

PRELIMINARY SALE OF GOODS CONTRACT

27 December 2017 No. KPS-454

Lithuanian Armed Forces, code 188732677, 8 Šv. Ignoto St., LT-01144 Vilnius, represented by the Logistics Command Commander of the Lithuanian Armed Forces Lt. col. Ramūnas Baronas acting in accordance with the official powers awarded by the order No. V-409 issued on April 1, 2015 by the Chief of Defence of the Republic of Lithuania, (hereinafter referred to as the **Buyer**), and **Redo s.r.o.**, legal entity code 46342010, Tovarni 582/9, Vrahovice, 798 11 Prostějov Czech Republic represented by director Olga Cisarova, acting in accordance with the company articles of association (hereinafter referred to as the **Seller**), hereinafter in the present preliminary contract together referred to as “Parties”, and each separately as “a Party” concluded the present Preliminary Sale of Goods Contract, hereinafter referred to as “the Preliminary Contract” according to the Law of the Republic of Lithuania on Public Procurement, and agreed upon the following conditions.

1. DEFINITIONS

1.1. Definitions employed in the present contract:

1.1.1. The **Sale Contract** is a sale of goods contract that is concluded between the **Buyer** and the **Seller** in accordance with the provisions of the present Preliminary Contract.

1.1.2. The **Preliminary Contract** is a contract between the **Buyer** and the **Seller** aiming at defining the conditions to be applied for **Sale Contracts** that will be concluded within the validity period of the Preliminary Contract.

1.1.3. The Prices of Goods are prices of goods suggested by the **Seller** and indicated in Appendix 1 “Prices of Goods and Preliminary Quantities” (hereinafter referred to as Appendix 1) that cannot be increased while submitting proposals for a specific quantity of goods during the conclusion of a sale contract.

2. SCOPE OF APPLICATION AND THE OBJECT OF THE PRELIMINARY CONTRACT

2.1. By means of the Preliminary Contract, the **Buyer** and the **Seller** agree to define conditions in accordance with which the Parties will be able to conclude **Sales Contracts** regarding **attack backpacks** (hereinafter referred to as goods) specified in Appendix 1 of the Preliminary Contract and complying with the technical requirements laid out in Appendix 2 of the Preliminary Contract “The Technical Specification for the Attack Backpacks” (hereinafter referred to as Appendix 2).

2.2. The **Buyer** is under no 2.3.2. upon the conclusion of the first **Sale Contract** for respected goods, to coordinate and confirm working examples of goods (2 specimens, one for the Buyer, one for the Seller) that would correspond to the conditions of the respective **Sale Contract** and its appendices and to provide a user’s manual/maintenance instructions together with a quality assurance plan prepared in accordance with AQAP 2105 or ISO 10005 or an equivalent standard. Working examples, the user’s manual/maintenance instructions and a quality assurance plan are valid within the whole validity period of the Preliminary Contract and are applicable for each **Sale Contract** concluded in accordance with the present Preliminary Contract. Working examples of goods may be reconfirmed within the validity period of the Preliminary Contract.

2.3.3. To maintain organizational and technical abilities and capacity no worse than at the signing day of the Preliminary Contract within the whole validity period of the Preliminary Contract. In the event of the **Buyer** receiving information that the **Seller’s** qualifications may not satisfy the minimal qualification requirements laid out in the conditions of the open tender within the validity period of the Preliminary Contract, the **Buyer** may request the **Seller** to provide documents proving the conformity with qualification requirements laid out in the conditions of the open tender. If, upon the evaluation of the provided documents, it is established that the **Seller** does not satisfy the aforementioned qualification requirements, the **Buyer** has the right to terminate the Preliminary Contract.

3. PRICES OF GOODS

3.1. The prices of goods are provided in the Appendix 1 of the Preliminary Contract. All expenses and taxes related to the sale of goods are included into the prices of goods. The prices of goods provided in Appendix 1 of the Preliminary Contract are fixed for the whole validity period of the Preliminary Contract.

3.2. In accordance with the **Sale Contract** concluded within the validity period of the Preliminary Contract, goods shall be provided at the prices specified in Appendix 2 of the **Sale Contract** that shall be no higher than indicated in Appendix 1 of the Preliminary Contract.

4. PROCEDURE FOR THE CONCLUSION OF THE SALE CONTRACT

4.1. Within the validity period of the Preliminary Contract, the **Buyer** has the right to place an order for goods with the **Seller** and to conclude a **Sale of Goods Contract** with the **Seller**. The following information shall be included in the order: the name of goods, the quantity of goods, the date of the order, other information that is requested to be submitted by the **Seller**.

4.2. The **Buyer** undertakes the obligation to place an order with the **Seller** by the means of CVP IS messaging tools.

4.3. The **Seller** undertakes the obligation to, no later than within 3 (three) business days by the means of CVP IS messaging tools, confirm the agreement to conclude the **Sale Contract** in accordance with the order placed by the **Seller**.

4.4. The **Seller** undertakes the obligation to arrive for the conclusion of the **Sale Contract** on the date specified by the **Seller**.

4.5. In the event of the **Seller** refusing to conclude a **Sale Contract** for ordered goods by the means of CVP IS tools with the **Buyer**, the **Buyer** has the right to terminate the Preliminary Contract.

5.1. Unless stated otherwise, the **Parties** to the Preliminary Contract communicate with each other in writing.

5.2. The communication of the **Parties** to the Contract is considered to be in writing if it is performed by post, fax, e-mail, is personally handed in at the addresses indicated in the contract by the **Parties** to the contract. If the addressee informs about another address, the documents shall be delivered to the new address. If the addressee did not specify another address in their communication, the reply is to be sent to the same address, from which the previous communication was received.

5.3. If the sender of a communication requires a receipt confirmation, they indicate this request in the sent communication.

6. VALIDITY OF THE PRELIMINARY CONTRACT

6.1. The Preliminary Contract comes into force upon its signing by the **Parties**.

6.2. The Preliminary Contract is valid for **3 (three) years** if it is not terminated due to events outlined in paragraph 7 of the Preliminary Contract.

7. TERMINATION OF THE PRELIMINARY CONTRACT

7.1. The Preliminary Contract may be terminated in the following circumstances:

7.1.1. by a written agreement of the **Parties**;

7.1.2. if force majeure circumstances last longer than 1 (one) month, and the **Parties** have not signed a supplementary agreement regarding the amendment of the present Preliminary Contract that would allow the **Parties** to continue fulfilling their contractual obligations.

7.2. The **Buyer**, provided they informed the **Seller** in writing no later than within 5 (five) days, has the right to unilaterally terminate the Preliminary Contract in the following circumstances:
7.2.1.

7.2.1. The **Seller**, within the validity period of the Preliminary Contract, refuses in writing or does not arrive within the term specified to conclude at least one of **Sale Contracts** in accordance with the

conditions laid out in Appendix 3 “The Draft of a Procurement of Goods Contract” of the Preliminary Contract (hereinafter referred to as Appendix 3);

7.2.2. any of **Sale Contracts** is terminated due to reasons laid out in paragraphs 9.2.1 – 9.2.7 of the General Conditions of the **Sale Contract**, within the validity period of the Preliminary Contract;

7.2.3. The **Seller** does not fulfil the obligations outlined in the paragraph 2.3 of the Preliminary Contract;

7.2.4. The Seller offers prices of goods that are higher than the prices indicated in Appendix 1 of the Preliminary Contract.

7.2.5. any of **Sale Contracts** is terminated due to reasons laid out in paragraphs 9.2.8. and 9.2.9 of the General Conditions of the **Sale Contract**, within the validity period of the Preliminary Contract.

7.3. In the event of the termination of the Preliminary Contract due to any of the reasons laid out in paragraphs 7.2.1, 7.2.2, 7.2.3 and 7.2.4 of the Preliminary Contract, the **Seller** shall pay the **Buyer 10000.00 Euro (ten thousand Euro 00 ct)** of minimal losses agreed upon in advance by the **Parties** but no more than the value of all obligations that have not been fulfilled under the Preliminary Contract within 7 (seven) business days from the termination of the Preliminary Contract.

7.4. The settlement of the minimal losses agreed upon in advance by the **Parties** does not release the **Seller** from an obligation to fully reimburse the **Buyer** for the suffered losses in the event of an improper performance of the Preliminary Contract by the **Seller**.

7.5. The termination of the Preliminary Contract does not affect the performance of any of **Sale Contracts** in force concluded prior to the termination of the Preliminary Contract.

