



GENERAL TERMS AND CONDITIONS OF SALE

GENERAL TERMS AND CONDITIONS OF SALE APPLICABLE TO ALL OFFERS BY PHAROS MARINEAUTOMATIC POWER INC., HOUSTON, TX, HEREINAFTER:“PMAPI”,FOR THEMANUFACTURING, SALE, DELIVERY, ASSEMBLY, INSTALLATION, REVISION AND/OR REPAIR OF ANY GOODS BY PMAPI.

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1. GENERAL

1.1 All offers from PMAPI to the other party (hereinafter: the “Buyer”) for the manufacturing, sale, delivery, assembly, installation, revision and/or repair of any goods by PMAPI (hereinafter: “Offers” and “Goods” respectively) and all relevant agreements with PMAPI are subject to these terms and conditions (hereinafter: the “Terms”).

1.2 The applicability of general terms and conditions of the Buyer is hereby expressly excluded.

1.3 Provisions which deviate from these Terms can be invoked by the Buyer only if and to the extent that these provisions have been accepted by PMAPI in writing.

1.4 If, for any reason whatsoever, any part of these Terms is invalid, the remainder of the same shall remain in force and the parties will, in mutual consultation, provide a regulation in substitution for the invalid stipulation, the purport of which shall be maintained to the maximum extent possible.

1.5 In the event these terms and conditions are also drawn up in a language other than English, if there is any conflict, the English text shall always prevail.

2. OFFERS, ORDERS AND AGREEMENTS

2.1 All Offers are nonbinding, unless explicitly agreed otherwise in writing.

2.2 All orders and all acceptances of Offers by the Buyer, including verbal orders or acceptances of offers, are irrevocable.

2.3 PMAPI shall only be bound when it has accepted an order in writing or has begun implementation. Verbal commitments or agreements by or with its personnel do not bind PMAPI except and insofar as PMAPI confirms these in writing.

2.4 Amendments in agreements shall be subject to these Terms as if they were separate agreements.

3. DRAWINGS, QUOTES, DOCUMENTS

3.1 All information recorded in catalogues, brochures, price lists and the like shall only be binding for PMAPI if and in so far as explicitly agreed in writing.

3.2 All drawings, designs, models, etcetera, which are supplied in connection with the Goods delivered by PMAPI and the intellectual and industrial property rights with respect thereto shall remain the exclusive property of PMAPI which company shall also be regarded as the maker and designer. Unless the Buyer has the express permission of PMAPI, the Buyer is not allowed to provide documents and information from PMAPI to third parties nor inform same thereof.

4. PRICE

4.1 Unless expressly indicated or agreed otherwise, the prices quoted by or agreed with PMAPI shall be net prices, therefore exclusive of VAT and exclusive of any possible import or export duties; they shall furthermore not include costs of packing, loading, transport, unloading, insurance, installation, assembly and/or other services.

4.2 If PMAPI undertakes to carry out the packing, loading, transport, unloading, insurance, installation, assembly or other services and no price has been expressly agreed in that respect, it shall be entitled to charge the Buyer the actual costs and/or the rates normally used by PMAPI.

4.3 Prices set by or agreed to with PMAPI are based on the cost price at the time of the offer or acceptance of an order by PMAPI. If the cost price increases thereafter, PMAPI is entitled to charge the Buyer a corresponding price increase, unless explicitly agreed otherwise ("fixed price").

4.4 If, after the agreement has been concluded, the Buyer desires amendments or additions to the agreement, PMAPI shall affect those to the extent that it may be reasonably expected to do so. To the extent that the amendments and additions desired by the Buyer involve extra costs, PMAPI shall be entitled to charge these to Buyer in their entirety with any appropriate mark-up. In that event, PMAPI shall also be entitled to set a new delivery period.

