

Latvijas Finieris Akciju Sabiedriba
59, Bauskas iela, Riga, Latvija, LV 1004

Sales Conditions Export (CISG)

1. Acceptance of Orders

1.1 Acceptance and performance of purchase orders shall be exclusively subject to the following terms and conditions. General terms and conditions of the Purchaser which are inconsistent therewith shall be without effect in respect of the Supplier. The Incoterms 2000 shall be apply.

1.2 Purchase orders shall become binding on the Supplier only once confirmed by him in writing. The same shall apply to modifications of purchase orders. The Supplier shall, however, have the option to accept a purchase order by commencing performance without prior order confirmation. Acceptance may be made within a reasonable period after receipt of the order.

2. Object of Sale

The object of sale shall be exclusively determined by the contents of the order confirmation. Deviations from the order confirmation and technical improvements which are not material do not constitute a lack of conformity of the goods with the contract.

3. Price, Payment Conditions

3.1 The prices stated in the order confirmation shall apply. In the event that the Purchaser does not receive an order confirmation or such confirmation does not indicate prices the list prices of the Supplier effective at the time of delivery and, to the extent no such list prices exist, the prices generally charged by he Supplier at such time shall apply.

3.2 Prices shall be understood CIP.

3.3 Payments shall be effected in such currency as the price is expressed in the invoice. In the event that the currency stated in the invoice differs from the order confirmation the Purchaser is allowed to effect payment also in the currency stated in the order confirmation.

3.4 The Purchaser shall not be allowed to retain the purchase price or to set off counter claims, unless such claims have been approved by the Supplier in writing or awarded by final judgement rendered by a court of competent jurisdiction.

3.5 Unless longer payment periods are approved by the order confirmation the payment shall be effected within 30 days from the date of invoice without cost and without any deduction to the account of the Supplier indicated in the invoice. Default in payment for more than 30 days constitutes a fundamental breach of contract. The Supplier is entitled to claim 3 per cent points p.a. above the base rate of the European Central Bank without prejudice to any other remedies, unless the Purchaser proves a substantially lower damage caused to the Supplier.

3.6 In cases of default of payment by the Purchaser the Supplier has the right of retention with respect to all other contracts between the parties unless complete payment has been effected by the Purchaser for this contract.

4. Delivery, Carriage, Acceptance, Risk Transfer

- 4.1 Delivery shall be made CIP at the named place of destination (i.e. the Purchaser shall take over the goods at the named place of destination) unless the order confirmation states another delivery term or another place of delivery. Carriage of the goods to the Purchaser and related formal requirements shall be handled by the Purchaser, unless this is expressly assigned to the Supplier by the delivery clause contained in the order confirmation. The Purchaser shall be required to take over the goods notwithstanding of variance in quantity by not more than 5 per cent.
- 4.2 If delivery of the goods is delayed due to a breach of obligation by the Purchaser risk shall pass to Purchaser once the period expires within which delivery would have been effected according to the contract had such breach not occurred. If the contract relates to goods, however, which are not then identified risk of loss shall pass only once the goods are clearly identified to the contract and the Purchaser has been notified thereof. The Passing of the risk shall occur notwithstanding of a fundamental breach committed by the Supplier.
- 4.3 If delivery of the goods is delayed by the Supplier the Purchaser is obliged to grant delivery term extension in writing to the Supplier. Supplier is then entitled to deliver within another 10 days. Without such a written extension by the Purchaser any claims or material compensation are excluded.

5. Lack of Conformity of Goods or Documents

- 5.1 The Supplier may, even after the date of delivery, remedy any lack of conformity of the goods or documents by repair or by replacing the goods. The Purchaser shall not be entitled to avoid a contract unless a lack of conformity amounts to a fundamental breach of contract and is not remedied by the Supplier within a reasonable additional period of not less than 6 weeks to be fixed by the Purchaser. A reduction of the purchase price requires always the written approval of the Supplier.
- 5.2 The Purchaser loses the right to rely on a lack of conformity of the goods or the documents which could be discovered when taking them over if he does not give written notice to the Supplier specifying in detail the nature of the lack of conformity within a short period, but not later than one week, after he has taken over them. If circumstances indicating a lack of conformity of the goods arise after the Purchaser has taken over them, he loses the right to rely on the lack of conformity if he does not verify such lack of conformity by appropriate examination of the goods without undue delay and if he does not give written notice thereof to the Supplier within one week after he has verified the lack of conformity. Notification of defects of the goods shall be supported by an expertise of an internationally renowned inspection agent (Société Générale de Surveillance, Lloyds, etc.). The Purchaser shall lose his right to rely on a lack of conformity of the goods or documents notwithstanding whether he has a reasonable excuse for his failure to give the required notice.
- 5.3 The goods, lacking conformity, shall be transported back to the Supplier only upon Supplier's written consent, otherwise the Purchaser shall bear all the transportation costs and other related costs.
- 5.4 The Purchaser loses the right to rely on a lack of conformity of the goods or documents, unless he gives proper notice thereof in writing to the Supplier in due course. The Purchaser is not entitled to invoke the fact that the Supplier knew or could have been unaware of the lack of conformity.

6. Impediment to Performance, Insolvency, Bankruptcy

6.1 To the extent that the Supplier is not liable for a failure to perform any of his obligations because failure was due to an impediment beyond his control the Purchaser may not claim damages nor exercise any other remedy.

6.2 The Supplier shall be held liable for his own suppliers only to the extent that he is responsible for other third parties involved by him in the performance for all or part of the contract.

6.3 If the Purchaser stops or suspends payments, or if a petition to commence an insolvency proceeding is filed or equivalent proceedings provided by the laws applying to his business are initiated, the Supplier may declare the contract avoided in whole or to the extent performance is outstanding without giving prior notice and without preventing him from exercising any other remedy.

7. Deficiencies in Proprietorship

7.1 The Supplier takes no liability for the goods being free from rights or claims of third parties based on industrial property rights or other intellectual property rights. The Purchaser shall export the goods delivered immediately after having them taken over. The Purchaser shall be exclusively responsible to verify any industrial property or other intellectual property existing in the country of destination. The Supplier shall inform the Purchaser upon request about rights based on industrial property or other intellectual property to the extent he knows about the existence of such rights in the country of destination.

7.2 The Supplier shall be relieved from his liability for deficiencies in proprietorship once a period of 2 years from delivery (exclusion deadline) has expired, unless he has fraudulently concealed such deficiencies.

8. Reservation of Title

Title to the goods is retained by the Supplier until the purchase price of the goods is fully paid. The Purchaser shall take any measures necessary to secure the property of Supplier - or to procure equivalent security rights in the country of his place of business and in any different country of destination - and he shall provide related evidence whenever requested by the Supplier. Non-compliance with such obligation constitutes a fundamental breach of contract.

9. Undertaking to Co-operate

The parties mutually undertake to take whatever means necessary to achieve the purpose of a purchase order confirmed by the Supplier and to refrain from any adverse activities.

10. Liability of the Supplier and product liability

10.1. Any liability of the Supplier shall be excluded unless it results from a fundamental breach of contract. Any liability of the Supplier not resulting from the contractual relationship with the Supplier shall remain unaffected.

10.2. The Supplier's liability for damages (including consequential loss, loss of profit, etc.) is limited to the price of the delivered goods.

10.3. The Purchaser shall immediately (as soon as possible) give the written notification to the Supplier about any claims from Purchaser himself or any third person about bodily injury or loss of or physical damage to tangible property caused by goods manufactured, sold, supplied, installed, repaired, altered or treated by the Supplier.

11. Applicable Law, Arbitration Clause

11.1 Any contract resulting from the business relationship between the Supplier and the Purchaser shall be governed by the United Nations Convention on the International Sale of Goods (CISG). Questions concerning matters which are not governed by this Convention, or which cannot be settled in conformity with general principles on which it is based, shall be settled in conformity with the laws applicable at the place of the corporate headquarters of the Supplier.

11.2 Any disputes arising out of or in connection with purchase orders to the Supplier shall be finally settled by the Latvian chamber of commerce and industry Arbitration in Riga in accordance with the Statutes, Regulations and Rules of Arbitration. The number of arbitrators shall be 1 (one). The language of arbitration shall be English.

12. Miscellaneous

12.1 Communications to the Supplier shall only be observed if made in writing and in English. Communications may be transmitted by fax or by electronic means. They become effective at the time when they reach the recipient or would have reached him under normal circumstances with the means of transmission used. Communications reaching the Supplier on a Sunday or on an official holiday at the place of his business or on a Saturday shall become effective on the next following working day. Communications which are not required to reach the recipient shall become effective not later than 3 days after being dispatched.

12.2 If individual terms of a purchase order placed on the basis of these Sales Conditions are invalid or unenforceable this shall be without prejudice to the validity of other terms. In such event the parties shall replace the invalid or unenforceable term by a valid and enforceable term which will meet the purpose of the invalid or unenforceable term as closely as possible.

**A/S Latvijas Finieris, Riga, Latvija
2005**