

PRODUCTION SUPPLY AGREEMENT GENERAL TERMS & CONDITIONS

UAB BOD Group, Mokslininku str. 6A, Vilnius, Lithuania

1. AREA OF APPLICABILITY

1.1. Production supply agreement is composed of Production supply agreement Special Conditions Annex (further – Special Conditions Annex) signed by UAB BOD Group (further – BOD Group) and customer (further – CUSTOMER), further together called "Parties", and this Production supply agreement General terms & conditions (further – General terms & conditions) which are announced at BOD Group website http://www.bod.lt/en/for-clients/General_terms_and_conditions.pdf. Unless otherwise agreed in Special Conditions Annex, the General terms & conditions shall be applied to all quotations and purchase contracts.

1.2. BOD Group supplies Production for CUSTOMER who has signed the Special Conditions Annex to the General terms & conditions. Whereas CUSTOMER correctly and timely accepts the Production and pays the invoices.

1.3. Production is considered to be all CD, DVD, Blu-ray production and packaging, specified at the Order form confirmed by the CUSTOMER.

1.4. The General terms & conditions are valid in a whole scope, unless the Parties agree for different conditions in the Special Conditions Annex. In case of contradictions between the General terms & conditions and Special Conditions Annex, the Special Conditions Annex shall be applied.

2. ORDERING, MANUFACTURING AND DELIVERY TERMS

2.1. CUSTOMER and BOD Group fulfill and sign the Special Conditions Annex, where CUSTOMER designates the Authorised person (persons) who has the right to act on behalf of the CUSTOMER by submitting and confirming the orders by email.

2.2. CUSTOMER'S Authorised person submits the order to the BOD Group by email. BOD Group determines the delivery times, price and other conditions. The order is considered to be confirmed when the CUSTOMER's Authorised person confirms by email that all conditions noted in the order form are correct.

2.3. CUSTOMER shall provide to BOD Group all specific production material prepared in compliance with Data submission requirements for CD/DVD/Blu-ray production which are announced at BOD Group website <http://www.bod.lt/en/for-clients/requirements/>. If the production material is not in line with applicable specifications, BOD Group can complete, amend, improve the material at the expense of the CUSTOMER. If there are no opportunities to fix the material, it is returned to the CUSTOMER at the expense of the CUSTOMER.

2.4. BOD Group shall start the production process after the order is confirmed, i.e. the order is confirmed by email, payment is made, and the requested material is correctly provided by the CUSTOMER. If defects are found, the start of production is suspended and resumed only when the correct material is received.

2.5. BOD Group shall have the right to refuse or cancel any order if there is a fear that the CUSTOMER will be unable to fulfill his duties completely or in time or if the order content violates the law or moral principles.

2.6. Parties agree that ordering the first or repeated edition of Production, the silkscreen and offset printing inaccuracy is allowed to be up to 5% off of the confirmed Pantone or CMYK colour scale graphic image.

2.7. By using CUSTOMER'S provided material for Production (CD/DVD/Blu-ray masters, graphic design templates), the manufacturing tools made by BOD Group (stampers, films) shall be the property of BOD Group and shall be kept at BOD Group expenses for 24 months from the date of the first order. If the CUSTOMER shall not request to return this material at CUSTOMER'S expenses, after this period the material shall be destroyed.

2.8. By using the same production materials (stampers) the BOD Group guarantees to supply 4 (four) repeated editions of CD/DVD Production and 2 (two) repeated editions of Blu-ray Production, but not exceeding the overall quantity of 30 000 units (including the first edition), and no later than 2 years from the date of the first order.

2.9. CUSTOMER is obliged to accept the Production within 7 (seven) working days since the confirmed delivery date.

2.10. Unless otherwise agreed in writing, the Production transportation method and conditions shall be exclusively determined by the BOD Group by covering the transportation costs. In case of any additional requirements for transportation like special packaging, customs and freight charges, the CUSTOMER shall cover additional expenses.

2.11. The risk of Production loss or damage is transferred to the CUSTOMER once the Production has been handed to a person or entity executing the delivery.

3. INVOICES AND TERMS OF PAYMENT

3.1. CUSTOMER obligates to pay 100% of sum according to the invoice issued by the BOD Group before the production process is started, unless stated otherwise in a Special Conditions Annex to the General terms & conditions.

3.2. BOD Group issues invoices on the day of the delivery. In case of deferred payment, the due date is calculated since the invoice issuing day. The same rule is applied in case of partial Production delivery.

3.3. All bank transfer costs shall be paid by the CUSTOMER. The payment is considered to be made since the payment is deposited into BOD Group account.

3.4. In order to obtain a credit, CUSTOMER must fill out a credit application before any order can be processed. The access to credit depends on CUSTOMER'S creditworthiness.

3.5. BOD Group has a right to utilise the payments firstly for outstanding costs like interest, fines, other additional expenses against the oldest outstanding debt, and only afterwards for the Production costs.

3.6. In case CUSTOMER fails to pay in time, the BOD Group shall have a right to refuse Order performance and / or delivery of the Production and to cancel the existing periods allowed for payment as well as to demand payment immediately.

3.7. All expenses incurred by BOD Group due to payment delay (including the interests, fines, costs of legal advisers and debt collectors, legal services, etc.) shall have to be paid by CUSTOMER.

4. PRODUCTION QUALITY

4.1. CUSTOMER shall examine the Production for defects and completeness immediately upon receipt. If the BOD Group does not receive any claims in written form within 5 (five) working days since the Production delivery date, it is considered that Production has no defects. Defects of a part of a shipment (order) do not give a right to reject the complete shipment.

4.2. In case of later discovery of Production defects which could not have been noticed upon receipt, but no later than within 14 days after delivery to the CUSTOMER, the BOD Group shall replace the defected Production with appropriate Production by agreeing the delivery time with the CUSTOMER.

4.3. Claims for Production shall not be accepted if the CUSTOMER'S material (CD/DVD/Blu-ray data, graphic design, as well as BOD Group manufactured tools like stampers, films) has been returned to the CUSTOMER or destroyed by his request.

4.4. If the CUSTOMER'S provided data contains any unusual effects (e.g. untypical pauses, sounds that may be considered as other sounds, deliberate distortions, cut ends or hidden sound tracks, etc.), CUSTOMER shall fully and precisely describe all these unusual effects before placing the order. In case this requirement is not followed, the CUSTOMER shall lose the right to claim for possible defects of production.

4.5. Any faulty Production return shall be executed at CUSTOMER'S expense. If the return of Production is reasonable, BOD Group shall cover the most economical transportation costs. If the return is impossible for reasons related to CUSTOMER, the CUSTOMER shall lose the right to claim for faulty Production.

5. COPYRIGHTS, AUTHOR AND NEIGHBOURING RIGHTS

5.1. CUSTOMER confirms to possess all rights for the purpose of duplication and distribution, including mechanical reproduction and duplication rights for software, audio, video, text, other data recordings, and by placing the order does not violate the European Union law provision of authors and neighbouring rights.

5.2. CUSTOMER confirms that all copyright fees and other payable fees are paid to the authors / neighbouring rights owner and collective associations.

5.3. BOD Group guarantees that CUSTOMER'S contacts, information about the orders and production documentation will be used only for obligations defined in Production supply agreement terms & conditions, though the CUSTOMER agrees that the information about the orders will be disclosed to copyright collective administration associations and authors / neighbouring rights parties.

5.4. Any claims or disputes arising from the authors / neighbouring rights or representing organisations shall be solved by CUSTOMER without involving BOD Group. CUSTOMER shall compensate BOD Group all expenses for claims raised by third parties, including authors / neighbouring rights or other representing organisations.

5.5. BOD Group shall perform only technical / mechanical Production manufacturing, but by no means shall not distribute, copy or produce it for purposes unrelated to Production supply agreement terms & conditions and / or CUSTOMER'S order.

6. PARTIES RESPONSIBILITY

6.1. BOD Group shall not be liable for the loss or damage of the data provided by the CUSTOMER. CUSTOMER confirms that provided data has the copies and are available to the CUSTOMER.

6.2. All additional costs experienced by BOD Group, invoked from CUSTOMER'S inappropriate, incomplete information or late submission shall be paid by the CUSTOMER.

6.3. In case BOD Group is late to supply the Production due to BOD Group fault, the CUSTOMER shall have a right to require for a discount equal to 0.2% (two tenths of a percent) of Production value for each day of delay. Total discount cannot exceed 15% of Production value.

6.4. CUSTOMER agrees that any delay in paying invoices on time is subject to 0.2% (two-tenths of a percent) interest on the unpaid amount for each day of delay.

6.5. In case of unexpected events or circumstances beyond the BOD Group reasonable control, including strikes, raw material delivery delays, riots, etc., Production delivery time will be respectively expanded. Parties shall not be responsible for non-fulfilment or improper fulfillment of General terms & conditions induced by Force Majeure conditions, approved by Lithuanian Government act No. 840.

6.6. Parties confirm that interest and penalty rates in chapters 6.3, 6.4 and 6.5 of General terms & conditions are acceptable and determined in accordance with principles of fairness and justice, and are assimilated to predefined minimal losses of value which is economically based and meets the interests of the Parties.

7. FINAL PROVISIONS

7.1. Any changes or supplements of General terms & conditions shall have to be made in writing and signed by the BOD Group and CUSTOMER representatives.

7.2. BOD Group and CUSTOMER agree that all disputes arising out of these General terms & conditions shall be solved by negotiations. If no joint agreement is made within 30 days, the disputes shall be referred to the courts of the Republic of Lithuania in Vilnius, and shall be treated according to the laws of the Republic of Lithuania.

7.3. The Production supply agreement in full scope (General terms & conditions and Special Conditions Annex) shall enter into force since the moment CUSTOMER and BOD Group sign the Special Conditions Annex and shall be valid until complete fulfillment of obligations of both Parties.