

Terms and Conditions

1. Interpretation

1.1 In these conditions 'SELLER' means LG SOUND. 'BUYER' means the person or entity purchasing goods from the Seller. 'CONDITIONS' means the standard terms and conditions of sale set out in this document and (unless the context otherwise requires) includes any special terms and conditions agreed in Writing between the Buyer and the Seller. 'EQUIPMENT' means the goods which the Seller is to supply in accordance with these Conditions. 'CONTRACT' means the contract for the purchase and sale of the Equipment. 'WRITING' includes facsimile transmission, electronic mail transmission and any other comparable means of communication.

1.2 The headings in these Conditions are for convenience only and shall not affect their interpretation.

2. Basis of the Sale

2.1 The Seller shall sell and the Buyer shall purchase the Equipment in accordance with any written quotation of the Seller which is accepted by the Buyer, or any written order of the Buyer which is accepted by the Seller, subject in either case to these Conditions, which shall govern the Contract to the exclusion of any other terms and conditions, provided that an acknowledgement of the Buyer's order shall not, unless expressed to be so, be a contractual acceptance.

2.2 Any variations to these Conditions are invalid unless confirmed by the Seller in Writing

2.3 Any advice or recommendation given by the Seller to the Buyer as to the storage, application or use of the Equipment which is not confirmed in Writing by the Seller is followed or acted upon entirely at the Buyer's own risk.

2.4 Any error or omission in any information or document issued by the Seller shall be subject to correction without any liability on the part of the Seller.

2.5 Buyer acknowledges that no installation, training or education shall be included in an order, unless specifically acknowledged in writing by LG Sound. In the event that Buyer receives any training from LG Sound with respect to the Products, such training shall be deemed personal to the person(s) receiving such training, and Buyer acknowledges that any person(s) receiving such training may not be capable of installing or operating the Products.

3. Orders or Specifications

3.1 No order submitted by the Buyer shall be deemed to be accepted by the Seller unless and until confirmed in Writing by the Seller's authorised representative.

3.2 The Buyer shall be responsible to the Seller for ensuring the accuracy of the terms of any order (including any applicable specification) submitted by the Buyer, and for giving the Seller any necessary information relating to the Equipment within a sufficient time to enable the Seller to perform the Contract in accordance with its terms.

3.3 All equipment is configured for use in The Netherlands and working to manufacturers' specification unless otherwise stated by the Seller in Writing. Fitting instructions or manuals will be supplied only when considered necessary by the Seller.

3.4 The Seller reserves the right to make any changes in the specification of the Equipment which do not materially affect its quality or performance.

3.5 No order which has been accepted by the Seller may be cancelled by the Buyer.

4. Price of the Goods

4.1 The price of the Equipment shall be the Seller's quoted price in Euros. All prices quoted are valid for 30 days.

4.2 The Seller reserves the right, by giving notice to the Buyer at any time before delivery, to increase the price of the Equipment: provided that the Buyer may give notice within 48 hours of the Seller's notice cancelling the order in which event neither party shall be under any further obligation to the other except insofar as it has already accrued.

4.3 All prices are given by the Seller on an ex works basis, and where the Seller agrees to deliver the Equipment otherwise than at the Seller's premises the Buyer shall be liable to pay the Seller's charges for transport, packaging and insurance.

4.4 All prices quoted are exclusive of any applicable taxes (such as Value Added Tax) which the Buyer may be additionally liable to pay to the Seller.

5. Terms of Payment

5.1 The Seller shall be entitled to payment with order by credit card, bankers transfer or credit transfer to the Seller's bank account. Payments in currencies other than Euro shall be converted to Euro at the Exchange Rate prevailing on the date of payment. Any costs or charges incurred in transferring payment to the Seller shall be met by the Buyer.

5.2 If the Buyer fails to make any payment on the due date then without prejudice to any other right or remedy available to the Seller, the Seller shall be entitled to cancel the contract or suspend any further deliveries to the Buyer.

6. Delivery

6.1 Any dates quoted for delivery of the Equipment are approximate and the Seller shall not be liable for any delay in delivery of the Equipment however caused. Time for delivery shall not be of the essence of the contract unless previously agreed by the Seller in writing. The Equipment may be delivered by the Seller in advance of the quoted delivery date upon giving reasonable notice to the Buyer.

6.2 Where the Equipment is to be delivered in instalments, each delivery shall constitute a separate contract and failure by the Seller to deliver any one or more of the instalments in accordance with these Conditions or any claim by the Buyer in respect of any one or more instalments shall not entitle the Buyer to treat the Contract as a whole as repudiated.

