

CONTRACT Nr. 02/14/ 118

State Joint Stock Company "Latvijas gaisa satiksme", VAT reg. No. LV40003038621, with the place of business in International Airport "Riga", LV - 1053, Latvia, hereinafter referred to as the Buyer, represented by Chairman of the Board Mr. Dāvids Tauriņš and Member of the Board Mr. Elmārs Švēde, from one side, and

AEP Marine Parts B.V., VAT No. NL 850944624 B01, with the place of business in Van Hennaertweg 9, 2952CA, Alblasterdam, Netherlands, hereinafter referred to as the Supplier, represented by Director/Procurement Holder Nicolaas Dirk Louter, from another side,

Whereas the Buyer desires to purchase **2 (two) X-BAND Magnetrons type M5089T and 2 (two) X-BAND Magnetrons type MG5230T** and whereas the Supplier has a long and distinguished history in the supply of a such equipment

Now Therefore the parties agree as follows:

1. SCOPE OF THE CONTRACT

1.1. Within the provisions and time schedule stated out in the present Contract the Supplier undertakes to deliver 2(two) X- BAND Magnetrons type M5089T and 2(two) Magnetrons type MG5230T, hereinafter - Magnetrons.

1.2. The Supplier shall be deemed to comply with this Contractual obligation hereunder insofar in accordance with the Technical Specification of Magnetrons (Annex no.1, which is integral part of this Contract).

2. RIGHTS AND OBLIGATIONS OF THE CONTRACTING PARTIES

2.1. The Supplier's obligations according to this Contract consist of delivery of Magnetrons within the agreed delivery conditions and time frame.

2.2. The Supplier hereby entrusts the Buyer to execute all the necessary installation of Magnetrons at site. If some of the delivered components are not working, the Supplier undertakes to replace defective unit in accordance with the same procedure as in the Paragraph 5 - Warranties.

2.3. The Buyer's obligations are to render payment in accordance with the paragraph 3 - Price and Payments.

3. PRICE AND PAYMENTS

3.1. The Total Contract Price is **EUR 10 472.00 (ten thousand four hundred and seventy-two euro)**, VAT is not included. The Contract price specified here is CIP (Carriage and Insurance Paid) Incoterms 2010 price. The payment shall be made in EURO.

3.2. The Total Contract Price consists of:

3.2.1. Two Magnetrons type M5089T. Price for each – EUR 2.252.00;

3.2.2. Two Magnetrons type MG5230T. Price for each – EUR 2.984.00.

3.3. If any payment by the Buyer is subject to withholding tax, the Buyer agrees to pay an additional amount, as is necessary to ensure that Supplier receives the same amount it would have received if there had been no withholding.

3.4. **100% (hundred percent)** of the Contract Price being **EUR 10 472.00 (ten thousand four hundred and seventy-two euro)**, shall be paid against invoice within 10 (ten) working days counting from the day when Magnetrons have been delivered

to the Riga International Airport, Latvia, in accordance with the rules of INCOTERMS 2010 (CIP) and fully compliant with the specification contained herein.

3.5. The day of payment is considered the day when Buyer makes currency transfer from its Bank account.

3.6. If the Buyer fails to fulfill his obligations in proper way and within the agreed time schedule starting from the next day after the agreed day of payment (art. 3.4.) the Buyer shall pay the penalty fee 0,2 % from the delayed payment per each day of delay. The penalties for delay in aggregate shall not exceed 10 % of the delayed payment.

3.7. Payment shall be performed by means of wire transfer to the Supplier's account in:

BANK: RABOBANK Rotterdam

Address: PO Box 10017 – 3004 AA Rotterdam

IBAN: NL21 RABO 01623.56.919

Swift CODE: RABONL2U

4. DELIVERY

4.1. The Supplier undertakes to deliver Magnetrons to Riga International Airport, Latvia, in accordance with the rules of INCOTERMS 2010, place of destination – “Latvijas gaisa satiksme” International Airport “Riga”, Latvia (CIP) within 3 (three) months, from the day when the Contract is signed from both sides.

4.2. In accordance to the CIP rules Incoterms 2010 the Supplier is responsible for delivering the Magnetrons to Customs Warehouse International Airport Riga, Latvia, including all costs and risks in bringing the Magnetrons to import destination.

4.3. The Supplier shall inform the Buyer on the goods delivery by fax at least three (3) days before the dispatch. The delivery date is the day when the equipment is received in Customs Warehouse Riga International Airport.

4.4. If the Supplier fails to fulfill his obligations in proper way and within the agreed time schedule starting from the next day after the agreed day of delivery (art. 4.2.) the Supplier shall pay the penalty fee 0,2 % from the total contract price per each day of delay. The penalties for delay in aggregate shall not exceed 10 % of the Contract price.

4.5. The Supplier must include information of European combined nomenclature number, package type and weight in invoice.

4.6. The Supplier shall notify the Buyer about the Magnetrons the agreed delivery delay at least three (3) days after delay is occurred.

4.7. All risks of accidental losses pass to the Buyer as soon as Magnetrons is delivered to the place of destination.

5. WARRANTIES

5.1. Warranty period for Magnetrons is 3 years from the date of delivery, i.e., the date when the Magnetrons are received in International Airport Riga customs warehouse, or 4000 hours of operational mode - whatever comes first.

