

General Terms of Payment and Delivery

DOCTER OPTICS GmbH (position as per August 2006)

1. Validity

These General Terms of Payment and Delivery shall apply to all business transactions between us and our customers, even if they are not mentioned expressly once more in future agreements. They shall also apply, if the customers refer to their own terms of business, unless we have explicitly agreed to these.

These terms of delivery shall apply exclusively and only for entrepreneurs, legal entities of public law or special funds under public law according to § 310 Par. 1 BGB (German Civil Code).

2. Contracts

Our offers of supplies and services are non-binding. A contract shall only come into force either with our written order confirmation or with the actual dispatch of the goods in questions.

3. Term for delivery

Unless otherwise agreed, the term for delivery shall start with the dispatch of the confirmation of the order, but neither before the production of documents, licenses, release documents that are possibly to be provided by the customer nor before the receipt of an agreed advance payment. The term for delivery shall be considered kept, if the information on the dispatch readiness has been given or the goods in question have left the company.

The term for delivery shall prolong in case of measures to be taken due to industrial actions, strikes and lock-outs in particular, as well as in the case of impediments that are beyond our control, such as operation interruptions and delay in the supply of essential materials, as far as there is evidence that said impediments have a considerable effect on the supply of the object to be delivered. This clause shall also apply, if such circumstances arise for our suppliers. The term for delivery shall be prolonged for the period of time that such measures and impediments take. We shall not be made responsible for said circumstances even if they arise during an already existing delay. We will inform our clients as soon as possible about the start and end of such circumstances.

We shall be permitted to make partial deliveries within the terms for delivery indicated by us. This clause shall only apply in so far as such partial deliveries do not detrimentally affect the goods in terms of their usefulness.

4. Volume of delivery

The volume of delivery shall be defined by our written confirmation of the order.

During the terms for delivery, we reserve the right to changes in construction or design that are caused by an improved technique or by demands placed by the lawmaker. This clause shall only apply in so far as the object to be delivered does not change considerably and said changes are not expecting too much of the customer.

If the production requires the manufacture of tools that are based on the customer's drawings and technical specifications, the customer shall not have any right to such tools manufactured.

We reserve the ownership and copyright for all documents, such as calculations, drawings etc, that we have delivered to the customer within the placing of the order. It is not allowed to disclose said documents to third parties, unless we have given our express consent in writing to do so.

5. Cancellation costs

If the customer withdraws from the contract without justification, we shall be entitled – without prejudice to the possibility to demand the fulfilment of the contract or to assert a claim to a higher actual damage – to claim 10% of the net selling price (related to the minimum purchase amount) for the expenses we have had by processing the order and for the lost profit. The customer shall be entitled to prove a lower damage.

6. Packaging and transport

Package material shall pass into the customer's possession and is therefore charged by us. Unless otherwise agreed, postage and package expenses are invoiced separately.

7. Acceptance and passing of risk

The customer shall be obliged to accept the object delivered within 14 days after the submission of the provision announcement. Unless we have expressly agreed that the goods in question are supplied by us, said goods shall be handed over at the site of the specific company of DOCTER OPTICS charged with the order.

The customer shall be obliged to check the object delivered for possible defects within 14 days after its acceptance.

If the customer is behind schedule concerning the acceptance of the receipt of the object of purchase, we shall have the right – after granting a grace period of 14 days – to withdraw from the contract and to claim damages for non-performance. The grace period shall be superfluous, if the customer seriously or definitely refuses to take the receipt of the goods or if the customer is obviously not able to pay the purchase price even during this grace period.

If the goods are delivered to the customers' on their request, the risk of accidental loss or deterioration of the goods shall be passed to the customers when the goods leave the company/stock at the latest. This clause shall apply regardless of whether the goods are delivered from the place of performance and irrespective of the party who takes over the freight charges. In the event that the customer declares that he will not accept the goods delivered, the risk of accidental loss or deterioration of said goods shall pass to the customer at the time of refusal.

8. Changes in price

Changes in price shall be permissible if the time between the conclusion of the contract and the agreed date of delivery exceeds 6 weeks. If the wages, material costs or market-related cost prices increase afterwards till the completion of the delivery, we shall be entitled to raise the price according to the higher costs. The customer shall only be entitled to withdraw from the contract, if the price increase is significantly higher than the increase in the general cost of living concerning the time between the order placement and the delivery.

9. Warranty

A defect of the goods delivered by us is given, if they do not have the agreed quality. If such a quality has not been agreed upon, a defect is given, if the goods are not suitable for the use stipulated contractually or otherwise, if they are not suitable for their normal use. A minor limitation in value or suitability for the contractually agreed or normal use is not considered a defect.

The customer shall be obliged to check the objects delivered for their correct suitability immediately after their delivery and to inform us about possibly existing faults. Obvious defects of the objects delivered are to be put forwards within 14 calendar days after their delivery at the latest. Moreover, the customer shall be obliged to inform us about not obvious defects promptly after having detected them. Apart from these clauses, businessmen have to comply with § 377 HGB (commercial code). As far as a defect of an object delivered exists, we shall be entitled to deliver a substitute or to remove the defect. If we remove the defect we shall be obliged to bear the required costs for transport, ways and materials as well as the expenditure on labor, unless they are increased due to the fact that the purchase goods are to be delivered to another location than the agreed one.