6.3 If the Seller is unable to deliver the Equipment (or any instalment) for any reason such as force majeure then the Contract shall be deemed to have been completed as though the undelivered Equipment had not been ordered, save only that the Seller will refund to the Buyer an amount equivalent to the value of the undelivered Equipment.

6.3.1 When the Buyer buys 10 pieces of Equipment or less, the products will be ready for transport within 8 days. All orders of more than 10 pieces of Equipment shall be made ready for transport upon mutual agreement of the Seller and the Buyer.

6.4 If the Buyer fails to take delivery of the Equipment or fails to give the Seller adequate delivery instructions at the time stated for delivery or fails to make any payment due prior to delivery then, without prejudice to any other right or remedy available to the Seller, the Seller may:

6.4.1 store the Equipment until actual delivery and charge the Buyer for the reasonable costs (including insurance) of storage: and/or

6.4.2 after 28 days from the due date for delivery accept the contract as repudiated by the Buyer

7. Risk and Property

7.1 Risk of damage to or loss of the Equipment shall pass to the Buyer at the time of delivery or if the Buyer wrongfully fails to take delivery of the Equipment at the time when the Seller tendered delivery of the Equipment.

7.2 Notwithstanding delivery and the passing of risk in the Equipment, or any other provision of these Conditions, the property in the Equipment shall not pass to the Buyer until the Seller has received in cash or cleared funds payment in full of the price of the Equipment and all other goods agreed to be sold by the Seller to the Buyer for which payment is then due.

7.3 Until such time as the property in the Equipment passes to the Buyer, the Seller shall be entitled at any time to require the Buyer to deliver up the Equipment to the Seller and, if the Buyer

fails to do so forthwith, to enter upon any premises of the Buyer or any third party where the Equipment is stored and repossess the Equipment.

7.4 The Buyer shall not be entitled to pledge or in any way charge by way of security for any indebtedness any of the Equipment which remains the property of the Seller, but if the Buyer does so all moneys owing by the Buyer to the Seller shall (without prejudice to any other right or remedy of the Seller) forthwith become due and payable.

8. Intellectual property

LG Sound intends to utilise proprietary information and manufacturing process ("Proprietary Information") in manufacturing the Products and in discharging its other responsibilities hereunder. Buyer acknowledges and agrees that, as between the parties hereto, the Proprietary Information is proprietary to LG Sound and constitutes a trade secret. Buyer will acquire no rights to use and/or disclose the Proprietary Information by virtue of the utilization of Proprietary Information in the Products manufactured or sold to Buyer hereunder.

All designs, drawings, manuals, instructions and text in any format (the "Written Materials") provided to Buyer by LG Sound are the sole property of LG Sound or its licensors, are protected by copyrights and international laws regarding copyrights, and may not be mechanically or electronically duplicated, reverse engineered or reproduced without LG Sound's express written consent.

9. Warranties and liability

9.1 Subject to the conditions set out below, the Seller warrants that the Equipment will be fully functional for its intended purpose at the time of delivery and for such period after delivery as is specified by the Seller at the time of sale.

9.2 This warranty does not extend to damage which does not affect the functionality of the equipment.

9.3 This warranty is given by the Seller subject to the following conditions:

9.3.1 the Seller shall be under no liability in respect of any specification supplied by the Buyer.

9.3.2 the Seller shall be under no liability in respect of any defect arising from fair wear and tear, wilful damage, negligence, abnormal working conditions, failure to follow the Seller's instructions and recommendations (whether oral or in writing) or misuse of the Equipment.

9.3.3 the Seller shall be under no liability under the above warranty (or any other warranty, condition or guarantee) if the total price for the Equipment has not been paid by the due date for payment or the Buyer is in any other respect in material breach of any of these conditions:

9.3.4 No repair or attempted repair (other than by the Seller or with the Seller's written consent) must have been undertaken.

9.4 The Buyer must notify the Seller of any defect eligible for remedy under this warranty within 7 days of discovering the defect. If the Buyer does not notify the Seller accordingly, the Buyer shall not be entitled to reject the Equipment and the Seller shall have no liability for any such defect or failure, and the Buyer shall be bound to pay the price as if the Equipment had been delivered in accordance with the Contract.

9.5 Where a valid warranty claim is made, the relevant Equipment shall be returned to the Seller at the expense of the Buyer and shall be redelivered, after rectification or replacement, to the Buyer at the expense of the Seller.

9.6 Equipment the subject of warranty repair will carry in respect of the repair a warranty for a period of one month from the date of redelivery to the Buyer.

9.7 Where any valid claim in respect of this warranty is made the Seller shall be entitled to repair the Equipment, replace the Equipment (or the part in question) or, at the Seller's sole discretion, refund to the Buyer the price of the Equipment (or a proportionate part of the price), but the Seller shall have no further liability to the Buyer.

9.8 Except in respect of death or personal injury caused by the Seller's negligence, the Seller shall not be liable to the Buyer by reason of any representation (unless fraudulent), or any implied warranty, condition or other term, or any duty at common law, or under the express terms of the Contract, for any indirect, special or consequential loss or damage (whether for loss of profit or

otherwise), costs, expenses or other claims for compensation whatsoever whether caused by the negligence of the Seller, its employees or agents otherwise which arise out of or in connection with the supply of the Equipment or its use by the Buyer, and the entire liability of the Seller under or in connection with the Contract shall not exceed the price of the Equipment, except as expressly provided in these Conditions.

9.9 The Seller shall not be liable to the Buyer or be deemed to be in breach of the Contract by reason of any delay in performing, or any failure to perform, any of the Seller's obligations in relation to the Equipment if the delay or failure was due to any cause beyond the Seller's reasonable control.

9.10 In no event shall the liability of LG Sound for any and all claims arising hereunder exceed the sum of buyer's payments for the products that are the subject of dispute.

10. Insolvency of Buyer

10.1 This clause applies if:

10.1.1 the Buyer makes any voluntary arrangement with its creditors or (being an individual or firm) becomes bankrupt or (being a company) becomes subject to an administration order or goes into liquidation (otherwise than for the purposes of amalgamation or reconstruction); or

10.1.2 an encumbrancer takes possession, or a receiver is appointed, of any of the property or assets of the Buyer: or

10.1.3 the Buyer ceases, or threatens to cease, to carry on business; or

10.1.4 the Seller reasonably apprehends that any of the events mentioned above is about to occur in relation to the Buyer and notifies the Buyer accordingly.

10.2 If this clause applies then, without prejudice to any other right or remedy available to the Seller, the Seller shall be entitled to cancel the Contract or suspend any further deliveries under the Contract without any liability to the Buyer, and if the Equipment has been delivered but not paid for the price shall become immediately due and payable notwithstanding any previous agreement or arrangement to the contrary.

11. Export Terms

11.1 Where the Equipment is to be exported from The Netherlands the Buyer shall be responsible for complying with any legislation or regulations governing the importation of the Equipment into the country of destination and for the payment of any duties.

11.2 The Buyer shall be responsible for complying with any regulation regulating or restricting the use of the Equipment.

12. Confidentiality

12.1 Buyer shall maintain in confidence all information and know-how disclosed by LG Sound, whether oral or in writing, that is either designated as proprietary and/or confidential or, by the nature of the circumstances surrounding disclosure, should in good faith be treated as proprietary and/or confidential ("Confidential Information"), provided that Buyer may disclose Confidential Information on a need-to-know basis to its employees and representatives who have been apprised of these non-disclosure obligations and agreed to be bound by them. Buyer shall use at least the same degree of care in safeguarding the Confidential Information as it uses in safeguarding its own information of a similar nature, subject to a minimum standard of reasonable diligence and protection. Buyer's obligation of non-disclosure hereunder shall not apply to Confidential Information that it can demonstrate by clear and convincing evidence: (a) is or becomes a matter of public knowledge through no fault of Buyer, (b) was or becomes available to Buyer on a non-confidential basis from a third party, provided that such third party is not, to Buyer's knowledge, bound by an obligation of confidentiality to the disclosing party with respect to such Confidential Information, (c) was independently developed by Buyer without reference to Confidential Information, or (d) is required to be disclosed by law, provided that LG Sound is promptly notified by Buyer in order to provide LG Sound an opportunity to seek a protective order. This provision is in addition to and not in limitation of any other agreement entered into by LG Sound and Buyer relating to the protection or nondisclosure of Confidential Information.

13. General

13.1 The Contract shall be governed by the laws of The Netherlands except when the Seller and Buyer have agreed differently in a separate agreement signed by either Mr. Y. Yousef or Mrs. C. Lems. A notification made in an email will NOT suffice to change this. Any suit, action, or other legal proceeding arising out of this agreement may be brought solely to a final and binding arbitration before the Arbitration Court of the International Chamber of Commerce to be held in The Netherlands before one (1) arbitrator. The legal language will be English.

13.2 The provisions of these Terms and Conditions shall be deemed severable, and the invalidity or unenforceability of any one or more of the provisions shall not affect the validity and enforceability of the remainder provisions of these Terms and Conditions, which shall remain in full force and effect. No provision hereof shall be deemed waived, amended or modified by either party unless such waiver, amendment or modification is in writing and signed by both parties. Any provisions which either expressly or by their nature are to continue after termination hereunder, on account of Buyer's default or otherwise, shall survive and remain in full force and effect. The captions or headings are for convenience only and are not intended to limit or define the scope or effect of any provision of these Terms and Conditions.