5.2. Defective unit shall be returned to **AEP Marine Parts** in Netherlands in its original packing when an RMA (Returned Material Authorisation) number has been issued. The unit shall be shipped to **AEP Marine Parts**. Defective materials within the warranty period, must be returned with forwarder UPS on account No.V2799A (at the Supplier's costs).

5.3. Return shipments from any other forwarder or costs from any other forwarder will be not accepted.

5.4. Replacement deliveries under warranty, repaired or free replacements, will be delivered free of charge.

6. OWNERSHIP

6.1. All rights transferred to the Buyer are included in the Total Contract Price.

6.2. Ownership of Magnetrons purchased under this Contract shall remain with the Supplier until the total purchase price is paid in full.

6.3. The Supplier guarantees that the products do not infringe any patent rights, trade marks or other legally protected rights.

6.4. The Supplier undertakes at his own expense to defend the Buyer and hold the Buyer harmless if claims are made or legal proceedings are instituted against the Buyer in case of infringements.

7. FORCE MAJEURE

7.1. The Supplier is relieved of the responsibility for failure to fulfill fully or partially his obligations in case of force majeure such as fire, flood, earthquake, strike, war, mobilization or unforeseen military call-up of comparable magnitude, requisition, confiscation, revolt or riot, general reductions in power supplies, sabotage, epidemics, quarantine restrictions, freight embargoes and delays in deliveries for subcontractors which are due to reasons stated in this paragraph or else impossible to foresee.

7.2. In case of occurrence of any force majeure event, the Supplier must notify in written form the Buyer of the beginning and ending of such circumstance.

7.3. Such notice shall be given not later than 3 days after the occurrence of the force majeure event.

7.4. The parties shall decide upon a new delivery plan which shall not be extended more than is due to the force majeure cause, also provided that The Supplier makes its best effort to minimize the delay and the effects of that delay.

7.5. The certificates issued by the Chamber of Commerce of the Supplier's or his subcontractor's country, respectively, must be regarded as a sufficient evidence of the presence of such circumstances and their duration.

8. ALTERATIONS AND ADDITIONS

8.1. All changes and additions affecting the technical and functional contents of the Contract, or affecting the contractual time schedule and defined costs, responsibilities and other assumptions and conditions, will always be specified by written agreements between the Buyer and the Supplier.

8.2. Both the Buyer and the Supplier will have the right to request changes to the Contract and Contractual agreements and obligations. All such requests shall be in writing.

8.3. Every change implying a changed price relative to the Contract will, furthermore require a formal additional order from the Buyer and a formal order acknowledgement from the Supplier.

9. COMMENCEMENT AND TERMINATION

9.1. This Contract is entering into effect after signing of the contract by both Parties.

9.2. This Contract shall terminate as both parties have fulfilled their obligations under the present Contract.

9.3. If the order execution is not carried out in accordance with the provisions of this Contract and/or delayed more than 10 (ten) working days the Buyer shall have the

right to unilaterally withdraw from the Contract. In such case the Buyer shall submit written notice to the Supplier at least 10 (ten) working days in advance.

9.4. This supersedes all other agreements, oral or written, heretofore made with respect to the subject hereof and the transactions contemplated hereby and contain the entire contract of the parties with respect to the subject matter hereof.

10. DISPUTES

10.1. Any dispute arising in the execution or performance of the present Contract shall be settled through amicable consultations between both parties.

10.2. If the parties will not come to such an agreement about solution of disputes or differences during 10 (ten) working days in the way of discourse, any dispute, differences or claim what is consequent to this Agreement, affect it or that contravention, finishing, modification, translation or validity and/or invalidity dispute will be referred to Latvian Court according to Latvian legislation.

11. GOVERNING LAW

11.1. This Contract as well as the questions arising out of or in connection with the present Contract are governed and constructed in accordance with the laws of Republic of Latvia.

12. CONFIDENTIALITY

12.1. The Buyer agrees to hold in the strictest confidence any confidential information given by Supplier in the performance of this Contract. This Section shall survive termination of the Contract.

12.2. Agreement shall not constitute a grant of a license, patent or any other transfer of any such property of the Buyer or any third party except as otherwise agreed to in writing by the Seller.

12.3. Both Parties agree to keep confidential all information concerning the other's business divulge.

13. SIGNING

13.1. This Contract is produced as original copies in the English (2 original) language. Each party has one copy. Each contract consists of 17 (seventeen) pages.

Signing for and behalf of:

The Buyer

State Joint Stock Company

"Latvijas gaisa satiksme"

International Airport "RIGA",
Latvia, LV-1053

Name: Mr. Davids Taurins
Title: Chairman of the Board

Name: Mr. Elmārs Svāde
Title: Member of the Board
Place: Mārupes novads, Latvia
Date: 02, 09, 2014

**The Supplier
Company**

"AEP Marine Parts B.V."

Van Hennaertweg 9, 2952 CA
Alblasserham,
The Netherlands

Name: Mr. Louter Nicolaas Dirk
Title: Director/Procuration Holder
Place: Rotterdam, The Netherlands

Date: 08, 09, 2014

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