

KD TRANSPORT, mezinárodní zasilatelství, spol. s r.o.
MORAVIAN CHAINS
Sladkovského 31, 772 00 Olomouc, Czech Republic
(Hereinafter just Seller)
GENERAL TRADE TERMS AND CONDITIONS

1. General Covenants

- 1.1 The General Trade Terms and Conditions (Hereinafter just "GTTC") govern the sale and use of chains between the Seller and Purchaser. The GTTC are valid in their full scope if not agreed upon otherwise in the Purchase Agreement by the Contracting Parties.
- 1.2 GTTC are an integral part of purchase agreements between and by the Seller and Purchaser, valid in the wording effective as to a date of the Purchase Agreement conclusion.
- 1.3 Any changes in GTTC shall be made in form of Amendments which should be made in a written form and which are only effective provided they are accepted by both Contracting Parties. The Amendments shall become integral parts to a particular Purchase Agreement.
- 1.4 A Purchase Agreement shall be entered into pursuant to particular provisions of the Act No. 513/1991 Coll. of the Commercial Code, in the effective wording (Hereinafter just "CC"). It is deemed to be executed also based on an order acknowledged by the Seller, however, it should comprise performance subject designation, time and place of performance, unit price or pricing method (taking into account 448 CC), including additional charges for urgent production or special requirements.

2. Technical Documentation

- 2.1 A drawing of the chain is an essential technical document. Any technical documentation (drawings, procedures, regulations) to the commodities sold provided to the Purchaser is exclusive ownership of the Seller, and without his permit, it should not be copied, reproduced or revealed to any third person. Technical data, weights, dimensions and other data contained in valid catalogues, prospects and promotional materials are of an informative character, binding data shall be provided upon your request.

3. Attest of the Chain Tests and Quality

- 3.1 If the Purchaser requires a chain quality proving document, the requirement should be included in the order and/or Purchase Agreement, the Seller shall provide a document of the test in accordance with ČSN EN 10204.

4. Registration of the Purchaser

- 4.1 A Purchaser placing the first order to the Seller shall present his Extract from the Commercial Register or Trade License and Value Added Tax (VAT) Payer Registration Certificate so that the Seller can allocate a registration number to the Customer and furnish properly necessary documents (acknowledgement of an order, purchase agreement, delivery notes, tax documents, and so on) with proper identification data of the Purchaser.

5. Performance Subject and Term

- 5.1 The Seller is obliged to supply the commodities to the Purchaser in the quantity, quality and term as agreed upon in the Purchase Agreement. If not stated otherwise in the Agreement, the Seller is obliged to hand over the Purchaser documents necessary to take over the commodities prior to a purchase price payment. This particularly means a delivery note, invoice in two counterparts, or required Quality Certificate and, for export, also an export customs declaration or Certificate of Origin of commodities. A usual delivery term in case of a product not included in the stock inventory is 4 weeks after an acknowledged placed order. In case of a product preceded by the product development, sampling, modification or acquisition of preparations, tools or machines, or in case of supplies of large volume quantities, a delivery term shall be agreed upon in a particular Purchase Agreement.

6. Purchase Price

- 6.1 The price is contractual. If not stated otherwise in the Purchase Agreement, a price of the supplied commodities is deemed to be that one according to a price list of the Seller, EX WORKS, pursuant to INCOTERMS 2000, including loading on transport means, for export FCA pursuant to INCOTERMS 2000.