In the event that the removal of the defect/delivery of a substitute fails, is unacceptable, is refused by us or the deadline of minimally three weeks set by the customer has expired, the customer shall be entitled to either withdraw from the contract or to reduce the purchase price. If the customer claims us for damage due to a defect said claim shall only be justified according to the following provisions regarding liability.

From the day of the passing of the risk, a period of warranty of one year is given for removing a defect, delivering a substitute, withdrawing from the contract and reducing the price. The claims of the purchaser based on defects shall expire one year from the day of the passing of the risk.

10. Liability for violation of duties

In the event of the violation of contractual duties, goods delivered with defects excluded, the customer shall only be allowed to withdraw from the contract and claim for damages, if a period given by the customer to produce the results, at least two weeks, has expired and we have not fulfilled this contractual duty.

We shall only be made liable for damages due to the violation of contractual duties (delay, impossibility, defectiveness, violation of contractually agreed collateral duties) if the failure to comply with such duties is caused by intention or gross negligence or if the violated contractual duty is considered an essential contractual duty.

As far as we shall hold responsible for a damage due to the intentional or grossly negligent violation of an essential contractual duty, our liability is limited to the foreseeable and contractual-typical damage, but maximally to an indemnity that corresponds to our company's liability insurance (amount covered restricted to EURO 10,225,583.70 for the individual case). If our company's insurance liability does not take over or only partly takes over the costs, we shall only be hold liable up to a maximum of the amount covered.

The just mentioned limitations of liability shall not apply for damages to life, personal injuries or injuries to health.

As far as our liability is excluded or limited, this clause shall also apply for the personal liability of our employees, working force, staff, representatives and vicarious agents.

This clause does not affect the legal burden-of-proof regulations.

11. Reservation of ownership

We reserve the ownership of the objects delivered up to the date of their payment.

If the customer fails to pay our invoices completely or partly, we shall be entitled to withdraw from the contract after an ineffectual term of payment and to require the delivery or return of the objects delivered as far as said objects still belong to the customer's property. The customer shall be obliged to provide us a list of the still existing objects and to grant us the access to them.

Moreover, the customers shall be entitled to resell the objects delivered according to the ordinary course of business. Nevertheless, even now they transfer all claims to us according to the amount of the purchase price that has been agreed between us and them (VAT included) and that is gained by the customers from reselling the products, regardless of whether the objects delivered are resold without or after being processed. In the event that the customer's accounts receivable are taken up into an account current, the balance corresponding to the amount of our accounts receivables shall be transferred to us and this with priority with respect to the remaining part of the balance.

The customer shall be entitled to collect the sum due after its transfer. Our power to collect the accounts receivables by ourselves shall not be affected by this clause. However, we shall be obliged not to collect them, if the customer meets his financial obligations as agreed and has not got into arrears. Otherwise, we can ask the customer to inform us about the transferred claims and the parties liable, to give us all information for recovering the amount due, to submit us the documents belonging to them and to inform the parties liable (third parties) about the transfer.

All the expenditures combined with the collection of the sum due from third parties or with the taking back of the objects delivered shall be taken over by the customer.

The processing or modification of the products by the customer shall always be performed for us. If the objects delivered are processed with other objects that do not belong to our property, we shall get the co-ownership of the new products according to the relation of the value of the objects delivered to the other products processed at the time of processing.

If the objects delivered are mixed inseparably with other objects that do not belong to our property, we shall get the co-ownership of the new products according to the relation of the value of the objects delivered to the other mixed products. The customer shall be obliged to hold the co-ownership for us.

The customer is neither allowed to mortgage the goods delivered nor to assign them by way of security. In the event of attachment, seizure or other orders made by third parties, the customer shall be obliged to inform us immediately and to provide all details and documents required to safeguard our rights. Agents of law enforcement authorities or third parties are to be informed on our property.

On the customer's request, we shall be obliged to release the securities we are entitled to if they go beyond the value of the accounts receivables to be secured by more than 20 %.

12. Terms of payment

Subject to other agreements, the purchase price and the expenses for additional services, are due with the delivery of the objects ordered.

Checks and bills of exchange shall only be considered as payment after being cashed. The acceptance of bills of exchange always requires our previous written consent. If bills of exchange are taken in, the bank-related discount and collection charges are invoiced. They are payable immediately. The customer is behind schedule, if our invoices are not settled within two weeks after the receipt and maturity of the accounts receivables. We invoice the legal default interests of 10% per year over the individual basic interest rate of the European Central Bank, unless we can prove a charge with a higher interest rate.

The customer shall only be entitled to set his claims off against our claims, if they have not been contested by us or have been legally determined. The same shall apply for the enforcement of a right of retention.

13. Place of jurisdiction and applicable law

All disputes arising from the contractual relationship are to be settled at the court being competent for our principal place of business. We shall also be entitled to take legal action at the location of the customer's head office.

This contract and all matters arising from it are exclusively subject to German law to the exclusion of the laws on the international purchase of movable property, even if the customer's head office is located abroad.

14. Miscellaneous

The transfer of rights and duties of the customer resulting from the contract concluded with us requires our written consent in order to be effective.

Should any individual provision above be or become invalid, the validity of the remaining provisions hereof shall in no way be affected.

Neustadt, August 2006