to any agreement to waive the requirement for observance of the written form. Declarations only become



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legally effective when they have been received by the counterparty.

12.2 If one or more provisions of the contract prove to be wholly or partly ineffective or invalid, this does not affect the effectiveness and validity of the remaining provisions of the contract. The parties to the contract will replace the ineffective or invalid provision by an effective or valid provision, which most closely approximates the legal and financial object of that which has to be replaced.

Eschweiler, 01. January 2016