

**General Conditions of Purchase of Goods
GCP-G/REV03**

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1. DEFINITIONS

AMENDMENTS shall mean any written change, modification, extension and/or deduction to an ORDER issued by CTI SYSTEMS.

CONFIDENTIAL INFORMATION shall mean, without the following list being exhaustive, all written or verbal information, data, technology, experimentation, know-how, trade secrets, formulas, processes, studies, reports, results, patent applications, designs, sketches, photographs, plans, drawings, samples, business and/or financial reports, instructions and other information elements acquired and/or developed by CTI SYSTEMS and disclosed by CTI SYSTEMS to the SUPPLIER.

CUSTOMER shall mean CTI SYSTEMS' customer which, if applicable, shall be defined in the ORDER.

DAYS shall mean calendar days.

DEADLINES shall mean any delivery dates fixed in the ORDER.

DEVELOPMENTS shall mean any and all inventions, data, improvements, works, know-how or any other information or development whether patented or not, patentable or not, and/or all elements of the DOCUMENTATION conceived, modified, developed or discovered by the SUPPLIER in the course of the preparation (including tender stage) and/or performance of the ORDER and notably those relating to the GOODS.

DOCUMENTATION shall mean all documentation and information, technical and commercial, that the SUPPLIER has to provide to CTI SYSTEMS under the ORDER and the LAWS and relating to the GOODS, which may include among other things, quality plan, planning and progress report, drawings, manufacturing drawings for spare parts, technical data sheets, calculations, product safety certificates and/or sheets, certificates of conformity, materials certificates, inspection and tests reports, operating, maintenance, training manuals, spare parts list.

FINAL ACCEPTANCE shall mean the final acceptance of the GOODS and be signified by the issuance of a certificate by CTI SYSTEMS at the date of expiration of the guarantee period confirming that all obligations of the SUPPLIER have been fully complied with under the terms and conditions of the ORDER.

GOODS shall mean any materials, items, products, patterns, models, moulds, components, installations, software, licences, rights and/or related services (such as design, engineering etc.) and DOCUMENTATION provided by the SUPPLIER.

INCOTERMS shall mean the latest applicable edition of the Incoterms issued by the International Chamber of Commerce.

INTELLECTUAL PROPERTY RIGHTS shall mean any and all patents, trademarks, utility models, design rights, author's rights or copyright (including any rights in computer software), database rights and any rights or forms of protection of a similar nature or having equivalent or similar effect.

INTRASTAT shall mean the Council Regulation EEC 3330/91 on the statistics relating to the trading of goods between European Union member states.

LAWS shall mean all laws, decrees, rules and regulations (incl. European regulations) applicable to an ORDER at the date of signature of the ORDER by CTI SYSTEMS or which application was reasonably foreseeable for the time of performance of the ORDER until the date of PROVISIONAL ACCEPTANCE.

ORDER shall mean any contract and/or order including the AMENDMENTS thereof for the purchase of GOODS including its appendices, attached and referenced documents, to be entered into between CTI SYSTEMS and the SUPPLIER.

PROVISIONAL ACCEPTANCE shall mean acceptance of the GOODS by CTI SYSTEMS after SUPPLIER has proven by successful acceptance test(s) that the GOODS fully comply with all of its obligations under the ORDER in terms of characteristics, quality and performance.

CTI SYSTEMS shall mean CTI SYSTEMS S.à r.l.

SUBCONTRACTORS shall mean any third party involved by the SUPPLIER in order to provide or perform (completely or partly) the GOODS under the ORDER.

SUPPLIER shall mean any company which enters or has entered an ORDER with CTI SYSTEMS.

SITE shall mean the place or plant where the GOODS shall be installed, erected and operated. The location of the SITE shall be defined in the ORDER.

SPCN shall mean CTI SYSTEMS' form sheet (SPCN – Supplier Project Change Notification/Request for Deviation Authorisation).

WORKSHOP TEST shall mean evaluation and testing of the GOODS at SUPPLIER's SUBCONTRACTOR's workshop prior to the shipment of the GOODS. Such WORKSHOP TEST(S) generally includes testing and inspection of the quality, dimensions, materials, coating, and documentation, completeness of the GOODS and any other testing and/or inspection provided for by the ORDER.

2. SCOPE OF APPLICATION

2.1. These General Conditions of Purchase of Goods shall apply to all inquiries issued by CTI SYSTEMS and quotations submitted by SUPPLIER and to all ORDERS and are in each case integral part thereof.

2.2. The submission of quotations is completely voluntary on the part of the SUPPLIER and free of charge for CTI SYSTEMS. CTI SYSTEMS neither bears costs nor pays any reimbursement for any visits, planning or other preliminary work in connection with the submission of quotations, unless otherwise provided by separate agreement.

2.3. CTI SYSTEMS expects to receive the SUPPLIER's unconditional order confirmation, five (5) DAYS after the date of CTI SYSTEMS' written ORDER. Failing to do so, CTI SYSTEMS is entitled to withdraw from the ORDER without payment of any compensation to the SUPPLIER.

2.4. No terms and conditions contained in SUPPLIER's order confirmations contradicting the terms and conditions of the ORDER, these General Conditions of Purchase and/or in prior quotations issued by the SUPPLIER shall be binding on CTI SYSTEMS, even if they have not been expressly rejected by CTI SYSTEMS, regardless of how or where asserted.

2.5. The acceptance of any GOODS, or payment for such, does not imply any agreement of CTI SYSTEMS to the SUPPLIER's terms and conditions.

2.6. The particular provisions stipulated in any ORDER entered into by and between CTI SYSTEMS and the SUPPLIER and which could contradict these General Conditions of

Purchase shall prevail over the corresponding provisions of these General Conditions of Purchase.

2.7. No ORDER or modification thereof, addition or complement thereto and any documents incorporated therein by reference shall be binding for CTI SYSTEMS unless issued in writing, respectively confirmed in writing by CTI SYSTEMS.

3. SUPPLIER'S OBLIGATION OF RESULT

3.1. The SUPPLIER shall possess the degree of skill, care and diligence in engineering and manufacturing of the GOODS which may be expected from a professional supplier, experienced in performing design and undertaking manufacture of GOODS of a similar nature, size, scope, complexity and value than those of the ORDER.

3.2. The SUPPLIER undertakes to scrupulously adhere to the terms and specifications of the ORDER and/or AMENDMENTS thereto.

3.3. The SUPPLIER has an obligation of result in relation with the GOODS provided under the ORDER. Notwithstanding with SUPPLIER's obligation of result as stated here before, the GOODS to be provided by the SUPPLIER shall be fit for purpose, suitable for their intended purpose and fully compliant with the ORDER.

3.4. During the performance of the ORDER and with respect to the duly, properly and timely delivery of the GOODS, the SUPPLIER expressly undertakes to:

- (I) fully comply with the ORDER and;
- (II) fully comply with the LAWS including those of the country of the final destination of the GOODS provided CTI SYSTEMS has notified the SUPPLIER of the SITE and/or final destination and;
- (III) provide the GOODS professionally and in compliance with the state of the art known at the date of signature of the ORDER or as specified in the ORDER; SUPPLIER also has an implicit obligation to disclose to CTI SYSTEMS any evolution in the state of the art related to the GOODS

occurring between the date of signature date of the ORDER and the PROVISIONAL ACCEPTANCE of the GOODS, so that CTI SYSTEMS may, if it so chooses, implement that improvement by an appropriate AMENDMENT.

4. ORDER AMENDMENTS

Any modification of the ORDER has to be expressly documented in an AMENDMENT to the ORDER. Such AMENDMENT shall be subject to the same conditions as the ORDER and shall form integral part of said ORDER.

4.1 Modifications requested by CTI SYSTEMS

4.1.1. At any time prior to FINAL ACCEPTANCE, CTI SYSTEMS is entitled to modify, change, extend and/or reduce the scope and/or any provisions of the ORDER.

4.1.2. Should the GOODS be damaged or destroyed after delivery for reasons not attributable to the SUPPLIER, the SUPPLIER shall, upon receipt of CTI SYSTEMS AMENDMENT, timely supply a replacement at reasonable conditions and costs to be agreed between CTI SYSTEMS and the SUPPLIER.

4.1.3. Upon receipt of the request by CTI SYSTEMS for modification, change, extension or reduction, the SUPPLIER shall examine without undue delay such request. The SUPPLIER may not unreasonably refuse such modification, change, extension and/or reduction of the scope of the ORDER without sufficient examination and justification.

4.1.4. In case such modification, change, extension and/or reduction would result in a change in SUPPLIER's cost or the DEADLINES, the SUPPLIER shall accordingly advise CTI SYSTEMS within five (5) DAYS in a written form by using CTI SYSTEMS' form sheet (SPCN – Supplier Project Change Notification/Request for Deviation Authorisation) which may be downloaded from the CTI SYSTEMS internet site www.ctisystems.com. Upon receipt of SUPPLIER's SPCN, the parties shall negotiate an equitable adjustment to the ORDER price and/or DEADLINES, which adjustment(s) shall be promptly incorporated into the ORDER in writing by CTI SYSTEMS.

4.2. Modifications requested by supplier

4.2.1. If after receipt of the ORDER by the SUPPLIER or during implementation of the ORDER, circumstances arise for which CTI SYSTEMS may be solely responsible and which may impact upon the performance of the ORDER by the SUPPLIER and which are not part of the ORDER and which may result in additional costs or impact on the DEADLINES, the SUPPLIER shall inform CTI SYSTEMS immediately by using CTI SYSTEMS' form sheet SPCN.

4.3. Consequences in relation with the submission of the SPCN

4.3.1. CTI SYSTEMS and the SUPPLIER shall analyse and discuss the requests submitted by the SUPPLIER by the SPCN within a reasonable period of time. Upon agreement by both parties, CTI SYSTEMS shall either rectify the act or omission or issue an AMENDMENT of the ORDER, equitably adjusting the ORDER price and/or the DEADLINES.

4.3.2. Any request by the SUPPLIER for additional costs which shall not be filed timely or in accordance with the procedure as mentioned here above (SPCN), shall not be recognized by CTI SYSTEMS and shall not be subject to compensation or adjustment of the DEADLINES.

5. SUPPLIER'S OBLIGATION OF INFORMATION

5.1. The SUPPLIER recognizes being a specialist regarding the GOODS purchased from it by CTI SYSTEMS under the ORDER. As a specialist, the SUPPLIER has a duty of candour and advice, information and proposal at every stage of the negotiation and performance of the ORDER. This duty of information and advice shall at least take into account the latest state of the art, technology and improvement known before and during the implementation of the ORDER and/or reasonably foreseeable at that time. Moreover, the SUPPLIER has the obligation to inform CTI SYSTEMS during the normal useful life of the GOODS of all and any defects discovered in its GOODS and/or all and any damages potentially caused by such a defect, and expressly any defect(s) that would result in undue danger to personnel.

5.2. The SUPPLIER further acknowledge having examined thoroughly the adequacy of all

documents forming part of the ORDER to the needs expressed by CTI SYSTEMS to the SUPPLIER at every stage of the negotiation and performance of the ORDER.

5.3. In case the ORDER comprises services, such as site works, transportation to SITE, the SUPPLIER acknowledges being fully aware of the SITE conditions reasonably apparent and all risk and constraints related thereto as well as the industrial, social and human environment in which the GOODS will operate and SUPPLIER undertakes to keep itself informed about these aspects during the whole performance of the ORDER.

5.4. The SUPPLIER shall be deemed to have checked the correctness, adequacy and completeness of all documents submitted by CTI SYSTEMS and/or referenced in the ORDER and necessary for the performance of all of his obligations under the ORDER. The SUPPLIER shall inform CTI SYSTEMS immediately of every noted inaccuracy, mistake, error or omission relating to the content of the documentation delivered by CTI SYSTEMS and shall propose suitable corrections in relation therewith. In case the SUPPLIER omits to inform CTI SYSTEMS about any noted inaccuracy, mistake, error or omission relating to the content of the documentation delivered by CTI SYSTEMS, the SUPPLIER shall be solely responsible for any consequences related thereto.

5.5. In case the SUPPLIER is not in possession of all documents referenced in the ORDER, the SUPPLIER shall request the missing documents from CTI SYSTEMS without undue delay. CTI SYSTEMS shall provide the documents in its possession in a timely manner to the SUPPLIER. In case the SUPPLIER fails to request such documents, respectively fails to request such documents in time from CTI SYSTEMS, the SUPPLIER shall be solely responsible for any consequences related thereto.

6. PRICES

Unless otherwise agreed, all prices are fixed and non-revisable. They are understood to for delivery DAP ... (named place of destination) in accordance with INCOTERMS. The prices shall include all costs of the SUPPLIER to provide the GOODS under the ORDER. Such costs shall also include all taxes, contributions and expenses of all kinds except VAT.

7. INVOICING

7.1. Invoices shall show the number of the ORDER, the corresponding item and account numbers as well as the INTRASTAT number. All invoices are to be sent in singly to CTI SYSTEMS registered business address to the attention of the Accounting Department.

7.2. Invoices relating to the delivery of GOODS to CUSTOMERS, SITE or CTI SYSTEMS subcontractors shall be accompanied by duly signed shipping documents.

7.3. Each instalment shall require for its payment a separate invoice.

7.4. CTI SYSTEMS shall only accept invoices issued in the currency set forth in the ORDER.

7.5. The absence of any express rejection of an invoice shall not constitute acceptance of the invoice(s) and/or the GOODS.

7.6. In case of invoices related to a PROVISIONAL ACCEPTANCE of the GOODS, the SUPPLIER by presenting the invoices related to the PROVISIONAL ACCEPTANCE declares and acknowledges that any and all claims, whether potential or not, in connection with the ORDER have been put forward. Accordingly, the SUPPLIER shall not be entitled to further raise any claims having their cause prior to the date of the PROVISIONAL ACCEPTANCE and/or that the SUPPLIER was aware of that date.

