



# General Terms & Conditions of Purchase by KULIČKOVÉ ŠROUBY KUŘIM, a.s., Valid for Engineering Products

(hereinafter referred to only as the "Terms&Conditions")

## I. BASIC PROVISIONS

These "Terms&Conditions" form integral parts of the Purchase Contract. In the event of deviation from the Terms & Conditions in the Purchase Contract, the General Terms&Conditions shall become supportive, especially for issues not expressly agreed to in the provisions in deviation therefrom. Contractual relationship between a seller and a buyer shall be established by virtue of making a Purchase Contract (hereafter only the "Contract"). A statement sent through fax or e-mail shall have the same effect as a written statement.

## II. MAKING A CONTRACT AND CONTRACT CONTENTS

All deliveries, including the future ones, shall be carried out exclusively under these "Terms&Conditions". This excludes application of the Buyer's (customer's) purchase conditions, unless expressly accepted by the Seller.

Silence on a seller's side to respond to the delivery of terms and conditions of purchase to the Seller (even if delivered repeatedly) shall not be considered as the acceptance thereof.

Oral or written arrangements made prior to the Contract being signed by both parties, relating to a transaction under the Contract to be concluded later, become null and void if not included in the Contract or if not in compliance with these Terms&Conditions.

## III. DELIVERY, TERM OF DELIVERY, DELIVERY DELAY

The term of delivery shall start running from the date following the one in which the Contract has been signed by both contracting parties. If the Contract is signed by both parties on different dates, the date decisive for the term of delivery shall always be the later date.

The term of delivery shall be deemed observed if prior to its expiration the subject of delivery is placed at the buyer's disposal for acceptance in a destination specified in the Contract. The Buyer shall not be entitled to accept the goods without prior goods receipt notification sent by the Seller at least 48 hours before the date of delivery of the goods. The Buyer shall be obliged to render to the Seller all the assistance necessary for the goods acceptance. In case the Buyer does not take delivery of goods without undue delay within a specified time after obtaining the seller's goods receipt notification, the goods shall be deemed delivered once the Seller has sent the above notification, and thus the entire purchase price shall become due and the Seller shall have the right to issue immediately an invoice for payment of the purchase price. The Buyer shall be obliged to pay to the Seller, in addition to the purchase price, a consideration for the goods storage of 1.5 % of the purchase price for every commenced month pursuant to the Contract. In case the Buyer does not take delivery of goods within 6 months from the goods receipt notification, he shall have the right to withdraw from the Contract. Partial deliveries are permitted, if not agreed otherwise.

The risk of damage to the goods shall pass to the Buyer on delivery of the goods to the Buyer or when acceptance of goods is delayed by the Buyer. The Buyer shall acquire an ownership right to the goods upon paying a full purchase price as well as all other monetary claims pursuant to the Contract.

The Seller shall not be obliged to deliver the goods pursuant to the Contract in case he has any pending claims due against the Buyer (including debts for contractual penalties, interests on late payments or damage compensations).

The date of delivery shall be postponed by the time the Buyer is late on payment of the purchase price or any other due payment claims of the Seller or of advances for the purchase price, or is in delay with delivery of the drawing documentation or potentially of other manufacturing or transport arrangements, the delivery of which has been agreed to between the Buyer and the Seller, or the delivery of which is indispensable for due performance of the Contract from the Seller's side.

The term of delivery may be appropriately extended, especially during strikes or closures as well as in the creation of unpredictable obstacles that have originated independent of the Seller's will, if these obstacles have clearly significant influence on completion or delivery of the subject of delivery. In case the term of delivery has already expired, a new reasonable term of delivery shall be determined. The Seller will inform the Buyer about beginning and end of the obstacles as soon as possible. In instances when the Seller bears responsibility for extension of the term of delivery or for any its agreed prolongation, he shall be obliged to do his best to shorten the delay as much as possible.

