

**General Terms and Conditions of Sale, Delivery and Payment of goods from
KRONOSPAN SRB D.O.O. 17. MARTA 2, LAPOVO**

§ 1 Scope of application

1. If orders and delivery transactions of KRONOSPAN SRB d.o.o.- Lapovo (referred to as "KRONOSPAN") shall be exclusively subject to the following General Terms and Conditions of Sale, Delivery and Payment of goods from KRONOSPAN SRB d.o.o 17. Marta 2, Lapovo. (referred hereinafter as "General Terms and Conditions") if not explicitly agreed otherwise.
2. The latest upon receipt of the goods, said terms and conditions shall be deemed accepted.
3. Entering into a contract based on these terms and conditions substantiates the applicability thereof to all other transactions with the same contractor in the future, even if an explicit reference is not made thereto.
4. Our Terms and Conditions of Sale, Delivery and Payment apply exclusively. Purchaser's terms, which may be contrary to or deviate from our conditions will not be recognized. Conditions of Purchase stipulated by the Purchaser, similarly any notes which the Purchaser may append to our Terms and Conditions of Sale, Delivery and Payment will not be binding for us, even if we do not expressly reject them. In the event of a copy of our Terms and Conditions of Sale, Delivery and Payment not having been sent to the Purchaser along with our offer, or not having been given to him on some other occasion, they will nevertheless apply if they were already known to him – or should have been known to him – from earlier business dealings with us. Our Terms and Conditions of Sale, Delivery and Payment apply to our delivery transactions. Only written orders and agreements are legally binding. Agreements reached verbally or over the phone become valid only after they have been confirmed in writing.

§ 2 Offers and Conclusion of Contract

1. Offers of KRONOSPAN shall not be binding as regards pricing and delivery times. Drawings, depictions, dimensions, weights or other performance data shall only be binding if explicitly agreed in writing.
2. When the Purchaser places an order, this shall be considered a binding offer on the part of the Purchaser. As Seller, KRONOSPAN may accept this offer within a period of 2 weeks by sending the Purchaser an order confirmation.
3. A Purchasing Agreement shall be deemed concluded by written order confirmation of KRONOSPAN.

§ 3 Prices and Payment Conditions

1. The prices are ex-factory unless otherwise agreed and do not include freight, customs, import duties, ancillary levies; prices include statutory value added tax. Price changes apply for all deliveries as of the date communicated by KRONOSPAN.
2. In the event that during the period between conclusion of the contract and delivery the raw material prices, wages and/or other circumstances impacting the prices, change to the disadvantage of KRONOSPAN, KRONOSPAN shall be entitled to adjust the prices corresponding to such changes.
3. Invoices of KRONOSPAN shall be paid upon receipt, if not agreed otherwise. All payments shall be exclusively effected in EURO or their equivalence in Serbian dinar.
4. In case of delayed payment the Purchaser automatically forfeits any promised rebates, turnover bonuses, freight refunds or any similar price concessions. Furthermore in all such cases KRONOSPAN is also entitled to demand immediate payment of all accounts otherwise not yet due plus all default costs so far incurred, the costs of reminders and the costs of legal proceedings in particular, and to cancel any pending deliveries to the purchaser. In the event the Purchaser defaults payment, the Purchaser shall pay default interest in the amount of 0.05 percent for each day of delay. Further claims of KRONOSPAN shall remain unaffected thereby.
5. Bills of exchange, promissory notes and cheques are only accepted on account of performance and the debt shall only be cleared upon receipt of full payment. If bills of exchange are not negotiated within 14 calendar days after the term agreed upon, KRONOSPAN may demand immediate payment in cash. KRONOSPAN shall assume no liability for correct and timely presentation and protesting with regard to the negotiated check or bill of exchange. Discount charges (2 two % above the discount charge of KRONOSPAN's bank, minimum € 50) and all expenditure and costs in connection with the honouring of bills of exchange and check amounts shall be borne by the Purchaser. All receivables of KRONOSPAN shall become due for payment immediately irrespective of the term of any bill, if the terms and conditions for payment are not complied with or circumstances become known that potentially reduce the credit standing of the Purchaser.
6. If, after the closing of a contract circumstances arise which give us reason to doubt either the solvency or the creditworthiness of the purchaser, alternatively, if the purchaser's solvency or creditworthiness were in doubt at the time of the closing of the sales contract, but we only became aware of this later, we shall be entitled full payment in cash or the giving of suitable security by the customer prior to delivery. Failing this, we shall be entitled to withdraw from contract and to demand commensurate compensation for all expenses incurred, furthermore, to revoke any deferred payment terms already allowed, and to demand the immediate payment of all open accounts. In case of inadequate insurance cover, any delivery obligations and fixed prices will not apply.
7. Despite of any conflicting determinations, KRONOSPAN shall be entitled to initially offset payments against the older debts and shall notify the Purchaser of the nature of any offset. If costs and interest have already accrued, KRONOSPAN shall be entitled to have payment initially offset against the costs, then against the interest and finally against the main debt.
8. The Purchaser shall only be entitled to offset, hold back or reduce payment, even if defects have been notified or counterclaims asserted, if the counterclaims have been finally and conclusively been established by a competent court of law or are undisputed.
9. KRONOSPAN may offset its claims as well as claims of associated persons of KRONOSPAN in the sense of an appropriate Serbian law against claims of the Purchaser. The Purchaser agrees that dissimilar takings may also be offset the same way.

