

DISTRIBUTOR AGREEMENT

This Distributor Agreement ("Agreement") is made and entered into as of the 1st day of MAY 2008, between

BIOSENSORS EUROPE SA, a corporation organized under the laws of Switzerland, with its principal office located at rue de Lausanne 29, 1110 Morges (VD), Switzerland ("Biosensors") and

Medikamentu Tinklas Ltd., a Lithuanian company with reg. code: 124980311 ("Distributor") with its principal office located at Algirdo str. 41-1, Vilnius - 03216, Lithuania.

In consideration of the mutual promises contained herein, the parties agree as follows:

1. **DEFINITIONS.** For purposes of this Agreement, the following words, terms and phrases when used herein with an initial capital letter, shall have the meanings herein assigned to them unless the context otherwise requires:

(a) **Affiliate.** The term "Affiliate" means any person or entity directly or indirectly controlling or controlled by, or under direct or indirect common control with a Party, during the term of this Agreement and only so long as such control exists. For purposes of this definition, "control" means the power to direct the management and policies of such person or entity directly or indirectly, whether through ownership of voting or other equity securities, by contract or otherwise, and shall include entities which become Affiliates after the Effective Date of this Agreement.

(b) **Effective Date.** The term "Effective Date" shall mean the date on which this Agreement shall become effective, which the parties agree is May 1, 2008.

(c) **Biosensors' Information.** The term "Biosensors' Information" shall mean all information, other than information in published form or expressly designated by Biosensors as non-confidential, which is directly or indirectly disclosed by Biosensors or its Affiliates to Distributor for purposes hereof or embodied in Products supplied hereunder, regardless of the form in which it is disclosed, relating in any way to the markets, customers, products, patents, inventions, procedures, methods, designs, strategies, plans, assets, liabilities, costs, revenues, profits, organization, employees, agents, distributors or business of Biosensors or its Affiliates.

(d) **Minimum Purchase Requirements.** The term "Minimum Purchase Requirements" shall mean that volume of Products which Distributor shall have agreed to purchase from Biosensors annually, expressed in terms of the aggregate number of units purchased by Distributor, more particularly described in Section 7 and **Exhibit E** attached hereto.

(e) **Product or Products.** The terms "Product" or "Products" shall mean those items more particularly described on **Exhibit A**, attached hereto. Any change in the list of Products shall be made by a signed addendum to this Agreement. Biosensors will use its best efforts to give Distributor at least sixty (60) days advance notice of any intended removal or modification to the Product list, unless otherwise required by market or regulatory circumstances.

(f) **Purchase Price.** The term "Purchase Price" shall mean the price at which Biosensors shall sell the Products to Distributor.

(g) **Tender.** A "Tender" is a formal proposal to buy at a specified price, within a specified timeframe and for a specified number of units.



(h) **Territory.** The term "Territory" shall mean that geographical located described on **Exhibit B**, attached hereto.

(i) **Trademarks.** The term "Trademarks" shall mean the trademarks, logotypes and trade names of Biosensors and its Affiliates listed on **Exhibit C**, attached hereto, as the same may be modified from time to time by Biosensors to include additional trademarks, logotypes and trade names. Any additions or modifications to the list of Trademarks shall be set forth in a signed addendum to this Agreement.

2. **APPOINTMENT AND AUTHORITY OF DISTRIBUTOR**

2.1 Appointment. Subject to the terms and conditions set forth herein, Biosensors hereby appoints Distributor, and Distributor hereby accepts such appointment, to serve as Biosensors' exclusive distributor for the Products in the Territory during the term of this Agreement. For so long as this Agreement is in full force and effect and Distributor is not in default hereunder, Biosensors shall not appoint any other distributor to sell the Products in the Territory.

2.2 Sub-distributors. Distributor shall not, without the prior written approval of Biosensors, appoint any sub-distributors or agents to promote and/or distribute Products within the Territory. Further, notwithstanding Biosensors' approval thereof, Distributor shall at all times remain fully liable for the performance of its sub-distributors and/or agents, and Distributor hereby agrees to indemnify and hold harmless Biosensors from any and all damages, losses, liabilities or expenses (including attorneys' fees and costs) arising in any manner from any act or omission on the part of Distributor's sub-distributors or agents.

