Contract Agreement

THIS AGREEMENT made this 06-06-2019 day of, by GOVERNMENT ARSENAL, Camp General Antonio Luna, Limay, Bataan of the Philippines (hereinafter called "the Entity") of the one part and the Joint Venture Partnership of GECAR MACHINE SOLUTIONS, INC. of No. 17 Mars Street, Congressional Subdivision II, Tandang Sora, Quezon City and POB DRUSTVOS ORGANICENOM ODGOVORNOZSCU ZA PROIZVODNIJU, TRGOVINU I USLUGE of Bjelovar, Ulica 29, Rujna 4 Croatia and (hereinafter called "the Supplier") of the other part:

WHEREAS the Entity invited Bids for certain goods and ancillary services, viz., Procurement of 1,700,000 pieces 7.62mm M13 Links, IB # GA BAC 2018DP-22-TTF and has accepted a Bid by the Supplier for the supply of those goods and services in the sum of FIVE MILION FIVE HUNDRED TWENTY FIVE THOUSAND PESOS (PhP5,525,000.00) only (hereinafter called "the Contract Price").

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In this agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract referred to.

2. The following documents shall be deemed to form and be read and construed as part of this Agreement, viz.:
   (a) Bid Form and the Price Schedule submitted by the Bidder;
   (b) Schedule of Requirements;
   (c) Technical Specifications;
   (d) General Conditions of Contract;
   (e) Special Conditions of Contract; and
   (f) Entity’s Notification of Award

3. In consideration of the payments to be made by the Entity to the Supplier as hereinafter mentioned, the Supplier hereby covenants with the Entity to provide the goods and services and to remedy defects therein in conformity in all respects with the provisions of the Contract.

4. The Entity hereby covenants to pay the Supplier in consideration of the provision of the goods and services and the remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of the contract at the time and in the manner prescribed by the contract.

IN WITNESS whereof the parties thereto have caused this Agreement to be executed in accordance with the laws of the Republic of the Philippines on the day and year first before written.

Signed, sealed, delivered by:

DANIEL R CASABAR JR
Director
Government Arsenal

MR. GEORGE T. LAO
Authorized Representative
JV Partnership of Gecar Machine Solutions, Inc. and POB Drustvos Organicenom
ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF BALANGA, BATAAN ) s.s.

BEFORE ME, a Notary Public for and in Balanga City, Bataan, Philippines, on this
16th day of February 2019 personally appeared:

DANIEL R. CASABAR JR
MR. GEORGE T. LAO
MS. ERLINDA M. GO
MS. ROWEENA G. BASA
ATTY. ABEGAIL C. GABRIEL
MS. ALLECIAH D. CARREON

TIN 120-449-129
CRN 0111-358 9874-6
TIN 934-172-335
TIN 196-041-509
TIN 406-648-758
TIN 432-710-749

known to me and to me known to be the same persons who executed the foregoing instrument
and acknowledged to me that the same is their free and voluntary deed.

WITNESS MY HAND AND SEAL on the date and place above written:

ATTY./ DINDO D. BEBER
NOTARY PUBLIC FOR AND IN THE PROVINCE OF BATAAN
Notarial Commission No. 355-18
Until December 2019
Roll No. 62224
PTR No. 27176896/01-03-19/Balanga City, Bataan
IPB No. 055357/01-10-19/Bataan
MCLG Compliance No. V-0014552
2/F Cebu Bldg., corner J.P. Rizal St.,
Poblacion, Balanga City, Bataan
31 JAN 2019
(Date)

MR. GEORGE T. LAO
Authorized Representative
GECAR MACHINE SOLUTIONS, INC. (JV PARTNERSHIP with
POB DRUSTVOS ORGANICENOM ODGOVORNOŠČU ZA
PRIOZVODNJU, TRGOVINI U USLUGE of Croatia)
No. 17 Mars St., Congressional Subdivision II,
Tandang Sora, Quezon City

Dear Mr. Lao,

The attached Contract Agreement having been approved, notice is hereby given to
JOINT VENTURE PARTNERSHIP of GECAR MACHINE SOLUTIONS, INC.
and POB DRUSTVOS ORGANICENOM ODGOVORNOŠČU ZA
PRIOZVODNJU, TRGOVINI U USLUGE of Croatia that work may commence
for the supply and delivery of 1,700,000 pieces 7.62mm M13 Links, under ITB #
GA-BAC-2018DP-22-TF for the Government Arsenal, DND upon receipt of this
notice provided that the specification will be strictly complied with during delivery.

Upon receipt of this notice, you are responsible for performing the services under the
terms and conditions of the Agreement and in accordance with the Implementation
Schedule.

Please acknowledge receipt and acceptance of this notice by signing both copies in
the space provided below. Keep one copy and return the other to the Arsenal, DND.

Very truly yours,

[Signature]
DANIEL R. CASABAR JR
Director

I acknowledge receipt of this Notice on
Name of the Representative of the Bidder
Authorized Signature

31 JAN 2019
### PURCHASE ORDER

**GOVERNMENT ARSENAL**

**Entity Name**

**Supplier:** GECAR MACHINE SOLUTIONS, INC. and POB DRUSTVOS ORGANICENOM ODGOVORNOSCU ZA PRIROZVODNJI, TRGOVINI USLUGE of Croatia

**P.O. No.:** 2018-12-285

**Date:** January 15, 2019

**Mode of Procurement:** Public Bidding

**Represented by:** GECAR / MR. GEORGE T. LAO

No. 17 Mars Street, Congressional Subdivision II,
Tandang Sora, Quezon City

**TIN:** 402-688-122-000

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**Gentlemen:**

Please furnish this Office the following articles subject to the terms and conditions contained herein:

**Place of Delivery:** Government Arsenal, Lammao, Limay, Bataan

**Delivery Term:** Within one hundred eighty (180) calendar days from the receipt of Notice to Proceed (NTP)

**Payment Term:**

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<table>
<thead>
<tr>
<th>Stock/ Property No.</th>
<th>Unit</th>
<th>Description</th>
<th>Qty</th>
<th>Unit Cost</th>
<th>Amount</th>
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<tbody>
<tr>
<td></td>
<td>pc</td>
<td>Lot II - 7.62mm M13 Metallic Links</td>
<td>1,700,000</td>
<td>3.25</td>
<td>5,525,000.00</td>
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</tbody>
</table>

**A. MATERIAL**

The links shall be made from Carbon Steel Strip, UNS No. G10500/G10550 or equivalent. Cold-Rolled Spheroidized Annealed in accordance with ASTM-A 684 (0.8128 +/- 0.0381).

**B. WORKMANSHIP**

The links shall not exhibit poor materials and processing such as seams, laps, laminations, cracks, sharp edges, nicks, burrs, deformations and missing operations which may affect serviceability, functioning, operation, appearance or safety.

**C. VISUAL AND DIMENSIONAL INSPECTION CRITERIA**

Defects shall be into major and minor defects, minor defects have two (2); 1.5% and 2.5% Acceptance Quality Limit (AQL) while major defects have four (4); 0.40%, 0.25%, 0.65% and 1.5%, depending on the type of defect appearing on Links.

Quality conformance examination for defects shall be based on Military Specifications Link, Cartridge, Metallic Belt, 7.62mm M13 (MIL-L-45403D).

**D. PHOSPHATE COATING**

The coating shall be evenly deposited, and shall have a uniform crystalline texture with a pattern not readily visible to the unaided eye and shall not produce any evidence of etching or intergranular attack of the base metal. Coatings shall be gray to black, and shall not have a mottled appearance. They shall be free of white stains (due to dried phosphating solution), rust, fingerprints, scratches and worn or bare spots. The weight of the phosphate coating shall be 11mg minimum.
E. **DIMENSIONAL PROPERTIES**
   Use Drawing No. GC7-14b for reference.

F. **ACCELERATED CORROSION RESISTANCE**
   The links, when subjected to a salt spray test, shall show no
evidence of corrosion in accordance to detailed
specifications Phosphate Coating, Heavy, Manganese or
Zinc Base (MIL-DTL-16232G) and Standard Practice for

G. **HARDNESS**
The hardness of the Links shall be 70-74 HRA.

H. **FUNCTION AND CASUALTY**
The metallic link shall be capable of being assembled with
approved GA726105 (M80A) and GA762500 (Tracer)
cartridges and shall function without malfunctioning,
brittle, cracking, breaking or separating.

I. **ASSEMBLEABILITY AND FREE HINGE**
When assembled into a 200 round belt with dummy
cartridges, the links shall hinge without binding, grabbing or
freezing.

J. **DYNAMIC REQUIREMENT**
A belt consisting of 101 links 100 dummy cartridges, shall
withstand a free drop of one end of the belt. Full and partial
separation of the links from the cartridges shall not be more
than 10 links from the free end.

K. **BELT STRENGTH**
A belt consisting of six (6) links and five (5) dummy
 cartridges, shall be capable of withstanding a tensile load of
55 pounds (25 kg) without separation for a minimum of 30
seconds.

L. **MANUFACTURING REQUIREMENT**
The links must be manufactured by a single manufacturer
only within one (1) year from the date of award indicating the
date of manufacture in the packaging.

**** nothing follows ****

**BASIS:** Cartridge Assembly and Packaging Division

**REF:** PR No. 2018-10-415, Fund Transfer

**PURPOSE:** For assembly of 7.62mm Linked Ammunition

**TERMS OF PAYMENT:**
The terms of payment shall be as follows:

A. **For Foreign manufacturer or supplier:**
   Payment of ninety five percent (95%) for each delivery shall
   be made thru Letter of Credit (LC) after delivery at the
   Government Arsenal and upon presentation of Certificate of
   Acceptance Inspection (Pre-delivery inspection) at manufacturer’s
   plant site, shipping documents and Advice of Payment duly signed
   by the Director, GA.

   The remaining five percent (5%) shall be retained to cover
   warranty obligations, to be released after three (3) months or upon
   submission of an equivalent Special Bank Guarantee. In both
   instances, upon presentation of the Certificate of Final Acceptance
   Inspection and Advice of Payment duly signed by the Director,
   Government Arsenal.
B. For local manufacturer or supplier:

Payment of ninety five percent (95%) for each delivery shall be made thru Check / Disbursement Voucher (DV) or Domestic Letter of Credit (LC) after delivery and acceptance at the Government Arsenal and presentation of Certificate of Acceptance Inspection.

The remaining five percent (5%) shall be retained to cover warranty obligations, to be released after three (3) months or upon submission of an equivalent special bank guarantee.

(Total Amount in Words) FIVE MILLION FIVE HUNDRED TWENTY FIVE THOUSAND PESOS only

P  5,525,000.0

In case of failure to make the full delivery within the time specified above, a penalty of one-tenth (1/10) of one percent for every day of delay shall be imposed on the undelivered items.

Conforme:  

MR. GEORGE T. LAO
Signature over Printed Name

3 1 JAN 2019
Date

Fund Cluster: 10:101
Funds Available: PHP 5,525,000.00

MS. ALLEGIAH D. CARREON, CPA
Chief Accountant

Very truly yours,

DANIEL R. CASABAR JR
Director

ORS/BURS No.: D0-BEG01-207-C1-01-UD2
Date of the ORS/BURS: JAN 24, 2019
Amount: PHP 5,525,000.00