

ISL PHOTONICS, JSC
GENERAL TERMS AND CONDITIONS
OF SALE AND DELIVERY

1. GENERAL

1.1. These General Terms and Conditions of Sale and Delivery (hereinafter referred to as "General Terms") are the only terms which govern all commercial relationships of ISL PHOTONICS, JSC, (hereinafter referred to as "ISL PHOTONICS") with business partners, authorized ISL PHOTONICS distributors and purchasers (hereinafter referred to as "Customer" or "Customers"). ISL PHOTONICS will only sell the goods and/or services (hereinafter referred to as "Goods") subject to these General Terms.

1.2. All quotations, contracts for production and sale of goods, all Customers' purchase orders, deliveries and the provision of services e.g. repair, maintenance, inspection or other services, all confirmations or acknowledgments of Customer's purchase orders by ISL PHOTONICS shall be provided exclusively on the basis of these sole General Terms. They shall thus also apply to all our business relations with our Customers, even if they are not expressly agreed again.

1.3. In case of permanent business relations the General Terms shall automatically apply to all deliveries, services and offers to the same Customer, even if these General Terms are not referenced expressly in the course of on-going business relations. If any provision is altered by an instrument in writing the remaining provisions shall remain in full force and effect.

1.4. These General Terms are entered into as of the date of acceptance of every Sales Order issued by ISL PHOTONICS as Seller and the Customer identified on said purchase order. Only with our written acceptance of the order we enter a binding contract. Customer's written acknowledgment or payment of a deposit for the Goods shall be construed as Customer's acceptance of these General Terms.

1.5. The following General Terms are an integral part of the purchase contract and price quotation in the respectively latest version. We shall only be bound to differing or supplementary agreements, in particular the Customer's conditions of purchase, if we have expressly confirmed this. Confirmation must be made in writing. A lack of response on our part does not constitute acceptance.

1.6. These General Terms prevail over any of Customer's general terms and conditions of purchase regardless whether or when Customer has submitted its purchase order or such terms. The inclusion of the Customer's general terms and conditions into the contractual relationship (especially its purchase conditions) is expressly rejected. They will not constitute a part of the contract. Departures from these General terms shall also require a separate written agreement unless otherwise stated in the contract concluded between ISL PHOTONICS and the Customer.

1.7. Alterations and supplements, additional agreements, representations made by field representatives, modifications of already made agreements shall be considered as valid only when agreed upon by an instrument in writing, signed by an authorized representative of ISL PHOTONICS.

1.8. Obvious errors and typographical errors in our offers, order confirmations and price lists do not oblige us to carry out the order at such conditions.

1.9. ISL PHOTONICS has the right to change the General Terms from time to time. They become valid in the

respectively latest version. These General Terms can be viewed anytime and downloaded at www.islphotonics.com and will be sent to the Customer upon request.

2. QUOTATIONS & ORDERS

2.1. Our quotations are non-binding and subject to change without notice. The quotation is drawn up in accordance with the request for quotation from the Customer. The quotation is valid for the duration of 90 calendar days after the date issued.

2.2. We only receive orders subject to our General Terms. We do not accept any conflicting or deviating terms and conditions by our Customers unless we have expressly agreed to them in writing.

2.3. The Order constitutes a legally binding offer by Customer to purchase Goods in accordance with these General Terms and enter into a contract as well Customer's written acceptance of ISL PHOTONICS's quotation.

2.4. Only orders placed in writing are valid; verbal agreements must be confirmed in writing. The order has to describe clearly and detailed the ordered Goods, quantity and requested configurations or special components. Transmission by e-mail is sufficient in order to meet the written form requirement.

2.5. Under the General Terms, orders shall only become binding for us once we have confirmed them in writing. Computer-assisted order confirmation issued by ISL PHOTONICS shall not require a signature. Unless the Customer's order provides otherwise, we have the right to accept the order within 10 working days (Monday to Friday) from the date of receiving the order.

2.6. The Order shall only be deemed to be accepted when ISL PHOTONICS issues the applicable written Order Acknowledgement, at which point the Contract shall come into existence.

2.7. After receipt of Order Acknowledgement, any requests for changes by the Customer can no longer be taken into account.

2.8. Orders may not be canceled, terminated or suspended except by prior written consent of ISL PHOTONICS. A restocking charge of 20% of the price of the Goods will be applied for the cancellation of standard items. Charges for the cancellation of specialty items or items with nonstandard configurations or specifications will be based on non-recoverable expenses accruing to the order sustained by ISL PHOTONICS plus 20% of the selling price (the invoice amount not including freight and other charges).

2.9. In the event that deliveries become impossible for us or our suppliers due to the occurrence of unforeseeable, extraordinary circumstances that cannot be controlled by us with reasonable effort (such as official orders, force majeure or strikes), we shall be released from our delivery obligations, even for orders that have been confirmed.

3. CONCLUSION OF THE CONTRACT

3.1. A contract is concluded if ISL PHOTONICS has sent a written order confirmation upon receipt of a purchase order and if there is no evidence that the Customer has opposed it within five days.

3.2. ISL PHOTONICS shall be entitled to refuse the conclusion of a contract as desired by the Customer through its order; refusal shall in particular be possible in the event of the Customer's lack of creditworthiness or in the case of risk transactions.

3.3. ISL PHOTONICS shall be entitled to subject the acceptance of an order to the provision of security or of an advance payment (e.g. deposit, payment on account, bank guarantee, ...).

3.4. ISL PHOTONICS shall also be entitled to refuse the agreed service or delivery at any time after acceptance of the order if the Customer is in payment default or if ISL PHOTONICS becomes aware of circumstances concerning the Customer's economic situation that suggest to ISL PHOTONICS that its claims are not or are insufficiently secured.

