

HYDRODYNAMIC FUEL SAVING SYSTEMS

Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH

General “Terms and Conditions” for the supply of W.E.Ducts and spoiler

1. General

1.1 These conditions shall apply to business entities as defined by Sections 14, 310 Paragraph 1 of the German Civil Code, public legal entities and public separate properties.

1.2 The supply of goods or services by Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH is subject to these conditions. General terms and conditions of the Customer do not apply unless agreed in writing by both parties. Any order acceptance by Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH does not assume the acceptance of the general terms and conditions of the Customer, even if Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH does not explicitly refuse their application.

1.3 The contract shall be concluded by written confirmation of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH, unless agreed otherwise.

1.4 Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH reserves any property and intellectual property rights in all drawings, models, and any other material or immaterial information including electronic data. All given information shall not be disclosed to third parties and shall be returned immediately on request, or in case a contract is not concluded.

2. Prices and Payments

2.1 Any offers are subject to confirmation unless the offer is expressly identified as being binding.

2.2 All prices are quoted net ex works, excluding transportation, unloading and installation. Respective statutory VAT will be added, if the delivery or service leads to the liability of taxation.

2.3 Unless agreed otherwise, the Customer shall pay the contract price to the account of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH without any reductions as follows: 50% as advance payment upon receipt of order confirmation, 50% on delivery of the goods, but latest 14 days after the inspection of the goods through the classification society at our premises. Costs for supervising for the installation of the WED are payable 7 days after service. Drafts and checks will only be accepted after previous agreement and only on account of performance. Bank fees, discount charges, and other fees and costs incurred at payment as well as costs caused by payment in any other currency than Euro shall be for the account of the Customer.

2.4 Customer is not entitled to setoff the invoiced amount against any claims Customer may have against Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH unless such counterclaim of Customer is undisputed or legally binding due to a final court decision.

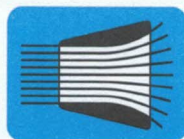
3. Delivery Dates

3.1 Delivery periods begin on the date of order confirmation, but not before receipt of all necessary documents

3.2 Any agreed delivery dates are subject to scheduled deliveries to Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH by its sub-suppliers. Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH shall notify the Customer about any delay immediately.

3.3 Delivery dates shall be deemed to have been met, if on or before expiry, the goods leave the premises of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH or notification of the readiness for dispatch is given.

3.4 If the dispatch is delayed for reasons the Customer is responsible for, the Customer shall bear the cost resulting from such delay after two weeks following the notification of the readiness for dispatch. The storage costs are 0.5% of the sales price per month.



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3.5 If the delivery deadline is not met due to force majeure, strikes or lockouts, epidemics, or other events beyond the control of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH, the deadline shall be extended appropriately. Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH shall inform the purchaser without delay of the beginning and the end of such events.

3.6 Regarding delays of delivery, Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH is only liable for own faults, and subject to the regulations in chapter 9.

4. Passing of Risk, Acceptance

4.1 The risk of the goods shall pass to the Customer when the goods are handed over to the freight carrier or at the latest when the goods leave the premises of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH. This does also apply to any partial deliveries or in cases where Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH has taken over additional services, such as delivery, or supervising the installation of the goods. The Customer is not entitled to refuse acceptance of the goods by reason of minor defects or non-conformities.

4.2 If the dispatch of the goods is delayed due to reasons Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH is not responsible for, the risk of the goods shall pass to the Customer upon notification of the readiness for delivery.

4.3 If despite notification of the readiness for dispatch the goods are not collected by Customer, Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH shall be entitled to store the goods at its discretion for the account and risk of the Customer and Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH may invoice the goods as delivered.

4.4 Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH shall be entitled to partial deliveries as far as such partial deliveries are acceptable to the Customer.

