



## M.I.S. ELECTRONICS STANDARD TERMS AND CONDITIONS

**Terms and Conditions:** These standard terms and conditions shall govern all orders and acceptances (**order(s)**) for services and/or components offered from time to time by M.I.S. Electronics Inc. (**M.I.S.**) to its Customers (**Customer**), shall supersede any inconsistent terms contained in any order received by M.I.S. and cancels, replaces, and supersedes all prior or contemporaneous oral or written correspondence, negotiations, understandings and agreement between the parties with respect thereto.

**1) Prices, Payment and Delivery Terms:** M.I.S. written quotations become void unless accepted by the Customer within 30 days of the date of issue. PRICES ARE SUBJECT TO CHANGE WITHOUT NOTICE. All services are sold on a cash-on-delivery basis and all parts are sold on a pre-payment basis, or on such arrangements as to credit as M.I.S. may, in its sole discretion, grant to the Customer from time to time through its credit department.

Standard delivery period is two (2) weeks commencing after receipt and verification of all required materials. PCB assembly will commence after required parts are available to M.I.S. Any parts shortages, or the requirement for customer information or feedback, or parts discrepancies, constitute an incomplete materials condition, resulting in a project hold status.

M.I.S. shall not be liable for the assembly delays due to the parts manufacturer's production delays.

Invoices shall be rendered upon shipment and are due within 30 days of receipt. Amounts past due are subject to a service charge of 1.5% per month or portion thereof. All quoted prices and payments shall be in Canadian/US Dollars, Ex-works M.I.S.s premises (Incoterms 2000).

The carrier, method of shipment, and routing of shipment shall be selected by M.I.S. in its absolute discretion, unless the Customer and M.I.S. agree in writing to specific delivery arrangements prior to shipment being made. All transportation charges or costs of insurance which may be assessed in connection with all Products delivered hereunder shall be added to the price quoted to the Customer and shall be paid by the Customer.

**2) Component Purchase Liability:** Customer Orders shall be binding. Customer acknowledges that M.I.S. shall make purchase commitments to its Component suppliers (.Vendors.) based upon the Order, and Customer shall be financially responsible for all such Components purchased in support of Customer's Orders. Customer further acknowledges that M.I.S. will be required to order Components in accordance with the various minimum buy quantities, tape and reel quantities, and multiples of packaging quantities required by the Vendor, and agrees that it shall be financially responsible for all such Components. Customer's Component Liability shall be equal to M.I.S. delivered cost of all Components ordered in support of the Customer's Order, less the actual cost of those Components, which are returnable to Vendor (less any cancellation or restocking charges). M.I.S. shall use commercially reasonable efforts to minimize Customer's Component Liability by attempting to return Components to the Vendor.

**3) Acceptance:** Acceptance of the Product shall occur no later than fifteen (15) days after shipment, and shall be based solely on whether the Product passes a mutually agreeable Acceptance Inspection designed to demonstrate compliance with the Specifications. Product cannot be rejected based on criteria that were unknown to M.I.S. or based on inspection procedures that M.I.S. does not conduct. Product shall be deemed accepted if not rejected within this fifteen-day period.

**4) Warranty:** M.I.S. warranty period is for 90 days from date of shipment and is limited to correction of defects in M.I.S. workmanship. M.I.S. shall, at its option and at its expense, repair, replace or issue a credit for product found defective during the warranty period. In addition, M.I.S. will pass on to Customer all manufacturers. Component warranties to the extent that they are transferable, but will not independently warrant any Components. All warranty returns shall be done in accordance with M.I.S. authorized returned material policy. M.I.S. warranty does not include products that have defects or failures resulting from Customer's design of the Products; accident, disaster, neglect, abuse, misuse, improper handling; alterations, modifications or repairs by Customer or third parties; or defective Customer -provided test equipment or test software. Customer bears all design responsibility for the Product.

THE SOLE REMEDY UNDER THIS WARRANTY SHALL BE THE REPAIR, REPLACEMENT OR CREDIT FOR DEFECTIVE PARTS AS STATED ABOVE. In the event that a Product or, any part thereof is repaired or replaced, such event shall not enlarge or extend the Warranty Period for any Products beyond the Warranty Period for the original Products as provided above. THIS WARRANTY IS IN LIEU OF ANY OTHER WARRANTIES EITHER EXPRESS OR IMPLIED, INCLUDING MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE.

**5) Limitation of Liability.** In no event shall either party be liable to the other for any indirect, consequential, incidental or special damages, or any damages whatsoever resulting from loss of use, data or profits, even if such other party has been advised of the possibility of such damages. The limitation set forth in this section shall apply where the damages arise out of or relate to this agreement. For the purpose of this section, both lost profits and damages resulting from value added to the product by Customer shall be considered consequential damages. In no event shall M.I.S. liability under this agreement for any product and/or service (whether asserted as a tort claim or contract claim) exceed the amounts paid to M.I.S. for such product and/or service. In no event will M.I.S. be liable for costs of procurement of substitute goods by customer. These limitations shall apply notwithstanding any failure of essential purpose of any limited remedy.

**6) Cancellation:** In the event an Order is canceled or this Agreement is terminated for any reason (including a breach by M.I.S. or a Force Majeure Event), Customer shall pay M.I.S., termination charges (collectively, the Termination Charges.) equal to (1) the contract price for all finished product existing at the time of termination; (2) M.I.S. cost for all work in process; (3) M.I.S. Delivered Cost of Components ordered in support of Customer's orders;(4). 30% cancellation fee will apply to the quoted/accepted assembly cost. The Customer shall not, under any circumstances, have the right to reschedule an order without first receiving the expressed written consent of M.I.S. (which consent may be arbitrarily withheld), and which may be conditional upon the Customer paying to M.I.S. A rescheduling charge. A complete schedule of such charges is available from M.I.S. and will be provided to the Customer upon request. In the event an Order is canceled after more than ninety days after placement, Customer shall pay M.I.S. a full contract price.

**7) Risk of Loss:** Customer assumes all risks of loss or damage upon delivery to the carrier at the point of shipment.

**8) Taxes:** The price quoted is exclusive of all applicable sales, use, or other excise taxes (including provincial sales tax and goods and services tax) and all other taxes, duties, tariffs, levies, imposts, or fees applicable to or arising from the transaction, and the Customer shall pay promptly all such taxes, duties, tariffs, levies, imposts, or fees in the manner required by law. Where the Customer claims to be entitled to an exemption from the obligation to pay any taxes, duties,

tariffs, levies, imposts, or fees, the Customer shall furnish satisfactory proof of its exemption to M.I.S.,

failing which M.I.S. may charge and the Customer shall pay the amount in question and shall seek repayment from the appropriate taxing or other governmental authorities.

**9) Partial Invoicing/Pre-payment terms:** M.I.S. may deliver products described in a particular order in one or more installments, and where less than all of the Products are included in an installment, the Customer shall be liable to pay the price of the Products that have been so delivered without any hold-back or other allowance with respect to the Products remaining to be delivered by M.I.S. under the particular order. Notwithstanding anything contained to the contrary, M.I.S. reserves the right to invoice Customer prior to shipment for components purchased and being held by M.I.S. specifically for Customer pending completion of an order. For all turn-key assemblies the pre-payment of 30% of the total PO is required at the time of order.

**10) Incorrect or Incomplete Data/Components & Parts:** All prices quoted by M.I.S. pertaining to Circuit Board Assembly Services and Printed Circuit Board Manufacturing are strictly based on the accuracy and completeness of the information, data, specifications, components and/or parts provided by the Customer to M.I.S. Furthermore, the said quotes are based on Customer supplying M.I.S. with components that are in machine useable packaging. In event that during the course of fulfilling its obligations to the Customer in respect of an order, M.I.S. discovers that information, data and/or components/parts and/or materials and/or specifications provided to it by the Customer is inaccurate or incomplete, M.I.S. may, in addition to any other rights and remedies which it may have at law or in equity:

- (a) terminate the order, by notice in writing, and invoice the Customer for all work performed or Products ordered by or supplied to the Customer in respect of the order up to and including the date on which such termination notice is given;
- (b) elect to proceed with the order and charge to the Customer all costs incurred by M.I.S. on a time and materials basis by reason of the Customer having provided M.I.S. with incorrect information, data and/or parts and/or materials and/or specifications.