7.7. In case the ORDER does not provide for a PROVISIONAL ACCEPTANCE, the SUPPLIER by presenting the invoice related to the final delivery of the GOODS, declares and acknowledges that any and all claims, whether potential or not, in connection with the ORDER have been put forward. Accordingly, the SUPPLIER shall not be entitled to further raise any claims having their cause prior to the date of final delivery of the GOODS and/or that the SUPPLIER was aware of that date.

7.8. Should the above-mentioned provisions not be respected, invoices will be returned promptly to the SUPPLIER, without entitling it to claim interest for deferred payment.

8. PAYMENT TERMS AND CONDITIONS

8.1. Payment will only be made against submission of a duly invoice presented by the SUPPLIER.

8.2. Unless otherwise agreed, payment will be made within 30 days of the end of the month.

8.3. Unless otherwise agreed, CTI SYSTEMS shall only accept bank transfer payments.

8.4. Where it has been agreed to pay by instalments, the SUPPLIER shall invoice each instalment separately. The invoice covering respective instalment due at delivery of the GOODS must show 100% of the price of the ORDER and mention separate instalments already billed and guarantees or bonds to be withheld.

8.5. No payment shall be due by CTI SYSTEMS before the respective event mentioned in the ORDER has occurred and with respect to the final payment before CTI SYSTEMS' quantitative, qualitative and performance related acceptance of GOODS.

8.6. Any delay affecting the achievement of an event exclusively attributable to the SUPPLIER shall automatically result in the postponement of the payment of the instalment related to the said event.

8.7. In case of non-compliance of the GOODS with the provisions of the ORDER, no payment shall be due by CTI SYSTEMS as long as the SUPPLIER has not fully remedied to the said non-compliance.

8.8. The payment of the last and final invoice by CTI SYSTEMS shall not release the SUPPLIER from any of its obligations and/or liabilities under the ORDER.

8.9. The payment of any invoice related to the ORDER shall not constitute acceptance of the GOODS ordered or delivered, furthermore any payment made by CTI SYSTEMS shall not imply that CTI SYSTEMS waives any of its rights under the terms of the ORDER and under applicable LAWS.

9. BANK GUARANTEES / SECURITY BONDS

9.1. If specified in the ORDER that the SUPPLIER shall present securities for the performance of one

or several of its obligations, such securities shall, unless otherwise specifically agreed, exclusively be provided in form of bank guarantees/security bonds.

9.2. Such bank guarantees/security bonds shall be issued strictly in accordance with CTI SYSTEMS' requirements. CTI SYSTEMS shall be entitled to reject any bank guarantee/security bonds submitted by the SUPPLIER which does not comply with CTI SYSTEMS' form sheet. Such rejection will entitle CTI SYSTEMS to postpone the payment of the related invoice.

9.3. Unless otherwise agreed, the bank guarantee/security bond shall be issued by a first rated bank, accepted by CTI SYSTEMS and domiciled or having at least a subsidiary or a branch in the country in which CTI SYSTEMS has its legal address.

9.4. CTI SYSTEMS must be able to enforce the unconditional bank guarantee directly under waiver of any restrictions whatsoever upon CTI SYSTEMS' first written request.

9.5. All costs related to the bank guarantees shall be borne by the SUPPLIER

9.6. If a bank guarantee/security bond is required to cover a payment, such bank guarantee/security bond is to be forwarded together with the corresponding invoice.

10. TRANSFER OF TITLE

10.1. The transfer of title on the GOODS shall immediately and irrevocably become effective in proportion to value and as of the date the payments are made by CTI SYSTEMS, irrespective of any seizure, bankruptcy, concordat, winding-up or insolvency of the SUPPLIER. The SUPPLIER undertakes to clearly identify the GOODS as being part of the ORDER either at the SUPPLIER works, warehouse or other location, or that of a third party.

10.2. The transfer of title shall not release the SUPPLIER from all its remaining obligations under the ORDER and/or LAW.

10.3. All retention of title by the SUPPLIER is refuted by CTI SYSTEMS. Any such rights require CTI SYSTEMS' prior written consent for each individual case. Should the SUPPLIER nevertheless assert ownership rights, shared ownership rights or liens or cause enforcement

proceedings to be taken, CTI SYSTEMS shall hold the SUPPLIER liable for any resulting damages and/or losses.

10.4. Unless otherwise agreed, the SUPPLIER shall in no case and under no circumstances give the GOODS in pledge and/or pass the title to third parties.

10.5. The SUPPLIER shall be responsible for the safe custody, protection and preservation of the GOODS as being part of the ORDER until such time as CTI SYSTEMS physically takes possession of the GOODS.

11. OFF-SET, ASSIGNMENT

11.1. The SUPPLIER expressly accepts that CTI SYSTEMS has the right to off-set any claims against the SUPPLIER after formal notice.

11.2. Neither CTI SYSTEMS nor SUPPLIER is entitled to assign either in whole or in part any of its rights or his obligations under the ORDER without prior written consent of the other party.

12. SUSTAINABLE DEVELOPMENT: SAFETY, HEALTH, ENVIRONMENT, ETHICS AND SOCIAL DIALOGUE

12.1. The SUPPLIER recognizes that safety at work is a mandatory priority for CTI SYSTEMS and by implication also for the SUPPLIERS and its SUBCONTRACTORS. Safety is considered by CTI SYSTEMS as a fundamental value and no other priority may override safety.

12.2. The SUPPLIER commits to the principles of sustainable development by protection and preservation of the environment, ethics and social dialogue and ethics. Upon request of CTI SYSTEMS the SUPPLIER shall provide evidence of its environmental, ethics and social standards. The SUPPLIER shall continually ensure that discriminatory practices do not exist within its organization. The SUPPLIER will source from environmentally conscious SUBCONTRACTORS which shall apply equally high social standards as the SUPPLIER itself.

12.3. The SUPPLIER shall provide GOODS that comply with the applicable LAWS, regulations and rules in relation with ethics, health, safety,

environmental preservation, hygiene on the SITE as well as those of the CUSTOMER and CTI SYSTEMS.

12.4. In case CTI SYSTEMS has notified the SUPPLIER of the SITE and/or the CUSTOMER, the SUPPLIER has the obligation to inform himself about any LAWS, regulations and rules in relation with ethics, health, safety, environmental preservation, hygiene on the SITE as well as those of the CUSTOMER and CTI SYSTEMS. If these are unknown to him, the SUPPLIER shall request this information of CTI SYSTEMS without undue delay and CTI SYSTEMS will provide the necessary information in a timely manner.

12.5. The SUPPLIER is required to bring all specific ethics, health, safety, environmental preservation, hygiene and characteristics of the GOODS provided by him to CTI SYSTEMS' attention. Over and above this, the SUPPLIER shall inform CTI SYSTEMS of all particularities that, for reasons of ethics, health, safety, environmental preservation, hygiene necessitate special precautions or safety measures.

12.6. The SUPPLIER shall, in particular comply with and adhere to the instructions contained in "General Safety Instructions for CTI SYSTEMS sites – CGSCTI SYSTEMS" which have been brought to his attention and which are published on CTI SYSTEMS internet site www.ctisystems.com.

12.7. The SUPPLIER shall inform his employees in due time and fully ensure their compliance as well as the SUBCONTRACTOR's compliance with the LAWS, regulations, rules and instructions here above related to ethics, health, safety, environment preservation, hygiene as set forth here before.

