

GENERAL TERMS AND CONDITIONS

Unless otherwise stated in the specific conditions of our proposal, RND general terms and conditions will apply.

1. Contract

1.1 Acceptance

The acceptance of the Buyer is limited to the terms and conditions of this offer. If, for the convenience of the Buyer, the Buyer decides to use his/her own forms to accept this offer, or to purchase equipment or services included in this offer, RND Automation and Engineering's (RND) acceptance is conditioned to the Buyer's acceptance of all terms and conditions contained in this offer. Any and all contracts made between RND and the Buyer is expressly subject to review by RND and RND's approval of the Buyer's solvency.

1.2 Entirety of the Contract

This document, in the event that we receive a Purchase Order, will constitute the entirety of the Sales Agreement between RND and the Buyer. There are no agreements, conditions, or agreements, be they verbal or other, outside of this Agreement. No modification shall be made to this document without prior written approval by RND.

1.3 Cancellation Clause

If the Purchase Order or the Contract should be canceled by the Buyer, the following cancellation fees shall be charged:

- a) Within two weeks of the receipt of the written Purchase Order, RND will bill \$35,000 or keep the deposit, whichever is less.
- b) Two weeks after the receipt of the written Purchase Order, RND reserves a two-week period for powering down its production run and services. After this two-week period, the Buyer may come to RND's facilities to witness the degree of advancement of the work and services. RND will invoice the Buyer proportionately according to the degree of advancement of the equipment produced and/or the services rendered. This price will be based on the sale price of said equipment and/or services. In no case shall this invoice be lower than the amount mentioned in paragraph a.

Any cancellation shall be submitted in written form to the RND facilities last known to Buyer.

RND shall have the right to cancel the Agreement if at any time Buyer does not strictly comply with all terms and conditions of this proposal (including without limitation any requirements of progress payments) or Buyer becomes insolvent or commits any act of bankruptcy within the meaning of United States bankruptcy laws. In the event of such cancellation by RND, RND shall have the same rights of indemnification and reimbursement as set forth in the first sentence of this paragraph.

1.4 Back Charge

RND will not pay claims for expenses of Buyer relating to labor and/or material supplied by Buyer unless (a) RND is advised in writing before such expenses are incurred, and (b) such claims are established to the satisfaction of RND and RND gives Buyer its prior written consent to the supply of such labor and/or material by Buyer.

1.5 Force Majeure

Neither RND nor Buyer shall have any liability to the other or to third parties for any failure or delay in performing any obligation under this Agreement due to circumstances beyond its reasonable control including, without limitation, acts of God or nature, act of government or insurrections, fires, floods, tornadoes, hurricanes, pandemics, strikes (including labor trouble or other industrial disturbance), war, embargoes or blockades, legal restrictions, or power, communication, satellite or network failures.

1.6 Change and Delay

Proposals to amend the detailed specifications may be offered by either party in writing which set forth in detail the particular specifications involved, the changes to be made therein, and the effect, if any, of such change on price, design, performance, weight, time of shipment, and time of installation. No modification of this Agreement will be permitted unless it is in writing and accepted by RND. Should the work be delayed or interrupted by Buyer or other contractors of Buyer, or failure of Buyer to furnish facilities or apparatus as agreed herein, or for any other reason beyond RND's control, Buyer will issue a change order and RND will charge any additional cost resulting from such causes.

1.7 Service Policy

Any and all work and services, which are not explicitly part of this offer, are subject to RND's Service Policy. The Service Policy is an integral part of this offer and only the latest version shall be applicable. The Service Policy's terms and conditions can be changed without prior notice. All service and expenses will be billed weekly and due NET 10 days.

1.8 Installation

If RND does not provide the installation, it is mutually agreed that any superintendent or technician furnished by RND shall be subject to Buyer's general supervision during the term of any service done for Buyer, and RND shall have no liability for schedule performance or costs incurred by Buyer to complete installation. All labor, materials and tools required for such services and installation shall be furnished by Buyer. Buyer remains solely responsible for the installation when such services are provided. It is understood that some reaming of holes and/or realignment or other adjustment in the field may be required and such field labor is for Buyer's account. RND will not offer supervision services in a union facility.

1.9 Subcontractors

RND reserves the right to use subcontractors in the performance of any portion of the fabrication and/or installation work included in this proposal.

1.10 Severability

In the case that any clause or part thereof, should be declared illegal, invalid, or otherwise inapplicable, the validity and application of all of the other clauses will not be affected in any way.

1.11 Employment Solicitation

During the extent of the project and its warranty period, the Buyer agrees to not solicit the employment of the RND resources assigned to the project.

