

**Commercial Terms and Conditions of
KAMAX s. r. o., Company ID No.: 474 55 705, with the registered
office in Turnov, Nudvojovická 1474, ZIP code 511 01**

(Effective for 2006)

§ 1

- 1.1 These Commercial Terms and Conditions of KAMAX s.r.o. (hereinafter referred to as the „Commercial Terms and Conditions“) shall apply to all contracts the subject matter of which shall be a payable supply of goods made by KAMAX s.r.o. (hereinafter referred to as the “Supplier”) to a customer, or a payable performance of a work by the Supplier for Customer’s benefit and shall also apply to legal relations between the Supplier and the Customer (hereinafter referred to as the “Contract”) related with or resulting out of them if, upon creation of these relations, it is obvious, taking all circumstances in consideration, that they concern Supplier’s and Customer’s business activities. These Commercial Terms and Conditions shall prevail over other commercial terms and conditions and over any Customer’s terms and conditions especially (hereinafter referred to as “Other Commercial Terms and Conditions”). The Other Business Terms and Conditions must not be applied to the relations governed by these Commercial Terms and Conditions even partially, even in the case the Customer refers to them in any way. Unless herein further stipulated otherwise, the goods for the purpose of these Commercial Terms and Conditions shall also include a work under a contract for work, unless the character of the matter excludes it.
- 1.2 Any alterations and amendments to the Contracts, including their cancellation, shall be in effect if only approved by company executives, proctors or persons authorized to act on behalf of the Supplier or to represent the Supplier in writing and in compliance with legal regulations.

§ 2

Supplier’s quotations shall not be binding. The Contract shall be concluded upon Supplier’s delivery to the Customer of a written acknowledgement of the quotation which shall notify that these Commercial Terms and Conditions of which the Customer is aware shall be used for supply of the goods. The Contract shall also be concluded upon a supply of goods under Customer’s written order out of which facts with respect to the Supplier’s Commercial Terms and Conditions arise in accordance with the previous clause. The Contract shall also be concluded on basis of Supplier’s acknowledgement of even another Customer’s order if any previous written expression of Customer’s will states that the Contract shall be governed by these Commercial Terms and Conditions.

§ 3

- 3.1 Supply of goods shall be understood as delivery of the goods to the Customer in the place of performance or in any other place agreed in the Contract or, should the goods be sent to the Customer under the Contract, as handing over the goods to the first carrier in order to transport it to the Customer.
- 3.2 Time periods for supply of the goods under the Contract shall be understood as approximate and agreed upon in Supplier’s benefit unless agreed otherwise in the Contract. Should the

Supplier exceed any approximate period of time, the Customer shall be entitled to set a reasonable additional period of time in writing with regard to all circumstances of the supply.

- 3.3 Time periods for Supplier's performance shall run only in the case that:
- a) The Customer provided the Supplier with necessary cooperation in compliance with the Contract, especially material, basic information, consents, deliveries, permits the Customer is obligated to obtain, and to notify the Supplier of necessary specifications;
 - b) The Customer and Supplier have agreed on all not yet arranged insubstantial parts of the Contract on basis of Supplier's proposal; Supplier's right to provide respective performance in order to perform the Contract partially shall not be affected by it. Not concluding any additional agreement on amendment to the Contract shall not have any effect on validity of the concluded Contract;
 - c) The Customer has properly paid agreed advance payments including accessions.
- 3.4 Customer's duty to indemnify or any other duties that have arisen in link with any default when performing its duties shall remain unaffected under the Contract even if any of the conditions stipulated in Clause 3.3 remains unperformed.
- 3.5 Acts of God and other events that, independently on Supplier's will, prevent the Supplier from even partial performing of the Contract or make it substantially difficult, such as breaks of production, failures or defects of machines, damage to moulds or tools, delay in transportation, strikes, legal lock-outs, official provisions and decisions, changes in legal regulations and binding standards, as well as not executed, incorrect or delayed supplies by subcontractors (hereinafter referred to as a "Circumstance Excluding Liability"), shall relieve the Supplier from its duties under the Contract as well as from its duty to indemnify even in the case that the Supplier was in default at the moment when a Circumstance Excluding Liability started. Circumstances Excluding Liability that have temporary character shall have the effects stated in the previous clause only during the period when such a Circumstance Excluding Liability lasts, adding a sufficiently additional period to perform the Contract which shall start running after the circumstance Excluding Liability has ceased to exist. The Supplier shall be obligated to notify the Customer of any Circumstance Excluding Liability immediately. If these circumstances are temporary and the Customer cannot accept the announced expected delay, the Customer may withdraw from the Contract with regard to the part of the Supplier's performance that cannot be performed properly.
- 3.6 The Supplier shall be entitled to provide performance even gradually unless agreed otherwise in a Contract.
- 3.7 Unless stipulated otherwise in the Contract or something else arises out of character of the matter, the place of performance of the supplies of the Supplier's goods shall be the Supplier's plant, located at the address: Turnov, Nudvojovická 1474, ZIP code 511 01.
- 3.8 Risk of damage to the goods shall pass on the Customer upon delivery of the goods to the Customer (see Clause 3.1 of the Commercial Terms and Conditions).
- 3.9 The Customer shall bear costs related to sending and transport of the goods from the place of performance or from any other place agreed in the Contract unless the Contract agreed that the goods would be delivered to its destination at Supplier's costs. The Supplier shall arrange insurance of the transported goods if only the Contracts stipulates so and at Customer's expenses.