3.5. ISL PHOTONICS shall confirm in writing any modifications of and amendments to a contract in order to make these valid. ISL PHOTONICS shall be bound by Customer's conditions of purchase only if ISL PHOTONICS has accepted them separately.

3.6. In the event that import and/or export licenses or foreign-currency permits or similar authorizations are required for the performance of a contract, the party responsible for obtaining such documents shall make every reasonable effort in order to obtain the necessary licenses or permits in due time.

4. CONFIDENTIALITY, INDUSTRIAL PROPERTY RIGHTS AND RIGHTS TO USE, SOFTWARE

4.1. The Customer shall hold confidential and shall not use, disclose or permit others to use any confidential information identified as such in writing or orally by ISL PHOTONICS or information which the Customer knows or ought to reasonably know is confidential, proprietary or trade secret information of ISL PHOTONICS, including, without limitation, trade secrets embodied in Goods.

4.2. ISL PHOTONICS reserve all title to, and copyright and intellectual property rights in all documents, materials and other items furnished to the Customer by us (e.g., offers, catalogues, price lists, quotes, plans, sketches, images, calculations, details of production and lead time, product and service descriptions and specifications, prototypes/samples, models and other physical and/or electronic documents, information and materials). For the products and Services themselves we reserve all copyright and intellectual property rights.

4.3. The documents must be kept in strict confidence vis-à-vis third parties, even after performance of the contract. The confidentiality obligation will expire only and to the extent that the knowledge contained in the documents provided has become generally known or we have given our written consent to the Customer to its disclosure.

4.4. Drawings, design drafts, other technical documents, samples, catalogues, brochures, pictures and alike shall always remain the intellectual property of ISL PHOTONICS. Any use, copying, reproduction, dissemination and transfer to third parties, and any publication and presentation thereof may only be affected with the express approval of the owner.

4.5. The Customer undertakes to keep all business information and/or know-how, of which he is or becomes aware, confidential, also beyond the duration of the business relationship. Information that is publicly known or which has entered the public domain or which has been received from third parties is excluded from this agreement.

4.6. The Customer is granted a nonexclusive right to use the software supplied including its documentation handed over by ISL PHOTONICS for implementing the Contract. The software is provided for using for the

specified Goods. The software may in particular not be used on more than one system. The Customer may copy, revise, translate the software or convert the object code into the source code only to the extent permitted by statute. The Customer is entitled to make one back-up copy. The Customer undertakes not to remove or to alter any manufacturer's details - in particular copyright notices - without the express, prior consent of the Supplier. All other rights in the software and in the documentation including the copies shall remain with ISL PHOTONICS or the supplier of the software. The grant of sub-licences is not permitted. The Customer is not authorized to transfer, store and/or further process the software on another system or storage medium. It may be transferred or surrendered to third parties only on the system, storage medium or Goods agreed with the Supplier. Documentation of the software shall be provided only to the extent supplied by the Supplier.

5. PRICES

5.1. Unless otherwise agreed in writing in an individual case, all prices shall be net prices EXW Ex Works (Incoterms version valid on the date when a contract is signed) ISL PHOTONICS's warehouse at 1346 Voluyak, Bulgaria, exclusive of insurance and all applicable state or local excise, sales, use, value-added or other taxes, (including any customs or duties) and any similar charges, all of which are payable by the Customer.

5.2. Unless otherwise stated in the ISL PHOTONICS quotation or sales order acknowledgement, all quotations shall expire 90 calendar days after the date issued.

5.3. The prices shall include the costs of transport packaging. Other costs such as the costs for special packaging, additional costs for individual shipments, freight, shipping costs from the warehouse of ISL PHOTONICS to final place of destination and insurance, customs and other additional expenses shall be borne entirely by the Customer. The Customer shall also bear any customs dues, value added taxes, border levies etc., even if the contract for the transportation is concluded by ISL PHOTONICS in the specific case.

5.4. The prices shall be based on the costs at the time of the order, unless otherwise agreed. In the event that costs change during the period until delivery, these changes shall be in favor or at the expense of ISL PHOTONICS respectively.

5.5. We reserve the right to modify prices in the event of significant changes in costs. In the event of an increase, we shall inform the Customer as soon as the modification of prices is done.

6. PERIOD OF DELIVERY

6.1 In the absence of any other agreement, the period of delivery shall begin at the date on which ISL PHOTONICS has received a payment on account that is due prior to start production, and/or a payment guarantee has been issued and the receipt of the order acknowledgment signed and stamped for acceptance. A written electronic Order Acknowledgment will be sent by ISL PHOTONICS after advance payment receipt. If such is not sent, it shall then commence on the day on which ISL PHOTONICS accepts the order. Compliance with the deadline by ISL PHOTONICS shall require the clarification of all commercial and technical issues between ISL PHOTONICS and the Customer, and compliance by the Customer with all the obligations imposed on it such as the provision of the necessary official confirmations or approvals or the making of a payment on account. If this has not been done, the delivery period shall be prolonged accordingly.

6.2. Delivery dates or deadlines shall be in writing as a part of Order Acknowledgment. The Customer has to return a copy of the order acknowledgment signed and stamped for acceptance within 2 working days from its receipt. Details regarding delivery shall remain non-binding up until our acceptance of an order.

6.3. The delivery period shall be deemed to be complied with if the notification of readiness for shipment is sent on time. Goods ready for shipment must be collected immediately. If the goods are not dispatched in good time without ISL PHOTONICS being at fault, the delivery times shall be deemed to be complied with upon notification of readiness for dispatch. If acceptance is to be carried out, the date of acceptance shall be decisive except in the event of a justified refusal of acceptance.

6.4. Delivery periods and delivery dates shall always be without obligation due to possible bottlenecks in production capacity or at suppliers.

