

TERMS OF DELIVERY AND PAYMENT

I. GENERAL PROVISIONS

These terms of delivery and payment (hereinafter TDP) establish the reciprocal rights and obligations of the two Contracting Parties, i.e. the Supplier and the Customer, arising from their mutual business involvement. The TDP also include the Claims Rules. The following are defined for the purposes of these TDP:

- **Supplier:** LASER-TECH, spol. s r.o., Vejdovského 1102/4a, 772 11 Olomouc, ID No: 43962963
- **Customer:** a physical or legal entity that purchases the goods or services of LASER-TECH, spol. s r.o.
- **Subject of delivery:** product or services according to the Customer's written order approved by the Supplier or by contract.
- **Product:** a product from LASER-TECH, spol. s r.o., including the provided material and its surface finish.
- **Contractual business relationship:** a relationship between the Supplier and the Customer concluded for the purpose of the delivery of a product or the provision of services. These relationships are created by means of dealings between the Supplier and Customer and the Customer's subsequent confirmed order or a written purchase contract or contract for work (in the case that the Customer provides a substantial part of the material), or a written price agreement.

The contractual business relationship between the Supplier and the Customer is governed by Czech law, in particular Act No 513/91 Coll., the Commercial Code (as amended) and these TDP, which form an integral component of this relationship.

The TDP are public and freely available in the commercial department at the Supplier's place of business and at INFO on the Supplier's website at www.laser-tech.cz. The Customer shall procure the TDP on its own and if it agrees with the contents hereof, shall send a copy duly signed by the representative authorized to act in the name of the Customer along with the order. Alternatively, the signed copy of these TDP can be handed over to the Supplier prior to the signing of a purchase contract or contract for work. The TDP signed by the Customer take precedence over any other condition such as the General Business Conditions (General Contract, Purchase Conditions, etc.).

If the Contracting Parties agree on making changes to these TDP, the contractual business relationship and other relationships between the Parties shall be governed by the modified TDP the moment they are signed by the Contracting Parties. With each additional order, be it submitted by phone, e-mail or in some other manner, the Customer confirms its consent to the Supplier's TDP, even if this consent is not documented in writing in the given case.

II. TERMS OF DELIVERY AND PAYMENT

Ordering procedure

An order is a unilateral binding legal operation by the Customer addressed to the Supplier.

Orders can be submitted to the Supplier by fax, e-mail, post or in person.

The Supplier shall not accept orders submitted by phone or in person if these are not backed up by written orders (written text including fax and e-mail) containing the required information listed below.

The fulfilment date (delivery date) begins the day the Supplier receives the complete order in written form and after the performance of all the other conditions for fulfilment (e.g. after the delivery of the specified material, etc.).

Orders must contain the following information:

- the address of the Supplier, the company name and Company ID No/VAT No of the Customer;
- identification that the document is an order, its number and issue date;
- the name of the individual authorized to act in the name of the Customer;
- the Customer's contact person authorized to act in contractual matters, including telephone (fax, e-mail) contact;
- the subject of the delivery, a precise and unambiguous specification of:

- ◆ the number of items
 - ◆ dimensions and shapes (sketch, drawing number, revision)
 - ◆ the quality of the material and its technical delivery directives (standards)
 - ◆ the supplier of the material (Supplier, Customer, third party)
 - ◆ dimensional and quality requirements and standards
 - ◆ surface finishing
- price agreements, invoicing;
 - the method of fulfilment (the possibility of the partial fulfilment of separate deliveries);
 - packaging requirements;
 - the method of taking over the product, transport requirements;
 - other supplementary data.

Quality technical documentation is to be a part of the orders.

The fulfilment date (delivery date) begins the day the Supplier receives the complete order in written form and after the performance of all the other conditions for fulfilment (e.g. after the delivery of the specified material, etc.).

The Customer's first order must include a copy of its trade certificate or extract from the commercial register and tax registration certification.

The Supplier is entitled to reject any orders that do not contain all of the specifications listed above. The material used for the product is in a quality common on the market and a variety according to valid Czech Standards, without special requirements. The tolerance of dimensions for the product cut by laser technology is defined in ISO 2768-mK; the quality of the laser cutting is established in EN ISO-9013-332 and DIN 2310-III.