- 3.10 Should the Customer or a carrier authorized by the Customer be in delay with taking over the goods, the risk of damage to the goods shall pass on the Customer at the moment of its delay even if the goods are not taken over. Any Supplier's possible entitlement to damages shall remain unaffected by it.
- 3.11 If the Supplier requests so, packing and storage material must be sent back to the Supplier at Customer's costs without delay and for free.

§ 4

- 4.1 Unless agreed otherwise in the Contract, Supplier's prices shall not include transport fees, packing fees and a value added tax effective as to the date of taxable supply.
- 4.2 In case the costs of sending and transportation of the goods are borne by the Customer but the transportation is arranged by the Supplier and unless provided otherwise in the Contract, the price of transport, custom charges and other costs related to transportation of the goods that are effective or, as the case may be, usual in the place of performance as to the date of sending the goods shall be decisive.
- 4.3 Payments must be made in agreed currency through bank transfers without any deductions and postal charges or any other similar costs. The Supplier shall not be obligated to accept cheques or promissory notes.
- 4.4 Offsetting of mutual claims by the Customer and application of retention right in order to secure claims by the Customer against the Supplier are excluded unless mandatory regulations stipulate otherwise. The Supplier shall be entitled to offset any of its mutual claims against the Customer even one-sidedly.

§ 5

- 5.1 Supplied goods shall remain in Supplier's ownership until the full payment of all Supplier's claims (hereinafter referred to as the "Reserved Goods"). This shall not affect the transfer of the risk of damage to the Reserved Goods to the Customer.
- 5.2 The Customer shall be entitled to further sell the Reserved Goods with payment of which the Customer is not in delay, process it or mix it with other things within its business activities. Other legal or factual disposal of the Reserved Goods is not permitted. The Customer must notify the Supplier of application of the right that shall go beyond framework of the previous clause to the Reserved Goods by a third party in writing without undue delay, but within two working days at least. If the Customer extended its client's period of payment with respect to any Reserved Goods, the Customer shall be obligated to agree with such a client in writing that ownership right to the Reserved Goods shall pass on the client only at the moment of full payment of the total purchase price for the Reserved Goods including its accessions to the Customer. Otherwise the Customer shall not be entitled to further alienation.
- 5.3 By the suspensory condition of the Supplier's written notification of the application of the assignment the Customer assigns to the Supplier its future claims that shall arise to it on basis of further sale, processing or mixing of the Reserved Goods against its clients up to the amounts of Supplier's payable claims against the Customer for the Reserved Goods including their accessions, and the Supplier accepts the assignment of the claims under the above mentioned suspensory condition. The Supplier shall be entitled to demand or, as the case may be, to apply the assigned claims if the Customer does not fulfil its duty to duly pay arising out

of the contract with the Supplier. After the Supplier notifies the Customer of application of assignment in writing, the Customer shall be obligated to provide the Supplier with all cooperation without undue delay in order to enforce or, as the case may be, to apply claims against its clients, especially to inform its client of the assignment of the claim, to submit the Supplier all necessary documents and provide all necessary information that concern the assigned claim and the affected client. The Supplier shall be entitled to prove the assignment of the claims to the Customer's clients. Supplier's right to enforce or, as the case may be, to apply payable claims right against the Customer shall not be affected by it and amounts paid to the Supplier by the Customer's clients shall be offset against the respective payable Supplier's claims against the Customer.

