**SALES AGREEMENT**

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This sales agreement (hereinafter ”Agreement”) is concluded between following contracting parties:

* **SELLER:**

Company name: **“SINSING” Ltd.**

Company headquarters: **Palmotićeva 13, 11000 Beograd**

Registration no. **2222982992**

VAT no. **2828288282**

Represented by: **Marko Marković, manager of the bussines unit**

* **BUYER:**

Company name: **“BIBIS” Ltd.**

Company headquarters: **Industrijska zona 5, Šabac**

Registration no. **039388338**

VAT no. **471904710470**

Represented by: **Jovan Petrović, director**

In Belgrade, 1st April, 2015.

**Subject of the agreement**

1. **Purchase of the polyurethane foam**
   1. Contracting parties agree that there are mutual interests in development of production and sale of their products, so for that purpose they are establishing cooperation in the field of furniture production, and especially in defining, designing and selling corresponding polyurethane foam-sponge for furniture (hereinafter: Foam), provided that the Seller is capable to offer requestedtype of Foam with appropriate quality in accordance with specific standard ISO 9001: 2008 and ISO 14001:2005, specific needs of the Buyer and at competitive prices in the Serbian market.

**Choice of elements**

* 1. Contracting parties establish mutual cooperation starting from constructing new furniture programs and supporting elements at the operational level between heads of development and leading constructors of the Seller and the Buyer, up to the final selection of suitable elements at the level of cooperation between heads of procurement of the Buyer and responsible sales officer of the Seller.
  2. Parties shall define types of Foam and their price by separate Annex to the agreement.

1.3.1. Annex 1: Pricelist

**Characteristics of the products and technical documentation**

* 1. Foam which is the subject of this agreement has to satisfy following characteristics:

1. Density Kg/m3 by the standard ISO 845 per request (+5%/-10%)

2. Hardness kPa by the standard ISO 3386/1 per request (max. + /-10%)

3. Permanent deformation % by the standard ISO 1856 per request (max.5%)

4. Permitted tolerance with cut out elements from soft PU foam

a) in length ( +20 mm / - 10 mm),

b) by hight ( +/ -5mm)

* 1. The Buyer is obliged to keep authoritative documentation which is property of the Seller as a business secret and must not make it available or disclose it to third parties without the written consent of the Seller and vice versa.
  2. Upon the expiration of validity of this Agreement or in case of its cancellation because of any reasons for termination of its validity, the Buyer and Seller must return the documents referred to in article 1.7 to the Buyer within 15 days starting from the termination of the validity of the agreement, and cannot continue to use it in its business without the written consent of the other party.
  3. Seller guarantees that goods which are subject of cooperation under this Agreement, is manufactured in accordance with Buyer`s requests which are defined by technical documentation (drawings) which regulate in detail materials (standards), dimensions and tolerance, as well as that processes are implemented in accordance with ISO 9001:2008 and ISO 14001:2005 standards. If Serbian market requires specific attests, the Seller is obliged to acquire them.
  4. When contracting parties mutually define standardized sample in two copies, one of each copy together with signing minutes of the handover by the authorized persons of the contracting parties, shall be handed over and kept by authorized persons of the Buyer and the Seller, and they will be used as a base for conformity assessment of the quality of delivered goods. Goods which are the subject of this Agreement must match its standardized sample, that is, drawing with all defined measures.

1. **Necessary documentation**
   1. Upon signing the agreement, Buyer is obliged to deliver to Seller:

* extract from the BRA
* copy of OP form (certified signatures of persons authorized for representation)
* confirmation regarding VAT number
* decision on the classification of legal entity in VAT system
* copy of cardboard with deposited signatures
  1. Buyer is obliged to deliver to Seller every change of data entered in this agreement in three days deadline from the executed change (request for termination of business activity, change of seat of the store, change of residence of the owner, change of the account at commercial bank i other, not mentioned). Otherwise, it will be considered that Seller is intentionally misled about essential elements of the agreement, so the same will be automatically terminated, and Buyer shall bear all the responsibility for the injurious consequences which consequently arose.

**Price, security and payment terms**

1. **Price**
   1. Seller is obliged to grant best competitive prices to the Buyer, for the products from its production program.
   2. Prices of goods are specified in Annex no. 1 which is an integral part of this Agreement.
   3. Prices are determined once every two months and during that period they are unchangeable. Seller is obliged to inform Buyer about planned change of prices, minimum 30 calendar days in advance, and new prices shall be calculated at the expiration of aforementioned period, as from the receipt of notification.
   4. Seller cannot change prices for executed delivery of goods.
   5. As a security, Buyer shall deliver 1 blank bill of exchange with updated letter of authorization.
2. **Payment terms**
   1. Buyer shall pay ordered goods in 30 calendar days deadline from the day of quantitative and qualitative receipt of goods which is the subject of this agreement.
3. **Ordering and delivery of goods**

5.1.Seller is obliged to deliver the goods to parity EXW Seller, Mite Binjisa 19, Surcin, Beograd, in accordance with written orders given by the Buyer.

5.2.Buyer may ask the Seller to organize transport of the goods to Buyer. In that case, price from the Pricelist from the Annex shall be applied.

5.3.Buyer needs to deliver framework order for every next month at latest until 25th day in the current month, in which case obligation of Seller is to deliver the goods successively in 7-8 calendar days deadline from the day of receipt of fix order of the Buyer.

1. **Packing and supporting documents**
   1. All articles are packed in PP foil in the extent to provide visual identification of goods stated on the identification label which states quantity, weight. Packing provides protection from atmosphere and other influences, security during transportation, loading and unloading and the same is calculated in the price of products.
   2. Seller is obliged to satisfy all Serbian standards in relation to packing, wrapping materials, as well as to act in all in accordance with law on the management of packaging waste, to mark the packaging in a prescribed manner and on the visible place, and to take over the packing from the Buyer and end users, on its own cost.
   3. All costs incurred due to improper packaging, as well as any fines from competent inspection organs due to inadequate labeling of packages and management of packaging waste shall be borne by the Seller.
   4. With each delivery the Seller shall submit to the Buyer: delivery note and invoice. Delivery note and invoice can be delivered collectively, for all products that make an integral delivery.
2. **Shipping and transportation of goods**

7.1. Transportation costs are borne by the Buyer, unless the parties agree that the transportation is organized by the Seller. In this case, the cost of transportation from the price list directly on the invoice will be applied.

1. **Quantitative and qualitative**
   1. Qualitative and quantitative reception of the goods will be conducted in the storehouse of the Buyer.
   2. All remarks in connection to receipt of the goods Buyer is obliged to deliver immediately after determining defects, and at latest 15 days from the day of the receipt of the goods, except when it comes to hidden defects about which Buyer is obliged to inform Seller at latest 6 months from the day of receipt of the goods.

**Final provisions**

1. **Provisional and final provisions**
   1. Agreement will come into force on 1st April, 2015, and its concluded on indefinite period of time.
   2. Party who wish to terminate the Agreement unilaterally must do it in written form with obligation to respect one month notice period from the receipt of written notification about termination of the agreement.
   3. All other relations arising out of this business relationship, parties shall regulate by separate Annexes to the agreement.
   4. Parties shall aim to resolve all disputes by an agreement, and in case that is not possible, Commercial Court in Belgrade will be competent court.
   5. This agreement is concluded in 4 identical copies, two for each party.

For Seller, For Buyer,

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