

Bio-Chem Fluidics Inc.

Terms & Conditions of Sale

1. GENERAL:

(a) This contract contains the entire agreement between the parties and supersedes any prior or contemporaneous oral or written agreements or communications between them relating to the subject matter hereof.

(b) This contract shall not be assigned, modified, or cancelled without Bio-Chem Fluidics Inc.'s ("Seller") prior written consent, and any attempt to assign, modify or cancel it without such consent shall be absolutely void.

(c) Buyer understands and agrees that these terms and conditions shall apply to all orders placed at any time by buyer including any after the order with respect to which these terms and conditions were first delivered to Buyer.

2. CHANGES AND CANCELLATION:

Orders accepted by the Seller are not subject to changes or cancellation by the Buyer, except with the Seller's written consent. If the sale covers product that must be manufactured especially for Buyer and such change or cancellation is made, Buyer shall take all completed goods at full price and all goods in process at cost plus pro-rata profit and Buyer shall reimburse Seller for any loss on materials purchased or on contract for completion of the order. This includes, but is not limited to, all blanket orders, even those without firm release dates scheduled.

3. TITLE, RISK OF LOSS, PRICES:

Terms of delivery are F.O.B. point of shipment (ICC INCOTERMS 1990). Risk of loss and title shall pass to Buyer upon delivery of product to the carrier. Unless specifically otherwise set forth, prices do not include the cost of freight or handling, or costs or charges for insurance or any production, sales, use, transfer, transportation, excise or other tax, tariffs, or custom duties, and Buyer shall pay directly or be charged by Seller for all such costs and/or charges in addition to the price(s) of the product supplied hereunder and Buyer shall be obligated to pay such charges and costs on the same terms as apply to payment of the price(s) hereunder.

4. DELIVERIES:

(a) Delivery of any installment of product within 30 days after the date specified therefore shall constitute a timely delivery. Thereafter, delivery shall be deemed timely unless prior to shipment Seller has received written notice of cancellation. Untimely delivery of one installment shall entitle Buyer to cancel that installment only.

(b) Seller is not responsible for delays in delivery or non-performance resulting from causes beyond Seller's reasonable control. Seller's time for delivery shall be extended by the time required to eliminate such cause for delay. IN NO EVENT SHALL SELLER BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES ARISING OUT OF A DELAY OR FAILURE TO DELIVER, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFIT OR REVENUES.

(c) Unless otherwise specifically expressed, partial shipments shall be deemed acceptable.

5. TERMS OF PAYMENT:

Terms of payment, unless otherwise agreed in writing, are net 30 days from invoice date, in U.S. dollars. Seller reserves the right to charge interest on any unpaid balance at a rate of up to 1-1/2% per month (or the highest rate permitted by applicable laws, if lower) from the due date.

6. REMEDIES:

If Buyer fails to pay when due any amount on any invoice issued in connection with this order, fails to pay when due any amount owing to Seller under any other contract or instrument, is in breach of any of Buyer's obligations to Seller under this or any other contract, or if the financial or business condition or responsibility of the Buyer shall become impaired or unsatisfactory to Seller, Seller reserves the right, at Seller's option, to cancel the order without liability to Buyer, suspend work on the order and/or future orders and/or withhold delivery of all or part of the product subject hereto, in all cases without prejudice to any other legal or equitable remedy, until past due payments are made and satisfactory assurance of payment received. Buyer agrees to pay Seller the cost of collection of overdue invoices, including, without limitation, attorneys' fees. Seller retains a security interest in all goods delivered under this order to secure payment of amounts due in respect thereof. Seller shall, in addition to the rights and remedies herein set forth, be entitled to all rights and remedies provided for in the Uniform Commercial Code and other applicable law as from time to time amended, and at equity.

7. RETURNS/REPAIRS:

No return of product shall be accepted by Seller without a return authorization number (RA#), which shall be issued at Seller's sole discretion. Product returned without authorization may be subject to delay in handling or returned to Buyer, at Buyer's expense. Seller shall not be responsible for material returned unless returned with a valid return authorization number. All items returned shall be packaged with at least the equivalent of the original packing method and material. Seller reserves the right to issue credit for defective materials where availability makes replacement impractical. All product found not defective shall be returned to the Buyer, transportation charges collect. Seller cannot accept billing for packing, inspection or labor charges in connection with any return.

