

Agreement

no. SE - 32- / S7 OVO - 2004

on Personalisation of Residence Permit in the EU Format

made in accordance with section 536 et.seq. of the Commercial Code

Article I.

Parties to the Agreement

Contractor: Austria Card Plastikkarten und Ausweissysteme GmbH

A-1232 Wien, Lamezanstrasse 4-8

Austria

Represented by: Herrn Dir. Fritz Tupy

Deputy General Director (splnomocnenie treba priložit)

Tel: +43 1 61065-196

Fax: +43 1 61065-701

Company identification number: HR Wien B č. 27919

Tax Identification No.: ATU 14915403

Bank Details: Bank Austria AG,

Code of the Bank: 20151

Account number: 468 015 805

IB AN: AT 57 12000 00 468 015 805

BIC: BKAUATWW

(liereinafter referred to as the "Contractor")

and

Client: Ministry of Interior of the Slovak Republic

Pribinova 2

812 72 Bratislava

Represented by:

Ing. Martin Cebo, General Director of the Section
of economics and representative of the statutory
organ

Tel, Fax: +421 9610 54096, +421 9610 59027

Company registration No.: 00 151 866

Tax registration No.: SK2020571520

Bank details: NBS Bratislava

Account number: 39134-882/0720

(liereinafler referred to as the "Client")

Article n.
Subject of the Agreement

1. The subject of this Agreement is the personalisation of blank polycarbonate residence permits in the form of laser engraving subject to the specifications set forth in Schedule 1 of this Agreement (hereinafter referred to as the "Subject of this Agreement").
2. The Contractor shall personalise the blank residence permits in the amount specified in the Client's order for the period starting on May 3, 2004 and ending on September 30, 2004.

Article III.
Price

1.
 - a.) The price of the personalisation of one blank residence permit is EUR 2,04 (in words:two Euro and four Cent), excluding VAT.
 - b.) The risk fee for the case the number of the personalisation of residence permits ordered by the Client is less then 500 pieces per week due to any reasons other than caused by the Contractor (as reason caused by the Contractor will be also considered defects of personalisation of residence permits, that was ordered by the Client in any of the preceding weeks) ("minimum quantity"), amounts to EUR 75,- (in words: seventyfive EUR), excluding VAT, per respective week.

Concerning above mentioned prices VAT shall apply in accordance with the effective legal rules and regulations.

2. The total price of the Subject of this Agreement consists of:
 - a) the product of (i) the price of personalisation of one blank residence permit under section 1a of this Article, and (ii) the number of blank residence permits personalised by the Contractor and taken over by the Client during the term of this Agreement, and
 - b) the product of (i) risk fee as specified in Section 1b of this Article and (ii) number of weks during the term of this Agreement, within which "minimum quantity" was not ordered by the Client.
3. The price of the Subject of this Agreement under sections 1 and 2 of this Article includes the costs of Contractor's system adjustment, costs of personalisation, packing, testing and storage of the residence permits by the Contractor.

Article IV.
Term of the Agreement

The Contractor undertakes to perform the Subject of this Agreement during the period starting on May 3, 2004 and ending on September 30, 2004, unless otherwise agreed by the parties in writing.

Article V.
Provision of Data and Blank Residence Permits by the Contractor

1. The Client shall provide the Contractor with the data necessary for the personalisation of the blank residence permits in the digital form DVD. The digital data shall be handed over by the Client to the Contractor each Monday between 9:00 and 10:00 a.m., unless otherwise agreed by the parties in writing, at the address Austria Card Plastikkarten und Ausweissysteme GmbH, Lamezanstr. 3-4, Vienna, Austria. If Monday is a holiday in the country of the Contractor or the Client, then the party, having the registered office in the country where such an event occurred, undertakes to notify the other party of such an event not later than 2 business days in advance. The handover and acceptance of the digital data shall then be made on the first business day immediately following the holiday.
2. The acceptance of the digital data shall be confirmed by the Contractor and the Client by signing a handover protocol by the respective representatives of both parties. The representatives will be obliged to present their service cards.
3. The Client shall provide the Contractor with the digital data in the structure as set forth in Schedule 1 hereof. The data medium used for the digital data transfer will be a DVD.
4. The first DVD with the digital data will be given to the Contractor on May 10, 2004, unless the Client and the Contractor agree otherwise in writing.
5. The Contractor shall use for execution of the Subject of this Agreement (Art. H) blank residence permits produced by it under Purchase agreement VS - 152 - 9 / EO - 2- 2004 concluded with the Client on March 18, 2004.