§ 4 Delivery and Delivery Terms

1. Deliveries shall be affected ex works, unless otherwise agreed in an individual contract.
2. Delivery terms (if differing from Article 4 Paragraph 1) as well as form, modality and scope of packaging are in the sole discretion of KRONOSPAN, if not explicitly agreed otherwise.
3. KRONOSPAN may rescind the contract if the agreed payment securities are not presented in time by the Purchaser, in particular if no sufficient trade credit insurance coverage is given.
4. Foreseen delivery dates shall be specified in the order confirmation or shall be agreed in written form and will be complied with to the extent possible.

If a delivery date is exceeded by more than 2 (two) weeks, the Purchaser shall be entitled to set KRONOSPAN in writing an adequate subsequent period of time for delivery. If delivery shall not be made within 2 weeks from expiry of the subsequent period of time, the Purchaser shall be entitled to rescind the contract. The right of rescission of contract needs to be declared in written form. The right of rescission of the contract shall not exist if KRONOSPAN has been unable to comply with the subsequent period of time set for delivery because of circumstances for which KRONOSPAN is not responsible and it is reasonable to expect from the Purchaser to adhere to the contract.

KRONOSPAN shall be discharged any of its obligations for the period of the existence of an event beyond the control of KRONOSPAN, which prevents KRONOSPAN from complying with the respective obligation. (Force Majeure), including but not limited to: inability to provide raw materials and transportation means, fires, explosions, earthquakes, drought, tidal waves and floods; war and hostilities (whether declared or not declared), invasion, act of foreign enemies, mobilisation, requisition, or embargo; rebellion, revolution, insurrection, or military dictatorship, usurped power, or civil war; any threat related to or event of radioactivity, toxicity, explosions or any other hazardous threat or event; riot, commotion, strikes, go-slows, lockouts or production disorder of any kind; as well as any other event or occurrence even if not expressly stated herein that stands beyond the control of KRONOSPAN and was unforeseeable or if foreseeable was unavoidable. Delivery deadlines agreed shall be extended by the period of the existence of the circumstances of Force Majeure. The Purchaser shall not have the right to reject the deliveries because of delay due to circumstances of Force Majeure.

KRONOSPAN shall be entitled to effect partial deliveries and partial performance of services. In case of orders on call, the Purchaser promises to off-take the goods to the due date determined in the order confirmation, in lack thereof at the latest 28 calendar days from notice of completion. Otherwise, the goods shall be automatically delivered to the Purchaser if refused, at KRONOSPAN's premises, at the expense of the Purchaser. Delivery will be regarded as having been effected.

§ 5 Transfer of risk

1. The risk of accidental loss of the goods shall pass over to the Purchaser in all cases as soon as the consignment is handed over to the party effecting the transport or has left KRONOSPAN's warehouse for dispatch purposes. This shall in particular apply in the case of deliveries "freight prepaid".
2. If dispatch cannot be carried out within the agreed delivery period for reasons for which KRONOSPAN is not responsible, the risk of accidental loss of the goods shall pass over to the Purchaser upon its receipt of the notification of readiness for dispatch.
3. The Purchaser is obliged to offtake the goods up to the agreed date, otherwise KRONOSPAN will charge customary warehousing costs according to the actual costs but in any case not less than 3 €/m³ (incl. statutory VAT).

