

## TERMS AND CONDITIONS

**(1) CONTRACT:** This purchase order acknowledgement, including the terms and conditions set forth below, shall constitute acceptance of a contract for sale between GKD-USA, Inc. (Seller) and Buyer (designated on the face hereof) which shall be made in and governed by the laws of the State of Maryland. Buyer agrees that this document shall constitute the entire contract between GKD-USA, Inc. and Buyer and that an order for the goods referred to herein, or the delivery of the goods referred to herein, or the receipt thereof shall be conclusively deemed to constitute an acceptance in strict accordance with the terms hereof, notwithstanding any prior course of dealing, custom or usage of trade, or course of performance, and notwithstanding that for its own convenience or otherwise. Buyer may utilize its own forms or other written instruments purporting to evidence the transactions provided for herein, provided that such forms or instruments do not vary, or are not contrary to, any of the terms and conditions set forth in this purchase order acknowledgement.

**(2) DELIVERY, SHIPMENT, RISK OF LOSS:** Unless otherwise designated on the face of this document, all shipments of goods are in accordance with GKD-USA, Inc. standard shipping policies and shall be F.O.B. GKD-USA, Inc. Buyer agrees to assume all risk for loss of or damage to the goods from the time of delivery to a carrier at GKD-USA, Inc. or if the shipment is delayed or deferred by an act or omission of Buyer, then from the time the goods are completed and ready for shipment. Identification of the goods shall occur as each shipment is placed in the hands of the carrier. In the event that the goods are destroyed, in whole or in part, prior to the time the risk of loss passes to Buyer, this agreement shall be voided and GKD-USA, Inc. excused from all obligations hereunder. If the loss is partial, Buyer shall have no right to accept that portion of the goods which conform hereto. GKD-USA, Inc. shall not be liable for either delays in deliveries or total failure to deliver due to any cause or event beyond GKD-USA, Inc. control, including, but not limited to, strikes, labor difficulties, delay or defaults of common carriers, or failure or curtailment in GKD-USA, Inc. usual source of supply. In addition, GKD-USA, Inc. shall have the right, in the event of the happening of any of the above contingencies to cancel this agreement or any part thereof without any resulting liability. Delivery to a carrier within thirty (30) days after specified date of delivery shall constitute a good and timely delivery. Orders for goods shall be considered complete upon shipment of a reasonable quantity over or under the amount specified when it is impractical to produce the exact quantity ordered.

**(3) Terms:** All prices, whether herein named or heretofore quoted or proposed, shall, at GKD-USA, Inc. option, be adjusted to GKD-USA, Inc. prices in effect at time of shipment. Buyer shall pay GKD-USA, Inc. for the goods in accordance with the terms of the face hereof. Buyer agrees to execute either before or subsequent to delivery upon GKD-USA, Inc. request, a security agreement, financing statement, and any and all other documents or agreements necessary to give GKD-USA, Inc. a perfected security interest with respect to all goods and proceeds thereof, and to pay the cost of filing the same in any public office. Buyer represent, on entering into this agreement for sale, that he is not insolvent, as defined in Section 1-201 (23) of the Uniform Commercial Code. In the event that Buyer becomes insolvent before delivery of the goods, he will notify GKD-USA, Inc. Failure to notify GKD-USA, Inc. shall be construed as an reaffirmation of Buyer's solvency at time of delivery.

UNLESS OTHERWISE AGREED IN WRITING, TERMS OF PAYMENT ARE NET 30 DAYS. A 1-1/2% PER MONTH FINANCE CHARGE (18% ANNUAL RATE WILL BE ADDED FOR ALL OVERDUE AMOUNTS).

**(4) LIMITATIONS OF WARRANTIES:** Seller warrants that the material conforms to the description found herein, but, except for this express warranty, there shall be NO OTHER EXPRESS OR IMPLIED WARRANTIES, NOR SHALL THERE BE A WARRANTY OF MERCHANTABILITY with respect to the material sold hereunder. Furthermore, Seller makes NO WARRANTY THAT THE GOODS SOLD HEREUNDER ARE FIT FOR ANY PARTICULAR PURPOSE. No oral representations or statements are authorized by Seller's salesmen, agents or employees. The Buyer's sole remedy on account or in respect of the furnishing of material that does not conform to this contract or to any express or implied warranty shall be to secure replacement of the material purchased. Any claim that the product fails to conform to this contract or is defective shall be deemed waived by Buyer unless made in writing to Seller and received by Seller within fifteen (15) days from date of shipment. Seller shall not in any event be liable for the cost of any labor expended on any such material or for any special, direct, indirect, incidental or consequential damages to anyone by reason of the fact that such material does not conform to this contract or to any express or implied warranty. Buyer waives the benefit of any rule that disclaimer of warranty shall be construed against GKD-USA, Inc. and agrees that such disclaimers herein shall be construed liberally in favor of GKD-USA, Inc.

**(5) RETURN OF GOODS:** Buyer agrees not to return goods for any reason, except upon the written consent of GKD-USA, Inc. obtained in advance of such return, which consent, if given, shall specify the terms and conditions upon which any such return may be made. If goods are returned with written consent for reason other than Seller's error in filling Buyer's order, the Buyer will receive a credit in the amount of the billed price of the goods returned less a handling charge of 25%. Goods returned to Seller, are to be shipped by the Buyer F.O.B. Seller's warehouse as designated by Seller.

**(6) SPECIAL TOOLS:** All the tools, dies, patterns, jigs and fixtures, if any, required for the manufacture of the goods shall remain the sole property of GKD-USA, Inc. and shall be retained in GKD-USA, Inc. possession, or otherwise disposed of, whether or not Buyer has paid GKD-USA, Inc. for such items. These items shall be used by GKD-USA, Inc. in filling orders of Buyer. If at anytime a period of twelve (12) months has elapsed since the receipt of any order from Buyer requiring the use of such tools, dies, patterns, jigs and fixtures, GKD-USA, Inc. may thereafter make any such use or disposition of such items as GKD-USA, Inc. desires without any accounting to Buyer for such use or disposition, or the proceeds hereof.

**(7) PATENTS:** Buyer shall indemnify and hold GKD-USA, Inc. harmless from, and release and not make claim or suit against GKD-USA, Inc. because of, any suits, claims, losses, or other liability made against, or suffered by, GKD-USA, Inc. arising from any claim of, or infringement of any patent, copyright, trademark, or other proprietary right, at common law, or claim of unfair trade competition resulting from, or occasioned by, Seller's use possession, sale, or delivery of goods made in compliance with designs and/or specifications furnished by Buyer, including all Seller's out-of-pocket expenses, including experts' and attorneys' fees incurred in connection therewith.

**(8) GKD-USA, INC. RIGHT OF POSSESSION:** GKD-USA, Inc. shall have the right in addition to all others it may possess, at any time, for credit reasons or because of Buyer's default or defaults, to withhold shipments, in whole or in part, and to recall goods in transit, retake same, and repossess all goods which may be stored with GKD-USA, Inc. for Buyer's account, without the necessity of taking any other proceedings, and Buyer consents that all goods, so recalled, retaken, or repossessed shall become the absolute property of GKD-USA, Inc. In the event that Buyer defaults in the due performance of or compliance with any of the terms or conditions hereof, or a proceeding in bankruptcy, assignment for benefit of creditors, insolvency, receivership or reorganization be instituted by or against Buyer or Buyer's property or business, or Buyer is anyway liquidated, GKD-USA, Inc. may, at its option, terminate this agreement upon written notice and shall be relieved of all obligations hereunder. If the Buyer is in breach of the terms hereof, GKD-USA, Inc. shall have a right to receive as damages the price for the goods as stated herein. Upon recovery of the price, the goods shall become the property of Buyer. The foregoing shall not be construed as limiting, in any manner, any of the rights or remedies available to GKD-USA, Inc. because of any default of the Buyer, under the Uniform Commercial Code of other law as in force and effect on the date hereof.

**(9) CANCELLATION:** Buyer agrees that an order shall in no event be subject to cancellation except by prior written consent of GKD-USA, Inc. and then only when GKD-USA, Inc. is fully reimbursed for work performed and material used.

**(10) SEVERABILITY:** Any provisions hereof prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

**(11) DISPUTES:** The parties hereby agree that the Maryland courts in Dorchester County, Maryland shall have jurisdiction over the parties any dispute concerning this agreement, the goods sold hereto or payment by Buyer to Seller in accordance herewith. In the event of suit by Seller against Buyer for all or a part of the agreed purchase price terminates in favor of Seller. Buyer shall also be responsible for, and the judgment shall include, an additional 30% of the amount found to be owing to Seller toward its attorney's fees.

**(12) HEADINGS:** The headings used herein are for reference purposes only and shall not affect the meaning or interpretation hereof.