

Contract for Work No. LOM/O/001/17

for crankshaft assembly repairs of aircraft in-line piston M range engines

entered into as per Sections 2586 et seq. of Act No. 89/2012 Coll.

Order Party:

XXX

(the “**Order Party**” henceforth),

and

Contractor:

LOM PRAHA s.p.

Registered office:

Tiskařská 270/8,
108 00 Prague -10 Malešice,
Czech Republic

Company ID:

00000515

Tax ID:

CZ00000515

Registered in the Commercial Register maintained by the Municipal Court in Prague, Section ALX,
Insert 283, date of incorporation: 30.06.1989

Represented by

Ing. Roman Planička, CEO

Representative for financial issues:

Ing. Michal Geist, Financial Director

tel. **XXX**

e-mail: **XXX**

Representative for contractual and technical issues:

Ing. Radek Mazal, Head of the Office of Piston Engine Design

tel. **XXX**

e-mail: **XXX**

(the “**Contractor**” henceforth)

Article 1.

Subject matter of the Contract for Work

- 1.1. The Contractor shall conduct an **XXX** of an engine that shall be delivered by the Order Party under the specification provided below.

Type of engine	Serial no.	Number of pcs	Description of service
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XXX	XXX	XXX	XXX
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- 1.2. **XXX** shall be conducted in compliance with the rules and conditions stipulated in the Contractor’s valid approved documentation “LOM Procedures for **XXX**”
- 1.3. Before **XXX** is carried out, the Contractor shall perform **XXX** in order to confirm the condition of the engine.
- 1.4. If, based on the outcome of **XXX**, additional costs beyond the standard **XXX** incur, an amendment to this Contract shall be concluded, determining the period of the repair and the total price for **XXX**, including additional costs. The amendment must be signed by representatives of both Contracting Parties in due form (as per Article 3.4).
- 1.5. After performing the **XXX** and the additional repairs resulting from the **XXX**, the engine will receive the **XXX**, whichever comes first. After this a complete **XXX** is necessary.
- 1.6. The Order Party shall pay the price for **XXX** as determined in Article 2 hereof.

**Article 2.
Price and payment terms**

- 2.1. Unless otherwise agreed by the Contracting Parties with respect to the outcome of **XXX**, the contractual price for performing **XXX** shall be as follows:

Price excl. VAT
XXX

- 2.2. The price for the standard **XXX** does not include **XXX**
- 2.3. The price for **XXX** specified in paragraph 2.1 includes all costs incurred to the Contractor in relation to renewal of the airworthiness of the engine after performing the **XXX** only if the engine is delivered in a fully operative condition, with parts and accessories in a condition corresponding to ordinary deformation, wear and tear.
- 2.4. The price for conducting **XXX** has been determined on the condition that the engine shall be delivered under FCA LOM PRAHA s.p., Tiskařská 270/8, 108 00 Prague 10 - Malešice Incoterms® 2010, and under the condition that the engine shall be collected after the repair under EXW LOM PRAHA s.p., Tiskařská 270/8, 108 00 Praha 10 - Malešice Incoterms® 2010
- 2.5. The price for **XXX**.
- 2.6. The Order Party **XXX**
- 2.7. After such advance payment invoice is settled in full (the invoiced value is credited to the Contractor’s bank account), an invoice - tax document shall be issued by the Contractor within 15 days and sent to the Order Party’s address.
- 2.8. The Order Party shall pay the remaining balance of the total price for **XXX**, including additional costs, if any - see item 1.4, based on a final tax document (invoice) issued by the

Contractor within 7 days of the day of conclusion of the completion control run of the engine in the Contractor's overground test room, with a due period of 14 days of the day when the tax document is delivered to the Order Party.

- 2.9. VAT at the rate under the legal regulations valid as at the date of taxable supply shall be added to the price invoiced. The Order Party shall remit any payments related to the performance of the subject matter of this Contract for Work in CZK to the Contractor's account.