Order confirmation, technical clarification and the concluding of contracts

Employees in the Supplier's commercial department take orders and act in sales and technical matters, with the required assistance of an employee from the Supplier's technical department. The Supplier reserves the right to reject orders. Orders that are unclear must be clarified.

If multiple forms (versions) of the Customer's technical specifications exist, these shall have precedence in the following order:

- | | |
|--|---------------------------|
| 1. Electronic version (in *.dxf, *.dwg or *.cdr formats) | 3. Specifications in text |
| 2. Printed legible drawing documentation | 4. Others |

In order for drawing documentation submitted in electronic form to fulfil requirements it is necessary that lines correspond to the scale and relevant dimensions of the product (if the scale in the documentation is not visibly established the documentation is processed for a scale of 1:1). Lines for the relevant tolerated product dimensions are in the middle of the tolerance zone and portray a binding shape (contour) of the product. The electronic form of documentation is produced in layers and the main dimensions of the product are marked in the horizontal and vertical direction.

In the case of repeated production the Customer is required to designate the technical documentation numbers, including the version (revision) on the (new) order. If the Customer does not designate changes from the previous order the same product will be delivered.

If the prescribed quality is not specified in an order, the steel sheet metals most frequently used in laser cutting – 11 373, 11 375, St37-2 and S235JRG2 (or 11 523, St52-3 and S355J2G3) – shall be interchangeable.

Upon accepting an order as binding (by post, fax, e-mail, written record from negotiations) the Supplier shall assign the order an order number, confirm the Customer's document in writing and send it to the Customer in a similar manner. **The moment this is sent, the Supplier and the Customer are in a contractual business relationship; the Supplier is obliged to deliver the ordered product to the Customer and the Customer is required to take over and pay the price of the product in the prescribed manner.**

The head of the sales and marketing department, the head of the commercial department, the company secretary and company director are the only individuals authorized to confirm orders by means of a price agreement and to conclude a purchase contract in the name of the Supplier. If the total price of the subject of the delivery is above CZK 50,000 including VAT only the company secretary and the company director are authorized to do so.

In the case that the value of a one-time order is above CZK 50,000 including VAT, or in the case of a repeated delivery to a single Customer with a total collective price for the month (or the previous 30 days) above CZK

50,000 the contractual business relationship between the Customer and the Supplier must be concluded by means of a written purchase contract. Only the secretary and director of the company confirm exceptions.

Changing and cancelling orders

Changes to a binding order, i.e. changes in technical documentation or other points of the order, and the cancellation of an order are binding for the Supplier after confirming the receipt of the changes or cancellation to the Customer (by fax, e-mail, written record from negotiations).

The Supplier has the right to compensation for damage it suffers as the result of changes in a binding order or the cancellation of a binding order, in the amount of the expenses it incurred in fulfilling the binding order up to the point of confirming the acceptance of changes or the cancellation of an order to the Customer. If the Supplier incurs damage as the result of changes to or cancellation of a binding order, the Customer is always required to pay the damage.

Fulfilment date

The fulfilment date is agreed upon with the Customer after the receipt of an order and is stipulated in the price agreement, the purchase contract and the contract for work. The Supplier is required to meet the fulfilment deadline. If the Supplier does not meet the deadline the Customer shall be entitled to a discount of 0.05% of the price of the subject of fulfilment for each calendar day delivery is delayed.

Should the Supplier discover after a contract has been concluded that the previous order was not paid on time by the Customer, the Supplier is entitled, according to its technological and production capabilities, to move the agreed upon fulfilment deadline in a corresponding manner and this shift does not imply a violation of the contract. Alternatively, the Supplier can withdraw from the contract or condition the fulfilment date of the contracted obligation on the Customer's payment of all outstanding accounts payable.

The Supplier is entitled to move the fulfilment deadline back day by day and the Customer shall not be entitled to a discount in cases when the Customer changes the technical specifications of the subject of fulfilment or when the Customer is delayed in making these changes or in clarifying changes, or when the Customer is late in delivering the material required for production. In such cases the running production period will begin the moment the complete technical documentation is handed over, technical incongruities are clarified, or once all of the other agreed upon obligations of the Customer are fulfilled.

In the case of a relationship concluded on the basis of a written purchase contract or contract for work (e.g. the subject of fulfilment with a price of over CZK 50,000) the delivery deadline shall begin to run, at the earliest, the day the duly signed purchase contract or contract for work is delivered to the Supplier, unless established otherwise in writing.

