

General terms of sale

These General Terms and Conditions shall apply in all deliveries and orders unless otherwise agreed and confirmed in writing by VM Kompensator A/S here in after called "VM".

1.1 Purchasers' orders are only binding on VM if the purchaser has received an order confirmation in writing.

1.2 The prices quoted are net prices ex works and do not include packaging and duties.

2.1 The obligations VM include only those specified in the order confirmation.

2.2 All information and data contained in general product documentation and price lists whether in electronic or any other form are binding only to the extent that are by reference expressly included in the contract.

2.3 All drawings and technical documents relating to the product or its manufacture submitted by VM to the purchaser, prior or subsequent to the order confirmation or contract shall remain the property of VM. Drawings, technical documents or other technical information received by the Purchaser shall not without the consent of VM be used for any other purpose than that for which they were provided. They may not, without the consent of VM, otherwise be used or copied, reproduced, transmitted or communicated to a third party.

3. Prices

3.1 All orders are booked at the prices current on the order date, unless the order is subject to binding quotation made by VM.

3.2 Prices are ex works and are valid in the currency and for the goods and services itemized in the order confirmation. The prices do not include VAT and packaging, and are based on the rates of exchange and prices for materials, wages, transport costs and duties current in the order

date. In the event of any changes in these factors, VM reserves the right to adjust its prices accordance with current levels at any time up to the delivery date. VM reserves the right to charge a handling or changeover fee for small deliveries. In the event that the purchaser wishes changes to be made in the order of specifications placed or made, the cost of such changes shall be charged to the purchaser as per a statement issued by VM.

4. Payment

4.1 Unless otherwise specified in the order confirmation, payment shall be made in cash net on delivery.

4.2 If the purchaser fails to pay by the stipulated date, VM shall be entitled to charge interest on any unpaid amount under this Agreement at a rate per month of 2 percent (both before and after any judgment) from due date for payment until payment in full is received.

4.3 If the purchaser does not receive the delivery by the agreed date, the purchasing price falls due payment when VM notifies the purchaser that the consignment is ready for delivery.

4.4 If the purchaser fails to order the dispatch of the goods, VM shall be entitled to store and insure the goods at the expense and risk of the purchaser. If the purchaser (despite a written request to do so) fails to collect the goods, VM shall be entitled to sell the goods at the best possible price on the purchaser's account. If this proves impossible, the whole purchasing price plus any costs incurred by VM falls due for payment immediately and without further notice.

4.5 If it has been agreed that the purchasing price is to be paid in installments, VM shall be entitled to consider the purchasing price as due for payment if any installment is not paid by the due date. In the event of part deliveries, each shall be payable on delivery, and if payment for any delivery has not been made by the

due date, VM shall be entitled to withhold further deliveries without thereby forfeiting the right to demand the completion of the unsaction.

4.6 The purchaser shall not be entitled to offset any counterclaims not accepted by VM against the price payable.

5. Delivery

5.1 Any agreed trade terms shall be construed accordance with the incoterms in force at the formation of the contact. If no trade term is specifically agreed, the delivery shall be ex works (EXW). If in the case of delivery Ex works, VM, at the request of the purchaser, undertakes to send the Product to its destination, the risk will pass not later than when the Product is handed over to the first carrier. Partial shipments shall be permitted unless otherwise agreed.

5.2 VM shall only insure the purchasers risk in connection with transport if so agreed in writing.

5.3 Unless otherwise agreed, delivery will be made according to VM's instructions. In cases where the delivery has been agreed, delivery up to one week before one or one week after the specified delivery date shall in every respect be considered punctual delivery.

5.4 VM may demand postponement of the delivery date in cases where the purchaser requests charges in the order, if the event of force majeure (cf. art 10) and in cases where the work on the consignment must be stopped or is delayed by official requirements.