## IV. PRICE AND PAYMENT CONDITIONS

The purchase price of goods pursuant to the Contract is fixed. The Buyer shall be liable to pay to the Seller, in addition to the agreed purchase price, VAT at its currently valid rate.

If not agreed otherwise in the Contract, the goods shall be delivered on the basis of EXW term of delivery from Blanenská 1277, Kuřim, postal code 664 34, Czech Republic, under the INCOTERMS 2000. The purchase price does not include transport

packaging, packing costs, loading of goods to a means of transport, nor costs related to other charges, such as taxes, customs duty, insurance, etc. All these costs shall be borne by the Buyer. The used transport packaging and fixing material will be returned only if specifically requested and agreed.

Holding back payments or setoff of mutual debts due to the Buyer's counterclaims is not permitted.

If not agreed otherwise, the price of goods shall be payable prior to delivery.

The Seller shall be entitled to shorten maturity period of issued invoices for 14 days if the Buyer is repeatedly late in payment of his liabilities or the Buyer's financial circumstances have significantly worsened. In such instances the Seller may withhold any unperformed deliveries arising from all Purchase Contracts without violating the Contract or the right to withdraw therefrom.

## V. WARRANTY CONDITIONS

At ordering the goods, the Buyer shall specify exactly the requirements on the goods, i.e. quantity, mode of delivery, characteristics, qualitative parameters, preservation, package, and the mode and form of demonstration of compliance with the specified requirements. The goods must have the quality according to the Buyer's requirement stated in the validly concluded Agreement, otherwise according to the relevant technical standard, or the characteristics common for the relevant article, respectively.

The warranty period on new products shall amount to 12 months and on the services provided (repairs, cooperation production, etc.) to 6 months, provided that the Operating Conditions for Transport, Handling, Assembly and Operation of Engineering Products of KULIČKOVÉ ŠROUBY KUŘIM, a.s. are observed. The warranty period shall start running as from the day of handover of the goods to the Buyer or the forwarder, i.e. from the date of dispatch. The Buyer may complain about obvious defects of the goods not later than at the inspection of the goods performed immediately after the reception of the goods. Any hidden defects and defects that are found after the delivery of the goods to the Buyer must be complained about by the Buyer without unnecessary delay after the detection of the defect. The Buyer may complain about any defects of the goods only if the Buyer demonstrates that such defects did not emerge in consequence of inexpert handling or inexpert use of the goods, and that they were not caused by other circumstances that the Buyer was not to anticipate. Any complaint shall be filed in time if it has been delivered to the Seller in written form, with exact specification of the defect and of the claims from liability for defects, not later than by the last day of the warranty period. In case of any complaint filed duly and in time, the Seller shall repair or replace the defective parts.

## VI. WITHDRAWAL FROM CONTRACT

The Seller has the right to withdraw from the Contract, in particular if the Buyer is late on payment of the purchase price or any other due payment claims of the Seller and in case of major breach of the Contract from the Buyer's side.

In the event of withdrawal from the Contract by either the Seller or the Buyer for reasons set forth in the Contract or in these delivery terms and conditions or by virtue of law, the Buyer shall be obliged to return the goods to the Seller within 3 days from notification of withdrawal and, at the same time, to pay to the Seller all costs incurred to him in relation to the Contract performance. In addition, the Buyer shall be obliged to compensate any damage to the goods and wear-out that have occurred after goods delivery to the Buyer. The Seller shall be obliged to return to the Buyer the purchase price already paid up, however with the right to deduct the costs incurred in relation to the Contract performance as well as damage compensation covering potential goods damages and wear-out. The Seller shall be obliged to return to the Buyer the above specified part of purchase price within 14 days upon returning the goods.

Withdrawal from the Contract does not affect the penalty claims agreed to in the Contract. These claims do not extinguish as a result of termination of the contractual relationship due to withdrawal from the Contract.

## VII. PENALTIES FOR CONTRACT BREACH

From the moment when the Buyer falls into default in the payment of purchase price for the goods, the Buyer can be charged, under reservation of other rights, a contractual penalty of 0.1% of the sum outstanding on a daily basis.