2. Guarantee

2.1 Guarantee of Concept

RND will guarantee that calculations, dimensions, and other specifications integrated during the course of this project will be conceptually correct such that Buyer will have a functioning system. Should a mistake or conceptual error impede the system from running as it was conceived and according to specifications laid out by RND, RND will take the appropriate steps to correct the situation and deliver an operational system to Buyer.

2.2 Guarantee of Means

Throughout the duration of the project, including the start-up and reception phases, RND guarantees Buyer that it will have all the necessary means to carry out the work described in this offer, both in RND's premises in Lakewood Ranch, Florida and on-site.

2.3 Indemnity

The equipment supplied under this offer will include safety features and components supplied by RND and will be delivered with safety instructions for the operators of the equipment. The operation of the equipment or components without their safety devices, or with modified safety features and/or without respecting RND's safety instructions is explicitly outside of RND's responsibility and shall be the responsibility of the Buyer. The Buyer shall indemnify and will defend (by any appropriate means, including lawyers agreeable to RND) RND and explicitly relieves RND of any responsibility, action, legal suit, payments and any form of costs consequent to any loss or incident which could affect RND as a result of personal injury (including loss of life) or material damages which were caused by (1) the withdrawal or modification of safety features supplied by RND, (2) not following RND's safety instructions including, but without explicit limitation, any injury to a person who is riding, climbing, sitting, walking or otherwise interacting with the equipment or components, (3) any portion of equipment or components which already belong to the Buyer or were purchased by him, and were not supplied by RND, (4) wrongful use of the equipment or components, (5) any information, representation, report or data supplied or prepared by the Buyer.

GENERAL TERMS AND CONDITIONS

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2.4 Equipment Guarantee and Liability

RND guarantees that any equipment manufactured by RND conforms with the descriptions and specifications given to the Buyer at the time of purchase. RND guarantees the equipment, provided it is used under normal operating conditions and for the normal intended use of the equipment, to be free of defects of construction and materials for a period of one year unless otherwise specified in the offer. This warranty does not cover any wear parts. During the warranty, and upon presentation by the Buyer of valid proof of the defect or failure, RND will replace, or will repair in the Buyer's plant, any component that shows material or workmanship defects subject to the following conditions:

1. Warranty begins at shipment of equipment from seller to Buyer. In case of an extended start-up, warranty commences at point of first saleable production.
2. The Buyer will inform RND in written form of any defect or fault expeditiously. Thirty (30) days after the discovery of any defect or fault, RND will consider itself free of any responsibility or obligation regarding said fault or defect.
3. The Buyer will return to RND any faulty or defective part or components upon RND's request.
4. This warranty is only valid for equipment and components used in normal conditions of use and maintenance. The warranty does not cover any component or equipment which has been misused, that was involved in any form of accident or abusive usage, or that was modified, repaired, or otherwise altered without following RND's instructions or without RND's written authorization.
5. This warranty only covers software and components produced by RND. Any warranty covering equipment or components supplied by manufacturers other than RND used on the equipment shall be covered, if at all, by the warranties supplied by the manufacturers of said equipment or components and shall be limited in scope to the warranty time period provided by said manufacturers.
6. This warranty only covers the components that have failed. Labor or materials to remove, reinstall, realign, and/or reprogram components is not included in the warranty.

RND MAKES NO WARRANTIES, EITHER EXPLICIT OR IMPLIED, FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL RND BE RESPONSIBLE FOR ANY INDIRECT OR CONSEQUENTIAL DAMAGES THAT THE BUYER MAY SUSTAIN IN CONNECTION WITH THE DELIVERY, USE OR PERFORMANCE OF RND'S EQUIPMENT OR COMPONENTS.

2.5 Insurance

RND guarantees having subscribed liability insurance limited to US \$1,000,000. This insurance is included in the price of the offer.

2.6 Risk of Loss and Ownership Transfer

Unless otherwise set forth in the proposal, the equipment shall be shipped EX-WORKS RND Automation, 3155 Lakewood Ranch Blvd., Lakewood Ranch, Florida, with risk of loss passing to Buyer upon delivery of the equipment to the carrier, irrespective of installation terms. Buyer shall fully insure the equipment against all risks from the time of delivery to the carrier, with policies payable to RND's benefit. Upon request, Buyer shall furnish to RND certificates of insurance evidencing such coverage prior to shipment. Method and route of transportation to be determined by RND unless otherwise specified. Buyer to pay local transfer, unloading, and cartage at destination. Buyer will be responsible for filing any damage claims with the carrier as might be required.