5. DELIVERY TIME AND DELIVERY

5.1 The delivery time becomes effective after the conclusion of the agreement, after PMAPI has received all documents and data to be provided by the Buyer and after any agreed upon advance payments have been received by PMAPI or a security for the benefit of PMAPI has been provided. If Buyer delays providing information and approvals (e.g., of drawings), PMAPI has the right to extend the committed delivery date by the length of the delay.

5.2 Subject to the exceptions as referred to in Clause 8.3, the Goods to be delivered by PMAPI shall be deemed delivered when they have left the premises of PMAPI or of third parties contracted by PMAPI for transport to or on behalf of the Buyer, unless expressly agreed otherwise.

5.3 If PMAPI expects that the delivery period agreed will be exceeded, it will inform the Buyer hereof as early as possible. A failure to make timely delivery shall never entitle the Buyer to additional or substitute compensation or to non-compliance by him of any of his own obligations arising from the agreement.

5.4 Delivery periods will be extended by the amount of time that the implementation of the agreement is delayed due to force majeure (refer to definition in Clause 7.1). They shall also be extended by the time that the Buyer is later in the fulfillment of any obligation than is agreed to or could reasonably be expected by PMAPI (including design/drawing and similar approvals).

5.5 PMAPI has the right to deliver in parts. Each partial delivery will be deemed an independent delivery with respect to the applicability of these Terms. PMAPI shall be entitled to demand payment for

each partial delivery before proceeding with any other. The Buyer's failure to comply with his duty to effect payment (or to do so on time) shall have the effect of suspending PMAPI's duty to affect a delivery.

6. RISK AND TRANSFER OF OWNERSHIP

6.1 The risk in the Goods sold by PMAPI shall be for the Buyer as from the moment that the goods are considered as having been delivered as per Clauses 5.2 or 8.3.

6.2 Unless expressly agreed otherwise, loading, dispatching or transport, unloading and insuring of the Goods to be delivered shall be effected for the risk of the Buyer, even if PMAPI arranges same.

6.3 All Goods sold by PMAPI shall remain the property of PMAPI until such time as the Buyer has paid in full all that which is owed to PMAPI in connection with the underlying agreement and/or in connection with prior or subsequent agreements of the same nature, including damages, costs and interest. The Buyer has no right of retention in respect of those Goods.

6.4 The Buyer grants PMAPI irrevocable authority to take such measures which are necessary to maintain the property rights of PMAPI.

6.5 The industrial or intellectual property rights to or in connection with the delivered Goods shall remain with PMAPI or with third party title owners and shall never be transferred to the Buyer.

7. FORCE MAJEURE

7.1 PMAPI shall be entitled to invoke force majeure if the implementation of the agreement is, in whole or in part, temporarily or not, prevented or impeded by circumstances reasonably out of its control, including site or building blockades, strikes, delayed delivery of parts ordered by PMAPI from third parties, Goods or services, accidents and interruptions of business operations.

7.2 In the event of force majeure on the part of PMAPI, its obligations are suspended. If the force majeure continues for a period of more than 90 days, both PMAPI and the Buyer are authorized to rescind the non-feasible parts of the agreement by a written declaration, without prejudice to the provisions of Clause 12. Where PMAPI has already executed part of an agreement, the Buyer shall pay the purchase price for any Goods that have been delivered.

8. ACCEPTANCE, INSPECTION

8.1 The Buyer shall be bound to lend its cooperation, without delay, to any inspection or test agreed. If the Buyer fails to lend its cooperation to an inspection or testing in a timely manner or at the time agreed, the Goods shall be deemed to have been approved.

8.2 The Buyer is obligated to take discharge and acceptance at the moment that the Goods delivered are ready for transport or ready to be dispatched.

8.3 If the Buyer does not or does not in a timely fashion lend its cooperation to inspection, testing or acceptance of the Goods, the Goods shall be deemed as having been delivered, in deviation from the provision of Clause 5, at the time that inspection, testing or acceptance could have been expected or desired by PMAPI.

