
GENERAL TERMS AND CONDITIONS FOR PRODUCTION AND SALE**1. SCOPE**

1.1. These General terms and conditions of production and sale (referred to as General conditions) regulate the legal agreements between MTG AD, OSSAM, ALUCOM and CENTROMET, referred to together and individually as „MTG” or „Supplier” on the one hand and on the other hand their Customers (referred to as Buyers as well) with regard to the production and the delivery of products, details and provision of services.

The commercial relations of MTG with the Buyers are based on the General conditions for production and delivery of specially developed components of Orgalime SC 06, the latter being an integral part of these General conditions, excluding the expressly specified in this document:

1.2. All terms and conditions, proposed in the order of the Buyer, respectively his general purchasing conditions, which result in amendments or are in conflict with the purchasing terms and conditions mentioned here, are contested and do not engage MTG. Any amendment or supplement to these General conditions will be effective only in case it is unequivocally accepted by MTG in writing. In case, different terms and conditions are unequivocally agreed in writing, they refer exclusively to a specifically mentioned question and to a specific transaction.

2. MODEL EQUIPMENT, TOOLS AND MACHINERY

2.1. Unless otherwise agreed, the models, the special tools and equipment, provided by the Supplier in order to be used exclusively for contract performance, should be paid by the Buyer and when paid in full, become his property.

In case they have been provided by the Customer, all production templates and tools (models, core boxes, samples, foundry patterns/matrices, machine or control equipment, etc.), must have marking, and be accompanied by assembly and use directions, and should be delivered free of charge to a place, Specified by the Supplier.

In case the Supplier finds it necessary to modify some parts in order to be manufactured better, the costs will be charged to the Customer, having obtained his written consent beforehand.

2.2. In the cases in which based on the contract the Supplier should provide models, special tools or equipment, the Buyer should refund the costs Supplier incurred in connection with their replacement or repair due to the normal wear or depreciation or other reasons, for which the Supplier is not responsible.

3. REQUEST REPLY, OFFERS AND ORDERS

3.1. Replies to the requests, provided by MTG, are not offers and can not be considered offers. The specifications of the article or the service, specified in documents, attached to the reply to the request (e.g. diagrams, illustrations, data for presentation, etc.) should not be considered specially agreed specifications. MTG reserves the right to introduce changes in them until the specifications and the rest of the parameters of the transaction are not confirmed in writing in the confirmation of an order.

3.2. The Supplier is bound only in case of order confirmation, sent in writing as a letter, e-mail, fax or other written means of communication with the Customer.

3.3. In the event that the Customer cancels an already confirmed by the Supplier order, he should compensate the Supplier for all the expenses incurred and the work done up to the date of termination, and for all the other direct and indirect effects, out of which the Supplier would have made a profit realizing the order.

4. ACCEPTING AN ORDER

An order should not be considered accepted, in case it is not explicitly confirmed by MTG in writing by a letter, - mail, fax or other written means of communication. Engagements or additional agreements, as well as supplements and amendments of all types shall be valid only in case they are confirmed by the Supplier in writing, by e-mail or fax.

Unless otherwise agreed in written form, all deliveries are „ex works” in accordance with Incoterms 2010. Bounding for the Supplier is only the delivery time he confirmed in writing.

5. TERMS OF DELIVERY

5.1. The delivery terms are fixed in the confirmation of the order. In case, that respecting some of the terms depends on the advance fulfillment of some obligation of the Customer, the time limit runs from the date on which the Customer had actually fulfilled his obligation.

5.3. In case the delivery was accomplish later than the delivery deadline due to a fault of the Supplier, and there are penalties foreseen for the delay of the delivery in an agreement, these penalties cannot exceed 5 % of the delivery price (excluding VAT) for the parts delivered with a delay.

6. PRICES AND TERMS OF PAYMENT

6.1. The prices in response to an inquiry can be changed by MTG, due to changes in the prices of the raw materials, the materials or the energy carriers, before confirming the order.

6.2. The prices of the products are those that are confirmed in writing by the Supplier. Unless otherwise specified, they do not include commercial fees, excise duties, VAT or other fees.

6.3. Unless otherwise agreed beforehand in a written form, the price in the invoice is fully payable as follows:

6.3.1. The tools should be paid 50 % in advance after confirming the order by a bank transfer and 50 % after the approval of the sample, but not later than two weeks after receiving the samples. In case the Buyer refuses to continue the work connected with production of the tooling, the sum paid in advance by the Buyer for the production of the tooling will not be refunded by the Supplier.

6.3.2. The manufactured parts should be paid within 30 days following the date of the invoice without reductions or any deductions.

6.4. All bank fees outside Bulgaria, due in connection with money transfers from the Buyer to MTG are fully at the expense of the Buyer, so that MTG should receive the total amount under the invoice.

6.5. The payee of all payments is MTG. Unless otherwise agreed in writing, the transfers are accomplished by a direct bank transfer in the account of the payee, specified in the invoice.