The ownership of and the title to the equipment is transferred to the Buyer once RND has received full purchase price in immediately available funds for such equipment and has received reimbursement for all duties and taxes paid on behalf of the Buyer.

2.7 Crating

RND equipment shall be crated according to RND's exacting packaging and crating standards. Unless otherwise stated in our quotation, equipment is priced for shipment on skids (if necessary), uncrated for air-cushion van carriage. If buyer specifies shipment other than air-ride van, RND is authorized to pack the equipment as necessary, such additional packing at Buyer cost, without the need for specific authorization.

2.8 Duty and Taxes

This offer does not include any taxes. It is up to the Buyer to pay and take care of any taxes and any other fiscal obligations regarding the purchase.

It is also the responsibility of the Buyer to pay any and all duties, excise taxes, and any other forms of taxes, which are applicable to the purchase. In the case that RND shall have to pay any and all forms of duties, excise taxes, and any other forms of taxes on behalf of the purchaser, the Buyer will reimburse RND for these expenses. If the Buyer asks for, or is granted, an exception for any and all forms of duties, excise taxes, and any other forms of taxes, the purchaser explicitly liberates RND of any

responsibility concerning the aforementioned exception, as well as any penalty, interest payments or any other type of obligations and duties which are associated with the aforementioned exception.

Our prices do not include any costs linked to customs formalities.

3. Buyer's Responsibility**3.1 Site Access**

Buyer shall allow RND reasonable access to Buyer's facilities to observe the conduct of the work in progress.

3.2 Buyer-Supplied Data

Buyer acknowledges that RND has relied upon all specifications and other data supplied by Buyer to RND in the selection and design of the equipment and the preparation of this proposal. In the event the conditions differ from those presented by Buyer and relied upon by RND, any warranties or performance guarantees contained herein affected by such conditions shall be null and void, unless otherwise mutually agreed upon in writing.

3.3 Claims and Returns/Reception and Uncrating

All reception and uncrating costs are Buyer's responsibility. It is up to Buyer to provide labor, lifting and other equipment, and, in general, the material and administrative means to take care of the reception and uncrating of the equipment ready to be assembled. Crating materials will be removed from the work area and hauled to a dumpster provided by Buyer.

At the time of unloading, Buyer is responsible for verifying the bill of lading. Any discrepancy must be brought to RND's attention within twenty-four hours followed by a written notice. Any part or piece reported missing after this time will be replaced at Buyer's cost.

3.4 Use of Images

Unless specifically disallowed by any current NDA or Confidentiality Agreement, customer agrees to allow RND to use images and/or video of the machinery to be built for RND's promotional brochures, websites etc.

3.5 Health Hazard and Safety

Buyer shall ensure that the work environment is free of health hazard and shall comply with Safety regulations. When required, Buyer shall provide safety training and protection. RND reserves the right to put the work on hold if the work environment or protection means, provided beyond RND's control, are inappropriate. Any delay resulting will fall under the clause 1.7.

3.6 Samples

The Buyer shall provide a supply of testing materials requested by RND within a timely manner. Failure to comply may result in delay in delivery. Provided samples shall be representative of the final material used and match drawing or model tolerances, materials, and construction.

3.7 Preliminary Test Before Start-up

All materials to be used for testing or preliminary test before start-up should be the same as the samples given at the time of the proposal, clean and free of foreign objects within a timely manner. Necessary inspection and sorting of the buyer's materials or extra labor require to inspect or test or modify will be at Buyer's expense on a time and material basis.

If sufficient materials required for set-up and testing are not available for a period longer than three weeks, the balance of the purchase price of the system will be due and payable.

3.8 Transfer of Responsibility

The responsibility for the equipment is transferred to the Buyer at the time it leaves RND's premises, unless otherwise specified in the shipping terms. Beyond this time, RND shall in no case be responsible for any and all accidents or injury (including loss of life), material and financial losses, which arise from, or are the consequence of, the use of the equipment supplied by RND within the commercial activities of the Buyer.

4. Law, Regulations, and Codes**4.1 Safety Codes and regulation**

The equipment sold hereunder is designed and manufactured to comply with the provisions of the National Electrical Code and the American National Standard Institute's Safety Standards for Conveyors and Related Equipment (ANSI B20.1) in effect on the date of this proposal. Compliance with other federal, state, or local laws or regulations, or electrical, building or other codes, standards or requirements,

GENERAL TERMS AND CONDITIONS

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governmental or private, will be furnished only if expressly set forth in the proposal. RND reserves the right to make changes in the design and specifications of the

equipment sold hereunder, or of any component part, to comply with any applicable law, regulation, code or standard, governmental, or private, where such compliance is deemed advisable by RND, and to make adjustments in the price charged for the equipment sold hereunder to reflect such changes. RND shall not be responsible for failure to comply with laws, regulations and codes it has agreed to comply with when such failure results from a condition that was not contemplated at the time of the proposal or from alteration of the equipment by persons other than RND or from an option or accessory to the equipment which was available to Buyer but omitted at Buyer's direction, or from design or instructions provided by Buyer.

