

GENERAL TERMS AND CONDITIONS OF SALE

1. GENERAL

- 1.1 The present General Terms and Conditions of Sale apply to all supplies performed by Global Coils sagl or any other entity of the Audemars Group (hereinafter jointly referred to as "seller").
- 1.2 With the conclusion of the contract, the buyer fully and unconditionally accepts the present General Terms and Conditions of Sale, unless otherwise agreed in writing. Any general conditions of the buyer are fully rejected
- 1.3 Should the general conditions in other languages differ, the English version shall prevail.

2. CONCLUSION OF CONTRACT AND ORDERS

- 2.1 The contract shall be deemed to have been entered into either with the seller's confirmation of the order, or, in the event that there is no such order confirmation, from the time the buyer begins to fulfill his obligations under the contract.
- 2.2 No agreement or other legally binding declaration of the parties to the contract, in particular amendments to or alterations of any provision of the contract, shall be valid unless confirmed in writing and signed by both parties.

3. CHARACTERISTIC OF THE GOODS DELIVERED

- 3.1 The goods to be delivered by the seller under the contract shall be defined by the seller's confirmation order and by the specifications and attachments expressly mentioned in the confirmation of the order .
- 3.2 Documents supplied by the seller, such as drawing, specifications, illustrations, etc. as well as weight data are not binding for the seller unless the seller has accepted them in writing as binding obligations.
- 3.3 The goods to be delivered and the services to be rendered by the seller under the contract shall be subject to any modifications the seller may deem necessary or adopt according to further experience gained in the meantime. The seller shall inform the buyer about any important changes.

4. REGULATION AT THE DESTINATION

- 4.1 The buyer shall advise the seller at the latest at the time the order is placed of any legal, governmental, technical or other regulations of the destination which have to be complied with in performing the contract, including but not limited to, import restrictions, foreign exchange rules and safety requirements as well as to health and safety regulations characteristic which may have an influence on the manufacture/packing/ installation requirements.
- 4.2 The buyer shall indemnify the seller for all expenses caused by the buyer's non-compliance with his duty to advise the seller according to article 4.1 or by incorrect, inaccurate or incomplete advice. The buyer shall bear all additional costs caused by any adjustments which have been made by the seller to meet such requirements. If the buyer has had any adjustments carried out by third parties, all goods warranty and liability of the seller is expressly disclaimed.

5. PRICE AND PAYMENT CONDITIONS

- 5.1 Unless otherwise agreed upon in writing, all prices are net ex works payable in Swiss Francs. All additional cost, including but not limited to charge for packing, carriage, insurance premiums, fee or taxes for export, transit, import and other permits and certifications, customs duties, other taxes (including VAT) shall be borne by the buyer. If the seller, in the confirmation order and/or in the invoice, has included, in the price any of the cost hereupon mentioned, the seller reserves the rights to adjust the price in accordance with any change in these costs which may occur.
- 5.2 The payment conditions set out in the seller's confirmation order (if any) are binding. In the event the payment conditions are not set forth in the confirmation order, payment shall be made by the buyer in full, without making any deduction, to the principal place of business of the seller in Swiss francs within 30 days after the later of i) issuance of the invoice and/or ii) receipt of the good. If partial consignments are invoiced, the payment is to be effected for each individual consignment as hereupon mentioned.
- 5.3 The buyer shall comply with the payment dates, even in the event that the shipment, delivery, acceptance of delivery is delayed or prevented by circumstances beyond the seller's control. Payment shall be due in full even if non-essential components should be missing, which do not affect the use of the goods or if post-delivery work has to be carried out.
- 5.4 In case of default of the buyer in not complying with the terms of payment agreed the latter shall - without any formal notice - be liable to pay overdue interests at a minimum rate of 11%. Payment of default interest shall not release the buyer from his obligation to effect payment in accordance with the contract. The seller reserves all rights to claim the repayment of any additional damage incurred.
- 5.5 Moreover, in case of default of the buyer in executing any payment when due, or in case the seller has good reasons to believe that the buyer will not effect payments under any contract in full or in due time, the seller may suspend performance under any existing contract with such buyer and withhold further delivery until the parties have agreed upon new terms and conditions of payment and delivery and until the seller has received satisfactory guarantees. Such remedies are additional to and do not constitute a waiver of any other legal or contractual remedy to the seller. If such an agreement is not been entered upon within a reasonable time, or in case the seller does not receive satisfactory guarantees, the seller may terminate the contract at its sole discretion and claim damages.