8. FORCE MAJEURE CIRCUMSTANCES

8.1. None of the **Parties** is responsible for a partial or full non-fulfilment of the undertaken obligations if they prove that the obligations were not fulfilled due to force majeure circumstances.

8.2. The **Party** to the Contract that cannot fulfil their obligations due to force majeure circumstances shall immediately but no later than within 10 (ten) days from the emergence or the detection of the circumstances inform the other Party about them in writing.

8.3. Force majeure circumstances are considered to be circumstances outlined in the Article 6.212 of the Civil Code of the Republic of Lithuania and the Rules of Exemption from Liability in the Case of Force Majeure approved by the resolution No. 840 issued by the Government of the Republic of Lithuania on the July 15, 1996.

9. DISPUTE SETTLEMENT PROCEDURE

9.1. The Contract is to be concluded and shall be explained in accordance with the laws of the Republic of Lithuania.

9.2. All disputes and disagreements related to the Preliminary Contract and arisen between the **Buyer** and the **Seller** shall be settled by mediation, and, if a settlement is not reached, the dispute shall be resolved in court in accordance with the procedure established by the laws of the Republic of Lithuania and the location of the **Buyer's** main office.

10. INFORMATION ON SUBSUPPLIERS

The **Seller** shall not employ subsuppliers.

11. FINAL PROVISIONS

11.1. The Preliminary Contract is concluded in four copies in Lithuanian and English languages - two for each **Party**. In the event of differences in the interpretation of the Preliminary Contract, the preference shall be granted to the English text of the Preliminary Contract.

11.2. None of the **Parties** has the right to transfer the rights and obligations under this Preliminary Contract to a third person without a prior written consent of another **Party**.

11.3. During the performance of the Preliminary Contract, the manufacturer of the goods indicated in Appendix 1 of the Preliminary Contract may be replaced. The change is formalized in writing after the Seller provides the Buyer with the documents proving that the goods will fulfil the requirements outlined in the technical specification of respective goods provided in Appendix 2 of the Preliminary Contract and after the coordination of a working example of the goods.

11.4. All Appendices of this Preliminary Contract are an inseparable part of the Preliminary Contract:

Appendix 1 „Prices of goods and preliminary quantities“, 1 page;

Appendix 2 „Technical specification for attack backpacks“, 3 pages;

Appendix 3 „Draft of procurement of goods contract“, 16 pages.

11.5. The conditions of the Preliminary Contract cannot be changed within the validity period except for such conditions of the contract the change of which would not violate the principles and goals laid out in Article 17 of the Public Procurement Law. The adjustment of conditions of the contract in circumstances outlined therein are not considered to be changes of the conditions of the Preliminary Contract, if these conditions are defined clearly and unambiguously as well as if they were included into the conditions of the tender.

11.6. If, during the validity period of the Preliminary Contract, Parties notice technical errors, spelling mistakes (provisions incorrectly transferred from a proposal, procurement conditions, etc.), persons responsible for the performance of the Preliminary Contract indicated in the Preliminary Contract, the requisites of the Parties to the Preliminary Contract are changed, the Parties to the Preliminary Contract may adjust the conditions of the Preliminary Contract by the means of a written agreement. Such an adjustment of contractual conditions shall not be considered as a change of the conditions of the Contract.

12. Requisites of the Buyer Lithuanian Armed Forces Code 188732677 VAT payer's code LT887326716 8 Šv. Ignoto St., LT-01144 Vilnius C. a. LT48 7300 0100 0246 0179 Bank "Swedbank", AB <u>The correspondence, documentation are to be sent to the following address:</u> LAF Department of material resources 8 Savanorių Ave., LT-03116 Vilnius Contact person: Vida Pošiūnienė, Head of the Clothing and Equipment Section of the Material Resources Department of the LAF, tel. (8 5) 278 5226, e-mail Vida.Posiuniene@mil.lt.	13. Requisites of the Seller Redo s.r.o. Code 46342010 VAT payer's code CZ46342010 Tovarní 582/9, Vrahovice, 798 11 Prostějov, Czech Republic Bank: Komerční banka a.s. Praha CZ KB, a. s. 19-23137110277/0100 Prague CZ Swift KOMBCZ PP EUR IBAN:CZ6701000000192137110277 SWIFT/BIC: KOMBCZPPXXX Contact person - Olga Cisarova tel. +420 582330912 e-mail: redo@redo.cz
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BUYER
Lithuanian Armed Forces

Logistics Command Commander
of the Lithuanian Armed Forces

lt. col. Ramūnas Baronas



SELLER
Redo s.r.o.

Redo s.r.o.
Director

Mrs Olga Cisarova

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27 December, 2017

Appendix 1

of the Preliminary Sale of Goods Contract No. KPS - 454

PRICES OF GOODS AND PRELIMINARY QUANTITIES

Seq. No.	Name of Goods	UOM	Preliminary quantity of goods for 3 years*, pcs	Price of pcs, EUR (21% VAT excluded)	Manufacturer of goods (country, company)
1	Attack backpack	a piece	600	269,00	Redo s.r.o. Czech Republic

*The specified quantity of goods is preliminary. The Buyer is under no obligations to purchase it within the whole validity period of the Preliminary Contract.

BUYER

Lithuanian Armed Forces

The Logistics Command Commander
of the Lithuanian Armed Forces.

lt. col. Ramūnas Baronas

SELLER

Redo s.r.o.

Redo s.r.o.
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27 December, 2017

Appendix 2

of the Preliminary Sale of Goods Contract No. KPS - 454

TECHNICAL SPECIFICATION FOR ATTACK BACKPACK

I. GENERAL PROVISIONS

1. An attack backpack (hereinafter referred to as backpack) shall be:
 - 1.1 Customized for the execution of active military tasks (a hike in normal and hardly accessible places, overcoming of obstacles, shooting in buildings, open areas, while standing, lying, during the fighting task when getting in/getting off the transport);
 - 1.2 Ergonomic: comfortably fit to the back area, repeat the spinal curve, reduce the load for the spine;
 - 1.3 Functional: compatible to other elements of military outfit and equipment (with armored vest and armament) – and compatible to comfortably take off and take on while executing the fighting tasks.
2. Only single-size backpacks with the braces of S, M, L, XL or XXL and belts of S, M, L, XL or XXL sizes will be purchased.
3. A tolerance of 2% for the dimensions described in this Technical Specification, unless otherwise specified, is permitted.
4. The warranty term for the products is not shorter than 24 (twenty-four) months of active exploitation, which shall be calculated since the signing date of delivery-acceptance act.

II. TECHNICAL REQUIREMENTS

5. The backpack shall have one section (capacity of 55 ± 2 l), with the removable braces, waist belt and cover.
6. The weight of the backpack (without the braces, belt, with a cover, frame and support rollers) shall be less than 2,30 kg.
7. The color of the backpack – olive drab).
8. The backpack shall be produced from polyamide (cordura) top fabric (500 den cordura), covered with a polymeric coating inside (hereinafter referred to as stop fabric). The top fabric and all accessories shall have IR protection. The bedding of the water-resistant fabric shall be sewed on the top of the backpack.
9. The top of the backpack bedding is tightened with a cord and latch.
10. A spiral zipper with two heads shall be sewn throughout the whole length of the front backpack frame and covered with a top fabric stripes on both sides.
11. There shall be two special pockets zippered with spiral zippers with two heads covered with stripes on the front outside part of the backpack. The bottom of the backpack shall be oval.
12. The central part of the backpack – back throughout the whole length and width shall be hardened with plastic (or equivalent) insert.
13. The back of the backpack shall have soft, air-tight supports for the back, spinal curve – supports at the bottom of the backpack. The air-permeability shall be ensured by the usage of grid with padding. The padding as well as grid allow the air to circulate between the back and frame of the backpack.
14. The back of the backpack shall have the back ventilation and stability system (*BVS System or equivalent*), improving the stability and ventilation of the backpack when wearing the bulletproof vest. The system improves the rotational stability of the backpack while it is worn over the bulletproof vest. The system shall ensure the great ventilations features. One backpack shall be equipped with two rollers.
15. The rollers shall be produced from EVA foam. The rollers shall be removable.
16. The belt stripes of adjustable length to fix the padding as well as a handle of belt stripes to tow a backpack shall be equipped at the bottom of the backpack.

17. A water-resistance zipper with covers and two heads shall be sewn over the back part of the backpack throughout the whole width. The belt handle shall be shaped behind it. The belt handles are sewn into the seams of back and sides of the backpack.
18. The sides of the backpack shall have three interlacing belt stripes (MOLLE system). MOLLE stripes – 25 mm (± 2 mm) belt stripes that are sewn parallel to each other with spaces of 25 mm (± 2 mm). Each stripe shall be sewn with a special sewing machine for buckles every 40 (± 2 mm) mm.
19. Two belt stripes of adjustable length with side buckles shall be sewn on the sides of the backpack.
20. Double pockets shall be shaped on the bottom sides of the backpack.
21. The edges of backpack back shall be internally reinforced with two sticks. The tops of the sticks shall be covered with plastic tips and are hidden under the belt stripes so as not to disturb. The lower tips shall be placed into special cavities.
22. Two deep special pockets produced from water-resistant fabric shall be shaped in inner sides of the backpack.
23. There should be a possibility to have a radio station Harris AN/PRC-117G in the backpack. Thus a special pocket shall be shaped in the back part of the backpack. The radio station in the pocket shall be fastened horizontally and vertically with the belt stripes of adjustable length.
24. The things put in the backpack shall be fastened with the belt stripes of adjustable length.
25. The cover of the backpack shall be made of the top fabric. It shall be fastened to the frame with side buckles (two buckles at the front and back sides) and in the middle.
26. A special pocket shall be shaped outside the cover. It should have spiral zipper with two heads.
27. The front side of the pocket shall have an adhesive fastening detail – for marking.
28. The part of backpack removable braces that touches the back – body of the braces shall have curved structure, padding and additionally reinforced with a curved carbon fiber or equivalent insert which serves as an additional tool for adhesive fastening, which is used to fasten the braces to the body. This insert is put into a pocket shaped in the braces body and serves as an additional support for back.
29. The braces are ergonomic, have curved structure, padded with a breathing grid. The area of braces is additionally reinforced with polymeric insert.
30. The length of the braces shall be adjustable from two sides: in the place of reinforcement and at the bottom. The regulators and mechanism for adjusting the height of the braces shall ensure the reliable regulation of the length of the braces as well as tightening of the braces at the top and bottom.
31. The braces shall be fastened with the belt stripe with adjustable length as well as side buckle to take off some loads for shoulders. This buckle shall be removable.
32. The waist belt of the backpack shall be removable. The back area of the belt is without padding, the sides shall be padded. The belt shall be fastened with the side buckle with adjustable length. The belt shall have a reliable tightening mechanism which could maintain stable belt stripes during the execution of active tactical tasks so that the military man could comfortably tighten the belt to the backpack (by pulling the tightening stripes to the front). The waist belt shall be easily fastened around the backpack when it is not used.
33. The side buckles shall have a spring mechanism, which can fix the regulated belt and does not allow them to get loose during active tactical operations.
34. The belt stripes on the backpack sides, padding fixing and cover fastening shall have the possibility to wrap and attach after regulating their length.
35. All loose ends of the stripes shall be folded and sewn so that they can not easily slip away from the regulators.
36. The color of the accessories shall match the color of the top fabric.
37. All heads of the zippers shall be fitted with round cords for convenient zipping.
38. The ends of the cords and stripes shall be processed so as not to rip.
39. All inner seams, outer seams in the edges, seams of pockets, inserts of the products shall be sewn with the stripes of top fabric or textile woven tape.
40. When sewing the belt stripes, the tension points shall be fixed.

III. LABELLING, PACKING AND ACCEPTANCE

41. The products shall be accepted following the working example provided by the Supplier and



approved by the Buyer.

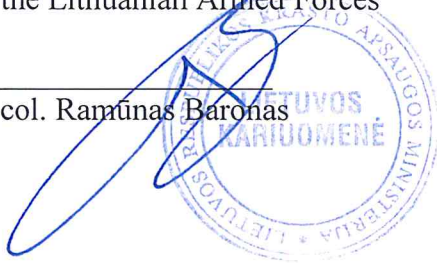
42. The Supplier shall provide two identical products as well as user manual for the approval of the working examples. The approved user manual in English shall be supplemented to each product.
43. The general packaging and labelling shall be discussed during the approval of the working examples.

BUYER

Lithuanian Armed Forces

The Logistics Command Commander
of the Lithuanian Armed Forces

lt. col. Ramūnas Baronas



SELLER

Redo s.r.o.

Redo s.r.o.
Director

Mrs Olga Cisarova

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27 December, 2017

Appendix 3

of the Preliminary Sale of Goods Contract No. KPS- 454

DRAFT OF PROCUREMENT OF GOODS CONTRACT

I. SPECIAL PROVISIONS

, 2017
Vilnius

Lithuanian Armed Forces, legal entity code 188732677, 8 Šv. Ignoto St., LT-01144 Vilnius, represented by (*division, position, name, surname*) acting in accordance with (*the document on the grounds of which the person is acting*) (hereinafter referred to as the **Buyer**) and (*the seller*), represented by (*position, name, surname*) acting in accordance with (*the document on the grounds of which the person is acting*) (hereinafter referred to as the **Seller**) (*if it is a group of entities - the corresponding data regarding each of the partners*), hereinafter in the present sale of goods contract together referred to as "Parties", and each separately as "a Party", concluded the present Sale of Goods Contract, hereinafter referred to as "the Contract" according to the Law of the Republic of Lithuania on Public Procurement and the Preliminary Sale of Goods Contract (*the number of the Preliminary Sale Contract*) concluded between Lithuanian Armed Forces and (*the Seller*) on (*the date*), and agreed upon the following conditions.

1. Subject of the Contract

1.1. The **Seller** undertakes the obligation to sell and deliver to the Buyer **Attack backpacks** (hereinafter referred to as Goods) that comply with the technical requirements laid out in Appendix 1 of the Contract "The Technical Specification for Attack Backpacks" (hereinafter referred to as Appendix 2). Prices and quantities of goods are specified in Appendix 2 of the Contract "Prices and Quantities of Goods" (hereinafter referred to as Appendix 2).

1.2. The **Buyer** undertakes the obligation to accept the goods satisfying the requirements laid out in Appendix 1 of the Contract and pay for them in accordance with the procedure established by the Contract.

2. Contract Value

The **Contract value** is _____ EUR (____ Euro ____ ct), the value added tax (hereinafter referred to as VAT) excluded. The price of goods includes all taxes (except for VAT) and all expenses of the **Seller** (storing, packing, transportation, delivery and all other expenses that may affect the price and may appear during the performance of the Contract).

3. Place, Terms and Conditions of the Delivery of Goods:

3.1. The **Seller** undertakes the obligation to deliver to the **Buyer** the goods specified in Appendix 2 of the Contract within **6 (six) months** from the Contract coming into force.

3.2. The **Seller** undertakes the obligation to perform the duties outlined in paragraphs 3.5.1, 3.5.2 and 3.5.3 of the General Conditions of the Contract no later than within **150 (one hundred and fifty)** days from the Contract coming into force. The goods quality assurance plan must be prepared in accordance

with LKS AQAP 2105 or ISO 10005 or an equivalent standard.

3.3 The **Seller** shall provide a declaration of conformity together with each batch of the goods according to EN ISO/IEC 17050-1 standard A.2 form or an example of equivalent standard.

3.4. The **Seller** shall provide the batch and lot indexes on the packaging and in invoices. Each lot of the same batch of goods shall be marked in an ascending order.

3.5. Goods shall be delivered in accordance with the terms and conditions of international trade (contracts) INCOTERMS 2015 DDP

to the **Buyer's** warehouses at the following address: Depot service, 8 Savanorių Ave., Vilnius, Lithuania.

4. . Payment procedure:

4.1. The payment procedure between the **Seller** and the **Buyer** is established in the paragraph 4 of the General Conditions of the Contract. A Delivery-Acceptance Act shall be signed.

4.2. Upon the **Buyer's** decision, an advance payment may be made in the amount of up to 30 (thirty) percent of the amount indicated in the paragraph 2 of the Special Conditions of the Contract. In such an event, conditions established by paragraphs 4.3 – 4.6 of the General Conditions of the Contract shall be applied.

5. Buyer's Right to Unilaterally Terminate the Contract

5.1. In the event of the **Seller** being late to deliver the goods for more than 30 (thirty) days from the date indicated in the Contract, the **Buyer** has the right to terminate the Contract in accordance with the procedure established in the General Conditions of the Contract.

5.2. Other cases of a unilateral termination of the Contract are outlined in paragraph 9.2 of the General Conditions of the Contract.

6. Quality of Goods

6.1. The quality of goods shall correspond to the requirements established by Appendix 1 of the Contract and the approved working example.