4.2 Local Legislation and Laws

Buyer will apprise RND of any local regulations to which this project will be subjected.

4.3 Choice of Jurisdiction

This offer, in the event that we receive a Purchase Order, will constitute the Sales Agreement and will be subject to the laws of the State of Florida in U.S.A. Any legal proceeds shall be pursued and instructed in said state.

4.4 Mediation

The Buyer and RND agree that before, and as a condition precedent to, the initiation of any legal action or proceeding, all claims, controversies, and disputes arising out of or in relation to the performance, interpretation, application, or enforcement of this agreement, including, without limitation, any breach hereof, the following process must be completed. Within 15 days of receipt of claim, the parties agree that their respective counsel and their project representatives familiar with the issue will schedule a meeting (by telephone or in person) to discuss the claim and to attempt in good faith to resolve it. If after 30 more days, the matter is not resolved, then as promptly as practicable, Buyer's respective Managers or Directors of the project representatives shall meet (by telephone or in person) to discuss and attempt in good faith to resolve the dispute. If after such discussions, either of the parties conclude that no resolution of the dispute is possible, then the dispute shall promptly be referred to non-binding mediation before pursuing any other legal remedy, action, or proceeding.

4.5 Dispute and Arbitration

All controversies not satisfactorily resolved by negotiations of this agreement or mediation, arising in connection with or relating to this agreement shall be appointed to three (3) arbitrators, one appointed by RND and one appointed by Buyer and the third by the first two appointed from candidates submitted by the RND and Buyer. The matter shall be arbitrated in accordance with the rules of the American Arbitration Association. Any decision by two of these three arbitrators shall be final and any award thereunder by the arbitrators may be entered and enforced by the highest court in the jurisdiction.

5. Confidentiality and Patents

5.1 Confidentiality

1. Buyer agrees to restrict dissemination of Technical and/or Marketing Information to within its organization on a need-to-know basis, not to copy or otherwise reproduce Technical and/or Marketing Information, and to use Technical and/or Marketing Information solely for the purpose of purchasing goods and/or services from RND.

2. Buyer agrees that unless it has first obtained the express written permission of RND, it will not use Technical and/or Marketing Information for any purpose other than the purchasing of equipment from RND. Further, nothing in this paragraph shall deny Buyer the right to use Technical and/or Marketing Information received from a third party who:

- a) Lawfully is in the possession of such Technical and/or Marketing Information, and
- b) Is not under any existing obligation to RND with respect thereto.

3. Buyer warrants that all of its employees who shall have access to Technical and/or Marketing Information are under obligation to Customer to:

- a) Hold in confidence all proprietary information made available to them in the course of their employment, and
- b) Use such proprietary information only in the course of business of Buyer.

Further, Buyer shall guarantee the performance of such employees.

5.2 Non-Solicitation

1. During the term of this contract and for a period of one (1) year immediately following the successful completion of this contract, Buyer agrees not to solicit any employee or independent contractor of RND on behalf of Buyer's or any other

business enterprise, nor shall Buyer induce any employee or independent contractor associated with RND to terminate or breach an employment, contractual or other relationship with the RND.

2. Buyer hereby acknowledges:

a) That RND will suffer irreparable harm if Buyer breaches their obligations under this Agreement; and that

b) Monetary damages will be inadequate to compensate RND for such a breach. Therefore, if Buyer breaches any of such provisions, then RND shall be entitled to injunctive relief, in addition to any other remedies at law or equity, to enforce such provisions.

5.3 Patents

RND agrees to indemnify and hold Buyer harmless against charges or claims of infringement of currently existing United States patents owned by third parties in connection with the apparatus manufactured by RND for the equipment which is the subject of this Agreement. Buyer agrees to notify RND in writing, immediately upon Buyer's knowledge thereof, of any charge or claim of infringement and gives RND the exclusive control of the defense and settlement of the charges or claims, including the right to defend, or settle, or make changes in the equipment to avoid any alleged infringement. Buyer is responsible for charges and claims of infringement where Buyer has modified or combined the equipment hereunder with other equipment and where equipment was furnished by RND in accordance with drawings and/or specifications furnished by Buyer.