Article 3. Place of performance and term of delivery

- 3.1. The place of performance **XXX**.
- 3.2. The Order Party shall deliver the engine including complete documentation to the Contractor's establishment no later than 30 calendar days after the Contract became effective.
- 3.3. Contractor shall complete the work as per Article 1 **XXX**
- 3.4. The Works as established in paragraph 3.3 above may be extended as a direct consequence of the ascertained scope of wear and tear and damage of the crankshaft assembly components, which could not be discovered at the stage of the **XXX** at the time when the procedure for the crankshaft assembly repair was determined. The Contractor shall prepare a written report of all the findings ascertained and this report shall be delivered to the Order Party by the Contractor to the e-mail address provided in the heading hereof. In addition to describing the findings and proposal for extra work, this report shall specify the additional time needed to perform this extra work. The Order Party undertakes to provide the Order Party's response in writing within 7 days of the date of receiving the report. The final agreement as to extending the performance of **XXX** shall form the subject matter of an amendment hereto.
- 3.5. Required additional time for extra work will extend the agreed final delivery time of April 30, 2017 as per para 3.3 above only, if the total sum of all additional times as per the findings report of the Contractor will exceed altogether 7 (seven) working days. Hence, extension of final delivery time by the number of days as from day 8 (eight) of additional time only.
- 3.6. It is agreed, that up to a total amount of € 500.- (fife hundred) for additional parts that have to be replaced mandatorily acc. to the "LOM Procedures for **XXX**" (see para 1.2), the Contractor may continue its work without the prior approval of the Order Party. Those parts are marked in the findings report sent to the Order Party.

Article 4. Performance of the subject of XXX and quality control, guarantees

- 4.1. After **XXX** is completed, the engine shall be delivered to the Order Party or a representative nominated by the Order Party (e.g. a forwarding company) only after the price for **XXX** is paid in full under the conditions delineated in Article 2.
- 4.2. In accordance with item 2.4, **XXX**

- 4.3. The Contracting Parties have agreed that **XXX** shall be issued by Contractor after quality is tested.
- 4.4. The Order Party is owner and operator of the engine.
- 4.5. **XXX**
- 4.6. In compliance with the applied legal order, the Contracting Parties have agreed to restrict the right for compensation for loss to the maximum price paid for **XXX** under this Contract. Any loss in excess of the above restriction shall be compensated if caused intentionally or out of gross negligence. No loss shall be compensated if the cause of the given loss claim consists in the Order Party's failure to abide by all instructions and recommendations for transport, installation, operation, maintenance and preservation of the engine as provided in the complex applicable set of instructions for retaining airworthiness, in the wording of any amendments.

**Article 5.
Final provisions**

- 5.1. This Contract shall be governed, construed and enforced under the law of the Czech Republic. Rights and obligations of both Contracting Parties shall be governed in compliance with provisions of Act No. 89/2012 Coll., the Civil Code, unless otherwise provided in this Contract.
- 5.2. Both Parties are obligated to exert utmost effort to solve any disputes and disagreements that might arise from or in connection with this Contract, specifically in manner of amicable settlement.
- 5.3. Any disputes arising from this Contract, directly or indirectly, which cannot be solved amicably shall be resolved by the general court determined according to the registered office of the respondent.
- 5.4. **XXX.**
- 5.5. Any changes of and amendments to this Contract shall be valid only if executed in writing and duly signed by authorized representatives of the Contracting Parties. Such changes and amendments shall become integral parts of this Contract. The Contracting Parties expressly exclude any other regulations of this Contract, obligations arising from this Contract or the content of legal acts in relations hereto in other than a written form.
- 5.6. This Contract for Work shall become valid and effective on the day when signed by both Contracting Parties.
- 5.7. This Contract for Work has been executed in the English language and in two copies, with each Contracting Party holding one copy. Both copies shall be valid as the original text.
- 5.8. Both Contracting Parties have read this Contract for Work, which is an expression of their free will. In witness whereof, the Contracting Parties have signed this Contract below.

In Leipzig, on 12.1.2017

In Prague, on 19.1.2017

for the Order Party

for the Contractor

XXX

LOM PRAHA s.p.
Ing. Roman Planička
Company Director

Annex No. 1 to the Contract for Work for XXX):

Standard XXX shall include:

XXX

Parts to be replaced mandatorily:

XXX