6.5. If dispatch or acceptance of the subject matter of delivery is delayed for reasons for which the Customer is responsible, it shall be charged the costs incurred as a result of the delay, starting from the notification of readiness for dispatch or acceptance.

6.6. Unforeseen obstacles such as force majeure, industrial dispute or other events that lie outside the scope of influence of ISL PHOTONICS or its sub-suppliers and that render the timely execution of the accepted contract impossible shall entitle ISL PHOTONICS, to the exclusion of claims for damages (including for consequential losses) by the Customer, to withdraw in whole or in part from the contract or to postpone the delivery by the period of the obstacle together with a reasonable start-up time. ISL PHOTONICS shall notify the Customer of the start and end of such circumstances.

6.7. In the event of delivery default, the Customer can, within the limits of the statutory regulations, also withdraw from the contract following the setting and fruitless expiry of a reasonable grace period.

6.8. If the Customer is in acceptance default or if it infringes obligations to cooperate, ISL PHOTONICS shall be entitled to demand compensation for the losses incurred by ISL PHOTONICS, including any additional expenditure. In such event, the risk of accidental loss or accidental deterioration of the subject matter of the purchase shall also transfer to the Customer at the time at which the latter defaults.

6.9. If a delivery is delayed on account of a circumstance on ISL PHOTONICS that constitutes a reason for relief of responsibility, a reasonable extension of the period of delivery shall be granted.

6.10. If the Customer does not accept the goods supplied under the contract in the contractually agreed place or at the contractually agreed time, and if the delay is not due to any action or omission on ISL PHOTONICS's part, ISL PHOTONICS may either demand the performance of the contract or withdraw from the contract, granting a respite. When the goods have been segregated, ISL PHOTONICS may store the goods at Customer's cost and risk. ISL PHOTONICS shall also be entitled to claim a refund of any justified expenses that ISL PHOTONICS had to incur in connection with performing the contract and that are not covered by the payments received.

6.11. Any other claims of the Customer against ISL PHOTONICS for ISL PHOTONICS's delay than those listed in Article 6 shall be precluded.

7. PAYMENT TERMS

7.1. The payments shall be made in keeping with the agreed conditions of payment. Unless specific conditions of payment have been agreed upon, one third of the price shall be due upon receipt of the order confirmation,

one third after half of the delivery period has lapsed, and the rest upon delivery.

7.2. All payments shall be by bank transfer and shall be free of charges for ISL PHOTONICS. Unless expressly agreed otherwise in writing, payments shall be due seven days after the date of invoice. The date on which the corresponding invoiced amount has been credited to the bank account which we have indicated for this purpose determines whether payment was on time.

7.3. Payments can only release the Customer from the debt if they are made to ISL PHOTONICS's bank account in EURO. The payments should be transferred to IBAN BG73PRCB92301448579717, BIC PRCCBGSF. Any changes in company bank account will be notified and confirmed expressly by official letter.

7.4. The Customer shall not have the right to withhold payments due to warranty claims or any other counter-claims that ISL PHOTONICS has not accepted.

7.5. If the Customer defaults on one of the agreed payments or any other performance, ISL PHOTONICS may either insist on the performance of the contract and postpone compliance with ISL PHOTONICS's own obligations until Customer has paid the arrears in payment or provided any other performance; use a reasonable extension of the period of delivery; call for the payment of the full remaining purchase price.

7.6. If the Customer is in breach of this Agreement, including delinquent in payment, ISL PHOTONICS may stop performance, cancel any pending order, terminate the warranty, withhold shipment or declare payable all undelivered goods under any contract with Customer. All outstanding amounts not paid when due shall accrue interest commencing on such due date at the rate of 8 % above the basic rate of the European Central Bank. Customer shall be liable to ISL PHOTONICS for all costs ISL PHOTONICS incurs collecting past due amounts, including reasonable attorneys' fees and expenses. ISL PHOTONICS reserves the right to require alternative payment terms including, without limitation, letter of credit or payment in advance. Payment terms and credit limits are subject to periodic review. ISL PHOTONICS reserves the right to modify existing payment terms from those previously granted or as stated on any valid quotation.

7.7. In all events, Customer shall refund to ISL PHOTONICS the charges and collection costs which constitute a further damage caused by the delayed performance.

7.8. Payment obligations, especially the established values of the money shall be deemed to have been agreed in EUR. In all events, any conversion will be made on the basis of the officially established exchange rates.

8. ACCEPTANCE TEST

8.1 If the Customer wishes to have an acceptance test for the quality control made, such a test shall be agreed expressly in writing when entering a contract. The acceptance test shall be made at the place of manufacture, during the normal working hours of ISL PHOTONICS. ISL PHOTONICS shall inform the Customer in due time of the acceptance test for the quality control so that the Customer may be present during the test, or may be represented by an authorized representative respectively. If the delivery item proves to be contrary to the contract during the acceptance test for the quality control, ISL PHOTONICS shall remedy any defect immediately. The Customer may ask that the test be repeated only in cases of a major defect.

8.2. An acceptance record shall be drawn up following the acceptance test. If the acceptance test has demonstrated that the delivery item has been manufactured according to contract and operates properly, the

two contracting parties shall confirm this at any rate by signing of Check List for Quality Control and Acceptance. If the Customer or Customer's authorized representative is not present during the acceptance test, in spite of having been informed thereof in due time by ISL PHOTONICS, only ISL PHOTONICS shall sign the acceptance record. In any event, ISL PHOTONICS shall send the Customer a copy of the acceptance record, the correctness of which the Customer may not contest, not even in those cases where the Customer or Customer's authorized representative was unable to sign it for lack of attending the test. Unless otherwise agreed, ISL PHOTONICS shall bear the costs for performing the acceptance test. The Customer shall, however, bear any costs incurred by the Customer or Customer's representative in connection with the acceptance test, such as, for example, travels expenses or similar expenses.

9. PACKAGING

9.1. Unless other arrangements have been agreed upon the prices are with packaging.

9.2. The goods are packaged according to normal trade practice in order to avoid, under normal transport conditions, any damage to the goods on the way to their agreed destination. The goods are packaged at Customer's expense, and the packaging material will only be taken back if so agreed by the parties.

10. DELIVERY, RISK OF LOSS AND PASSING OF RISK

10.1. "Delivery" in terms of these General terms shall have the meaning of Customer's receipt of our collection/dispatch notice or, if agreed, handing over of the goods to the carrier or freight company or other party responsible for transportation.

10.2. Unless agreed otherwise in writing, EXW Ex Works (Incoterms version valid on the date when a contract is signed) shall apply to all of ISL PHOTONICS deliveries. The Customer shall pay all taxes, freight, insurance, brokerage, handling, shipping, installation and other expenses, as well as any special packing expenses, whether or not stated on the order.

10.3. Notwithstanding subsection 10.2., and only if agreed in writing with the Customer, ISL PHOTONICS will send the goods to a location specified by the Customer. The Goods are therefore dispatched at the risk and at the Customer's expense. We may, at our due discretion, determine the mode of transport (particularly the selection of freight company and shipping method) and the type of packaging. In such cases, the risk shall pass to the Customer upon the customer's receipt of our dispatch notice or, if the contract does not provide for a dispatch notice, at the latest when the goods are handed over to the carrier or freight company or other party responsible for transportation. The foregoing also applies to partial deliveries or if we have agreed to provide other services (e.g. transport or assembly). Subsection 10.1. and the terms governing place of performance shall otherwise remain unaffected.

10.4. Even in case of carriage paid, the risk of accidental loss and of accidental deterioration of the Goods and the risk of delay shall pass to the Customer: a) In case of deliveries without installation or assembly: in accordance with INCOTERMS EXW clause upon loading to the forwarding agent or carrier or whoever else has been appointed to perform the dispatch, irrespective of whether or not the transport costs are covered by us; b) In case of delivery with installation, assembly or putting into operation: on the day of takeover into the Customer's own operation or, if so agreed, after flawless test operation.

10.5. In the event of delivery or acceptance delays due to circumstances for which the Customer is responsible, all risks including that of accidental loss shall transfer to the Customer at the time of the sending by ISL PHOTONICS of the notification of readiness for dispatch or acceptance. At the Customer's request,

deliveries shall be insured in the Customer's name and for its account.

10.6. ISL PHOTONICS shall not be liable for damages or penalty for delay in delivery or for failure to give notice of any delay, and the carrier shall not be deemed to be an agent of ISL PHOTONICS.

10.7. The goods will be shipped in packing adequate to preserve and protect the goods in transit, marked for shipment to Customer's address or to such other address as Customer may specify in writing.

10.8. We shall only provide transport insurance upon express request by the Customer, who shall bear the costs for this.

10.9. If circumstances become known which give rise to serious doubts as to the solvency or creditworthiness of the Customer, we may refuse performance and set a reasonable time limit to the Customer within which it must pay against delivery. In the event of the Customer's refusal or if a time limit lapses without result, we will be entitled to rescind the contract and/or claim damages.

10.10. When the Customer receives the Goods, they have to be checked for transport damages. If damages are visible, ISL PHOTONICS advise to write down a remark while unloading on the delivery document countersigned by the lorry driver. A document ACCEPTANCE AND RECEIPT OF GOODS has to be fulfilled for each delivery.

10.11. The Customer is obligated to confirm upon request the receipt of goods on the delivery note sent by us or transmitted electronically with the necessary details for tax-free deliveries within the European Union.

10.12. The delivered Goods must be inspected thoroughly immediately after delivery to the Customer or to third parties indicated by the Customer. The Customer must file claims in writing within seven days upon receiving the goods at their destination. Claims pertain to visible defects or other defects that are detected immediately after inspections. If not detected, such defects are considered to have been accepted if a claim is not filed to ISL PHOTONICS within seven days from shipment. In relation to other defects, shipped objects will be considered to have been accepted if a claim is not sent to ISL PHOTONICS within seven workdays from the time at which the defect is detected; if the defect was detected by the Customer over the course of normal use at an earlier time, this time is considered to be the time from which expiration of the deadline for filing claims is counted. Claims will only be taken into consideration when goods are in the same condition as during delivery. This concerns contractual relations with non-traders only when this pertains to visible defects.

11. CANCELLATIONS

11.1 Orders which have been shipped to ISL PHOTONICS are not subject to cancellation. "Special Orders," which are orders for items customized for the Customer, are not subject to cancellation. Orders other than "special orders" that have not been shipped may be canceled in writing by the Customer to ISL PHOTONICS but are subject to a cancellation charge or the total cost incurred by ISL PHOTONICS on account of the cancellation, whichever is greater. Orders that are cancelled within one week of the date of the purchase order are subject to a cancellation fee equal to 10% of the purchase order price. Orders cancelled more than one week after the date of the purchase order and more than 90 days before the planned shipment date from the factory are subject to a cancellation fee of 30% of the purchase order price. Orders cancelled from 90 to 61 days before the planned shipment date from the factory are subject to a cancellation fee of 50% of the purchase order price. Orders cancelled from 60 to 31 days before the planned shipment date from the factory

are subject to a cancellation fee of 75% of the purchase order price. Any order cancelled within 30 days of planned shipment date from the factory will be subject to a cancellation fee equal to 100% of the purchase order price. If within one year of the placement of the purchase order for the equipment, the Customer fails to accept delivery of the equipment or fails to pay the full contract price for the equipment; ISL PHOTONICS may deem the purchase order as cancelled by the Customer and will assess a cancellation fee.

12. RESERVATION OF OWNERSHIP

12.1. ISL PHOTONICS shall reserve the ownership in the object sold until the Customer has met all financial obligations of the claim underlying this delivery from ISL PHOTONICS. ISL PHOTONICS is entitled to document Seller's ownership on the outside of the delivery item. In case of payments on account, the conditional merchandise shall be the security for outstanding balances.

12.2. If payment is fully or partially against securities or guarantees, ISL PHOTONICS reserves the property until the return of the security or guarantee certificate or until a doubtless waiver of the rights from the security or guarantee. The customer is entitled to alienate or to process the good subject to the reservation of title in the due course of business.

12.3. In the event of Customer's default in payment, ISL PHOTONICS have the right to take back the object. Such action does not present a withdrawal from the sales agreement. If the value of such object exceeds the amount of our claims by more than 20%, we shall be obligated to transfer the respective securities or release the object at our discretion upon Customer's request.

12.4. The Customer is obligated to treat the goods subject to reservation of title with care. In particular, the Customer shall be obligated to adequately insure such goods at its own cost at replacement value against fire, water damage and theft.

12.5. The Customer is obligated to inform us about any interference by third parties with our ownership rights. This applies to any execution measures both against the goods to which title is reserved and against the claims assigned in advance. Any costs arising in this connection shall be borne by the Customer.

12.6. The Customer shall be authorized to collect the claims assigned only in the ordinary course of business and only subject to revocation. We will be entitled to revocation if the Customer fails to meet its payment obligations to us, is in payment default or if a petition for the opening of insolvency proceedings is filed. In the event of revocation, the Customer will be obligated to communicate to us, on request, the amount of its claims and the names of the third-party debtors as well as to notify the third-party debtors of the assignment.

13. PRODUCT WARRANTY

13.1. ISL PHOTONICS warrants to the Customer (an authorized ISL PHOTONICS reseller or distributor or end user), that the Product conforms to applicable ISL PHOTONICS Product specifications and is free from defects in design, materials manufactured by ISL PHOTONICS and in ISL PHOTONICS's workmanship. These non-transferable warranties start on the date of loading from ISL PHOTONICS warehouse (the warranty start date only for end user); and from the date of delivery, evidenced by signed International consignment note (CMR) (the warranty start date only for an authorized ISL PHOTONICS reseller or distributor), and continue until the end of the warranty period listed in ISL PHOTONICS's order acknowledgement.

13.2. In contractual relations with end user, ISL PHOTONICS provides a warranty for a period of 24 months or 4000 working hours, which came first, from the date of loading from ISL PHOTONICS warehouse. In

contractual relations with an authorized ISL PHOTONICS reseller or distributor, ISL PHOTONICS provides a warranty that the goods will be failure-free for a period of max 25 months or 4000 working hours. which came first, from the date of delivery, evidenced by signed International consignment note (CMR). The warranty period for the cutting head, manufactured by PRECITEC, the warranty period is 1 (one) year for the Customer (an authorized ISL PHOTONICS reseller or distributor or end user).

13.3. Products or major components manufactured by companies other than ISL PHOTONICS bear the original manufacturer's warranty and warranty period. ISL PHOTONICS assigns to Customer and, if Customer is a Distributor, to Distributor's customer, ISL PHOTONICS's limited warranty towards its supplier. In such case, the Customer has the right to acknowledge receipt of a copy of said warranty.

13.4. Subject to the below provisions, ISL PHOTONICS shall undertake to remedy any defect affecting the fitness for use which is due to a deficiency in design, material or workmanship. ISL PHOTONICS shall also be responsible for any defects concerning expressly requested properties. ISL PHOTONICS warrants that its delivery or performance is of the quality agreed and fulfils the intended purpose of use.

13.5. The above obligation shall only apply to such defects that appear within a period of 24 months or 4000 working hours, which came first, for end user, and max 25 months or 4000 working hours, which came first, for an authorized ISL PHOTONICS reseller or distributor, ISL PHOTONICS, when working a one-shift operation, as of the passage of risk, or as of the completed assembly, in case of a delivery with assembly respectively. For example: 1-year warranty period (12 months), we mean 2000 working hours – that is, 250 working days x 8.

13.6. THIS LIMITED WARRANTY (a) IS IN LIEU OF, AND ISL PHOTONICS DISCLAIMS AND EXCLUDES, ALL OTHER WARRANTIES, STATUTORY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR OF CONFORMITY TO MODELS OR SAMPLES; (b) does not apply to optics or any Goods which have been (i) repaired, altered or improperly installed; (ii) subjected to improper use or storage; (iii) used or incorporated with other materials or equipment, after the Customer or anyone using the Goods has, or reasonably should have, knowledge of any defect or non-conformance of the Goods; or (iv) manufactured, fabricated or assembled by anyone other than ISL PHOTONICS; (c) shall not be effective unless the Customer notifies ISL PHOTONICS in writing of any purported defect or non-conformance within (thirty [30] days) after the Customer discovers or should have reasonably discovered such purported defect or non-conformance; and (d) shall only extend to the Customer and not to any subsequent customers or users of the Goods. The Customer shall provide ISL PHOTONICS access to the Goods as to which the Customer claims a purported defect or non-conformance. Upon request by ISL PHOTONICS, the Customer shall, at its own risk and expense, promptly return the Goods in question to ISL PHOTONICS Plant.

13.7. ISL PHOTONICS guarantees that the goods display the promised properties, have no defects diminishing their value or impairing their suitability for the intended use, which they correspond to performance and specifications, offered by ISL PHOTONICS, and that they are of faultless quality. The goods must meet all regulations of public law at the place of use – if these regulations were indicated to ISL PHOTONICS – and, specifically, conform to the pertinent EU directives.

13.8. If the Customer orders inspection of delivered goods and the inspection reveal a defect for which ISL

PHOTONICS is not responsible, we charge a handling fee for every inspected machine if no defect is found. Our liability is limited to the intent of gross negligence, regardless of legal grounds. We give advice on technical application in accordance with our knowledge. All data and information on the subject of the purpose of our products are not binding, however, and do not release the Customer from conducting his own inspections and tests. The Customer is responsible for adhering to legal and official regulations during use of goods. We may only be held liable for the purpose of goods for the performance of specific tasks in the case of an unequivocal written assurance from our side. Return shipments are to be performed in the original packaging or full-value replacement packaging meeting the necessary requirements.

13.9. Unless expressly agreed otherwise: (a) our products and services meet (i) at the time of Delivery, and (ii) for twenty-four (24) months thereafter (continued warranty) solely the specifications agreed with the customer in writing (or, in the absence of any such agreement, the product specifications contained in our published product data sheets) and the statutory standards applicable in Bulgaria at the time of Delivery; and; (b) the customer is solely responsible for integrating the products in its existing technical, structural and organizational framework (customer's responsibility for system integration).

13.10. The obligations of ISL PHOTONICS are limited to the repair or replacement (at ISL PHOTONICS option) of any Product that does not meet the ISL PHOTONICS warranty during the warranty period. ISL PHOTONICS warrants repaired or replaced Products under warranty only for the remaining unexpired period of time in the original warranty.

13.11. This warranty excludes and does not cover defects or damage resulting from any of the following: contamination of external optical surfaces; unauthorized modification, misuse or mishandling, disassembly or opening, neglect, or damage from accident; operation outside environmental specifications or product ratings; user software or interfacing; components and accessories manufactured by companies other than ISL PHOTONICS, which have separate warranties; improper or inadequate installation, site preparation or maintenance; or failure to follow information and precautions contained in the operating manual.

13.12. ISL PHOTONICS assumes no responsibility for Customer or third-party supplied material, components, systems or equipment. Products and repaired Products may contain components that have been previously used in other products, however such Products meet ISL PHOTONICS Product specifications for newly manufactured Products. The Customer must give prompt notification to ISL PHOTONICS of any claim under the warranty in writing. ISL PHOTONICS has no responsibility for warranty claims more than 30 days after the Customer discovers or becomes aware of the claimed defect.

13.13. For warranty claims asserted during the period of twenty-four (24) months following Delivery (continued warranty), the Customer shall bear the risk of return transportation unless the defect has already been there at the date of Delivery.

13.14. The Customer must always give us the time and opportunity required in order to examine reported defects and other complaints and effect subsequent performance; this particularly includes furnishing us with the goods in question for testing purposes or, if they have been permanently installed or similarly affixed at a certain location, providing access to the goods.

13.15. If the goods are in fact defective, we will cover the necessary expenses for the purpose of examining

the goods and effecting subsequent performance, particularly including transport, infrastructure, labor and material costs. If the customer's request to remedy a defect proves to be unjustified, we may re-quire the customer to reimburse our costs.

13.16. The Customer may claim the present article only if he informs ISL PHOTONICS in writing and without delay of any defects that have appeared. Once ISL PHOTONICS has been informed of defects in this way, ISL PHOTONICS shall - if the defects must be remedied according to the provisions of the present article - at ISL PHOTONICS's choice: a) rework the defective goods on site; b) have the defective goods or the defective parts shipped back for reworking; c) replace the defective parts; d) replace the defective goods.

13.17. If ISL PHOTONICS arranges for the defective goods or parts to be returned to ISL PHOTONICS for the purpose of reworking or replacement, the Customer shall bear the costs and the risk of the transport, unless otherwise agreed. The re-shipment of the reworked or replaced goods or parts to the Customer shall be at ISL PHOTONICS's costs and risk, unless otherwise agreed.

13.18. **ISL PHOTONICS CANNOT BE HELD RESPONSIBLE FOR DAMAGES TO PEOPLE OR THINGS DUE TO AN IMPROPER USE OF THE MACHINE OR BECAUSE THE PRESENT FIRE PREVENTIVE MEASURES HAVE NOT BEEN ADOPTED.** The User's and Maintenance Manual describe all measures capable of ensuring a safe and long-lasting operation of ISL PHOTONICS plants. A careful reading of the Manual is strongly recommended.

13.19. If ISL PHOTONICS arranges for the defective goods or parts to be returned to ISL PHOTONICS for the purpose of reworking or replacement, Customer shall bear the costs and the risk of the transport, unless otherwise agreed. The re-shipment of the reworked or replaced goods or parts to the Customer shall be at ISL PHOTONICS's costs and risk, unless otherwise agreed.

13.20. The defective goods or parts, which are replaced according to the present article, shall be at ISL PHOTONICS's disposal.

13.21. ISL PHOTONICS shall only refund any costs for remedying a defect, undertaken by Customer himself, if ISL PHOTONICS has agreed to this procedure in writing.

13.22. ISL PHOTONICS's warranty obligation shall only apply to defects that appear when observing the applicable operating conditions and putting the item to normal use. His obligation shall, in particular, not apply to defects that are due to inadequate installation on the part of Customer or Customer's representative, inadequate maintenance, inadequate repairs or modifications undertaken by other persons than ISL PHOTONICS or ISL PHOTONICS's representative without the written agreement of ISL PHOTONICS's.

