

## LOAN AGREEMENT

This Agreement is made on the day of 6 August, 2007 by and between:

NLB INTERFINANZ AG  
whose registered office is at  
Beethovenstrasse 48  
CH - 8002 Zuerich, Switzerland  
(hereinafter: the "Lender")

and

IMING d.o.o.  
whose registered office is at  
Put Vrbovnika bb  
21311 Stobreč, Croatia  
(hereinafter: the "Borrower")  
MBS: 060140988

### 1. THE LOAN

Subject to the terms and conditions hereinafter contained, the Lender will make an CHF loan and the Borrower agrees to accept such loan (hereinafter: the "Loan") on any business day (as defined below) from the date hereof to and including 31 August, 2008 (hereinafter: the "Disbursement Period") up to an aggregate principal amount not exceeding the amount of

EUR 5'200'000.00 in CHF countervalue  
(say: five million two hundred euros 00/100 in CHF countervalue)


A business day (hereinafter: the "Business day") shall be any day on which dealings in currencies and exchange between banks may be carried on in Split and Zuerich.

Exchange rate will be determined by the remitting bank before each disbursement date.

### 2. DISBURSEMENT

The proceeds of the Loan shall be used by the Borrower for:  
- refinancing of existing liabilities towards MULTICONSULT LEASING ZAGREB and  
- financing the refurbishment and construction of "UPC PRIMOŠTEN"  
and shall be disbursed in several tranches not later than on the last day of the Disbursement Period.

All funds representing disbursements in respect of the Loan shall be made available to the account specified by the Borrower in his request for disbursement, which shall be made at least 7 (seven) Business Days prior to the disbursement date.



Notwithstanding the above, should the Borrower request disbursement directly to the accounts of suppliers, if more than 3 (three) suppliers will be stated, an additional transaction fee of EUR 75,00 per such additional supplier will apply.

The CHF countervalue of EUR amounts thus paid by the Lender shall constitute the principal amount of the Loan under this Agreement and the date of such payment shall constitute the disbursement date.

### 3. INTEREST

Interest on all sums disbursed and outstanding in respect of the Loan under this Agreement, shall be calculated at the rate of 4.00% p.a. (four percent per annum) over variable 6 months CHF LIBOR rounded up to the higher quarter of one percent (hereinafter: the "Interest rate").

CHF LIBOR means the interest rate determined for CHF currency as the rate for 6 (six) months borrowings appearing on the ISDA page (or successor to such page) of Reuters's screen as published by Reuters Monitor Money Rates Service, on or about 11:00 a.m. London time, two business days before each consecutive interest period.

If such a rate does not appear the Borrower and the Lender shall enter into negotiations in good faith with a view to establishing a satisfactory alternative basis for computing interest on the outstanding amount for the relevant interest period.

"Interest Period" means a period of time for which the interest is calculated. The first Interest Period begins on the date of disbursement and ends on the last day of the 6 (six) months period. The following Interest Periods begin on the day following the last day of the preceding Interest Period and end on the last day of the 6(six) months period following the said date.

Interest shall be computed on the basis of a year of 360 days for actual days elapsed and the payment of interest shall be made without deduction, set-off or counterclaim on the last day of each Interest Period until full repayment of the Loan.

### 4. REPAYMENT

Repayment of all sums disbursed and outstanding in respect of the Loan under this Agreement shall be made in effective CHF without deduction or set-off or counterclaim in 5 (five) equal semi-annual instalments, the first instalment falling due 12 (twelve) months after the first disbursement.

Upon full repayment of any and all sums payable under this Loan Agreement, the security granted hereby shall terminate and the Lender will, at the request and expense of the Borrowers, return all executed original of the Promissory Notes, release any outstanding Mortgage or pledge and execute and deliver to the Borrowers such documents as the Borrowers shall reasonably request to evidence such termination.

In the event of delay in repayment of the due instalment and any other amount due hereunder, the Borrower shall pay to the Lender interest at the rate of 3.5% over the interest rate or rates as defined in Article 3 hereinabove from the date such sum becomes due until the date of actual payment of the same.

Handwritten signatures in blue ink, appearing to be initials or names, located at the bottom left of the page.

