

INTRODUCTION

§ 1

1. The General Business Terms and Conditions (hereinafter referred to as 'GBTC'), which constitute an integral part of the contract between the parties, have been made available to the Purchaser before the conclusion of the agreement, in such a way, that the Purchaser can store and reconstruct them in the ordinary course of action and they are binding on the parties pursuant to art. 384 of the Civil Code..

2. The GBTC specify the principles and procedures for cooperation while fulfilling orders or contract. In the case of any discrepancies between the provisions of GBTC and other provisions of the parties, the GBTC are deemed to be binding patterns of contracts of the Purchaser, unless the parties explicitly exclude the binding force of the specified provisions of the GBTC.

3. Terms used in the GBTC shall be defined as follows:

- „GM Records” – subject providing services of duplication of optical mediums and selling them or providing Other Services for the benefit of the Purchaser.
- „The Purchaser” – subject commissioning GM Records to provide of services of duplication of optical mediums and purchasing Products from GM Records or of Other Services.
- „Product”/„Products” - optical mediums being the subject of production (duplication of optical mediums) for the benefit of the Purchaser.
- „Other services” – services of a type other than duplication of optical mediums, in particular authoring (the process of designing, creating, formatting, receiving and encoding audio-video material), packaging (process consisting of completing all components to the form of ready products pursuant to the guidelines provided by the Purchaser, amongst others placing in packaging print inserts, mediums, covering packaging with labels, holograms, laminating packaging, etc.).

ORDERS

§ 2

1. GM Records undertakes to perform the production specified in the order or contract of cooperation and the Purchaser undertakes to collect Products within the deadline and to pay the price of the Products binding as of the day of placing the order and specified in the order or in the contract of cooperation.

2. The subject of the contract shall each time be specified in detail in the order placed by the Purchaser or in the contract of cooperation concluded between the parties. The order may be placed in writing, by fax or e-mail to the address or number indicated by GM Records. A template order form constitutes Appendix no.1 to the GBTC. The order may cover commission to provide Other Services, in particular such as authoring or packaging. Then the provisions of the GBTC apply respectively also to Other Services, unless the GBTC governs the principles of providing Other Services in a detailed way.

3. The Products shall be delivered pursuant to the order placed by the Purchaser at the latest 7 working days before the date of planned delivery proposed in the order by the Purchaser. The contract of cooperation may specify otherwise the deadlines for fulfillment of the orders.

At the same time, delivery of Products shall take place not earlier than within seven (7) working days from (a) receipt of the order by GM Records; (b) receipt by GM Records of Materials approved and compliant with GM Records' standards and in the case of provision by GM Records of authoring services for the same order—from the date of acceptance of provision of the authoring services by GM Records, (c) approval of the complete graphic layout. In the case of the events described in points a or b or c happening jointly, the date of delivery of Products shall start from the event occurring the latest. The client cannot change the date of delivery on the order.

4. GM Records is obligated to inform the Purchaser of the refusal of acceptance of the order not later than 2 days preceding the date of delivery. The refusal of acceptance of the order may be communicated by letter, fax, e-mail or by telephone. In the case of GM Records not informing the Purchaser of the refusal of acceptance of the order within the above deadline the order is regarded as accepted.

5. The deadlines for execution of the order shall change if GM Records cannot conduct the production or Other Services for reasons beyond its control, in particular in the case of supply by the Purchaser of improperly prepared Materials or their late delivery, non- acceptance of the Materials supplied to the client within the deadline, or supply of additional materials which influence the scope of GM Records' services. In such a case GM Records shall set a new date for fulfillment of the order.

6. The client is obligated to accept materials supplied by GM Records for acceptance within 24 hours, in particular during the provision of authoring services. The client's reservations shall be taken into account by GM Records if they are justified and are based on the contract between the parties or the type of services provided.

7. In the case of the order not being possible due to a lack of cooperation from the clients, in particular if, for a period longer than 1 month the client, without justification, does not accept materials supplied by GM Records during the provision of authoring services or, without justification, does not approve provision by GM Records of authoring services, GM Records has the right to refuse execution of the order and request payment of the agreed remuneration.