5. Retention of Title

5.1 Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH shall reserve title to goods delivered until full and final payment of the purchase price

5.2 For the period of such retention of title and until full and final payment to Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH the Customer shall insure the goods against damage and loss on his own account. Upon request of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH the Customer shall provide a copy of the insurance certificate and a proof of payment of the insurance.

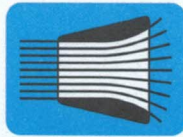
5.3 In case of a breach of contract by the Customer, particularly in case of late or delayed payment, Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH, following a reminder, shall be entitled to take back the goods and the Customer shall be obliged to immediately return and hand over the goods to Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH. For purpose of taking repossession of the goods Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH shall be entitled to enter the premises of the Customer. The enforcement of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH rights in regard of the retention of title to the goods or the attachment of the goods do not require a prior termination of this contract.

5.4 The Customer is not entitled to pledge or to transfer the goods by way of security. The Customer shall immediately notify Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH of any confiscation or any other disposition by a third party in regard of the goods.

6. Warranty

6.1 Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH warrants the goods against defects in the quality of material and workmanship in accordance with the terms of this chapter 6 by exclusion of any further claims, nevertheless the regulations of Chapter 9.

6.2 After arrival of the goods at the place of delivery, the goods shall be immediately examined by the contract partner. Complaints with regard to obvious defects can only be made immediately, at the latest within eight days after delivery, in writing. Hidden defects within two weeks after discovery in writing Customer shall depend on the circumstances of each respective case and the principles of good faith.



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6.3 For the hydrodynamic characteristics and effects of the WED and other design details in connection therewith (power savings achievable by the ship), we provide forecasts to the best of our knowledge and based on the most recent state of the art, but do not assume any warranty.

6.4 Proper installation of the WED on the ship is the responsibility of the yard and is not subject to our guarantee. The shipyard shall be responsible for material and workmanship of the installation, including, in particular, all welding work on the connection parts of

the WED. Furthermore, it is the shipyards' responsibility to install reinforcements to the ship, if required by the classification society, and to properly observe and apply the dimensions specified by us for alignment of the nozzle.

6.5 We assure that the delivered WEDs (or WED design), made by us

- a) agree with the specifications and documents that were presented to us for the respective ship,
- b) are of the construction and workmanship stated in the order confirmation and satisfy the requirements of the respective classification society
- c) are of good quality, with no errors in construction, materials and workmanship.

6.6 The warranty period shall be six months from installation of the WED on the ship, in no case, however, more than eight months after transfer of risk.

6.7 We shall meet justified warranty claims at our option by repair, modification or replacement. For such services, contractor shall grant to Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH the necessary time and opportunity, after prior time scheduling.

6.8 We shall accept the repair, modification or replacement related costs for transport, travel, workmanship and material, and the other necessary expenses, with the following restrictions:

- a) no docking costs
- b) travel expenses only to the border of the Federal Republic of Germany, the Netherlands or Belgium. Any additional costs shall be borne by the contract partner.

In case defects have to be remedied abroad, Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH's liability to bear the cost and expenses for remedial actions shall be limited to the cost and expenses that would have been incurred, if such remedial actions had been performed at the premises of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH. Any additional cost and expenses for air or express freight shall be for the Customer's account.

The Customer's right to rescind from the contract or to reduce the contract price in case the abovementioned remedial action fails remains unaffected.

Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH shall not be liable to remedy defects originating from normal wear and tear, defects caused by inadequate storage, use or exposure, chemical or electrical influences or other circumstances occurring after passing of risk to the Customer and for which Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH is not liable for.

6.9 Our warranty obligation shall be rendered null and void if:

- a) the contract partner or the operator of the ship performs any repair and modification work on the WED (or engages other companies to do so), without our prior written consent.
- b) the erection, installation or commissioning of the goods by the Customer or a third party has not been performed in accordance with the instructions of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH or for other reasons has been performed inappropriately:
- c) the Customer or a third party do not follow the instructions of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH for the handling, maintenance and inspection of the goods;



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d) the Customer or any third party make any changes to or perform any repairs of the goods without the prior written consent or authorization of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH;

e) spare parts not provided or authorized by Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH are used;

f) defects in the goods are caused by materials or parts delivered by the Customer or following construction prescriptions or instructions provided by the Customer.

Further warranty claims, and in particular compensations for damages and consequential damages are excluded.

7. Right of Cancellation of Customer

7.1 The customer may withdraw from the contract if:

a) the performance of the obligations of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH under this contract definitely have become impossible for the Customer. If the impossibility occurs during the default of acceptance or due to culpability on the part of the customer, then he remains obliged to pay a consideration.

b) Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH does not meet the contractual delivery dates or periods, the Customer has set a reasonable additional time limit in writing and this additional time limit was exceeded by Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH for other reasons than shown in Chapter 3.6. The Customer shall bear the burden of proof for the exceeding of the contractual delivery dates and periods and the exceeding of the additional time limit;

c) the Customer in writing has set a reasonable time limit for remedying a defect Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH is liable for in accordance with Chapter 6 and such time limit is exceeded unsuccessful for reasons for that Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH is responsible for.

8. Cancellation for convenience

8.1 The Customer is entitled to cancel the purchase of the WED under this agreement, however such cancellation being subject to the following cancellation fees:

1 month before delivery	100% of purchase price
2 months before delivery	80% of purchase price
Between order acknowledgement and 2 months before delivery	40% of purchase price

9. Right of Cancellation of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH

9.1 Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH shall be entitled to cancel the contract, in whole or in part, without setting of a time limit, if after having concluded the contract it becomes apparent that the performance of Customer's obligations under this contract are endangered because of lacking capacity, for example, if insolvency proceedings on the assets of the Customer have been commenced.

10. Limitation of liability

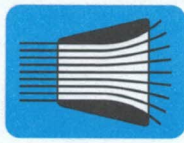
10.1 Our liability is limited exclusively to this terms and conditions.

All in these conditions not expressly granted claims, especially compensation claims from impossibility, delay, breach of contractual obligations, unlawful act, are excluded unless they are based on intention or gross negligence.

10.2 In cases of negligent breach of material contractual obligations (Chapter 9.1), Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH' liability shall be limited to the typical and reasonably foreseeable damage.

10.3 In case of delay in delivery Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH, after a grace period of one (1) week, is obliged to pay liquidated damages to the Customer in an amount equal to one (1) percent of the contract price of the delayed goods for each full week of delay, but in any case not exceeding five (5) percent of the contract price of the delayed goods. Any further claims of the Customer against Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH due to delay in delivery are excluded.

10.4 Any further liability of Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH towards the Customer is excluded.



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11. Assignment of Rights and Obligations

The Customer shall not be entitled to assign, re-sell, license or otherwise transfer its rights and obligations under the Agreement in whole or in part without the prior written consent of the Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH.

12. Statute of Limitations

The limitation period for any claims and rights on grounds of defects of the Products delivered shall be one year, whatever the legal basis thereof. For all claims, the limitation period begins when the Products are delivered to the Customer.

13. Venue, Applicable Law, Severability Clause

13.1 The venue for all disputes arising out of or in connection with this contract shall be Dinslaken, Germany. Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH shall also be entitled to file any action at the place of business of the Customer. Exclusive legal venues shall remain unaffected.

13.2 This contract and the legal relationship between Schneekluth Hydrodynamik Entwicklungs- und Vertriebsgesellschaft mbH and the Customer shall be subject to the laws of the Federal Republic of Germany, exclusively. The provisions of the UN Convention on the International Sale of Goods (CISG) shall be excluded.

13.3 Should any provision of these general terms and conditions of business be fully or partially void, ineffective or unenforceable, this will not affect the effectiveness and enforceability of the remaining provisions. The parties shall replace any invalid provision by a valid provision which corresponds as closely as possible to the original intention of the parties.