## 5. METHOD OF PAYMENT

All payments of principal, interest and others under this Agreement shall be made on the respective due date in CHF.

If any sum falls due under this Agreement on a day which is not a Business day then it shall be paid on the next succeeding Business day and interests and commitment fee, if any, payable to the Lender pursuant to this Agreement shall accrue accordingly.

## 6. SECURITY – MORTGAGE

As security for its obligations to the Lender under the Loan Agreement, including but not limited to those, relating to the repayment of principal of the Loan, payment of regular and delay payment interest and all other sums payable under the Loan Agreement, the Borrower will procure that the first priority mortgage ("hipoteka") over a Real Property I, II, III and second priority mortgage ("hipoteka") over a Real Property IV (as defined below) shall be created for the benefit of Lender and expressly allows for such Mortgage to be registered in the said Land Register of the benefit of the Lender.

### Mortgage

For the purposes of this Agreement the term Real Property I means the real estate: marked in land register under number 1114, registered in land register under number 3648 sub register number 1, cadastral community Primošten. Building and yard 1'527 sq.m.

For the purposes of this Agreement the term Real Property II means the real estate: marked in land register under number 1089, registered in land register under number 5523, cadastral community Donje Polje. Building and yard 550 sq.m.

For the purposes of this Agreement the term Real Property III means the real estate:  
marked in land register under number 3055/1, registered in land register under number 3110, cadastral community Donje Polje. Land 202 sq.m.;  
marked in land register under number 3055/2, registered in land register under number 3183, cadastral community Donje Polje. Land 65 sq.m.;  
marked in land register under number 3055/3, registered in land register under number 4888, cadastral community Donje Polje. Land 152 sq.m.;  
marked in land register under number 3055/4, registered in land register under number 4888, cadastral community Donje Polje. Land 532 sq.m.;  
marked in land register under number 3055/11, registered in land register under number 4888, cadastral community Donje Polje. Land 520 sq.m.;  
marked in land register under number 3055/12, registered in land register under number 4888, cadastral community Donje Polje. Land 384 sq.m.

For the purposes of this Agreement the term Real Property IV means the real estate: marked in land register under number 1562 (building, 111 sq.m.), 650 (garden, 90 sq.m.), 653 (garden 40 sq.m.), 656/2 (pasture, 73 sq.m.), 658 (garden), registered in land register under number 5092, cadastral community Primošten.

The parties hereto agree that they shall enter, through their legal representatives or their duly authorised mandatory, into a Settlement before a Notary Public pursuant to Article 269 of the Croatian Law on Enforcement and Security (Ovršni zakon) on ascertainment of the existence of the Borrower's obligations to the Lender under this Loan Agreement and on their agreement that such obligations are to be secured by registering the Mortgages in the land

register and on the Borrower's consent that, upon its obligations under the Loan Agreement becoming due and unpaid, the enforcement for the satisfaction of such Borrower's obligations may be sought from the Real Property I, II, III and IV.

The parties hereto acknowledge that the agreement made pursuant to Article 6 here of shall have the force and effect of direct enforceability.

In addition to the above the principal repayable and interest payable under the Loan pursuant to this Agreement shall be evidenced by 3 (three) promissory notes with personal aval of the owner (hereinafter: the "Promissory Notes"), issued in the form and substance in compliance with Exhibit I hereto. The maturity date and the amount of the Promissory Notes shall be left blank. The Promissory Notes shall be delivered to the Lender as Trustee together with a trustee letter (hereinafter: the "Trustee Letter") in the form and substance in compliance with Exhibit II hereto.

## 7. FEES AND EXPENSES

The Borrower shall pay to the Lender a commission fee at the rate of 1% (one percent) flat, calculated on the amount of the Loan i.e. EUR 52'000,00 to its account no. 1100-4922.370 (IBAN CH82 0070 0110 0049 2237 0) with Zürcher Kantonalbank, Zürich, not later than three Zürich banking days before the first disbursement.

The Commission fee can be deducted at first disbursement from the Loan proceeds.