Products that have failed during the warranty period will be evaluated to determine the cause of failure. Returned products that fail published BCV specifications (allowing for normal wear) as a result of a manufacturing error or defect will be repaired or replaced under the terms of BCF's warranty. Failures that result from causes not covered by warranty may be subject to a minimum evaluation or repair charge. Products that have exceeded the warranty period will be subject to a minimum evaluation or repair charge.

8. WARRANTY AND DISCLAIMERS:

Seller warrants that product supplied hereunder shall, at the time of delivery to Buyer, conform to the published specifications of Seller and to be free from defects in material and workmanship under normal use and service. Seller's sole obligation and liability under this warranty is limited to the repair or replacement at its factory, at Seller's option, of any such product which proves defective within two years of date of manufacture (solenoid operated valves and pumps), or 90 days after the date of original shipment from Seller's factory (all other products) and is found to be defective in material or workmanship by Seller's inspection.

Buyer agrees that (1) any technical advice, information, suggestions, or recommendations given to Buyer by Seller or any representative of Seller with respect to the product or the suitability or desirability of the product for any particular use or application are based solely on the general knowledge of Seller, are intended for information guidance only, and do not constitute any representation or warranty by Seller that the product shall in fact be suitable or desirable for any particular use or application; (2) Buyer takes sole responsibility for the use and applications to which the product is put and Buyer shall conduct all testing and analysis necessary to validate the use and application to which Buyer puts the product and for which Buyer may recommend the use or application of the product by others; and (3) the characteristics, specifications, and/or properties of the product may be affected by the processing, treatment, handling, and/or manufacturing of the product by Buyer or others and Seller takes no responsibility for the nature or consequence of such operations or as to the suitability of the product for the purposes intended to be used by Buyer or other after being subjected to such operations.

SELLER MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, OF THE PRODUCT SUPPLIED HEREUNDER, INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE, AND ALL SUCH WARRANTIES ARE HEREBY EXPRESSLY EXCLUDED. SELLER SHALL HAVE NO LIABILITY FOR LOSS OF PROFITS, OR SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES UNDER ANY CIRCUMSTANCES OR LEGAL THEORY, WHETHER BASED ON NEGLIGENCE, BREACH OF WARRANTY, STRICT LIABILITY, TORT, CONTRACT, OR OTHERWISE. SELLER SHALL IN NO EVENT BE LIABLE IN RESPECT OF THIS ORDER AND/OR PRODUCT DELIVERED ON ACCOUNT OF THIS ORDER FOR ANY AMOUNT GREATER THAN THAT PAID TO SELLER ON ACCOUNT OF THIS ORDER.

9. PARTIAL TOOL CHARGES:

Charges for special tools, dies or fixtures required for production of the goods are partial and tools shall remain the property of the Seller.

10. ERRORS:

Stenographic and clerical errors are subject to correction.

11. GOVERNING LAWS:

(a) These Terms and Conditions of Sale shall be governed by and interpreted in accordance with the substantive laws of the State of New Jersey, U.S.A. Any action arising out of or related to this agreement must be commenced within one year from the date the right, claim, demand or cause of action shall first occur, or be barred forever.

(b) If any provision or portion hereof is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions or portions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated. IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES OR EXCLUSION OF DAMAGES, IS INTENDED BY THE PARTIES TO BE SEVERABLE AND INDEPENDENT OF ANY OTHER PROVISION AND TO BE ENFORCED AS SUCH.

12. PATENT INFRINGEMENT:

Buyer expressly assumes all risk of patent infringement by reason of its use of product provided hereunder in combination with other material, or in operation of any process. All uses and applications made of the product are solely at Buyer's risk and Buyer assumes all risk and liability resulting from use of the product delivered hereunder, whether used singly or in a combination with other product.