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## 1. General

### 1.1. Scope

The following Conditions are valid for all our offers, sales, deliveries and services and are an integral part of our contracts. They are also valid for all future business relationships, even when not expressly agreed upon.

### 1.2. Deviations or supplements

We hereby explicitly disagree with differing or supplementary general terms and conditions of the buyer. They are not valid even when the buyer has based his offer or other declarations on them.

### 1.3. Acceptance of Deviations or Supplements

Any provisions that vary from these General Terms and Conditions will only apply if and in so far they are accepted by the Company in writing.

## 2. Quotations and orders

### 2.1. Account payables

Our offers are non-binding, if they have not been designated as binding in written. A valid contract is therefore only established by our order confirmation or the supply of the goods.

An agreement is therefore only established when the contract has been signed by the Company's Board of Management (or CEO) and by the Customer, or on the date on which the Company sends the written order confirmation, which must be signed by the Board of Management (or by the CEO) or the supply of the goods incl. invoice. Unilateral termination of the agreement by the Customer is invalid unless the Company agrees to such termination in writing.

### 2.2. Measures

Measures, Weights, Pictures, drawings as well as other information belonging to our non-binding offers, remain our property and are only approximative. Only based on our explicit written confirmation they may become an integral part of the contract.

### 2.3. Notices, data, statements, samples

Notices, data, statements and samples made or provided by the Company, in whatever form or of whatever nature, are only indicative and shall never bind the Company unless the agreement expressly provides the contrary.

## 3. Solvency

### 3.1. Dubious solvency of the buyer

If after closing a contract we become aware of circumstances which constitute reason to doubt the buyer's solvency, we may condition further supplies on a prepayment of the goods by the buyer. We can define a reasonable deadline for the prepayment of the goods and rescind from the contract if the prepayment does not arrive in time; the buyer can provide a bank guarantee instead of a prepayment. If we have already supplied the goods, the purchase price may become due regardless of previously agreed payment terms.

### 3.2. Reasoning

Doubts of the buyer's solvency are among other reasons substantiated if an application for an insolvency proceeding has been made or if he is not making payments to us or third parties in time.

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#### **4. Confidentially**

The Customer shall maintain the confidentiality of any business information which relates to the Company and not disclose it to any third party; business information is to be interpreted in the broadest sense and include any information which is disclosed to the Customer by the Company or which comes to the Customer's knowledge in the context of the agreement.

#### **5. Prices**

##### **5.1. Price validity**

Our prices are valid „ex works“ if no other agreement has been made with the buyer. The costs for special packing, requested by the customer and deviating from our standard packaging, are NOT included in the price.

The Company has the right to increase the quoted or agreed prices in the event of an increase in the price of items, raw materials or parts obtained from third parties or an increase in wages, national insurance contributions, insurance premiums or other cost components (including foreign exchange rates) and charges (licenses).

##### **5.2. VAT**

The VAT provided by law if applicable is not included in our prices and is being shown separately on the invoice in the amount legally required on the day of invoicing.

#### **6. Delivery, terms of delivery**

##### **6.1. Delivery terms**

Unless expressly otherwise agreed, delivery shall be made “Ex Works” from the premises of the Company. The interpretation of the terms and conditions of delivery shall be governed by the edition of the incoterms issued by the International Chamber of Commerce that was the most recent at the time the agreement was entered into.

##### **6.2. Delivery dates**

All mentioned delivery dates are non-binding and are agreed upon as approximate if they have not been explicitly described by us as binding. For unbinding delivery dates a delivery within 60 days after indicated delivery time is considered as timely in any case.

##### **6.3. Commencing of the delivery period**

The delivery period shall commence on the latest of the following dates:

the date on which the agreement is entered into

the date on which the Company has at its disposal all the documents, information, permits, exemptions, ap

provals, allocations, etc., required for the supply of the goods

the date on which the Company receives the payment

##### **6.4. Delayed Delivery**

If more than 12 months pass between closing the contract and delivery and such delay has not been caused by us and if during this time our price list changes, we may demand instead of the agreed price the list price valid on the day of delivery. Before delivery we will submit an accordingly amended order confirmation to the buyer. The buyer may in this case avoid the contract for the goods for which the price has been increased. He must declare his avoidance within 1 working day after receipt of the amended order confirmation.

A response via fax or e-mail is sufficient.

## 6.5. Culpable delay

If we are not able to keep an agreed date culpably or due to other reasons, the buyer has to grant us a reasonable grace period. The grace period has to be agreed with the customer. After the effectless expiry of the grace period, the buyer is entitled to avoid the contract.

## 6.6. Force Majeure

If our performance is rendered temporarily impossible or considerably impeded due to Force Majeure or due to other extraordinary and circumstances beyond our influence in whole or in part, the agreed delivery time is extended automatically by the duration of such unforeseen event. The extension is automatically being activated, once we inform the buyer that we activate the Force Majeur condition and provide details about the reason and estimated delay. The same is valid for a legal deadline for the performance, especially for grace periods in case of delay.

## 6.7. Extension of delivery time

Before expiry of the delivery time according to paragraph 3, the buyer is neither entitled to avoidance nor to compensation. If the impediment lasts longer than 24 weeks, the buyer as well as we ourselves are entitled to avoidance if the contract has not been executed.

## 6.8. Delay of delivery

In case of an eventual delay of delivery, damage claims of any kind are ruled out unless the delay is due to intent or gross negligence.

## 7. Dispatch

### 7.1. Buyer's invoice

The dispatch is being effected on account of the buyer. The risk is transferred to him with the lading of the goods, also if carriage free delivery has been agreed and/or the dispatch is being done with our own vehicles. We are not obliged to cater for transport insurance.

### 7.2. Written agreements

Unless agreed explicitly in written, we are entitled to partial deliveries in reasonable extent which are invoiced separately.

## 8. Payment

### 8.1. Payment obligation

Invoices have to be paid 50 % when placing order, 50 % after notification of readiness to ship - unless explicitly agreed differently. No shipment will be released without receipt of full 100% pre-payment.

All payments shall be made without any deduction or set-off in the currency stated on the invoice.

## 9. Return Shipments

It is not permitted to return goods supplied by the Company without the Company's prior written consent. Any return shipments shall always be at the expense and risk of the shipper.

The Company will only accept claims for return that relate to the quantity, weight or specifications of the goods, or if the goods do not conform to the sample(s) made available by the Company.

The Customer must inspect the goods immediately upon delivery.

Claims for return concerning relevant defects that are apparent during the inspection of the goods, and claims for return in connection with the quantity, weight or specifications must be made in writing within twenty-four (24) hours of the delivery and include a full description of the alleged defects, in default of which any right to make a claim in these respects will lapse.

Claims for return relating to other relevant defects must be made in writing within 24 hours of their discovery and include a full description of the alleged defects. No claims in this respect can be made when three (3) months have passed after delivery.

Any claim made by the Customer with regard to delivered goods shall also be extinguished if: a. the agreement concerns the delivery of used or damaged goods; b. the goods have been processed or for some other reason are (no longer) identifiable as originating from the Company; c. the defects were (partly) caused by normal wear and tear or by improper or incorrect handling, use, storage or maintenance of the goods; d. the Customer has not immediately given the Company the opportunity to investigate the claim for return and to fulfil its obligations; e. the Customer has failed to comply with an obligation resting upon it or has failed to comply with it properly or in time.

In respect of parts or goods obtained from third parties that have not been processed by the Company, the Customer can only enforce rights against the Company to the extent to which the Company can, in turn, enforce rights against its supplier. In any such case, the Company will be discharged with respect to the Customer by assigning to the Customer the rights it has against its supplier.

The Customer may not enforce any rights relating to defects against the Company if it can also enforce rights relating to these defects directly against the manufacturer.