6.2. The **Seller** guarantees that the goods as well as the materials they are manufactured from have no defects and comply with the requirements established by the paragraph 6.1 of the Special Conditions of the Contract.

6.3. The **Seller** (if they are not the manufacturer of the goods) shall ensure that the manufacturer of the goods, during the manufacturing process of the goods, complies with the requirements established by the Contract for the goods and their quality. The **Seller** is responsible for the compliance with the present requirements and the monitoring. The **Seller** is responsible for the quality control during the manufacturing process, and the delivery of only the goods that are of high quality and comply with the contractual requirements to the **Buyer**.

6.4. The compliance with the requirements outlined in Appendix 1 of the Contract shall be evaluated, and the acceptance of goods shall be performed after their delivery to the **Buyer**. In the event of a non-compliance, the goods shall not be accepted and shall be not considered as delivered.

6.5. Laboratory testing of the goods may be performed in accordance with the procedure established in the paragraphs 4.2, 5.5-5.7 of the General Conditions of the Contract. The quantity of goods taken for laboratory testing is no more than 2 (two) pieces from the batch of goods.

7. Warranty Obligations

7.1. The warranty period of goods delivered by the **Seller** shall be no less than 24 (twenty-four) months in conditions of an active exploitation that starts since the signature of transfer-receipt act.

7.2. Paragraph 6.3 of the General Conditions of the Contract is applicable. Obligations established in the paragraph 6.3 of the General Conditions of the Contract shall be fulfilled within 30 (thirty) days from the **Buyer's** written message.

7.3. Paragraph 6.5 of the General Conditions of the Contract is applicable. The quantity of goods taken for laboratory testing is no more than 2 (two) pieces from the chosen batch of goods. The replacement of goods non-compliant with the established requirements with the high-quality ones shall be carried out in accordance with the provisions of paragraph 6.3 of the General Conditions of the Contract

under the terms provided in paragraph 7.2 of the Special part of the Contract.

8. Additional Enforcement of the Fulfilment of the Obligations

8.1. An amount guaranteed by a bank guarantee or a written surety provided by an insurance company (*the guaranteed amount – 7 (seven) % from the Contract value, indicated in paragraph 2 of the Contract, VAT excluded*) and the validity period _____. The validity period of the bank guarantee or the written surety provided by an insurance company shall not be shorter than two months over the goods delivery period established by paragraph 3 of the Special Conditions of the Contract. The bank guarantee or the written surety provided by an insurance company must comply with the requirements outlined in paragraphs 12.1, 12.2 and 12.3 of the General Conditions of the Contract. (*applicable, if the Contract value is equal to or higher than 50 thousands Euro*);

8.2. If the Contract value is lesser than 50 thousands Euro, a bank guarantee or a written surety provided by an insurance company for the enforcement of the Contract performance shall not be requested.

9. Other conditions:

9.1. The **Seller** undertakes to fulfil obligations established by the paragraph 8 of the General Conditions of the Contract and to provide a signed copy of the Contract as well as data necessary for the identification of goods to be purchased in accordance with Appendix 3 “Document Forms Necessary for the Codification” of the Contract to the National Codification Bureau of the Material Resources Department of the Lithuanian Armed Forces (tel. (8 5) 278 5250, fax (8 5) 210 3793, e-mail ncb.lt@mil.lt);

9.2. The amount of minimal losses agreed upon in advance by the Parties in paragraph 11.1 of the General Conditions of the Contract is 0.1% of the undelivered goods price, VAT excluded.

9.3. The amount of minimal losses agreed upon in advance by the Parties in paragraph 11.2 of the General Conditions of the Contract is 0.1% of price of the goods that have not been replaced, VAT excluded.

9.4. The amount of minimal losses agreed upon in advance by the Parties in paragraph 11.3 of the General Conditions of the Contract is 0.1% of price of the goods whose defects have not been eliminated or the goods that have not been replaced, VAT excluded, for each delayed day.

9.5. The amount of minimal losses agreed upon in advance by the Parties in paragraph 11.4 of the General Conditions of the Contract is _____Eur (7 (seven) percent from the proposal of the Contract value, VAT excluded).

9.6. The **Seller** shall not employ subsupplier(s).

9.7. The manufacturer, specified in Appendix 2 of the Contract, may be replaced. The request regarding the replacement of a manufacturer is submitted to the **Buyer** in writing with the indication of reasons for the replacement and the provision of documents proving the compliance of the other manufacturer's products with the requirements outlined in the technical specification of respective goods provided in Appendix 1 of the Contract to the **Buyer** and after the coordination of a working example of the product. The replacement of a manufacturer shall be formalized in writing.

9.8. The duration of force majeure circumstances is 30 (thirty) days in accordance with the terms of paragraph 9.1.2 of the General Conditions of the Contract.

9.9. The representative(s) of the Seller – (*name, surname, position, telephone number, e-mail*).

9.10. The representative(s) of the Buyer – (*name, surname, position, telephone number, e-mail*).

9.11. The Appendices to the Contract:

Appendix 1 “Technical Specification for attack backpacks”, (*will be included during the conclusion of a public procurement of goods contract*);

Appendix 2 “Prices and Quantities of Goods” (*will be included during the conclusion of a public procurement of goods contract*);

Appendix 3 “Forms of Documents Necessary for the Codification” (an example for filling in).

10. Contract Validity

The Contract is valid for _____ (12 (twelve) months from the Contract coming into force, and, regarding the fulfilment of financial and warranty obligations, until their full performance).

11. Requisites of the Buyer**Lithuanian Armed Forces**

The code 188732677

VAT payer's code LT 887326716

8 Šv. Ignoto St., LT-01120 Vilnius

C.a. LT48 7300 0100 0246 0179

Swedbank, AB

The correspondence, documentation are to be sent to the following address:

LK Department of material resources 8

Savanorių Ave., LT-03116 Vilnius

12. Requisites of the Seller**Redo s.r.o.**

Code 46342010

VAT payer's code CZ46342010

Tovarní 582/9, Vrahovice, 798 11 Prostějov, Czech Republic

Bank: Komerční banka a.s. Praha CZ

KB, a. s. 19-23137110277/0100

Prague CZ Swift KOMBCZ PP

EUR IBAN:CZ6701000000192137110277

SWIFT/BIC: KOMBCZPPXXX

Contact person - Olga Cisarova

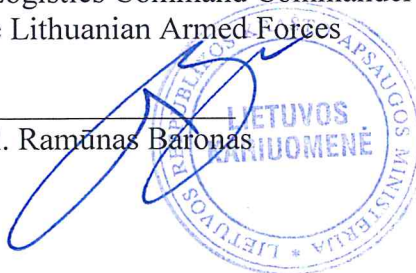
tel. +420 582330912

e-mail: redo@redo.cz

BUYER**Lithuanian Armed Forces**

The Logistics Command Commander
of the Lithuanian Armed Forces

lt. col. Ramūnas Baronas

**SELLER****Redo s.r.o.**

Redo s.r.o.

Director

Mrs Olga Cisarova

REDO, s.r.o. (1)
Tovární 582/9, 798 11 Prostějov-Vrahovice, CZ
OR Brno, oddíl C, vložka 5234
DIČ: CZ46342010
tel. 582 330 912, fax: 582 330 914

MAIN TERMS AND CONDITIONS OF THE PURCHASE AND SALE CONTRACT

II. GENERAL PART

1. Definitions

1.1. For the purposes hereof, the following main definitions shall apply:

1.1.1. Contract shall mean the General Part and the Special Part of this Contract for Purchase and Sale of Goods, annexes to the Contract for Purchase and Sale of Goods.

1.1.2. Parties hereto shall mean the Buyer and the Seller:

1.1.2.1. Buyer shall mean a party hereto with its details specified herein which purchases the Goods under the terms and conditions set out herein;

1.1.2.2. Seller shall mean a party hereto with its details specified herein which sells the Goods under the terms and conditions set out herein.

1.1.3. Recipient shall mean a unit of the Buyer, which is specified in the Special Part hereof or in the annex hereto, to which the goods are delivered.

1.1.4. Third Party shall mean any natural person or legal entity (including the state, public authorities, municipality, municipal authorities) that is not a party hereto.

1.1.5. Licences shall mean all the necessary licences and/or permits required for the performance hereof.

1.1.6. Object of the Contract shall mean goods and all services related to sale of the goods (personnel training, installation, implementation, delivery, etc.) on which the Parties hereto have agreed in the Special Part hereof and which comply with the requirements set by the Buyer.

1.1.7. Liquidated Damages shall mean an undisputed amount of money set by the Contract or calculated in accordance with the procedure laid down herein, which the Seller shall pay to the Buyer in the event of the non-performance or improper performance of the obligation.

1.1.8. Pricing Rules shall mean the price set herein or the rules of calculation and adjustment of the Contract price.

1.1.9. Consignment of the Goods shall mean the quantity of goods delivered at one time.

1.1.10. Lot of the Goods shall mean the consignments of goods produced from the same lot of material.

1.1.11. Lot of Materials shall mean a certain amount of material produced from the same raw materials obtained from the same Seller following the same technology and under the same terms and conditions. A certificate of conformity shall be deemed evidence of the quality of the lot of material concerned.

1.2. Calculation of the liquidated damages shall begin on the day following the last day of the time limit for the performance of obligations hereunder and shall end upon the performance of obligations by the Party hereto (the day of the performance of obligations shall be deemed the last day of calculation).

1.3. Headings of parts and articles hereof are for convenience of reference only and may be used in the interpretation hereof only as an additional tool.

1.4. Unless otherwise provided herein, the duration and other time limits hereof shall be calculated in calendar days.

1.5. If a deadline for payments or for the performance of obligations coincides with a public holiday and a non-working day in the Republic of Lithuania, the deadline for the performance of the obligation and for payments hereunder shall be the following working day.

1.6. In the Contract, where the context so requires, words in the singular may include the plural and vice versa.

1.7. Where a certain meaning expressed in words differs from the one expressed in figures, the verbal meaning shall prevail.



2. Contract price/unit prices of goods/pricing rules

2.1. The Contract price/unit prices shall mean the amount of money that **the Buyer** undertakes to pay to **the Seller** in accordance with the procedure and within the time limits laid down herein.

2.2. The Contract price/unit prices shall be fixed and not be changed throughout the period of validity hereof, except in cases where the rate of VAT/excise duties applicable to the goods changes after signing the Contract. The recalculated price/unit prices shall be formalised by a written agreement of the Parties and apply to the goods delivered after the date of entry into force of such agreement signed by the Parties.

2.3. Unit prices of the goods shall be changed in accordance with the pricing rules set out in the annex hereto. The recalculated unit prices shall be formalised by a written agreement of the Parties and apply to the goods delivered after the date of entry into force of such agreement signed by the Parties (*if the Special Part states that this condition applies*).

2.4. The Contract price shall include the price of the goods, all costs and taxes. Unit prices of the goods shall include all costs and taxes related to sale of the goods (*applicable if the contract does not state the Contract price*). **The Seller** shall include all the costs related to the supply of the goods in the Contract price/unit prices of the goods, including, but not limited to:

2.4.1. costs of logistics (transport);

2.4.2. packing, loading, transit, unloading, unpacking, check, insurance costs and other costs related to the supply of the goods;

2.4.3. all the costs related to the preparation and the submission of the documents required by **the Buyer**;

2.4.4. costs of on-site assembly and/or start-up, and/or maintenance of the delivered goods;

2.4.5. costs of the provision of tools necessary for assembly and/or maintenance of the delivered goods;

2.4.6. costs of the submission of operating and maintenance instructions provided for in the Technical Specification;

2.4.7. costs of warranty repair of the goods.

2.5. The risk of foreign currency fluctuations and changes in manufacturers' prices shall be assumed by **the Seller**.

3. Terms and conditions of the supply of the goods

3.1. The goods shall be delivered in accordance with the time limits and the procedure provided for in the Special Part hereof (or the annex(es) hereto).

3.2. The Seller shall deliver the goods at its own risk without any additional payment. The Buyer shall acquire the right of ownership to the goods upon signing of the delivery and acceptance certificate by both Parties, which shall be signed only if the goods are of high quality and comply with the requirements set for them herein and in the annex(es) hereto (*if signed*). When the delivered goods are of high quality and comply with the requirements set for them herein and in the annex(es) hereto, (*if signed*) the delivery and acceptance certificate shall be signed within 30 days, except where laboratory tests are carried out on the goods.

3.3. The Buyer shall not pay for the goods supplied in excess of the quantities indicated in the Contract/applications/orders.

3.4. If the Seller delivers a consignment of the goods that is smaller than the one indicated in the Contract/applications/orders, the Buyer shall return the delivered consignment of the goods to the Seller, and it shall be deemed that the goods have not been delivered, and the Seller (if the time limit for the delivery of the goods is exceeded for this reason) shall be subject to the sanctions provided for in Clause 11.1 of the General Part hereof.

3.5. After entry into force of the Contract, the Seller, within the time limits specified in the Special Part hereof, shall:

3.5.1. prepare, produce, coordinate with the Buyer and approve working reference samples of the goods purchased (2 items, one item for the Buyer and one item for the Seller) that would comply with the requirements set herein and in the annex(es) hereto (*if the Special Part states that this condition applies*);

3.5.2. coordinate with the Buyer and submit a deliverable plan on quality assurance for the goods prepared in accordance with the Recommendations on Preparation of the Deliverable Quality Assurance

Plan or with the standards referred to in the Special Part hereof (*if the Special Part states that this condition applies*);

3.5.3. coordinate with the Buyer the operating (maintenance) instruction for the goods to be provided with each item of the goods (*if the Special Part states that this condition applies*).

3.6. The working reference samples of the goods referred to in Clause 3.5.1 of the General Part hereof and samples of basic and auxiliary materials used for production of the goods provided with these working reference samples shall be returned to the Seller by the Buyer only after the performance of all contractual obligations, including warranty obligations, by the Seller.

3.7. If, during the validity hereof, the manufacturer of the goods changes/updates the model/name of the goods purchased hereunder which is specified herein, the Seller shall have the right, having coordinated this with the Buyer and signed an additional agreement with the Buyer, to supply the goods of the new model/name. The goods of the new model/name shall comply with the requirements set herein and in the annex(es) hereto for the goods purchased, shall have the same price, and their technical data may not be worse than the technical data of the goods for which the Contract has been awarded. The goods of the new model shall be compatible with other goods purchased hereunder and goods already possessed by the Buyer.

4. Terms and conditions of payment

4.1. The Seller shall be paid, when the object of the contract complying with the requirements set herein and in the annex(es) hereto is transferred to the Buyer upon signing of the delivery and acceptance certificate by both Parties (*if signed*), within 30 (thirty) days from the date of signing of the delivery and acceptance certificate (*if signed*) and of receipt of the invoice (the invoice shall also be sent by electronic means). If other terms and conditions of payment are set, they shall be laid down in the Special Part hereof. If the Buyer delays payment beyond the time limit provided for in this clause, the Buyer shall, at the Seller's request (within 30 (thirty) days from receipt of the request), pay interest in accordance with the Law of the Republic of Lithuania on the Prevention of Late Payment in Commercial Transactions.

4.2. After the delivery of the goods by the Seller, the Buyer shall decide within 3 (three) days whether laboratory tests will be carried out on the goods delivered by the Seller (on the lot and/or consignment of the goods concerned) to make sure that the goods comply with the requirements set herein and in the annex(es) hereto. If the Buyer decides that laboratory tests will not be carried out on the goods, the goods complying with the requirements set herein and in the annex(es) shall be accepted and the Buyer shall pay the Seller for the accepted goods within 30 (thirty) days from the date of receipt of the invoice. If the Buyer decides that laboratory tests will be carried out on the goods, payment for the goods shall be made within 30 (thirty) days following receipt of the results of the laboratory tests and confirmation that the goods comply with the requirements set herein and in the annex(es) hereto (*if the Special Part states that this condition applies*).

4.3. If the advance payment of the amount indicated in the Special Part hereof is to be made for the goods, the Seller shall, within 5 (five) working days from the date of receipt of the notice, submit the advance payment bank guarantee or surety bond of an insurance company (the validity period of which shall be 2 (two) months longer than the time limit for the delivery of the goods) for the amount of the Buyer's advance payment. The Seller shall also submit the confirmation of an insurance company (evidence of payment, etc.) that the surety bond is valid (*if the performance of the contract will be secured by surety*).

4.4. The bank guarantee or the surety bond shall state that the guarantor/surety is irrevocably and unconditionally undertakes to pay the Buyer the amount, up to the limit of the surety/guarantee amount, by transferring money to the Buyer's account within 14 (fourteen) days following receipt of the Buyer's written notice confirming termination hereof due to the Seller's fault.

4.5. It may not be stated that the guarantor or the surety is liable only for indemnification of direct damages. It may not include provisions or conditions that would oblige the Buyer to prove to the company which issued the guarantee or the surety bond that the Contract with the Seller has been terminated lawfully, or would otherwise allow the company which issued the guarantee or the surety bond not to pay (or delay payment of) the amount secured (guaranteed) by the guarantee or surety.