- 5.6 The right of the buyer to withhold, reduce or offset any payments against any claim and/or counterclaims of any kind whatsoever raised against the seller by the buyer is excluded.
- 5.7 No interest shall be paid on down payments received by the seller. In the event of breach of the contract by the buyer, the seller is entitled to retain all down payments received, without making any further delivery, as partial liquidation of the damages incurred. The seller reserves the right to claim the repayment of any additional damage incurred.

6. DELIVERY TERMS

- 6.1 The delivery terms are set forth in the seller's confirmation order. The seller is entitled to make partial delivery.
- 6.2 The delivery period shall begin as soon as:
- the contract has been concluded; and
 - all official formalities, such as obtaining import, export, transfer and payment licenses have been effected; and
 - the down payment (if any) has been made and any other agreed security (if any) has been given,
 - the seller is in possession of all data and documents to be provided by the buyer being necessary for the seller's performance under the contract and these data and documents have been verified.
- The seller shall be obliged to meet delivery dates only if all obligations and duties have been met in full in a timely manner by the buyer.
- 6.3 The delivery period and scheduled delivery dates, if any, are met when the goods are ready for dispatch in due time at the seller's manufacturing facilities. Unless specifically agreed in writing by the seller, the delivery period does not include shipment to the buyer .
- 6.4 The delivery period shall be reasonably extended, if:
- the seller does not receive in due time the data and documents to be provided by the buyer necessary for the performance of the contract; or
 - subsequent changes are made by the buyer which delay the manufacturing process and delivery by the seller,
 - any hindrances occur which the seller despite due care cannot prevent, such as but not limited to epidemics, mobilization, war, riots, boycott, strikes, picketing, lock outs, breakdown, accidents, labor conflicts, delayed or deficient delivery of necessary raw materials or of component to be assembled, or of semi-manufactured or manufactured products, actions of any kind taken by authorities or other persons, transport difficulties, acts of God, natural catastrophes, regardless of whether the seller, a subcontractor, the buyer or a third involved party be affected; or
 - the buyer or any involved third parties are delayed or fail to comply with their obligations under the contract.

As far as possible, the party suffering from such an event shall inform within a reasonable time the other party, advising commencement and termination of the event.

- 6.5 In the event of the delivery being delayed the buyer shall have no claim for compensation, except the cases of willful or reckless misconduct, and no right to rescind the contract, unless otherwise agreed in writing.
- 6.6 If delivery is postponed at the buyer's request or for any other reasons beyond the seller's control, the seller will be entitled to charge the buyer with the cost incurred for the storage, calculating from one month after notification of the readiness for delivery, but not less than 1% of the invoice value for each month. The seller will not be responsible for insurance of the products, unless otherwise agreed in writing. The seller shall be entitled to set a reasonable time limit within which the buyer will have to take delivery of the goods. If the buyer fails to do so, the seller has the right to dispose of the goods otherwise and claim damages.
- ### 7. PACKAGING , CARRIAGE AND INSURANCE
- 7.1 Unless otherwise agreed in writing, the goods will be packed according to the seller's choice.
- 7.2 The buyer shall advise the seller with the order of any special requirement regarding packaging, shipment and insurance of the goods to be delivered. In case the buyer has to coordinate the packaging internally, the buyer shall advise the seller within 10 days after the first goods delivery (sample excluded) of any special requirement regarding the packaging. The buyer shall bear any cost relating to the special packaging requirements.
- 7.3 In case of special requirement regarding the packaging the buyer shall bear any liability to insure that the special packaging does not damage, destroy or otherwise modify the goods to be delivered.
- 7.4 The buyer is responsible for the transport of the goods. At buyer request, risk and cost the seller may organize the transport of the goods.
- 7.5 The buyer shall submit any complaints regarding the transport or damaged packing to the last carrier immediately on receipt of the goods or of the shipping documents, sending at the same time a copy of the corresponding report to the seller.
- 7.6 The buyer shall be responsible for ensuring that the consignments are carefully conveyed, transferred and unloaded. The buyer shall in particular be responsible that handling, storage and unpacking are carried out by qualified personnel which have both the necessary specialized knowledge and skills. The seller shall not be responsible for any damage resulting from the buyer's failure to conform to this requirement.
- 7.7 The buyer shall provide insurance against damage of any kind of the products. Even when procured by the seller, such insurance is carried in name, on behalf and at the expense of the buyer.

