



General Terms of Sale

1. General Terms of sale

The Seller's offers and the Buyer's orders for the Seller's products (henceforth referred to as the "Products") are subject to the following terms of sale, which supersede and replace the previous conditions, both written and verbal. These Terms of sale refer to PHOTO ELECTRONICS Srl as the Seller and to the company that sends the order as the "BUYER".

2. Orders

The Buyer must send and confirm orders by fax or by e-mail, even when they have been given by phone. Orders are only binding on the Seller when they have been confirmed in writing.

All changes to orders must be notified in writing and are subject to the written acceptance of the Seller, which may in no circumstance otherwise be presumed or considered to have been granted.

3. Delivery times

Delivery times are merely indicative and are not binding. Delivery times shall be suspended for reasons of force majeure such as – but not only – natural disasters such as earthquakes, floods, fire, war (even if undeclared), general military mobilisation, insurrection, robberies, energy cuts, transport strikes, other strikes (including strikes by the Seller's employees), production stoppages and defects and delays in the delivery of supplies.

Nevertheless, if the Parties agree on a binding delivery time and, in such a case, delivery is delayed for causes attributable to the Seller, the latter shall only be liable to the payment of a penalty of 0.5% of the price of the Products delivered late for each whole week's delay up to a maximum of 2% of the price of the Products that have been delayed, until the maximum penalty that entitles the Buyer to withdraw has been reached, excluding all other costs payable by the Seller.

The delivery date is counted from the "ex works departure" date, meaning the date on which the Seller's Products are ready and at the Buyer's disposal in the Seller's warehouse.

4. Delivery

Unless otherwise agreed, goods are supplied "departure ex works".

The Seller may instruct a carrier at the request and on behalf of the customer. Transport costs shall be debited on the invoice.

When the goods arrive at their destination, the Seller shall check them and see that they correspond to the details on the delivery note. In the event of a disputed delivery, the Buyer shall put an "under reservation" annotation on the delivery note, notifying the Seller accordingly by fax.

5. Prices and payment terms

The prices in the Seller's price lists do not include VAT.

The standard packaging in which the goods are supplied is free of charge. If the Buyer asks for special packaging, it shall pay the cost involved.

Payment. Payments must be made within the payment times agreed in writing and in force.

Delays in payment. The consequences of any delayed payments shall be:

- a) liability to pay interest on the delayed payments;
- b) legal action if there is a delay in payment of more than 30 days;
- c) suspension of orders not yet executed.

Deductions from the total amount of the invoice. Invoices must be paid without any deduction that is not justified by a credit note issued by the Seller. The provisions of Article 1460 of the Italian Civil Code apply to the goods supplied.

Discounts. Discounts must be authorised by the Seller in writing or specified on the invoice.

Interest. The interest that the Buyer may be requested to pay in the event of delayed payment shall count from the times and be paid at the rate laid down in Legislative Decree 231/2002

Variation in terms of sale in the event of non-payment. In the event of non-payment, even partial non-payment, the Seller shall have the right to terminate the sale arrangements immediately, even if they are different to those related to the non-payment or delayed payment, without any need of a notice of arrears. In this case, therefore, further consignments can only be sent against payment in advance, even if consignments were previously confirmed by means of the Seller's order confirmation. In all events the Seller may refuse to send a consignment, regardless of the method of payment, if the Buyer's financial position indicates that it is insolvent or that in any case it is in particularly serious financial difficulty.

Price review. If there are increases in the prices of raw materials, the Seller is authorised to review prices accordingly, giving notice thereof to the Buyer, which shall have the right to cancel its orders within 7 days after receiving the notice of the price changes.

6. Transport and risks

When the goods are delivered to the despatching warehouse, all the risks attached to their transport are transferred as follows:

To the Buyer as regards goods delivered "Departure ex works";

To the Buyer for goods delivered " DDU/DDP " with carriage as instructed by the Buyer and debited on invoice", the Seller makes the transport arrangements as arranged with the Buyer in writing, the cost of transport being invoiced to the Buyer. On receipt of the goods, the Buyer must check the quality of the goods and see that they correspond to the details on the delivery note and/or invoice, their quantity, the packaging and that there are no obvious signs of their having been tampered with. In the event of a disputed consignment, the Buyer must put an "under reservation" annotation on the delivery note, giving notice thereof to the Seller by fax with a copy of the document immediately or in any event within 7 days after delivery. In the absence of this written reservation and notice to the Seller, the Buyer shall forfeit all its rights to contest the goods.

7. Warranty

The Buyer is the only party that is responsible for the choice of the product, if it is found that its unsuitability derives from an incorrect evaluation (assessment) of the conditions of operation. The details in the data sheets are purely indicative.

The Buyer is the only party responsible for the installation of the product and consequently of its correct electrical connections in accordance with all current safety regulations.

The Buyer has been informed that the product supplied may be subject to variations or deteriorations in performance with sudden disruptions in functioning for reasons that do not arise from a product defect but from its technical characteristics. Therefore, if the Buyer needs to be sure that the product that has been supplied will function continuously, without any variations or deteriorations in performance, the Buyer, on its own responsibility and at its own risk, must see that a device is inserted in the equipment to which the product is to be connected that gives the operator immediate warning of any failure so that action can be taken at once and harmful consequences averted. In any event the Seller disclaims all responsibility for any disruptions in the operation of the product.