Price, payment and invoicing

The purchase price is agreed upon on the basis of the Supplier's schedule of prices valid the day the Customer order the product. The Supplier shall communicate the price to the Customer in the form of a price offer valid for a limited amount of time. The Customer shall agree to the price by signing the order, the price agreement, the purchase contract, or the price arrangements. The price is typically established as EXW or FCA.

Changes can be made in the contracted price only by means of a written agreement and the Supplier reserves the right to call for new price negotiations in the case that the prices of input materials not delivered by the Customer or services (cooperation, subcontracts) increase during the course of contract fulfilment by more than 5%.

If the Customer does not provide the required technical documentation in electronic .dxf format the Supplier can charge the Customer a fee for supplemental technical processing at a rate of 300 CZK/hour. This applies to the first order of a specific type of product, and if the same product is re-ordered the fee is not charged again.

Payment for the product up to CZK 5,000 is typically made in cash at the Supplier's cash desk; the Customer obtains the delivery note and a receipt confirming payment.

Payment for the product over CZK 5,000 is made in a variety of ways. The Customer receives the delivery note and the Supplier reserves the right, unless is has been contractually arranged otherwise, to determine whether to issue the product after it has been paid for in full, after the payment of a down payment (advance invoice, verified bank transfer, cash, etc.) or prior to payment (takeover of the product with an invoice stating the maturity date). The deciding factor is the payment discipline and credit of the Customer.

Invoices are typically due within 14 days. Different payment terms can be established in individual contracts depending on the Customer's payment discipline and credit.

Justified objections to invoices can only be submitted in writing before the payment date of the invoice.

Payment shall be understood as the deposit of the relevant amount in the Supplier's account, the payment of cash at the Supplier's cash desk or the cash on delivery payment in the case the product is shipped in this manner.

The ownership rights to the delivered product are transferred to the Customer the moment the entire purchase price and any other potential obligations are paid (contractual penalties, interest from delays, etc.). In the case that the Customer does not pay for the delivered product by the agreed upon deadline the Supplier can demand, in addition to legal interest for the delay, the payment of a contractual penalty in the amount of 0.05% of the total outstanding amount for each calendar day the payment is in arrears.

Customers with good payment discipline that repeatedly use the services of the Supplier can be granted "credit" by the Supplier, i.e. a financial limit for their outstanding balance. This credit determines the maximum permitted sum of amounts on unpaid invoices issued by the Supplier to the Customer, without regard to their deadline, before the product is held back.

This credit is determined exclusively by the Supplier, who is also entitled to change the amount of credit. The amount of the credit typically equals the amount corresponding to the monthly volume of the Customer's orders.

Customers interested in using the credit established by the Supplier and payment after the delivery of the product must conclude an agreement for payment terms and securing payables with the Supplier. This agreement establishes deadlines for invoices and the Customer's credit level.

Product takeover, takeover site, transport, storage fees

The takeover of the product is only possible on the condition that the Customer does not have any outstanding financial obligations to the Supplier connected with previous deliveries (taking into consideration possible credit granted to the Customer). Unless otherwise established in writing, the product is delivered without surface finishing, unwrapped and prepared for takeover as "freely loaded" (or loaded on a EURO pallet if agreed upon).

The takeover site of the subject of fulfilment is the Supplier's premises.

At takeover the Customer is required to check both the number and quality of the product. The Customer confirms the takeover of the product and agreement with the warranty condition and claims rules by signing the delivery note.

In requesting the delivery of the product to a different location the Customer is required to pay transport and handling charges as well as other expenses related to the transport of the product. The product can be sent by C.O.D. post as a commercial package, by courier service or by the Supplier's automobile. The product is sent in the manner designated by the Customer in the order approved by the Supplier. All of these supplemental expenses are typically billed by the Supplier in a separate invoice.

During the takeover of the product from the carrier the Customer is required in the presence of the carrier or its representative to certify the condition and amount of the delivered product. In the case that the product is lost or damaged during transport the Customer is required to compile a report with the representative of the carrier of the damage or loss of the product so that a claim can be filed with the carrier for compensation. The representative of the carrier shall confirm this listing. The Customer shall inform the representative of the Supplier of the situation in writing without undue delay (within three business days), attaching the report compiled with the carrier as an annex. In the case that the Customer does not compile this report or does not send such a report to the Supplier in the stipulated period, it shall be understood that the delivery was in order.

