



8th December 2010

Dear Customer

Re: Price changes.

This year has been a very significant one in the history of Blue Max; the growth trend from the previous year continued throughout 2010 and with the acquisition of Banner in June we became the major supplier to the schoolwear industry. This year has also been very significant because of the challenges that we have been faced with over recent months as a result of a volatile world textile market.

Never before have we seen such large price increases in all yarns, a severe shortage of cotton due to a poor harvest and the floods in Pakistan and a shortage of production caused by the local market demand in the Far East. It is also unprecedented for suppliers not to honour previously agreed contracts, and in some circumstances not be able to quote a price or a delivery date. In addition sterling has weakened against the dollar in the past year.

It is against this background that the Blue Max prices are changing with effect from 17th December 2010; we have also reflected these changes and increased the price on a small number of Banner products where there has been significant movement in recent weeks.

We always try to mitigate price movements wherever possible however the reality of the exceptional increases recently has forced us to react to these factors which are outside our control and we will continue to monitor the market and act accordingly. We have reflected the recent fall in yarn prices in our revised price list and should we see further savings then we will reduce prices where possible.

Having visited a significant number of our suppliers in the Far East at the beginning of November we were able to get a clear understanding of the market situation and, whilst everyone is understandably focused on the implications of the current price increases, we should also be very mindful of the supply situation as price becomes irrelevant if you do not have the stock and your shelves are empty.

At Blue Max Banner we value our close relationship with our customers. We can assure you that we are doing everything possible to minimise prices and we have made the necessary arrangements to protect our supply lines and have the stock levels to meet your requirements.

We would like to thank you for your continued support and we look forward to working together in 2011.

Yours sincerely

Nigel Plenderleith
Managing Director.





Dear Customer,

I am sure that by now you like us are feeling the effects of the changes in both raw material costs and the rising manufacturing costs of the Far East. The situation is unprecedented, with over 40 years of experience in both manufacturing and buying products we have never seen a time where every day brings new costs and even existing open orders are held from shipping unless its agreed that a premium will be paid.

If we then add on the current shortage of capacity available, the situation deteriorates even further, with manufacturers only making for the highest prices they can get.

While we are all experienced enough to understand that this is a problem for all of us in the market place, it represent a challenge in how best we can deal with a very difficult situation.

Orbit is extremely conscious that we all have customer price agreements ourselves with you and in turn you with your own customers. To that end please be aware that our existing price list will change on JANUARY 4th 2011. We will forward you a new list as soon as we can, and our regional managers will also contact you to discuss any queries you may have.

We thank you all for working with us through our new IT implementation which caused some issues for us all, we are now coming through this and we are confident that the benefits moving forward will be significant.

Yours sincerely

A handwritten signature in black ink that reads "Ken Elavia". The signature is written in a cursive, flowing style.

Ken Elavia
Sales and Marketing Director



Andrew
Industrial Workwear Limited,
Unit 16 Consett Business Centre
Consett
Co Durham
DH8 6BP

Hi Andrew

I have just returned from China with a much better understanding as to why we are being given unprecedented increases on our buying prices.

Ultimately there are two elements involved.

The primary issue is the cost of cotton which has increased worldwide by over 40% in the past year due to crop failures. This however has been exacerbated by a conglomerate of some very rich business people who saw an opportunity to buy a "Commodity" like cotton instead of investing their billions into property development. This in turn has produced a supply and demand situation resulting in local yarn merchants increasing prices from 20,000 Yuan per ton to over 43,000 Yuan in the space of 6-8 weeks.

Secondly, the cost of labour in China has risen since last February by nearly 20% and is expected to increase again in 2011 by the same.

To address these issues I invited all local parties involved in the manufacturing of Papini clothing to a meeting in our own factory. These included yarn makers, dyeing and finishing fabric mills accessory factories for labels, buttons, and packaging. After two days of intense negotiations it was finally agreed that these increases should not be simply passed on to Papini like a "Hot Potato", and so all price increases, for now anyway, will be shared. This also means that we have been able to keep the percentage increase to you, our customers, to an average 10%.

At the moment our stock holding is very good which means we can delay implementing this increase until 1st January, when new deliveries start arriving. I will review the market conditions again after Chinese New Year when hopefully some stability will have returned.

I hope you understand a little more now about why prices have increased so much for all of us in recent months. If you have any questions regarding any of the issues above I will be more than happy to talk to you about them personally - my number is on this letter.

Please find attached a copy of our new price list. As you will see we are still offering you competitive preferential rates.

Thank you for your support and understanding in these difficult times.

Regards

A handwritten signature in black ink, appearing to be "Gary", written over the word "Regards".

Gary

Drew Brady



Dear Valued Customer,

I am sure you will be aware from the wide publicity through the media and no doubt communications from suppliers that the textile industry as a whole is facing unprecedented volatility in the price of its primary raw material cotton. As a consequence of this other yarns associated with the production of our garments have also risen dramatically. Cotton prices have increased by 150% over a fifteen month period and risen by 80% since August of this year. To emphasise just how volatile the market is the price of cotton increased by 25% in just one weekend during October!

During this extremely turbulent period we have not increased our prices in an effort to provide our customers with a stable platform, exceptional value and our usual efficient service and in the hope that we could 'ride the storm'. It is now clear that for the foreseeable future due to continuing high demand and low inventory of cotton worldwide that the price of raw materials will at best remain at the current high level but in reality may rise further as panic buying fans the inflationary flames.

Taking all the circumstances into account we have no option than to increase our prices from January 1st 2011.

Knowing how important a stable price is for our customers we have done all we can to set these prices at a level we believe we can guarantee for a sustained period forward into 2011. We have built strong relationships with our supply base over many years and I am confident that they will always provide the best service possible for us and will ensure continuity of supply through these historic times.

Many thanks for your support over the years and I hope that together we can look forward to many more years of mutual support.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Ian Lomas".

Ian Lomas
Director Leisurewear