13.23. If a defect was caused exclusively or very predominantly by the Customer or a third party, the Customer shall have no claims based on defects. This will be presumed, above all, where the defect is based on the following circumstances: a) faultiness or unsuitability of the instruction given by the Customer for execution of an order or of the material to be provided by it, if the defect was not recognizable for us or if the Customer rejects the concerns voiced by us; b) incorrect or negligent treatment or unsuitable or improper use of the goods after passing of the risk, faulty assembly or putting into operation; excessive strain, use of unsuitable operating material, use of other than original wearing parts, noncompliance with the rules and

guidelines in the operating instruction, improper maintenance, improper interference with the device/machine, especially by untrained staff or staff not trained adequately.

13.24. If the delivered goods are defective, we may first choose whether to make subsequent performance by removal of the defect (subsequent improvement) or by delivery of defect-free goods (replacement delivery). Our right to refuse the chosen kind of subsequent performance on the conditions provided by law remains unaffected.

13.25. As of the beginning of the warranty period, ISL PHOTONICS shall not accept any liability that extends beyond the scope defined in the present article.

13.26. The right to make claims expires when the Customer changes the object of delivery or orders its modification from third parties without the seller's consent, making removal of defects impossible or very difficult. In such a case, the Customer covers the additional costs arising from modification of the machine.

13.27. Unless otherwise agreed, the return procedure for goods reported to be defective ("return goods") shall be as follows: the Customer shall send us, together with its notice of defects ("Return Material Authorization Form" containing the information required in order to properly process the return, particularly the order number, invoice number, exact description (item number) and quantity of return goods. The return goods shall be sent back to us at our request, initially at the customer's expense. If the re-reported defect is legitimate, we will reimburse the customer for the costs of the cheapest shipping method; the foregoing shall not apply if the shipping costs are increased because the goods are located somewhere other than the place of contractually agreed use. For warranty claims asserted during the period of twenty-four (24) months following Delivery (continued warranty), the customer shall bear the risk of return transportation unless the defect has already been there at the date of Delivery.

14. LIMITATION OF LIABILITY

14.1. THE CUSTOMER EXPRESSLY AGREES THAT IN NO EVENT SHALL ISL PHOTONICS BE LIABLE UNDER ANY THEORY OF RECOVERY, WHETHER BASED IN CONTRACT, IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), UNDER WARRANTY, OR OTHERWISE, FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL LOSS OR DAMAGE WHATSOEVER, ANY LOSS OF PROFITS, LOSS OF GOODWILL, LOSS OF OPPORTUNITY, LOSS OF BUSINESS, LOSS OF REPUTATION AS A RESULT OF ANY CLAIM BROUGHT BY THE CUSTOMER OR A THIRD PARTY ARISING OUT OF OR RELATING TO: (i) ANY BREACH BY ISL PHOTONICS OF THESE TERMS; (ii) ANY REPRESENTATION, STATEMENT OR TORTIOUS ACT OR OMISSION (INCLUDING NEGLIGENCE) OF ISL PHOTONICS; AND (iii) ANY USE OF THE GOODS OR THE FAILURE OF THE GOODS TO OPERATE PROPERLY; EVEN IF SUCH LOSSES WAS IN CONTEMPLATION OF THE PARTIES OR WAS WHOLLY FORESEEABLE.

14.2. THE CUSTOMER SHALL INDEMNIFY, DEFEND AND HOLD ISL PHOTONICS HARMLESS FROM AND AGAINST ALL CLAIMS, ACTIONS, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING BUT NOT LIMITED TO ATTORNEY'S FEES) INVOLVING A THIRD PARTY CLAIM ARISING OUT OF CUSTOMER'S USE OF THE GOODS EXCEPT TO THE EXTENT CAUSED BY ISL PHOTONICS'S NEGLIGENCE OR WRONGFUL ACTS.

14.3. THE CUSTOMER EXPRESSLY AGREES THAT IN NO EVENT SHALL THE AGGREGATE LIABILITY OF ISL PHOTONICS UNDER ANY THEORY OF RECOVERY EXCEED THE PURCHASE PRICE OF THE GOODS FROM WHICH LIABILITY AROSE. THE FOREGOING LIMITATIONS SHALL APPLY EVEN IF THE CUSTOMER'S

REMEDIES UNDER THESE TERMS FAIL OF THEIR ESSENTIAL PURPOSE.

14.4. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, CUSTOMER ASSUMES ALL RISK AND LIABILITY FOR THE RESULTS OBTAINED BY THE USE OF ANY GOODS IN THE PRACTICE OF ANY PROCESS, WHETHER IN TERMS OF OPERATING COSTS, GENERAL EFFECTIVENESS, SUCCESS OR FAILURE, AND REGARDLESS OF ANY ORAL OR WRITTEN STATEMENTS MADE BY ISL PHOTONICS, BY WAY OF TECHNICAL ADVICE OR OTHERWISE, RELATED TO THE USE OF THE GOODS.

14.5. It is expressly agreed that ISL PHOTONICS shall not be liable to the Customer for damages in the event of personal injuries, or for damage to goods that are not the subject of a specific contract, as well as for other damage and loss of profit, unless the circumstances of a specific case reveal that ISL PHOTONICS acted with gross negligence.

14.6. The Goods provides only that level of safety that may be expected on the basis of the registration provisions, the operating instructions, ISL PHOTONICS's rules on the handling of the purchased object - especially with regard to any possible inspections - and other instructions given.

15. INSTALLATION AND TRAINING

15.1. All installations of ISL PHOTONICS Products shall be performed by an ISL PHOTONICS service technician, an individual who has successfully completed ISL PHOTONICS training, or an otherwise qualified individual as determined by ISL PHOTONICS.

15.2. Any damages caused in whole or in part by improper or incomplete installation or decommissioning by unqualified personnel will not be covered under warranty.

