

CONTRACT N° 02/15/77

The present Contract is signed on this day 26th of May 2015, by and between

State Joint Stock Company "Latvijas gaisa satiksme" (LGS), VAT No. LV40003038621, with the place of business in Airport "Riga", Marupe Municipality, LV-1053, Latvia, hereinafter referred to as **the Buyer**, represented by Chairman of the Board Dāvids Tauriņš and Member of the Board Elmārs Švēde, from one side, and **SCHMID Telecom AG**, VAT reg. No.CH-020.3.000.790-4, place of business – Binzstrasse 35, CH-8045 Zurich, Switzerland, hereinafter referred to as "the Supplier", represented by CEO, President Peter Schmid and the Regional Sales Director Mr. Ernst Kālin, from another side,

whereas the Buyer has decided to purchase spare parts for existing Voice communication system, hereinafter referred to as "the Spare Parts" and as the supplier has a long and distinguished history in the supply and extension of VCS equipment and has been responsible for a number of most complex systems presently operating in many countries all over the world

NOW THEREFORE the Buyer and the Supplier hereinafter individually referred to as "the Party" and collectively referred to as "the Parties", agree as follows:

1. SCOPE OF THE CONTRACT

- 1.1. Within the provisions and time schedule stated out in the present Contract, and Annex No. 1, which is integral part of this Contract, the Supplier undertakes to deliver the Spare Parts.
- 1.2. The Supplier shall be deemed to comply with this Contractual obligation hereunder insofar in accordance with the agreed Technical specification (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 the Spare Parts within the agreed conditions and time frame.
- 2.2. The Buyer's obligations according to this Contract consist of rendering payment in accordance with the terms of Payment (Paragraph 3).

3. PRICE AND PAYMENTS

- 3.1. The Total Contract Price for the Spare Parts is **EUR 5151,20** (five thousand one hundred twenty one euros and 20 eurocents). The Contract Price specified here is DAT Riga International Airport in accordance with Incoterms 2010.
- 3.2. Contract price does not include any value added taxes or customs duties, or any other duties or taxes levied by the Buyer's country, all of which are the responsibility of the Buyer.
- 3.3. All payments shall be made in EUR (euros).
- 3.4. Payments shall be effected according to the following schedule:
 - 3.4.1. the Buyer undertakes to transfer the 50% of the Contract Price being **EUR 2575.60 (two thousand five hundred seventy five euros and 60 cents)** as the prepayment within 30 (thirty) days counting from the day on which the Contract has been signed by both Parties and the invoice was received by the Buyer;
 - 3.4.2. the Buyer undertakes to transfer the 50% of the Contract Price being **EUR 2575.60 (two thousand five hundred seventy five euros and 60 cents)** within 30 (thirty) days counting from the day on which the SAT has been signed by both Parties and the invoice was received by the Buyer
- 3.5. The Supplier must include information of package type and weight in invoice.
- 3.6. If the Buyer fails to fulfil his obligations in proper way and within the agreed time schedule starting from the next day after the agreed day of payment (Clause 3.4.) the Buyer shall pay the penalty fee 0,2 % the total contract price per each day of delay. The penalties for delay in aggregate shall not exceed 10% of the Contract price. Payment of penalty fee shall be in full compensation of any claim from the Buyer with respect to Supplier's liability for delay and shall be exclusive of any other kind of damages of whatsoever nature.
- 3.7. Payments in accordance with the payment terms shall be transferred to the Supplier's account:

No. 279 012-12-11, at CREDIT SWISS, 8070 Zurich, Switzerland, SWIFT/BIC: CRESCHZZ80A, IBAN No. CH78 0483 5027 9012 1201 10230-220922.60H, at UBS AG, 8098 Zürich, Switzerland, SWIFT/BIC: UBSWCHZH80A, IBAN No. CH43 0023 0230 2209 2260 H

3.8. The Parties agree that the invoice for any contractual payments can be made electronically and is valid without a signature (hereinafter - the e-bill). Supplier will e-billing in electronic form on the Buyer e-mail address: lgs@lgs.lv. Shall be deemed to e-invoice is delivered to Buyer and Buyer has received an invoice on the date on which it is sent from the Supplier e-mail address to the above mentioned e-mail address.