## 8. COSTS AND TAXES

All payments (whether principal, interest or otherwise) to be made by the Borrower to the Lender pursuant to this Agreement shall be made free and clear of any present and future taxes, duties, levies, withholdings or other deductions of whatever nature now or hereafter imposed by the Republic of Croatia.

Legal and any other costs, related to this Agreement, the Mortgage, as well as all banking costs and charges related to the disbursement and repayment of the Loan, adequately documented by the Lender and/or any other party involved in the preparation of the above, shall be borne by the Borrower.

## 9. CONDITIONS PRECEDENT

As stipulated by the Section 2. hereof, the proceeds of the Loan shall be used for two different purposes and in several tranches. The first tranche (refinancing of existing liabilities) equalling to EUR 3'500'000,- (say: three million five hundred thousand EUR) shall be disbursed within seven (7) Business days after the Conditions Precedent No. 1 have been fulfilled; the second part of the loan (for refurbishment and completion "UPC PRIMOŠTEN"), equalling to EUR 1'700'000,- (say: one million seven hundred thousand EUR) shall be disbursed in several tranches within seven (7) Business days after the Conditions Precedent No. 2 have been fulfilled .

9.1 The following constitutes the First Conditions Precedent:

- this Agreement, 3 (three) promissory notes and Trustee Letter duly executed by the Borrower, with the Borrowers' signatories confirmed to the satisfaction of the Lender,

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- Pledge Agreement duly signed and the evidence that administrative action for registration of the Mortgages over the Real Property I,II,III,IV has been initiated in the respective land register for the benefit of the Lender and all relevant documents thereof issued in proper legal form and substance,
- Certificates signed by Primošten d.d. confirming their subordinated status to the claims of the Lender in the form acceptable to the Lender and confirmed by legal counsel of the Lender,
- original appraisal of the Real Property I,II,III and IV, made by one independent surveyor evidencing market value of the Real Property,
- any other such document requested by the Lender and agreed herein in connection with, but not limited to, the Mortgage and Insurance Policies made and delivered to the Lender or its legal representative(s),
- a legal opinion issued by the legal counsel of the Lender, in form and substance as attached in Exhibit IV hereto,
- registration of this Agreement with Central Bank of Croatia,
- documents related to the Borrower such as original extract from the Trade Register, and original Specimen Signatures, recent financial reports and any other such document that the Lender would reasonably require.

9.2 The following constitutes the Second Conditions Precedent:

- Compliance with the all of the First Conditions Precedent;
- Invoices for executed works on the Commercial Centre in Primošten (UPC PRIMOŠTEN)

## 10. REPRESENTATIONS AND WARRANTIES

The Borrower hereby warrants and represents as follows:

- the Borrower is a company duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation,
- this Agreement has been duly authorised, executed and delivered by the Borrower and constitutes a valid and legally binding obligation of the Borrower;
- there are no actions suits or proceedings against the Borrower before any court in Croatia or elsewhere which may result in any material adverse change in the ability of the Borrower to fulfil its payment obligations under this Agreement;
- the Borrower is not in default in payment or performance of any obligation for borrowed money.

## 11. REPRESENTATIONS, WARRANTIES AND COVENANTS RELATED TO THE MORTGAGE

The Borrower hereby warrants and represents as follows:

- (a) the Borrower is the sole owner of the Real Property I, II, III and IV free and clear of any encumbrances,
- (b) the Borrower has full power to encumber the Real Property I, II, III and IV in the manner and form set forth herein,
- (c) the Real Property I, II, III and IV and any property constructed as a result of the Project is and will be properly insured until discharge of the all its obligations under this Loan Agreement with reputable insurance company(ies) in Croatia against such risks and to



such extent as is usual in Croatia for such type of asset, that all insurance premiums have been duly paid and that no other facts or circumstances exist might entitle the insurance company(ies) referred to above to terminate or raise any defences under such insurance contracts;

- (d) subject to the creation of the Mortgage pursuant to Article 6. hereof, the Mortgage will be and represent a valid and enforceable lien ("zastavna pravica na nepremičninah") over the Real Property I,II, III and IV.
- (e) subject to the creation of the Mortgage pursuant to Article 6. hereof, the rights of the Lender under this Agreement will have priority over the rights of any other person with respect to the Real Property I, II, III and IV.

The representations contained in this Article 11 shall be deemed to be repeated on each day until the repayment in full of all obligations of the Borrower hereunder.

## 12. COVENANTS RELATED TO THE MORTGAGE

The Borrower hereby undertakes:

- (a) that it will procure that the Real Property I,II, III, IV will be maintained and repaired with the care of a good manager and not made subject material alteration (except with the consent of the Lender), waste or demolition;
- (b) that it will inform the Lender in advance in writing of any change in the construction works with respect to the Real Property I,II, III and IV;
- (c) that it will procure that all taxes, levies and duties on or with respect to the Real Property I,II, III and IV in accordance with the regulations in force from time to time will be paid and that the Lender will receive the evidence thereof;
- (d) that it will ensure that the Real Property I, II, III and IV will be at all times insured with reputable insurance company in Croatia (the "Insurance Company") against such risks and for the actual value of the Real Property I, II, III and IV as is normal for the assets of such type in Croatia (the "Insurances") and that all premiums and other amounts necessary for effecting and maintaining such Insurances (the "Premiums") will be paid as and when they become due and will provide the Lender with the insurance policy(ies) for such Insurances (hereinafter collectively, the "Insurance Policy") and evidence that all Premiums have been duly paid. If the Premiums are not paid in due time, the Lender may, but shall not be obliged, to pay such Premiums whereupon the Borrower shall immediately upon demand by the Lender pay to the Lender the amount(s) so paid by the Lender, together with the late payment interest at the rate, defined in the Article 4 of this Loan Agreement.

The parties hereto agree that the Insurance Policy shall be endorsed in favour of and for the benefit of the Lender and that the Insurance Company will be duly notified, and will acknowledge to the Lender the receipt of the notice, of such endorsement.

Any proceeds paid by the Insurance Company to the Lender under the Insurance Policy shall be received and held by the Lender on a separate account to be opened by the Lender (the "Collection Account") and applied by the Lender towards satisfaction of the Borrower's obligations under the Loan Agreement, provided that with the Lender's consent such proceeds may be used for replacement or repair of destructed and/or damaged Real Property I, II, III and IV.



- (e) that it will inform the Lender immediately upon any damage on the Real Property I, II, III and IV the reparation of which may be claimed from the Insurance Company under the insurances, mentioned herein;
- (f) that the Borrower will not sell, encumbrance or otherwise dispose of the Real Property I, II, III and IV without the Lender's prior written consent;
- (g) that it will ensure that no action will be taken which would result in the decrease of the value of the Real Property I, II, III and IV other than regular wear and tear;
- (h) that in the event that, in the reasonable opinion of the Lender, the value of the Real Property I, II, III and IV fails to be equivalent to at least 150% of the then outstanding obligations of the Borrower hereunder, to create such additional security for the benefit of the Lender as the Lender may reasonably request; and
- (i) to pay all costs, stamp duties, notary, court or other fees and charges (including reasonable legal fees) with respect to the creation and discharge of the Mortgage (including endorsement of the Insurance Policy).

### 13. EVENTS OF DEFAULT

All amounts outstanding under this Agreement including interest shall become due and immediately payable by the Borrower to the Lender (i) if the Borrower shall fail to pay when due any instalment of interest or principal or other obligations payable pursuant to this Agreement and such default shall not have been remedied within 10 (ten) days after the due date or (ii) if any representations and warranties made in this Loan Agreement shall prove incorrect in any material respect or (iii) if the Borrower becomes insolvent or bankrupt or unable to pay its debts as they mature or make any composition with or assignment for the benefit of his creditor or apply for or consent to or sustain appointment of a trustee or receiver in respect of his assets or a substantial part thereof or cease or threaten to cease to carry on business or if an order is made or an effective resolution is passed for winding up of the Borrower or for any analogous proceeding or (iv) if a material adverse change occurs in the business, prospects or financial condition of the Borrower or (v) an extraordinary situation shall have arisen concerning the sovereign risk of the Borrower's country, which gives reasonable grounds to conclude, in the good faith judgement of the Lender, that the Borrower will not, or will not be able to perform their obligations under this Agreement.

### 14. CANCELLATION AND PREPAYMENT

Should the Borrower for any reason whatsoever cancel the Loan at any time after 2 July, 2007, which is the date of the Borrower's acceptance of the Lender's firm credit offer, then and in such case the Borrower is liable for the payment of the cancellation fee of EUR 4.000,- (say: four thousand EUR) which shall be paid, in addition to all the costs and expenses incurred by the Lender in connection with the preparation of the Loan, to the Lender's account no. 499 / 08 003 439 00 (IBAN: DE34500800000800343900) with Dresdner Bank AG, Frankfurt am Main, Germany within 3 (three) Business Days following the cancellation of the Loan arrangement.

Upon at least thirty Business days written notice to the Lender specifying the amount and the date of prepayment, the Borrower may prepay the loan in whole or in a lesser amount equal to the amount of minimum one instalment of principal of the Loan and by paying 3 (three) Business days before actual prepayment, a prepayment premium of 4.0% (four percent) flat of the Loan amount.



## 15. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the Laws of Switzerland, which shall also govern any decision as to the validity of this choice-of-law clause.

In relation to any legal action or proceeding out of or in connection with this Agreement the Borrower submits to the jurisdiction of the Courts of Zurich 1.

Nothing in this point shall effect any right that the Lender may otherwise have to bring any action or proceedings relating to this Agreement against the Borrower or its property in courts of any jurisdiction and in connection therewith, to serve legal process in any manner permitted by law.

The Borrower agrees that should the Lender bring legal action or proceedings against it or its assets in relation with this Agreement it will claim no immunity, hereby irrevocably waiving any such right of immunity which it or its assets has or may acquire.

## 16. NOTICES

All communications under this Agreement shall be made by telex or other otherwise in writing to the following addresses:

in case of the Borrower:

IMING d.o.o.  
Put Vrbovnika bb  
21 311 Stobreč, Croatia  
FAX: + 385 22 219 536

in case of the Lender:

NLB InterFinanz AG  
Beethovenstrasse 48  
8002 Zuerich  
Switzerland  
FAX: 00 41 44 2811390

## 17. LANGUAGE OF THE AGREEMENT

This Agreement is made in three identical copies in English Language.

## 18. MISCELLANEOUS

The Borrower may not assign its rights or obligations hereunder without prior written consent of the Lender.

The Lender may at any time assign its rights and benefits hereunder subject to prior written notice to the Borrower.

The Borrower and the Guarantor acknowledge that due to a Federal Law in Switzerland effective as from 31 March 2000 Finance Intermediaries are required by law to file a valid



document of identification on their clients and that such information can be inspected by the competent self-regulatory organisation at any time.

In witness thereof, the parties hereto have entered into this Agreement on the day and year first above written.

**Borrower: IMING d.o.o.**

by:

name: Rustem Žogaj

title: Director

**IMING** d.o.o.  
STOBREČ, Polje Vrbovnika bb

**Lender: NLB InterFinanz AG**

by:

name: Gorazd Jančar

title: Managing Director

by:

name: Mateja Krpač

title: Deputy Managin Director

**EXHIBIT I - FORM OF PROMISSORY NOTE****PROMISSORY NOTE**

No. .../003

Stobreč, August 6, 2007

effective CHF.....

At/on ..... for value received, we promise to pay against this promissory note to the order of NLB InterFinanz AG, Beethoven str. 48, Zurich the sum of

CHF

effective payment to be made in CHF, without deduction for and free of any present or future taxes, impost, levies or duties of any nature including but not limited to set-off or counterclaim to NLB InterFinanz AG.

This promissory note is payable at NLB InterFinanz AG.

Notice of dishonour, protest and notice of protests are hereby expressly waived.

This promissory note shall be governed by and construed in accordance with the laws of Switzerland and submits to the non-exclusive jurisdiction of Zurich 1.

FOR AND ON BEHALF OF:

IMING d.o.o.

  
**IMING** d.o.o.....  
STOBREČ, Put Vrbovnika bb

**PER AVAL****Rustem Zogaj**

Obala Španja Roka 24

Brodarica

Identification number: 0801971370044



**EXHIBIT II - FORM OF TRUSTEE LETTER****TRUSTEE LETTER**

To: NLB InterFinanz AG

6 August, 2007

We hereby irrevocably appoint you on the following terms and conditions as our trustee to hold in safe custody and deal on our behalf with the attached set of 3 (three) promissory notes (hereinafter the Promissory Note) which we have duly made in accordance with the terms of the Loan Agreement dated August 6, 2007 ("the Agreement").

The expressions used herein shall have the meanings ascribed to them in the Agreement.

The disbursement being completed, you shall be authorised to release in case of non-payment of the interest and/or principal instalments as per the Agreement, the Promissory Note issued to the order of NLB InterFinanz AG, Beethovenstrasse 48, CH-8002 Zürich by inserting the following details:

1. the maturity date, being the date for the repayment of all outstanding and unpaid principal instalments plus interest, such a date to be chosen by the Lender;
2. the face value of the Promissory Note being maximum of the total outstanding and unpaid amount of the Loan under the Agreement plus interest as per Article 3 of the Agreement plus, if applicable, interest for late payment and any other expenses incurred by the Lender directly or indirectly in connection with the Agreement in accordance with the terms of the Agreement;

You shall advise us of the released Promissory Note by sending us copies. You shall return to us any promissory note which is cancelled. The promissory notes are freely assignable.

Please accept your appointment as our Trustee and signify your agreement to the terms and to your duties herein by duly accepting a copy of this letter and returning it to us.

The terms of the Agreement concerning governing law and jurisdiction apply to this letter as well. The instructions contained in this letter are irrevocable and can be modified only by joint written agreement of ourselves and yourselves. We also confirm and certify that the attached Promissory Note has been duly made and signed by persons duly authorised to sign the Promissory Note on our behalf, and that it is legally valid Promissory Note enforceable against us.

Yours faithfully,

for and on behalf of

IMING d.o.o.  
  
IMING d.o.o.  
..... STOBREC; Put Vrhovnika bb

We hereby accept our appointment as your trustee in accordance with the terms and conditions of your Trustee Letter dated August 6, 2007 of which the above is a copy.

For and on behalf of  
NLB InterFinanz AG



**EXHIBIT IV - FORM OF LEGAL OPINION**

(counsel's letterhead)

NLB InterFinanz AG  
Beethovenstrasse 48  
CH-8002 Zürich  
Switzerland

Dear Sirs,

This opinion is furnished to you pursuant to Article 9 – “Conditions Precedent” of the Loan Agreement as of August 6, 2007 (the “Agreement”) between

**IMING d.o.o., Put Vrbovnika bb, 21311 Stobreč, Croatia as the “Borrower”**

and

**NLB InterFinanz AG, Beethovenstr. 48, 8002 Zürich, Switzerland as the “Lender”.**

Terms defined in the Agreement are used herein as therein defined.

I have acted as counsel for Borrower in the connection with the Agreement and for the purpose of giving this opinion, I have examined:

1. The Statute and other by-laws of the Borrower,
2. Such other documents and such laws, ordinances, regulations and resolutions, and the like, as I deemed necessary as a basis for the opinion hereinafter, expressed.

Based upon the foregoing I am of the opinion that:

1. The representations and warranties of the Borrowers set forth in Article 10 of the Agreement are true and correct.
2. No further action (including filing, recording, acknowledging or paying of any stamp or similar tax) is necessarily or advisable in order to make the Agreement in the proper legal form under the laws of Croatia for the most expeditious enforcement thereof against the Borrowers available under those laws;
3. The contents to jurisdiction by the Borrower set forth in Article 15 of the Agreement are effective under the laws of Croatia to confer on the courts specified in that Article jurisdiction over the Borrowers and its properties and revenues.
4. In any action brought to court in Croatia, the courts in Croatia would recognise the choice-of-law provision set forth in Article 15 of the Agreement and apply those laws in construing the Agreement and all matters relating thereto.

The foregoing opinion is subject to the fact that I am qualified in the laws of Croatia and do not purport to be an expert on the laws of Switzerland or of any jurisdiction other than the Croatia I express no opinion herein concerning any law other than the laws of Croatia.

Very truly yours,

(Place, Date)