

Loan Agreement

DATED 20th April 2007

**RIGHT START TECHNOLOGY LTD
AND
VANITY INTERNATIONAL CORPORATION**

LOAN AGREEMENT

Ref: COM/EN/PHA/7101



ANDREAS NEOCLEOUS & CO.
Neocleous House
199 Arch. Makarios III Avenue
P. O. Box 50613
CY-3608 Limassol
Cyprus

LOAN AGREEMENT

Entered into between:

PARTIES:

1. **RIGHT START TECHNOLOGY LTD** a company duly incorporated in accordance with the Laws of the British Virgin Islands having its registered office at Jipfa Building, Road Town, 3rd Floor, Tortola, BVI (hereinafter referred to as the "Lender").
2. **VANITY INTERNATIONAL CORPORATION** a company duly incorporated in accordance with the Laws of the Belize having its registered office at ORION CORPORATE & TRUST SERVICES LTD, New Road 1708, Belize City, Belize (hereinafter referred to as the "Borrower").

RECITALS:

(A) **WHEREAS** the Borrower requires a loan;

(B) **AND WHEREAS** the Lender has agreed to lend and advance to the Borrower a principal amount of **EURO 6.315.000** (hereinafter referred to as the "Loan Amount") subject to the terms and conditions set out hereunder.

NOW THEREFORE, in consideration for for and of mutual covenants and undertakings hereinafter contained and other good and for other valuable consideration the value of which is hereby acknowledged, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

AGREEMENT:

1. DEFINITIONS:

1.1. In this Agreement, unless the context indicates otherwise, the following words shall have the cognate meaning assigned to them:

- | | | |
|--------|---------------------|---|
| 1.1.1. | "AGREEMENT" | This Agreement together with all Annexures; |
| 1.1.2. | "BUSINESS DAY" | Shall mean a day upon which the banks are open for business in Cyprus; |
| 1.1.3. | "CALENDAR DAY" | Shall mean any day of the week including Saturday and Sunday and any public holiday; |
| 1.1.4. | "COMMENCEMENT DATE" | Shall mean the date upon which the Loan Amount is paid out of the Lender's account; |

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- 1.1.5 "EFFECTIVE DATE" Shall mean the date of the last signature on this Agreement;
- 1.1.6 "EVENT OF DEFAULT" Shall mean any one of the events of default listed in clause 5 hereunder;
- 1.1.7. "REPAYMENT AMOUNT" Shall mean any such amount that shall be due and payable to the Lender at any time under this Agreement, irrespective of the nature of such amount due and payable to the Lender;
- 1.1.8. "REPAYMENT DATE" Shall be (3) years from the date first written on this Agreement with an unconditional option for the Borrower to renew and extend the duration of this Agreement by service of a notice in writing to the Lender to that effect.
- 1.1.9. "PARTIES" Shall mean collectively the Lender and the Borrower;
- 1.1.11. "EURO" Shall mean the lawful currency for the time being of the European Monetary Union.
- 1.2. Words denoting the singular shall include the plural and vice versa. Words denoting the masculine gender shall include the feminine and neuter genders and vice versa. Any references to any person shall include individuals, firms, corporate entities, unincorporated associations or bodies and partnerships.
- 1.3 The headings in this Agreement have been included for convenience purposes and ease of reference only and shall not affect the interpretation of this Agreement.
- 1.4 In the event that there is a conflict between an amount stated in numbers and also in words, then the wording of such an amount shall enjoy preference over the numbers in the interpretation of this Agreement.
- 1.5 Words and phrase in this Agreement shall have the same meaning as those defined in the Companies Act, save and except where a different or alternative meaning has been assigned to such word or phrase and in the context of this Agreement.
- 1.6 Except where expressly stated to the contrary, any reference to days and the calculation of such days, shall mean consecutive calendar days and shall exclude the first day and include the last day, except where stated otherwise.
- 1.7 Any warranties made in this Agreement, including those made in the definitions clause, citations or the recitals shall at all times deemed to be substantive and material to the entering, conclusion and execution of this Agreement.



- 1.8 Wherever the consent, authority or permission of the parties to this agreement is required anywhere in this Agreement, such consent, authority or permission shall always mean that it must be given:

1.8.1 before the occurrence of the event that may require such consent, authority or permission;

1.8.2 in writing, except if expressly stated to the contrary;

2 LOAN

- 2.1 Upon and subject to the terms and conditions of this Agreement, the Lender hereby loans and advances to the Borrower, who hereby accepts, the Loan Amount.
- 2.2 The Loan Amount shall bear an interest rate of Libor +1. The interest accrued shall be paid to the Lender on the maturity date.
- 2.3 The Loan Amount shall be repaid in full by the Borrower to the Lender on or before the Repayment Date.

3. WARRANTIES

- 3.1 As at the Effective Date, the Borrower represents warrants and undertakes to the Lender, which representation, warranties and undertakings the Lender deems material, as follows:
- 3.1.1 the Borrower is duly incorporated and validly existing under the laws of Belize and has power to carry on its business as now carried on, to own all of its assets and is authorised to execute this Agreement and take out the loan and the Loan Amount;
- 3.1.2 this Agreement:
- 3.1.2.1 constitutes the Borrower's legal valid and binding obligations in accordance with its terms,
 - 3.1.2.2 have been duly authorised and executed by the Borrower; and
 - 3.1.2.3 does not and will not materially breach the Borrower's corporate documentation or any agreement or obligation by which the Borrower is bound or violate any applicable law and is within the Borrower's powers;
- 3.1.3 there are no pending or to the Borrower's knowledge (after due and careful enquiry) threatened actions, arbitration or legal proceedings affecting the Borrower or its subsidiaries or any of its assets which may have a material adverse effect on the Borrower's or its subsidiaries'

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business, assets or financial condition;

3.1.4 no event or circumstance referred to in clause 5 has occurred; and

4 REPAYMENT

Subject to Clause 5 below:

4.1 The Repayment Amount shall be repaid on the Repayment Date.

4.2 The Repayment Amount shall be repaid to any account that the Lender may instruct in writing.

4.3 The Repayment Amount shall be repaid in cleared EUROS without any set-off, counterclaim, bank exchange, withholding or deduction whatsoever unless required by law. If any sum is payable hereunder on a day which is not a Business Day, it shall be paid on the next Business Day.

4.4 The Borrower is entitled to repay the Repayment Amount earlier than the Repayment Date without penalty or further notice together with any interest if any.

5 EVENTS OF DEFAULT

In the event that:

5.1 there is any failure to comply with any provision of this Agreement and, if such default is capable of prompt remedy, such default shall not have been remedied within 7 (seven) Business Days after notice thereof shall have been received from the Lender;

5.2 distress or other execution is levied or sued out upon or against any part of the assets of the Borrower and is not discharged within twenty-eight (28) days of having been so levied or sued out;

5.3 the Borrower becomes insolvent, makes a general assignment for the benefit of creditors, seeks to reach a compromise with its creditors, is unable to pay its debts as they fall due, or admits in writing its inability to pay its lawful debts as they mature;

5.4 an encumbrancer takes possession or a receiver is appointed of all or any part of the business or assets of the Borrower;

5.5 any order is made or effective resolution passed for the liquidation, winding-up or dissolution of the Borrower;

5.6 the Borrower enters into negotiations to sell a material part of its business or assets;

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5.7 a receiver or manager is appointed of or in relation to the Borrower or the whole or any part of the Borrower's undertaking, assets, rights or revenues or the Borrower's directors request any person to make any such appointment;

5.8 the Borrower ceases or threatens to cease to carry on the whole or a substantial part of its business or stops or suspends payment of its debts;

5.9 any representation or warranty made by the Borrower to the Lender in or pursuant to this Agreement shall prove to have been incorrect in any material respect when made;

5.10 the Borrower attempting to cede, assign or transfer his rights and benefits in terms of this Agreement without the prior written consent of the Lender;

5.11 at any time after this Agreement has been entered into the same is not in full force and effect or the Borrower evidences an intention not to be bound by its terms and provisions;

5.12 anything analogous to any of the events specified above occurs in any relevant jurisdiction in respect of the Borrower or any of its assets,

then the Lender shall be entitled, by notice in writing to the Borrower, to declare the Loan Amount, together with any interest due immediately and payable, whereupon the Loan Amount together with interest shall be paid in full.

6. **ASSIGNMENT**

This Agreement and the rights and benefits accruing to the Borrower hereunder shall not be capable of being ceded, assigned or transferred either in whole or in part by the Borrower without the prior written consent of the Lender.

7. **WAIVER**

No failure or exercise and no delay in exercising, on the part of the Lender, any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of any right or remedies provided by law.

8. **BREACH**

8.1 In the event of any party ("the defaulting party") committing any material breach or being in default of any of its obligations under this agreement and remaining in such breach or default for a period of 7 (seven) Calendar Days after the other party ("the aggrieved party") has dispatched a written notice requiring him to remedy such breach, the aggrieved party shall be entitled at its

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option and sole election, and without prejudice to any other rights which such aggrieved party might have in common law and may elect to exercise, including the rights to claim damages, to -

- 8.1.1 claim payment of the full balance outstanding; or
- 8.1.2 sue the defaulting party for the specific performance of his obligations under this agreement; or alternatively
- 8.1.3 cancel this agreement without prejudice, however, to the aggrieved party's rights to claim payment from the defaulting party of any damages sustained by him by reason of the defaulting party's default.

9. GOVERNING LAW AND JURISDICTION

9.1 The construction validity and performance of this agreement shall be governed in all respects by the laws of Cyprus.

9.2 The Courts of Cyprus shall have sole jurisdiction to settle any dispute which may arise between the parties in respect of or in connection with the construction, validity or performance of this agreement or as to the rights and liabilities of the parties hereunder and the parties hereby agree that in the event of any action in respect of this agreement being begun the process by which it is begun may be served on them in accordance with the provision of the notices clause of this agreement.

9.3 In the event of any party being obliged to take any action to enforce any rights and obligations in terms of this agreement against the other party, then such other party shall be responsible for all costs in connection with such proceedings on a scale as between an attorney and his own client.

10. COSTS

The costs of and pertaining to the preparation and execution of this agreement, and all aspect incidental thereto, shall be paid by the Borrower.

11. NOTICES

The parties choose their respect address of service for all purposes under this agreement at the following address:

11.1 "LENDER" Postal and physical
The registered address of the company as set out above.

11.2 "BORROWER" Postal and physical



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The registered address of the company as set out above.

- 11.3 Any notice to be given to either of the parties in terms of or for the purposes of this agreement shall -
- 11.3.1 be valid and effective only if given in writing;
 - 11.3.2 if intended for the Lender to be given to it at the address stated in 11.1;
 - 11.3.3 if intended for the Borrower, to be given to them at the addresses stated in 11.2
 - 11.3.4 if sent by registered post, to be deemed, in the absence of proof to the contrary, to have been received 4 (four) business days after it is posted;
- 11.4 Each party shall be entitled to change its address for the purposes of this clause 11 to any other address by giving written notice to that effect to the other.
- 11.5 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a party shall be adequate written notice or communication to him notwithstanding that it was not sent to or delivered to the party's registered address.

12. GENERAL AND INTERPRETATION

- 12.1 This agreement, together with any Annexure incorporated herein, comprises the sole agreement between the parties, and supersedes all previous agreements, whether oral or written.
- 12.2 No amendment, variation or consensual cancellation of this agreement, inclusive of this clause, shall be valid or binding unless reduced in writing and signed by the parties or their duly authorised representatives.
- 12.3 This agreement is binding on the parties, their successors-in-title, heirs, administrators, executors or assigns.
- 12.4 Signature by one party shall not be deemed to constitute an offer or invitation to do business, and a binding agreement shall only come into existence when signed by all relevant parties.
- 12.5 This agreement contains the entire agreement between the parties and no agreement in conflict with the provisions hereof shall bind the parties unless it be reduced to writing and signed by all parties.
- 12.6 No indulgence or extension granted by one party to the other shall prejudice in any way the right of the party who grants such indulgence or extension nor shall it create new rights nor be construed as a waiver of any such party's rights and in particular such party's rights at any time to strictly enforce the terms and conditions of this agreement.



12.7 Should there be any material facts which have not been disclosed, the party responsible for such failure to disclose shall be liable for any damages arising from the failure to disclose such material facts.

13. **SEVERABILITY OF CLAUSES**

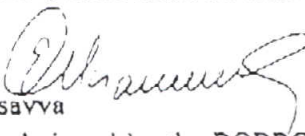
The clauses and sentences contained in this agreement shall be severable save the one from the other and no provision shall be affected by the invalidity of any clause. In the event of the invalidity of any clause, this agreement shall be interpreted and enforced as if the invalid provisions were not contained herein.

14. **COUNTERPARTS**

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Agreement.


Thus done and signed by the LENDER on 20th of April 2007, in the presence of the undersigned witnesses.

RIGHT START TECHNOLOGY LTD

Director: 
Eliana Hadjisavva

Thus done and signed by the BORROWER on 20th April 2007, in the presence of the undersigned witnesses.

VANITY INTERNATIONAL CORPORATION

Director: 
Emely Percz