- 7.8 If packing of the consignment is damaged, the buyer shall take any action necessary to prevent any further damage to the goods and to limit the effects of damage which has already occurred.
- 8. INSPECTION OF THE GOODS**
The buyer shall inspect the goods' conditions, at no charge to the seller, as soon as possible and immediately notify the seller in writing should he discover defects for which the seller is liable. In any case such notification must be given within 20 days from the placing at disposal of the goods at the seller' plant and the description of the defects shall be accurately specified. After such deadline the goods are deemed to have been accepted and no remedy according to article 10 is given.
- 9. TRANSFER OF USE AND PASSING OF RISK**
9.1 Unless otherwise agreed in writing, the right of use and the risk of loss shall be transferred to the buyer latest at the moment the goods and/or part of it are put at the buyer disposal in the seller's plant, regardless of the terms and conditions of delivery, shipment and/or installment.
9.2 Should the delivery be delayed at request of the buyer or delayed or prevented for any reasons related to the buyer or any other reasons beyond the seller's control the risks of loss shall be transferred to the buyer at the time originally agreed upon for their leaving the seller's plant.
- 10. WARRANTIES**
10.1 In consideration of the variety of potential applications, the buyer shall determine every time and under his exclusive liability if the goods he has chosen and which have been delivered by the seller are appropriate for the application to his products. In any case the seller's warranty related to the suitability of the goods for the application and delivered in compliance with the buyer's request is waived.
10.2 The seller warrants the conformity of the materials and of the good as well as workmanship to the specifications, free of manufacturing defects. Special characteristic or quality features cannot be assumed as having been promised or guaranteed unless expressly mentioned as binding in the seller's confirmation order. Differences with regard to colors, quality or discrepancies compared to specimen which are common in the seller's operating sector and/or technically unavoidable are not deemed to be defects, and shall therefore not be object of claims.
10.3 The warranty of the seller will be 2 months starting from the placing at disposal of the goods at the seller's plant. The guarantee expires prematurely if the buyer or a third party undertakes inappropriate modifications of repairs or if the buyer, in case of defect, does not immediately take all appropriate steps to mitigate the damages and give to the seller the possibility of remedying such defect.
10.4 During the warranty period, upon written request the seller shall, at his choice, either repair or replace the defective goods and/or part of it. In case of replacement, the replaced goods and/or part of it shall become property of the seller. The goods can be returned within the mentioned period only with prior RMA (Return Material Authorization) Code to be given by the seller. The seller shall verify and recognize that the delivered goods are defective. If so the cost of transportation related to the defective goods shall be born by the seller. On the other hand, in case the seller does not recognize that the delivered goods are defective, the goods will be returned to the buyer and the latter shall bear any cost of transportation. If the buyer does not take delivery of the goods, the seller has the right to dispose of the goods and claim damages.
10.5 The buyer shall give the seller adequate time and opportunity to remedy the defect. Any further obligations deriving from defective delivery is excluded, in particular the buyer's option to claim damages or rescission of the contract is excluded.
10.6 The limited warranty set forth in article 10.3 shall apply to replaced or repaired goods (or part of it) and be renewed starting from replacement or the completion of the repair, but in no event such warranty shall be extended beyond 12 months after the beginning of the warranty period for the main goods.
10.7 The limited warranty set forth herein shall not apply to normal use and wear and tear, in case the goods has been assembled, or to other causes for which the seller is not responsible, including but not limited to improper storage or repairing, improper or insufficient maintenance or cleaning of the goods, alteration of the goods by the buyer or by third parties, chemical or electrolytic effects, corrosion, humidity.
10.8 As a condition precedent to the buyer asserting any claims under the limited warranty set forth herein, the buyer must meet all contractual obligations to the seller including, but not limited to, making all payments when due.
10.9 For goods supplied by subcontractor of the seller, the remedy of the buyer against the seller shall be limited to that remedy which the seller has against the subcontractor. Any further warranty is expressly disclaimed.
- 11. LIABILITY**
11.1 The seller shall not be liable to the buyer for any claim whatsoever, except as expressly set forth herein, regardless of how such claims are legally construed, such as but not limited to incidental and consequential damages, reduction of purchase price, and/or rescission of the contract. In no event shall the seller be liable for claims related to other damages, as for instance loss of production, loss of use, loss of orders, loss of profit and other direct or indirect or consequential damages.
11.2 The above disclaimer of liability does not apply to willful or reckless misconduct of the seller, but in no event shall the seller be liable for willful or reckless misconduct of auxiliary personnel.