DELIVERY

§ 3

1. The Purchaser undertakes to collect the Products on time, also including partial delivery.
2. GM Records undertakes to supply the Products within the date indicated on the Order. GM Records reserves the right to postpone the date of delivery for reasons beyond its control, which shall not constitute a basis for the Purchaser to withdraw from the contract or claim compensation. GM Records shall not start the production before receiving approval from the Ordering Party for all files containing graphic layout. Such approval shall include any slight variations in colours resulting from the technical parameters of the monitors used to view the files. All elements of the graphic layout must be delivered to GM Records in electronic form.
3. In the case of the Purchaser withdrawing from the order or the contract of cooperation without justification, GM Records is entitled to demand compensation not less than the amount of the gross price of the Products ordered. The Purchaser cannot resign from the order in any form (in particular withdrawal, termination), refuse acceptance of the subject of the order or of the contract of cooperation without justification.
4. The risk of losing or damaging the Products transfers to the Purchaser at the moment of loading the Products on a means of transport. The obligation to insure the Products for the period of the shipment is borne by the Purchaser, unless otherwise agreed in the order or the contract of cooperation.
5. The order or the contract of cooperation are deemed to be fulfilled by GM Records when the Products are delivered to the Purchaser.

6. In the case of delay in timely collection of the Products the Purchaser shall pay GM Records for every month of storage which has already started PLN 30 (say: thirty Zloty) for every stored pallet. In the case of a lack of timely collection of the Products, the Purchaser is obligated to collect them at its own expense. Moreover, GM Records has the right to request payment of the price of the ordered Products, despite the Purchaser not collecting them. Following 30 days from the set date of collection GM Records has the right to destroy the Products at the Purchaser's expense, retaining the right to remuneration and charges for the Products' storage.

7. Upon the delivery of the Products, the Purchaser is obliged to return to GM Records the pallets or give in exchange for them other pallets of the same degree of wear and tear and of the same type. When pallets are not returned, the Purchaser is obliged to pay a contractual penalty in the amount of PLN 36 (say: thirty-six Polish Zloty) for each missing pallet.

PRODUCTION MATERIALS, RIGHTS TO NON-MATERIAL PROPERTY

§ 4

1. The Purchaser is obligated to deliver the materials necessary for the creation of the Products or provision of Other Services (Materials), in particular the Materials listed in the order or prepared strictly in accordance with the GM Records' technical specifications, to the registered office of GM Records.

2. The Materials delivered by the Purchaser, which have not been used in the production process, shall be destroyed after the date of order fulfilment or implementation of the contract of cooperation unless the Purchaser decides otherwise. Such a decision by the Purchaser requires written information before fulfilment.

3. The Purchaser warrants that:

- the materials provided to GM Records contain no legal defects.
- it holds all rights/titles necessary to perform the order or the contract of cooperation in accordance with the law such as, in particular, the right to record, multiply, introduce into trading and make available to the public: non-material property (among others works, artistic performances, phonograms and/or computer programmes) contained in Materials provided to GM Records under the order or the contract of cooperation.
- the execution of the order or the implementation of the contract of cooperation by GM Records shall be without prejudice to any third parties rights, in particular, copyright and related rights.
- GM Records is not obligated to bear any fees connected with use of intellectual property rights to Materials provided by the Purchaser in order to carry out the Order or implement the contract of cooperation.

4. The Purchaser assumes all legal liability for the statement made in sec. 3 of this clause.

5. In case of any Materials delivered by the Purchaser will arouse a suspicion or, should any third parties raise claims in respect of any breach of their rights including intellectual property rights occurring in connection with the realization of the Order or the implementation of the contract of cooperation, the Purchaser shall be obligated to immediately make available all the documents confirming the Purchaser's rights to use the Materials provided to GM Records according to the terms and conditions of the Order or the contract of cooperation.

In the case of any doubt GM Records shall be entitled to halt production until the breach of the rights of the authorised entity is explained.

Upon notification of the Purchaser by GM Records the Purchaser shall not evade immediate

explanation of the matter and shall appeal against such claims at its own cost and risk or shall satisfy them and in the case of them being awarded against GM Records, it shall refund to GM Records the entirety of the fulfilled claims on the recourse basis and all charges and payments connected with them, including in this the costs of the court proceedings and legal services, and also compensate for all other damages resulting from the above mentioned claims of third parties.

6. The Purchaser shall be obliged to pay GM Records a contractual penalty for making false statements or breaching the other terms and conditions of this clause in an amount equal to the total net value of the order or the contract of cooperation. GM Records may claim for compensation, which is higher than the amount of contractual penalty under general terms and conditions.

7. If as regards any Product GM Records should be informed by a domestic or industry organisation carrying out its activities in the field of protection of non-material property rights that the Purchaser has violated the rights of third parties, then GM Records can suspend its obligations to manufacture and deliver the said Products to the Purchaser during the assessment of the circumstances of the matter.

8. In the case of GM Records receiving information from organisations acting to protect non-material property rights that the Purchaser does not possess all or part of the rights to the use of the subject of the nonmaterial property rights in the scope of enabling the execution of the Order or the Contract of Cooperation in accordance with the law, the Purchaser expresses its consent to the destruction of the Products pressed.

9. The Purchaser expresses its consent to information contained in the order or contract of cooperation being made available to third parties by GM Records if the disclosure of the information is required by the provisions of law or contracts concluded with organisations, the subject of whose activity covers the protection of rights to non-material property.

10. GM Records reserves the right to reject the Purchaser's Materials in the event of it becoming known during the course of their examination that they contain amongst others pornographic, offensively racist images or those inciting criminal acts, illegal copy codes, illegal product extras or illegal compilations, and also reserves the right to disclose information about such materials and their source to the police and industry supervisory organisations as well as the alleged owners of the rights to the non-material property at any time and without informing the Purchaser.

In any such case the Purchaser agrees to cancel the obligation to maintain the confidentiality of the Materials delivered normally binding between the Purchaser and GM Records to such extent that GM Records shall not bear any responsibility for disclosure of such information or any losses, compensation or costs, which could be borne by the Purchaser in connection with this.

GM Records requires that the original materials delivered containing sound material shall have a valid MCPS license and the materials containing video images – a BBFC certificate and/or any other certificate required for computer games or its contents in the territory of the said country. In such event (in particular in the event of rejection of the Materials or their duplication) the Purchaser is obligated to compensate GM Records for any damages borne.

11. In spite of the situations specified in sections 5, 6, 7, 8, 9, 10 of this clause GM Records shall be authorized to request full payment of the remuneration specified in the order or contract of cooperation regardless of any other claims provided by law.

DOCUMENTATION, ACCEPTANCE OF THE PRODUCTS

§ 5

1. Acceptance of the Products is undertaken based on the receipt confirmation issued in any form including the acceptance of a VAT invoice or the signing of a CMR document. Authoring service is considered by the Client as provided at the moment of its acceptance. Authoring service is considered accepted at the moment of signing the medium, which contains a prepared project

of VIDEO-CD, DVD-VIDEO and/or another by the client and sending it to GM Records. Employees, contractors, shipping companies or other persons acting for and on behalf of the Purchaser shall be authorized to receive the Products. The unjustified refusal to accept the Products or Other Services shall have tantamount effect as proper transfer of the Products to the Purchaser.

2. The Purchaser shall be obligated to examine the Products while receiving them on the quantitative terms by following the below described procedure:

- in the case of delivery of the Products by GM Records' means of transport or by a shipping company contracted by it the Purchaser or the person authorised by it shall check the consistency of the number of the Products delivered with the number specified in the shipping document during the unloading in the presence of the shipping company's representative or in the presence of a driver of GM Records' means of transport.

In the case of any discrepancies the Purchaser or the person authorised by it shall be obligated to draw up and sign a 'Discrepancy Protocol'. The Discrepancy Protocol shall also be signed by a representative of the shipping company or a driver of GM Records' means of transport – which does not constitute its acceptance.

- in the case of the Purchaser receiving the Products with its own means of transport, the procedure of checking the consistency of the number of the Products delivered with the number specified in a shipping document shall take place in the presence of GM Records' representative during the loading. In the case of any discrepancies the Purchaser or the person authorized by it shall be obligated to draw up and sign a 'Discrepancy Protocol'. The Discrepancy Protocol shall be also signed by a representative of GM Records – which does not constitute its acceptance.
- 'The Discrepancy Protocol' is the basis for making a complaint by the Purchaser as regards the number of the Products delivered or making any other claims relating to inappropriate fulfilment of the obligation. The complaint about the number of the Products may be made not later than on the working day following the day of the delivery of the Products.

3. Upon the acceptance of the Products the Purchaser is obligated to check the condition of packaging and to notify GM Records of any possible reservations.

4. The Purchaser is obligated to check the Products on quality terms within 3 days of the date of delivery of the Products

PAYMENTS

§ 6

1. The deadline for payment of remuneration to GM Records shall be calculated from the date of VAT invoice issue by GM Records unless the parties stipulate the date of payment deadline in the order or contract of cooperation.

2. The payment date shall be the date on which GM Records' bank account is credited with the amount of the remuneration.

3. The Purchaser cannot make payment by the submission of a statement on deduction of any debts, to which it is entitled from GM Records.

4. In the case of delay in payment, the Purchaser shall pay GM Records contractual interest in the amount of 0.1% of the amount due for each day of delay, however not more than it is provided by the binding regulations of Polish law.

5. In the case of the Purchaser being in debt GM Records shall be entitled to refuse to carry out the orders made by the Purchaser or to stop implementation of the contract of cooperation.

6. The remuneration of GM Records can be increased in the case of public and legal charges relating to the fulfilment of the order being increased after submission and acceptance of the order or conclusion of the contract of cooperation.

7. The Prices do not include VAT, which shall be calculated at the rate binding as of the day of VAT invoice issue and which shall be paid by the Purchaser.

COMPLAINTS

§ 7

1. Defectively pressed Products shall mean mediums not containing traces of mechanical damage (scratches, deformations etc.) operating incorrectly in three mass devices of different type serving the playback of Products, and whose parameters shall not be in accordance with the Phillips standard for CDs and standard 'DVD Specifications for Read - Only Disc' for DVD, measured by the DaTARiUS Quality Control System device (system CS4) for DVDs and CDs. Quality control of the Products shall be carried out by the representatives of the Parties within five days from the date of notification of defectiveness by the Purchaser.

2. If the same defects found in the Products shall be also found in materials provided to GM Records, or these defects arise from improper preparation of the Materials by the Purchaser, then the whole responsibility for the appearance of these defects shall be borne by the Purchaser, which is obliged to pay remuneration in full. GM Records shall be responsible only for the consistency of the Products with the Materials received.

3. The Purchaser is obligated in the letter of complaint to specify the following information concerning the Product complained of:

- number of the Products complained of
- defects in the Products

4. Disposal of the defective Products shall be exclusively decided by GM Records. The Purchaser is obligated to transfer - at its own cost - the Products in question to the place indicated by GM Records.

5. If the Purchaser does not meet the requirements arising from this clause it shall lose its rights by virtue of warranty or improper fulfilment of the obligation.

6. The Purchaser is obligated to notify about the defect within five days from the date of its discovery in writing, not later than after 6 months from the date of delivery or else shall lose its rights by virtue of warranty or improper fulfilment of the obligation.

CIVIL LAW LIABILITY

§ 8

1. GM Records is exempted from responsibility towards the Purchaser relating among others to non-fulfilment of an order or contract of cooperation or fulfilment of it with delay in the case of circumstances arising caused by force majeure. Force majeure is understood as any and all external events, which prevent order from being carried out properly (strike, road blockade, demonstrations, road accident, natural disasters, governmental authority's decisions etc...).

2. In the case of a defective Product being delivered upon fulfilment of the conditions described in § 7 of the General Business Terms and Conditions, the Purchaser may require to have the Products delivered free from any defects. The receipt and any possible complaint about the Products delivered on the basis of the provisions of this clause shall be made pursuant to the rules defined in the General Business Terms and Conditions. GM Records may decide to satisfy

the entitlements of the Purchaser otherwise than as specified in this clause in the case of change of the Products into the ones free from any defects being impossible or reasonable.

3. GM Records shall not be responsible for any lost earnings or other secondary damages suffered by the Purchaser. The responsibility of GM Records is limited to the actual property losses suffered by the Purchaser. The whole responsibility of GM Records towards the Purchaser relating to an order or contract of cooperation shall not exceed the price of the Products, which are the subject of the said order or contract of cooperation and in connection with which such claims have been raised.

4. GM Records shall not be responsible for any errors, defects or inaccuracies if they arise from following the Purchaser's instruction regardless of if they relate to the Products themselves or their packaging or Other Services. In such a case GM Records shall have the right to receive full payment of remuneration according to the provisions of the order or contract of cooperation.

FINAL PROVISIONS

§ 9

1. Orders and the contract of cooperation of the parties constitute a trade secret of GM Records and their provisions shall not be disclosed by the Purchaser subject to the situations defined in the General Business Terms and Conditions.

2. GM Records is entitled to present Product samples to any potential client other than the Purchaser for promotion reasons. The above entitlement applies to Products, production of which has been completed and the Purchaser has started their distribution. GM Records reserves the right, and Purchaser agrees unless otherwise stipulated, to use, free of charge, the images of the Purchaser's Products, pursuant to the Order placed by Purchaser, for its own marketing purposes. GM Records has right to make an offer and/or presentation to Purchaser which shall be given in writing by means of a letter, facsimile or electronic mail.

3. The Purchaser is obligated to notify GM Records immediately in writing by registered letter of its bad financial situation as a result of which the Purchaser shall not be able to carry out an order or implement the contract of cooperation.

4. In the case of any doubts or discrepancies, the version of the General Business Terms and Conditions in Polish language shall be applicable. Amendments to the Contract must be made in writing or else shall be null and void, exclusive of the cases specified in the Contract.

5. In issues not governed herein the provisions of Polish law shall be applicable.

6. Any disputes arising from the contracts between the parties shall be settled by common courts with jurisdiction appropriate to the registered office of GM Records in Warsaw.

.....
ORDERING PARTY



ul. Heliotropów 45/53
04-796 Warszawa
tel.: +48 22 872 27 22
fax: +48 22 872 27 06

www.gmrecords.eu

e-mail: gm@gmrecords.eu
sales.international@gmrecords.eu