If the Customer does not take over the product for reasons on its side (including non-payment) the Customer shall be responsible for the full cost of repeated delivery and storage.

If the Customer does not take over the product on the repeated delivery the Supplier is entitled to withdraw from the contract and the Customer is required to pay the Supplier a contractual penalty in the amount of 100% of the subject of fulfilment and the expenses connected with delivery of the product and its storage.

If the Customer does not pick up the product within 10 calendar days following the agreed upon fulfilment deadline the Supplier is entitled to store the product. The warranty period for the product begins to run at this moment and the Customer assumes the risk of damage to the product. The Customer shall be billed a storage fee for the period the product is stored; this fee shall be in the amount of 0.05% of the price of the product for each calendar day, up to a maximum of 90 calendar days. After this deadline expires the product becomes the property of the Supplier and the Supplier is entitled to sell the product to a third party as, for example, scrap. The Customer is required to pay the Supplier a contractual penalty in the amount of 100% of the subject of fulfilment and expenses connected with its storage.

Production material provided by the Customer can only be stored in exceptional cases as a paid service, on the basis of a written agreement. The Customer is required to take over remnants of the material it provided for production purposes along with the product. If the Customer fails to collect this extra material the Supplier shall store it for 3 business days, after which it shall be liquidated without further notice or right to compensation.

The withholding of the product by the Supplier

If the Customer is in arrears with financial obligations to the Supplier or if the Customer has outstanding invoices prior to their maturity date and the invoicing of an additional product would cause the customer to exceed its credit limit, the Supplier can suspend production and additional deliveries of the product until the time the obligations are settled or the credit balance is reduced.

The Supplier shall inform the Customer of the fact that deliveries are being withheld by fax, telephone or e-mail. The withholding of the product cannot be judged as a delay in meeting the fulfilment deadline by the Supplier. The same applies if the Customer is incapable of payment or if a bankruptcy motion has been filed against the Customer in court. On the day such a bankruptcy motion is filed all previous financial obligations before their due date become payable.

III. CLAIMS RULES – Product identification

The Supplier must label the product to ensure the possibility of later identification. This labelling is performed in a manner that does not damage the product or cause damage to the Customer. It is left to the discretion of the Supplier as to whether the method of labelling is discussed with the Customer ahead of time.

Quality guarantee, liability for defects

The supplier shall provide the Customer a quality guarantee on its own products for 6 months from the date the product is taken over. The Supplier guarantees the quality of its work and that the product was made in compliance with the Customer's technical specifications provided in the approved order or purchase contract. The Supplier shall provide a guarantee on hidden defects according to the warranty period provided by the supplier of the material used for the production of the subject of fulfilment.

The Customer has the right to exercise a guarantee only on a product that shows demonstrable defects, is covered by a valid guarantee and was verifiably delivered by the Supplier.

The Customer is required to check the number of products, the quality of their surface, corrosion and evident shape deformation during the takeover and subsequent expert inspections of other matters (dimensions, etc.) as soon as possible after the takeover of the product. If the Customer fails to do so, it can apply claims on discovered defects in the product afterwards only when it can prove that the product already had these defects at the time they were taken over from the Supplier.

The guarantee does not extend to any material provided by the Customer and to construction designs used by the Customer and the related safety and functionality of the product.

The guarantee does not apply to natural wear that is common with the given operation of the product, to safety devices damaged as a result of their safety function, to measuring instruments, to defects caused by atmospheric malfunction, natural disasters, improper storage, chemical reactions, unprofessional handling and disruptive encroachment by third parties.

If the Customer uses the delivered product for further processing it shall be assumed that the Customer has properly inspected the product, including professional care, and declared it to be in order. Claims by the Customer for the compensation of damage caused after further processing of the delivered product (e.g. performing additional production operations, installing the product into a large unit) shall be dismissed.

The Supplier shall guarantee the product from third parties delivered by the Supplier while taking into consideration the warranty conditions of these third parties.

In the case that the Customer fails to take over the product at the agreed upon time the guarantee period nonetheless begins to run on this original takeover date. The same holds true in the case that the Supplier withholds the product due to the fact that the Customer is in arrears with payment.