8.4 With respect to the Buyer, PMAPI has a right to compensation for damage and costs which are the result of the refusal to effect or the delay in the inspection, testing or acceptance of the Goods.

8.5 Before Goods can be rejected in connection with defects found during inspection or testing, PMAPI shall be given the opportunity to repair such defects. If the Buyer does not inspect or test the Goods, then the Goods shall be deemed to have been approved.

9. GUARANTEE

9.1 PMAPI refers to the separate PMAPI Warranty Notice for a description of the warranty terms. The warranty terms mentioned in the PMAPI Warranty Notice are applicable.

10. LIABILITY AND INDEMNIFICATION

10.1 The liability of PMAPI in connection with any defects in the Goods it has delivered is limited to the fulfillment of the guarantee described in the previous Clause.

10.2 PMAPI shall never be obligated to pay any substitute or additional compensation for damage. PMAPI's liability for loss of profits, consequential or indirect damages is at all times excluded.

10.3 In all cases in which PMAPI is obligated to pay compensation for damage, this shall never exceed, at its sole discretion, the invoice value of the Goods in connection with which the damage was caused.

10.4 Each claim against PMAPI, except those acknowledged by PMAPI, shall lapse on account of the mere expiration of a period of twelve (12) months after the claim arose.

10.5 Conditions which limit, exclude or establish liability, which can be invoked against PMAPI by suppliers or subcontractors of PMAPI in connection with the Goods delivered, can also be invoked by PMAPI against the Buyer.

10.6 The employees of PMAPI or independent contractor brought in by PMAPI for the implementation of the agreement, can, with respect to the Buyer, invoke all defenses to be derived from the agreement as though they themselves were party to that agreement.

10.7 The Buyer shall hold harmless and indemnify PMAPI, its employees and independent contractors brought in by it for the implementation of the agreement against each claim by third parties in connection with the implementation of the agreement by PMAPI, in so far as these claims are greater than or different from those to which the Buyer is entitled with respect to PMAPI.

10.8 With respect to the Goods to be delivered, the Buyer shall strictly observe national and international governmental export, import and user restrictions. It will hold PMAPI harmless with respect to damage suffered by PMAPI as a result of any violation of these restrictions.

11. PAYMENT AND SECURITY

11.1 Unless expressly agreed otherwise, payment shall be made within thirty (30) days after the invoice date. PMAPI, however, shall at all times have the right to full or partial payment in advance and/or otherwise obtain security for payment. Refusal by the Buyer to provide the required security gives PMAPI the right to suspend its obligations and ultimately, without any notice of default or legal intervention, the right to dissolve the agreement wholly or partially, without prejudice to his right to compensation for any damages suffered by him.

11.2 In the event of payments by bank transfer the Buyer must at all times mention the respective invoice numbers. Payments by bank transfer which are not (completely) specified in this manner are first applied against the oldest invoices as well as against the interest due in relation thereto.

11.3 The moment of payment shall be the moment at which the amount due has been fully and irrevocably credited to the account of PMAPI.

11.4 The Buyer relinquishes any right to set off amounts charged by and between parties. Guarantee claims do not suspend the payment obligations of the Buyer.

11.5 If the Buyer fails to pay any amount due in the manner described above, he shall be in default without prior notice of default. If the Buyer remains in default with any payment, all other claims from PMAPI on the Buyer shall be immediately and totally due and the default becomes effective also with respect to those other claims, and without notice of default. As from the day the Buyer is in default,



overdue payment interest at 2% per month shall be due for any part of a month during which the default continues.

11.6 All judicial and extrajudicial costs incurred by PMAPI because payment was not made (in good time), shall be paid by the Buyer. The extrajudicial costs are deemed to amount to at least 15% of the amount which is claimed.