2.3 Territorial Responsibility. Distributor shall pursue aggressive sales policies and procedures to realize the maximum sales potential for the Products in the Territory. Without the prior written consent of Biosensors, Distributor shall not advertise, promote or seek customers for Products or establish any office through which orders for Products are solicited in territories exclusively allocated to other distributors or otherwise reserved by Biosensors.

2.4 Competitive Products. Distributor warrants to Biosensors that it does not currently represent, sell or promote any line or products that compete directly or indirectly with the Products. During the term of this Agreement, Distributor shall not, either directly or indirectly, without Biosensors' prior written consent, produce, distribute or market products which are directly competitive with existing Biosensors Products or Products which Distributor may acquire from Biosensors from time to time in the future.

2.5 Independent Contractors. The relationship of Distributor to Biosensors established by this Agreement is that of an independent contractor, and nothing contained in this Agreement shall be construed so that Distributor will be deemed to be an employee, agent, joint venturer, co-owner or otherwise a participant in a common undertaking. Each party shall be solely responsible for its own financial obligations associated with its respective business. Neither party shall have, nor represent itself as having, any right or authority to obligate or bind the other in any manner whatsoever.

3. **GENERAL OBLIGATIONS OF DISTRIBUTOR**

3.1 Promotion of the Products. Distributor shall, at its own expense, vigorously promote the sale of the Products in a manner that preserves the existing goodwill and promotes the good image of the Products and of Biosensors within the Territory. Such promotion shall include, but not be limited to, distributing promotional materials in the Territory, advertising the Products in trade publications within the Territory to the extent determined by Distributor, and directly soliciting orders from customers for the Products.



3.2 Marketing. Without limiting the generality of Section 3.1, Distributor shall have the following specific obligations with respect to the marketing and distribution of the Products:

- (a) To use its best efforts to further the promotion, marketing, sale and other distribution of the Products in the Territory;
- (b) To purchase an adequate and balanced inventory of the Products to fulfil its commitments under this Agreement, to process all orders, and effect all shipments of the Products to his customers;
- (c) To respond promptly to all inquiries from customers, including complaints and reports of Product incidences and to advise Biosensors promptly of all such matters in accordance with the provisions set forth in Section 3 of **Exhibit G**, attached hereto;
- (d) To investigate diligently all leads with respect to potential customers referred to it by any source, including Biosensors, and to provide adequate contact with existing and potential customers within the Territory on a regular basis, consistent with good business practices;
- (e) To permit Biosensors to visit Distributor's place of business and inspect its inventories, records, and other relevant documents upon reasonable notice;
- (f) To maintain an adequate staff of trained and qualified sales and technical support personnel dedicated to the sale of the Products and, upon the request of Biosensors, to make such personnel available for orientation and training with respect to the selling, use and handling of the Products;
- (g) To develop and actively implement sales, promotion and merchandising programs; and
- (h) To provide Biosensors on a quarterly basis during the term of this Agreement with a report of its sales activities with respect to the Products during such quarter, which report shall be in such form and detail as Biosensors may require.

3.3 Advertising. Distributor may utilize all materials supplied by Biosensors to promote sales of the Products. If Distributor elects to advertise the Products, all expenses incurred by Distributor in creating and preparing advertising materials and in advertising the Products shall be borne by Distributor. Notwithstanding the foregoing, Distributor shall provide copies of all advertising materials which it may create or desire to utilize to Biosensors prior to any use thereof and shall not use same without the prior written consent of Biosensors.

3.4 Customer Support. Distributor agrees to provide instruction and other customer support services to customers in the Territory in accordance with standards established by Biosensors and other procedures, instructions, practices and directions as may be prescribed by Biosensors from time to time. Without limiting the generality hereof, Distributor shall have the following obligations: (a) to train its customers with respect to the use and handling of the Products sold, such training to be performed only by specially and properly trained personnel of Distributor and of the highest quality; and (b) to cooperate with Biosensors in dealing with any customer complaints concerning the Products and to take any action reasonably requested by Biosensors to resolve such complaints.

3.5 Governmental Requirements. Except as otherwise provided herein, Distributor shall be responsible for compliance with all requirements established by governmental authorities within the Territory, including, without limitation, complying with the international standards on medical devices identified in Section 1 of **Exhibit G**, attached hereto.