4. DELIVERY

4.1. The Supplier undertakes to deliver the Spare Parts within **6 (six)** months after the day when the contract is signed from both sides.

4.2. 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 Spare Parts are delivered to the Buyer.

4.3. If the Supplier fails to fulfil his obligations in proper way and within the agreed time schedule starting from the next day after the agreed day of delivery (art. 4.1., 4.2. and 5.2.) 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.

5. WARRANTIES

5.1. The delivered spare parte shall have one (1) year of warranty.

5.2. Defective units shall be returned to the Supplier. Buyer's responsibility is to ship the faulty unit to the Supplier (Suppliers's responsibility is to pay all charges for the delivery of faulty unit). The Supplier will organise the warranty repair and be responsible for delivery of the repaired unit to the Buyer within 30 days from the day the faulty unit is received.

6. OWNERSHIP

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

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

6.3. The Supplier guaranties 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 fulfil 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 any event beyond the Supplier's control such as any governmental decision, any refusal, cancellation or non-renewal of any export licence or permit from government or other authority required for the sale of all or part of the Products or the purchase of the components /parts/ materials required for their manufacture.

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 15 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 sub-contractor's country, respectively, must be regarded as a sufficient evidence of the presence of such circumstances and their duration.

7.6. If these circumstances continue over a period of more than one (1) months, each of the parties has the right to refuse further fulfillment of his obligation against this Agreement and in this case neither of the parties is entitled to demand from the other party compensation for possible losses.

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. If the order execution is not carried out in accordance with the provisions of this Contract and/or Annex No.1 and/or delayed more than 5 (five) working days the Buyer shall have the right to unilaterally withdraw from the Contract (Right of withdrawal). In such case the Buyer shall submit written notice to the Supplier at least 5 (five) working days in advance.

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. 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 30 working days in the way of discourse, any dispute, differences or claim what is consequent to this Agreement must be solved under the laws of the Republic of Latvia.

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. In case of contradictions between the rules of INCOTERMS 2010 and laws of Latvian Republic, the INCOTERMS 2010 will prevail.

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.

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 8 (eight) pages including the Annex No.1.

14. MISCELLANEOUS PROVISIONS

14.1. This Contract shall enter into effect on the date of signature by both parties and shall remain in effect until the completion of both Parties' duties and obligations.

14.2. This Contract may be terminated by mutual agreement between Buyer and Supplier, should the service no longer be needed, after proper compensation to Supplier for work already executed or engagements made by him in accordance with this Contract.

14.3. Either party may terminate this Contract upon written notice if the other party materially

breaches any of its terms or provisions. Termination for breach shall be without prejudice to the terminating party's other rights and recourses.

14.4. If the Supplier is the initiator of the Contract breaking it must finish the service according to this Contract and Annex No.1, which is integral part of the Contract.

15. CONTACT PERSON

15.1. For the purpose of this Contract, the Buyer's contact in Supplier for contractual matters will be *Igors Nemahovs*, e-mail: igors.nemahovs@lgs.lv, phone: +371 67300710, fax + 371 67300705.

15.2 For the purpose of this Contract, the Supplier's contact in Buyer will be *Ernst Kälin*, e-mail: Ernst.kaelin@schmid-telecom.ch, phone +41 44 456 11 11, fax + 41 44 466 92 32.

Signing for and behalf of:

SCHMID TELECOM AG

VAS LATVIJAS GAISA SATIKSME



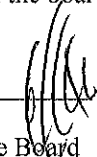
Name: Ernst Kälin
Title: Regional Sales Director

Date: 2.6.2015

SCHMID TELECOM AG
Binzstrasse 35, 8045 Zürich



Name: Dāvids Tauriņš
Title: Chairman of the board



Name: Elmārs Švēde
Title: Member of the Board

Date: 26th of May, 2015

