

October 3, 2007 (Amended on May 4, 2009)

GENERAL CONDITIONS

1. SUBJECT OF GENERAL CONDITIONS

1.1 Seller sells and Purchaser buys merchandise – GD2 quality (Umka Color), GD3 quality (Umka Pak) and GT2 quality (Umka Special) according to Umka's standard technical specifications.

Hereinafter in the text "Seller" refers to cardboard manufacturer "Umka – cardboard plant AD" and expression "Purchaser" designates a person or body corporate with which Seller will have a business relationship subject to General Commercial Conditions. These conditions are valid for all the **agreements (business relationships)** concluded between Purchaser and Seller (hereinafter referred to as Agreement), as well as for all the subsequent orders in the course of current business cooperation.

By ordering the goods it is considered that Purchaser accepted these conditions.

INCOTERMS in the current version issued by the International Commercial Chamber (currently INCOTERMS 2000) will be applied according to explicit approval of Seller and only in these frames.

Languages in which the agreements will be issued, orders and appeals will be Serbian and English.

When it comes to issues not covered at all by these General conditions of sale, legislation of the Seller's country will be applied, or of country explicitly chosen by joint agreement between the parties.

2. ORDERING AND CONFIRMATION OF ORDER

2.1 Each order for paper and cardboard, whether it is for the elaboration of warehouse must be sent in a way that Supplier receives at least the following data clearly and unambiguously:

1. Number of order
2. Invoice recipient (name and address)
3. Recipient of goods (name and address)
4. Name of goods, quantity and grammage
5. In case of rolls:
 - width of roll;
 - diameter of roll;
 - interior diameter of centre.

In case of sheets:

- sizes
- machine direction, if available
- basic weight (grammage per m2 or density (in hundreds of mm)

6. Presentation, type of package
7. Dates of delivery, destination and method of delivery
8. Agreed price
9. Agreed conditions of payment.

Seller is obliged according to agreement with Purchaser only when (i) confirming the order of Purchaser in a way that covers all the items of Article 1 and can be a base and origin of agreement about delivery and (ii) purchaser accepts his firm and precise offer in detail without supplement.

Confirmed time of delivery is estimated time.

3. PACKAGE AND LABELING

3.1 Goods should be packed and marked in the standard Seller's package.

Goods should be packed and marked in firm wooden pallets with well fixed wooden "legs". Cardboard tables on each pallet should be protected with thick shrinkable foil.

3.2 Labels on each palette should contain the following information:

- The name of the Purchaser;
- The name of the Seller;
- Name of goods;
- Grammage of goods, format;
- Net weight, kg;
- Gross weight, kg;
- Bar code;
- Name of Purchaser's order (if designated in Seller's order);
- Country of origin.

4. DELIVERIES AND RISK TRANSFER

4.1 Conditions of delivery stated by Seller will be franco factory, will not be binding and will start on a day of confirming the order free for manufacture, but in no case prior to the reception of any agreed advance payments, letters of credit or banking guarantees.

4.2 Seller will be entitled to demand acceptance of order 30 days after the expiry of delivery deadline. The goods will be delivered exclusively for use according to a specified purpose.

4.3 Seller is responsible of notifying the Purchaser without delay and in written form about existence, reasons for temporary delay or full inability to deliver. If the problem is only temporary, the realization of agreement will only be suspended as long as that lasts. If the duration exceeds two weeks, both parties are entitled to terminating the agreement without compensation, if there is no agreement between the parties.

4.4 If however the obstacle refers to the part of the agreement consisting of delayed deliveries, right to termination can be applied only in relation to special delivery and not for future deliveries.

4.5 If at the time of problem that prevents delivery, whether unsolvable or only temporary, Seller has already performed a part of order, Purchaser is obliged to take the delivery of quantity under the already agreed terms.

4.6 In case of disrespecting the date of delivery by Seller, Purchaser will explicitly demand a reasonable grace period. If that grace period expires without done delivery or if Seller notifies Purchaser that delivery cannot be performed, Purchaser will be entitled to terminating the Agreement. That termination must be in written form a week after the expiration of grace period or after notifying Seller. In case of disrespecting the delivery date, Purchaser will not be entitled to claiming damages.

4.7 Unless explicitly agreed differently in written form, Seller will be entitled to making deliveries in one or more parts. Regardless of all the other provisions stated herein, each delivery will be considered a separate Agreement.

4.8 If Purchaser does not furnish detailed specifications to Seller related to agreed goods in time, Seller will be under no obligation to respect the stated date of delivery. Seller reserves the right to terminate Agreement after granting a reasonable grace period.