Exercising and reviewing claims

Upon discovering defects in the product the Customer is required to inform the Supplier in writing without undue delay (within 1 week) and prove that the product originated with the Supplier. If the Customer fails to do so the guarantee expires.

Written notification of defects – claims – can be made by fax, e-mail, registered post or a record from negotiations delivered to the Supplier at his business address. All other forms of notification are invalid. In its claim the Customer must present a precise description of the defect, an opinion as to whether the defect prevents the use of the product and whether or not the defect can be rectified. It is likewise appropriate for the Customer to state its ideas for resolving the claim in the case that it is judged to be justifiable.

The Customer can prove that the product originated with the Supplier by submitting the delivery note and the complete product on which the claim is being exercised.

The Customer must notify the Supplier of defects involving the correct number of items, damaged surface or corrosion in writing within 1 week from the date the product is taken over. If the Customer fails to do so the right to exercise a claim expires.

The Supplier is entitled to use his representatives to determine on the Customer's premises whether a claim is justified and the Customer is required to allow these inspections to occur.

Justified claims

In the case of a justified claim the Supplier shall acknowledge the claim and offer the Customer the following forms of compensation:

1. Repair of the defective parts, at either the Supplier's or Customer's premise, at a price agreed upon in advance.
2. A discount on the price.
3. The production of new parts to replace the defective parts.
4. Equivalent compensation fulfilment in another product.

The Supplier reserves the right to choose the final form of compensation. Defective parts that were exchanged or for which compensation fulfilment was provided are the property of the Supplier; the Customer is obliged to return these parts to the Supplier.

Financial compensation is only possible in exceptional cases, on the basis of a concluded written purchase contract, as a rule only as an adjustment of invoiced amounts. The maximum amount of compensation is the contracted price of the defective parts. This form of compensation is typically provided in the form of a discount on future orders. It is assumed that justified claims will be resolved with the legal period mandated for their resolution.

Unjustified claims

The Supplier will not acknowledge the justifiability of a claim against defective product that was verifiably pointed out by the Supplier (typically on the delivery note) prior to being taken over and against which the Customer made no written objections. If a claim is found to be unjustified the Customer shall be required to compensate the Supplier for expenses verifiably connected with investigating the claim, including travelling expenses.

IV. CONCLUSION

Les parties contractantes sont convenues que, conformément à la loi en vigueur no. 216/1994 Sb. sur la procédure arbitrale et sur l'exécution des sentences arbitrales, tous leurs litiges nés du présent contrat ou relatifs à ce contrat seront décidés dans la procédure arbitrale par un seul arbitre conformément au Règlement de la procédure arbitrale publié par l'Union pour les procédures arbitrales et médiatrices de la République tchèque S.A., IČ: 27166147 (ci-après "Union") et rendu public sur le site Internet www.urmr.cz. L'arbitre sera inscrit sur le Registre d'arbitres tenu par l'Union au jour de la remise de la demande et les parties contractantes chargent expressément l'Union de désigner, suivant le Règlement intérieur de la procédure arbitrale, l'arbitre pour la procédure basée sur cette clause d'arbitrage. Les parties contractantes chargent l'arbitre ainsi désigné de décider tous les litiges selon les principes d'équité. Les parties contractantes déclarent expressément qu'elles ont eu et ont la possibilité de prendre connaissance du Règlement intérieur de la procédure arbitrale ainsi que de l'Arrêté sur les frais de la procédure arbitrale avant la signature de la convention d'arbitrage, qu'elles l'ont fait, et qu'elles considèrent les documents cités comme partie intégrante de cette convention d'arbitrage.

These TDP cancel all previous provisions and customs in handling orders, the purchase of the product and services, delivery, invoicing and claims.

LASER-TECH, spol. s r.o. reserves the right to make changes to these TDP. Any changes will be properly published and shall apply to orders received after the changes are published and have taken legal effect.

These TDP were published on 25 January 2008 and take legal effect on **1 February 2008**.

Olomouc, 25 January 2008

On behalf of LASER-TECH, spol. s r.o.:

Alois Koutný

Executive Director

Confirmation

The Customer has read and accepts the terms of delivery and payment of LASER-TECH, spol. s r.o.

Customer (company name): _____

Customer's address: _____

Customer's Company ID No: _____

Name and position of authorized individual: _____

Date: _____

Stamp and signature: _____