5.5 If the delivery is substantially delayed, the purchaser may terminate the agreement in writing. If equipment manufactured to the specifications of the purchaser is delayed, or if the equipment is of a type not normally stocked by VM, the agreement may only be terminated if the delay entails that the purposes for which the purchaser has ordered the

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goods cannot be fulfilled. If the purchaser can prove that delay is due to faults or omissions on the part of VM, and he has thereby incurred losses, the purchaser shall be entitled to compensation for the losses thus incurred.

5.6 Compensation cannot, however, exceed an amount corresponding to 1% (one per cent) of the agreed payment for the delayed consignment for each full week of delay and compensation can at most amount to 10% of the agreed payment.

5.7 If the purchaser requests packaging, or if VM considers packaging necessary to protect the consignment, such packaging shall be charged to the purchaser. No return of packaging is accepted. VM's storage rules, which are sent with the order confirmation, shall apply.

6. Retention of title

6.1 The Product shall remain the property of VM until paid for in full to the extent that such retention of title is valid under the applicable law. The Purchaser shall at the request of VM assist him in taking any measures necessary to protect VM's title to the product in the country concerned. The retention of title shall not affect the passing of risk under clause 5.

7. Defects and shortcomings

7.1 VM's liability is limited to defects and shortcomings which appear within a period of one year from delivery. If the use of the Product exceeds that which is agreed, VM shall not be held liable for any defects or shortcomings and VM's guarantee shall be void.

7.2 The scope of liability of VM's is as specified below:

7.3 Within the period specified above, VM undertakes to remedy all defects or shortcomings in the goods delivered by repair or redelivery at the discretion of VM. The obligation of VM to remedy defects or shortcomings is conditional on the presentation of proof by the purchaser that the delivered

equipment suffers from defects or shortcomings, including documentation that the equipment has been stored, assembled, installed, put into operation and maintained correctly in accordance with the operations and maintenance instructions provided by VM.

7.4 The obligation of VM lapses if non-VM manufactured or non VM-approved components are used together with the goods delivered by VM. Moreover, the obligation does not apply to consequences of inappropriate and/or incorrect use of the goods delivered, including deviations from the agreed specifications.

7.5 The obligations of VM apply only to payroll costs at VM and materials from VM, in so far as same are directly related to the remedying of defects and shortcomings. VM's scope covers alone delivery ex works. All other costs related to any defect or shortcoming – including transport, compensation for waiting time, subsistence or accommodation costs, and the costs of exposing or gaining access to defective parts, shall be no concern of VM. VM assumes no further liability for the equipment delivered, and the purchaser cannot cancel the purchase, demand any proportional price reduction or compensation or withhold the purchasing price in whole or in part.

7.6 VM is only liable for ensuring that the goods delivered are sufficient and/or appropriate to fulfill the purchaser's requirements in terms of capacity and any other factors in so far as VM has contributed to the planning of the project in question, and in so far as the purchaser is able to document that the information provided by the purchaser as documentation of the purchaser's claim is correct, fully satisfactory and approved by VM, and insofar as any drawings etc. provided by VM have been used in accordance with the information provided therewith.

7.7 VM can only assume responsibility for information provided on specifications, choice of materials etc., including project

planning or contributions to project planning, if such provision of information forms an explicit part of the purchasing agreement.

7.8 If any defect in design, material or construction of any part manufactured by VM is proven and the purchaser can document that the defect in question is not a result of ordinary wear, poor maintenance or improper handling, VM shall, within normal working hours, carry out any repairs or renovation to the extent deemed necessary by VM. Parts manufactured by third parties which form part of the goods or services provided by VM shall be subject only to the same guarantee as is issued by the subcontractors or suppliers in question.

7.9 Beyond this, the purchaser shall not be entitled to compensation for damage to products or other equipment not supplied by VM, nor to compensation for consequential loss, loss of profits, losses due to late delivery or the like. VM shall not be obliged to cover expenses incurred by the purchaser in connection with the discovery of defects in or the repair of equipment supplied unless VM has specifically agreed to do so.

8. Complaints

8.1 Complaints of shortcomings in a delivery are to be submitted in writing without undue delay after the discovery of the shortcoming. Returned goods will only be accepted by prior written agreement.

9. Product liability

9.1 VM shall only be liable for personal injury if it can be proved that the injury has been caused by the fault or omission of VM or other persons in the service of VM. Compensation for personal injury can never exceed the compensation rate current in Danish Law at any time, nor the sum specified by VM's product liability insurance policy. Certificate hereof can be supplied upon request.

9.2 The Purchaser shall indemnify and hold VM harmless to the extent that VM incurs liability towards any third

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party in respect of any damage for which VM is not liable towards the

Purchaser according to paragraph a) and b) of this Clause. VM shall not be liable for loss or damage caused by the goods.

- a) to any (movable or immovable) property where the damage occurs while the goods are in Purchaser's possession or
- b) to products manufactured by the Purchaser or to products of which the Purchaser's products form a part or for loss or damage to any property, where the damage is caused by these products because of properties in the goods.

9.3 VM shall under no circumstance be liable for loss of production, loss of profit or any other consequential economic loss.

9.4 The above limitations in VM's liability shall not apply where VM has been guilty of gross negligence.

9.5 If a claim for loss or damage as described in this Clause is raised by a third party against either party to the contract, the latter shall forthwith notify the other party thereof.

9.6 VM and the purchaser shall be mutually obligated to let themselves to summon to the court or arbitral tribunal which examines claims against either of them, where the claim is based on damage alleged to have been caused by the goods. The liability between VM and the purchaser shall however always be settled in accordance with cause 13.

10. Limitation of liability

10.1 There shall be no liability for VM towards the purchaser for loss of production, loss of profit, loss of use, loss of contacts for any other consequential or indirect loss whatsoever.

10.2 The aggregated annual liability for VM towards the Purchaser cannot exceed for annual value of products purchased.

11. Force majeure

11.1 VM shall not be liable for failure to complete, or delay in completing the agreement as result of force majeure, war, civil unrest, government intervention or the intervention of public authorities, fire damage, strikes, lockouts, export and/or import bans, non delivery or late delivery from subcontractors or sub-suppliers, shortage of labour or of fuel, nor for any other circumstance beyond the control of VM, and liable to delay or prevent the manufacture and delivery of the goods sold.

11.2 In the event that due delivery of goods without defects or shortcomings in temporarily prevented by one or more of the above circumstances, delivery shall be postponed for a period corresponding to the duration of the hindrance, plus a reasonable period thereafter to allow for the normalization of the situation. Delivery by the deferred date thus specified shall in all respects be deemed delivery by the due date. In the event that the obstacle to delivery may be expected to last the more than 8 weeks, both VM and the purchaser shall be entitled to cancel the agreement without thereby becoming guilty of breach of contract.

12. Cancellation

12.1 Orders manufactured in whole or in part to the specifications of the purchaser cannot be cancelled.

13. Information, structural drawings, instruction material and certificates

13.1 without further notice, VM reserves the right to make changes in its products, provided such changes have no adverse effect to the product purchased. This shall also apply to products already ordered.

13.2 When delivering the products, VM undertakes to send instructional material to ensure that installation, storage and maintenance required by regulations are observed.

13.3 Attentions, approvals and certificates shall be paid separately by the purchaser.

14. Applicable law and legal venue

14.1 Any dispute between the parties which cannot be settled amicably shall be settled by Danish law - either by arbitration or by the Maritime and Commercial Court in Copenhagen at the discretion of VM.

14.2 In cases where VM chooses to settle a dispute by arbitration, the arbitration tribunal shall consist of three members, all to be appointed by the president of Vestre Landsret (the Western High Court of Denmark). One of these members - the Chairman, must be qualified as a judge. The other two members shall have professional qualifications with respect to the object of the dispute.

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