3.6 Expenses. Except as otherwise expressly provided herein, Distributor assumes full responsibility for all costs and expenses which it incurs in carrying out its obligations under this Agreement, including but not limited to all rentals, salaries, commissions, advertising, demonstration, travel and accommodation expenses, without the right to reimbursement for any



without the consent of any person or entity who is not a party to this Agreement.

15.4 No Waiver. To the fullest extent permitted by law, no failure or delay by a party to insist upon the strict performance of any term, condition, covenant or agreement of this Agreement or any other agreement referred to herein, or to exercise any right, power or remedy hereunder or there under or consequent upon a breach hereof or thereof, shall constitute a waiver of any such term, condition, covenant, agreement, right, power or remedy or of any such breach, or preclude such party from exercising any such right, power, or remedy at any later time or times.

15.5 Notices. Any notice required or permitted to be given by either party to the other under this Agreement shall be in writing addressed to the other party at its registered office or principal place of business or such other address as may at the relevant time have been notified pursuant to this provision to the party giving the notice. At the time of execution of this Agreement, notices shall be given as follows:

If to Distributor:

Medikamentu Tinklas Ltd.,
Algirdo str. 41-1,
Vilnius - 03216, Lithuania.

Fax: (+370) 5 262 30 70

Attn: Vytautas Pranulis

If to Biosensors:

Biosensors Europe SA
Rue de Lausanne 29
1110 Morges (VD)
Switzerland
Fax: (+41 21) 8048001

Attn: Jeffrey B. Jump

15.6 Assignment. Distributor agrees that its rights and obligations under this Agreement may not be transferred or assigned, directly or indirectly, without the prior written consent of Biosensors. Biosensors shall be entitled to assign any or all of its rights and obligations hereunder to any other person or entity provided that such assignee shall assume all of its obligations hereunder. Any prohibited assignment shall be null and void.

15.7 Counterparts. This Agreement shall be executed in two or more counterparts in the English language, and each such counterpart shall be deemed an original hereof. In case of any conflict between the English version and any translated version of this Agreement, the English version shall govern. All correspondence, documents and communications of any kind made under this Agreement shall be made in the English language.

15.8 Severability. In the event that any of the terms of this Agreement are in conflict with any rule of law or statutory provision or are otherwise unenforceable under the laws or regulations of any government or subdivision thereof, such terms shall be deemed stricken from this Agreement, but such invalidity or unenforceability shall not invalidate any of the other terms of this Agreement and this Agreement shall continue in force, unless the invalidity or unenforceability of any such provisions hereof does substantial violence to, or where the invalid or unenforceable provisions comprise an integral part of, or are otherwise inseparable from, the remainder of this Agreement.

15.9 Headings; Captions. The headings and captions of this Agreement are for convenience and reference only and are not to be used to explain, modify, amplify or interpret this Agreement.

15.10 Binding Effect. Subject to the limitations on assignment contained in section 15.6, above, this Agreement shall be binding on and inure to the benefit of the parties to this Agreement and their



respective heirs, personal representatives, successors, and assigns.

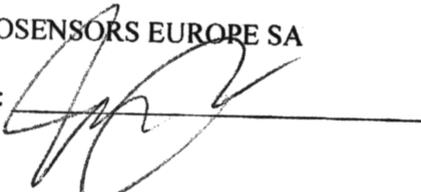
15.11 Authorization. If any signatory hereto is executing this Agreement on behalf of an entity, such individual represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of said entity and that this Agreement is binding upon said entity in accordance with its terms.

15.12 Survival. Notwithstanding any other provision of this Agreement to the contrary, the provisions of Sections 2.2, 2.5, 3.5, 3.6, 3.7, 3.8, 3.9, 3.11, 5.8, 5.9, 8, 9, 10, 11, 12, 13 and 15 (and each of their subsections) shall survive the expiration or termination of this Agreement as necessary to give full effect to all of the provisions contained therein.

15.13 No Third Party Rights. No person, other than Biosensors' Affiliates, who is not a party to this Agreement, shall have any right under the laws of Switzerland or any other laws in any jurisdiction to enforce any term of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

BIOSENSORS EUROPE SA

By: 

Its: Managing Director

Name: Jeffrey B. Jump

DISTRIBUTOR

By: 
Vytautas Pranulis
Direktorius

Its: Managing Director

Name: Vytautas Pranulis



Its: Regional Sales Director

Name: Ileana Iurca