6.2 Any deviations from the valid Seller's price list of products should be stated in the Purchase Agreement.

7. Payment Terms and Conditions

- 7.1 The Purchaser undertakes to pay an agreed upon purchase price for the commodities as stated in the Seller's tax document, without any deductions, if not stated otherwise in the Purchase Agreement. In case of partial deliveries, payments shall be in compliance with volume of partial deliveries. If the Purchaser does not receive a tax document in 7 days after the delivery, the Purchaser is obliged to ask the Seller for it.
- 7.2 The Purchaser is entitled to return a tax document to the Seller provided data in the tax document do not correspond to data agreed upon in the Purchase Agreement.
- 7.3 **A payment obligation is deemed to be met by a date of the invoiced amount crediting to the appropriate Seller's bank account at its full amount, in case of cash payment upon a moment of the purchase price handing over to the Seller.**
- 7.4 The Purchaser undertakes to cover the agreed upon amount in advance based on an advance invoice, in case of a tax document, the basic maturity term is 14 days from a date of its issue if not set forth otherwise in the Purchase Agreement.
- 7.5 A maturity term is valid also in cases when the commodity takeover or transport are delayed or prevented from due to reasons beyond the Seller's control.
- 7.6 If several Purchase Agreements are executed, a precondition for their performance is payment of any and all formerly payable and due obligations of the Customer.
- 7.7 A delay in an agreed upon advance payment entitles the Seller to some postponement of performance of Supplier's obligations following from the Purchase Agreement, however, by a period corresponding to the payment delay at the latest.
- 7.8 In case of any payment delay, the Purchaser shall pay a contractual fine at the amount of 0.03% from a due amount for each day of delay starting on a day following a maturity term.
- 7.9 If the Purchaser fails to take over a Purchase Agreement subject in 30 days after a date agreed upon in the Purchase Agreement, and, if not agreed upon otherwise, the Seller shall be entitled to withdraw from the Agreement, and charge the Purchaser purposefully spent cost related to a particular Purchase Agreement performance preparation.

8. Performance Place, Commodity Handing Over, Title Assignment

- 8.1 A performance place is the seat of the Seller according to INCOTERMS 2000, i.e. EX WORKS for domestic supplies, and FCA for export supplies, if not agreed upon otherwise in the Purchase Agreement. A risk of loss or damage of the commodity shall be assigned from the Seller to the Purchaser according to INCOTERMS.

9. Delivery Term

- 9.1 A delivery term starts on a date of the Purchase Agreement execution or a date of the order acknowledge by the Seller if not stated otherwise in the Purchase Agreement.
- 9.2 **In case of an advance payment of the purchase price or its part the delivery term is calculated since the date of crediting the amount on the seller's account. In case that a purchaser pays the invoiced amount after the due date, the new delivery term will be determined by the seller.** In case that due to the purchaser's delayed payment the purchased goods mentioned in the purchase contract is excluded from the seller's product range, the seller has the right to withdraw from the purchase contract. The seller informs the purchaser about excluding of the goods from the seller's product range in a written form. In case that the purchaser has paid the invoiced amount after the due date and concurrently the purchased goods has been excluded from the seller's product range the seller will return the purchaser the paid amount on the purchaser's account.
- 9.3 A delivery term is deemed to be met on a day of sending an advice of the commodity availability to takeover, or a day when the commodity is taken over to transport by the first carrier, if not stated otherwise in the Purchase Agreement.
- 9.4 A delivery term can only be changed upon agreement of both parties or due to Force Majeur.

10. Packaging and Storage

- 10.1 The commodity is packaged in a way corresponding to usual transport conditions.
- 10.2 A returnable cover use is governed by special provisions in the Purchase Agreement. If the commodity is not placed on exchangeable EUR pallets, they are not returnable and their price is included in the price of the commodity supplied.
- 10.3 Chains should be stored in a dry, well ventilated storage hall, which air relative humidity is 54 to 75%, protected from penetration of aggressive gases and dust and without any chemicals present (ČSN 02 3301, § 44). Chains are conserved with a grease for sprocket chains ex works. This special grease serves as conservation during storage for a period of 6 months and, simultaneously, it serves as the initial chain lubrication for common operation conditions. A recommended storage temperature is +5°C to +40°C. Storage conditions for other types of conservation and greases according to special requirements of the Purchaser, or in case of a Purchaser's requirement for a supply of not greased chains, they shall be specified in the Purchase Agreement.

11. Transport and Insurance

- 11.1 The commodity transport shall be executed at the Purchaser's cost and risk if not stated otherwise in the Purchase Agreement. Claims regarding transportation shall be exercised by the Purchaser at a carrier without any delay upon the commodity or delivery documents acceptance.
- 11.2 Transport and insurance shall be governed by the agreed upon delivery condition in the Purchase Agreement according to INCOTERMS 2000.