Without prejudice to the provisions of the preceding sub-clauses, in the event of a timely and justified claim for return, the Company shall only be obliged, at its option, to repair the goods, to replace them or to credit the Customer for the defective goods. These General Terms and Conditions shall apply in full to replacements.

The technical specifications of the relevant brand of goods, and the catalogues, lists, dimensions and other information relating to the goods provided and/or used by the Company and the Company's suppliers have been drawn up by the Company and its suppliers in good faith, but nonetheless are only approximations or estimates.

The Company gives the Customer the same warranties in respect of the goods as are given by the Company's suppliers.

In respect of the "TARA" brand, the Company gives the Customer the warranty stated on the [www.aerospace.com](http://www.aerospace.com), or the warranty certificate provided with the goods in question.

If the Customer fails to meet or is late in meeting any of its obligations under the agreement, the Customer shall no longer be entitled to any warranty on the goods concerned.

## **10. Warranty**

### **10.1. Obligation of the buyer**

The buyer is obliged to inspect the goods on completeness, transport damages, obvious defects, character and features. Obvious defects have to be announced by the buyer in written within 8 days from receipt of the contractual item.

### **10.2. Obligations of Tara Aerospace A.D.**

We are not obliged to warranty if the buyer has not contested an obvious defect in writing in time. If a defect of the goods that has been caused by us exists we are obliged to provide supplementary performance to the exclusion of the buyer's rights to avoid the contract or reduce the purchase price, unless we are legally entitled to refuse supplementary performance. The buyer must grant us for each defect a reasonable deadline for supplementary performance.

### **10.3. Supplementary performance**

Supplementary performance can be done according to the buyers wish either by removing the defect or supply of new goods. We are entitled to refuse the buyer's choice if it is subject to unreasonable costs. In case of supplementary performance the reduction of the purchase price or avoidance of the contract by the buyer are ruled out. Subsequent improvement is considered failed after the second futile attempt. If the subsequent improvement has failed or the seller has refused it completely, the buyer is entitled to choose either reduction of the purchase price or avoidance of the contract.

#### **10.4. Damage claims**

Damage claims due to the defect can only be asserted under the conditions below if the supplementary performance has failed or the supplementary performance has been refused by us.

#### **10.5. Violations of duty**

For deliberate or grossly negligent violations of duty as well as for damages from an injury of life, body or health we are liable according to the legal regulations. Apart from that we are only liable when the violated contractual duty for the contractual purpose is recognizable and of substantial relevance, and only up to the amount of the typically foreseeable damage.

#### **10.6. Limitation of liability**

The Company's liability under the agreement shall be limited to the fulfillment of the obligations described in the agreement.

The Company shall never be liable for trading loss, consequential loss or any other indirect loss.

If the Company is held liable by a third party for a loss for which the Company is not liable under the these General Terms and Conditions or otherwise, then the Customer shall be obliged to indemnify the

Company against such loss and liability and to compensate it for all damages, interest and costs incurred by the Company on this account.

The limitations and exclusions of liability and the indemnity stipulated by the Company for itself in the sub-clauses above are also stipulated for and on behalf of its employees, any other parties used by it in the context of the agreement, and for any parties from whom the Company obtains goods or parts supplied under the agreement.

#### **10.7. Guarantees of quality and durability**

If we have given any guarantee of quality and/or durability regarding the goods or parts thereof we are liable in the scope of this guarantee. For damages which are due to the lack of the guaranteed quality or durability but do not occur to the goods themselves we are only liable if the risk of such damage is explicitly covered by the guarantee of quality and durability.

#### **10.8. Liability for damages**

We are also liable for damages which have been caused by simple negligence if this negligence concerns the violation of such contractual obligations which are of essential importance for achieving the purpose of the contract (cardinal duties). However, we are only liable if the damages are typically linked to the contract and are foreseeable. Apart from that we are not liable for simple negligent violations of non essential duties. The limitations of liability contained in §7 are also valid as far as the liability for the legal representatives, managing employees and other proxies is concerned.