- 5.4 Legal regime of the Reserved Goods processed, processed into a new thing or mixed with another thing shall be governed under the provision of section 135b of the Civil Code, the Act No. 40/1964 Coll., as amended. Should the Customer process the Reserved Goods, process it into a new thing or mix it with another thing in contradiction to Clause 5.2 hereof, the Supplier shall be entitled to require its rendering or returning to its original condition. If such returning to the original condition is not possible or purposeful, it is agreed that the Supplier shall become the owner of such new thing. Otherwise, the Supplier shall notify the Customer in writing that it insists on pecuniary compensation for the Reserved Goods under the Contract. If the Supplier becomes the owner of the new thing, the Supplier shall assign it to the Customer against payments of all payables including accessions arising out of the Contract and any other incurred costs, e.g. storage fees, transport fees, etc. Should the Customer not pay the debt in accordance with the previous clause, the Supplier, as the owner of the new thing, shall be entitled to sell the new thing in a public auction or to alienate it in any other way, or as the case may be, to have it alienated, and then the Supplier shall pay the Customer proceeds of the alienation after having deducted all its claims including their accessions arising out of the Contract or any other incurred costs including the costs of such auction or any other alienation or, as the case may be, the Supplier shall seek any unpaid remain of its claims through court. Any Supplier's entitlement to damages shall not be affected by this.
- 5.5 If the amount of security of Supplier's claims that was provided under the Contract exceeds by more than 20% the amount of secured claims including their accessions, the Supplier shall be obligated, on the basis of Customer's written request, to provide cooperation in order to decrease the security at the stated level. If Supplier's claims are secured in various ways of security it shall be up to the Supplier to choose with respect to the security which is to be decreased.

§ 6

- 6.1 The Supplier shall, with its all due diligence, be obligated to have a good look at the goods immediately after the risk of damage passes on it. The Customer must complain about any defects that may be ascertained during the check to the Supplier without any delay after the check. Defects that were caused by transport must be reported to and claimed with the carrier without undue delay. The carrier and the Customer shall make a record of the defects a copy of which shall be mailed to the Supplier without any delay.
- 6.2 If the goods have defects, the Supplier shall, in accordance with its choice, be obligated to remove the defects, or supply substitute goods. The Customer may withdraw from the Contract only with respect to the defective goods after the defects are not successfully removed twice or when the Supplier does not fulfil its duty to remove the defects or to supply substitute goods within a reasonable period of time. The reasonable period of time shall be

understood as 30 days at least if, regarding circumstances of the case, it is not reasonable to provide a longer period of time to remove the defects.

- 6.3 Unless the Contract stipulates otherwise, the Supplier shall provide information, consultancy services and recommendations to the Customer voluntarily on basis of its existing experience. On basis of their provision or non-provision no Customer's entitlements may arise and this activity shall not be a part of performance of the Supplier's duties arising out of the Contract. The data provided in relation to this, especially the data with respect to values and possibilities of use of the Supplier's goods, shall not be considered any guaranteed qualities and no quality warranty shall apply to them even if it was expressly agreed in the Contract with respect to the goods or otherwise provided by the Supplier.

§ 7

- 7.1 The Supplier shall bear liability for damage caused by a defect of a product under the Liability Act. The Supplier shall bear liability for breach of contractual duties under provisions of these Commercial Terms and Conditions, or under applicable provisions of the Commercial Code respectively only in case of intention of gross negligence.
- 7.2 In case contractual duties are breached, the Supplier shall not be liable for damage if such a breach of a contractual duty was caused by circumstances excluding Supplier's liability (Clause 3.5 of the Commercial Terms and Conditions). The Customer shall not be entitled to damages if any non-performance of the duties by the Supplier has been caused by Customer's acting or defects or cooperation that was not provided and to which the Customer was obligated. The Supplier shall not be liable for any damage that shall exceed the damage that the Supplier might have predicted as a possible consequence of breaching its duties at the moment of concluding the Contract, taking all circumstances that the Supplier was aware at that moment or that it should have been aware of with common diligence in account. Within the intention of the previous clause lost profit and any other than real damage shall always be understood as any unpredictable damage.

§ 8

- 8.1 The Customer guarantees that no rights of third parties, especially copyrights, intellectual property rights or any other rights arising out of intellectual property, not in the Czech Republic or abroad, shall be breached during the production and supply of the goods in accordance with the drawings, patterns or basic information supplied by the Customer, under instructions provided by the Customer, or by using Customer's material. Should such rights exist, the Customer must notify of this fact the Supplier in advance. If the Supplier breaches any such rights of a third person unintentionally, e.g. due to Customer's failure to inform the Supplier of the stated rights or due to any other reason, and the third party seeks its claims, the Customer undertakes to remedy the possible illegal state at its own expense and to indemnify the Supplier in full scope, should the third party have been awarded its claims against the Supplier. Other Supplier's claims shall not be affected by this.
- 8.2 Moulds, devices and constructional information materials produced by the Supplier in order to fulfil its duties arising out of the Contract shall be its exclusive property unless the Contract expressly stipulates otherwise. No claims shall arise to the Customer even if the Customer participated with its costs at the production of the moulds, devices or constructional information materials produced by the Supplier in order to perform its duties arising out of the Contract unless the Contract expressly stipulates something else. The Supplier shall especially

be entitled to destroy the moulds, devices and constructional information materials in question after a reasonable period of time lapses from Customer's last order.

