

DISTRIBUTION AGREEMENT

This Distribution Agreement is entered into as of the day of 2004,
between:

A., a company registered and incorporated under the laws of Cyprus having its
registered office at _____, Nicosia, Cyprus (hereinafter called “the
Principal”) and

B., a company registered and incorporated under the laws of Cyprus having its
registered office at _____, Nicosia, Cyprus (hereinafter called “the
Distributor”)

WHEREAS it is agreed and declared:

1. Definitions

In this Agreement:

“Party or Parties” shall mean the Principal or the Distributor or both.

“Products” shall mean the products of the Principal listed or referred to
in Schedule A

“Territory” shall mean the areas listed in Schedule B.

“Persons” shall include any company, firm, organization, individual or
group of individuals

2 APPOINTMENT AND RELATIONSHIP OF THE PARTIES

1. The Principal hereby appoints the Distributor as its sole Distributor in the
Territory for the Product during the term of this Agreement and in accordance
with the terms hereof.
2. The Distributor hereby accepts this appointment and undertakes to purchase
the Products as set out in the attached Schedule A from the Principal for the
purpose of supplying these products, to customers in the Territory.

3. Until notice of termination or rescission of this agreement, the Principal will not appoint or grant to any third party the right to distribute the product nor shall it engage directly in transactions concerning the products within the territory. Or/ On notice of termination, the Principal is entitled to appoint the Distributor's successor and allow such successor to [commence making orders for such products provided it does not sell them in the territory] and make itself known as the Principal's future distributor able to do business after the termination hereof.
4. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture, commercial agency within the meaning of the Law 149 (1) of 2000 or any similar relationship between the Parties and the Distributor has no right or authority to assume or create any obligation of any kind, express or implied on behalf of the Principal to the Distributor's Customers or any other person.

SECTION 3 – OBLIGATIONS OF THE DISTRIBUTOR

The Distributor shall:

1. Purchase the product for resale only from the Principal.
2. Devote adequate time, skill and attention as well as its full organization and staff to actively and effectively promote, sell, and create a demand for the Products in the Territory;
3. Promote the goodwill, name and reputation of the Principal and its Products;
4. Promote the Principal's Products accurately and fairly and at all times avoid misleading and unethical business practices;
5. Refer only to the printed Products description supplied by the Principal
6. Use any connections to promote the Principal's Products
7. Maintain at all times adequate stocks of the Products to meet the demands of Customers and potential Customers in the Territory.
8. The Distributor shall provide at its own expense all staff and facilities necessary for the operation of the distributorship and the fulfillment of the terms of this Agreement.
9. Indemnify and hold the Principal harmless against any claim, damage, liability, cost or expenses arising out of any act or omission of the Distributor, its employees, sub-distributors or representative

The Distributor shall not:

10. Launch any sales or promotions, solicit customers for the product, establish branch operations or maintained distribution warehouses outside the territory
11. Alter, treat or otherwise deal with the Product without the prior written consent of the Principal and will supply Product only in the Packages form and get up in which they are supplied to by the Principal
12. Import, promote or deal in any way with any products, which are similar to or competitive with the Products.

SECTION 4 – OBLIGATIONS OF THE PRINCIPAL

The Principal shall:

1. Provide the Distributor with any marketing and technical assistance as the Parties deem necessary to assist the Distributor with the promotion and sales of the Company's products in the Territory;
2. Endeavour to answer as soon as possible all technical questions raised by the Distributor concerning the use or application of the Products;
3. Set the Product and brand strategies;

The Principal shall not:

6. Without the consent of the Distributor authorise any other person or company to act as its Distributor for the Products in the Territory

SECTION 5-DELIVERIES

1. The Distributor shall place all orders for delivery at least X month(s) in advance .
2. The Principal shall try to make delivery within the time specified.

SECTION 6-OWNERSHIP OF GOODS DELIVERED

The Principal shall retain ownership of the product delivered until the delivered products are paid- up in full. In case the Distributor had already sold the unpaid products to third parties, the Distributor assigned herewith to Principle all future claims resulting out of the mentioned sale.

SECTION 7 –CONFIDENTIALITY

1. The Parties shall treat all information to include price lists, discount charges, quotation forms, methods of conducting business or other data relating to the Products as confidential. In addition, the Distributor shall treat all information relating to the Products to include formulae, Product ingredients, technical and scientific know how, trade secrets and designs as confidential information and shall impose upon its employees and associates this obligation of confidentiality.
2. This confidentiality obligation however shall not apply in the cases where such information:
 - (a) Was received by the Distributor in good faith from a third party and;
 - (b) Was in the public domain at the time of disclosure by the Principal to the Distributor;

SECTION 8- TRADEMARKS

1. The Distributor does not acquire any rights in the Principal's trademarks, trade names, package designs, labels, dress of goods, or commercial names (the "Intellectual Property Rights").

SECTION 9 – CHANGES IN THE PRINCIPAL'S PRODUCTS

1. The Principal may discontinue selling the Product at any time without prior notice to the Distributor and without obligation with respect to any Products previously ordered by, purchased by, or delivered to Customer. The Distributor is not entitled to replacement or refund of the purchase price for any Product in its possession at the time any change, discontinuation, or variance takes effect.

SECTION 10- PRICING

1. The Principal shall sell the Products to the Distributor at such price as may from time to time be agreed between the parties

SECTION 11-:DURATION AND TERMINATION

This Agreement shall commence on the date hereof and shall be valid until terminated by either party giving to the other not less than 3 months' notice in writing.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the day and year first above written

.....

Signed by

For and on behalf of

Witness:

1.

.....

Signed by

For and on behalf of

2.

SCHEDULE A

The Product

SCHEDULE B

The Territory