The Buyer must give or provide the end user with all the necessary information on the correct use of the product and its operating characteristics. If the failure to comply with this obligation leads to a product breakdown, the warranty shall lapse and the manufacturer shall not be liable for any failures either of the product or of the equipment to which the product has been applied.

The Seller warrants that the product is free of material and manufacturing defects under Italian law.

The Buyer must verify the conditions of operation. The warranty comes into effect on the date on which the product is supplied, as shown on the delivery note or invoice, and is only valid for defects in materials and manufacturing provided that the product has been correctly stored by the Buyer, has been correctly installed, has not been tampered with and has been correctly used.

The provisions of Articles 4 and 6 above also apply to the supply of spare parts, spare lamps and electric/electronic components: the Buyer must check these Products as soon as they arrive at its warehouse and if any defects or non-conformities are found, the Buyer must inform the Seller thereof in detail in writing within 7 days after delivery. Products that are not complained within this time limit shall be considered as having been accepted by the Buyer and only latent defects in such Products may be reported: these must be notified in writing within 7 days after they have been detected, and in any event not beyond one year after delivery.

If the Buyer discovers defects that do not allow the Products to be used, or that significantly restrict their use, the Seller's only obligation, under the Warranty shall be, at its discretion, either to arrange to send a replacement Product at its own expense or to refund the amount paid, excluding any liability for direct or indirect damage, including any damage to third parties, persons and/or properties; the Seller, therefore, shall not be responsible to the Buyer or to subsequent users for loss of production, profit, utilisation or any other consequential, financial or indirect damage of any kind. The costs of dismantling the Product given back to the Seller and of fitting the replacement Product as necessary to remedy the defect shall be borne by the Buyer.

The Seller is responsible for the correct operation of Products according to the technical specifications declared, but not of their suitability for any specific purpose. Consequently, except in cases in which gross negligence on the part of the Seller is proved, the Seller shall have no responsibility for any damage or loss of profit incurred by the Buyer as a consequence of using, not being able to use or installing a Product in other equipment.

Products complained about during the period of validity of the Warranty shall be kept at the Seller's disposal by the Buyer at its own expense; they shall be returned to the Seller at its request. The Seller, at its discretion, may instruct the Buyer to destroy defective Products that are being or have been replaced. These shall become the Seller's property with effect from the day on which the Seller informs the Buyer in writing that it is about to replace them or refund their price. If there is sufficiently satisfactory documentary evidence that a Product is defective, the Seller shall bear all the expenses related to despatch and laboratory tests; otherwise these costs shall be paid by the Buyer.

In any case the Seller's maximum liability shall not exceed the contract price of the Products that have effectively proved to be defective.

8. Warranty: non-European countries

European warranty legislation is applicable, and not the specific warranty legislation in force in a non-European Buyer's country, unless the Seller has specifically and unequivocally agreed to abide by it.

9. Other clauses

All amendments to the Seller's General Terms of sale must be made in writing.

If the Buyer's General Terms of Purchase conflict with the Seller's General Terms of Sale, they are not accepted unless the Seller agrees to do so in writing.

10. Return of goods

No returned goods shall be accepted unless the Seller has first authorised their return in writing. If the Seller has authorised the Buyer in writing to return Products, it must do so scrupulously abiding by the instructions that the Seller sends together with its permission.

Goods whose return has been authorised are received at the warehouse subject to checking.

Goods whose return has been authorised must be sent in compliance with the Seller's instructions, especially as regards packaging and means of transport. No returned goods shall be accepted unless their return has been authorised in writing and they have been returned in compliance with the provisions of this Article.

11. Suspension of supplies

Should the Seller find objective data (legal actions brought against the Buyer or applications for interim judgments) indicating that the Buyer may not be able to meet its obligations, or should its financial position change, the Seller shall have the right to



suspend any portion of pending supplies that has not yet been paid for until the Buyer provides suitable guarantees and they are accepted by the Seller.

12. Invoices

All complaints regarding invoices must be sent within 30 days after their issue on pain of forfeiture.

13. Applicable law

These General Terms of Sale are governed by Italian law.

14. Jurisdiction

The Parties agree that any dispute related to the interpretation of these General Terms of sale or supply contracts carried out in conformity to the General Terms of sale laid down herein that is not amicably resolved shall be referred to the sole jurisdiction of the Court of Verona.

Povegliano Veronese, 8 March 2011
Luciano Zanardo

Photo Electronics Srl

**In token of acceptance of these General Terms of sale
For the Buyer**

Seal and signature

X

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Place and date

In token of specific approval, under Articles 341 and 342 of the Italian Civil Code, of Articles 3 (delivery times), 5 (prices and payment terms), 6 (transport and risk), 7 (warranty), 11 (suspension of supplies), 13 (applicable law) and 14 (jurisdiction).

Buyer's seal and signature

X

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Place and date