4.9 If not otherwise differently agreed in written form (INCOTERMS) factory or warehouse of Seller from which the goods are delivered will be the place of performance and transfer of risk.

4.10 When Purchaser fails to take over the goods after notification that is available or postpones delivery, Seller will be entitled to placing the goods outside the warehouse at the expense of Purchaser or demand expenses of warehousing if kept in its own warehouse. If Purchaser fails to take over the goods even after the expiration of 14 days when it was placed at his disposal, Seller is entitled to demand from Purchaser the payment of both due and undue claims for which agreed discounts will not be valid anymore, to sell the goods at Purchaser's expense, and to terminate Agreement with request for compensation of totally suffered damages.

5. PRICES

In case of increasing prices related to energy, transport or raw materials to or more than 10% totally after concluding Agreement, Seller will be entitled to demanding that new price be agreed and to issue that price on invoice provided that Purchaser is notified about that increase at least thirty days in advance.

Unless otherwise agreed the valid price list is applied as well as stated charges and discounts.

Deviations from price on the invoice compared to the price on the order confirmation because of the fee for warehousing or discount on the delivered quantity within the valid price list will be obligatorily accepted by Purchaser.

6. CONDITIONS OF PAYMENT

Unless otherwise agreed in written form, payments will be done entirely according to written agreement (invoice and order conformation), while each right to withholding or deductions of counterclaims will be excluded. Place of realization will be the location of Seller. Payments with bills of exchange or checks as well as discounts and deductions will be accepted by Seller only if that is explicitly stated on the invoice.

Interest will be chargeable for uncovered amounts at a rate of 10% annually above EURIBOR rate for the currency on the account. Seller will also be entitled to compensation of expenses incurred by Seller related to memos, collections, searches as well as legal counseling.

When there are debts for deliveries where keeping the rights is not agreed upon or where that rights keeping has already been expired, all the received payments will firstly be used for these unpaid debts and after these are paid, for claims related to deliveries for which there are still withholdings.

If Purchaser becomes insolvent, is liquidated, or if there is a petition filed against Purchaser for bankruptcy or if bankruptcy occurred or procedure due to lack of funds or if at the opinion of Seller the creditworthiness of Purchaser is worsened prior to delivery in a way that it threatens the fulfillment of any Purchaser's obligations, Seller will be entitled to either demand full or partial payment of price before delivery or devaluation of security for payment by Purchaser in a form acceptable by Seller, or to terminate Agreement after granting a reasonable grace period.

7. KEEPING OWNERSHIP

If the foregoing is not contrary to the rules of public order in the country of Purchaser, especially related to bankruptcy, and if there are no contrary agreements:

7.1 Seller reserves the ownership over the goods delivered to him as long as all the sums are paid owed to him by Purchaser related to their business relationship.

7.2 Purchaser can convert or re-sell the mentioned goods during normal commercial operations.

7.3 Conversion of goods, rights to property reserved, do not transfer ownership to Purchaser. When the conversion also includes other products that do not belong to Purchaser, Seller acquires co-ownership over new product depending upon the value of goods the ownership of which is kept.

8. CLAIMS AND COMPLAINTS

8.1 Purchaser is obliged to inspect the delivered goods after reception, however, in any case before goods processing, if there are defects. If the goods are not according to agreed quality standards, processing must not start before Seller approved in written form.

8.2 Purchaser is obliged to inform Seller in written form, by e-mail, fax or mail, about complaints as to the quality or quantity immediately after establishing the faults, for quantity faults within 7 days from the day of taking over the goods, for visible quality faults within 7 days, for hidden quality faults immediately and without delay after seeing these. In any case within 180 days from the day of receiving goods Purchaser loses the right to complaint upon this base.

8.3 Complaint request should be in written form and it should contain as follows:

- samples of cardboard (printed and not printed)
- samples of damaged materials (printer's boards...)
- description of complaint
- quantity of goods complained about
- bar codes of **pallets** of goods complained about and number of invoice
- transport documents

- photos of goods complained about
- the essence of the complaint (fault, bad quality...)
- request of Purchaser (with specification of expenses)

At least 50% of entire delivery that was complained about should be available for testing.

8.4 Seller is obliged to make a written response to received complaint within 30 days from the day of reception. Seller and/or his representatives are entitled to inspecting the goods complained about.

8.5 The fact that Purchaser filed a request for complaint does not mean that he is exempted from the obligation of paying for the delivered goods.

8.6 When complaining Purchaser is obliged to enable Seller to have insight in the not less than 90% of goods complained about.