15.3. The Customer is responsible for all facility connections to the ISL PHOTONICS Products and must comply with ISL PHOTONICS installation requirements outlined in the operator's manual. Installation delays not caused by ISL PHOTONICS, such as inadequate site preparation or delayed or interrupted site access, may be charged to the Customer at ISL PHOTONICS service rates, plus travel expenses incurred due to the delay.

15.4. The Customer is responsible for preparing its facility for machine installation based on the machine's foundation specifications.

15.5. All installations are intended to be performed and completed in consecutive days and any interruption to the consecutive days caused by the Customer will be subject to the charges described above. The Customer shall inform all involved parties (including integrators) of such criteria and submit a completed pre-installation checklist to ISL PHOTONICS.

15.6. Installation work is a paid service unless otherwise specified. The costs of installation include, above all, travel costs, daily food and accommodation, as well as standard fees for work time as well as additional fees for overtime, work at night, work on Sundays and holidays, work under heavy conditions, as well as planning and inspection. Costs for preparation, travel, waiting times, and travel times are invoiced separately. If start-up is delayed due to our fault, the Customer covers costs for the waiting time and further travel that is necessary. The Customer, at his own expense, makes available the required assisting personnel, equipped with the appropriate tools in the appropriate quantity. In addition, the Customer provides storage of machine parts, equipment, materials, tools, etc. in a sufficiently large, dry, and closed room. The Customer shall ensure the same protection for personnel and equipment as he would for his own assets. If the Customer's facility

requires the appropriate protective clothing or equipment for assembly personnel, the Customer shall naturally make the required equipment and gear available. Our installation personnel and their assistants are not authorized to perform works that do not fall within the responsibility of performing obligations arising from delivery and setup or assembly of the object of delivery. They are also not authorized to order work from third parties without the consent of the customer or our consent. We are not liable for works that do not fall within the scope of our responsibilities. If assembly is performed by the customer or third parties appointed by him, applicable company and assembly regulations must always be followed.

15.7. The Customer must provide the following at his cost and risk in a timely manner: a) The support staff needed for the assembly and/or commissioning (for whom and for whose work ISL PHOTONICS shall have no liability whatsoever); b) The preliminary work, jigs and fixtures, materials, aids and tools necessary for the assembly and/or commissioning, lockable rooms suitable for properly keeping safe the equipment and materials of all kinds provided by ISL PHOTONICS for the assembly and/or commissioning; c) Apart from that the Customer is under a duty to carry out any necessary structural and other measures that are necessary for carrying out the assembly and/or commissioning work in a timely and proper manner.

15.8. All risks associated with the equipment and materials of whatever kind intended by ISL PHOTONICS for the assembly and/or commissioning (including the transport risk) shall be borne by the Customer.

16. SAFETY PRECAUTIONS

16.1. The Customer shall require employees to use all safety devices, guards and proper safe operating procedures as set forth in manuals and instruction sheets furnished by ISL PHOTONICS. The Customer shall not remove or modify any such device, guard or sign. It is Customer's responsibility to provide all the means that may be necessary to effectively protect all employees from serious bodily injury which otherwise may result from the method of particular use, operation, set-up or service of the equipment. If the Customer fails to comply with such provisions of this paragraph or the applicable standards or regulations aforementioned, The Customer shall indemnify and hold ISL PHOTONICS harmless from and against any and all claims, losses or damages arising from such failure. It is the responsibility of the Customer to comply with all local laws, regulations and codes.

17. EXPORT AND IMPORT CONTROL

17.1. In case export and import control rules apply to our Goods (including Licensed Software) or Services, in particular rules of the Federal Republic of Germany (e.g. Foreign Trade Law ("AWG"), German Foreign Trade Regulations ("AWV")), European Union (e.g. EC Dual Use Regulation) and the United States of America, customer shall immediately provide us with all information and documentation necessary for the compliance with such rules. This shall also apply to end use certificates. Obtaining an import permit shall always be Customer's obligation.

17.2. The Goods delivered by us (also in the context of provision of Services) may be subject to export restrictions, e.g. of the United States of America or the European Union. The Customer is obliged to comply with said rules in case of resale. This shall apply mutatis mutandis for restrictions applicable to the provision of our Services or Licensed Software.

18. PLACE OF JURISDICTION, APPLICABLE LAW, PLACE OF PERFORMANCE, LANGUAGE

18.1. The law of the Republic of Bulgaria applies to each order and contract and these General terms.

18.2. Place of performance for all liabilities arising from these General terms is the place of business of ISL

PHOTONICS.

18.3. Exclusive place of jurisdiction for all disputes arising directly or indirectly under the contractual relationship is the location of ISL PHOTONICS. We remain entitled, however, to sue the Customer at its place of business. Notwithstanding the foregoing, at its exceptional discretion ISL PHOTONICS, may choose to set up a claim, security measure claims and take any other action against the Customer in accordance with its place of business.

19. DATA PROTECTION (GDPR)

19.1. Any information related to an identified or identifiable natural person ("Personal Data") which either party received from the other party; and/or is processed by the customer as part of providing or receiving Services under an agreement shall be processed by that party only in strict compliance with applicable data protection laws.

19.2. The Customer shall inform its affected personnel about processing of their Personal Data by us for the purposes of the respective agreement so that we comply with our information obligations under applicable data protection laws; where the customer is reasonably missing details to provide complete information, we will provide such information to the customer upon request.

20. CE DECLARATION OF CONFORMITY

20.1. The delivered Goods meet all provisions, directives and standards regarding the respective product. A declaration of conformity (CE) in the sense of the EC machinery directive is issued; ISL PHOTONICS will draw this up and provide it upon delivery.

ISL PHOTONICS may at any time revise these Terms and Conditions by updating this posting. You are bound by any such revisions and should therefore periodically visit our web page to review the then-current Terms and Conditions to which you are bound.