

General Terms and Conditions of Business for the Sales of Goods

of TEAC Europe GmbH, Bahnstraße 12, 65205 Wiesbaden-Erbenheim, Germany.

Dated April 2010

1. Scope

These General Terms and Conditions of Business apply to all agreements concluded between TEAC Europe GmbH (hereafter "TEAC") and the Customer and to all tenders, quotes, goods and services insofar as nothing else has been expressly agreed in writing by the Parties. Any general terms and conditions of our customers which differ from the provisions herein are expressly not accepted by TEAC.

2. Concluding Agreements, Sales Documents

- 2.1. An order placed by the Customer, whether by Internet or by fax, shall be binding. An agreement is deemed to have been made only when confirmation of acceptance of the order has been sent either in writing, verbally or electronically (via the Internet or by e-mail) by TEAC. A delivery or the issue of an invoice for a delivery shall count as acceptance.
- 2.2. The Customer shall bear the responsibility for the accuracy of the order and shall supply TEAC in due time with the information or specifications required for the order.
- 2.3. TEAC's sales documentation and price lists are all highly confidential and must not be made available to third parties provided that they were not publicly available, or were already known by the customer before TEAC has handed it over, or were not already known to the Customer other than by breach of a confidentiality agreement.

3. Prices, Payment Terms, Set-off and Right of Retention

- 3.1. All prices are quoted in accordance with TEAC's net price list valid at the time the agreement is concluded, plus VAT at the current statutory rate and dispatch costs, unless an agreement to the contrary is made. The net prices include the cost of standard packaging. Additional costs will be charged in respect of any special packaging that may be necessary or required by the Customer. Additional charges will be made, as set out in TEAC's current net price list, in respect of packaging and transport for small orders under EUR 250 net in value.
- 3.2. The Customer shall settle invoices without making any deduction within 30 days of receipt of the invoice (net value of invoice).
- 3.3. Payments shall be made only by bank transfer or in cash (for example, cash-on-delivery). Bills of exchange and cheques will only be accepted if this has been expressly agreed and for the purpose of fulfillment and where the Customer bears all the additional collection and discount charges.
- 3.4. The following shall apply to ongoing business relationships between TEAC and the Customer: Where TEAC becomes aware of circumstances suggesting deterioration of the Customer's creditworthiness or his insolvency, TEAC may, contrary to any existing custom or practice, require payment in advance before any further deliveries can be made. The foregoing shall apply where the circumstances become apparent between conclusion of the agreement and the delivery or after one or several partial shipments. Any further rights of TEAC are expressly not affected by this provision.
- 3.5. If a filing of an insolvency petition in respect to the Customer's assets or commencement of insolvency proceedings against the Customer or rejection of a respective application due to lack of funds shall in themselves also entitle TEAC, without further formalities, to withdraw from fulfilling the agreement without an impact on TEAC's remaining rights. All of TEAC's unsettled invoices and claims for payment/compensation shall become immediately due for payment upon receipt of TEAC's notice of withdrawal.
- 3.6. The Customer may only offset his debts in respect of TEAC against sums owed to him where these are uncontested or legally enforceable. The Customer may assert his right to withhold payment only within the context of the same legal contractual relationship.

4. Delivery of Goods

- 4.1. The delivery of goods shall be ex TEAC's warehouse or that of its appointed agents. The Customer must call off or accept the goods as soon as TEAC has given notice of their availability. Otherwise, TEAC shall be entitled to store the goods at the expense and risk of the Customer and invoice the Customer for them as if supplied ex works.
- 4.2. TEAC will specify the type of dispatch and the means of transport. The goods shall be dispatched at the expense and risk of the Customer. The Customer shall assume the risk as soon as TEAC has transferred the goods to the haulers.
- 4.3. It is the Customer's responsibility to assert and pursue claims against the haulers for damage occurring in transit. Upon request, TEAC may assign its contractual claims against the haulers to the Customer, where such claims exist and where TEAC has not suffered damage on its own premises.
- 4.4. As a general rule, TEAC supplies goods packed by the manufacturer but TEAC reserves the right to ship goods in its own appropriate packaging. The Customer is not entitled to demand (new) packaging sealed by the manufacturer even in the case of returned goods.
- 4.5. Delivery times and periods are not binding provided that a delivery date has not been expressly agreed as binding. TEAC is entitled to deliver the goods or services before expiration of a quoted or agreed period. TEAC is also entitled to deliver partial shipments or services to a reasonable extent.
- 4.6. If the agreed services or goods are not available for reasons for which TEAC cannot be held accountable, TEAC shall be entitled to withdraw from the agreement. In such circumstances, TEAC shall be obliged to inform the Customer immediately of the impossibility to deliver and to reimburse the Customer immediately in respect of any payments already received. The same shall apply in instances of force majeure (e.g. war, embargo, large-scale disruption to the road network, etc).

5. Responsibility to Examine Goods upon Receipt

- 5.1. The Customer must inspect the goods immediately upon receipt. If the Customer does not immediately after arrival of the goods reject the delivery because of such faults as may be detectable or short shipments or delivery of goods not ordered, the shipment shall count as having been accepted.
- 5.2. If defects show up later on the rejection of the delivery has to be performed immediately after the detection of the deficiency; otherwise the goods are considered as faultless regardless of factual defects. To preserve the rights of the Customer it is sufficient to send the notice in time.
- 5.3. In case, that TEAC has fraudulently concealed defects, TEAC cannot appeal to these provisions.

