

Metallic Security s.r.o.

U Přebrady 61, 466 23 Jablonec nad Nisou
Tel: +420 483 513 41
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E-mail: sales@metallicsecurity.cz
www.metallicsecurity.cz

Metallic Security, s.r.o. (the "Seller") Standard Terms and Conditions of Sale

1. Effect of Standard Terms and Conditions of Sale

These conditions are issued by the company METALLIC SECURITY s.r.o. and regulate relations arising out of Purchase Agreements, Contracts for Work and similar agreements on which base METALLIC SECURITY s.r.o. supplies third persons by goods.

2. Formation of contract

- 2.1 All quotations, offers, and tenders are made and all orders are accepted subject to the following conditions. Except as otherwise provided in these conditions, all other terms, conditions, or warranties whatsoever are excluded from any contract between the Seller and its customer (the "Buyer") unless expressly accepted in writing by the Seller.
- 2.2 If there is a conflict between these conditions and any other terms of the Seller's quotation, offer, tender, or acknowledgement of order, such other terms shall prevail.
- 2.3 Quotations shall be available for acceptance for a maximum period of 90 days from date of issue and may be withdrawn by the Seller by written or oral notice to the Buyer at any time prior to the Buyer's acceptance.
- 2.4 If any statement or representation has been made to the Buyer by the Seller, or its officers, employees, or agents, other than in the document(s) enclosed with the Seller's quotation or acknowledgment of order, upon which the Buyer wishes to rely, it shall only be entitled to do so if the statement or representation is attached to or endorsed on the Buyer's order and then only if the Seller subsequently confirms in writing to the Buyer that the Buyer is entitled to rely on the statement or representation.
- 2.5 Unless specifically agreed to the contrary, all commercial terms shall be interpreted in accordance with INCOTERMS current at the time the order is accepted. If there is a conflict between the articles 5.6 and/or 7.1 and the appropriate INCOTERMS clause, these terms shall prevail unless expressly agreed otherwise.

3. Prices

- 3.1 Unless otherwise agreed in writing, all prices are quoted net ex-works exclusive of VAT. If the Seller agrees to deliver the Goods otherwise than at its premises, the Buyer shall pay all packaging, transportation, and insurance costs and other charges incurred by the Seller in making or arranging such delivery.
- 3.2 Quotations in a currency other than Czech Crown (CZK) may, unless otherwise agreed in writing, be subject to amendment in the event of fluctuation in the exchange rate prior to the date of invoice.
- 3.3 Unless otherwise agreed in writing, the Buyer shall pay for all taxes and other impositions (including, but not limited to, value added, sales, import, export, and other taxes) that may be levied on the Goods, unless such taxes and other impositions have been specifically included in the prices quoted.
- 3.4 The prices quoted relate to the specification referred to in the related quotation. Should the Buyer choose to change the specification of the Goods, and this results in a change in costs to the Seller, prices will be subject to amendment to reflect this change in cost.

4. Payment

- 4.1 Unless otherwise agreed in writing, advance payment of 100% of the value of the contract shall be made by bank transfer in Euro to the Seller's bank account.
- 4.2 Where goods are delivered by instalments, the Seller may invoice each instalment separately and the Buyer shall pay such invoices in accordance with these conditions.
- 4.3 No disputes arising under the contract nor delays, other than due to default by the Seller, shall interfere with prompt payment in full by the Buyer.
- 4.4 If the Buyer shall default on payment, the Seller shall be entitled, without prejudice to any other right or remedy, to do all or any of the following:
 - 4.4.1 to suspend all further deliveries under the contract and under any other contract or contracts between the Seller and the Buyer then current, without notice;
 - 4.4.2 to charge interest on any amount outstanding at the rate of 0.5% per week of delay in payment, such interest being charged as a separate, continuing obligation not merging with any judgment;
 - 4.4.3 to serve notice on the Buyer requiring immediate payment for all goods supplied by the Seller under this and all other contracts with the Buyer whether or not payment is otherwise due;
 - 4.4.4 to sue for the price of the goods even though title may not have passed to the Buyer.
- 4.5 Should expedited delivery be agreed and necessitate overtime or other additional cost, an extra charge may be made.

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4.6 Should the delivery of the Goods be suspended or delayed due to the request or default of the Buyer, the Seller shall be entitled to payment for work already carried out, materials ordered, and any additional costs incurred by the Seller as a result of such request or default.