12. Warranty and Claim

- 12.1 The Seller guarantees the quality of the commodity supplied in compliance with the effective quality standards.
- 12.2 The Seller guarantees the commodity supplied shall keep defined or usual properties and shall be free of any fault for a period of 8 months if used in a three-shift operation; for a period of 16 months if used in a two-shift operation; for a period of 24 months if used in a one shift operation. A warranty period starts upon the supplied commodity takeover ex works by the first Purchaser or carrier.
- 12.3 The warranty excludes faults or defects caused due to natural wearing, unsuitable use (such as axial chain loading, the chain is not greased), failure to follow operation regulations, unreasonable loading, unsuitable environment (contact with water or soil, very high or low temperature), mechanical impacts (abrasives) or chemical and electrolytic impacts acting, or other causes beyond the Seller's control.
- 12.4 The Purchaser is obliged to check the commodity received without any unreasonable delay, however, by 7 days at the latest, and report any potential order noncompliance in terms of quantity and quality immediately and in writing to the Seller. If the Purchaser fails to check or cause to check the commodity, he shall be not able to claim efficiently a compensation of a loss incurred due to the commodity use which faults could be detected at the above mentioned check.
- 12.5 A Seller's liability becomes null and void if the Purchaser or third person makes any modifications or repairs in the commodity without a written consent by the Seller as well as provided the Purchaser fails to take immediately measures to avoid major losses, or prevents the Seller from faults removal.
- 12.6 The Purchaser is entitled to exercise claims due to commodity defects for the entire warranty period, save evident defects, which should be claimed in 7 days from the goods takeover.
- 12.7 Fault reporting should be made in writing and should be supported by documents proving the claim grounds (copy of a delivery note, order, claim record).
- 12.8 Claimed commodities should be stored separately until a particular claim settlement. Any claimed commodity handling which could make it difficult or prevent from the claimed shortages verification is not permissible without a prior consent of the Seller.

13. Withdrawal from the Agreement and Compensation

- 13.1 Obligations from the Purchase Agreement shall become extinct upon their performance, agreement between and by the Contracting Parties, and withdrawal from the Agreement.
- 13.2 Either Contracting Party is entitled to withdraw from the Purchase Agreement, which should be made in a written form. As to a date the withdrawal was announced by him to the other party, the Purchaser is obliged to cover it an incurred loss. The incurred loss amount is derived from the commodity price defined in the Purchase Agreement and equals, if not stated otherwise in the Purchase Agreement, 40% of the agreed purchase price. In case of a supply of other than standard chains, a potential loss compensation amount shall be solved rightly in the Purchase Agreement. A potential loss compensation consisting in the inability to use such used production means to other business cases shall be not affected hereby.

14. Disputes and their Settlement

- 14.1 If not stated otherwise, the Purchase Agreement terms and conditions shall be governed by legal regulations of the Czech Republic.
- 14.2 Each Contracting Party undertakes to make maximum efforts to settle any potential disputes arising hereof in form of agreement. Any dispute shall be with final effectiveness decided of by an appropriate court in the Czech Republic. In case the Purchaser is out of the territory of the Czech Republic, a particular dispute shall be settled in accordance with Regulations of the International Chamber of Commerce, and the jurisdiction court venue shall be in the Czech Republic.

15. Final Covenants

- 15.1 The Purchaser undertakes, together with legal successors, if any, to notify the Seller in writing by 15 days of any changes under which rights and obligations of the Purchase Agreement are assigned to another legal entity. In addition, he shall report any valid data of a particular successor according to data in the Commercial Register or Trade Register of an appropriate Regional Court. If this notification obligation is failed, the Purchaser shall be obliged to compensate the Seller a loss incurred to him because of that.
- 15.2 Executing the Purchase Agreement, any potential previous covenants related to the Purchase Agreement shall become null and void.
- 15.3 Each Contracting Party guarantees not to reveal information acquired in mutual cooperation which could impair the other Party.
- 15.4 In others, the contractual relationship shall be governed by appropriate legal provisions of the Act No. 513/91 Coll. as amended.
- 15.5 The General Trade Terms and Conditions form an integral part of any Purchase Agreement of the Seller. Signing the Purchase Agreement, the Purchaser expresses his approval with the terms and conditions.
- 15.6 The present General Trade Terms and Conditions enter into effectiveness and efficiency as to a date of 1 January 2006.