Article VI.
Terms of Delivery

1. The Contractor shall personalise and hand over at the address Austria Card Plastikkarten und Ausweissysteme GmbH, Lamezanstr. 4-8, Vienna, Austria, to the hands of Client's representative the residence permits personalised in accordance with the specifications provided for in Schedule 1 hereof, and in the amount as per the Client's order, not later than on Monday between 9,00 and 10,00 a.m. of the week immediately following the week in which the digital data relating to the order have been supplied to the Contractor. In the case Monday is a holiday in the country of the Contractor or the Client, then the party, having the registered office in the country where such an event occurred, undertakes to notify the other party of such an event not later than 2 business days in advance. The handover of the personalised residence permits shall then be made on the first business day immediately following the holiday.
2. The Contractor undertakes to pack the personalised residence permit in joint package. The package will also contain:
 - packing list (written) containing a list of all personalised residence permits placed in the package,
 - DVD with the respective data on the packed personalised residence

permits in the structure of the delivery digital data as set forth in Schedule 1 hereof.

All the personalised residence permits shall be packed together in one package. Acceptance protocol in the paper form, containing the list of all personalised residence permits packed in the package to be handed over to the Client, shall be prepared.

3. The Client shall check if the package is securely sealed and stamped when taking over the personalised residence permits at the address Austria Card Plastikkarten und Ausweissysteme GmbH, Lamezanstr. 4-8, Vienna, Austria. Within 6 business days from takeover of a package with the personalised residence permits by the Client, the official committee of the Client shall check the content of package, properly sealed and stamped, for visible damages and shall verify the number of the personalised residence permits. If in the package are missing some personalised residence permits or are visibly damaged, the Client shall not be obliged to accept the package or damaged residence permits and shall notify the Contractor without delay in writing accordingly.

4. If no visible damage is detected in the package and no personalised residence permits are missing, then both parties herein shall sign the Acceptance protocol within 6 business days from the delivery of the personalised residence permits to the Client. If the Contractor does not receive any notice from the official committee of the Client (section 3 hereof) of damaged residence permits, missing personalised residence permits or of any defects in the Subject of the Agreement (section 9, Article VH), then the Contractor will be entitled to draw up the Acceptance protocol itself, and the delivered personalised residence permits shall be deemed as accepted by the Client after the expiration of the said period.

5. If any personalised residence permits are found to be missing, the Contractor shall supply the missing personalised residence permit to the Client at its own expense without undue delay, however not later than 6 business days of the reception of the Client's notice.

6. In case of damage on residence permits, the Client shall be entitled to ask the Contractor to replace the damaged personalized residence permits with new undamaged personalised residence permits complying with the specifications indicated in Schedule 1 hereof, and deliver them to the Client at its own expense without undue delay, however not later than 6 business days of the reception of the Client's notice. If damage on personalised residence permits will be due to the fault of the Client, expenses of replacement of the damaged personalised residence permits with new undamaged personalised residence permits and their delivery to the Client under condition mentioned in the previous sentence, will be borne by the Client.

7. Each document executed under this Agreement by the Contractor shall specify the number of this Agreement.

8. If the Contractor fails to supply the personalised residence permits within the prescribed period due to reasons on its part, then it shall pay a contractual penalty of 0.25% of

the product of the personalisation price of one residence permit (section 1, Article HI), and the number of the residence permits whose personalisation and delivery is delayed, in every case for each calendar day of delay, up to maximum 20 days of delay.

9. If the Contractor fails to perform the Subject of this Agreement and fails to deliver the personalised residence permits to the Client under this Agreement for more than 12 business days of the prescribed period, then the Client shall be entitled to withdraw from this Agreement.

10. The Client has the right to check the correctness of performance of the Subject of this Agreement inside the Contractor's premises subject to the prior written request delivered to the Client within 48 hours before the planned visit.

Article VII.

Liability for Defects and Warranty Period

1. The Subject of this Agreement will have defects if it is not made in accordance with conditions set forth in this Agreement, namely if the:

- a) personalisation quality fails to meet the specifications of Schedule 1 herein, and/or
- b) data personalised on a residence permit do not comply with the data submitted to the Contractor by the Client under Article V and Schedule 1 hereof.

2. All defects under section 1 of this Article shall be reported to the Contractor by the Client within 60 days of signing the Acceptance Protocol under Article VI of this Agreement. Articles 439 par. 3, 441 par. 1, 562 par. 1 and 2, 565 second sentence of the Slovak Commercial Code shall not apply.

3. The Contractor also undertakes that the Subject of this Agreement will maintain its properties in accordance with the specifications mentioned in this Agreement for a period of 10 years from the signing the Acceptance Protocol under Article VI of this Agreement.