12.8. The SUPPLIER and the GOODS shall comply with all applicable statutes and government rules, regulations and orders including without limitation, all applicable country laws relating to anti-corruption or anti-bribery, including, but not limited to, legislation implementing the Organization for Economic Co-operation and Development "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" or other anti-corruption/anti-bribery convention.

The SUPPLIER warrants that neither it nor any of his employees, agents, or representatives have offered or given, or shall offer or give, any gratuities to CTI SYTEMS' employees, agents or representatives for the purpose of securing the ORDER or securing favorable treatment under this ORDER.

12.9. Moreover, the SUPPLIER acknowledges and accepts full and sole responsibility to maintain an ethics and compliance program appropriate for its business throughout the performance of the ORDER. The SUPPLIER shall take all reasonable measures to this effect and shall consult CTI SYSTEMS in the event of problems and uncertainties. The SUPPLIER shall obligate his SUBCONTRACTORS in writing by comparable means and shall submit this written proof to CTI SYSTEMS.

12.10 The SUPPLIER shall be fully liable for any adverse effect arising from its actions or inactions with respect to health and safety, environmental, ethics and social obligations towards CTI SYSTEMS and any third party including the CUSTOMER in the course of the performance of the ORDER.

13. DOCUMENTATION

13.1. The SUPPLIER shall provide to CTI SYSTEMS the whole DOCUMENTATION by the due dates set out in the ORDER and according form and contents agreed by CTI SYSTEMS and the SUPPLIER.

13.2. Notwithstanding article 13.1, CTI SYSTEMS is entitled, prior to the start of manufacturing of the GOODS, to review and comment the DOCUMENTATION and instruct the SUPPLIER to make changes. In such cases, the SUPPLIER is obliged to implement said changes.

13.3. The SUPPLIER shall remain wholly liable for the consequences of any inaccuracy, incompleteness, error and/or omission in the DOCUMENTATION delivered to CTI SYSTEMS, whether or not CTI SYSTEMS has raised any reserves and/or comments with respect to the DOCUMENTATION.

13.4. All data and information, such as but not limited to drawings, tracings, designs, specifications, calculations, design notes, models, patterns, software, computer files, reports, manuals for erection, operation and maintenance and all other data and information prepared by SUPPLIER or its SUBCONTRACTORS in connection with the GOODS or spare parts thereof shall form part of the ORDER and shall timely be made available for CTI SYSTEMS for the unrestricted use for the purpose of erection, operation, modification and maintenance of the GOODS. All such data and

information shall become the property of CTI SYSTEMS.

14. PATTERNS, MODELS AND MOULDS

14.1. All patterns, models and moulds which are exclusively manufactured by the SUPPLIER for CTI SYSTEMS as a requirement of the ORDER, are an integral part of the ORDER and shall become the property of CTI SYSTEMS.

14.2. The SUPPLIER's use of such patterns, models and moulds, as set forth in article 14.1 is exclusively limited to the purpose of execution of orders for CTI SYSTEMS.

14.3 In case CTI SYSTEMS puts at the disposal of the SUPPLIER patterns, models and moulds, the SUPPLIER shall carefully store such patterns, models and moulds made available to him, and prevent third parties from accessing them. The SUPPLIER shall bear any costs accruing for their storage and insurance while they are in his possession. The SUPPLIER will be held responsible for any damage or excessive wear that occurs as a result of careless use or storage.

14.4. The obligations resulting for the SUPPLIER from the article 14.3 shall equally apply to the patterns, models and moulds provided by the SUPPLIER under articles 14.1 and 14.2.

14.5. Upon CTI SYSTEMS' first demand, the SUPPLIER shall return all patterns, models and moulds to CTI SYSTEMS without undue delay.

15. CONFIDENTIALITY

15.1. The SUPPLIER shall observe strict secrecy and confidentiality of all and any CONFIDENTIAL INFORMATION received or disclosed to him by CTI SYSTEMS.

15.2. The SUPPLIER shall take all measures necessary to prevent disclosure or publication to third parties of all and any CONFIDENTIAL INFORMATION received or disclosed to him by CTI SYSTEMS. The SUPPLIER shall refrain from communicating in any way to third parties, without prior written authorisation from CTI SYSTEMS, all and any CONFIDENTIAL INFORMATION received or disclosed to him by CTI SYSTEMS.

15.3. The SUPPLIER shall not use all and any CONFIDENTIAL INFORMATION received or disclosed to him by CTI SYSTEMS for purposes other than dealing with CTI SYSTEMS. The SUPPLIER especially agrees and guarantees not to use said CONFIDENTIAL INFORMATION for himself or for providing services, designing, engineering, manufacturing, assembling, erecting selling and/or maintaining GOODS to/for third parties.

15.4. The SUPPLIER shall strictly limit access to all and any CONFIDENTIAL INFORMATION received or disclosed to him by CTI SYSTEMS to those of his employees and/or subcontractors that will need said CONFIDENTIAL INFORMATION to carry out and perform their contractual obligations. He shall ensure that said people/companies comply with the stipulations of this article 15 and sign non-disclosure agreements sufficiently protecting CTI SYSTEMS and preventing them from revealing and/or using, even after their obligations with the SUPPLIER are terminated, all and any CONFIDENTIAL INFORMATION that they have received and/or learned while performing their contractual obligations.

15.5. The SUPPLIER shall not use all and any CONFIDENTIAL INFORMATION received or disclosed to him by CTI SYSTEMS to file in any country of the world, either directly or through an intermediary, patent or other industrial property right's applications based on said CONFIDENTIAL INFORMATION or derivable from said CONFIDENTIAL INFORMATION.

15.6. The SUPPLIER shall not refer to all and any CONFIDENTIAL INFORMATION received or disclosed to him by CTI SYSTEMS to assert personal possession or prior use rights.

15.7. The SUPPLIER shall not dispute or question, at any time, either directly or indirectly, the validity of any patent letters and/or other industrial property rights granted or pending of CTI SYSTEMS and which are based on the CONFIDENTIAL INFORMATION and/or GOODS, nor support or assist in any way third parties to do so.

15.8. The provisions of this article shall remain in full force and effect, irrespective of any termination, for a period of 15 years after the date of the ORDER.

16. INTELLECTUAL PROPERTY

16.1. Intellectual Property Rights

16.1.1. All drawings, documents and models, patterns and moulds made available to the SUPPLIER by CTI SYSTEMS as well as CTI SYSTEMS' prior INTELLECTUAL PROPERTY RIGHTS shall remain the property of CTI SYSTEMS.

16.1.2. The SUPPLIER guarantees that neither the GOODS nor the sale or the use thereof covered by the ORDER shall infringe upon or violate any INTELLECTUAL PROPERTY RIGHTS belonging to third parties. The SUPPLIER shall hold CTI SYSTEMS and his CUSTOMER harmless against all third-party actions or claims, liability, loss, costs, attorney's fees, expenses and damages due to or arising from any alleged infringement of third-party INTELLECTUAL PROPERTY RIGHTS.

16.1.3. In the event the GOODS become the subject of actions or claims of infringement of INTELLECTUAL PROPERTY RIGHTS, SUPPLIER shall at its own expenses in the shortest possible period either obtain the right for CTI SYSTEMS and/or CUSTOMER to use the GOODS or modify or replace the GOODS by a non-infringing, equivalent replacement. In any case, modification or replacement of the GOODS shall never result in a deterioration or reduction of the functionality or fitness of the GOODS for their particular purpose.

16.1.4. If the SUPPLIER fails to carry out its duties as set out herein, CTI SYSTEMS shall be entitled to take such actions as it deems necessary and to recover the total costs and/or damages resulting from such failure by the SUPPLIER.

16.1.5. The provisions of this article 16 shall survive any termination as set forth in article 29.

16.2. Developments

16.2.1. Any DEVELOPMENT shall belong to the SUPPLIER, if the SUPPLIER can prove that such DEVELOPMENT and any related INTELLECTUAL PROPERTY RIGHTS arise from SUPPLIER's sole inventive capacity independently of any CONFIDENTIAL INFORMATION obtained from CTI SYSTEMS. In such case, the payment of the ORDER price shall entail the granting of a right and/or a licence for CTI SYSTEMS, including the right for CTI SYSTEMS of transferring/granting such rights and/or of sub-licensing.

16.2.2. In all other cases title to and ownership of any DEVELOPMENT shall belong to CTI SYSTEMS.

17. COUNTERFEIT GOODS

17.1 SUPPLIER shall not furnish Counterfeit Goods to CTI SYSTEMS, defined as Goods or separately-identifiable items or components of Goods that: (i) are an unauthorized copy or substitute of an Original Equipment Manufacturer or Original Component Manufacturer (collectively, "OEM") item; (ii) are not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; (iii) do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (iv) have been re-worked, re-marked, re-labeled, repaired, refurbished, or otherwise modified from OEM design but not disclosed as such or are represented as OEM authentic or new; or (v) have not passed successfully all OEM required testing, verification, screening, and quality control processes. Notwithstanding the foregoing, Goods or items that contain modifications, repairs, re-work, or re-marking as a result of SUPPLIER's or its subcontractor's design authority, material review procedures, quality control processes or parts management plans, and that have not been misrepresented or mismarked shall not be deemed Counterfeit Goods. Counterfeit Goods shall be deemed nonconforming to this Contract.

17.2 SUPPLIER shall implement appropriate processes to ensure that Goods furnished to CTI SYSTEMS under this Contract are not Counterfeit Goods. Such processes are subject to CTI SYSTEMS review. SUPPLIER's processes shall include, but are not limited to, the direct procurement of items from OEMs or authorized suppliers, conducting approved testing or inspection to ensure the authenticity of items, and, when items are to be procured from non-authorized suppliers, obtaining from such non-authorized suppliers appropriate certificates of conformance that provide one or more of the following: (i) the OEM's original certificate of conformance for the item; (ii) sufficient records providing unbroken supply chain traceability to the OEM; or (iii) test and inspection records demonstrating the item's authenticity.

17.3 If SUPPLIER becomes aware or suspects that it has furnished Counterfeit Goods to CTI SYSTEMS under this Contract, SUPPLIER promptly, but in no case later than thirty (30) days

from discovery, shall notify CTI SYSTEMS and replace, at SUPPLIER's expense, such Counterfeit Goods with OEM or CTI SYSTEMS-approved Goods that conform to the requirements of this Contract. SUPPLIER shall be liable for all costs related to the delivery or replacement of Counterfeit Goods, including any testing or validation costs necessitated by the installation of authentic Goods in replacement of Counterfeit Goods.

17.4 SUPPLIER bears responsibility for procuring authentic Goods or items from its subcontractors and shall ensure that all such subcontractors comply with the requirements of this Article.

18. SUBCONTRACTING

The SUPPLIER is not entitled to subcontract any of his obligations, services or supplies under the ORDER to a third party, neither wholly nor in part, without CTI SYSTEMS' prior written authorization. In any case, any subcontracting, even if expressly authorized by CTI SYSTEMS, shall be at the SUPPLIER's sole risks and costs and shall not relieve the SUPPLIER from any of its obligations and liabilities under the ORDER.

19. DEADLINES

19.1. The ORDER shall be performed by the SUPPLIER in strict compliance with the DEADLINES.

19.2. The SUPPLIER shall immediately notify CTI SYSTEMS in writing of any delay and/or circumstances which may affect the due compliance with the DEADLINES. The SUPPLIER shall specify the reasons, consequences and expected duration of such circumstances as well as details relating to any actions the SUPPLIER undertakes to make good or avoid such delays. In case the delay is due to reasons attributable to the SUPPLIER, any costs related to corrective or accelerative actions shall be solely borne by the SUPPLIER.

19.3. If the SUPPLIER fails to comply with the DEADLINES due to reasons attributable to the SUPPLIER, CTI SYSTEMS shall be entitled, after having granted a reasonable time of extension to the SUPPLIER, without further written notice to obtain compensation from SUPPLIER for any costs and damages incurred by CTI SYSTEMS, without prejudice to CTI SYSTEMS' other rights under the ORDER and the LAWS. The payment of

compensation by the SUPPLIER shall not relieve the SUPPLIER from its other obligations and liabilities under the ORDER and LAWS.

19.4. The acceptance by CTI SYSTEMS of any non-compliance with the DEADLINES by the SUPPLIER does not constitute a waiver of CTI SYSTEMS' rights, and more particularly CTI SYSTEMS' right to obtain compensation for any costs and damages incurred by CTI SYSTEMS as a result of such non-compliance.

19.5. The SUPPLIER shall timely make available to CTI SYSTEMS all necessary DOCUMENTATION, to enable the CUSTOMER to import the GOODS. Should the SUPPLIER fail to comply with this requirement, the SUPPLIER shall be liable for any costs and damages incurred by CTI SYSTEMS.

20. WORKSHOP TESTS

20.1. During the performance of the ORDER, CTI SYSTEMS shall be entitled to verify the progress and proper performance of the ORDER by WORKSHOP TESTS and/or other tests and/or reasonable means CTI SYSTEMS deems advisable. Notwithstanding the aforementioned, the SUPPLIER is, in any case, required to conduct such WORKSHOP TESTS to make sure that the GOODS are in compliance with the provisions of the ORDER.

20.2. WORKSHOP TESTS may take place with the presence of CTI SYSTEMS at any time during normal working hours. The SUPPLIER is in any case required to notify CTI SYSTEMS reasonably in advance of the dates such WORKSHOP TESTS shall be performed in order to enable CTI SYSTEMS to make all necessary preparations to participate in such tests. The SUPPLIER and its SUBCONTRACTOR's grants CTI SYSTEMS, its CUSTOMERS and involved third-party companies access to SUPPLIER's and SUBCONTRACTOR's premises.

20.3. Unless otherwise specified in the ORDER, WORKSHOP TESTS conducted by the SUPPLIER shall comply with state-of-the-art methods and procedures. The results of each WORKSHOP TEST shall be documented by a written test report to be submitted to CTI SYSTEMS immediately after such WORKSHOP TEST and at the latest prior to the shipping of the GOODS.

20.4. The WORKSHOP TESTS whether conducted by the SUPPLIER, CTI SYSTEMS and/or any involved third-party shall not relieve the SUPPLIER from its obligations and liabilities under the ORDER, particularly but without being limited to the conformity of the GOODS and timely delivery.

20.5. Notwithstanding article 21.6, each PARTY to the ORDER shall bear his own costs arising in connection with WORKSHOP TESTS.

20.6. If the WORKSHOP TEST cannot be performed for reasons attributable to the SUPPLIER, or in case of non-conformity of the GOODS or parts thereof detected during WORKSHOP TEST, the SUPPLIER shall remedy the GOODS or parts thereof at its own costs and the WORKSHOP TEST shall be repeated by the SUPPLIER. All and any costs related to repeated WORKSHOP TEST, including CTI SYSTEMS' and CUSTOMER's costs, shall be solely borne by the SUPPLIER. Such remedial actions as well as repeating of WORKSHOP TEST shall be performed without undue delay and without affecting the DEADLINES.

20.7. If the SUPPLIER is not able to timely remedy the GOODS or parts thereof, CTI SYSTEMS is entitled to either terminate the ORDER or claim for compensation in lieu of the provision of the GOODS or arrange for necessary rectification actions by itself or by a third party at the SUPPLIER's costs.

21. ACCEPTANCE

21.1. Acknowledgement of the receipt of the GOODS whether by signature of delivery note or otherwise does not constitute an acceptance of the GOODS in terms of characteristics, quality and performance.

21.2. CTI SYSTEMS is authorised, prior to any acceptance of the GOODS, to conduct all and any formal acceptance tests necessary to verify whether the GOODS comply with the ORDER.

21.3. Notwithstanding any such tests, the SUPPLIER is not relieved from its liability under the ORDER and/or LAW, in particular but not limited to the GOODS' compliance with the ORDER.

21.4. If the ORDER specifically provides for acceptance tests to demonstrate that the GOODS

comply with the ORDER in terms of characteristics, quality and performance, the PROVISIONAL ACCEPTANCE of the GOODS shall be pronounced by CTI SYSTEMS after the successful achievement of such tests.

21.5. The FINAL ACCEPTANCE shall be requested by the SUPPLIER and documented by a certificate issued by CTI SYSTEMS at the date of expiration of the guarantee period confirming that all obligations of the SUPPLIER fully comply with the terms and conditions of the ORDER.

21.6. Each acceptance, whether provisional or final, shall be evidenced by a written report signed by the PARTIES.

21.7. All other provisions in relation with acceptance tests shall be governed by the document "Factory Acceptance Test report" (FAT) which may be available upon request.

22. TRANSPORTATION, SHIPPING, PACKAGING, DELIVERY

22.1. Unless otherwise provided for in the ORDER, all shipments are to be made DAP (stated place of destination) in accordance with INCOTERMS.

22.2. Partial shipments are only allowed if CTI SYSTEMS has given its prior written approval.

22.3. For GOODS to be delivered to CTI SYSTEMS S.à.r.l. (Luxembourg), the following time schedule for unloading shall be respected: 08.00 - 17.00, Monday to Friday.

22.4. In case of delivery of the GOODS to CTI SYSTEMS or to the SITE, the SUPPLIER shall comply with environment, health and safety regulations applicable on SITE or applicable at CTI SYSTEMS' premises.

22.5. For packaging, marking, shipping and delivery, the SUPPLIER shall strictly adhere to the "Instructions for packing, marking and shipping" which shall be downloaded by the SUPPLIER from CTI SYSTEMS' Internet site www.ctisystems.com.

23. TRANSFER OF RISKS

23.1. In case the GOODS are subject to a PROVISIONAL ACCEPTANCE, the transfer of risks related to the GOODS to CTI SYSTEMS shall

occur at the date of the PROVISIONAL ACCEPTANCE. In all other cases, the transfer of risks shall be governed by INCOTERMS.

23.2. The transfer of risks shall not release the SUPPLIER from all its remaining obligations under the ORDER and/or LAW.

24. GUARANTEE

24.1. The SUPPLIER guarantees that the GOODS shall conform to the specifications and requirements set out in the ORDER. The GOODS shall be fit for purpose as described in the ORDER. The GOODS shall be new, free from defects in engineering, design, materials and workmanship. The GOODS shall be free and clear of any claims of title by third parties, and SUPPLIER shall convey a good and clear title in accordance with the terms hereof. The GOODS shall in any case meet and satisfy all applicable LAWS and more particularly those relating to environment, health and safety.

This clause shall not be construed as amending or impairing in any way the terms and conditions set forth in article 16 here before.

24.2. Unless otherwise provided for in the ORDER, the guarantee period shall be:

Ten (10) years for building and civil works,

Two (2) years for all other goods and/or services,

each starting from the date of acceptance of the GOODS by CTI SYSTEMS or, if the ORDER specifically provides for acceptance tests to demonstrate that the GOODS comply with the ORDER in terms of characteristics, quality and performance, the date of PROVISIONAL ACCEPTANCE of the GOODS.

24.3. The SUPPLIER guarantees the availability of spare parts related to the GOODS, either manufactured by the SUPPLIER and/or its SUBCONTRACTORS, either patented or not patented for a time period of at least ten (10) years as from the date of acceptance of the GOODS by CTI SYSTEMS or, if the ORDER specifically provides for acceptance tests to demonstrate that the GOODS comply with the ORDER in terms of characteristics, quality and performance, the date of PROVISIONAL ACCEPTANCE of the GOODS.

24.4. If within the guarantee period, CTI SYSTEMS notifies in writing the SUPPLIER of any defect or non-compliance of the GOODS or parts thereof with the ORDER, the SUPPLIER shall, upon CTI SYSTEMS' first demand, promptly perform any remedial work required to make good such defects or non-compliance. Notwithstanding afore mentioned, CTI SYSTEMS is entitled, at its own discretion, to demand either repair, corrections, modifications, replacement or new manufacture for remedying any and all defects of the GOODS or parts thereof. The SUPPLIER shall, in any case, bear all and any related risks and costs (including related CTI SYSTEMS costs) for making good, including inter alia the costs for site works, travel expenditures, customs' duties, etc.

24.5. The SUPPLIER shall execute and complete any remedial work only in accordance with the provisions of the ORDER and in accordance with a programme and methodology defined by the SUPPLIER and accepted by CTI SYSTEMS. In such case the SUPPLIER is under obligation to provide defect-free GOODS or parts thereof. These shall, in particular, comply with the agreed quality criteria, characteristics and performances set forth in the ORDER. Should the SUPPLIER wish to take possession of the defective GOODS or parts thereof, the SUPPLIER shall be responsible for collecting the same and bear all handling, transport and all other associated costs.

24.6. Any remedial work, repair, replacement of defective GOODS and/or parts thereof and/or repetition of the acceptance tests, if any, must not conflict with CUSTOMER's interest to keep its installations or parts thereof in commercial operation. Therefore, in case of conflict, CTI SYSTEMS is entitled to reject and reasonably postpone such remedial work, repair, replacement or a repetition of acceptance tests to a later date acceptable to CTI SYSTEMS and the CUSTOMER, provided the safety and health are not affected.

24.7. In case (I) the SUPPLIER does not take action within a reasonable time following CTI SYSTEMS' notice as per article 24.4 or (II) in case of emergency or (III) when there is a risk of disproportional high damages, CTI SYSTEMS has the right, without obligation to give further notice to the SUPPLIER and without prejudice to any other rights, to take remedial actions either by itself or a third party at the SUPPLIER's costs and risks. This does not relieve the SUPPLIER from its obligations under the ORDER.

24.8. In the event CTI SYSTEMS has notified the SUPPLIER within the guarantee period of any defects or non-compliances of the GOODS or any part thereof in relation with the ORDER, the guarantee period for the GOODS or for the respective part thereof shall be suspended until the SUPPLIER has remedied to the failure. The guarantee period shall be extended by the time period equivalent to the period of suspension. The provisions of this article also apply to article 24.6.

24.9. The guarantee period for all repaired, replaced or modified GOODS or parts thereof shall restart for the respective guarantee period as specified under article 24.2 as of the date of the completion of their respective replacement, repair or modifications accepted by CTI SYSTEMS and documented by issuance of a certificate.

24.10. The SUPPLIER shall indemnify and hold CTI SYSTEMS harmless as well as CTI SYSTEMS' CUSTOMER and/or any third party from and against any damages, material and consequential losses which CTI SYSTEMS, its CUSTOMER and/or any third party may suffer as a result from the failure of defective GOODS or parts thereof.

25. LIABILITY

25.1. The SUPPLIER shall be liable for any and all injuries, losses and damages suffered by CTI SYSTEMS, its employees, agents, and representatives, CUSTOMER(S) and third parties arising out of the breach by SUPPLIER of any of its obligations under the ORDER, or arising out of any negligent or other wrongful act or omission by SUPPLIER, its employees', agents', representatives' and/or SUBCONTRACTORS' in connection with the ORDER. For the purposes of this clause, "damages" shall include direct, indirect, consequential, special and incidental, physical and/or moral damages suffered by the parties aforesaid without prejudicing all other CTI SYSTEMS rights and remedies. Absent an express, written agreement to the contrary, SUPPLIER's liability for such damages shall be unlimited, however, in no event shall any limit apply in the case of personal injuries.

25.2. The SUPPLIER shall indemnify and hold CTI SYSTEMS harmless from any actions, suits, claims and demands arising in connection with article 26.1., including those of any third parties. This indemnification by the SUPPLIER shall include any and all expenses (including but not

limited to attorney's fees and court costs) in relation therewith.

26. INSURANCE

26.1. The SUPPLIER shall take out and maintain as the case may be any and all insurances coverage's necessary to cover SUPPLIER's liabilities under the ORDER and/or the LAWS.

26.2. On CTI SYSTEMS' first request, the SUPPLIER shall provide to CTI SYSTEMS certificates issued by SUPPLIER's respective insurers attesting the existence and validity of the insurance coverage as well as the payment of the corresponding premiums. Such certificates shall be replaced and/or renewed upon expiration.

27. PUBLICITY

Without CTI SYSTEMS' prior written consent, the SUPPLIER is not permitted to refer neither to the ORDER nor to the contractual relations with CTI SYSTEMS, neither for publicity purposes nor for any other kind of publications, such as but not limited to articles, photographs, films, advertising posters.

28. SUSPENSION

28.1. CTI SYSTEMS may at any time suspend performance of the ORDER or any part thereof by giving SUPPLIER prior written notice to that effect. Upon receipt of such notice, the SUPPLIER shall cease all activities on suspended GOODS without undue delay, but shall continue to prosecute any unsuspended GOODS.

28.2. The SUPPLIER shall, for the duration of the suspension, be responsible for storage, care, custody and risk of loss and damage for all GOODS or parts thereof already executed.

28.3. In case suspension lasts for a period of more than ninety (90) DAYS in aggregate, all additional expenses and costs incurred as a result of CTI SYSTEMS' instructions pursuant to this article shall be determined without undue delay and be settled by the PARTIES.

28.4. CTI SYSTEMS may, at any time, instruct resumption of all or any part of the suspended

GOODS by giving written notice to the SUPPLIER. In such case, DEADLINES shall be extended by suspension time only. Suspended GOODS shall be resumed by SUPPLIER without undue delay after receipt of such notice.

29. SUPPLIER'S FAILURE

29.1. Non fulfilment of any of SUPPLIER's obligations under the ORDER shall entitle CTI SYSTEMS to the following remedies, without limiting nor prejudicing any other CTI SYSTEMS rights such as:

- (I) constrain the SUPPLIER, without delay nor limit of means, to fully conform to the ORDER,
- (II) postpone the date of the acceptance, PROVISIONAL ACCEPTANCE or the date of FINAL ACCEPTANCE of the GOODS,
- (III) apply liquidated damages, if so, specified in the ORDER,
- (IV) after a formal prior notice as specified in article 30.2 hereunder:
 - a. replace the SUPPLIER or appoint any third party at CTI SYSTEMS' choice but at SUPPLIER's costs and risks for the compliance of SUPPLIER's obligations or any parts thereof, which were not performed or did not comply with the ORDER,
 - b. seek for compensation of incurred costs and expenses by CTI SYSTEMS,
 - c. terminate the ORDER at SUPPLIER's expenses and liability and/or
 - d. claim for damages against the SUPPLIER.

Non fulfilment of the SUPPLIER's obligations under the ORDER includes, without this list being exhaustive:

- (I) breach of contract;
- (II) no or unsatisfactory performance of the ORDER or parts thereof;
- (III) non conformity of the GOODS with LAWS and/or the ORDER;
- (IV) non-compliance with the safety and environmental LAWS and SITE regulations;

- (V) subcontracting the ORDER or parts thereof contrary to the provisions of the ORDER;
- (VI) failing to execute the ORDER or parts thereof in accordance with the DEADLINES;
- (VII) assigning the ORDER and/or any obligations under the ORDER or parts thereof to any third party not authorized by CTI SYSTEMS;

29.2. In any case of SUPPLIER's failure as specified in article 29.1, CTI SYSTEMS shall give written notice to the SUPPLIER to remedy its failure. Upon receipt of said written notice, the SUPPLIER shall provide CTI SYSTEMS, without undue delay, with credible corrective actions plan to remedy its failure within a reasonable period of time.

29.3. In case the SUPPLIER fails to provide CTI SYSTEMS with said action plan or to comply with said action plan, CTI SYSTEMS shall be entitled to apply any rights and/or remedies as specified in article 29.1 here before.

29.4. Notwithstanding the foregoing, no prior written notice shall be required to be given by CTI SYSTEMS in case of emergency, in particular for safety reasons and/or risk of disproportional high damages. In such cases CTI SYSTEMS is entitled to implement any reasonable measures to mitigate any consequences arising from SUPPLIER's failure. CTI SYSTEMS shall send to the SUPPLIER formal written notice thereof without undue delay.

30. TERMINATION

30.1. Termination by CTI SYSTEMS for reasons not attributable to the SUPPLIER

30.1.1. CTI SYSTEMS may at any time and at its sole discretion, with or without cause, terminate by written notice to the SUPPLIER the ORDER or parts thereof.

30.1.2. Upon receipt of the written termination notice, the SUPPLIER shall promptly stop all the works under the ORDER which are subject to termination. The SUPPLIER shall without undue delay terminate all and any agreements with his SUBCONTRACTOR's and/or third parties related to the ORDER or parts thereof.

30.2 Termination by CTI SYSTEMS for reasons attributable to the SUPPLIER

30.2.1. In case the SUPPLIER did not remedy or did not commence taking appropriate actions to remedy to his failure as per article 29 here before, CTI SYSTEMS may terminate the ORDER or parts thereof with immediate effect by giving official notice.

30.2.2. Notwithstanding the provisions of article 30, CTI SYSTEMS is entitled, upon occurrence of one or more of the following events, to terminate the ORDER with immediate effect by giving official notice:

- (I) SUPPLIER's financial situation could be construed by CTI SYSTEMS as preventing the concerned ORDER from being implemented properly and/or timely.
- (II) SUPPLIER becoming subject to a corporate action and/or legal procedure such as insolvency, liquidation, winding-up, cessation of business, indebtedness, bankruptcy or any other similar legal procedure;
- (III) substantial corporate modification(s) affecting SUPPLIER's legal structure or any important change(s) in the control of the SUPPLIER's share capital.

30.3. Consequences of the termination

30.3.1. In any case of termination set forth under this article and notwithstanding the provisions of article 10, the financial consequences of the termination shall be determined as follows:

- (I) In case of termination under article 30.1, CTI SYSTEMS undertakes to compensate the SUPPLIER
 - a. for all GOODS completed prior to the date of termination in accordance with the ORDER
 - b. for the properly documented and provable direct costs incurred for the GOODS in process
 - c. for the properly documented and provable direct costs incurred as a result of termination.

Further claims of the SUPPLIER in relation with the termination, in particular any further compensation for indirect costs such as losses of profits, loss of contract, unabsorbed overhead are excluded.

(II) In case of termination under article 30.2,

- a) CTI SYSTEMS undertakes to compensate the SUPPLIER for all GOODS completed prior to the date of termination and compliant with the ORDER;
- b) at CTI SYSTEMS's sole discretion CTI SYSTEMS may take possession of the GOODS in process and pay properly documented and provable direct costs incurred for such GOODS.
- c) the SUPPLIER shall be fully liable for CTI SYSTEMS's costs and expenses for completion of the ORDER as well as any damages for which CTI SYSTEMS would be liable as a result of SUPPLIER's failure to complete the ORDER.

30.3.2. Considering the foregoing terms, the amounts over- or underpaid by CTI SYSTEMS with respect to progress of the ORDER at the effective date of termination, shall be paid or reimbursed by the SUPPLIER to CTI SYSTEMS or vice versa without undue delay as from the effective date of termination of the ORDER.

30.3.3. In case of termination as here before and notwithstanding the provisions of article 10.1, the GOODS or parts thereof which have been paid for by CTI SYSTEMS shall become the property of CTI SYSTEMS. The SUPPLIER shall place these GOODS or parts thereof at CTI SYSTEMS's disposal.

30.3.4. Upon termination of the ORDER, the SUPPLIER shall, without being requested to do so and within 14 DAYS at the latest, return to CTI SYSTEMS all drawings, documentation and/or CONFIDENTIAL INFORMATION and/or other materials provided to the SUPPLIER by CTI SYSTEMS.

30.3.5. The termination of the ORDER pursuant to articles 30.1 and 30.2 shall be made notwithstanding any other rights of CTI SYSTEMS.

31. FORCE MAJEURE

31.1. Neither CTI SYSTEMS nor the SUPPLIER shall be held responsible for the non-fulfilment of respective obligations under the ORDER caused by a Force Majeure event, i.e. an unforeseeable and irresistible event beyond the PARTIES' reasonable control and which prevents the performance by the affected party of its obligations under the ORDER.

Only those events defined by Document ME 188 in Article 10.1 of the "General Conditions for the Supply of Plant and Machinery for Export", recommended by the United Nations Economic Commission for Europe, Geneva, March 1953, are considered as Force Majeure events.

31.2. Should any such Force Majeure event occur and prevent either party from performing in whole or in part its obligations under the ORDER, then such party shall (I) duly inform the other party of said Force Majeure event in writing no later than two (2) DAYS after the occurrence of said Force Majeure event and (II) take all necessary steps and actions to mitigate the effects resulting from said Force Majeure event. These written notices shall be accompanied by the necessary official statements confirming Force Majeure.

31.3. If despite the implementation of the steps and action as per article 19.2, the execution of the ORDER becomes impossible or will have to be postponed for more than three (3) months as from the date of notification of such a Force Majeure event, the ORDER may be cancelled by either party in writing upon fifteen DAYS prior notice.

31.4. In any case, each party shall bear its own costs and expenses incurred from the starting date of the Force Majeure event up to the end of the said Force Majeure or up to the date of termination of the ORDER according to this article.

32. SEVERABILITY

If any provisions of these "General Conditions of Purchase of Goods" and/or the ORDER are found to be illegal, invalid or unenforceable under any laws, all other terms and conditions of the "General Conditions of Purchase of Goods" and/or of the ORDER shall remain unaffected thereby. The PARTIES agree to replace such void provision by provision(s) having the same or similar effect or meaning as the illegal, invalid or unenforceable provision, or being at least as close as possible to the economic purpose initially agreed upon by the PARTIES with respect to said provision(s).

33. DISPUTES, APPLICABLE LAW

33.1. Unless otherwise stipulated in the ORDER, these General Conditions of Purchase of Goods as well as the ORDER shall exclusively be governed by and construed in accordance with the laws of the place where CTI SYSTEMS is domiciled, to the

exclusion of international civil law, standard international law and the United Nations Convention on Contracts for the International Sale of Goods (CISG).

33.2. By accepting the ORDER, the SUPPLIER accepts the jurisdiction of the courts where CTI SYSTEMS is domiciled. Any and all claims or disputes arising out of or in connection with the ORDER, regardless of the nature and cause of the claim/dispute, shall be settled by the competent court of the place of the registered office of CTI SYSTEMS. Notwithstanding the foregoing, CTI SYSTEMS reserves the right to bring any claim/dispute before the competent court of the SUPPLIER's registered office, branch, agency or establishment or the place where under the ORDER the GOODS were delivered or should have been delivered.

34. FORM OF COMMUNICATIONS

34.1. The expressions "written," "in writing," as well as any formal communications and notices required by the terms of the ORDER may be made by e-mail and/or facsimile (FAX) but must be confirmed by a written original document duly signed by the sender which has to be transmitted by public or private courier.

34.2. The effective date of communications shall be the date of the communication if received by the recipient prior to 12:00 o'clock a.m. on a normal working day; otherwise, the effective date shall be the business day following transmittal. Signature of documents may not be repudiated on the basis that the document was sent or received by e-mail and/or facsimile (FAX).