6. Payment Conditions and Price Validity

6.1 Price Validity

Prices are valid for three (3) months.

6.2 Payment Conditions

All payments are due net, 30 days with requested check.

6.3 Terms of Payment

Domestic

All prices are EX WORKS (according to the 2000 ICC Inco Terms), our plant Lakewood Ranch, Florida unless otherwise stated. Price includes normal skidding only. Special packing requirements are at additional cost.

Standard terms are:

- Thirty (30%) percent deposit to accompany order, payable to **RND Automation**, in US dollars. Upon receipt of deposit, RND will begin production of equipment.
- An additional forty (40%) percent payment is required after the design has been approved and procurement and assembly begins.
- An additional ten (10%) percent payment is required upon powerup and when debug is to begin.
- An additional ten (10%) percent payment is required prior to shipment and after a successful FAT.
- Net balance (10%) due within thirty (30) days from date of shipment.

Time & Materials project terms are:

- Fifty (50%) percent deposit to accompany order, payable to **RND Automation**, in US dollars. Upon receipt of deposit, RND will begin production of equipment.
- Monthly billings will occur one the 1st or 15th of the month. Monthly billings will be once the initial 50% deposit has been exhausted. These payments are NET 15 days.

NOTE: Changes from the above-mentioned Terms and Conditions may be negotiated but must have FINAL APPROVAL BY RND CONTROLLER.

International

- Thirty percent (30%) deposit money to accompany the Purchase Order, payable to **RND Automation**, in US dollars.
- Net balance due by a Letter of Credit and subject to the following conditions:
The Letter of Credit must be CONFIRMED and IRREVOCABLE and shall be payable AT SIGHT upon presentation of proper documents. The Letter of Credit may be transmitted via cable, telex, airmail, or express mail. All banking charges are for the account of the Buyer.

The advising and confirming bank information will be available upon request.

GENERAL TERMS AND CONDITIONS

Unless otherwise stated in the specific conditions of our proposal, RND general terms and conditions will apply.

The Letter of Credit is to be negotiable at the counters of the bank chosen by RND Automation. Indicate total dollar amount as US DOLLARS. All prices are EX WORKS, LAKEWOOD RANCH, FLORIDA, U.S.A. The Letter of Credit is to be negotiable for a period of no less than sixty (60) days from actual ship date. Presentation of documents shall be within 21 days from ship date. Shipment by air will be from ANY U.S.A. AIRPORT. Shipment by ocean vessel will be from ANY U.S.A. PORT. Transshipments and partial shipments shall be allowed. Any costs of inland freight forwarding or handling fees are chargeable to the Buyer's account. All overseas freight charges will be COLLECTED at destination.

NOTE: Changes from the above-mentioned Terms and Conditions may be negotiated but must have FINAL APPROVAL BY RND CONTROLLER.

6.4 Payment Delays

In the event that BUYER is not ready for equipment delivery, Buyer will have to inform RND of this situation. RND, in its turn, will store the equipment in its own facilities and will bill Buyer the appropriate handling and storage fees. If Buyer does not meet with the terms and conditions outlined in this proposal, RND reserves the right to bill Buyer a 1.5% monthly charge on any and all sums due which have not been paid as agreed.

6.5 Service Policy

The following table illustrates the factor to apply to the service rates for on-site work (not including travel time) during construction and start-up.

	=or<10 hrs per day	>10 hrs per day
Weekdays	1	1.5
Weekends	1.5	2
Legal holidays	2	3

Travel time on weekdays will be charged extra at the regular hourly rate (straight time). Travel time on weekend days will be charged extra at the premium hourly rate (overtime).

Weekend stay-over (Saturday, Sunday, and/or holidays) for on call services requested by Buyer will be charged to Buyer at a minimum flat rate of \$250 per day, plus living expenses.

Eight (8) hours per weekday will be charged to Buyer if RND's employee is not requested to work in the plant but is required to stay over.

RND does not want any of its employee to work over 72 hours per week. An RND employee MAY NOT work 72 hours per week for more than two (2) consecutive weeks.

All expenses are calculated according to normal and reasonable practices in the business. Our expenses are estimated on the number of trips and stays as outlined in the price summary. These expenses are sufficient for the work described. However, should the scope of work increase, or any major alterations be made to the project, we will recalculate the new expenses incurred and bill them according to this schedule.

RND policy allows for site employees to return to their normal place of residence once every two weeks. This provision is included in the expense estimate.

6.6 Public and Religious Holidays

Time provisions are based on regular hours excluding weekends, national and religious holidays except if prior arrangements are made.