

ADVANCED MEDIA INC. SALES & CREDIT TERMS & CONDITIONS

1. GOVERNING TERMS

All sales by Advanced Media Incorporated ("AMI") shall be governed by the terms and conditions stated in this AMI SALES & CREDIT TERMS & CONDITIONS ("Agreement") which supersedes any representation or prior communications. Any terms stated in Customer's purchase order, if any, are hereby rejected entirely except for the terms that are identical with those stated in AMI's invoice or written acknowledgement and this Agreement. The terms stated herein may only be modified in a written amendment signed by an authorized officer of AMI.

2. PRICE, PAYMENT, DELIVERY

2-1. Any order accepted on credit shall be subject to a late payment handling charge of 1 ½% per month of the delinquent invoice amount from the date of invoice until the date of actual payment (as well after as before judgment) or the maximum allowable by law, whichever is lower, without prejudice to AMI's rights and remedies in respect of Customer's failure to pay invoices when due. All payments to be made by Customer represent net amounts AMI is entitled to receive and shall not be subject to any deductions or offset or delay for any reason whatsoever. Pro-rata payment is due upon partial shipment.

2-2. AMI has the right, at any time, to cancel, suspend, or modify any credit term that has been granted to Customer, whether partial shipment has been made or not.

2-3. AMI retains a purchase money security interest and right of possession in all Products and proceeds, including insurance proceeds, for all Customer's obligations under this Agreement and appoints AMI and its treasurer, severally, the attorney-in-fact- to sign any financial statement to perfect the purchase money security interest.

2-4. Delivery term shall be F.O.B AMI warehouse, Customer shall pay or reimburse AMI for any handling, taxes, duties or other governmental charges imposed by any government authorities arising out of or related to this Agreement which AMI is obligated to pay or collect, except for any income tax.

2-5. In order to induce AMI to grant credit to Customer, Customer hereby represents and warrants that (a) the financial information Customer provides to AMI is true and accurate and can be relied upon, (b) Customer is solvent, (c) Customer pays its obligation as they come due, and (d) Customer's liabilities do not exceed Customer's asset. This representation and warranty shall be deemed to be repeated in each purchase order issued by Customer (whether written or oral) and incorporated therein by reference, until Customer notifies AMI otherwise in writing. All financial information provided to AMI must be certified by Customer's chief financial officer in writing to be true and accurate, prepared under generally accepted accounting principles, and can be relied upon.

3. PRODUCTS ACCEPTANCE

All products delivered to the address specified in the purchase order shall be deemed accepted unless Customer makes an oral claim within three (3) days of receipt and confirms such claim in writing within five (5) days of receipt with evidence satisfactory to AMI of any alleged shortage, damage, or discrepancy.

4. WARRANTY

AMI warrants the Products will substantially conform to AMI's specifications for a period of one (1) year from the date of shipment (warranty period). AMI's sole obligation under this warranty is to repair or replace the Products free of charge pursuant to the RETURN section below. There is NO OTHER WARRANTY, REPRESENTATION, OR CONDITION REGARDING AMI'S PRODUCTS, SERVICES, OR PERFORMANCE UNDER THIS AGREEMENT, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

5. RETURN

Prior to returning any Products to, including refusing receipt of Products from, AMI for any reason, Customer shall first obtain a Return Material Authorization ("RMA"). No returns can be made without an RMA. Any authorized returns must be shipped within ten (10) days of receiving the RMA number and shipped in their original box and packing material, with a copy of AMI's invoice, stock number, RMA, and written statement specifying reasons

for the return and any defects in the Products in sufficient details satisfactory to AMI. Customer is responsible to ship out five (5) to ten (10) units of the unused media for AMI's RMA/QC Department to perform testing prior to returning a large quantity of shipment. Upon confirmation by AMI's RMA/QC Department, with evidence indicating the product is defective, customers are allowed to return all unused merchandise. All Products sold from AMI to Customers may only be exchanged or replaced. AMI WILL ONLY ISSUE CREDIT WHEN THE PRODUCT IS NO LONGER AVAILABLE FOR EXCHANGE OR REPLACEMENT. 15% restocking fee will be applied to the returning merchandise, and AMI may issue credit memo based on the unit price on original invoice. All Products Customer returned to AMI shall be shipped C.I.F. AMI warehouse. Any replaced Products shall be shipped to Customer F.O.B.

6. TERMINATION

The performance of AMI under this Agreement may be terminated, in whole or in part, by AMI at its convenience. Further, in the event (a) of an assignment by Customer for the benefit of creditors; (b) of Customer's insolvency; (c) of Customer's dissolution; (d) a trustee or receiver is appointed for Customer or any substantial part of its assets; (e) any or Customer's property is attached by any creditor; or (f) any breach of this Agreement by Customer. AMI has the right, without any liability, (i) to immediately terminate any performance of AMI by written notice to Customer; (ii) to stop any shipment in transit; (iii) to immediate payment by Customer of any accrued charges; and (iv) to enter Customer's premises forthwith to reclaim any unpaid Products. The exercise of any AMI's rights under this section shall not be deemed a waiver of any rights of AMI to recover any damages.

7. LIMITATION OF LIABILITY

Except for bodily injury, AMI IS NOT LIABLE TO CUSTOMER OR ANY OTHER PARTY FOR ANY DIRECT OR INDIRECT, LOST REVENUE, LOST PROFITS, OR OTHER CONSEQUENTIAL, RELIANCE, INCIDENTAL, OR PUNITIVE DAMAGES, even if AMI has been advised of the possibility of such damages. AMI ENTIRE LIABILITY FOR ALL CLAIMS IN ANY WAY RELATED TO THIS AGREEMENT (INCLUDING TORTS) WHATSOEVER SHALL BE LIMITED TO THE AMOUNT PAID AMI FOR THE PRODUCTS WHICH CAUSED THE DAMAGE OR \$10,000, whichever is lower, and the sum of cumulative claims may not exceed this limit. Customer hereby agrees to release AMI from all obligations, liabilities, claims, or demands in excess of the limitation.

8. DISPUTE RESOLUTION

8.1 Limitation. No claim or action arising out of related to any sales may be brought by either party more than twelve (12) months after the cause of action has arisen, except in the case of nonpayment.

8.2 Governing Law & Venue. The Agreement is entered into in the State of California, and its validity, construction, interpretation, and legal effect shall be governed by laws applicable to contracts entered into and performed entirely within the State of California. Any action arising under or related to this Agreement shall only be initiated and maintained in state or federal court located in Los Angeles County, California. The parties hereby consent and submit to the personal jurisdiction of such courts for the purpose of litigating any such action.

9. GENERAL

9.1 Assignment. This Agreement may not be assigned by Customer without the prior written consent of AMI. AMI may assign this Agreement upon giving written notice to Customer. Any assignment contrary to this section shall be void and unenforceable.

9.2 Force Measure. Except with regard to Customer's performance under Section 2 of this Agreement, neither party shall be deemed in default due to causes beyond its reasonable control.

9.3 Relationship. Nothing in this Agreement is intended to create, or shall be construed as creating a joint venture, partnership, agency, or employment relationship, it being understood that AMI and Customer performance are independent contractors vis-à-vis one another.

9.4 Heading. The headings of this Agreement are provided for convenience and will not control the interpretation of the Agreement.