8.7 If Seller does not accept the complaint he is entitled to demanding goods inspection that will be performed by independent organization for inspections (SGS inspection). The findings of this inspection will be binding and final.

8.8 Maximal value of the complaint is limited to 30% more than the value of delivered goods.

8.9 Goods remain the ownership of Seller until Purchaser pays the full amount of delivered goods.

8.10 Each complaint is solved separately. A fault of one part of the goods cannot justify for the rejection of entirety. The complaint referring to a part of goods delivered does not liberate the Purchaser from the obligation to pay within agreed term for the entire shipment and cannot justify for the entire rejection of the shipment.

9. GUARANTEE AND RESPONSIBILITY

9.1 As of the moment when the risk is transferred to Purchaser, Seller does not take over any responsibility related to defects caused by irregular handling, tear and wear, warehousing or other procedures or faults of Purchaser or third parties.

9.2 Delivery will be considered completed according to agreements if any deviations related to quantity, grammage, thickness, size or width of rolls of goods delivered by Seller to Purchaser do not exceed tolerances stated in the annex.

9.3 As long as the dispute is in course related to claims, Purchaser will warehouse the goods and in the best interest of the both contracting parties he will insure it so as to cover the purchasing price. If there is a doubt that damages occurred during the transport, Purchaser is however obliged to notify freight-forwarder (transporter) in any case within deadline stated in agreement about freight-forwarding.

9.4 Defects in delivery will be corrected by improvement or replacement of the item in question. If the improvements or replacement are not possible or if these include unreasonably high expenses of Seller, Purchaser will be entitled to price reduction. All the claims related to that, such as claims for the Agreement termination, claims for damages or claims for the realization will be excluded.

9.5 All the claims from Seller that are not explicitly allowed according to Agreement or these General commercial conditions will be explicitly excluded if that is legally allowed. All the claims of Purchaser's damages will be limited to six months after the risk transfer.

10. WAIVER

10.1 If the Seller does not realize its rights according to this Agreement that will not be considered waiver of that right, and therefore the right to realization of these rights is later explicitly reserved.

11. FORCE MAJEURE

11.1 After the effects of force majeure, Seller will be entitled to extension of the delivery term for the duration of event plus reasonable period for re-start of the operations or to terminate the Agreement in part or entirety, where all the claims of Purchaser will be excluded (claims of damages).

11.2 Any and all events the cause of which being out of reasonable control of Seller will be considered a force majeure event, including and not limiting to as follows:

- industrial disputes of any kind, unavailability of materials or means of transport, closed borders, decisions of government, export embargoes, or other circumstances affecting the Seller's operations or
- forces of nature, war, rebellion, revolts, revolutions, terrorism, sabotage, fire, natural disasters, failure to obtain necessary official permits or
- late delivery or non-delivery by Seller's suppliers especially as a consequence of energy crises or crises of raw material deliveries or for any other reason that can be ascribed to Seller.

12. DISPUTES AND ARBITRATION

Contracting parties will try to solve all the issues arising from these General conditions in a friendly way, through negotiations.

In case that these issues cannot be solved by negotiations within 60 days, the problem is solved before the Commercial Court of Belgrade according to the laws valid in Serbia or before the arbitration in Vienna with previous approval of Seller.

13. MISCELLANEOUS

13.1 All the notifications in the name of Seller will be legally binding only if they are issued by a certain number of authorized representatives (directors, authorized signatories, attorneys).

13.2 All the agreements between Seller and Purchaser must be in written form. Oral agreements will not be valid. Amendments of these General conditions of commerce will be valid only in written form. This request will be also considered fulfilled in case of fax message or e-mail.

13.3 If any provision of Agreement or these General commercial conditions is inapplicable entirely or partially, other provisions will remain in force. In case of partial inapplicability, contracting parties are obliged to replace the inapplicable provisions by applicable provisions that reflect the intention of inapplicable provisions if that is possible.

14. ELECTRONIC DOCUMENTS SENDING

14.1 If Purchaser agrees separately and in written form, documents related to order (e.g. order confirmation, certificate about delivery, invoice) will be sent to him by e-mail or in other appropriate electronic form. All mails sent to e-mail addresses or other electronic addresses furnished by Purchaser will be considered furnished to Purchaser after sending.

15. LIMITATIONS

Purchaser is allowed to sell the goods only on the Purchaser's market.

Purchaser is strictly forbidden to sell the goods in any other market without written approval of Seller.

If Purchaser ignores this contractual obligation, he is obliged to pay the penalties to Seller in the amount of Euro 50.000 for each truck of goods delivered in other markets.