§ 6 Warranty; Period of Limitation

1. Any obvious defects as well as any other effects, which become apparent following a proper inspection of the goods, are to be reported to KRONOSPAN in writing by the purchaser immediately upon receipt of the goods but not later than within 24 hours. In such cases the Purchaser must note down the defects on the delivery note or the respective transport documents such as CMR/CIM and take pictures evidencing the defects, which documents the Purchaser also sends to KRONOSPAN. Any defects of a type not apparent even after an orderly inspection of the goods must be reported to KRONOSPAN immediately following their discovery but not later than within 24 hours. The same applies with regard to concealed defects in increased quantities. Failure to comply with this reporting procedure will result in the lapsing of the guarantee or other claims.
2. The Purchaser shall be obliged prior to processing the delivered goods, to inspect them for their suitability for the purposes of use even if samples of goods have been supplied.
3. Minor discrepancies in dimensions and formats shall not entitle the Purchaser to raise complaints for defects. Potential discrepancies listed in the relevant quality guidelines known to the Purchaser are all in consistency with the contract. Complaining about defects requires that the reduction of the value resulting from the defects exceed 4% of the value of the goods but no less than EUR 50 (fifty euro) in any particular case. For orders of cut-to-size panels, discrepancies in piece numbers of up to 10% of ordered quantity shall be recognized by the Purchaser as being in consistency with the contract. In any other case the Purchaser accepts volume deviation of the fulfillment of any specific order in a surplus or shortage of 8%. In such cases the order will be considered fulfilled.
4. Complaints may only be raised in respect of first class goods which have not been sold as part of a promotion and that are available for inspection or return. Precondition of existence of warranty obligations of KRONOSPAN is the fulfilling of the obligations of the Purchaser, in particular of the agreed Payment Terms. Without prior mutual agreement in written no product should be returned to KRONOSPAN.
5. In the event of defective contract products duly and timely notified in accordance with Para. 1 above, KRONOSPAN shall at its own choice render subsequent performance either by removing the defect or by delivering a contract product free of defects. If said delivery turns out to be unsuccessful, the Purchaser shall be entitled to reduce the

purchasing price or at its choice to rescind the contract. There are no claims for compensatory damages, except as provided for in § 9 hereafter.

6. The right of warranty claims of the Purchaser shall expire if the goods delivered are changed, converted or wrong managed or processed.
7. KRONOSPAN shall not be liable for a deterioration of products if they are used outside of the EU unless the foreseen application and the country have been notified to KRONOSPAN prior to the use and the quality of the material for this purpose has been guaranteed by KRONOSPAN in writing.
8. The Buyer shall be entitled to make a claim for defects within six months unless the defect is building-related or unless the defective object products were used for construction works in line with their intended purpose and caused the building's structural defect. The right of making claims shall also apply for claims in tort based on a defect of the contract products. The term for execution of this right shall begin to run as of the delivery of the contract products. Liability pursuant to § 8, in particular liability of KRONOSPAN for damages resulting from a breach of a warranty or from harm to life, physical injury, or harm to health as well as in case of intent and gross negligence and for products defects shall remain unaffected thereby. Any comment of KRONOSPAN on a claim based on defects asserted by the Buyer shall not constitute entry into negotiations on such claim or on the facts giving rise to the claim, provided that KRONOSPAN rejects the claim based on defects to the extent of the above provisions.
9. Subject to contractual provisions explicitly agreed on otherwise or compulsory legal provisions, the above provisions comprehensively and exclusively provide for the warranty obligations of KRONOSPAN. There are no further ones.

§ 7 Retention of Title

1. Until such time as all receivables of KRONOSPAN, including receivables for expenses and interest, from the business relationship with the Purchaser and the persons associated with the Purchaser in the sense of Serbian Law have been paid KRONOSPAN shall retain title (ownership) to the purchased goods. To the extent KRONOSPAN agrees with the Purchaser on payment of the purchasing price on the basis of cheques, promissory notes and bills of exchange, the retention of title shall also extend to the encashment as well as any claims against the Purchaser in connection with a potential liability of KRONOSPAN towards respective third parties holding rights in such negotiable documents and does not expire with the receipt of the amount stated in such promissory note / cheque / bill of exchange.
2. In case of processing or reshaping of delivered goods over which KRONOSPAN has retained title (ownership) by virtue of the preceding paragraph, the Purchaser or third parties shall not become owners of the new chattel (product). Owner of the newly created chattel shall become KRONOSPAN. In case the goods are processed or reshaped together with goods, owned by the Purchaser, the ownership of the new product shall be co-ownership in the proportion of the value which correspond to the value of the nested goods of KRONOSPAN in the proportion of the value of the goods under reservation of title (invoice amount plus value added tax) to the other processed goods at the time of processing.
3. The processing or reshaping shall be always performed only with reserving the security rights of KRONOSPAN. The processed goods shall serve with its total value as a security of the taking stated in the preceding paragraph.
4. In the case where the Purchaser sells goods under reservation of title by KRONOSPAN, irrespectively whether the goods have been processed in new product with or without goods owned by other suppliers, KRONOSPAN shall acquire co-ownership in the new product in the proportion of the value of the goods under reservation of title to the value of the goods under reservation of title by other supplier have been included in the sold goods, KRONOSPAN shall acquire such part of the rights over receivables of the Purchaser as corresponds to the value of his goods. In the cases of this paragraph the Purchaser shall be obliged upon the written request by KRONOSPAN to notify his debtors for the transfer of receivables to the benefit of KRONOSPAN.
5. In case the goods under reservation of title are inseparably assembled or mixed with goods of other suppliers, KRONOSPAN shall acquire co-ownership in the new product in the proportion of the value of the goods under reservation of title to the value of the goods under reservation of title by other supplier have been included in the sold goods, KRONOSPAN shall acquire such part of the rights over receivables of the Purchaser as corresponds to the value of his goods. In the cases of this paragraph the Purchaser shall be obliged upon the written request by KRONOSPAN to notify his debtors for the transfer of receivables to the benefit of KRONOSPAN.
6. If the assembly or mixture is made in such a way that the goods of KRONOSPAN under retention of title become essential parts of a new product, KRONOSPAN shall acquire co-ownership in the new product in the aforesaid proportion.
7. The Purchaser shall store the respective share of co-ownership of KRONOSPAN free of charge. In the case no acquisition of ownership in the sense of this section commences, the Purchaser already now assigns its future ownership or co-ownership in the new product in aforesaid proportion to KRONOSPAN by way of security.
8. The Purchaser shall be obliged to set the goods of KRONOSPAN in the ordinary course of business. The receivables of the Purchaser from selling or other receivables substituting the goods shall already now be assigned to KRONOSPAN by way of security in their full amount with all ancillary rights irrespectively whether the goods of KRONOSPAN have been delivered with or without processing, reshaping, assembling or mixing and whether KRONOSPAN's goods have been processed, reshaped, assembled or mixed with goods of other third party suppliers. If another supplier is entitled to lawfully claim extended reservation of title concerning receivables of the Purchaser, the Purchaser shall assign to KRONOSPAN the receivables concerned to the extent of the reservation of title of KRONOSPAN to the sold goods.
9. If the receivables of the Purchaser from selling the goods of KRONOSPAN under reservation of title or of goods in which KRONOSPAN holds co-ownership are put in a current account the Purchaser already now shall assign to KRONOSPAN its payment claim in the amount of the respectively acknowledged balance covering the amount of the claims of KRONOSPAN.
10. Until cancelled, the Purchaser is entitled to collect the assigned claims. Out of legitimate reason, like default in payment or cessation of payment of the Purchaser, initiation of insolvency proceedings or other jeopardy to the satisfaction of the contract, the authorization of the Purchaser to collect the receivables may be cancelled by KRONOSPAN. In the case of cancellation the Purchaser shall be obliged to immediately label the reserved goods as property of KRONOSPAN in appropriate manner recognizable for each third party.
11. The Purchaser is obliged to provide KRONOSPAN with a detailed list of any reserved goods also to the extent that they are processed as well as a list of assigned receivables with naming of the third party debtors. Irrespective thereof, representatives of KRONOSPAN shall always be entitled to conduct appropriate examinations with the Purchaser and demand and inspect the documents necessary in this connection during normal working hours.
12. The Purchaser bears the risk for the goods delivered by KRONOSPAN. It shall be obliged to keep the goods with the due care of a proper merchant and fully insure them against usual risks, like damage, loss, theft, fire etc. to usual terms and common extend. The Purchaser herewith assigns to KRONOSPAN any claim against the insurer for the case of damages namely an amount corresponding to the purchasing price of goods delivered under reservation of title with the highest possible priority. To the extent that the insurer does not cover the total damage, the Purchaser is obliged to pay KRONOSPAN the difference up to the value of the destroyed or damaged goods (invoice amount plus value added tax).
13. The Purchaser shall not have the right to pledge or transfer of title for security purposes over the goods delivered under reservation of title by KRONOSPAN without the consent of KRONOSPAN. The Purchaser shall be obliged to use best efforts and perform all necessary and possible legal actions in order to render the agreed reservation of title and the pre-assignment effective. The Purchaser shall be liable for all cost of an intervention in court and / or out of court.
14. KRONOSPAN is obliged to release collateral in their dutiful discretion, if and to the extent that the estimated value of the collateral exceeds the total receivables of KRONOSPAN to be secured respectively, permanently by 50 %.

§ 8 Restrictions on liability

1. KRONOSPAN shall bear no liability irrespectively of the legal ground except if damages are caused due to intent or gross negligence of KRONOSPAN or if material duties are breached by KRONOSPAN, such duties resulting from the nature of the contract and being of essential importance for the attainment of the purpose of the contract. In such case KRONOSPAN's liability shall be limited to the caused direct damages only. Imperative statutory product liability shall remain unaffected. Any preclusion or limitation of KRONOSPAN's liability shall also apply for the personal liability of KRONOSPAN's employees, staff members, representatives, and auxiliary persons.
2. To the extent that the Purchaser shall be liable for damages, the Purchaser shall be liable for the full amount of the damages, including but not limited to: reasonable and appropriate or imposed by the competent authorities, in particular, the Purchaser will find and establish the necessary customer data. The Purchaser shall bear the costs for the product recall or warning notice. Further claims of KRONOSPAN shall remain unaffected thereby. The Purchaser is obliged to inform KRONOSPAN in writing without delay about all possible risks in connection with the use of the contract products that become known to it, and any possible defects in the contract products. In case of conflict with imperative statutory provisions regarding the liability of the Purchaser provided hereinabove, the Purchaser shall fully compensate KRONOSPAN for all costs and/or expenses (including legal fees and disbursements) endured by KRONOSPAN, that would be reasonably endured by the Purchaser by virtue of the provisions hereinabove.

§ 9 Applicable law, Court of Venue

1. These General Terms and Conditions shall be governed by and construed in accordance with the Laws of Republic of Serbia. Application of United Nations Convention on Contracts for the International Sale of Goods as well as the correspondent law of the United Nations shall be excluded.
2. All disputes, arising from these General Terms and Conditions or related to them, including those arising from or concerning their interpretation, invalidity, performance or termination as well as the disputes for filling gaps or their adaptation to newly established facts, shall be referred for resolution to the Commercial Court in Kragujevac.

§ 10 Other Provisions

1. If any part of these General Terms and Conditions is held to be invalid or unenforceable such determination shall not invalidate any other provision of these General Terms and Conditions; however, the contracting parties shall attempt, through negotiations in good faith, to replace any part of these General Terms and Conditions so held to be invalid or unenforceable. The failure of the Parties to reach an agreement on a replacement provision shall not affect the validity of the remaining part of these General Terms and Conditions. The same applies in case of a gap.
2. The city of Lapovo shall be deemed to be the place of execution of all obligations of KRONOSPAN arising from a delivery contract.
3. Changes or deviations to the preceding provisions require written form to become effective. This also applies to a change of the written form requirement itself.
4. In case these General Terms and Conditions diverge from the individual concluded contract, the provisions of the individual contract shall prevail in case of discrepancies.
5. These General Terms and Conditions shall be concluded in Serbian and English version. The English version shall prevail in case of discrepancies.
6. These General Terms and Conditions shall become effective January 1st, 2015 and shall be applicable towards all contracts, concluded by KRONOSPAN. For a contract shall be considered any invoice issued by KRONOSPAN and received by the Purchaser where the type, the quantity and the price of the goods
7. The current version of these Terms and Conditions is available on the website of KRONOSPAN - <http://kronospan-express.com>