

**DOMESTIC CONTRACT
FOR MALAYSIAN CRUDE UNBLEACHED
PALM OIL IN BULK**

**Issued Jointly By The Palm Oil Refiners Association Of Malaysia (PORAM)
And Malaysian Palm Oil Association (MPOA)**

Revised and Effective
1 February 2012

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Sellers :

Buyers :

Brokers :

<u>Reference No :</u>

The Sellers have agreed to sell and the Buyers have agreed to buy the following on terms and conditions as stipulated hereunder:-

Contract No :		Date :	
Description of Oil :			
Quantity in MT	Delivery/Collection Period	Basic Delivery/Collection	Price PMT
Product Specifications		Special Conditions	
<p>The specifications shall be those established by The Palm Oil Refiners Association of Malaysia (PORAM) as standard for the sale/purchase of oils, and by Malaysian Palm Oil Association (MPOA) as standard for the sale/purchase of crude palm oil, in force at the date of contract and always provided they are not in contradiction with the above.</p> <p>The FFA content shall be expressed as follows :- If as palmitic acid, calculated on a molecular weight of 256; If as oleic acid, calculated on a molecular weight of 282.</p>			
Methods and Terms of Payment			

2. **QUANTITY**

(a) Delivery/Collection by Road Tanker

Sellers/Buyers shall deliver/collect the contract quantity. In the event that there is a further immediate contract between Sellers and Buyers, any excess or deficiency in the quantity arising from the last road tanker load nearest to the contract quantity shall be used to offset against such subsequent contract meant for completion within the same contract period.

The contract may be deemed to have been completed (at the option of the Sellers/Buyers in case of delivery/collection contracts as applicable) by delivery/collection of 5% of such last contract or 5 tonnes (whichever is lower) more or less from the contract quantity. The variation of the first 2% from the contract quantity shall be settled at the contract price.

The variation above such 2% upto and including the maximum allowed above, shall be settled at the market price. Failing amicable settlement by the parties, the market price shall be the MPOB Peninsular Malaysia price on the last date of delivery, and in the event such price is not available, the previous day's price shall apply.

(b) Delivery/Collection by Vessel/Barge

Sellers/Buyers shall deliver/collect the contract quantity. In the event that there is more than 1 contract shipped in the same vessel/barge to the same buyer, any excess or deficiency shall be pro-rated between the contracts.

The contract may be deemed to have been completed (at the option of the Sellers/Buyers in case of delivery/collection contracts as applicable) by delivery/collection of 2% more or less from the contract quantity. Such variation shall be accounted for at the contract price.

3. **QUALITY**

The oil shall be of good merchantable quality of the agreed description at time of collection/ delivery.

4. **DELIVERY/COLLECTION**

If the basis of contract is delivered Sellers shall be responsible for providing suitable road tanker/vessel tank(s) for delivery of the oil during the contract period. Sellers shall give Buyers at least 3 working days notice (for delivery by road tankers) or 7 working days notice (for delivery by vessels) of the intention to effect delivery.

If the basis of contract is collection, Buyers shall be responsible for providing suitable road tanker/vessel tank(s) for collection of the oil during the contract period. Buyers shall give Sellers at least 3 working days notice (for collection by road tankers) or 7 working days notice (for collection by vessels) of their intention to effect collection stating quantity to be collected per day and the particulars of the fleet of road tankers (intended to be employed)/vessels.

When there is more than one contract for the similar oil between the parties for the same delivery/collection period, the delivery/collection shall follow the dates of the respective contracts on a "first in, first out" basis.

5. **EXTENSION OF COLLECTION/DELIVERY**

Collection/delivery must be completed within the contract period, failing which it shall constitute a default. However, subject to mutual agreement in writing at least 5 working days prior to expiry of contract period, the time for collection/delivery could be extended to a period (hereinafter referred to as the extended period) not exceeding 10 days.

The following charges for the quantity carried forward each day are to be borne by the party requesting the extended period :-

First 5 days without any charges	8th. day at RM3.00 PMT
6th. day at RM1.00 PMT	9th. day at RM4.00 PMT
7th. day at RM2.00 PMT	10th. day at RM5.00 PMT

Non-collection/delivery of the oil by the end of the extended period shall constitute a default. However, subject to mutual agreement in writing, the time for collection/delivery could be delayed for a further period and in which event, completion of the contract may be delayed to the extent of the period of delay requested. In this instance, non-collection/delivery in the contract month shall not constitute default.

6. WEIGHTS

If the basis of contract is delivery by road tankers, weights as established at Buyers' weighbridge shall be final. If delivery is by vessels, delivered weight based on ullage drawn from calibrated shore tanks into which oil is discharged shall be final.

If basis of contract is collection by road tankers, weights as established at Sellers' weighbridge shall be final. If collection is by vessels, shipped weight based on ullage drawn from calibrated shore tanks from which oil is loaded shall be final.

Sellers/Buyers may appoint a representative to superintend weighing on their behalf at their own cost.

7. SAMPLING

Representative samples in quadruplicate shall be drawn and sealed by Sellers or Buyers as the case may be, in accordance with the procedures as specified hereunder. Sellers/Buyers may appoint a representative to be present at the time samples are being drawn. Two of the sealed samples shall be provided to Buyers' representative and the other two shall be retained by Sellers or vice versa.

If the basis of contract is delivered, representative samples shall be drawn from each road tanker at the time and place of delivery.

If the basis of contract is collection, representative samples shall be drawn from Seller's storage tank at the time of despatch. However, if the oil to be loaded is from more than one storage tank then samples should be drawn from each lorry tanker.

In such an event, the Sellers may exercise either of the following option but once an option is exercised, it shall apply to all despatches under the contract.

(a) All samples drawn from each despatch point shall be analysed separately and a weighted average of quality shall then be determined, or

(b) All samples drawn from each days' quantity from each despatch point shall be thoroughly mixed and a composite sample shall be drawn and analysed.

All inlet and outlet valves of the road tankers must be sealed.

If the basis of contract is delivered, the analysis as certified by Buyers' laboratory based on samples drawn at time of delivery shall be final. If the basis of contract is collection, the analysis as certified by Seller's laboratory shall be final. In the event of a dispute an independence surveyor or/analyst to be appointed and the cost of such surveyor/analyst shall be for the account of the party at fault. In such an event the findings of the independent surveyor/analyst shall be final.

8. **INSURANCE**

If the basis of contract is delivered by road tankers, the Sellers shall be responsible for the insurance up to the time the oil is discharge from the road tanker. If the basis of contract is collection by road tankers, the Buyers shall be responsible for the insurance from the time the oil is loaded onto the road tanker.

9. **DEFAULT**

In default of fulfilment of this contract by either party, the other party at his discretion shall, after giving notice in writing or by cable, telegram, facsimile or telex, if they do not reside in the same town, have the right either to cancel the contract or the right to sell or purchase, as the case may be, against the defaulter who shall on demand make good the loss, if any, on such sale or purchase. If the party liable to pay shall be dissatisfied with the price of such sale or purchase, or if neither of the above right is exercised, the damages if any, shall, failing amicable settlement, be determined by arbitration. The damages awarded against the defaulter shall be limited to the difference between the contract price and the market price on the day of the default but if the Arbitrator(s) consider the circumstances of the default justify it, they may at their absolute discretion, award additional damage.

10. **BANKRUPTCY**

If before the fulfilment of this contract either party shall suspend payment, commit an act of bankruptcy, notify any of his creditors that he is unable to meet his debts or that he has suspended payment or that he is about to suspend payment of his debts, convene, call or hold a meeting either of his creditors or to pass a resolution to go into liquidation (except for a voluntary winding up of a solvent company for the purpose of reconstruction or amalgamation) or shall apply for an official moratorium, have a petition presented for winding up or shall have a Receiver appointed, he shall be deemed to be and shall be treated as being in default and the contract shall forthwith be closed, either at the market price then current for similar goods or, at the option of the other party, declarable by the end of the next business day, at a price to be ascertained by repurchase or resale on such next business day and the difference between the contract price and such closing-out price shall be the amount which the party shall be entitled to claim or shall be liable to account for under this contract. Should either party be dissatisfied with the price, the matter shall be referred to arbitration. Where no such resale or repurchase takes place, the closing-out price shall be determined by a Price Settlement Committee appointed jointly by The Palm Oil Refiners Association of Malaysia and the Malaysian Palm Oil Association.

11. **DOMICILE**

This contract shall be deemed to have been made in Malaysia and the construction, validity and performance thereof shall be governed in all respects by Malaysian law.

12. **FORCE MAJEURE**

Should delivery/collection by Sellers be prevented by reason of fires, strikes, lockouts, riots, civil commotion, floods and/or any cause comprehended in the term force majeure, the contract period shall be extended for a period equal to the duration of the disabling circumstances but not exceeding a period of 60 calender days. If the force majeure event ends within 21 days preceding the end of the extended period, then a further 21 days shall be allowed after the termination of the force majeure event.

Should the fulfilment of the contract not be possible within the extended period, the contract or any unfulfilled part thereof shall be deemed to be null and void at the end of such extended period.

13. **NOTICE**

Where the terms of the contract require notice to be given, such notice shall be despatched by cable, telegram, facsimile, telex, email or when the parties reside in the same town or when such notice is likely to be received within any specified time limit the notice may be despatched by telex, first class mail or delivered by hand. All notices shall be under reserve for errors in transmission. Any notice received after 1600 hours Malaysian time on a business day shall be deemed to have been received on the following business day.

14. **NON-BUSINESS DAY**

Should the time limit for doing any act or giving any notice expire on a Saturday, Sunday or any National Gazetted Public Holiday in Malaysia, the time so limited shall be extended until the first business day thereafter. All business days shall be deemed to end 1600 hours Malaysian time Monday to Friday inclusive. The contract delivery/collection period shall not be affected by this clause.

15. **ODD DAYS**

In any month containing an odd number of days the middle day shall be reckoned as belonging to both halves of the month.

16. **ARBITRATION**

Any dispute arising out of this contract, including any question of law arising in connection therewith, shall be referred to arbitration in Malaysia (at the PORAM Secretariat or elsewhere if so agreed), in accordance with the PORAM Rules of Arbitration and Appeal in force at the date of the initiation of the arbitration.

Neither party hereto, nor any persons claiming under either of them shall bring any action or other legal proceedings against the other of them in respect of any such dispute until such dispute shall first have been heard and determined by the Sole Arbitrator/Panel of Arbitrators/Appeal Board (as the case maybe), in accordance with the PORAM Rules of Arbitration and Appeal and it is hereby expressly agreed and declared that the obtaining of an award from the Sole Arbitrator/Panel of Arbitrators/Appeal Board(as the case may be), shall be a condition precedent to the right of either party hereto or of any person claiming under either of them to bring any action or other legal proceedings against the other of them in respect of such dispute.

As Sellers:

As Brokers:

As Buyers: