

DANKON 2002

GENERAL CONDITIONS

Prices and measurements

1. The prices are per cubic metre (if planed goods in nominal measure). Length, width and thickness in metric measurements. The lengths are to be 1.80 metres and up with increments of 0.30 m unless otherwise stipulated in the specification.

The length specification shall be the Seller's usual. The average length is based on 2.70 metres and up. Unless otherwise stipulated, full price will be charged for all lengths.

Seasoning and bracking

2. The goods shall be well- seasoned with an average moisture content of $18\% \pm 2$ (method of measurement according to ISO standard) and must be carefully protected during normal transport to the Buyer's destination. The goods must be sufficiently seasoned to withstand normal professional storage at the Buyer's premises on the condition that the goods, during transport or during the subsequent transfer of the goods to the Buyer's premises, have not been exposed to moisture or other elements that may affect the state and condition of the goods. The Buyer's warehouses or storage spaces shall be suitable for proper storage of timber.

Each dimension shall be of the Seller's usual bracking, average length and length specifications.

Special seasoning

3. ISO standard 738-1981 (E) is valid in connection with the delivery of dimensions with a moisture content below average moisture content. In case of disagreement regarding measurements by electronic moisture metre, the drying and weighing method shall be applied in accordance with ISO/DIS 4470.

If such dried parcels are delivered more than 14 days from the agreed date of delivery due to circumstances of the Buyer, the Seller is obliged to guarantee average moisture content only.

Unseasoned sawn timber

4. It is the Buyer's responsibility to take delivery of unseasoned sawn timber immediately after the agreed date of delivery to avoid defects of condition of the timber. The Buyer can not declare defects of condition caused by the Buyer's failure to take delivery in due time, (see the Annex).

Packages

5. The goods shall be loaded in uniform packages to allow for discharge by truck, (see the Annex). Irrespective of the agreed form of packaging, the goods shall be carefully packaged for transport and accompanied by a specification. In case there is only one length of timber in each package, the length and pieces of timber shall be clearly marked on the side or end of the package.

Chartering etc

6. In case of CIF, CIP or DDU deliveries, shiproom shall be secured in due time by the Seller, and in case of FAS deliveries, the Buyer shall immediately after chartering send a copy of the charter party to the Seller. The Buyer is obliged to give full and complete loading instructions to be received by the Seller no later than 14 calendar days from the ready date or the date of delivery stipulated in the Contract.

In case the Buyer is the charterer, the Buyer shall give notice to the Seller of the expected date of arrival of each vessel and of the name of the vessel. Such notice shall be received by the Seller 14 calendar days prior to the arrival of the vessel. The Buyer is responsible for storage costs and other port charges caused by the Buyer's failure to give notice or to give satisfactory notice.

The Seller must deliver the goods as promptly as the vessel can be loaded on a normal working day with due consideration to the normal practice of the port in question. Deck cargo shall be carefully covered by tarpaulins. Goods may not be loaded or unloaded during rain or snow. This condition shall be specified in the charter party.

The Seller shall notify the Buyer by fax of the arrival and departure of each vessel unless the parties agree to give notice by email.

Bills of lading

7. The number of bills of lading (B/L) may not exceed 10 B/Ls per 500 cubic metres. In case of more than 10 B/Ls per 500 cubic metres, an extra charge shall be agreed upon. If master calls for margin, the Buyer authorises the Seller to load such margin on separate Bills of Lading.

Dead freight and demurrage

8. The Seller agrees to pay all dead freight and demurrage acknowledged by or proved to be caused by the port of loading. Any demurrage in the port of discharge is payable by the Buyer.

Rail or road transport

9. The Buyer is responsible for making sure that the Seller receives a proper loading order within 14 calendar days from the ready date or the date of delivery stipulated in the Contract.

Upon completion of loading, the Seller shall give notice of the specification and registration number of the railway wagon or truck by fax or email. In case of delivery of the goods on open railway wagons, railway tarpaulins shall be used to cover the goods. Hire of tarpaulins is at the Buyer's expense. The Seller is not responsible for any delay caused by shortage of railway wagons or trucks provided that the Buyer is given immediate notice by fax or email.

Insurance

10. Insurance in accordance with Incoterms.

Margin

11. For each railway wagon/truck, the Seller has the right to increase or reduce each parcel by no more than 10%, but in case of parcels of less than 10 cubic metres, by no more than 30%. Parcel shall mean all goods of the same dimension, quality or other description. If the Contract consists of several railway wagons/truckloads, the Contract is fully delivered when the outstanding quantity is less than 20 cubic metres.

The Seller is entitled to increase or reduce each parcel by 10%, but not by more than 100 cubic metres, and any increase or reduction of parcels of 10 - 50 cubic metres may not exceed 5 cubic metres and still on the condition that the total quantity is not changed in relation to the below paragraph.

The Seller's right also applies to overlying goods. In case of delivery by sea the Seller is allowed a margin of \pm 10%, not exceeding 250 cubic metres. If two or more shipments are made under the same contract, such a margin applies only to the last vessel. Kolla igen

Approximate invoice

12. If the Buyer has not collected the goods within 30 calendar days (hereafter called the " Drawing date) from the ready date, the Seller is entitled to issue an approximate invoice.

Such an approximate invoice shall be paid in accordance with the payment alternative specified in the Contract. The Buyer has the right to ask for security for any repayment of invoice amounts by way of a bank guarantee. The costs associated with such guarantee shall be paid by the Buyer. The condition for

approximate invoicing is that the goods shall be physically present. At the date of issue of the approximate invoice, the Seller shall insure the goods against fire.

The Buyer shall pay storage costs at a rate of 1% of the monthly value or part thereof for the overlying goods.

As to goods loaded after the date of the approximate invoice, the Seller is not responsible for any depreciation caused by late collection unless such depreciation exceeds what would be a customary depreciation of goods carefully protected during the relevant period.

Delay

13. In case of delayed shipment of the goods which is solely due to circumstances on the part of the Seller and is not affected by any action or result of any action on the part of the Buyer, the Buyer is entitled to cancel the contract by fax or email, however, the cancellation will take effect only 30 calendar days from the receipt of the Buyer's notice, and during such a period, the Seller is entitled to ship the goods.

Consecutive deliveries

14. At the time of entering the contract, the parties should agree upon a delivery plan. In case the parties have stated a period of consecutive deliveries (monthly or over a certain period of the year) without determining a fixed date or the exact quantity of each lot, a proportional part of the total quantity shall be delivered each month. If the Buyer fails to collect any such part delivery on the Drawing date, payment shall be made in accordance with the payment alternative specified in the Contract. In case of the Buyer's failure to pay the approximate invoice or the usual invoice (if delivery has been made) within one month from the stipulated date of payment, the Seller is entitled to cancel additional deliveries under the same contract.

Force majeure

15. The Seller is not responsible for any temporary and proved shortage of railway wagons/ trucks for transportation or delays caused by shortage of ferries or for transport strikes provided that the Seller gives immediate notice to the Buyer by fax or email. In case the production and/or dispatch of the goods specified in the Contract is delayed or impeded due to flooding, damage to the sawmill and/or warehouses/ timber yard, strike, general lock-out or any other cause which is beyond the Seller's control and constitutes a force majeure event, the Seller is not liable for damage caused by any such event provided that the Seller gives immediate notice to the Buyer by fax or email. (On request the Seller shall prove the occurrence of the force majeure event). In such case the Seller has the right to perform the Contract within 45 calendar days from the agreed date of delivery/ready date. If the Seller is incapable of making delivery within such extended date of delivery, he shall give immediate notice to the Buyer thereof. The Buyer then has the right to - within seven

(7) calendar days - either cancel the Contract or postpone delivery until the parties agree on a date of dispatch which may be no more than 4 (four) months from the agreed date of delivery.

In case the production and/or the shipment of the goods specified in the contract is impossible due to the destruction of the Seller's sawmill and/or warehouses/ timber yards, the Seller is entitled to cancel the Contract without liability for the consequences of such cancellation provided that he gives notice to the Buyer by fax or email. If the Seller does not exercise his right of cancellation, the Buyer may on his part exercise his right to delivery on the conditions set out in this Clause (first paragraph, last sentence).

Claims

16. No claim will be recognised unless made within 14 calendar days after the arrival of the goods at the final destination. Within such 14 days the Buyer shall submit a detailed written notice of the claim (by letter/fax/email). The notice shall as a minimum specify the claimed dimensions, the amount claimed by the Buyer and whether the claim concerns quality and/or condition. A claim for hidden defects shall be made within 90 days from the arrival of the goods.

In case of dispute and/or notice of claim concerning goods delivered, the Buyer may not reject the goods or refuse to pay relying on the Contract, unless otherwise stipulated in Clause 17 hereof. The goods shall be stored as is customary within the industry to avoid damage.

The claimed goods shall be kept intact in case of arbitration to avoid rejection of the claim. If the notice of claim concerns condition or discoloration, the Buyer is free to deal with any portion of the goods on which there is no claim, the claim being limited to the quantities which the Buyer can make available for inspection.

Rejection

17. The Buyer may reject the goods and refuse payment in accordance with the contract conditions only in case of delivery of:

- wrong species
- wrong dimensions,
- wrong profiles.

Arbitration

18. Any dispute arising out of or in connection with this contract, which cannot be settled amicably within 14 calendar days after the claim has been communicated to the other party or his agent by letter/fax/email in accordance with the provisions of Clause 16, shall be finally settled by arbitration.

Arbitration to be held by a sole arbitrator, if the claim concerns less than 100 cubic metres.

In case of larger parcels, a sole arbitrator may still be appointed subject to agreement between the parties.

If an agreement cannot be reached within 14 days from the date when the claim was communicated, either party may demand that the respective trade Associations of the parties appoint a sole arbitrator or an arbitrator for each party to act within seven calendar days from the date where the trade Associations were notified.

The specified amount claimed by the Buyer for an amicable settlement, as well as the Seller's response to the suggested settlement shall be indicated. After this the Buyer shall not be bound by his original claim, but he has the right to reconsider and increase his claim.

If the dispute is to be decided by two arbitrators and they cannot reach an agreement, the trade associations shall refer the case to an umpire who decides the dispute alone. The umpire may invite both arbitrators to participate in the new hearing of the case, but they will have no voting rights.

At such a request both parties are obliged to fulfil and implement the conditions and decisions which may result from the subsequent procedure of the claim where the involved Associations are responsible for the practicalities incl. necessary appointments, inspections etc.

The relevant trade associations refer to the associations which have prepared and adopted DANKON 2002 as stipulated on the front page of the contract form.

The disputes mentioned above shall be decided in accordance with sub-clauses a) - j):

- a) If an arbitration concerns the quality and/or condition of the goods delivered, the arbitration shall take place in the country where the goods can be inspected.
- b) Inspection by the arbitrator(s)/umpire shall take place within 14 calendar days from his (their) appointment unless he (they) considers the inspection unnecessary.
- c) The arbitrators/umpire adopt order of procedure and fix their fees and other costs. The arbitrators are entitled to request advance payment of such costs.
- d) The arbitrators/umpire shall comply with the provisions of the contract and relevant trade practices. The arbitrators/umpire shall render a final and binding award in accordance with law and equity.
- e) The arbitrators/umpire shall be and remain independent from the parties to the arbitration proceedings.
- f) An arbitrator/umpire may be replaced by another arbitrator/umpire subject to agreement between the associations previously mentioned.
- g) An arbitrator/umpire may be replaced by another arbitrator/umpire if the said associations agree

unanimously that he is, de jure or de facto, incapable of performing his duties or that he does not perform his duties in accordance with the provisions of this Clause or within the stipulated time limits.

h) The language to be used in the arbitration proceedings shall be Danish unless the arbitrators/umpire agree otherwise.

i) The arbitrators/umpire shall render the final award within 30 calendar days from the date of appointment of the arbitrators. The said associations may extend the time limit upon a reasoned request from either party or an arbitrator.

j) The decision shall state the grounds on which it is based.

Covering purchase

19. If the Seller is wholly or partly incapable of making delivery on or before the date(s) of delivery set out in the Contract, against loading instructions given in due time and without relying on a force majeure event under relevant provisions of the Contract (Clause 15), instead of cancelling the contract, the Buyer is entitled to make a covering purchase on the following conditions:

A. However before steps to make covering purchases are taken, buyers must in writing inform sellers of their intended action giving the sellers the possibility to find alternative goods and have them available within 30 calendar days after end of delivery time.

B. The Buyer shall in writing give the Seller a specification and price of the parcel he intends to buy

in, but not necessarily the name of the alternative supplier.

C. Immediately after having received the invoice and specification from the alternative supplier, the Buyer shall promptly invoice the parcel to the Seller who pays the price difference. On the Buyer's receipt of due payment, the Seller shall be discharged from his obligation to deliver the parcel(s) corresponding to the covering purchase.

D. If the covering purchase is not equal to the full quantity set out in the Contract, the remaining part(s) shall be delivered in accordance with the contract conditions.

Reservation of title

20. Until due payment(s) has (have) been made, the Seller has the right to claim title to the goods if compatible with the legislation in the country of the Buyer.

It is the Buyer's duty to take due care of the goods, including proper storage and insurance against fire and theft at full value of the goods. The Seller is entitled to inspect the goods at all times. The Buyer is liable to the Seller for any damage to the goods.

Document and language

21. This contract form is deposited with the relevant trade associations. If this document is available in languages other than Danish, the Danish version shall prevail in case of disagreement or discrepancy.

ANNEX TO THE GENERAL CONDITIONS – GUIDELINES

Unseasoned sawn timber

(4) Any agreement on stickings shall be specified separately in the Contract, e.g. min. 15 mm sticks between each layer.

Packaging

(5) Truck bundled goods shall mean goods bundled in falling and/or mixed lengths of one size.

Goods packaged by length shall mean goods of one size having one to three lengths (LP/2LP/3LP).

The cargo may include so-called completion packages, i.e. packages consisting of a quantity of lengths too small to be packaged by length, typically the shortest and longest lengths.

The so-called step packages shall mean packages of the same size with three consecutive, but separate lengths (e.g. 2.70 metres – 3.00 metres – 3.30 metres).

Goods grouped by length shall mean packages of the same size of falling specification (e.g. 1.80 – 3.30 metres, 3.60 – 4.20 metres, 4.50 metres and more).

Rejection

(17) Wrongful packaging by length shall not entitle the Buyer to reject the goods