12. RESCISSION

12.1 In the event the Buyer fails altogether to perform one or more of its obligations, or fails to do so in a timely or proper manner, is declared bankrupt, requests (temporary) suspension of payments, proceeds to liquidate its company, as well as if its capital is seized in part or in its entirety, PMAPI shall, without being held liable for any compensation, be entitled to suspend the implementation of the agreement or to rescind the agreement in part or in its entirety by means of a written statement without prior notice of default or legal intervention, such at its own discretion and always without prejudice to any rights to which it is entitled to compensation of costs, damages and interest.

12.2 The Buyer shall only be entitled to rescind the agreement in the events described in Clauses 5.3 and 7.2 of these Terms and in such cases only after payment of all amounts owed to PMAPI at that time, whether or not due.

13. DISPUTES AND APPLICABLE LAW

13.1 All disputes existing between parties shall be heard exclusively by the United States District Court located in Harris County, Texas, unless PMAPI prefers another competent forum.

13.2 The provisions of Clause 13.1 leave intact the right of PMAPI to obtain a settlement by means of arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The place of arbitration will be Houston, Texas. The arbitral procedure shall be conducted in the English language.

13.3 All agreements between PMAPI and the Buyer are subject to United States law and the laws of the State of Texas.

WARRANTY POLICY

THE FOLLOWING IS THE STANDARD LIMITED WARRANTY FOR THE PHAROS MARINE AUTOMATIC POWER INC. SYSTEMS AND PRODUCTS ("PRODUCTS") SUPPLIED BY PHAROS MARINE AUTOMATIC POWER INC., HOUSTON, TX, HEREINAFTER: "PMAPI". THIS WARRANTY APPLIES UNLESS A DIFFERENT WARRANTY HAS BEEN SPECIFICALLY AGREED TO AND SIGNED BY A PMAPI AUTHORIZED REPRESENTATIVE.

LIMITED WARRANTY

(a) PMAPI warrants, subject to the following limitations, that at time of delivery to Buyer, its Products will conform to applicable PMAPI drawings and Product specifications and will be free from defects in workmanship and material. If applicable, PMAPI warrants that at the time of delivery Products are compliant to applicable national and/or international rules and regulations. However, unauthorized alteration, maintenance or repair could invalidate compliance with such rules and regulations.

(b) The Products are not in conformity as meant under (a) in the case of a defect in workmanship or material becoming apparent under normal authorized use consistent with PMAPI Product instructions and specifications. Normal wear and tear (including but not limited to lamp failure) or problems with



electrical power, relatively minor anomalies which are customary and/or technically unavoidable, or the need for periodic maintenance shall not constitute non-conformity.

These warranties shall be available to the initial purchaser, and may be transferable to its successors and assigns with written approval from PMAPI. The duration of these warranties shall be as follows: PMAPI warrants for a period of two years after shipment that the equipment or material of its manufacture is free from defects in workmanship and materials but its liability is limited to the replacement FOB shipping point of the defective parts thereof.

Corrosion or other decomposition by chemical action is specifically excluded as a defect covered hereunder. PMAPI shall not be liable for any direct incidental or consequential damages arising from the sale or use of the equipment or material other than as expressly provided herein. Where circumstances permit, PMAPI will invoke, for the benefit of Purchaser, the guarantee or warranty of PMAPI's vendor for equipment or materials furnished hereunder.

(c) All Products repaired or replaced hereunder shall be warranted only for the unexpired portion of the original warranty period. If PMAPI is of the opinion that the complaint about the defect is justified, PMAPI will repair or replace at its own option any faulty Product returned within the warranty period at its cost (including material and labor costs, excluding shipping costs). Repaired or replaced Products will be returned to Buyer. The risk of loss or damage to all Products in transit shall be borne by Buyer.

(d) The integrity and reliability of PMAPI systems and Products are dependent on the use of PMAPI parts and components. To ensure the optimum performance and reliability of your PMAPI system, it is strongly advised that only components and modules manufactured by PMAPI be used. No other parts can be used without prior written permission from PMAPI. If unauthorized parts are used, the warranty will become null and void.

Any right under this warranty shall lapse if the Product has been exposed or subjected to:

1. Any improper maintenance, lack of maintenance, unauthorized repair, improper installation, mishandling, and transportation, improper storage, improper operation, mistreatment, failure to observe the instructions for use or use which is improper, excessive or otherwise is not in compliance with PMAPI's instructions; or
2. Any direct intervention, alteration, modification, transformation or repair by anyone other than PMAPI or those specifically authorized in writing by PMAPI, without prior written permission from PMAPI; or
3. Any accident, contamination, foreign object damage, abuse, misuse, neglect, negligence or any other circumstances after delivery to Buyer; or
4. Any damage induced by failure of a PMAPI supplied Product not under warranty or by any Product not supplied by PMAPI.
5. Any force majeure.

PMAPI shall not be responsible for Buyer's or any third party's Product, Product information, or memory data contained in, sorted on, or integrated with any Product returned to PMAPI, whether under warranty or not. Buyer is responsible for backing up its programs and data to protect against loss or corruption.



(e) Repair or redelivery as meant in the previous paragraphs shall in principle be effected only within the United States. Repair and or redelivery outside the United States shall only be effected if this can reasonably be requested of PMAPI, such to be judged exclusively by PMAPI. With respect to noticeable defects, the Buyer must submit a claim in writing within three (3) working days after delivery, failing which any claim on PMAPI will lapse.

Claims with respect to other defects must be made in writing within ten (10) working days after their appearance, failing which any claim on PMAPI will lapse.

In respect of Products or parts of Products which PMAPI received from third parties, the warranty obligations granted by PMAPI to the Buyer shall never exceed in nature nor in duration the warranty obligations granted by those third parties to PMAPI.

(f) This warranty is exclusive and in lieu of all other warranties, whether written or oral, express, implied or statutory, including, without limitation, any implied warranties of merchantability, fitness for particular purpose, or noninfringement, all of which are hereby expressly disclaimed. No extension or expansion of this warranty shall be binding upon PMAPI unless set forth in writing and signed by PMAPI's authorized representative.

(g) All disputes existing between parties shall be heard and governed by the laws of the State of Texas, without regard to conflicts or laws rules. Any arbitration enforcement of any arbitration or litigation will be brought exclusively in Harris County, Texas and the customer/buyer consents to the jurisdiction of the Federal and State courts located therein, submits to the jurisdiction thereof and waives the right to change of venue. Customer/Buyer consents to the exercise of personal jurisdiction by any such court, with respect to any such proceeding. This warranty notice is subject to United States law.

(h) PMAPI reserves the right to modify its warranty at any time, at its sole discretion.

WARRANTY RETURN POLICY

Buyer must notify Pharos Marine Automatic Power Inc., hereinafter: "PMAPI" of any defect in the product(s) by sending an email to customersupport@automaticpower.com or by calling +1(855) 885-4598 (English) or +1(832) 776-5453 (Spanish). To ensure your return is processed quickly and efficiently, please follow the guidelines outlined below. [Please confirm contact numbers and email address]

Returned Material Authorization (RMA) Guidelines

Returns require a Return Material Authorization (RMA) number and RMA sheet completed prior to shipping goods. Buyer should contact PMAPI in order to obtain an RMA form.

The RMA form needs to be returned to PMAPI by email or by fax (+1-713-228-3717), including the following information:

- Contact name and phone number;
- PMAPI Part number(s), item description, and corresponding quantities for each item to be returned;



- Serial number for each item returned;
- Full description or Reason for Return;
- Buyer's Original Order Number;
- Order Date;
- Billing information;
- Shipping address.

After Receipt of completed RMA Form, within 3 working days after receipt of the completed RMA form (or reasonably thereafter), PMAPI will provide the Buyer with a RMA number and the location to which Buyer must return, at their cost, the defective product.

The Buyer is responsible for the proper packaging of the product returned to PMAPI and return of product within 30 working days after issuance of the RMA number.

Package the returned product in the following manner:

- Use standard packaging procedures to ensure safe arrival of goods into our factory;
- Enclose a copy of the completed RMA in each package;
- Enclose a copy of any and all associated packing slips/invoices, when available.

Shipping Preparation Requires the Following:

- Markings: All returned goods must include our receiving address:
Pharos Marine Automatic Power, Inc.
ATTN. Customer Support Dept.
10810 W. Little York Rd.
Suite 130
Houston, Texas 77041-4051
- RMA Number;
- The RMA number must be clearly written and visible on the outside of the box;
- Do not ship freight collect. Shipments marked freight collect may be refused, resulting in the product's return to sender;
- PMAPI does not accept responsibility for any product lost in transit and recommends that the return be insured for the full value;
- In no event will PMAPI accept any returned product that does not have a completed RMA form;
- Buyer's failure to return product within 30 working days of its receipt of a RMA may result in cancellation of RMA;
- The warranty is null and void if the product(s) are damaged in the return shipment.

PMAPI will make all reasonable efforts to repair or replace a defective product within 30 working days of receipt of defective product.

Buyer Notification

- Upon full compliance with the RETURN TERMS and receipt of returned product(s), inspection, testing, and evaluation will be performed to determine the cause of defect.
- PMAPI will notify the Buyer of its acceptance of the warranty claim, or of the cost to repair the product upon evaluation and processing of the returned material;



- When a product outside warranty appears not to be repairable, or no defect has been found, the Buyer will be charged with an inspection fee of \$200.00. The Buyer can then decide to ask for the product to be returned, and will be charged for the return transportation costs. This inspection fee will not be invoiced if Buyer decides not to repair the product but orders a new product;
- No non-warranty repairs will be performed without prior Buyer approval and associated purchase order to perform said repairs;
- Buyer has 10 working days to respond after PMAPI notifies the Buyer of the applicable repair charges. If there is no response from the Buyer, PMAPI will notify Buyer by telephone or email about the nonresponse. The Buyer should notify PMAPI to repair, return or scrap the product within 20 working days of this 2nd notification. The product will be scrapped if the Buyer does not reply by the end of this 20 working day period.

Return to Stock

Any order that is returned to PMAPI for part(s) ordered incorrectly by the customer, or unneeded upon receipt, the customer, if accepted by PMAPI, is required to pay a 20% restocking fee. A credit will be issued once it is determined that the Return Terms are met.

Credits

Credits are issued once it is determined that all of the Warranty and Return Terms are met.

Freight

All warranty replacement part(s) will be shipped via ground delivery and paid for by PMAPI. Delivery other than ground is the responsibility of the customer.

REMEDIES UNDER THIS WARRANTY ARE LIMITED TO PROVISIONS OF REPLACEMENT PARTS AND REPAIRS AS SPECIFICALLY PROVIDED. IN NO EVENT SHALL PMAPI BE LIABLE FOR ANY OTHER LOSSES, DAMAGES, COSTS OR EXPENSES INCURRED BY THE CUSTOMER, INCLUDING BUT NOT LIMITED TO, LOSS FROM FAILURE OF THE PRODUCT(S) TO OPERATE FOR ANY TIME, AND ALL OTHER DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING ALL PERSONAL INJURY OR PROPERTY DAMAGE DUE TO ALLEGED NEGLIGENCE, OR ANY OTHER LEGAL THEORY WHATSOEVER. THIS WARRANTY IS MADE BY PMAPI EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESSED OR IMPLIED. WITHOUT LIMITING THE GENERALITY OF THE FORGOING, PMAPI MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE PRODUCT(S) FOR ANY PARTICULAR PURPOSE. PMAPI EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES.