

Q U O T A T I O N

SFT BoneScan™ X-Ray Inspection System Cooked Quote

**Prepared for:
Chestertown Foods
Mark Fisher**

**Quotation Number:
011001242002CT**

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SFT BoneScan™ X-Ray Inspection System

1.0 Introduction

The SFT BoneScan™ system is a state-of-the-art X-Ray inspection system designed to automatically inspect cooked poultry meat containing bone fragments and other foreign body contaminants including metal, glass, stones and some plastics. The system comprises four main components. (Please refer to drawings, which will show the likely installation dimensions of the BoneScan™ system. The system dimensions given are for guidance only as the system for Chestertown Foods will be designed as far as possible to suit your specific requirements.)

- a. The product infeed conveyor unit.
- b. SFT BoneScan™ machine, which detects the existence of bone fragments.
- c. The product rejection unit and conveyors including two inspection stations.

The BoneScan™ system is designed to meet all relevant USDA food machinery and CEC machinery directives. The system is manufactured from food grade stainless steel and is sealed to IP66 standard.

Items a, and c will be manufactured in the USA by D&F Equipment Inc, Crossville Alabama, and their technical specifications are detailed in the D&F documentation.

The total price for all the units detailed in this quotation includes all work by D&F, Inc.

2.0 SFT BoneScan™ Machine

The SFT BoneScan machine configured for cooked chicken meat presented in a bar coded tray format:

In this configuration BoneScan™ is designed to run at an optimal belt speed of 20 meters per minute. (65ft/min) This equates to a maximum of 25 trays per minute.

Each tray will contain up to 1.8kg of product, giving a maximum capacity of 2.7 tons per hour.

2.1 X-Ray System

The X-Ray system comprises a high voltage power supply, an X-Ray tube and a solid-state diode array sensor.

The sensor will be a SFT SpectraLine design featuring 1250 active sensor elements. Giving a total available sensing width of 500 mm and therefore a belt width of 450mm.

The power supply generates a low ripple; highly stable supply, which feeds the X-Ray tube via a shielded EHT cable. The control of the X-Ray power supply settings is handled automatically from the controlling computer.

The X-Ray tube is a minifocus high quality, water-cooled tube specifically designed to match the energy and wavelength requirements of the X-Ray sensor.

The SpectraLine™ X-Ray sensor is a solid-state diode array having high quantum efficiency with an input phosphor screen designed to suit the wavelength of the X-Ray energy required to penetrate the product being inspected. The output is a digital signal, which will be analysed by the machine image processing system.

The machine has a series of interlocks and emergency stops (in accordance with CEC safety directives) and these will ensure that the power is immediately switched off in the event of any part of the machine being opened, or a failure of the cooling system.

Each BoneScan™ machine is independently certified to be X-ray safe for continuous use in a processing environment. Copies of the certification will be found in the master user manual supplied with the machine.

“Badging” of system operators is not required.

2.2 Intelligent Image Processing System

The Intelligent Image Processing System is a proprietary SFT design specifically created for this type of application. It consists of two state-of-the-art computer systems. The first, the image-processing computer, takes the image of the product and performs a series of calculations with a processing power of 40 nano seconds per pixel. The second computer, a parallel processing DSP network, takes information from the processed image and identifies contaminants using neural network strategies.

2.3 Control System

The control system comprises a number of circuit boards specifically designed for, and controlled by the BoneScan™ computer system. The system will automatically control the timing of the product rejection unit to coincide with the passing of the tray containing detected contaminants.

2.4 System Operation

The BoneScan™ machine is fully automatic and only requires operator intervention on power-up and initial system set-up. The user interface comprises a colour monitor, keyboard and manual control panel, and it is simple and clear such that the system can be set-up by a non-technical user following a short training course.

3.0 Product Reject Conveyor unit

The product reject conveyor is a separate unit designed to be installed immediately after the main BoneScan™ conveyor.

The BoneScan™ unit will control the rejection conveyor.

The rejection mechanism will be of a tray deflector type with the rejected trays being deflected onto a separate conveyor line which leads to the product rework stations. This unit requires a supply of pneumatic air to be available from the customer factory. Good product trays will continue on to the carry away conveyor. Power requirements to be advised.

The product rework stations will include bar code readers, large screen monitors and yes/no buttons. The operator will call up the image for each rejected tray and will manually remove the contaminant using the visual clues given by BoneScan™ on the screen image.

4.0 Feed System

The system can be specifically designed to suit the production line at Chestertown Foods. Approximate tray dimensions are 350mm x 450mm x 50mm. The infeed design will be of a flighted intralox belt type and will carry an infeed bar code reader.

5.0 System Performance

The BoneScan™ performance on the Chestertown Foods production line is **guaranteed** to achieve the following parameters:

Contaminant	Size	Detection %
Wish Bone	2mm x 2mm x 4mm	95%
Wish Bone plate	2mm x 2mm x 4mm	95%
Rib Bone –fully ossified	2mm x 2mm x 4mm	95%
Rib Bone – other	2mm x 2mm x 10mm	80%
Bone fragments, fully ossified from other parts of the carcase	2mm x 2mm x 4mm	95%
Metal	1.5mm x 1.5mm x 1.5mm	95%
Glass	3mm x 3mm x 3mm	95%
Stone	2.5mm x 2.5mm x 2.5mm	95%

Overall false reject rate: Target 0%. Maximum permitted range 0 - 7.5%

The system will be tested and verified to meet these performance parameters on installation. Testing procedures will comprise the introduction to the production line of test piece contaminants agreed by SFT and Chestertown Foods to be representative of the above contaminants. Each test piece will be inserted 100 times and the overall detection percentages will be recorded.

The false reject rate test will comprise The passing of product known to be clear of any contaminants through the machine 500 times. The rejection percentage rate will be recorded.

If any of the recorded results are outside the performance parameters set out above then SFT shall be allowed a period of not longer than 4 weeks to achieve the agreed parameters after which time, if the system cannot demonstrate compliance with the parameters Chestertown Foods may, at it's discretion, receive a full refund of all money paid to SFT up to that point and the machine will be returned at SFT expense.

In the event of successful achievement of the performance parameters by the BoneScan within the agreed time frame the balance of the outstanding account to SFT shall immediately fall due for payment.

These guarantees are subject to the following conditions:

- 1, Based on cooked stripped chicken meat correctly loaded into the machine, i.e., in a monolayer format, in the trays to be supplied by SFT.
- 2, Bone is defined as fully ossified material. Cartilage, gristle and "soft bone" is not considered detectable. Bones that are not fully ossified, for example, (but not limited to) floating rib bones from young (38 – 42 day) birds may not be detected reliably, and in some cases may not be detected at all.

6.0 Price and Delivery**6.1 Price**

Prices are in US Dollars unless otherwise specified.

Price for one custom SFT BoneScan™ Machine \$370,000

Product infeed /rejection/carry away units
plus three rework stations \$ 65,000

500 SFT X Ray product trays@ \$15ea \$ 7,500

500 SFT single code bar code plates @\$6ea \$ 3,000

Shipping and installation costs* \$ 4,000

Total system price delivered and installed \$449,500
Excluding import duties and taxes (if applicable)

* Seafreight cost . Airfreight cost can be quoted at customer preference

Options

SFT can supply approved product trays and bar code plates. Details and quotations are available on request.

6.2 Payment Terms

40% payable with order

50% payable on shipment of the equipment from the UK premises

10% payable on completion of acceptance

Title to the goods shall remain with the seller until the full purchase price of the goods has been received.

6.3 Delivery

The BoneScan™ System will be shipped 14 weeks from placement of order and payment of deposit.

6.4 Validity

This quotation remains valid for 90 days from the date of this quotation.

7.0 Installation and Commissioning

The space requirement for the BoneScan™ system will be clear from the schematic diagram supplied. The purchaser will be responsible for siting of the equipment and the provision of services to the machine as detailed below:

Electrical power:	3 phase + neutral 415v/60Hz/40 Amps (240v Phase to neutral, 5 core cable to be provided, - 3ph + Neutral + Ground) Load between phases is unbalanced.
Pneumatic Requirements:	Clean dry air, 4-bar pressure.
Water:	For belt wash, if required.
Dedicated telephone line*	For optional remote modem link

The Chestertown Foods BoneScan™ unit will be equipped with in built climate control and air conditioning systems designed to work with ambient temperature no higher than 77 degrees fahrenheit. No other cooling provisions are required.

The BoneScan™ system will be installed and commissioned by qualified SFT and D&F Equipment Inc. engineers.

8.0 Training and Documentation

Operator and maintenance manuals will be provided in accordance with CEC directives. These manuals will describe how to use the equipment on a daily basis, and how to perform routine scheduled maintenance. The maintenance manual will also include a recommended spares parts list.

SFT will provide a one-day operator-training course and a one-day maintenance course to be given at the SFT Coleshill facility.

A further one-day general course will be given at the customer's facility following installation and commissioning.

9.0 Warranty and Service

The equipment supplied will carry a 12-month warranty to commence on acceptance of the equipment at the customer's facility.

This warranty shall be limited to the warranty carried by any bought in component used in the system and also shall not include damage caused by miss-use or failure to maintain the unit in accordance with SFT requirements.

SFT shall not be liable for any consequential loss or loss of production howsoever caused. Under no circumstances shall any seller liability under this contract exceed the purchase of the equipment.

The warranty will cease to apply if in the opinion of SFT the equipment is not being used and maintained by the customer or a third party in accordance with the instructions given in the Operator and Maintenance manuals.

SFT and its agents also offer a range of service contracts, the details of which can be given on request.

10.0 General

SFT reserves the right to change manufacturer, origin or design specification of any of the listed items in this proposal due to availability or to improve the performance of the system without deviation from the overall specification of the customer's requirements or quality.

SFT's policy is one of continued product development and we will provide free of charge any software upgrade and at cost any hardware upgrade for one year from customer acceptance.

For and on behalf of
Intelligent Manufacturing Systems, LLC

Ken Libby

REVIEW OF RESPONSIBILITIES

Preparation	IMS, LLC	CUSTOMER RESPONSIBILITY
1. BoneScan™ CIF Fredericksburg, PA	X	
2. Installation Drawings and Instructions Supplied to Customer	X	
3. Transportation To Installation Site		X
4. Unpacking and Equipment Inspection		X
5. Placement of Equipment		X
6. Start Up and Commissioning charged @IMS, LLC standard rate) See Attachment	X	
7. Primary Air Supply to the BoneScan™		X
8. Primary Electric Supply to the Control Panel (415V/3 Phase + Ground 30 Amps incl. 5 core cable)		X
9. Floor Construction must allow BoneScan™ to function without vibration	X	
10. Installation Tools Forklift (4000 lb. Cap.) Electrical Extensions And Supply		
11. Test Product Delivered To, IMS, LLC		X

**Intelligent Manufacturing Systems, LLC.
STANDARD DOMESTIC/FOREIGN SERVICE POLICY**

Intelligent Manufacturing Systems, LLC, to be referred to as IMS, LLC, Service Representative's duty is to assist the customer with any or all of the following to create an environment where the customer is completely satisfied with their equipment. 1) INSTALLATION (The act of placing equipment in a

permanent position), 2) START-UP (The act of connecting power and operating the equipment to test condition), 3) COMMISSIONING (The act of running product until performance specifications are met)

In a normal routine the service representative may perform, but not be limited to:

1. Inspect and recommend any required installation changes.
2. Make minor adjustments or modifications to assure satisfactory production and performance.
3. Start Up and adjust equipment operation.
4. Test and adjust equipment to meet stated performance objectives.
5. Provide training regarding safety, operation and maintenance of the equipment to be installed.

Prior to the service representative arriving, the customer is expected to:

1. Inspect and report any damage to the equipment within twenty-four (24) hours of receiving.
2. With the aid of the plant layout, user's manual, installation drawings, and other data supplied, the equipment should be:
 - a. Bolted together.
 - b. Leveled.
 - c. Electrical power connected throughout machine as well as to the machine.
 - d. Air supply connected throughout machine as well as to the machine.
 - e. Product delivery and outfeed conveyors installed as required.
3. Upon the arrival of the service representative, the work crew should be available at all times. The work crew should normally consist of operators, mechanics, electricians and pipe fitters.
4. Any tools or equipment required for installation and start-up should be available at all times with the exception of minor hand tools such as screwdrivers, pliers, etc.
5. Provide an ample supply of product for final testing when necessary.
6. If the requirements listed above are not complete and satisfactory, IMS reserves the right to reassign its service representative until all requirements are met. This will result in additional travel, living and labor expense that will be billed to the customer.

CHARGEABLE SERVICE CALLS


1. Time chargeable for travel is \$40.00 per hour for weekday travel, \$60.00 per hour for Saturday and \$80.00 per hour for Sunday and/or holiday travel. These charges are for travel to and from the customer's location. Also chargeable is subsistence, air travel, auto rental, taxi service, or any other necessary transportation.
2. The chargeable rate for a service representative is \$80.00 per hour to include the total time that the service representative is at your location available for service and has not been released. In the event that a service representative is required to work the weekend, Saturdays are \$120.00 per hour and Sundays and holidays are \$160.00 per hour. Layover days are charged at \$640.00 per day. If for any reason beyond our control, a serviceman is prevented from performing his job the per diem rate will still be charged.
3. The overtime rate, which is defined as daily hours worked over a basic eight (8) hours, is \$120.00 per hour and approval for overtime must be agreed upon by both the customer and a IMS factory representative. We reserve the right to change the service representative's charges without prior written notification. For verification of present charges, please contact IMS.
4. On any multiple or extended installations or general service requiring extensive service time, the service representative shall return to his home base for one (1) weekend at the customer's expense (travel on regular work days). The maximum time allowed for one (1) trip is two (2) weeks.
5. All services performed by IMS. Service representatives, whether for the installation of new equipment or for service on existing equipment, shall be performed on normal work days which are considered to be Monday through Friday inclusive, normally between the hours of 8:00 a.m. And 5:00 p.m., With one (1) hour for lunch. Any deviation, see the paragraphs on chargeable services included in this policy.
6. Please confirm with IMS (2) weeks in advance an installation/service date when the service representative's presence will be required.
7. IMS Waives all responsibilities for the performance of or the subsequent service to machinery redesigned or in any way improperly altered or installed by the customer. In such instances, we would reserve the right to revoke our normal terms of purchase of the machine.
8. Terms of this service policy apply not only to new equipment being installed, but also to existing equipment being serviced.
9. All inquiries or requests for service shall be made direct to IMS, 1005 Union Center Drive, Suite A., Alpharetta, Georgia, telephone (770) 751-6009. Prices subject to change without notice. All prices are in US Funds

ADDITIONAL TERMS AND CONDITIONS

1. CUSTOMER'S ACCEPTANCE OF ALL OR A PORTION OF PRODUCT(S) ORDERED BY CUSTOMER SHALL CONSTITUTE CUSTOMER'S ACKNOWLEDGMENT AND AGREEMENT TO THE ADDITIONAL TERMS AND CONDITIONS SET FORTH BELOW.
2. IMS, LLC's price quotations are subject to Customer's prompt acceptance. IMS, LLC. reserves the right to adjust its prices until a written order confirmation is received from Customer. All quotations, orders and agreements made between Customer and IMS, LLC's agent(s) shall be subject to the acceptance and approval of IMS, LLC's home office.
3. Once IMS, LLC begins manufacturing product(s) for Customer, no order may be changed or cancelled without written agreement of IMS, LLC..
4. If the delivery date of Customer's order is subsequently delayed at Customer's request, IMS, LLC. may add to original purchase price of product(s) ordered, any increased labor, materials, or holding costs which IMS, LLC incurs as a result of Customer's delay. Once IMS, LLC notifies Customer product(s) are ready to ship and Customer delays shipment for more than thirty (30) days from date of such notification, Customer shall pay a fee of one-percent (1%) per month on the unpaid balance due on Customer's order.
5. On all shipments made F.O.B. shipping point, title to and risk of loss of product(s) pass to Customer upon delivery to carrier for shipment to Customer. Any delivery schedule indicated is based upon IMS, LLC's best estimate. IMS, LLC shall not be liable for any delay in delivery beyond schedule date. On all shipments made F.O.B. our plant, Customer's claim must be made against carrier of product(s). No discount is allowed on transportation charges.
6. On all sales made subject to freight allowance, Customer bears risk of any increase in freight rate costs before delivery. If freight costs decrease, Customer shall receive the benefit of any such decrease. No freight allowance in excess of actual shipment weight shall be made.
7. Customer agrees to inspect product(s) delivered within twenty (20) days of receipt. Customer's rejection of any product(s) shall not be effective unless made and written notice thereof given to IMS, LLC within twenty (20) days of delivery, or before product(s) are altered in any way, whichever is shorter. It shall be deemed conclusively that Customer has accepted product(s) thereafter. Customer's revocation of acceptance shall not be effective unless it is made and written notice thereof is given within twenty (20) days after Customer has discovered a material nonconformity in product(s), or within thirty (30) days after acceptance, whichever comes first.
8. Customer agrees to return all product(s) or parts thereof Customer believes to be non-conforming to IMS, LLC's headquarters at Alpharetta, Georgia, postage or freight pre-paid, within thirty (30) days from date of delivery. Customer shall identify all returned item(s) by date of purchase and provide IMS, LLC with all information necessary to support Customer's claim that returned item(s) are non-conforming. If IMS, LLC determines (after inspection) that returned item(s) are non-conforming, it will ship replacement(s), FOB Customer's plant.
9. IMS, LLC shall not be responsible or deemed to be in default as a result of IMS, LLC's non-performance due to force majeure. Such causes include, but are not limited to natural disaster, fire, labor disputes, failure of vendors to deliver material as scheduled, delays in transportation or other causes beyond seller's control, whether or not these causes are foreseeable to IMS, LLC.
10. Customer agrees that it must pay all IMS, LLC invoices when due, and that prompt payment is of the essence in Customer's contract with IMS, LLC. In the event Customer fails to make payments in accordance with the terms and conditions of Customer's invoice, IMS, LLC may defer further shipments until such payments are made, or may, at its option, elect to cancel all of Customer's uncompleted contracts. Shipment of Customer's order(s) shall be subject to approval of IMS, LLC's credit department. In the event IMS, LLC has doubts regarding Customer's financial responsibility, IMS, LLC may decline to make any shipments to Customer until Customer provides satisfactory security or cash payment before shipment. In the event IMS, LLC elects to suspend delivery of ordered product(s) or terminate its contract with Customer, IMS, LLC's election shall not be a waiver of its right to maintain a claim for damages against Customer.
11. Customer hereby grants IMS, LLC. a security interest in product(s) delivered and proceeds thereof, to secure payment of the price of product(s) and any interest thereon. If requested, IMS, LLC will execute all necessary Financing Statements and other documents deemed necessary by IMS, LLC. to perfect IMS, LLC's security interest.
12. Customer shall pay all sales and/or excise taxes required by any government agency. Customer agrees to pay any increase in price due to any increase in sales and/or excise taxes between time of IMS, LLC's price quotation and date of delivery.
13. IMS, LLC warrants to Customer that non-wear product(s) delivered are free from defects in materials and workmanship, for a period of one (1) year from date of delivery or 2400 hours of commercial operation, whichever occurs first under normal use and service, and will conform to their description and specifications, subject to the customary tolerances and variations. Purchased parts are warranted for ninety (90) days or the period within the designated vendor warranty, whichever is greater. Manufactured parts are warranted for ninety (90) days. IMS, LLC shall have no liability for unauthorized repair work or expenses, and such unauthorized work will void IMS, LLC's warranty. EXCEPT FOR THE FOREGOING, THERE ARE NOT EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR AGAINST THIRD-PARTY CLAIM OF INFRINGEMENT OF PATENTS OR TRADEMARKS.

14. IMS, LLC's warranty shall be void in the event Customer modifies or alters IMS, LLC's product(s) subsequent to initial installation, without the express written consent of IMS, LLC..
15. Customer agrees to indemnify and hold IMS, LLC harmless from any claim which arises out of Customer's use or resale of delivered goods by way of any claim of patent or trademark infringement by third parties.
16. Customer's sole and exclusive remedy for any nonconformity in product(s) shall be, at IMS, LLC's option: (a) repair or replacement of any nonconforming product(s); or (b) return of price paid for any such product(s). The foregoing remedies shall constitute the sole recourse of Customer against IMS, LLC for defect in any product(s), breach of warranty, negligence, or any other claim based upon any assertion that product(s) do not conform in any way. IMS, LLC. SHALL NOT BE LIABLE FOR CUSTOMER'S INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF BUSINESS, LOSS OF ECONOMIC ADVANTAGE, LOSS OF LABOR, LOSS OF PROFITS OR LOSS OF GOODWILL.
17. Equipment purchased from IMS, LLC has been provided to Customer with various safety features. Any actions taken by Customer or their agent to alter, remove, or fail to maintain such safety precautions will void Customer's warranty with IMS, LLC.. Furthermore, Customer shall indemnify IMS, LLC. from all actions, causes or claim from any party that results from Customer's failure to comply with this section of the contract.
18. This document sets forth the entire conditions of this sale. There are no other conditions of sale than as set forth herein. There shall be no deletion or modification of any of the terms and conditions of this sale without the express written consent of IMS, LLC.. No agent, employee or representative of IMS, LLC. has authority to bind IMS, LLC. to any affirmative representation, warranty, modification or waiver of terms and conditions of this sale, unless the same is in writing signed by an authorized representative of IMS, LLC..
19. This agreement shall be construed and governed by the laws of the State of Georgia. Customer agrees that venue for any arbitration or litigation arising out of or concerning in any way the product(s) or sale set forth herein shall lie exclusively within Forsyth County, Georgia. CUSTOMER AGREES THAT ANY LAWSUIT BASED UPON A CLAIM OF ANY NONCONFORMITY OF THE GOODS OR CLAIM OF INFRINGEMENT OF PATENTS OR TRADEMARKS SHALL BE COMMENCED WITHIN ONE YEAR FROM THE DATE OF DELIVERY OF SUCH PRODUCT(S).
20. In the event IMS, LLC hired the services of an attorney to enforce any term or provision of this Agreement, Customer agrees to pay IMS, LLC such attorney fees and costs so incurred, including those incurred prior to actual litigation.

Signed by Customer



Dated 6/28/02

Signed by IMS Agent

Dated