

General Conditions of Business of the Company innovaphone AG

(hereinafter referred to as innovaphone)

1. SCOPE OF VALIDITY

innovaphone's deliveries exclusively take place according to the following conditions of business and to the respective current price list of distribution partners, unless other conditions have been agreed upon in writing. The manufacturer's licence conditions, enclosed with the contract products, will be referred to, in addition.

Deviating conditions of business of the customer are only effective if innovaphone has confirmed them in writing. The same applies to alterations and supplements concerning these general conditions of business.

Commitments and collateral agreements agreed upon verbally need to be confirmed by innovaphone in writing.

2. DELIVERIES AND SERVICES

2.1. All enclosures added to the offer like pictures, drawings, patterns and declarations of weight are not part of the contract, unless they were by innovaphone emphatically characterized as binding.

2.2. innovaphone is entitled to deliver contract products deviating from the customer's order if the technical capacity and the ability to function are not affected by the change of products and - in case a certain design has been agreed upon - the outer appearance of the contract products is not concerned by it.

2.3. The right to deliver and invoice by instalments remains reserved, unless something different has been agreed upon in writing or the customer proves that the instalment delivery is of no interest for him.

2.4. Delivery dates agreed upon are considered to be met when the contract product is handed over to the carrier at the delivery date agreed upon, unless other explicit written agreements have been made.

If the dispatch of products ready for dispatch is delayed for reasons that are not innovaphone's responsibility, the contract products can be stored at the customer's expense and risk.

2.5. The delivery date is agreed upon according to innovaphone's expected capabilities and is meant to be provisorily in regard of unforeseen circumstances and hindrances, irrespective of whether they occur on innovaphone's or the manufacturer's side, such as force majeure, governmental measures, refusal to be granted official permissions, strikes of any kind, sabotage, shortage of raw materials, accidental delay in material deliveries. Events of such kind result in an appropriate extension of delivery dates, even if they occur within a period of delay that has started even earlier.

In case innovaphone should be in arrears of delivery, the customer is entitled to withdraw partially or completely from the contract after innovaphone has been granted an appropriate extension in writing. Unless the customer proves that the default or the impossibility of performances occurred due to innovaphone's or one of the company's accomplices' gross negligence, the scope of the claim for compensation is limited to the amount of the delivery or instalment delivery's order value. Claims for consequential damages are excluded in this case. If innovaphone, after a set extension in writing, finally fails to lead through a delivery, the customer is entitled to claim damages, but limited to an amount of for each week 0,5 % - altogether of 5 % - calculated according to the value of those wares, who could not have been put into operation because of the delay. The total of the compensation determined hereafter will be considered at the final account.

2.6. Unless special agreements have been made, innovaphone is entitled but not obliged to insure the products meant to be dispatched against transport risks of all kind at the customer's expense. Neither this nor the possible acceptance of transport costs has any influence on the transfer of the risk.

3. CANCELLATION OR REFUSAL OF ACCEPTANCE

3.1. Should the customer cancel an order confirmed by innovaphone completely or partially, or should he refuse to accept contract products, ordered beforehand, completely or partially, in spite of having been granted an extension of 10 days, without being entitled to do so, innovaphone is - notwithstanding the observance or setting of any extension or further preconditions mentioned in § 323 para. 2 of the German Civil Code (BGB) - entitled to withdraw partially or completely from the contract and to claim for compensation to the flat rate of 30% of the order value of the contract products, having been cancelled or refused to accept, payable by the

customer. The customer is entitled to prove that the damage emerging for innovaphone is much lower than the claim for compensation to the flat rate of 30%.

Alternatively, innovaphone is also entitled to calculate the actual damage, arising from the customer's cancellation or refusal of acceptance.

Further rights of innovaphone are not prejudiced by the foregoing regulations.

3.2. An agreement concerning the postponement of delivery dates requires to be made in writing. Should the delivery date be postponed for more than four week on the customer's request, innovaphone is entitled to claim payment in advance to the rate of 50% of the order value.

4. ACCEPTANCE AND TRANSFER OF RISK

4.1. Immediately after receipt, the customer must carefully examine the products regarding completeness and correspondence with the invoice. If no admonition occurs within a period of 8 days after receipt of delivery, the acceptance is considered to have taken place. The admonition has to contain a specific description of the detected faults. The customer has to observe this obligation, even if the products are intended for resale. Perceptible faults must directly be reported to the forwarding, postal service, rail shipment office etc. after the taking over. In case of self-pick-up the customer has to examine the handed over products immediately. Regarding hidden faults, the above mentioned period runs from the time of their detection. After the expiration of this period, however, innovaphone will no longer accept any admonitions.

4.2. Minor defects which do not affect the product's ability to function do not entitle the customer to refuse the acceptance.

4.3. The risk is transferred to the customer as soon as the contract product is handed over to the carrier, his representative or any other person named by innovaphone, and, at the latest, immediately after the product has been handed over to the customer or his representative. This regulation applies to returns after repairs of defects as well as paid services.

5. PRICES AND CONDITIONS OF PAYMENT

5.1. The prices, resulting from the current price list of distribution partners, are to be considered FOB Sindelfingen. In addition, the customer will be charged VAT and any other kind of duty in the destination country as well as package, transport costs and transport insurance.

5.2. Payments are due to be made within 30 days after the invoice is issued, without any deduction. The invoice will be issued when the product is delivered. Drafts and cheques will only be accepted on account of performance.

In case of arrears of payments, innovaphone is entitled to claim interest, payable on arrears, to the rate of 8 % higher than the current discount rate of the European Central Bank without further dunning. The right to claim exceeding damages, resulting from arrears, is not prejudiced by the foregoing.

5.3. innovaphone is entitled, in spite of the customer's different regulations, to credit payments first of all to previous debts of the customer. If payments in arrears have already caused additional costs or interest, innovaphone is entitled to credit the payments first of all to the additional costs, then to the interest and finally to the primary obligation.

5.4. In case of counter-claims not accepted by innovaphone or not legally binding, the customer is entitled to off-set or to assert the right of retention.

5.5. Should the customer exceed the due date for payment, mentioned in 5.2., or a due date for payment, especially agreed upon with innovaphone in writing, innovaphone is entitled to deliver products in the future only as instalment deliveries against payment in cash, payment in advance or any other surety from the customer. Furthermore, the exceeding of a due date for payment by the customer results in the immediate maturity of all of innovaphone's financial claims, originating in the business relation with the customer, even if innovaphone has accepted a draft for the claim or agreed upon instalment payment.

6. RETENTION OF TITLE

6.1. Title to all contract products, delivered to the customer, is retained by innovaphone, until each of innovaphone's claims against the customer, originating in the business relation, has been duly satisfied.

6.2. The customer is revocably entitled to pass on reserved goods within the proper conditions of business and under retention of title, whereas he is not entitled to pledge the products or transfer them for security purposes. Should a third party take possession of the reserved goods, the customer must indicate the property of innovaphone and inform innovaphone immediately. In the case of resale to a third party, the customer is responsible for the third party's paying regard to innovaphone's rights.

6.3. In case reserved goods are combined or mingled with products not belonging to innovaphone, innovaphone obtains a share in the ownership in proportion of the reserved goods' value as per invoice to the rest of the products. According to 960 BGB, treatment and processing of the reserved goods take place without obliging innovaphone as the manufacturer to anything. innovaphone obtains a share in the ownership of the products being processed in the sense of the preceding regulations.

6.4. In case of default or insolvency on the side of the customer, innovaphone is entitled to enter the customer's business premises and to take the reserved goods into safe keeping in order to assert the retention of title, notwithstanding the observance or setting of any extension or further preconditions mentioned in § 323 para. 2 BGB.