4. The warranty does not apply to cases of normal wear and tear or tampering, or other reasons which are the responsibility of the Client or the end user.

5. If the Subject of this Agreement possesses any defects at the time of signing of the Acceptance Protocol under Article VI hereof, or if any defects appear on the Subject of this Agreement during the warranty period, the Client shall be entitled to:

- a) ask the Contractor to remove such defects at its own expense without undue delay, however not later than 12 business days of the receipt of the Client's complaint. The defects shall be eliminated by the Contractor as follows:
 - (i) reparable defects shall be removed by repairing the defects of the Subject of this Agreement,
 - (ii) irreparable defects shall be eliminated by replacing the defective

personalised residence permits with new personalised residence permits which meet the specifications listed in Schedule 1 hereof, and the new personalised residence permits shall be delivered to the Client at the Contractor's expense.

Until the defects are not eliminated, the Client will not be obliged to pay a part of the price of the Subject of this Agreement which would correspond to the discount to which the Client would be entitled if such defects have not been eliminated., or

b) an adequate discount from the price of Subject of this Agreement.

The Client may choose from above mentioned entitlements.

6. If the Contractor fails to eliminate defects of the Subject of this Agreement within the time and in the manner set forth in section 5a) hereof, the Client shall be entitled to an adequate discount from the price of Subject of this Agreement or the Client shall have the right to withdraw from this Agreement.

7. In the case of irreparable defects the Client shall be also entitled to the indemnity of 2,04 EUR for each defective personalised residence permit.

8. For the purpose of performing the Contractor's obligations under section 5a)(i) of this Article, the Client shall supply the Contractor with the defective personalised residence permits which are to be repaired upon the Client's request. The Contractor shall reimburse the Client for the costs of transportation of such residence permits to the Contractor's address Austria Card Plastikkarten und Ausweissysteme GmbH, Lamezanstr. 4-8, Vienna, Austria.

9. The Client reserves the right to accept the Subject of this Agreement free of any defects.

Article VIII. Risk of Damage

1. During a period between production of the blank residence permits by the Contractor under Purchase agreement VS - 152 - 9 / EO - 2- 2004 concluded between the Contractor and the Client on March 18 and hand over of the personalized residence permits to the Client under Article VT hereof, the risk of damage of the blank and personalized residence permits shall be borne by the Contractor.

2. In case of any possible damage to the blank or personalized residence permits (primarily as a result of theft, loss, destruction or any other damage) during the period when the risk of damage is borne by the Contractor as specified in section 1 above, the Contractor shall inform the Client respectively within 3 business days. In such a case, the Client may require from the Contractor to replace the damaged residence permits by new, undamaged personalized residence permits complying with the specifications given in Schedule 1 hereof and deliver them to the Client at its own expenses, within 6 business days from the receipt of the Client's request.

3. In cases when the damage of any personalized residence permit will be detected by the Client, the Contractor shall proceed under section 2 above within 10 days from the receipt of the Client's request.

4. The Contractor shall pay the Client a compensation for damage amounted to 2,04 EUR for each residence permit that is damaged pursuant to section 2 hereof or the Contractor must replace at its own expenses every damaged resident permit with new one pursuant to section 2 hereof.

Article IX.

1. Concerning the Client's claim for compensation of damages for damaged and defected residence permits (section 6 Article VI., section 7 and 8 Article VII., section 4 Article VUL) it is understood that a normal technical damage of the residence permits, not exceeding 3 % from the personalised residence permits, is allowed during the personalisation process without paying.

2. It is also understood that in case the defective blank residence permits will be handed over to the contractor by the Client, or the quality of the photo data is not sufficient to produce personalisation according to the tolerance samples, the Contractor is not responsible for defects of the personalisation caused by such defective residence permits or insufficient quality of the photo data.

Article X.

Terms of payment and invoicing

1. The price of the Subject of this agreement will be invoiced monthly in arrears according to the number of the blank residence permits personalised by the Contractor and taken over by the Client pursuant to the Acceptance protocols (Article VI hereof) in the preceding calendar month.

2. The monthly invoiced price of the Subject of this Agreement will be calculated as summation of:

- a) product of (i) the price for personalisation of one blank residence permit as specified in Article m, section 1a hereof, and (ii) the number of blank residence permits personalized by the Contractor and taken over by the Client according to the Acceptance protocols (Article VI) in the preceding calendar month, and
- b) product of (i) risk fee as specified in Article m section 1b hereof, and (ii) number of weeks during preceding calendar month, within which "minimum quantity" was not ordered by the Client.

