

# TERMS & CONDITIONS OF SALE

1. This Agreement (the "Agreement") is made between ARIAS TECH LTD.L whose registered office is situated at 375 Brunel Road, Mississauga, Ontario, L4Z 1Z5, Canada (the "Company") and the Buyer whose name and address is set out overleaf (the "Buyer").

2. In this Agreement:

"Carrier" means the shipping company contracted to deliver Goods to the Buyer.

"Conditions" means the terms and conditions of sale set out in this document and any terms and conditions agreed in writing by the Company.

"Goods" means the Security Fog, Security Strobe or SoundWall security sounder or any other products developed or sold by the Company for use in the security market and/or the fluids contained therein and such other goods or services as may be agreed to be supplied by the Company.

"Intellectual Property" means copyrights, patents, trademarks, trade names, design rights and any other intellectual property rights relating to the Goods.

"Price" means the price for the goods at the location quoted and does not include the carriage, packing, insurance and any additional charges for surveys and overnight deliveries.

3. These Conditions shall apply to all contracts for the sale of the Goods by the Company to the Buyer to the exclusion of all other terms and conditions including any terms or conditions which the Buyer may purport to apply under any purchase order, confirmation of order or similar document unless agreed in writing by the Company.

4. Subject to these Conditions all orders by the Buyer for Goods shall be deemed to be an offer by the Buyer to purchase the Goods pursuant to these Conditions. In the event that any order by the Buyer is construed to be an acceptance by the Company of an offer by the Buyer, the Company expressly limits such acceptance to the explicit terms of such order that do not vary with the terms of these Conditions and rejects any additional or varied terms set forth in the Buyer's offer. The Company shall be bound to ship the Goods only after acceptance of an order by the Company (such accepted order, an "Order"). The Company hereby objects to any attempt by the Buyer to add to or vary any term of any Order agreed to by the Company and expressly rejects all such modifications unless agreed to in writing by the Company.

5. The Price shall be the price agreed between the Buyer and the Company at the time the Order is placed. If extra expense is incurred as a result of the Buyer's instructions or lack of instructions, the Company shall be entitled to recover such extra expense from the Buyer.

6.1. All Goods supplied by the Company to the Buyer under the terms of this Agreement shall remain the sole and absolute property of the Company both in law and in equity until the Buyer shall have paid the Company the price together with the full price of any other Goods supplied by the Company to the Buyer pursuant to any other contract between them.

6.2. The Buyer acknowledges that it is in possession of all Goods supplied under the terms of this Agreement solely as bailee for the Company until the Buyer shall have paid the Company the Price together with the full price of any other Goods supplied by the Company to the Buyer pursuant to any other contract between the Company and the Buyer.

6.3. Until such time and in accordance with the above provisions the Buyer becomes the owner of the Goods, it will store them on its premises separately from its own goods or those of any other person and in a manner which makes them readily identifiable as the Goods of the Company.

6.4. The Company may enter upon any premises where the Goods are stored or where they are reasonably thought to be stored for the purposes of repossessing them at any time until payment in full is made.

6.5. Notwithstanding the retention of legal and beneficial ownership in the Goods by the Company in accordance with the above provisions, all Goods supplied by the Company to the Buyer under the terms of this Agreement shall be at the risk of the Buyer as soon as they are collected by the Buyer or delivered to the Buyer at his premises or otherwise to its Order as the case may be.

6.6. Until such time as the Buyer shall have acquired ownership in the Goods the Buyer is licensed by the Company to agree to sell the Goods on the Company's behalf as agents save that the Buyer shall not hold itself out as such but shall sell on its own account and shall hold the entire proceeds of sale as trustee for the Company and shall pay them into a separate bank

account open for such purposes and approved by the Company and shall ensure that in no circumstances are the proceeds mingled with any other money or paid into any overdrawn bank account but are at all times identified as the Company money.

6.7. If the Buyer has not received the proceeds of any such sale, if called upon to do so by the Company, it will assign to the Company within seven days all rights against the person or persons by whom the proceeds are owed.

6.8. Where the Goods are attached to either buildings or plant or machinery of the Buyer, the Buyer agrees that it is not its intention that the Goods thereby become fixtures and fittings or part of the plant or machinery, but the Goods shall remain as chattels and be severable from the buildings or plant or machinery.

7. The Buyer acknowledges and agrees that the Company is the owner of the Intellectual Property and nothing contained in this Agreement transfers such ownership to the Buyer. The Buyer agrees not to cause or permit anything which may damage or endanger the Intellectual Property of the Company in the Goods or the Company's title to it or assist or allow others to do so and the Buyer shall notify the Company of any suspected infringement of the Intellectual Property of the Company.

8. Any delay in the delivery or manufacture of the Goods shall not give rise to any liability to the Company whether or not any time or date is given in this respect.

9. All brochures, catalogues, price lists, samples, particulars of dimensions and other advertising or descriptive material submitted to the Buyer are intended to be approximate only and to give a general impression of the Goods. Unless expressly incorporated the same shall not form part of this Agreement. The Company reserves the right to make minor alterations to the design specification or construction of the Goods without prior notification to the Buyer.

10. Payment of the Price shall be made in full prior to shipment. The Company, in its sole discretion, may allow the Buyer to pay the Price in full within 30 days of the Company's invoice. The Company reserves the right to charge interest at the rate of 4% per annum over the base lending rate for the time being in force on any overdue account from the due date until the date of final settlement.

11. If requested to do so, the Company shall arrange for carriage of the Goods to the Buyer's address. The cost of carriage shall be reimbursed by the Buyer without any set off or other withholding whatever and shall be due on the date of payment of the Price. The Carrier shall be deemed to be the Buyer's agent.

12. In the case of sales where the Company delivers directly or contracts directly with the Carrier, then the Company will repair or (at its option) replace or (at its option) issue a credit note in respect of Goods lost or damaged in transit (other than by default of the Buyer), provided that:

12.1. the Buyer specifies on the Carrier's consignment note details of such loss or damage; and

12.2. in respect of complete non arrival of all of the Goods comprised in the Order, notification is made to the Company within 10 days of the date of invoice and separately to the carrier within the period stipulated by the Carrier's terms of carriage for claims against the Carrier; and

12.3. in respect of damage to all or part of the Goods or loss of part of the Goods comprised in the Order, notification is made to the Company within 10 days of delivery of the Goods (which will normally be stated on the Carrier's consignment note) and separately to the Carrier within the period stipulated by the Carrier's terms of carriage for claims against the Carrier. On request, the Company will inform the Buyer of the name and address of the Carrier and any time limit for claims stipulated by them.

13. Each delivery shall be considered a separate transaction and the failure of any one delivery shall not affect the due performance of this Agreement as regards other deliveries or Orders.

14. The Company will be released from its obligations in the event that performance of this Agreement or any Order shall be prevented by circumstances beyond the control of the Company and in the event of national emergency, war, prohibitive governmental regulations, or any other cause beyond the control of the Company.

15. The Buyer undertakes to insure himself and the operators of the Goods or to ensure that such insurance is obtained by the operators against all liability to third persons for death or personal injury and damage to or

Loss of property arising directly or indirectly out of the use possession or operation of the Goods for such amount as may be prudent in all the circumstances and in any event

16. The Buyer hereby indemnifies the Company against all loss action claims costs demands and proceedings (whether civil or insofar as the same is lawful criminal), legal expenses (on a full indemnity basis), insurance premiums, and all liabilities, judgments, damages, or other sanctions whenever arising, directly or indirectly, from the Buyer's failure or alleged failure to carry out its duties under this Agreement or by reason of any loss injury or damage suffered by any person from the presence of the Goods or the delivery, possession, operation, removal, or return of the Goods or the sale or disposal by the Buyer of the Goods or any defect in the Goods or the design, manufacture, testing, maintenance, or overhaul of the Goods.

CLAUSES 17.1 THROUGH 17.7 DEFINE THE BUYER'S RIGHTS IN RESPECT OF ANY LOSS OR DAMAGE CAUSED BY THE GOODS OR FOR ANY STATEMENTS MADE BY THE COMPANY, THEIR EMPLOYEES OR AGENTS. BUYERS ARE ADVISED TO READ THESE PROVISIONS CAREFULLY.

17.1. The Company's Prices are kept as low as practical and the circumstances of its business preclude full indemnity insurance being obtained at a price which would enable the Company to sell the Goods at a competitive price. In particular, the Company can not obtain insurance covering the following risks: efficacy, installers' indemnity, environmental damage, exemplary or punitive damages. THE COMPANY SHALL NOT BE LIABLE TO THE BUYER FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR UNDER THIS AGREEMENT (WHETHER IN TORT, CONTRACT, STRICT LIABILITY OR OTHERWISE) INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS, LOST DATA, LOSS OF GOODWILL OR OTHER ECONOMIC LOSS, EVEN IF THE COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES IN ADVANCE. NO REPRESENTATION, WARRANTY OR INSURANCE COVERAGE BY THE COMPANY SET FORTH IN THIS AGREEMENT SHALL APPLY TO GOODS THAT THE COMPANY DETERMINES, IN ITS SOLE DISCRETION, HAVE BEEN INSTALLED, REPAIRED, ALTERED, MAINTAINED OR SERVICED IN A MANNER CONTRARY TO THE COMPANY'S RECOMMENDED PRACTICES (INCLUDING, WITHOUT LIMITATION, THE USE OF THE GOODS WITH FLUIDS OTHER THAN RECOMMENDED FLUIDS) OR OTHERWISE HAVE BEEN SUBJECT TO MISUSE, ABUSE, NEGLIGENCE OR DAMAGE. ACCORDINGLY, BUYER IS ADVISED TO CHECK THAT IT IS COVERED BY INSURANCE AGAINST ANY LOSS OR DAMAGE IT MAY SUSTAIN. THE COMPANY DOES NOT PROVIDE ANY RESERVE FOR POTENTIAL LIABILITY.

17.2. The Company agrees to repair or (at its discretion) replace or (at its discretion) issue a credit note in respect of Goods which are found to be defective (fair wear and tear excepted) and which are returned to the Company within three years of the date of delivery (return authorization number (RAN) must be obtained from Company before goods are returned) or any labour required to repair (but not replace or test) defective Goods returned to the Company within one year of the date of delivery, such labour to be provided at the Company's premises only and provided that each of the following are satisfied:

17.2.1. notification of any defect is given to the Company immediately upon it becoming apparent to the Buyer;

17.2.2. the Goods have only been operated under normal operating conditions and have only been subject to normal use;

17.2.3. any Goods or parts of Goods replaced shall become the property of the Company;

17.2.4. no work whatsoever has been carried out to the Goods or any part of the Goods unless by the Company or its authorised dealer;

17.2.5. the defect has not arisen from a design made, furnished or specified by the Buyer;

17.2.6. the Goods have been assembled or incorporated into other Goods only in accordance with any instructions issued by the Company;

17.3. The Company accepts liability:

17.3.1. for death or personal injury to the extent that it results from the negligence of the

Company, its employees (whilst in the course of their employment).

17.3.2. for any breach by the Company of any statutory undertaking as to title, quiet possession and freedom from encumbrance.

17.4. Subject to Conditions 17.2 and 17.3, from the time of dispatch of the Goods from the Company's premises, the Buyer shall be responsible for any defect in the Goods or loss, damage, nuisance or interference whatsoever consequential economic or otherwise or wastage of material resulting from or caused by or to the Goods. THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITY FOR SUCH DEFECT, LOSS, DAMAGE, NUISANCE, INTERFERENCE OR WASTAGE.

EXCEPT AS PROVIDED IN CONDITIONS 17.2 AND 17.3 AND WHERE THE BUYER DEALS AS A CONSUMER (WHEN THE BUYER'S STATUTORY RIGHTS ARE NOT AFFECTED), THE COMPANY HEREBY DISCLAIMS ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED (BY STATUTE OR OTHERWISE), THAT THE GOODS (WHETHER OR NOT THE COMPANY OR ITS EMPLOYEES OR AGENTS HAVE RECOMMENDED THEIR USE) ARE MERCHANTABILITY, ARE NON-INFRINGEMENT, ARE OF ANY PARTICULAR QUALITY, WILL ENABLE THE BUYER TO ATTAIN ANY PARTICULAR PERFORMANCE OR RESULT, WILL BE SUITABLE FOR ANY PARTICULAR PURPOSE OR USE UNDER SPECIFIC CONDITIONS, OR WILL PROVIDE ANY PARTICULAR CAPACITY, NOTWITHSTANDING THAT THE REQUIREMENT FOR SUCH PERFORMANCE, RESULT OR CAPACITY OR THAT SUCH PARTICULAR PURPOSE OR CONDITIONS MAY HAVE BEEN KNOWN (OR OUGHT TO HAVE BEEN KNOWN) TO THE COMPANY, ITS EMPLOYEES OR AGENTS.

TO THE EXTENT THAT THE COMPANY IS HELD LEGALLY LIABLE TO THE BUYER FOR ANY SINGLE BREACH OF CONTRACT OR TORT, THE COMPANY'S LIABILITY FOR THE SAME SHALL NOT EXCEED THE PRICE OF THE RELEVANT OR DEFECTIVE GOODS PROVIDED THAT A NUMBER OF BREACHES OR TORTS, WHETHER SUCCESSIVE OR CONCURRENT, WHICH TOGETHER RESULT IN OR CONTRIBUTE TO SUBSTANTIALLY THE SAME LOSS OR DAMAGE SHALL BE TREATED AS A SINGLE BREACH OR TORT;

17.6.2. The restriction of liability in Condition 17.6.1 shall not apply to any liability accepted by the Company in Condition 17.3 or where the Buyer deals as a consumer.

17.7. If any exclusion or limitation of liability or any other provision contained in this Agreement is held invalid under any applicable statute or rule of law, it shall to that extent be deemed omitted, and the lawful, valid terms shall remain in full force and effect, provided that, if the Company thereby becomes liable for any liability which would otherwise have been excluded or limited, such liability shall be subject to the other exclusions limitations or provisions set out in Conditions 17.1 through 17.6.2.

18.1. The Company shall, at its option, be entitled by notice to terminate this Agreement and/or all or any unfulfilled Orders with the Buyer forthwith and recover all expenses, losses and damage resulting to the Company including (but without limitation to) loss of profit or other consequential loss if:

- (1) the Buyer has a bankruptcy petition presented against him or a bankruptcy order is made;
- (2) the Buyer makes or seeks to make any composition or arrangement with his creditors;
- (3) the Buyer makes a proposal to his creditors for a voluntary arrangement or applies for an interim

order (within the meaning of Section 286 Insolvency Act 1986);

(4) an encumbrancer takes possession of any of the Buyer's assets, or any of the Buyer's property is taken in execution or process of law;

(5) a petition is presented or an order is made or a resolution is passed for the winding-up of the Buyer;

(6) a petition is presented or an order is made for an administration order to be made in relation to the Buyer;

(7) the Buyer's directors make a proposal for a voluntary arrangement with the Buyer's creditors;

(8) the Buyer is unable to pay its debts

(9) a receiver or administrative receiver is appointed over any of the Buyer's assets;

any proceeding is instituted against the Buyer under the provisions of any current or future bankruptcy act or amendment thereto and is not dismissed within 60 days; or

18.1.2. the Buyer fails to make any payment owed to the Company on the due date; or

18.1.3. the Buyer fails to make payment in advance, when requested in accordance with Condition 26, within 7 days of being requested to do so; or

18.1.4. the Buyer fails to take delivery of or to collect the Goods within 14 days of being notified by the Company that they are to be delivered or are ready to be collected; or

18.4.5. the Buyer is in breach of the terms and conditions of this Agreement, any Order and/or any other contract with the Company (including breach of these Conditions) and shall fail to remedy the same within 21 days of notice specifying the breach and requiring remedy (if the breach shall be remediable).

19. The Buyer agrees that it will not use the Goods or sell or supply or offer to sell or supply the Goods for use in such a condition that the use of the Goods in that condition would be unlawful wherever or howsoever and the Buyer undertakes to take such steps as are necessary to ensure that there will be available in connection with the use of the Goods adequate information and about the use for which the Goods are designed about any conditions necessary to ensure that when put to that use the Goods will be safe and without risk to health.

20. The Buyer undertakes to comply with all national and local laws and regulations governing the use and storage of the Goods and to ensure that any operator of the Goods or employee, agent or representative of Buyer will do so.

21. The Buyer shall to inform the Company in the event of any injury caused to any person arising from the use of the goods within 24 hours of the accident or incident occurring.

22. WARNING: THE GOODS SHOULD ONLY BE USED WITH RECOMMENDED FLUIDS. IF THE GOODS ARE USED WITH FLUIDS OTHER THAN RECOMMENDED FLUIDS THE FOG PRODUCED MAY NOT PRODUCE AN ADEQUATE DETERGENT AND COULD BE NOXIOUS OR DANGEROUS. ANY USE OF NON-RECOMMENDED FLUIDS SHALL VOID ANY AND ALL REPRESENTATIONS, WARRANTIES OR INSURANCE COVERAGE BY THE COMPANY SET FORTH IN THIS AGREEMENT.

Fluid of different batch numbers should not be mixed. Fluid should be replaced within its stated shelf life and the Company recommends that the fluid be changed every two years. The Buyer shall:

- if it is an end-user, replace the fluid every two years with a recommended fluid; and
- if it is not an end-user, ensure end-users to whom the Buyer has supplied the Goods to replace the fluid every two years with a recommended fluid.

23. This Agreement is subject to the Law of

Ontario, Canada and any proceedings arising out of or in connection with this Agreement (whether under contract, tort or other theory of liability) must be brought in any Court of competent jurisdiction in Toronto. The submission by the parties to such jurisdiction shall not limit the rights of the Company to commence any proceedings arising out of this Agreement in any other jurisdiction it may consider appropriate. The prevailing party in any dispute arising under or relating to this Agreement shall be entitled to recover from the other party its attorneys' fees and costs incurred as a result of such dispute.

24. The Buyer shall be responsible for complying with any legislation or regulations governing the export and import of the Goods into the country of destination (and any other country through which the Goods pass in transit) and for the payment of any duties thereon. The Buyer shall fully indemnify the Company against any fines, penalties, costs, claims, damages, losses and the expenses suffered by the Company as a result of the Buyer failing to comply with this Clause 24.

25.1. If the Goods are to be manufactured or any process is to be applied to the Goods by the Company in accordance with a specification submitted by the Buyer, the Buyer shall indemnify the Company against all loss, damages, costs and expenses awarded against or incurred by the Company in connection with or paid or agreed to be paid by the Company in settlement of any claim for infringement of any patent, copyright, design, trade mark or other industrial or intellectual property rights of any other person which results from the Company's use of the Buyer's specification.

25.2. The Company reserves the right to make any changes in the specification of the Goods which are required to conform with any applicable safety or other statutory requirements or, whether the Goods are to be supplied to specification, which do not materially affect their quality or performance.

26.1. Without prejudice to any other rights of the Company, if there is reason to doubt that the amounts due from the Buyer under the terms of the Contract will be paid in full according to the terms thereof, then the Company reserves the right to require payment in full before delivering or performing any other work or services whatsoever for the Buyer;

26.2. The Buyer shall indemnify the Company against all losses sustained or extra expenditure incurred as a result of such a suspension of manufacturing, ordering, delivery or other work or services including a reasonable allowance for storage;

26.3. Where payment requested in accordance with this Condition is not received within 30 days of demand, the Company reserves the right to sell or dispose of the Goods produced for the Buyer and to recover any additional loss from the Buyer.

27. ITEMS HAVE NOT BEEN OBTAINED FROM SOURCES HOLDING THIRD PARTY CERTIFICATION.

This Agreement constitutes the complete and exclusive agreement between the parties with respect to its subject matter, and supercedes all prior discussions, understandings and agreements between the parties relating thereto. There are no other agreements, arrangements, communications or understandings, whether written or oral, express or implied between the parties with respect to the subject matter covered herein, except as set forth herein. This Agreement may only be amended, modified or altered by a written instrument signed by both parties.

The parties intend that no term contained in this Agreement may be enforced by a third party.