



STANDARD TERMS AND CONDITIONS

for supplies of GZ Digital Media, a.s.

Status June 1, 2012

1/ Formation of contract

1.1 Any order sent to GZ Digital Media, a.s. (hereinafter referred to as "Supplier") by the Customer shall be accepted entirely at the discretion of the Supplier, and will only be accepted upon these Standard terms and conditions (hereinafter referred to as the "Conditions").

1.2 Each accepted order shall constitute an individual legally binding contract between the Supplier and the Customer and such contract is hereinafter referred to in these Conditions as an "Order". Based on the Order the Supplier shall supply products and services, including but not limited to, print and packaging, disc replication (optical discs in miscellaneous packaging, incl. printed parts), replication of the vinyl records (in miscellaneous packaging, incl. printed parts), mastering services, fulfillment and distribution (hereinafter referred to as the "Products").

1.3 These Conditions shall override any contrary different or additional terms or conditions (if any) contained on or referred to in an order form or other documents or correspondence from the Customer, and no addition alteration or substitution of these terms will bind the Supplier or form part of any Order unless they are expressly accepted in writing by a person authorised to sign on the Supplier's behalf. These Conditions shall also govern all future supplies and transactions between the Supplier and the Customer.

2/ Delivery

2.1 Supplier shall use all reasonable endeavours to deliver the products to the Customer in accordance with any delivery date agreed in writing with the Customer. All delivery dates, whether agreed in writing or otherwise, are estimates only and, while Supplier will endeavour to comply with any such date, it shall not be responsible for late delivery. Without prejudice to the generality of the foregoing, Supplier shall not be liable for late delivery or failure to deliver through any cause which is beyond the control of Supplier. Supplier shall not in any event be liable to the Customer in contract or tort or otherwise for any indirect or consequential loss or damage whenever or howsoever arising, including without limitation, loss of profit, loss of revenue, economic loss, depletion of goodwill and pecuniary loss of any kind whatsoever. Any further rights and remedies of the Customer than those as per this Section 2 based on a delay, in particular Customer's right to claim damages, shall be excluded.

2.2 Any time or date for delivery given by the Supplier is given in good faith, but is an estimate only.

2.3 The delivery time shall start at the time when the Supplier receives the documents according to Condition 6.3, all the production specifications, the exact packaging instructions, and the data required for the production of the Products, e.g. artworks, CD masters, DVD-masters etc., (hereinafter referred to as “Source materials”) according to Supplier’s technical conditions, which are available via the following Supplier’s website: <http://www.gzdm.cz> (hereinafter referred to as the "Technical conditions”). Unless the Supplier does not receive the above mentioned documents, specifications or materials, he shall be not obliged to perform the Order. If the required specifications or Source materials are supplied after 12.00 CET noon in a given day, the delivery date shall be increased by one calendar day. If the Customer supplies Source materials and specifications that require further clarification or correction from the Customer, the previously confirmed delivery date will not apply and Supplier will quote the Customer a new delivery date on a best efforts basis.

2.4 If non-performance of the time for delivery is due to force majeure including impediments, accidents or disturbances, which could not be avoided despite application of due care the time for delivery shall be extended accordingly or the Supplier is entitled to terminate the Order and shall not in any event be liable to the Customer for any direct, indirect or consequential loss or damage. Force majeure events shall include but are not limited to mobilization, war, civil insurrection, terrorism, acts of government, non-granting of required export permissions, epidemics, riot, explosion, flood, fire, sabotage, shortages of means of transport fuel or energy shortages or delay or accident in shipping or transportation, strike, lock-out, raw material shortages, restraints or delays affecting carriers or inability or delay in obtaining supplies of adequate or suitable materials, lack of transportation, interruption of electricity and forces of nature.

2.5 The delivery is conditioned upon timely and proper performance of all duties of the Customer. If the Customer is in delay with any payment to the Supplier on the basis of any previous Order, the Supplier is entitled at its absolute discretion either to withhold any further delivery of the Products on the basis of any further Order (all risk in such goods shall pass to the Customer) and charge storage costs for each day thereafter up to the amount of 2 per cent of the price of the given Order, or terminate any further Order.

2.6 If the Supplier shall be unable, through circumstances beyond its control (including without limitation lack of shipping instructions from the Customer, default in acceptance, or other breach of duties to cooperate by the Customer, etc.), to deliver the goods after notification to the Customer or its agent that the goods are ready for delivery, the Supplier shall be entitled at its absolute discretion either to arrange storage on behalf of the Customer (in such case the Supplier is entitled to charge all the storage costs of the relevant warehouse and all other incurred costs) or store the Products himself (in such case the Supplier is entitled to charge for each day thereafter up to the amount of 2 per cent of the price of the given Order and all other incurred costs), whereupon delivery shall be deemed to have taken place and all risk in the goods (if it is not already transferred to the Customer) shall pass to the Customer. All charges for storage, insurance or any resulting damage or additional expenses shall be paid by the Customer within 30 days of submission of an invoice.

2.7 If the Products are stored by the Supplier for more than 1 month, the Supplier is entitled at its absolute discretion to destroy the Products.

2.8 The Supplier shall be entitled to provide partial supplies.

2.9 The Customer shall be deemed to have accepted all goods upon their delivery by the Supplier to the address specified in the Order. The Customer shall be entitled to refuse acceptance of delivery only if the Products are visibly and substantially defective, and the Customer provides the Supplier specific written notice thereof within 3 days of delivery of such Products. Upon taking delivery or receipt of shipping documents, the Customer shall check the Supplies and shall notify the carrier with a copy to the Supplier of any damage caused to the Products by the transport or objections regarding forwarding or transport.

2.10 Unless agreed between the parties or in these Conditions provided otherwise and a) if the Order does not involve the transport of the Product, the rule EXW, Loděnice, Czech Republic (Incoterms 2010) shall apply to the delivery of the Products, b) if the Order involves the transport of the Product, the rule DAP, (place of delivery), (Incoterms 2010) shall apply to the delivery of the Products.

3/ Quantity tolerances

The difference between the quantity of Products determined in the Order and the actual delivered quantity of the Product may not exceed 10 per cent for orders up to 500 units, 5 per cent for orders in the range 501 to 1000 units, 2 per cent for orders in the range 1001 to 5000 units and 1 per cent for orders greater than 5001 units. (For the avoidance of any doubt, if the Customer orders e.g. 2000 units the Supplier shall be entitled to supply any number of units between 1960 and 2040). The Supplier shall in any event charge the Customer on a per unit basis based on the actual number of units supplied.

4/ Prices and payment

4.1 Prices shall be EXW, Loděnice, Czech Republic (Incoterms 2010) excluding packing and any and all taxes, duties or imposts payable under applicable law. Customer agrees to pay or reimburse the Supplier for any such taxes, duties or imposts which the Supplier is required to pay. Unless provided otherwise in writing between parties, price shall be without the costs for cutting tools and transport, which shall be charged to Customer separately in accordance with the Supplier's quotation or valid price list of the Supplier or the documented costs.

4.2 The Supplier may accept Customer's request to change the specifications or processing of the Products, but shall reserve the right to charge Customer for all costs and services necessary for such changes. If artwork is not in accordance with the rules of the Technical Conditions, the Supplier is entitled to make all necessary corrections and shall reserve the right to charge Customer for this extra work.

4.3 The time of payment shall be of the essence of the contract. Payments shall be made to the bank account or payment office notified by the Supplier free and clear of, and without any deduction, including but not limited to deductions of withholding tax. The debts shall be deemed paid when the relevant amount is credited to the Supplier's account. If the payment is made without determination which invoice is paid, the payment shall be deemed relating to the oldest debt of the Customer.

4.4 Unless provided otherwise in writing between the parties or stated on the invoice, the invoices shall be settled no later than on the 30th day counting from the date of invoice, without any cash discount or other deduction allowed. In the event the Supplier does not receive payment from the Customer when such payment has become due and payable the Supplier shall be entitled at its absolute discretion either to charge interest at the annual rate of 8 (eight) percentage points above the Base Lending Rate of the European Central Bank or to claim interest and compensation for debt recovery costs under the English Late Payment of Commercial Debts (Interest) Act 1998 and the Late Payment of Commercial Debts Regulations 2002.

4.5 The Customer is not entitled to withhold any payment due to the Supplier to set-off its counterclaim for whatever reason, unless previously agreed in writing with the Supplier.

4.6 If agreed advance payment or the contractually agreed securities are not provided, the Supplier shall be entitled to adhere to or to terminate the Order and shall in both cases be entitled to claim damages.

4.7 Title to the Products shall not pass to the Customer until the Customer has paid their price to the Supplier.

5/ Defects Liability

5.1 For Products which are manufactured by the Supplier the Supplier grants the following guarantee:

5.1.1 The Customer shall immediately after delivery inspect the supplied Products and shall immediately notify the Supplier in writing of any defects. If the Customer does not notify the Supplier in writing, the Supplies are deemed to have been accepted with respect to such defects. If the Products delivered show upon delivery visible damage which could have been caused during transportation, the Customer must deliver to Supplier a shipping document executed by both the Customer and a representative of a shipping agent stating the nature and scope of the damage, otherwise shall be any liability of the Supplier for such defects excluded. The volume deficiency of the Products or the visible defects of the Products shall be reasonably documented by the Customer and notified in writing to the Supplier within 48 hours from the date of delivery, otherwise shall be any liability of the Supplier for such defects excluded. Other defective Products where the hidden defects (which could not reasonably be determined within the inspection after delivery) shall be reasonably documented by the Customer and notified in writing to the Supplier within 2 months from the date of delivery, otherwise shall be any liability of the Supplier for such defects excluded. The Supplier shall free of charge in the adequate time either repair or, at its absolute discretion, replace defective Products, PROVIDED THAT:

5.1.1.1 notice in writing of the defects complained of shall be given to the Supplier upon their appearance, and

5.1.1.2 such defects shall be found to have arisen solely from the Supplier's faulty design, workmanship or materials, and

5.1.1.3 the defective Products shall be returned to the Supplier's factory to the Supplier's own inspection at the Supplier's expense and in the way determined by the Supplier, if so requested by the Supplier (particularly if the samples of the Products, which were kept by the Supplier, are not defective), and

5.1.1.4 the claimed defect was not already involved in the Source materials, sample, artwork, data, material or documentation approved by the Customer or provided by the Customer, and

5.1.1.5 the percentage of Products claimed is greater than 1% of the total number of units delivered.

5.1.2 Alternatively to Condition 5.1.1, the Supplier shall be entitled at its absolute discretion to refund the reasonable part of price of the defective goods in the event that such price shall already have been paid by the Customer to the Supplier, or, if such price has not been so paid, to relieve the Customer of the obligation to pay the same by the issue of a credit note in favour of the Customer in the amount of such part of price.

5.2 The Supplier shall not be liable for defects which only insignificantly impair the use of the respective Products, unsubstantial deviations of the Products from the specification of the Products, natural wear and tear or damage, arising after the transfer of risk, from faulty or negligent handling, excessive strain, use of unsuitable appurtenances, or particular external influences not explicitly assumed to impact on the Products.

5.3 The Supplier's liability under this Condition shall be to the exclusion of all other liability to the Customer whether contractual, tortious or otherwise for defects in the goods or for any loss or damage to or caused by the goods, and all other conditions, warranties, stipulations or other statements whatsoever concerning the goods, whether express or implied, by statute, at common law or otherwise howsoever, are hereby excluded; in particular (but without limitation of the foregoing) the Supplier grants no warranties regarding the fitness for purpose, performance, use, nature or quality of the goods, whether express or implied, by statute, at common law or otherwise howsoever. The Supplier shall not be liable if the Customer or a third party carries out modifications or repairs of the Products.

5.4 The Supplier is entitled to be reimbursed for expenses or damage incurred during the examination of a Customer's claim (for example travel or shipping expenses) if the claim proves unjustified.

6/ Intellectual property

6.1 The Customer is liable for the fact that

6.1.1 the ordered Products do not infringe upon any copyright or any other intellectual property right of any third party, and

6.1.2 the Customer possesses all relevant rights (e.g. mechanical duplication rights) or licenses, and that all fees and royalties due to beneficiaries of relevant copyrights have been paid or will be paid when due.

6.1.3 there are - to the best of the Customer's knowledge - no claims, disputes, suits, arbitral or other proceedings pending or anticipated which may affect the warranties and representations made above by the Customer.

6.2 The Customer shall defend, indemnify and hold harmless the Supplier or its Subsidiaries from and against any claim, dispute, proceeding, action, fine, penalty, suit, loss, expense, damages including punitive damages, and cost (including reasonable attorney fees) arising out of or relating to any infringement or alleged infringement of any copyright or any other proprietary right of any third party by the Products.

6.3 The Customer shall fill in the Copyright declaration (available on the Supplier's web side) to every Order and supply it to the Supplier. The Supplier is also entitled at its absolute discretion to require further reasonable evidence, the reasonableness of which shall be determined exclusively by the Supplier, that the Customer possesses all the relevant rights and licenses regarding any copyright or any other intellectual property right of any third party.

6.4 The Customer agrees that the Supplier is authorized to inform the relevant authorities (for example BIEM or IFPI) about the Customer's Order.

6.5 For cost estimates, quotations and all other documents prepared or provided by the Supplier, the Supplier reserves all rights, title and interest in all intellectual property rights including but not limited to patents or copyright. The Customer shall keep such documents confidential and shall not without the prior consent in writing disclose to any third party any technical or commercial information which it has acquired from the Supplier as a result of discussions, negotiations and other communications between them relating to the Products and the Order.

7/ Economic loss

Notwithstanding anything contained in these Conditions or the Order, in no circumstances shall the Supplier be liable, in contract, tort (including negligence or breach of statutory duty) or otherwise howsoever, and whatever the cause thereof (i) for any loss of profit, business, production, contracts, revenues, use of equipment power system, information and data, or anticipated savings, or cost of purchased or replacement power, or payment of interest and financing expenses, or depletion of goodwill, or (ii) for any special, punitive, indirect or consequential damage of any nature whatsoever.

8/ Limitation of liability

Notwithstanding anything contained in these Conditions or the Order, the Supplier's liability to the Customer in respect of the Order, in contract, tort (including negligence or breach of statutory duty) or howsoever otherwise arising, shall be limited to 100 per cent of the price of the Products specified in the Order.

9/ Termination and suspension

9.1 In the event any of the following occurs the Supplier may at its absolute discretion either suspend the provision of its obligations under this or any other Order, or terminate this or any other Order: a) the Customer fails to make payment of any amount on basis of this or any other Order within 30 days after it has become due and payable, or b) the Customer fails to perform its obligations necessary for the Supplier to deliver or complete the Supplies, or c) the Customer is insolvent or any proceeding is instituted against the Customer seeking to adjudicate the Customer as bankrupt or insolvent, or if the Customer makes a general assignment for the benefit of its creditors, or if a receiver is appointed on account of the insolvency of the Customer, and, in the case of any such proceeding instituted against the Customer, if such proceeding is not dismissed within forty-five (45) days of such filing, or if the Customer is insolvent or itself files a petition seeking to take advantage of any law relating to bankruptcy, insolvency, winding up or composition or readjustment of debts, or d) the Supplier determines, at its sole and absolute discretion, that the content to be duplicated, is of an offensive or extremist nature, or e) the Supplier does not receive Copyright declaration or the evidence according to Condition 6.3, or f) the Supplier does not receive Source materials according to Supplier's technical conditions.

9.2 In the event that the Supplier suspends the provision of its obligations the Customer shall pay the Supplier all additional cost incurred due to such suspension.

9.3 In case the requirements set forth in clause 9.1 are given the Supplier shall be entitled to terminate a part or the whole Order with immediate effect by giving the Customer written notice of termination.

10/ Storage of the Source materials

10.1 As stated above, the "Source materials" mean the data required for the production of the medium and/or printed materials, which are stored in the FTP server of the Supplier, or are supplied by the Customer on a data carrier (CD-R, DVD-R and other carriers specified by Supplier's technical conditions). There would be assigned only one single version of the Source materials to each catalogue number of the Customer; in the event that for the re-edition the Customer would require the change of Source materials, the original (out-of-date) basis materials shall be liquidated without giving any notice to the Customer (both in physical form and in electronic form, i.e. the data on the FTP server of the Supplier).

10.2 The Supplier shall store the Customer's Source materials free of charge for a period of 24 months. The Supplier shall be entitled to destroy the Source materials without further notification to the Customer.

10.3 The Supplier shall not in any event be liable to the Customer for any direct, indirect or consequential damage or loss of stored Source materials.

11/ Severance and waiver clause

11.1 If any provision of these Conditions or the Order is held by a court or other competent authority to be unlawful, void or unenforceable, it shall be deemed to be deleted from the Order and shall be of no force and effect and the Order shall remain in full force and effect as



if such provision had not originally been contained in the Order. In the event of any such deletion the parties shall negotiate in good faith in order to agree the terms of a mutually acceptable and satisfactory alternative provision in place of the provision so deleted.

11.2 The failure by either party to enforce at any time or for any period any one or more of the terms or conditions of these Conditions or of the Order shall not be a waiver of them or of the right at any time subsequently to enforce all terms and conditions of these Conditions or of the Order.

12/ Applicable law

12.1 If the Customer has its permanent residence in an EU-member state (except further below in Condition 12.2 expressly mentioned states), in Iceland, Norway, or Switzerland, the Order (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to the Order or its formation, including non-contractual disputes) shall be governed by the law of England and subject to the exclusive jurisdiction of the English courts.

12.2 If the Customer has its permanent residence in Germany, in France, in the Netherlands, in Sweden, in the Czech Republic, or in any non-EU member state, the Order (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to the Order or its formation, including non-contractual disputes) shall be governed by the law of the state, in which the Customer has its permanent residence, and subject to the exclusive jurisdiction of the courts of this state.