3. The monthly invoiced price of the Subject of this Agreement will be calculated as the product of (a) the price for personalization of one blank residence permit as specified in

Article IE, section 1 hereof, and (b) the number of blank residence permits personalized and taken over by the Client according to the Acceptance protocols (Article VI) in the preceding calendar month.

4. The Client will be entitled to invoice the Contractor with claims for compensation of damages under section 6 Article VI., section 7 and 8 Article VII., section 4 Article VEL after expiration of the term of the agreement (Article IV.) or after termination of this Contract (whichever is earlier).

5. Cashless payments will be made through the Client's bank.

6. Invoices will be due within 14 business days from the receipt thereof by the Client. The foreign bank expenses, such as interests from the banks having their registered offices outside the territory of the Slovak Republic related to the transfer of such payments, shall be paid by the Contractor.

7. The Contractor shall send invoices to the following address:

**Ministerstvo vnútra Slovenskej republiky
(Ministry of Interior of the Slovak Republic)
Sekcia ekonomiky (Section of economics)
Pribinova 2
812 72 Bratislava
NBS Bratislava
Account No.: 39134-882/0720
Company registration No.: 00 151 866
ID No. for VAT: SK2020571520**

8. The Client shall be liable to settle the Contractor's invoices upon the presentation of the following documents (in Slovak or English):

- a) 3 copies of an invoice dully stamped and signed
- b) 3 sets of packing lists concerning personalised residence permits handed over to the Client during preceding calendar month (Article VI. Section 2 hereof) dully stamped and signed
- c) Acceptance Protocol signed by the Client or signed unilaterally by the Contractor as specified in Article VI, section 4 hereof, concerning personalised residence permits handed over to the Client during preceding calendar month.

9. Each invoice shall include the following information:

- a) The Client's and Contractor's business names and addresses.
- b) The Client's and Contractor's company registration number in accordance with the records kept by the Companies Registry
- c) The Contractor's and the Client's identification number for VAT
- d) The Contractor's bank details and its account number

- e) The invoiced part of the Subject of this Agreement, number of personalized residence permits, price per one personalization, total price, price excluding and including VAT
- f) Numbers of packing lists and Acceptance Protocols
- g) Number of this Agreement
- h) Official stamp and signature of the Contractor.

10. In the event that the invoice fails to comply with the requirements specified in Article VH, section 7 and 8 hereof as to its contents and formal requirements, the Client will be entitled to send the invoice back together with a specification of the missing requirements, a new date of maturity shall start on the date of the receipt of corrected invoice.

11. The envelope containing the invoice shall be marked "FAKTURA" (Invoice). The invoice shall be sent BY PRIORITY REGISTERED MAIL or through a courier to the Client's address as specified in section 6 above.

12. If the Client is in delay with any payment of the price of the Subject of this Agreement, the invoiced amount shall bear an interest of 0,05 % from the delayed price for each full day of the delay.

Article XI.

Control and security measures

1. The Contractor shall take adequate measures to ensure security of the digital data, personal data, materials and documents necessary for the performance of the Subject of this Agreement, blank residence permits as well as personalized residence permits, and to avoid their loss, theft or misuse, destruction or damage due to any reason other than the damage caused by the normal production process.
2. During the existence of the obligations hereunder, the Contractor undertakes to keep true and complete evidence of the number of all personalized residence permits.
3. The Contractor undertakes to use all documents supplied by the Client only for the purpose of performing the Subject of this Agreement and other purposes specified herein. The Contractor also undertakes not to use any digital and/or personal data provided by the Client or defective blank residence permits and personalized residence permits for any other purpose, nor to make them available to a third party.
4. Not later than two weeks from the accomplishment of the entire Subject of this Agreement or from the termination of this Agreement (whichever is earlier), the Contractor shall, at its own expense,
 - a) issue and deliver to the Client a declaration containing documents relating to the total number of the personalized residence permits, total number of the materials used for performance of the Subject of this Agreement, as well as all detailed information

- related to the waste material and a list of all defective residence permits,
- b) deliver to the Client all defective or excessive blank residence permits, as well as defective personalized residence permits,
 - c) deliver to the Client the background data necessary for the performance of the Subject of this Agreement received from the Client (primarily all DVDs containing digital data)
 - d) in presence of the Client's representatives, the Contractor shall delete all digital data and records in the Contractor's systems and/or records and shall discard all documents containing personal information supplied to the Contractor from the Client for the purpose of the personalization of residence permits.

Details about the acceptance of residence permits and documents under section b) and c) above and deletion and discarding under section d) will be included in a protocol signed by both contracting parties.

In case of delay in performance of any of the obligations specified in this section by the Contractor, the Contractor shall pay the Client a contractual fine amounting to 1.000,- EUR. With the payment of this contractual fine amounting 1000,- EURO any and all claims to compensation for damages caused by the delay in performance of the obligations specified in this section by the Contractor are mutually and finally settled.

5. The Contractor shall inform the Client in writing and without delay about any extraordinary event related to the Subject of this Agreement.

Article XII. Other provisions

In case of existence of any claims of third parties towards the Client relating to the performance of this Agreement and violation of their industrial or intellectual property rights (patent rights, design rights, copyright), which are under the Contractor's responsibility, the Contractor shall keep the Client exempted from such claims of the third parties.

Article XIII. Force majeure

1. A contracting party prevented from the performance of its obligations due to the force majeure shall not be liable for any damage caused thereby. Events of force majeure shall include wars, major natural disasters related to the Subject of this Agreement, strikes, etc. A production outage, energy supply outage, non-performance or delayed deliveries from subcontractors or any intervention of public authorities or failure to obtain an official licence shall not be considered as an event caused by the force majeure.
2. A contracting party being subject to the event caused by the force majeure shall notify the other contracting party of such fact in writing without undue delay, however not later than 7 business days from the occurrence of such an event; otherwise the party will lose its right to invoke

the existence thereof. Either on or not later than eight business days from the notification with the same legal consequences the affected party shall submit to the other party a trustworthy document (certified by relevant public authority in charge) evidencing the existence of the event caused by the force majeure, as well as the fact that its existence has a material influence on the party's ability to perform its obligations under this Agreement. Once the event of force majeure ceases to exist, the affected party shall notify the other party thereof within five business days.

Article XIV. Arbitration

1. In the case of a dispute between the parties hereto in conjunction with this agreement or in relation thereto, the parties shall seek to find the optimum solution to such a dispute in mutual talks. Any dispute which cannot be resolved by talks as aforesaid shall be resolved in accordance with the rules of ICC. The arbitration proceedings shall be held in Vienna in the case of if it is initiated by the Client and Bratislava in the case if it is initiated by the Contractor. The court of arbitration consisting of three arbitrators shall issue its decision which shall be binding upon and final for both parties hereto. Language of the arbitration proceeding shall be English.
2. The substantive (material) law of the Slovak republic shall apply.

Article XV. Final provisions

1. This Agreement shall become effective on the day of its signing by both contracting parties.
2. Relationship between both contracting parties shall be governed by this Agreement.
3. The rights and duties of the contracting parties which are not expressly specified in this Agreement shall be governed by the respective provisions of the Commercial Code (Act No. 513/1991 Coll., as later amended) and other generally binding rules and regulations valid in the Slovak Republic.
4. Any modification or amendments to this Agreement may be made only in the form of the numbered written amendments in writing and signed by both contracting parties. All such amendments shall become an integral part of this Agreement.
5. The parties agree that they shall appoint their respective representatives as to the extent of this Agreement and notify each other accordingly without undue delay in writing. The same applies to the representative appointed by the Client for the acceptance of the Subject of this Agreement.

6. Neither contracting party shall be entitled to assign to a third party any of its rights and obligations arising out of or originating from this Agreement without the prior written consent of the other contracting party. Notwithstanding the foregoing sentence, the parties hereto shall be entitled to engage any subcontractors to perform the obligations under this Agreement, if the Contractor will not provide or supply personal data received from the Client.

7. The contracting parties undertake to ensure good co-operation between their representatives during the performance of the Subject of this Agreement or any other activity necessary for such performance.

8. In witness whereof the parties to this Agreement, each acting through its duly authorized representative, have caused this Agreement to be signed on the day and year written below. In case of different dates of signing of this Agreement, the later date will be decisive as the date on which this Agreement shall come into force.

9. Any modifications and amendments resulting from the entry of the Slovak Republic to the European Union shall be agreed upon in the form of written amendments to this Agreement.

10. The parties declare that they read this Agreement through prior to its signing and they agree with all its provisions.

11. This Agreement is executed in four (4) counterparts in English; each party shall receive two (2) counterparts.

Enclosed Schedules, forming an integral part of this Agreement:

Schedule 1 : Specification of the subject matter of the Agreement and structures of digital data.

Done at Bratislava, on 30.4.2004

Done at Bratislava, on 30.4.2004

CLIENT

CONTRACTOR

By:

Name: Ing. Martin Cebo
Title: General Director of
Section of Economics of the Ministry-
of Interior of the Slovak Republic/



By:

Name: Dir. Fritz Tupy
Title: Deputy General Director
Austria Card Plastikkarten und
Ausweissysteme GmbH