

**THE PALM OIL REFINERS ASSOCIATION OF MALAYSIA
801C/802A, BLOCK B, EXECUTIVE SUITES,
KELANA BUSINESS CENTRE, 97, JALAN SS7/2,
47301 KELANA JAYA, SELANGOR, MALAYSIA.
Domestic Contract for Malaysian Processed Palm Oil in Bulk
(For Delivery/Collection within Malaysia including Singapore)**

Revised and Effective
1 February 2012

3

Seller :
Buyer :
Broker :

Reference No : _____ _____ _____
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* An asterisk denotes alternative wordings and those not applicable should be deleted.

The Seller has agreed to sell and the Buyer has 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

Specifications	Special Conditions

The specifications shall be those established by The Palm Oil Refiners Association of Malaysia (PORAM) as standard for the sale/purchase of oils in force at the date of contract and always provided they are not in contradiction with the above.

Methods and Terms of Payment	
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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.

2. QUANTITY

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

(a) Delivery / Collection by Road Tanker

The contract may be deemed to have been completed (at the option of the Seller/Buyer 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 ruling at time of delivery/collection. Failing amicable settlement by the parties, the market price shall be determined by the Price Settlement Committee appointed by PORAM.

(b) Delivery/Collection by Vessel

The contract may be deemed to have been completed at the option of Seller/Buyer 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

At time and place of delivery/collection the oil shall be of good merchantable quality within the meaning of the description and specifications stated in the preamble. Unless so stated or otherwise agreed between the parties and confirmed in writing, the oil is not warranted to be suitable for any specific end-use or to conform to any particular analytical criteria not mentioned above.

4. DELIVERY/ COLLECTION

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

If the basis of contract is collection, Buyer shall be responsible for providing suitable road tankers/vessel tank(s) for collection of the oil during the contract period. Buyer shall give Seller at least 3 business days notice (for collection by road tankers) or 7 business days notice (for collection by vessels) of the 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 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 shall be completed within the contract period. However, the time for collection/delivery may be extended by Seller/ Buyer to a period (hereinafter referred to as extended period) not exceeding 14 calendar days provided a written notice be given at least 3 business days prior to expiry of contract period.

The penalty for extension of collection / delivery shall be payable by the Seller or Buyer, as the case may be, as follows : -

First 7 calendar days – no penalty.

8th – 14th calendar days at 1.5% of the contract price.

Non-collection/ non-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 may be extended to a further period.

Upon expiry of the extended period of 14 calendar days or the expiry of the extended further period as agreed upon, without collection or delivery of the oil or any part thereof, the Seller or Buyer as the case may be, shall be deemed to be in default of the contract or to the extent of any part thereof not collected or delivered.

In the event of default of the contract, any penalty or damages whether arrived at by amicable settlement or arbitration shall not be related to the penalties of this clause.

6. **WEIGHTS**

If the basis of contract is delivered by road tankers, weights as established at Buyer's 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 the basis of contract is collection by road tankers, weights as established at Seller's 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.

Seller/Buyer may appoint a representative to superintend weighing on his behalf at his own cost.

7. **SAMPLING**

Representative samples in quadruplicate shall be drawn and sealed by Seller or Buyer as the case may be, in accordance with the procedures as specified hereunder. Seller/Buyer may appoint a representative to be present at the time samples are being drawn at his own expenses and to draw samples conjointly with Buyer's/Seller's representatives. Two of the sealed samples shall be provided to Buyer's representative and the other two shall be retained by Seller 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 the road tankers at the time and place of despatch.

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

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

If the basis of contract is delivery/collection by vessel, representative composite samples in quadruplicate (1 for contractual analysis, 1 for the Shipper and 2 to be retained by the surveyors) of the oil shall be drawn from ship's tank(s) at time of shipment, in accordance with the MPOB/FOSFA/PORAM Processed Palm Oil Storage, Transportation, Sampling and Survey Guide.

8. **INSURANCE**

If the basis of contract is delivered, the Seller shall be responsible for insurance up to the time the oil is discharged from the road tanker. If the basis of contract is collection, Buyer shall be responsible for insurance from the time the oil is loaded onto road tankers.

If the basis of contract is delivery/collection by vessel, Seller/Buyer shall cover Marine Insurance with first class underwriters (but for whose solvency Seller/Buyer shall not be responsible) against all risks with the Institute Cargo Clauses enforced as at 31st December 1981 including the risk of contamination irrespective of percentage of each tank or on the whole, including risks of war, strike, riots and civil commotion for 102% of the contract value.

9. **DEFAULT**

In default of fulfilment of this contract by either party, the other party at his discretion shall, after giving notice, 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 damage if any, shall, failing amicable settlement, be determined by arbitration. The damages awarded against the defaulter shall be limited to the differences 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 damages.

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 payments 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 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 at 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, at a price to be ascertained by repurchase or resale and the difference between the contract price and such closing-out price shall be the amount which the other 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 by The Palm Oil Refiners Association of Malaysia.

11. **DOMICILE**

The 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, which shall have exclusive jurisdiction wherever the domicile, residence or place of business of the parties of this contract may be or become.

12. **FORCE MAJEURE**

Should the performance of the contract be prevented by reason of fire, 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 event but not exceeding a period of 60 calendar days. If the force majeure event ends within the period preceding 21 calendar days before the end of the extended period, then a further 21 calendar 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 transmitted or sent by cable, telegram, telex, facsimile, email, post or courier service or delivered by hand within the time limit specified in the contract. All notices shall be under reserve for errors and omissions in transmission or delivery. 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 with the parties hereby agreeing that the arbitration shall be deemed an International Arbitration. The seat of the arbitration shall be Malaysia and the Malaysian Arbitration Act 2005 ("the Act") or any reenactment thereof shall apply to any arbitration under this contract. The parties hereto further agree that Part III of the Act shall not apply to any arbitration under this contract.

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 may be), 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 Seller:

As Broker:

As Buyer: