

GENERAL TERMS OF PURCHASE

1. SCOPE

These General Terms of Purchase shall apply to all purchases placed by Raval ACS Ltd. (the "Buyer") and shall constitute an integral part of any such purchase order, contract or agreement. The fulfillment of orders shall constitute unconditional acceptance of these terms and waiver by the Seller (the "Supplier") of its general terms of sale. The present general terms shall not be modified by the Supplier's conflicting terms of sale.

2. ORDER

A prior order is mandatory for all purchases made by the Buyer. Receipt of any order must be duly acknowledged within 3 days or receipt by a written order acknowledgement duly dated, signed and referring to the Buyer's purchase order reference number as well as to the Buyer's item number, prices acceptance and delivery date acceptance. In the event that the purchase is part of an open order, the acknowledgement must indicate the order number, references of the goods, place and method of delivery and price and particular terms of payment.

3. DELIVERY AND ACCEPTANCE

The delivery dates indicated in the order or in the delivery schedule are mandatory, and shall be of the essence of the order. They apply not only to satisfactory delivery of goods but also to delivery of all technical, administrative and consignment documents requested or necessary for the use and maintenance of the goods. All documentation shall be drawn up in English, and shall be legible and comprehensible.

The means of transport shall be chosen in such way as to comply with the contractual delivery date which, unless otherwise specified, shall relate to delivery of the goods to the destination thereof. All expenses incurred in order to meet the delivery date or limit delays shall be payable by the Supplier.

The Supplier undertakes not to deliver the goods before or after the agreed date or in surplus quantities without the express written authorisation of the Buyer, and undertakes to pay all costs associated with such early, late or excess delivery. The Buyer further reserves the right to claim the costs of recovering losses due to production shut downs, extra costs for exceptional transport, administrative costs and any other expenses due to Supplier's delay in delivery.

In event of early delivery, the goods will be stored at the Supplier's risk and expense, and payments will only be made on the basis of the initial contractual delivery dates.

If the Supplier fails to deliver goods or services at the specified delivery date, the Buyer shall be entitled to terminate without liability all or part of the order upon written notice to the Supplier, unless the delay is due to a Force Majeure event.

4. PACKAGING

The goods shall be delivered in appropriate packaging which conforms to that specified in the order or in the logistical specifications or, if not specified, to the applicable regulations and standards in force in the member states of the EU or the countries specified in the order; the packaging shall also be suited to the nature of the goods, the characteristics of its destination and all storage conditions.

The supplier shall be liable for deterioration of goods caused by unsuitable, badly maintained or poorly cleaned packaging.

If applicable, each packaging unit shall bear the markings prescribed by the current regulations in force in EU member states and/or the country specified by the Buyer, the date and the reference number of the order, the serial number (lot number) of the items, the item number, the name of the carrier which signs the delivery note, the nature of the goods and the quantity thereof, the dimensions and the weight of delivered goods. Each note shall relate only to one order.

Unless otherwise stated in the order, the Contract price shall be inclusive of the costs of packaging suitable for transit and/or storage of the goods.

At the request of the Supplier, the Buyer shall return the Supplier's packaging materials at the cost and risk of the Supplier, provided that such materials are marked with the Supplier's name and address together with an addressed reversible label and further provided that the Buyer is excluded from all liability for any loss or damage to such material, however caused and whether or not arising out of the Buyer's or the Buyer's employees or agents negligence.

5. COMPLIANCE

The Supplier is responsible for the quality of the delivered goods. It hereby declares being aware of Buyer's Quality Assurance procedures and the specifications and Quality Assurance contracts agreed between the Buyer and his customers, where applicable. When fulfilling the Buyer's orders, the Supplier undertakes to comply with all the terms of the said documents, which shall form part of the order, and implement a suitable quality assurance system. These terms also apply to the Supplier's sub-contractors, if applicable.

Supplier represents and warrants that all goods and services (i) will be free from defects in workmanship, material, and manufacture; (ii) will comply with the requirements of this agreement, including all specifications and manufacturing work instructions; (iii) will be made or performed in accordance with good engineering practice and all applicable standards and legislation; (iv) will be of merchantable quality and fit and suitable for the purpose intended by the Buyer or the Buyer's customer. The Supplier further represents and warrants that (A) the items will consist of new (not used or recycled) material, and (B) The Buyer shall acquire good and marketable title to the items, free and clear of all liens, claims and encumbrances. Further, to the extent that the design of an item is the Supplier's responsibility, the Supplier represents and warrants that such design will be free from defects.

Supplier represents and warrants that the goods, including the manufacture, use and sale of the goods, shall not give rise to, nor be subject to, any claim or liability for infringement of any intellectual property rights, including any patent, copyright, trademark, trade secrets, confidential information or any other proprietary or intellectual property rights, of any third party. Goods or services which do not comply with all of the above shall be considered to be defective.

Non-conforming goods delivered to the Buyer may be returned to the Supplier at its expense and risk. The Buyer further reserves the right to invoice all direct and indirect costs, and in particular the costs of modifying the goods to render them conforming, tests, sorting, maintenance and storage, packaging, or repacking of non-conforming goods.

The Supplier further warrants and represents that the goods will comply with the regulations in force in the countries for which they are destined or to regulations coming into force, in particular regulations relating to health, safety, environmental protection and all other applicable specific safety procedures. The Supplier shall indemnify the Buyer against all proceedings resulting from breach of these terms, and undertakes to bear all the financial and other consequences thereof. The Supplier shall further certify the origin of its products and their components.

6. VARIATIONS

The Supplier shall accept any reasonable variation in scope, specification, quantity or delivery requested by the Buyer. Neither party shall be bound by any variation of the order unless and until it shall be confirmed by an order amendment signed by the duly authorized representatives of both parties or written instruction issued by the Buyer.

7. ACCEPTANCE

Unless otherwise specified, the goods shall be delivered to the Buyer's premises on working days, during normal opening hours. No delivery will be accepted outside to the said hours. Unless otherwise specified by the Buyer, goods shall be deemed to be accepted when received at the stated place of delivery, provided that the said goods comply with all terms and conditions stated herein, are conforming and meet the criteria defined in the Buyer's specifications or, if none, by the usual quality criteria. Equipment shall be deemed to be accepted after a successful start-up in accordance with procedures set out in the special terms, after the first production runs in the case of machines and tools, and after passing functionality tests in case of IT equipments, in accordance with the specifications or, if not, with the applicable regulations. At any point prior to acceptance, the Buyer may reject and return any item non-conforming goods and incur no liability or obligation related to such item. As to items that are rejected and returned, the Buyer may recover and offset or adjust payments in respect of such items, including any costs or fees related to shipping and insuring such items.

8. SPARE PARTS

The Supplier undertakes to supply spare parts for 10 years after the sale of any model in the range in which the good is specified. Such spare parts will be sold to the Buyer at a 30% discount off the Supplier's then current price list.

9. PRICES, INVOICES, PAYMENT TERMS

The stated prices shall be deemed to be agreed for goods delivered to the Buyer DDP (INCOTERMS 2000), packaging included. All transport costs, insurance costs, customs duties and in general all costs, taxes and duties incurred or payable until final acceptance of the goods at the Buyer's premises, shall be born by the Supplier, unless otherwise specifically stated. Invoices shall be written in English and sent in duplicate to the address stated on the order. Each invoice shall state the order number, the numbers and dates of the delivery notes, the goods invoiced, the unit price net of tax, the markings on the packaging, the method of shipment and any other information required by law or by the Buyer.

Unless there is any special term to the contrary, payment shall be current + 90 days.

The Buyer reserves the right to offset any amount owed by the Buyer to the Supplier against any amounts which the Supplier may owe the Buyer for any reason. Payment shall not constitute acceptance of the goods delivered or agreement to the amount invoiced, and shall never constitute waiver of further rights or recourse.

10. INSPECTION AND TESTING

Prior to delivery, the Supplier shall inspect and test goods or services for compliance with the order and specifically warrant their fitness for the Buyer's purpose in the assessment of which the Buyer shall be deemed to have relied on the Supplier's skill and judgment.

The Supplier shall, if requested by the Buyer, supply certified copies of records of such inspection and tests free of charge and will grant the Buyer or the Buyer's nominated representative a right of access at all reasonable times for the purpose of checking progress or witnessing test and/or inspection procedures.

Any test or inspection carried out by the Buyer or the Buyer's nominated representatives shall not relieve the Supplier of any liability nor imply acceptance of the goods.

11. MATERIALS AND TOOLS

The tools, models and materials (including patterns, moulds, equipment, tooling, components and raw materials) entrusted to the Supplier by the Buyer for the performance of an order shall remain the property of the Buyer under all circumstances. They shall be marked by a plate indicating the identity of the owner, and shall be placed at the Buyer's disposal on three working days' notice. Tools designed, perfected and/or manufactured pursuant to an order may not be used, communicated, reproduced, modified, transferred or destroyed without the Buyer's prior written authorisation. The maintenance and proper storage thereof is the responsibility of the Supplier. No parts may be manufactured at any time by the Supplier for a third party with the aid of the Buyer's tools and models.

The Supplier shall be responsible for the safe-keeping of the tools and models, and shall be personally liable for any loss they may cause or suffer, even as a result of inevitable accident or Force Majeure. The Supplier undertakes to insure the same on behalf of the Buyer at its expense, for their value, against the risk of fire, lightning, explosion, electrical damage, water damage, etc., with an express waiver by the insurer of all right of recourse against the Buyer.

The terms of this clause shall also apply to plans and models. After use, the Supplier shall keep the models and tools at the Buyer's disposal in its warehouses, free of charge, and take all necessary measures to keep them in good condition. They shall be returned to the Buyer upon its request.

12. TITLE AND RISK

Title to the goods and the risk of loss or damage thereof shall pass to the Buyer upon acceptance of the goods by the Buyer, in accordance with the terms and conditions set forth herein. In addition, the Supplier's responsibility for risk of loss continues with respect to any item rejected by the Buyer, or as to any item for which acceptance is revoked.

Goods or services belonging to or provided by the Buyer which are in the Supplier's custody for any purposes shall be clearly marked and recorded by the Supplier as belonging to the Buyer and shall be at the Supplier's risk.

13. WARRANTIES; LIMITATION OF LIABILITY

The Supplier shall indemnify and hold the Buyer harmless against any and all liability, loss, damages, claims, costs and expenses arising out of any claim in respect of latent or apparent defects or faults in the goods resulting from faulty design, materials, non-conformity or any malfunctions whatsoever. The Supplier shall remain so liable even after approval and acceptance by the Buyer. The Supplier further warrants that it will refund any defective goods or replace them free of charge, and pay all costs and expenses in connection therewith, of any kind. A consignment or a part of a consignment that is repaired or replaced shall be guaranteed in the same terms. Moreover, the Supplier accepts liability for all costs incurred by the Buyer in the event of recalls necessitated by a fault in the goods supplied by the Supplier.

The Supplier shall indemnify the Buyer against all direct and indirect consequences of any liability which it may have relating to tangible or intangible loss or injury caused to third parties, the Buyer or its assigns.

Notwithstanding anything to the contrary herein or elsewhere, in no event, whether as a result of breach of contract, in tort (including negligence) or otherwise, shall the Buyer be liable to the Supplier for any special, consequential, incidental or exemplary damages including, but not limited to, loss

of profit or revenues, loss of data, loss of use of the products or any associated equipment, damage to associated equipment, cost of capital, cost of substitute products, downtime cost, or claims of customers of the Supplier's customer for such damages.

14. PRODUCT LIABILITY

The Supplier shall at all time maintain insurance coverage with a reputable insurance company against all insurable liability under the order and in particular against all the Supplier's liabilities under this agreement. The Supplier will provide all facilities, assistance and advice required by the Buyer or the Buyer's insurers for the purpose of contesting or dealing with any action, claim or matter arising out of the Supplier's performance of an order. The Supplier shall take out and keep in force suitable product liability insurance against its liabilities under this agreement and shall demonstrate the same to the Buyer at all reasonable times. Such coverage shall be maintained for a period of fifteen (15) years after delivery of the last of goods ordered by the Buyer under an order.

15. INTELLECTUAL PROPERTY RIGHTS

All information and know-how including drawings, specifications and other data provided by the Buyer or prepared by the Supplier in connection with an order shall remain at all times the Buyer's property and may be used by the Supplier only for the purpose of performing the order. The Supplier shall keep the information and know-how confidential and shall return the same to the Buyer upon request.

The Supplier shall neither quote for supply nor supply parts made by the Buyer's tools or materials or the Buyer's patterns, drawings, specifications or designs, to any third party, without the Buyer's prior written consent.

The Supplier will indemnify and hold the Buyer harmless against any and all liability, loss, damages, claims, costs and expenses arising out of any claim in respect of any infringement or alleged infringement of any patent, trademark, registered design or copyright or other proprietary rights, whether resulting from design, manufacture, use, supply or re-supply of the goods or services or otherwise.

Where the Supplier supplies the Buyer with software or license then, unless otherwise agreed, the Buyer shall have a royalty free, irrevocable and unrestricted right to use, copy, modify or merge the same for any purpose.

Any inventions, patents, copyrights, design rights and other intellectual property rights arising from the execution of the order shall become the property of the Buyer and the Supplier shall not disclose the same to any third party. The Supplier shall not apply for any patents or other registrable rights in relation to the goods or services and shall do all things and execute such documents as may be necessary to assign such property to the Buyer.

Insofar as the subject of an order is the supply of documentation to the Buyer by the Supplier, the copyright therein shall belong to the Buyer. Supplier hereby warrants that it has and at all times shall have the right to grant such copyright to the Buyer and indemnify the Buyer against all claims (including costs thereof resulting or resulting there from) by parties who may represent that they own such copyright; where the performance of an order involves design work, the right in the resultant design(s) (whether registered or not) shall belong to the Buyer.

16. DETERIORATION OF GOODS

If the goods are perishable or have a life expectancy of a fixed duration, or if any circumstances are or become known to the Supplier which could adversely affect the life-span of the goods, then the Supplier shall forthwith advise the Buyer in writing of all such information, which when received by the Buyer shall form part of the description of the goods and shall be deemed to have formed part of such description with effect from the date of the order.

17. ASSIGNMENT

An order may not be assigned or sub-contracted by the Supplier, in part or as a whole. The Supplier shall not assign or sub-contract any part of the work without the Buyer's prior written approval, which shall not be unreasonably withheld, but the restriction contained in this clause shall not apply to sub-contracts for material, minor details or any part of which the sub-contractor is named in the order. The Supplier shall be responsible for all work performed and goods supplied by all sub-contractors.

18. DISPUTES WITH THIRD PARTIES

If any third party makes any claim against the Buyer arising from the performance of an order by the Supplier or in respect of goods or services there under, the Supplier shall, at its own expense, upon request of the Buyer, join the Buyer in defending the claim.

A decision of any court or arbitration tribunal in connection with a claim, having an adverse consequence on the Buyer, shall be deemed conclusive in any consequent or simultaneous claim by the Buyer against the Supplier under the order. Nothing herein shall limit or restrict the Buyer's rights under law, including the filing of a third party notice against the Supplier, in connection with such claim.

19. WAIVER

No admission, act or omission made by the Buyer or on behalf of the Buyer in connection with an order shall constitute a waiver of or release the Supplier from any liability under any of these general terms and conditions of purchase and/or applicable law.

20. FORCE MAJEURE

If performance of an order is delayed by any act of god, act or omission of government, war or similar event beyond either party's reasonable control ("Force Majeure"), then the time for performance shall be amended accordingly, subject to the party being affected by the delay, promptly informing the other party of the relevant Force Majeure event and taking all reasonable steps to limit the delay.

21. TERMINATION; SUSPENSION

Termination or Suspension For Convenience. The Buyer reserves the right to terminate or suspend the performance of an order at any time upon written notice to Supplier. In the event of termination for convenience, the Supplier will use best efforts to mitigate any damages incurred in connection therewith. Within thirty (30) days from the date on which the Supplier receives such notice, it shall deliver to the Buyer a written claim for all of the Supplier's damages incurred in connection with the termination ("Termination Charges"), in the form and containing such documentation as required by the Buyer. In no event shall Termination Charges include any damages relating to Commercial Off-the-Shelf goods, indirect costs or expenses or loss of any kind. Failure by the Supplier to deliver such claim for Termination Charges within this 30-day period shall constitute a waiver by the Supplier of all claims against the Buyer as to Termination Charges and a release of all of the Buyer's liability arising out of such termination.

If the Buyer does not agree with the amount specified in the Supplier's claim for Termination Charges, the Buyer and the Supplier will attempt to agree upon a reasonable amount for Termination Charges. If they fail to do so, then the Termination Charges will be conclusively presumed to be

the sum of the following as to goods or services for which the termination applies (provided that no costs shall be duplicated): (i) the contract price for all items ordered by the Buyer and completed in accordance therewith, prior to delivery of the termination notice, but not delivered to Applied prior to the date of termination, provided such items are promptly delivered to the Buyer; (ii) the actual costs for work-in-process incurred by the Supplier prior to the delivery of the notice of termination, relating to items ordered by the Buyer, less any costs related to Commercial-Off-The-Shelf components either manufactured or procured by the Supplier, which are properly allocable or apportionable under GAAP to the terminated portion of the order; and (iii) the reasonable out-of-pocket costs paid by the Supplier to its Sub-tier Suppliers prior to delivery of the termination notice. The Buyer's obligation to pay costs pursuant to the foregoing clauses shall be subject to the Supplier's obligation to use its best efforts to mitigate any such costs.

This clause sets forth the Supplier's sole remedies, and the Buyer's entire liability to the Supplier, in the event of a termination by the Buyer for convenience.

Termination for Cause. In the event of breach by the Supplier of any of its obligations, the Buyer shall be entitled to issue a notice of default and, if the default is not remedied within twenty-one (21) days thereafter - and, in the event of breach of an undertaking which is of the essence of the order (breach of confidentiality, failure to meet delivery dates or quality objectives, non-conformity with specifications, and modifications without the Buyer's prior written consent) or in the event of an assignment or change of direct or indirect control of the Supplier or the Supplier becomes insolvent, files a petition for relief under any bankruptcy, insolvency or similar law, makes an assignment for the benefit of its creditors, or takes any action for (or in anticipation of) any of the foregoing or there is a material adverse change in the business, properties, prospects, operations or condition (financial or otherwise) of the Supplier- within seven (7) days, to terminate an order or a series of orders upon written notice to Supplier, without any liability to the Supplier and without prejudice to its right to claim damages in connection therewith.

Upon any termination for cause, the Supplier shall: (1) continue to supply any portion of the goods or services for which an order is not cancelled or terminated; (2) be liable for additional costs, if any, incurred by the Buyer for the purchase of similar goods and services to cover such default; and (3) at the Buyer's request, transfer title and deliver to the Buyer of: (a) any completed goods; and (b) any partially completed goods; and (c) all unique materials and tooling subject or relating to the termination.

On the date of termination or expiration of an order for any reason, the Supplier shall (i) stop work being performed by the Supplier pursuant to the order, (ii) cancel orders for parts and/or materials with the Supplier's Sub-tier Suppliers and cease ordering any such parts and/or materials, (iii) cancel work being performed by the Supplier's Sub-tier Suppliers, (iv) fully cooperate with the Buyer to minimize any adverse effect on the Buyer or its customers, and (viii) perform those other obligations set forth herein upon the termination or expiration of this Agreement

22. APPLICABLE LAW AND JURISDICTION

An order, including, for removal of doubt, the terms and conditions contained herein, shall be governed by the laws of the State of Israel, excluding conflict of law rules. The competent courts of Tel-Aviv Yaffo, Israel shall have sole and exclusive jurisdiction in connection with any and all disputes hereunder.

Your signature confirms understanding and agreement with the above requirement.

Name: _____

Signature: _____

Title: _____

Company: _____

Date: _____

If you have any question regarding the Supplier requirements Manual, please contact the Purchasing Department in Raval ACS

***Ilan Levenchuk
Raval ACS Ltd.
Procurement Manager***