§ 9

- 9.1 Information provided during negotiations that concerned entering into the Contract shall be confidential. The Customer must not disclose the information to any third party or to use it in contradiction to the purpose of the information for its own needs regardless the Contract has or has not been concluded. All facts of commercial, production or technical character related to the Supplier's business that have real or at least potentially material or immaterial value and are not commonly available in the respective business circles and which the Customer obtained in relation to the Contract must remain concealed and the Customer shall be obligated to keep them confidential. Especially, the Customer must not reveal or make available the information that is subjected to trade secret to any third party or to use it for itself or for anybody else, unless the Contract expressly stipulates something else.
- 9.2 The Customer must handle the drawings, patterns and similar things, Supplier's information or any such things and information from third persons that have been made available or announced to the Customer in relation to the Contract in compliance with regulations concerning industrial and other intellectual property and ownership rights. Especially, they must not be surrendered to a third party or otherwise made available, be published or announced without a written consent. Copying of such things and information shall only be possible for production needs and in compliance with rights arising out of industrial property, other rights arising out of intellectual property and ownership right. The Supplier shall be entitled to demand the returning of such things and information handed over to the Customer or, as the case may be, to require their destroying.
- 9.3 The Customer undertakes to provably bind its employees and business partners as well to maintain the duties under Clauses 9.1 and 9.2 of the Commercial Terms and Conditions.

§ 10

- 10.1. Should any provision of these Commercial Terms and Conditions and Contract be invalid, ineffective or inexecutable, or should it become any of these in future, the validity, effectiveness and enforceability of the other provisions of these Commercial Terms and Conditions shall remain unaffected. Instead of such invalid, ineffective or inexecutable provision a valid, effective and executable provision that corresponds with economic purpose of the invalid, ineffective or inexecutable provision as close as possible shall apply. Should there be a gap between these Commercial Terms and Conditions and the Contract, then the legislative regulation that would have been chosen by the Parties regarding all circumstances and the principle of honest business relations if they had known such insufficiency shall apply.
- 10.2 Unless the law stipulates an exclusive jurisdiction, the District Court in Semily or the Regional Court in Hradec Králové shall have local jurisdiction over all disputes that may arise out of the Contracts, if such disputes concern any business matters within the intentions of the Civil Procedure Code, the Act No. 99/1963 Coll., as amended.
- 10.3 Legal relations between the Supplier and the Customer shall be governed by law of the Czech Republic, especially by the Commercial Code, the Act No. 513/1991 Coll., as amended. The UN Convention on International Purchase of Goods from 11.8.1980 as well as other future

interstate treaties shall not be applied to the relations between the Supplier and the Customer, unless the law or any applicable binding treaties stipulated otherwise in mandatory way.

§ 11

- 11.1 The Supplier shall be entitled to alter and amend these Commercial Terms and Conditions at any time.
- 11.2 The Supplier shall be obligated to notify the Customer of all alterations of and amendments to these Commercial Terms and Conditions at least within ten working days from their coming into force. The Supplier shall notify the Customer of all alterations of and amendments to the Commercial Terms and Conditions either by sending their written execution at the Customer's address or by means of their placement at the Supplier's web pages. The Supplier shall be obligated to notify the Customer of placement of any alterations or amendments at its web pages in time. The Customer shall be obligated to become familiar with the alterations of and amendments to the Commercial Terms and Conditions.
- 11.3 Unless the Supplier's statutory body stipulates otherwise, all alterations of and amendments to the Commercial Terms and Conditions shall become valid on the second working day after their approving by the Supplier's statutory body. Unless the Customer pronounces its written disagreement with the alterations of and/or amendments to the Commercial Terms and Conditions within ten working days from their delivery or announcement of their placement at the Supplier's web pages, these alterations of and/or amendments to the Commercial Terms and Conditions shall become binding on the Customer with effect from the day of their becoming valid unless they stipulate any later effective date.
- 11.4 At least one month from the date when alterations of and/or amendments to the Commercial Terms and Conditions become effective the Supplier shall be obligated to issue their full text and make the Customer familiar with the text by the manner stipulated in Clause 11.2 of the Commercial Terms and Conditions. Their full version shall also be available at the Supplier's registered office as from the same date.

§ 12

These Commercial Terms and Conditions shall come in force and become effective on [] 2006 and shall not apply to any contracts concluded between the Supplier and the Customer before this date.

In Turnov, dated [.....] 2006

On behalf of KAMAX s. r. o.

Ing. Vladimír Košíček
Company Executive