In the event of Buyer's withdrawal from the Contract for other reasons than those specified in Clause VI hereof, the Buyer shall be obliged to pay to the Seller a contractual penalty of 50% of the purchase price. In case the Buyer gets in default in returning the

goods as a result of termination of the Contract due to withdrawal of either party, the Buyer shall pay to the Seller a contractual penalty of 0.1 % of the goods purchase price for every commenced day of the default in returning the goods.

If the delivery of goods has been provably delayed through the fault of the Seller and the delay is longer than 20 working days, and the delayed delivery has caused provable damages to the Buyer, for such a delay the Buyer, with exclusion of other claims, shall be entitled to claim a contractual penalty of 0.1 % from the delayed goods value for every day of delay, however up to the maximum of 50 % of the value of delayed goods.

In the event defects in goods that prevent from or make more difficult using such goods or jeopardize safety cause damages to the Buyer, the Buyer shall have the right to claim, during the entire warranty period, a contractual penalty of 0.1% of the price of defective goods for every day of existence of the defects. The highest cumulative contractual penalty or penalties, in accordance with the above specified, is 50% of the defective goods price.

## VIII. FORCE MAJEUR

In the event of circumstances that cannot be foreseen in signing the Contract and will create an obstacle for the Seller in the fulfillment of his contractual obligations, the Seller shall be entitled to postpone fulfillment of obligations by a period for which the obstacle prevailed as well as a time necessary for resuming normal activity.

In all cases of circumstances excluding responsibility (including accidental delay of sub-deliveries, transport corporate breakdowns and similar acts of Force Majeur that will affect fulfillment of the Seller's contractual obligations), the Seller shall have the right to terminate the Contract without indemnifying the ordering party.

The Buyer may ask the Seller for a statement whether or not he is to terminate the Contract, or whether he is prepared to continue in the contract performance in a reasonable alternative time for delivery. If the Seller fails to express himself forthwith, the Buyer shall have the right to terminate the Contract. The Buyer cannot refuse partial fulfillment so far completed.

## IX. APPLICABLE LAW FOR SETTLING DISPUTES

Both parties will seek to reach an agreement in all issues that may arise from this Contract. All potential disputes will be settled in compliance with the law of the Czech Republic. The parties agree that any potential dispute originated between them on the basis of legal relations arising from the Contract or in connection therewith shall be adjudicated in arbitration proceedings by the Court of Arbitration attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic in accordance with its Rules of Procedure by three arbiters, where either party shall appoint one arbiter and they will then elect the presiding arbiter. In the event that either of the parties fails to appoint an arbiter, the President of the Court of Arbitration in compliance with its Rules of Procedure shall appoint the arbiter for that particular party. The language of procedure shall be Czech. Both parties undertake to accept, without reservation, decisions of the Court of Arbitration.

## X. FINAL STIPULATIONS

Any amendment and alterations to contracts between the Seller and the Buyer shall only be valid in writing. Legal relations not regulated by these Terms&Conditions or by the Contract shall follow the Czech law and provisions of the Act No. 513/1991 of Coll., the Commercial Code, and regulations relating to the UN Convention on Contracts for the International Sale of Goods (Vienna Convention of 1980). By this express declaration made in compliance with Section 401 of the Commercial Code, the Buyer extends the limitation period of the creditor's rights (the Seller) arising from the Contract or these Terms&Conditions for a period of 10 years. If one or more parts of these Terms&Conditions or of the Contract become legally unenforceable, the parties commit to replace them with new provisions that will follow economic objectives of these Terms&Conditions or the Contract. Other unaffected provisions of these Terms&Conditions or of the Contract shall henceforth remain in force. The parties are obliged to keep confidential all information ascertained in connection with the Contract, not to disclose the information without prior written consent of the other party nor to use such information for their own benefit or for benefit of others during the entire term of these contracts as well as after their termination.

The Terms&Conditions shall enter in force and become effective as of December 1<sup>st</sup>, 2011.