**11) Title Retention:** Title to and ownership of products shall remain vested in M.I.S. and shall not pass to the Customer until: (a) M.I.S. has been paid in full, the amount of the purchase price for the Products; and (b) Customer has performed all of its obligations under this Agreement. Customer hereby grants to M.I.S. a security interest in Products manufactured for the Customer as general and continuing collateral security to secure payment of the purchase price and grants M.I.S. the unfettered right to register notice of its security interest in such Products under the applicable personal or movable property legislation of those jurisdictions, M.I.S., in its absolute discretion, deems appropriate. Customer further agrees to execute any document or furnish any notices necessary to perfect such security interest.

**12) Force Majeure:** M.I.S. shall not be liable for any damage caused or loss of profit of the Customer arising from a failure by M.I.S. to comply with its obligations under an order where that failure is attributable to circumstances beyond the reasonable control of M.I.S. which include, but are not limited to, acts of God, fire, flood, storm, epidemic, riot, public disorder, any terrorist act, acts of the Customer, inability to obtain labor or material to meet the specifications of the Customer, strike, transportation failure, any act of war (whether declared or not) or any governmental, military, or other similar entity, exercising *de facto* sovereignty for the time being in any relevant jurisdiction, including any embargo or restriction upon shipping or transport.

**13) Default:** The Customer shall be deemed to be in default of its obligations to M.I.S., if: (a) Customer defaults in the payment of any amount owed by or to M.I.S. or defaults in the observance or performance of anything required under an order and these terms and condition; (b) any formal or informal proceedings for the dissolution of, liquidation of, or winding up of, the affairs by the Customer is instituted by, or against the Customer, or where a resolution is passed or any other act undertaken for the winding up of the Customer; or (c) Customer is adjudged, bankrupt or becomes insolvent, or a petition in bankruptcy is filed against the Customer, or where the Customer makes an assignment for the general benefit of creditors or applies for relief under the *Companies Creditors Arrangement Act* (Canada) or where proceedings of any type are instituted in any jurisdiction in respect of the alleged insolvency or bankruptcy of the Customer. Upon any such default, in addition to any other remedies it may have at law or equity, M.I.S. may cancel any other outstanding order from the Customer, refuse to make deliveries and declare all amounts owing to M.I.S. to be immediately due and payable.

**14) Governing Law:** These terms and conditions shall be governed by the law of the Province of Ontario (excluding the United Nations Convention on Contracts for the International Sale of Goods) and each of M.I.S. and the Customer hereby irrevocably attorn to the jurisdiction of the courts of the Province of Ontario.

**15) Severability:** If any provision of these terms and conditions is determined by a court of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable all of the terms and conditions, but rather these terms and conditions shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of the parties shall be construed and enforced accordingly.

**16) Assignment:** The Customer shall not transfer or otherwise assign its rights and obligations under an order and these terms and conditions, in whole or in part, without the prior written consent of M.I.S., which consent may be arbitrarily withheld. Any purported assignment or transfer without M.I.S.'s consent shall constitute a breach by Customer of its obligations to

M.I.S. and shall entitle M.I.S., in addition to any other remedies it may have at law or equity, to terminate any and all outstanding orders and claim for any damages thereby suffered or incurred.

**17) Waiver:** The failure of M.I.S. to insist upon the Customer strict performance in any of the terms and conditions hereunder or a delay by M.I.S. in exercising any of its remedies hereunder shall not constitute a waiver of these terms and conditions or a waiver of any default or any remedy.

**18) Entire Agreement:** The parties confirm that there are no representations, warranties, terms, conditions, collateral agreements, or understandings between the parties other than an expressly set forth in this Agreement.