- 12. RETENTION OF TITLE**
12.1 The title of the delivered goods shall not be transferred to the buyer, until all agreed payments have been made in full according to the terms of the contract.
12.2 In case the seller has given his written consent to the buyer to resell the goods to third parties, the buyer agrees to assign to the seller who accepts all rights on the amounts invoiced according to the claims obtained by the buyer against the third parties with the resale. After the assignment the buyer is authorized to cash the amounts due by the third parties. If the buyer is in default of payments to the seller, the seller is in any case authorized to cash directly the assigned amount by the third parties.
12.3 In case the seller has given his written consent to the buyer for the treatment and/or handling of the goods, this has always to take place in name and on behalf of the seller. If the handling took place with parts which do not belong to the seller, the seller acquires co-property on the new parts in proportion to the value of the goods delivered by the seller and the other handled parts. The same applies if the goods are mixed with parts which do not belong to the seller.
12.4 The buyer shall assist the seller in taking any action necessary for maintaining and protecting the seller's title. With the conclusion of the contract, the seller shall be specifically authorized to register the retention of title according to the applicable laws of the concerned jurisdiction and to accomplish any necessary formality at the buyer's expenses.
12.5 During the retention of title the buyer shall, at his own expenses, provide for the maintenance and the insurance of the goods, especially against theft, fire, water. The buyer shall take as well any action necessary to maintain and protect the seller's title, especially avoiding the pledging of the goods, their sale or their placing at disposal of third parties. The buyer shall immediately notify the seller of any action taken by authorities or third parties of seizure, attachment or the like and he shall be liable for any damage caused by a late notice. Notwithstanding article 18, the law of the State where the goods are placed shall apply for the execution of the retention of title provision.
12.6
- 13. TOOLING**
The buyer, unless otherwise agreed in writing, does not acquire the property on the tooling also in the event that he pays the complete cost for the manufacturing, development of the tooling. Therefore, unless otherwise agreed in writing the seller remains the owner of the tooling.
- 14. INTELLECTUAL PROPERTY**
Unless otherwise agreed in writing, the seller remains the owner of all intellectual property right related to the goods.
- 15. PLACE OF PERFORMANCE**
The Place of performance of both parties is Cadempino (Switzerland), even if delivery is made under different terms and conditions and/or if the place of erection (if any) defers from the performance place.
- 16. SEVERABILITY**
If any provisions of these General terms and Conditions of Sale, of the order, of the confirmation of order or of the contract prove to be fully or partially invalid, the remaining provisions shall remain in full force and effect and fully binding upon the Parties. The invalid provisions shall be replaced by other provisions which will maintain as fully as possible the legal effects and business goals as originally intended.
- 17. JURISDICTION**
Any dispute, difference, controversy or claim touching on or arising out of or relating to the order, confirmation of order or contract involving the seller shall be referred exclusively to the competent courts for Cadempino, with exclusion of any other court eventually competent. Nevertheless, the seller reserves the right to institute any action with this regard in any other court or competent jurisdiction.
- 18. APPLICABLE LAW**
The contract shall be governed by Swiss law with exclusion of the provisions of Swiss Conflict of law and the United Nations Convention on Contracts for the International Sale of Goods of April 11th, 1980.

Version 1: issued on March 3, 2004