4.6. The advance payment bank guarantee or surety bond of an insurance company not complying with the requirements set in Clauses 4.3-4.5. of the General Part hereof shall not be accepted. In this case, it shall be deemed that the Seller has not submitted the advance payment bank guarantee or surety bond of

an insurance company to the Buyer, and payment shall be made in accordance with Clause 4.1 of the General Part hereof.

4.7. The Buyer shall make the advance payment within 10 (ten) days from the date of receipt of the advance payment bank guarantee or surety bond of an insurance company and of the advance payment invoice (*if the Special Part states that the advance payment will be made*).

4.8. The Parties shall have the right to make additional agreements on reduction of the amount provided for in the advance payment bank guarantee or surety bond of an insurance company after the Seller has properly performed part of the obligations.

5. Quality of the goods

5.1. The goods shall comply with the requirements set out herein and in the annex(es) hereto.

5.2. The Seller agrees that, in accordance with the requirements of LKS STANAG 4107, the Government Quality Assurance Representative in Lithuania may request the relevant Government Quality Assurance Authority of a NATO country or organisation in the country of the Seller that supervision of the Government Quality Assurance is implemented during the contract performance period (*if the Special Part states that this condition applies*). If the Seller is not the manufacturer, this requirement shall be included in the Seller's contract with the supplier that produced the goods for the Seller, and the Buyer shall be notified thereof (*if the Special Part states that this condition applies*).

5.3. If the non-compliance of the goods with the requirements set herein and in the annex(es) hereto is identified at the time of acceptance of the goods, the Seller's representatives shall be invited immediately and a report shall be drawn up in their presence, the goods shall not be accepted, and the Seller shall be subject to contractual liability (in this case, contractual liability shall apply if the time limit for the delivery of the goods has already ended).

5.4. If a conflict over the quality of the goods and their compliance with the requirements set herein and in the annex(es) hereto cannot be resolved by agreement of the Parties hereto, the Parties shall have the right to invite independent experts. All the costs related to work of the experts shall be borne by the non-prevailing Party.

5.5. If, in accordance with Clause 4.2 of the General Part hereof, the Buyer decides to carry out laboratory tests on the goods, the quantity of the goods indicated in the Special Part hereof shall be taken from the chosen consignment of the goods in the presence of the Seller's representative for verification of the compliance with the requirements set herein and in the annex(es) (*if the Special Part states that this condition applies*).

5.6. If the laboratory tests carried out on the goods to verify their compliance with the requirements set herein and in the annex(es) show that the goods do not comply with these requirements, a report shall be drawn up, the remaining goods (lot and/or consignment) shall not be accepted and the whole quantity of the goods shall be returned to the Seller. No payment shall be made for the goods, and it shall be deemed that the goods have not been delivered, and the Seller shall be subject to the sanctions provided for in Clause 11.1 of the General Part hereof. In the event of the non-compliance of the goods with the requirements set herein and in the annex(es), the Buyer shall not pay for the goods used for the tests, and the Seller shall bear the cost of the laboratory tests and pay the Buyer the liquidated damages amounting to 10% of the price of the non-compliant lot excluding VAT, which shall be intended to cover administrative costs incurred by the Buyer in organising procedures for the laboratory tests on the goods. In this case, the Seller shall deliver new goods complying with the requirements set herein and in the annex(es) instead of the returned goods not complying with the requirements set herein and in the annex(es). The goods shall be replaced within the time limit set in the Special Part hereof (*if the Special Part states that this condition applies*).

5.7. If the laboratory tests carried out on the goods to verify their compliance with the requirements set herein and in the annex(es) hereto show that the goods comply with these requirements, the Buyer shall cover the cost of the laboratory tests, and the Seller shall replace the goods used for the laboratory tests with new goods free of charge.

6. Warranty of quality of the goods

6.1. The period of warranty of quality/period of fitness for use indicated in the Special Part hereof (or in the annex hereto) shall be provided for the goods.

6.2. During the period of warranty of quality/period of fitness for use, the Seller shall, within the time limit set in the Special Part hereof and at its own expense, provide (instead of the defective goods) other analogous goods that could be used during the period of elimination of defects in the goods purchased hereunder and that comply with the requirements set herein and in the annex(es) hereto (*if the Special Part states that this condition applies*).

6.3. During the period of warranty of quality, the Seller shall, within the time limit set in the Special Part hereof and at its own expense, eliminate defects in the goods or, in the event of failure to eliminate them, replace the defective goods at its own expense with new goods complying with the requirements set herein and in the annex(es) hereto and compensate for the losses incurred by the Buyer (if any) in the amount not exceeding the total value of the Contract. During the period of fitness for use, the Seller shall, within the time limit set in the Special Part hereof and at its own expense, replace the goods with the goods complying with the requirements set herein and in the annex(es) hereto and compensate for the losses incurred by the Buyer (if any).

6.4. The Seller shall be notified in writing (by fax or mail) of defects identified in the goods during the warranty period/period of fitness for use. A claim regarding the quality of the goods may be made throughout the warranty period/period of fitness for use.

6.5. During the period of warranty of quality of the goods, the Buyer may decide to carry out laboratory tests by taking the quantity of the goods indicated in the Special Part hereof from the chosen consignment of the goods or from each lot (if the consignment consists of several lots) in the presence of the Seller's representative for verification of the compliance with the requirements set herein and in the annex(es). In the event that the results of the laboratory tests show the non-compliance with the requirements set for the goods in the annex(es) hereto, the whole delivered consignment/lot of the goods shall be rejected as non-compliant, and the cost of the laboratory tests shall be borne by the Seller. The goods not complying with the requirements set shall be replaced with the high-quality goods in accordance with the provisions of Clause 6.3 of the General Part hereof (*if the Special Part states that this condition applies*).

6.6. If the goods are replaced with new goods, the new goods shall have the same warranty period indicated in the Special Part hereof which shall begin from the date of signing of the delivery and acceptance certificate for the new goods.

6.7. The period of warranty of quality of the goods that could not be used by the Buyer during elimination of defects shall be extended for the period equal to the period of elimination of defects in the goods.

6.8. The warranty of quality referred to in the Special Part hereof (or in the annex hereto) shall not apply if the Seller proves that defects in the goods have been caused by incorrect or improper treatment of the goods by the Buyer or by activities of third parties, or by force majeure.

7. Force majeure

7.1. The Party shall not be held liable for the non-performance of any obligations hereunder if it proves that this non-performance was due to unusual circumstances that were beyond control of the Parties and could not be reasonably foreseen by them, and the emergence of these circumstances or consequences thereof could not be prevented by the Parties. For the purposes hereof, force majeure shall be considered to be the circumstances referred to in Article 6.212 of the Civil Code of the Republic of Lithuania and the Rules Governing the Release from Liability in the Event of Force Majeure approved by Resolution No. 840 of the Government of the Republic of Lithuania of 15 July 1996. In determining force majeure, the Parties shall be guided by Resolution No. 222 "On Approval of the Procedure for Issuing Certificates Attesting to the Existence of Force Majeure" of the Government of the Republic of Lithuania of 13 March 1997 or the regulatory legislation replacing it. In the event of force majeure, the Parties hereto shall, in accordance with the procedure laid down in the legislation of the Republic of Lithuania, be exempted from liability for the non-performance, partial non-performance or improper performance of the obligations provided for herein, and the time limit for the performance of the obligations shall be extended.

7.2. The Party requesting exemption from liability shall notify the other Party of force majeure in writing immediately but no later than within 10 (ten) working days from the occurrence or discovery of existence of force majeure and provide evidence that it has taken all reasonable precautions and made all efforts to reduce costs or negative consequences, as well as communicate the possible time limit for the



performance of the obligations. The notice shall also be required when grounds for the non-performance of the obligations cease to exist.

8. Codification

8.1. **The Seller** shall, within 5 (five) days after entry into force of the Contract, submit to **the Buyer** at the address specified by **the Buyer** a copy of the signed Contract and the data necessary for identification of the purchased goods in accordance with forms "List of Materiel for Codification" and "Information about the Manufacturer or Supplier" provided in the annex hereto. **The Seller** shall submit the completed and signed forms in electronic form or paper copies thereof (*if the Special Part states that this condition applies*).

8.2. At **the Buyer's** request, **the Seller** shall, within 5 (five) days and free of charge, submit the additional technical documentation necessary for codification (e.g. technical characteristics, drawings, photographs, catalogues, links, etc.)

9. Termination of the Contract

9.1. This Contract may be terminated:

9.1.1. by written agreement of the Parties;

9.1.2. if force majeure lasts longer than the number of days indicated in the Special Part hereof (depending on the contract performance specifics, the specific period indicated in the Special Part may be from 14 to 60 days) and both Parties do not make agreements on amendments hereto allowing the Parties to continue the performance of their obligations, each Party hereto may terminate the Contract unilaterally by notifying the other Party thereof in writing at least 7 (seven) days in advance.

9.2. The Buyer shall have the right to terminate the Contract unilaterally due to a material breach hereof by notifying the Seller in writing at least 7 (seven) days in advance (*unless other period is indicated in the Special Part hereof*). The following shall be deemed a material breach hereof:

9.2.1. the Seller delays the delivery of the goods beyond the time limit indicated in the Special Part hereof;

9.2.2. the Seller fails to perform (or notifies of the inability to perform) the contractual obligation to supply the goods;

9.2.3. the Seller increases prices/unit prices of the goods, except in the case provided for in Clause 2.2 of the General Part hereof;

9.2.4. the Seller fails to perform or improperly performs the warranty obligations provided for in Clause 6 of the General Part hereof;

9.2.5. the Seller fails to perform the obligation provided for in Clause 12.4 of the General Part hereof (*if the performance of the contract will be secured by surety or a bank guarantee*);

9.2.6. the goods supplied by the Seller or the quality of these goods fails to comply with the requirements set herein and in the annex(es) hereto;

9.2.7. the Seller fails to submit the advance payment bank guarantee valid for a period not shorter than the period indicated in Clause 4.3. of the General Part hereof in due time (*if the terms and conditions of the contract provide for the advance payment*);

9.2.8. the Seller is included in the List of Unreliable Suppliers during the period of validity hereof;

9.2.9. If it turns out that the Seller is unreliable and poses a threat to national security.

9.3. The Buyer shall have the right to terminate the Contract unilaterally by notifying the Seller in writing at least 7 (seven) days in advance (*unless other period is indicated in the Special Part hereof*) if the Seller is being wound up or it is applied to the court for bankruptcy or restructuring proceedings, or the Seller is the subject of bankruptcy or restructuring proceedings, or a decision on the initiation of out-of-court bankruptcy proceedings is adopted.

9.4. Upon termination hereof, the Seller shall, within 10 (ten) days from the date of termination hereof, return to the Buyer the advance payment made by the Buyer for the goods that were not delivered (if such advance payment was made).

10. Dispute settlement procedure

10.1. The Contract has been concluded and shall be interpreted in accordance with law of the Republic of Lithuania.

10.2. All disputes or disagreements arising between the Parties hereto in relation to the Contract shall be settled by negotiations, and in the event of failure to settle a dispute in this manner, the dispute shall be examined in accordance with the procedure laid down by the legislation of the Republic of Lithuania in courts of the Republic of Lithuania having jurisdiction in the place of the registered office of the Buyer (or "*of the legal entity - the Lithuanian Armed Forces*" if the Buyer is not a legal entity, but a unit of the Lithuanian Armed Forces).

11. Liability

11.1. If the Seller fails to deliver the goods within the time limit indicated in the Special Part hereof, the Seller shall pay the Buyer the liquidated damages of 0.05 to 0.2 % (the specific value shall be indicated in the Special Part hereof) of the price of the non-delivered goods excluding VAT for each day/hour of delay (*application depends on how the time limit for the obligation is calculated in the Special Part hereof*), payment of which shall not release the Seller from the obligation to cover all the losses incurred by the Buyer due to the non-performance or improper performance hereof by the Seller. The Seller shall pay the liquidated damages within the time limit specified in the invoice or the claim.

11.2. If, during the quality warranty period, the Seller fails to perform the obligations laid down in Clause 6.2 of the General Part hereof within the time limit set in the Special Part hereof, the Seller shall pay the Buyer the liquidated damages of 0.05 to 0.2 % (the specific value shall be indicated in the Special Part hereof) of the price of the non-replaced goods excluding VAT for each day/hour of delay, payment of which shall not release the Seller from the obligation to cover all the losses incurred by the Buyer due to the Seller's non-performance or improper performance of the Seller's obligations related to the warranty/period of fitness for use of the goods.

11.3. If, during the warranty period/period of fitness for use, the Seller fails to perform the obligations laid down in Clause 6.3 of the General Part hereof within the time limit set in the Special Part hereof, the Seller shall pay the Buyer the liquidated damages of 0.05 to 0.2 % (the specific value shall be indicated in the Special Part hereof) of the price of the goods, defects of which have not been eliminated, or of the non-replaced goods excluding VAT for each day/hour of delay, payment of which shall not release the Seller from the obligation to cover all the losses incurred by the Buyer due to the Seller's non-performance or improper performance of the Seller's obligations related to the warranty/period of fitness for use of the goods.

11.4. Where the Contract is terminated on the grounds referred to in Clauses 9.2.1, 9.2.2, 9.2.3, 9.2.5, 9.2.6, (9.2.7 (*if the terms and conditions of the contract provide for the advance payment*))) 9.3 of the General Part hereof or on other grounds referred to in the Special Part hereof, the Seller shall, within 14 (fourteen) days (from the date of termination hereof), pay the Buyer the liquidated damages of no less than 7 (seven) % of the contract price excluding VAT (or of the total proposal price) (the specific percentage or the specific fixed amount shall be indicated in the Special Part hereof), but no more than the prices of all the outstanding obligations hereunder excluding VAT. Payment of the liquidated damages shall not release the Seller from the obligation to cover all the losses incurred by the Buyer due to the non-performance or improper performance hereof by the Seller.

11.5. Where the Contract is terminated on the grounds referred to in Clause 9.2.4 of the General Part hereof, the Seller shall, within 7 (seven) days (from the date of termination hereof), pay the Buyer the liquidated damages equal to the acquisition price of the defective goods excluding VAT, but no more than the prices of all the outstanding obligations hereunder excluding VAT. Payment of the liquidated damages shall not release the Seller from the obligation to cover all the losses incurred by the Buyer due to the non-performance or improper performance hereof by the Seller.

11.6. Other cases of application of contractual liability to the Seller are specified in the Special Part hereof.

11.7. Delayed financing from the budget shall be the grounds for absolute release of the Buyer from civil liability and payment of interest for late payment.

12. Validity of the Contract

12.1. The Contract shall enter into force upon its signature by both Parties and the submission of the bank guarantee or the surety bond of an insurance company for the Contract performance security to **the Buyer** by **the Seller** (*the condition applies if the performance of the contract will be secured by surety or a bank guarantee*) securing payment of the amount indicated in Clause 11.4 of the General Part hereof (in the bank guarantee or the surety bond of an insurance company, the guarantor/surety shall undertake to pay **the Buyer** the amount indicated in Clause 11.4 of the General Part hereof in the event of termination hereof on at least one of the grounds referred to in Clauses 9.2.1 - 9.2.7, 9.3 or other grounds referred to in the Special Part hereof). The guarantee or the surety bond stating that the guarantor or the surety is liable only for indemnification of direct damages shall not be accepted as the guarantor or the surety must undertake to indemnify the specific amount of the Contract performance security indicated in Clause 11.4 hereof) (*if the performance of the contract will be secured by surety or a bank guarantee*).

12.2. The guarantor/surety shall irrevocably and unconditionally undertake to perform the obligation and pay the undertaken amount by transferring money to the account of **the Buyer** within 14 (fourteen) days of a written notice confirming termination hereof at **the Seller's** fault on the grounds provided for herein (*if the performance of the contract will be secured by surety or a bank guarantee*).

12.3. **The Seller** shall, within 5 (five) working days after signing the Contract, submit to **the Buyer** the bank guarantee or the surety bond of an insurance company for the Contract performance security indicated in Clause 12.1 of the General Part hereof, which shall be valid two months longer than the time limit for the supply of the goods indicated in the Special Part hereof or than the period of validity hereof. **The Seller** shall also submit the confirmation of an insurance company (evidence of payment, etc.) that the surety bond is valid (*if the performance of the contract will be secured by surety*). Payment of the amount indicated in the bank guarantee or the surety bond of an insurance company for the Contract performance security shall not be deemed to constitute full compensation for damages incurred by **the Buyer** and shall not release **the Seller** from the obligation to cover such damages in full (*if the performance of the contract will be secured by surety or a bank guarantee*).