5. Delivery

5.1 Unless otherwise agreed in writing, delivery of the goods shall be given and taken at the Seller's premises.

5.2 Time for delivery is given as accurately as possible, but is not guaranteed, unless otherwise agreed in writing. The Buyer shall have no right to damages or to cancel the contract for failure to meet any delivery time stated.

5.3 The date for delivery shall in every case be dependent upon prompt receipt of all necessary information, source materials, final instructions, and approvals from the Buyer.

5.4 The Buyer shall accept in timely fashion delivery of the Goods when they are tendered by the Seller.

5.5 Failure by the Buyer to take delivery of, or to make payment in respect of, any one or more instalments of Goods delivered in accordance with the contract, shall entitle the Seller to withdraw from the contract either in whole or in part by giving written notice to the Buyer without prejudice to any other right or remedy available to the Seller.

5.6 The Buyer shall be responsible for obtaining all export and import authorisations and paying any import duty.

5.7 Notwithstanding delivery, title to the Goods shall remain vested with the Seller until the Buyer has paid to the Seller all sums (including any default interest) due from it to the Seller.

5.8 In case the Buyer requires presence of Seller's experts at the Buyer's premises, the Seller is allowed to charge expenses arisen thereof.

6. Packing

6.1 Unless otherwise expressly agreed in writing, Goods supplied by the Seller, shall be packed to provide adequate protection in normal conditions of transit of expected usual duration.

7. Risk

7.1 Unless otherwise agreed, risk shall pass to the Buyer (so that the Buyer is then responsible for all loss or deterioration of the goods or for any damage occurring) at the time of delivery or in the time when the goods leave the premises of the Seller (whichever moment occur sooner).

8. Cancellation and Withdrawal

8.1 Cancellation will only be agreed to by the Seller on condition that all costs and expenses incurred by the Seller up to the time of cancellation and all direct losses of profits resulting to the Seller by reason of such cancellation will be paid forthwith by the Buyer to the Seller.

8.2 If the Buyer shall become bankrupt, unable to pay its debts, or proceedings shall be commenced for the administration or liquidation of the Buyer (other than for a voluntary solvent winding up for the purposes of reconstruction or amalgamation), the Seller shall be entitled to withdraw from the contract in whole or in part by giving written notice to the Buyer without prejudice to any other right or remedy available to the Seller.

9. Variations

9.1 No variations to the goods required by the Buyer shall be binding on the Seller unless agreed by the Seller and the Buyer in writing, including as part of such an agreement, any change to the contract price and term of delivery arising in consequence of the variation to the goods.

10. Storage and Consents

10.1 If requested by the Buyer, the Seller will store the Goods in secure conditions at a price to be agreed, for subsequent delivery.

10.2 The Buyer shall, if applicable, obtain such license, exchange control, or other governmental consents as may be required for the purchase, export and import of the Goods into its territory, unless otherwise agreed by the Seller in writing. The Buyer's failure to obtain such consents shall not relieve the Buyer of its obligations under these conditions.

11. Claims

11.1 Any claims arising from the Goods must be made in writing to the Seller so as to reach the Seller within 30 days of delivery unless set otherwise in particular case.

12. Liability, Compliant Regulations

12.1 In the event of loss or theft or damage to any work until it leaves the Seller's premises for delivery to the Buyer, the Seller shall bear the cost of replacing the lost, stolen, or damaged goods.

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- 12.2 The Seller shall rectify defective workmanship and/or materials as soon as reasonably possible, on finding that any defect is due solely to defective workmanship or materials.
- 12.3 Except as provided in 12.1 and 12.2 above, the Seller shall not be liable to the Buyer for any loss or damage suffered by the Buyer whether direct, indirect, or consequential, and whether arising out of any defect in the Goods, or delay in completing the Goods, or delay or loss in transit, or other act, omission, or default whatsoever.
- 12.4 Process of compliant's assertion and its settlement shall be governed by Section. 422 and following of Czech Commercial Code current in time of contract execution or order acceptance.
- 12.5 The Buyer shall check the goods or arrange such check in moment of its delivery. Apparent defects shall be noticed by the Buyer in writing to the Seller within 5 days upon delivery at the latest. Hidden defects, which show itself during the goods elaboration, shall be claimed immediately upon its detection within two years upon goods delivery. In notice shall be specified goods, characteristic and extent of claimed. Notice of compliant has not deferring effect on maturity of price of claimed goods. Complaint cannot be accepted as legitimate if the Buyer complains after it elaborated whole delivery of goods.
- 12.6 The Seller shall confirm to the Buyer acceptance of compliant within 3 working days upon delivery of notice of compliant. The Buyer shall immediately on Seller's request provide more particular information such as amount of claimed goods, identification of order and invoice, samples and photos. The Buyer shall on request return whole claimed dispatch to the Seller.
- 12.7 Defects arisen as result of use of things or date provided by the Buyer or as result of inadequate or rough handling, unattested method of application, application on untested substrate or inadequate stocking or as result of any other breach of Buyer's duties can't establish the purpose for compliant and compliant can't be accepted as legitimate one by the Seller.
- 12.8 Within the framework of compliant's proceedings the Seller can with Buyer's consent send a specialist to the Buyer who will check the compliant in place.
- 12.9 If the compliant can't be accepted as legitimate the Seller has a claim for compensation of compliant proceedings, including costs of sending of the specialist pursuant to foregoing paragraph.
- 12.10 Unless agreed otherwise the Seller shall settle the compliant within the period of 30 days upon its notice and delivery of all requested information it means to inform the Buyer whether or not it accepts the compliant as legitimate or not and to justify such decision.
- 12.11 Accepted compliant can be compensated pursuant to agreement with the Buyer by some of following ways:
- Nonmonetary by adoption of remedial measure in order to eliminate defects in further production. The Seller shall inform the Buyer about such measure.
 - Pecuniary or material compensation (adequate discount in form of credit note, repair or facultative compensation)

Another eventual claims from part of the Buyer, related to apparent, hidden or guaranty defects (in case when the guaranty is granted), mainly claims for compensation direct, indirect or subsequent loses are excluded from the compensation.

13. Working tools and specimens

- 13.1 The working tools particularly the master hologram, are the property of the Seller and shall remain in the custody of the Seller in secure lock-up in order to prevent their loss or misuse. Title to the working tools shall remain vested with the Seller at all times. They will only be used by the Seller for the purposes of carrying out this order or subsequent orders placed by the Buyer. All such working tools shall be destroyed by the Seller if so requested in writing by the Buyer, at any time or after five years upon completion of outstanding orders.
- 13.2 The Seller may for the purposes of its records retain an example or copy of the Goods or any part thereof clearly marked as specimen only or duly nullified. The Buyer agrees to the display by the Seller of such specimens as samples.
- 13.3 All drawings, documents, shims, confidential records, and other information supplied by the Seller, whether produced by itself or a third party, are supplied on the express understanding that copyright is reserved to the Seller (or the third party) and that the Buyer will not, without the written consent of the Seller, give away, loan, exhibit, or sell any such drawings, documents, shims, records, or other information, extracts from them, or copies of them, or use them in any way except in connection with the Goods in respect of which they are issued and under conditions agreed by the parties..

14. Legality

- 14.1 The Seller shall not be required to produce any matter which is or may be of an illegal or libellous nature, or harm anyhow rights of third persons, mainly to the copyright rights, rights to patent, trademark or other intellectual property right or right to the particular holographic image. The buyer declares that it shall not violate aforesaid third party's rights by any its order.
- 14.2 The Seller shall be fully indemnified by the Buyer in respect of any third party claims, costs and expenses arising out of any infringement or alleged infringement any of duties pursuant to 14.1.

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15. Force Majeure

The Seller shall be under no liability for any failure to perform any of its obligations under the contract if and to the extent that the failure is caused by an act of God, war, strike, lockout or other labour dispute, fire, flood, drought, legislation, government restriction, shortages of labour or materials, breakdown of machinery, or other cause (whether or not similar to the foregoing) outside the control of the Seller.

16. General

16.1 These terms and conditions shall be governed and interpreted according to the laws of the Czech Republic and in the case of proceedings issued against the Seller or the Buyer shall be subject to the jurisdiction of the Czech courts only, namely common court of the Seller.

16.2 If these terms and conditions shall be or become void in whole or in part, the other provisions shall remain valid and enforceable.

16.3 These terms and conditions have been drawn up in English.

16.4 These terms form an integral part of the Purchase or similar Agreement and are accessible for public on internet pages of the Seller (www.metallicsecurity.cz). They can be sent on request on indicated address in electronic or paper form.

Jablonec nad Nisou, valid from 1st July 2009

METALLIC SECURITY s.r.o.

Ing. Václav Linhart, executive

We have read these conditions and accept them

Buyer

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