#### **10.9. Further liability**

Any further liability is excluded regardless of the legal nature of the claimed demand. As far as the liability of the seller is excluded or restricted, this is also valid for the personal liability of his employees, workers, staff, representatives and proxies.

### **11. Reservation of ownership**

#### **11.1. Ownership of the goods**

We reserve ownership of the goods (goods subject to retention of title) until full receipt of any payments from the purchase contract. The delivered goods are transferred to the ownership of the buyer only after he has fulfilled all obligations from the business relation including side demands, compensation claims and redemption of cheques and drafts. In case of the cheque-draft process the reservation of ownership becomes void not at the time of cheque-transfer but only with the encashment of the draft.

## 11.2. Third party access

The buyer is obliged to inform us of all access of third parties, especially debt enforcements as well as impairment of his ownership without delay in written. The buyer has to compensate for all damages and costs which arise from violation of this duty and protection against access of third parties.

## 11.3. Obligation to pay despite reminder

If the buyer fails to comply with his obligation to pay despite of a reminder from our side, we may demand the restitution of the goods subject to retention of title still in his property without setting any deadlines. The transport costs arising from this are to be borne by the buyer. The seizure of the goods subject to retention always constitutes the avoidance of the contract. After restitution of the goods subject to retention we are entitled to their sale.

If the buyer fails to comply with his obligation to effect the downpayment as foreseen in the contract and despite of a reminder from our side, then we have the right to automatically cancel the order and contract because of non-activation. The receipt of the 50% downpayment is considered as contract activation and all processes like preparation of documents, application of export permits and production planning will only be triggered by this down-payment.

If the buyer fails to comply with his obligation to pay the remaining 50% after receiving the notification of readiness for shipment, despite of ONE written reminder from our side, we are entitled to cancel the contract after expiration of a 3 months grace time. In this case the effected down-payment will be withheld by us as a cancellation-fee and as compensation for non-fulfillment of the buyer's contractual obligation. (If the buyer pays the remaining 50%, but fails to pick up the goods within 6 months from notification of readiness for shipment, then we reserve the right to charge storage costs, amounting to 5% of the contract value per month, starting 6 months from notification of readiness for shipment.

If the buyer fails to comply with his obligation to pick up the goods after 12 months from notification of readiness for shipment, and despite of TWO written reminders from our side we reserve the right to cancel the order completely and with-hold the complete payment as compensation and to cover all losses and costs.

## 12. Place of fulfillment

The place of fulfillment for payments is the official company address in Mojkovac.

## 13. Data processing

The buyer agrees that we process the data on the buyer obtained during the business relationship for the fulfillment of our own business purposes while obeying Montenegrin federal data protection laws. Especially we may store them or forward them to a credit protection organization as far as this is within the scope of the contract or is required in order to protect our legitimate interest if there is no reason to assume that protection worthy interest in the exempt from processing, especially forwarding of these data prevails.

## 14. Salvatorious clause

Amendments or supplements of the contract or of these general terms and conditions require written form to become valid. If a regulation of these terms of payment and delivery is invalid or unenforceable it has no effect on the remaining terms of payment and delivery.

## 15. Place of jurisdiction and applicable law

### 15.1. Montenegrin law

For the contractual relationship between us and the buyer only Montenegrin law will be applied even when the buyer has his residency or place of business in a foreign country. Application of the uniform law on the international purchase of movables as well as the law on the closure of international purchase contracts for movables is ruled out.

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### **15.2. Assignment of claims**

The buyer is not entitled to assign claims from the purchaser contract to third parties without the agreement of the buyer.

### **15.3. Place of jurisdiction**

If the buyer is a businessman, legal person according to public law or fund assets governed by public law the place of jurisdiction is Bijelo Polje for both parties – also for cheque or draft lawsuits. However, we are also entitled to sue the buyer on his general place of jurisdiction.

Mojkovac, June 30th, 2014