12.4. If, during the performance hereof, the legal entity that issued the Contract performance security (a bank or an insurance company) is unable to perform its obligations (due to suspension of activities, declaration of a moratorium, etc.), **the Seller** shall, within 10 (ten) days, submit a new Contract performance security under the same terms and conditions. If **the Seller** fails to submit a new Contract performance security, **the Buyer** shall have the right to terminate the Contract in accordance with the procedure laid down in Clause 9.2.5 of the General Part hereof.

12.5. The Contract performance security shall be returned within 10 (ten) days from the date of the expiry of this security upon a written request of **the Seller** (*if the performance of the contract will be secured by surety or a bank guarantee*).

12.6. The terms and conditions hereof may not be amended during the period of validity of the procurement contract, except for the terms and conditions hereof which, if amended, would not constitute a breach of the principles and objectives laid down in Article 3 of the Law on Public Procurement/Article 6 of the Law on Public Procurement in the Field of Defence and Security and provided that such amendments to the terms and conditions hereof have been authorised by the Public Procurement Office (*when the authorisation is required under laws*). Correction of the terms and conditions hereof under the circumstances provided for herein shall not be deemed to constitute amendments to the terms and conditions hereof if these circumstances are clearly and unequivocally defined and stated in the contract documents.

12.7. If the Parties identify technical oversights, spelling mistakes (incorrect transfer of provisions from a proposal or the procurement terms and conditions, etc.), the persons responsible for the performance hereof or the details of the Parties hereto specified herein change during the validity hereof, the Parties hereto may revise the terms and conditions hereof by a written agreement without applying to the Public Procurement Office. Such revision of the terms and conditions hereof shall not be deemed to constitute amendments to the terms and conditions hereof.

12.8. The Contract may be extended under the terms and conditions laid down in the Special Part hereof.

12.9. The expiry hereof provided for in the Special Part hereof shall not mean termination of the obligations of the Parties hereunder and shall not release the Parties from civil liability for breach hereof.



13. Correspondence

13.1. The notices in Lithuanian/English (*applicable where the contract is executed in English*) delivered between **the Buyer** and **the Seller** shall be executed in writing. The notices between the Parties shall be sent by mail, e-mail, fax or delivered in person. The notices shall be sent to the addresses and numbers specified in the details of the Parties in the Special Part hereof. If the sender needs an acknowledgement of receipt, the sender shall include such a requirement in its notice. If a deadline for receipt of a reply to a written notice is set, the requirement of an acknowledgement of receipt of a written notice should be included in the sender's notice.

13.2. The Parties shall, within 3 (three) working days, notify each other in writing of the change in the details of the Party specified in the Special Part hereof. The Party hereto failing to notify of the change in its details in a timely manner may not make claims regarding actions of the other Party performed in accordance with the details of the Party provided herein.

14. Confidentiality

14.1. The Parties shall ensure that the information communicated by them to each other will be used for the performance hereof only and will not be used in a manner detrimental to the Party which communicated the information.

14.2. During the validity hereof and after the expiry or termination hereof, the Parties shall ensure the confidentiality of all information known and/or entrusted to them.

14.3. The Seller shall not use the information provided to it by the Buyer either for its own benefit or for the benefit of any third parties, disclose such information to other parties without a prior written consent of the Buyer, except in the cases provided for in the legislation of the Republic of Lithuania.

15. Final provisions

15.1. The Contract has been executed in Lithuanian/English, Lithuanian and English in two/four counterpart copies (one/two copies for each Party) (*application depends on the languages in which the contract will be executed*). Both texts are equally authentic and legally binding. In the event of any discrepancies between the texts in Lithuanian and English, the text in English shall prevail (*applicable where the contract is concluded with a foreign seller in Lithuanian and English*).

15.2. This Contract consists of the General Part and the Special Part of the Contract and the annex(es) to the Contract. All the annexes hereto shall be an integral part hereof.

15.3. Neither Party shall have the right to assign rights and obligations hereunder to a third party without a prior written consent of the other Party.

15.4. **The Seller**, having violated the obligation specified in Clause 15.3 of this part hereof, shall pay the Buyer the liquidated damages of 5 per cent of the contract/proposal price excluding VAT, unless the Special Part hereof provides otherwise.

15.5. **The Seller** warrants that it has all licences required for the performance hereof. **The Seller** shall cover losses of **the Buyer** in the event of any claims or proceedings against **the Buyer** due to patent or licence violations arising from the Contract or committed during the performance hereof.

15.6. The Parties hereto confirm that they did not exceed or breach their competence (articles of association, regulations, statute, any resolution, decision, order of the managing body of the Party hereto (owner, founder or other competent entity), any binding legal act (including local, individual), transaction, court decision (ruling, judgement), etc.) by concluding the Contract.

15.7. The performance hereof may be clarified by written agreement of the Parties without amending the terms and conditions hereof.

15.8. The name of the subcontractor(s), the part of contractual obligations performed by the subcontractor(s) shall be indicated in the Special Part hereof.



15.9. Replacement of the subcontractor(s) specified herein with other subcontractor(s) shall be formalised by a written amendment hereto (*applicable if the Seller is planning to hire them*).

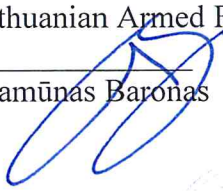
15.10. The person(s) appointed by **the Seller** to represent **the Seller**, receive and approve orders for the goods placed by **the Buyer**, the estimate of the supplied goods submitted by **the Buyer**, participate in meetings with **the Buyer** and perform other actions necessary for the proper performance hereof shall be specified in the Special Part hereof.

15.11. The person(s) appointed by **the Buyer** to represent **the Buyer**, place orders for the goods with the Seller, submit the estimate of the goods to **the Seller**, participate in meetings with **the Seller** and perform other actions necessary for the proper performance hereof shall be specified in the Special Part hereof.

BUYER
Lithuanian Armed Forces

The Logistics Command Commander
of the Lithuanian Armed Forces

Lt. col. Ramūnas Baronas



SELLER
Redo s.r.o.

Redo s.r.o.
Director

Mrs Olga Cisarova



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FORMS OF THE DOCUMENTS REQUIRED FOR THE CODIFICATION (AN EXAMPLE FOR FILLING IN)

List of Codified Tangible Assets

Presenter of the list and date:
Contract number:
Date of Contract:

Attached documents:

No.	Supplier	NCAGE	Actual manufacturer	NCAGE	Factory number or other identification code	NSN code (if available)	Name	Price

Instructions for filling-in of the list of codified tangible assets

Column	Instruction
Presenter of the list and date	Enter the service that is submitting the list and date when the list is filled in
Contract number	Enter the Contract number.
Contract date	Enter the date of the Contract that includes provisions regarding codification.
Attached documents	Indicate what documents (or electronic files) are attached (description, drawings, etc.), number of pages of documents.
Supplier	Indicate the supplier of tangible assets.
NCAGE	Enter the supplier's NCAGE code, if available.
Actual manufacturer	If supplier is not the actual manufacturer of tangible assets, indicate the actual manufacturer.
NCAGE	Enter the NCAGE code of the actual manufacturer, if available
Factory number of other identification code	Indicate the factory number (article) given by the actual manufacturer or other unique identification number of the tangible assets.
NSN code	This column is be filled in, if foreign tangible assets are purchased and NSN code is available.
Name	Indicate name of tangible assets offered by the manufacturer
Price	Indicate price for tangible assets.

, 2017

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Preliminary Sale of Contract No. KPS-

INFORMATION ON MANUFACTURER OR SUPPLIER (AN EXAMPLE FOR FILLING IN)

No.	NCAGE	Name	Address	Phone No.	Fax No.	E-mail address	Company code	Supplier	Manufacturer

Instructions for filling-in of form „Information on the Manufacturer or Supplier”

Column	Instruction
NCAGE *	Enter the supplier's or manufacturer's NCAGE code (if it is granted and available).
Name	Indicate exact name of the supplier.
Address	Indicate exact address of supplier or manufacturer (and zip code).
Phone No.	Enter the phone number of the supplier or manufacturer (city code is necessary).
Fax No.	Enter the fax number of the supplier or manufacturer (city code is necessary).
E-mail address	Enter the e-mail address of the supplier or manufacturer.
Company code	Enter the company number of the supplier or manufacturer.
Supplier (manufacturer)	Mark the right variant (XX) (i.e. whether the supplier is the actual manufacturer of tangible assets or it acts only as a distributor of products of other manufacturers).

* fields marked with asterisk are not obligatory. Other fields, not marked with asterisk, are obligatory.

BUYER

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SELLER

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