6. Compensation

- 6.1. Twelve (12) months after the delivery of the goods at the customer's site claims become statute-barred. The preceding provision cannot be applied in cases of intention, fraudulent concealment of defects, lack of a guaranteed property, life threatening injuries, injuries of body, risks for health, lack of freedom, or as far as law, especially the provisions of § 479 , paragraph 1 BGB (regress), regulates longer respites. Prior to return goods to TEAC, TEAC's expressly consent has to be received.
- 6.2. If regardless of putting lots of care into the processing of goods shipped goods will be defective at the time of the transfer of risk TEAC has the choice to repair or to replace the goods (supplementary performance). TEAC has the right to perform supplementary performance within an adequate time. Regress claims are not affected by the provision above.
- 6.3. If the supplementary performance fails, the Customer is entitled to – irrespective of possible claims – withdraw from fulfilling the contract or reduce the payment.

- 6.4 Claim for damages as liability for defects are limited to the provisions of limitation of liability as noted in the following paragraphs of this general terms and conditions.
- 6.5 Settlements of claims of the Customer caused by efforts necessary to fulfil supplementary performance are excluded, in particular expenses due to freight charges, delivery costs, cost of work and material, as far as expenses are due to the necessity to ship delivered goods to another site as the one the delivery was made to, except the shipment is in accordance to normal use.
- 6.6 Claims according to regress of the Customer against TEAC are permitted only, if the Customer has not made agreements with his customer which exceed the basic legal regulations. The amount of claimed regress of the Customer against TEAC is also limited to the provisions of paragraph 6.5 of this general terms and conditions.

7. Limitations of liability

- 7.1 TEAC's liability is not limited contractually in cases of intentional or grossly negligent violation of liabilities of contractual obligations without contractual limitations.
- 7.2 TEAC assumes liability for negligent violations of contractual obligations which is limited to the typically contractual damages. This provision does not apply to cases of fraudulent concealment of defects, the lack of a guaranteed property, or life threatening injuries, injuries of body, risks for health, or lack of freedom. In such cases TEAC's liability is also not limited by contractual provisions.
- 7.3. Liability of TEAC under the product liability law shall not be affected by this.

8. Modifications to the Goods

TEAC is entitled to modify and improve the goods in line with technical advances without previously notifying the Customer of this fact provided that the function or form of the goods is not essentially impaired or altered. TEAC is entitled to supply the Customer with a successor model of the model ordered if the model ordered is no longer available and if it does not differ, in function or form, essentially from the successor model.

9. Delivery of Software

As the delivery of software is regarded, in addition to the General Terms and Conditions of Business, TEAC's special Terms and Conditions for the Sale of Software shall apply or, where the software originates from a third party, the third party's terms and conditions governing rights of use shall apply, if there are such third party terms.

10. Retention of Ownership

- 10.1. The goods supplied by TEAC shall remain the property of TEAC until all claims against the Customer arising from the business relationship have been settled in full by the Customer.
- 10.2. In instances of justified withdrawal from the agreement, TEAC shall be entitled to demand the return of the goods, to dispose of them elsewhere or to deal with them in any other manner as long as the purchase price has not been paid in full.
- 10.3. Until payment in full, the Customer must hold the goods in trust for TEAC and keep them apart from his own property and from the property of third parties and store, safeguard and insure these conditional goods properly and label the property of TEAC as such.
- 10.4. Until payment in full, the Customer may use the goods in the course of normal business or resell them subject to the entitlement to retention of ownership. In the case of resale, the Customer shall assign with immediate effect the claims for payment arising from this resale up to the value of the invoice amount together with all subsidiary rights and priority rights to TEAC, which hereby accepts them. The Customer is entitled and obliged, subject to cancellation, to collect the assigned sums payable. TEAC may at any time notify the Customer's resale customers of the assignment. The value of the conditional goods shall be the invoice amount.
- 10.5. If the goods are then reprocessed and if the reprocessing has been effected in elements of the goods which TEAC does not own, then TEAC shall acquire an appropriate proportion of the

value of the conditional goods. The same shall apply in instances where goods supplied by TEAC are mixed with goods supplied by other parties.

- 10.6. The Customer is not entitled to pledge or to transfer ownership of the conditional goods by way of security. The Customer must inform TEAC immediately of any attachments or other interventions by third parties.
- 10.7. The right to retention of ownership shall also apply if individual demands for settlement are suspended by TEAC in open invoices or if a balance has been confirmed unless the balance has been settled.
- 10.8. If the Customer stops making payments, or if a petition has been filed for the commencement of insolvency proceedings in respect of the Customer's assets or if proceedings have commenced or if a provisional administrator has been appointed, then the foregoing rights of the Customer to resell or reprocess the goods or to collect payments arising therefrom shall expire.
- 10.9. If TEAC's securities arising from this exceed the claims to which it is entitled by more than 20 %, TEAC shall be obliged to release these upon the request of the Customer or of a third party affected in this respect as TEAC chooses.

11. Saving Clause, Place of Jurisdiction, Miscellaneous

- 11.1. Should individual provisions of these General Terms and Conditions of Business be or become void, this shall in no way affect the validity of the remainder of the agreement or of the General Terms and Conditions of Business.
- 11.2. German Law shall be the applicable law to the exclusion of the UN legislation governing the sale of goods and of conflicting provisions of German Law.
- 11.3. Where the Customer is a merchant, Wiesbaden, Germany, shall be the place of jurisdiction. TEAC is entitled to sue the Customer in his own local court.
- 11.4. Subsidiary agreements, modifications or additions to the agreement, including the suspension of this Point detailing the need for notices to be in writing, must be in writing.