6.5. If innovaphone takes contract products on the customer's or a third party's premises into safe keeping in the line of retention of title, this is not considered a withdrawal from the contract.

6.6. At the moment of ordering, the customer assigns his claims for the reserved goods' respective value as per invoice, originating in the passing on of the reserved goods to innovaphone in advance. Within the scope of lawful course of business, the customer is entitled and obliged to confiscate. On innovaphone's request the customer will name the assigned claims. In the case of default or insolvency on the side of the customer, innovaphone is entitled to reveal the assignment in the line of securing its financial claims.

6.7. Should the value of the securities exceed innovaphone's financial claims for more than 20%, innovaphone will derequisite the exceeding part of the securities on request of the customer.

6.8. Articles delivered for purposes of testing and demonstrating, remain the property of innovaphone. They only may be used by the customer if a special agreement with innovaphone has been made. The customer must return the articles delivered for purposes of testing or demonstrating to innovaphone at his own expense, including transport insurance, after an agreed period of time in which the customer was allowed to keep the articles he has expired to, if no period of time has been agreed upon, after the written demand of innovaphone. If the customer fails to meet the due date for returning the articles for more than 14 days, innovaphone is entitled to claim compensation for use at the rate of 2% of the articles' list price for each commencing month, payable by the customer. This does not prejudice any further claims of innovaphone.

7. WARRANTY

7.1. Any statements of innovaphone concerning her products and services are only informal descriptions of characteristics, unless innovaphone emphatically assures or guarantees in writing specific descriptions as binding. Technical data and descriptions of products in official product description pamphlets themselves are not equal to any kind of assurance or guarantee of specific descriptions. An assurance or guarantee as legal term requires innovaphone's written confirmation.

7.2. The parties agree, that – regarding the present state of technical development – it is not possible to exclude faults of the delivered software in all thinkable applicabilities.

innovaphone does not guarantee that the programme functions satisfy the customer's demands or that they cooperate with the selection chosen by the customer.

7.3. Excluded from any warranty are defects and damages originating in the following: Wear and tear caused by operation, normal abrasion or improper use; mistakes in operating the product and negligent conduct on the side of the customer; operation under wrong conditions of current (intensity of current or circuit voltage) as well as connection to an inadequate source of power; fire, lightning, detonation or excess voltage caused by the source of power; humidity of any kind; wrong or defective programme or software and/or processing data as well as all parts of consumption, unless the customer proves that these circumstances are not the cause for the defects complained about.

Warranty is also excluded if serial numbers, model indications or similar characteristic marks have been removed or made unreadable.

7.4. These warranty claims against innovaphone become valid from the day of delivery on and fall under the statute of limitations after 12 months from that day on. They are not transferable. If the customer or any further client in

the series of delivery is a private consumer as defined by § 474 para. 1 BGB, the rights and claims of this consumer are in accordance to § 478 BGB not touched by the above provision. Irrespective of this, innovaphone entirely passes on any possible further promises of the manufacturer concerning warranty or guarantee to the customer, without taking responsibility.

7.5. In the case of warranty, it is innovaphone's choice whether the product will be repaired or replaced by innovaphone or one of their accomplices. Replaced parts become the property of innovaphone. Should innovaphone fail to correct the defects within 30 days, the customer is entitled to either annul the contract or to demand an adequate reduction of the purchase price. Extensive or other as the above mentioned claims against innovaphone, especially claims for damages, that are not exclusively happening to the delivered goods themselves or to rights and properties of the customer, like profit lost and other loss of means, are excluded, except in case of intended behaviour or gross negligence, willful withholding of faults leading to damage or acceptance of a respective guarantee for the description of the delivered products. The restriction of liability also does not touch innovaphone's general liability for undutiful violation of life, body or health.

7.6. In the case of rectification, innovaphone bears all necessary costs concerning the supply of replacements, especially the costs for transport, replacement, materials, travel and labour costs. All other costs arising from the rectification, as well as the costs for transport insurance, holdup and storage, are borne by the customer.

7.7. Should the examination of a notification of defects prove that there is no case of warranty, innovaphone is entitled to claim for compensation of all expenses.

7.8. If innovaphone places samples, models or used objects at the customer's disposal, each kind of warranty is excluded. In case the customer is a private consumer as mentioned in § 474 para. 1 BGB, warranty claims against innovaphone fall under the statute of limitations after 12 months from the day of delivery on. Claims for damages are excluded. Above mentioned limitations do not apply in case of intended behaviour or gross negligence, willful withholding of faults leading to damage or acceptance of a respective guarantee for the description of the delivered products. The restriction of liability also does not apply to undutiful violation of life, body or health.

8. LIABILITY

8.1. innovaphone's liability concerning warranty is finally settled in cipher 7. As far as there are no other provisions set hereinafter, all further claims of the customer – irrespective of legal grounds – are excluded. Therefore, innovaphone is not liable for all kinds of damages that are not exclusively happening to the delivered goods themselves or to rights and properties of the customer, especially for profit lost and other loss of means. Beyond that, innovaphone's liability is always limited to those damages who could have been foreseen at the conclusion of the agreement.

8.2. innovaphone's liability for essential breaches of contract and their own or their accomplices' intentional behaviour and gross negligence as well as the liability according to the Law on Product's Liability, is not touched by the foregoing restrictions on liability. The restrictions or limitations of liability also do not apply to undutiful violation of life, body or health. As far as innovaphone's liability is excluded or restricted, these exclusions and restrictions also cover the liability of innovaphone's employees, workers, representatives, agents and auxiliary personnel.

9. AUTHORIZATION OF IMPORT AND EXPORT

9.1. Products delivered by innovaphone and technical know-how are meant to remain and be used in the country of delivery agreed upon with the customer. The re-exportation of contract products - of single parts as well as parts integrated into systems - might require official authorization and is subject to the Regulations on Foreign Trade of the Federal Republic of Germany or any other country of delivery agreed upon with the customer. The customer is obliged to inform himself, independently, about these regulations: for German regulations at the Bundesamt für Wirtschaft, 65760 Eschborn/ Ts, for US regulations at the US-Department of Commerce, Office of Export Administration, Washington, D.C. 20230. Irrespective of whether the customer indicates the final destination country of the contract products delivered, it is the customer's own responsibility to obtain, if necessary, the permission granted by the respective Foreign Trade Authority, before exporting such products.

9.2. Any forwarding of contract products by the customer to a third party, with or without innovaphone knowing about it, demands at the same time the transfer of the Conditions of Export Permits. The customer is liable to innovaphone as far as the proper observance of these conditions is concerned.

10. GENERAL REGULATIONS

10.1. The customer is not entitled to transfer his claims arising from the contract.

10.2. Should the customer be a full merchant, the following regulations hold: The place of fulfilment and place of jurisdiction, including legal actions concerning cheques, bills and documents, is Sindelfingen. However, innovaphone is entitled to sue the customer at any other legal venue.

10.3. These general conditions of business are governed by the legal regulations, being applicable in the Federal Republic of Germany. Excluded are the Uniform Law on the International Sale of Goods, The Uniform Law on the Formation of Contracts for the International Sale of Goods, as well as the UNCITRAL.

10.4. Orders are carried out with the help of automated data processing. Hereby, the customer explicitly agrees with the processing and saving of data, coming to innovaphone's notice in the course of contractual relations and being necessary for the carrying out of the orders.

10.5. innovaphone reserves the right for itself to alter these general conditions of business one-sided at any time. The new conditions of business between innovaphone and the customer are ratified at the moment when the customer places an order after having received the new conditions of business. This regulation also applies for a long-term business relation.