6.6. In case of delayed payment, an interest on arrears is imposed on the due sum amounting to 0,07 % for each day of delay, but not more than 10 % of the amount overdue. In case, the delay continues more than 3 months, MTG reserves the right to assert additional claims.

6.7. In case, the Buyer doesn't keep the terms for payment or some other of his engagements connected with this or other transactions, MTG has the right, without affecting the rest of his rights, to terminate the fulfillment of its engagements till the moment the payment is accomplished or till the moment the obligations are fulfilled, as well as to exercise its right to extend the delivery term in reasonable time limits, informing the Buyer about that in writing.

6.8. If the Buyer hadn't paid the due sum within three months, the Supplier has the right to terminate the contract by a written notification to the Buyer and to claim full compensation for the incurred losses.

6.9. Clauses 6.6, 6.7 and 6.8 do not revoke and do not limit any other activities of MTG concerning the protection of rights, arising from delayed payments.

7. UPDATING OF PRICES

7.1. PRICE REGULATION

If the parties had agreed to use price regulation formula, the prices of the products will be adjusted only in the cases, when the application of the formula causes price increase / reduction by at least 3% of the current price.

7.2. PRICE REGULATION CLAUSE¹

In the cases, in which MTG agrees with the Buyer price regulation depending on the fluctuations of the prices of basic raw materials, materials and labor, as a data source the following links should be used:

Materials cast iron, steel, scrap:
<http://www.assofond.it/php/bin/main/main.php?op=link&page=index.htm>

Materials non-ferrous metals:
<https://www.lme.com/metals/>

Others:
<http://www.dker.bg/pagebg.php?P=401>
<http://dv.parliament.bg/DVWeb/index.faces>

8. TRANSFER OF OWNERSHIP

8.1. The goods remain sole and exclusive property of MTG up to the moment, when the Buyer pays the agreed price fully.

9. INTELLECTUAL PROPERTY AND CONFIDENTIALITY

9.1. MTG belongs to the sphere of the industrial subcontractors. When the Customer decides to use the MTG services, he decides to use the services of the specialists in MTG, because he believes that MTG owns equipment and possibilities, answering his needs.

Unless otherwise agreed, MTG does not design the parts, it manufactures. But the contract can specify that MTG will develop the whole or part of the design of the castings provided that the Customer, who retains control over his product, retains the responsibility for the design as well, in accordance with the industrial result he is looking for. As a result of this, each proposal of MTG coordinated with the Customer, and aiming to improve the technical specifications or to modify the drawings of the parts and the manufacturing process, resulting in particular from economic requirements or requirements, specific for the production process in MTG, never causes transfer of responsibility to MTG, neither to accepting responsibility by MTG. This is valid in particular for cases of industrial partnership or some kind of relationship that includes a manufacturing stage. In this case the contract specifies the sphere of intervention of each party.

9.2. The delivery of parts does not transfer to the Customer the ownership or derivative rights, belonging to MTG, connected with its production studies, software, investigations and patents. As a result the Customer undertakes the engagement to keep confidential any kind of information, written or not, such as industrial drawings, schemes, technical instructions, that MTG will provide to him. The same is in force for the research activities, proposed by MTG, connected with improving the quality or the parts cost by modification of the original technical specifications.

¹ This clause is based on the one published by the Economic Commission of the United Nation for Europe, as part of the General conditions ECE 188 and 188A

In case, the Customer accepts them, he should agree the MTG conditions of their use in the framework of the order. The price of the production tools, designed by MTG, whether or not manufactured by MTG, include the rights on the intellectual property of MTG on these tools. The same is in force for the possible adaptations of the instruments provided by the Customer, accomplished by MTG in order to guarantee that the parts are of high quality.

9.3. The Customer protects and guarantees MTG against all effects from activities that could have been taken against it because of the implementation of the details order, in connection with the rights of third parties on industrial or intellectual property as patent, trademark or registered design.

10. CLAIMS AND DEFECTS

10.1. The Customer is obliged to inform MTG in writing providing maximum details about his claims, in connection with the quality and/or the quantity, proving the veracity of his claim by providing the following information:

10.1.1. Data concerning the export:

- number of the order
- number and date of the invoice

10.1.2. Photos, including the logo of the Supplier and/or other documents, proving discrepancy

10.1.3. Data concerning the detail from the complaint:

- description of the discrepancy
- name/number of the detail from the complaint
- number of details from the complaint
- number of model/mold
- in case the volume of the lot is non-complying, data concerning the shortage/excess in quantity

10.2. All the claims concerning visible defects should be presented by the Customer within 15 days after receiving the articles at the destination, specified in the respective shipment documents.

10.3. The notification about latent defects should be in written form and sent immediately after they are detected, but not later than 60 days after the products were received.

10.4. MTG undertakes the engagement to answer to the submitted appeal within 15 days after receiving the evidence concerning it. MTG has the right to send its representatives to supply proofs of the discrepancies or the shortages.

10.5. The Supplier is not responsible for defects resulting from materials and services, provided or chosen by the Buyer.

10.6. The Supplier is responsible only for defects that occur in the conditions of exploitation agreed in writing and when the products were used in the correct way.

10.7. MTG doesn't cover in any way:

- costs for operations performed by the Buyer and/or his Customer, in connection with nonconforming details and, when appropriate, costs connected with a part that replaces a nonconforming part, including but not only operations, machine processing, control and tests

- other costs of any kind, and in particular but not only: assembly, disassembly and withdrawing from use of the nonconforming details and the units that contain them.

10.8. In the event of termination of the contract/order by the Customer, the total compensation, including the penalties, due to the Supplier, should not exceed 10 percents of the price of the products in connection with which the contract, respectively the order was terminated.

11. TYPES OF DETAILS, INSPECTION AND ACCEPTANCE

11.1. The acceptance is executed as a letter or other means of communication, which reproduces a document, sent to MTG.

11.2. In all the cases, even when no acceptance is foreseen, the type and duration of control and the required tests, standards and strict classifications, as well as the type of tolerance must be described in the drawings and the specifications provided by the Customer, accompanied by his request for an offer and to be mutually confirmed in the contract/confirmation between MTG and the Customer.

11.3. In case, no specification, describing the type of control and the tests to be executed is available, the Supplier should accomplish the measurements he considers satisfactory for issuing certificate proving the conformity with the order. In these cases the Supplier will certify the conformity with Certificate 2.1, in accordance with Part 3 of EN10204:2004.

11.4. The checks and the tests, required as necessary by the Customer will be executed according to his will at the Supplier's location by the Customer himself or by an authorized laboratory or by a third authorized party. This should be specified in the contract or the request for an offer, as well as the type and duration of control and tests.

11.5. In the cases, where an acceptance by the Customer is required, the terms and conditions for acceptance should be agreed in writing with the Supplier.

11.6. The price for the control and the tests is separate from that of the details, but can be included in the price of the details, in case the Customer and MTG had agreed to do this. This price takes into account the cost of the specialized work that should be done in order to fulfill the conditions, necessary for executing the inspection, especially in the cases of the tests, during which the integrity of the details is not destroyed.

11.7. Unless specified otherwise in the contract, the acceptance should be accomplished at the site of the Supplier, at the expense of the Customer, at the latest in the week, following the notification informing about the availability of the product, addressed by the Supplier to the Customer or to an organization, responsible for the acceptance. In the event of temporary impossibility to accept the goods on the side of the Customer or the specified organization, the details will be kept by the Supplier at the expense and risk of the Customer. After sending a second notification by the Supplier, and again the necessary steps are not taken, two weeks following the date it is send the details will be considered accepted and the Supplier has the right to dispatch them and issue an invoice. In all the cases these tests and the acceptance are accomplished in accordance with the appropriate standards and the conditions, specified in the drawings and the technical specification, and in accordance with the agreed between the Customer and MTG.

12. FORCE MAJEURE

The Buyer and the Supplier agree that in their commercial relations „insuperable force” (force majeure) should be considered circumstances/events of extraordinary nature, that occurred after signing the contract, respectively the confirmation of the order, making its execution impossible, and which could not have been foreseen, such as: fire, industrial accident, military activities, natural disasters - storms, heavy rainfalls, earthquakes, hails, floods, icing conditions and other natural disasters, and also governmental restrictions, embargo, strikes, uprisings, disorders, and other similar events. The Buyer and the Supplier agree that the lack of funds and regional or global economic

crises should not be considered force majeure in the context of these General conditions. In case the event in question happened because of lack of reasonable care it should not be considered a force majeure.

13. ARBITRATION

All disputes arising out of or in connection with a signed contract, including disputes arising out of or in connection with its interpretation, invalidity, default or termination, as well as disputes concerning the filling in of gaps in the General conditions or adapting them to new circumstances, will be resolved by the Arbitration at the Bulgarian Chamber of Commerce and Industry in Sofia, Bulgaria, in accordance with its Rules on cases based on arbitration agreements. The ruling of the Arbitration will be final and binding on both Parties. The arbitration language will be English.

14. GENERAL PROVISIONS

In the event that in connection with the Buyer insolvency proceedings are commenced, he is obliged to inform MTG about that immediately.

If any provision of these General Terms and Conditions for Sale becomes void and unenforceable, the validity of all remaining provisions shall not be affected. The void provision shall be replaced by a valid provision that is as close as possible to the original meaning.

Unless otherwise specially agreed, the fact that the Customer sends an order for production to MTG or some of the Suppliers will be considered a confirmation on the part of the Customer, that he is familiar with these General conditions and accepts their application in the relations with MTG and the Suppliers.