

-Machine Proposal

April 30, 2011

Quote for :

c/o 30042011 001

Dear Sir,

Thank you for the opportunity to submit this quote for the double side G-Prep Turning Machine for a reduction of your welding up to 60%. This system is specifically built for huge items and would suit to your production.

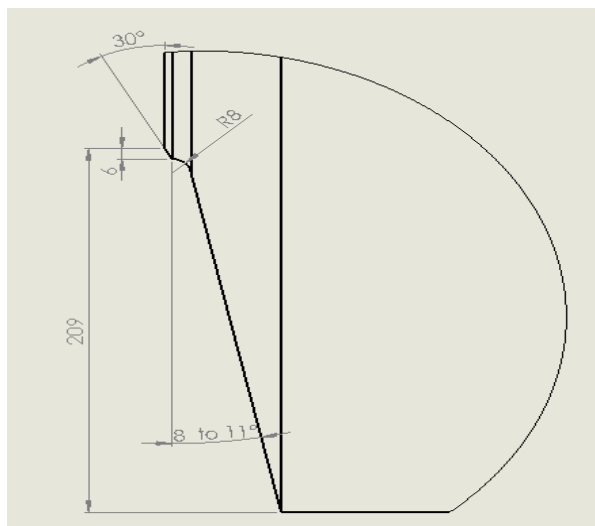
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|--------|--|
| Item 1 | G-Prep Machine Stationary (High Performance Solution #1) |
| Item 2 | G-Prep Machine Mobile (solution # 2) |

Thank you for the opportunity to forward this proposal to you. Please contact me if you have any further questions. The machine is manufactured by Kinetic Cutting Systems fze in our Plant in Poland.

Yours Sincerely

Johann Stangl

Johann Stangl

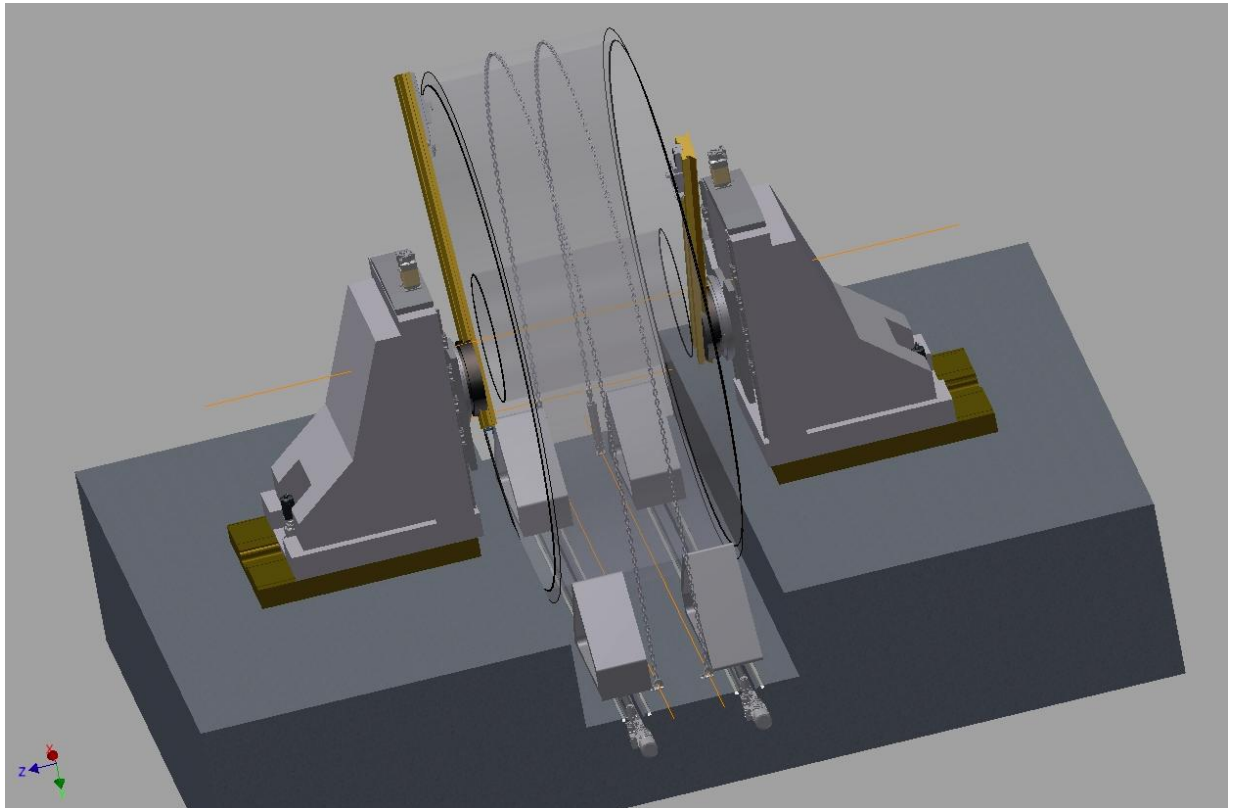


G-Prep drawing for 209 mm Diameter Pipe

Item 1 **G-Prep Machine Stationary (High Performance Solution #1)**

The stationary G-Prep Machine is built for diameters from 2 meter up to 11 meter diameter and we can install multiple tools on it to finish in a short time. The wall thickness can be adjusted from 16 up to 210 mm thickness

- Max speed 60 RPM
- Max Diameter 11000 mm
- Min Diameter 2000 mm

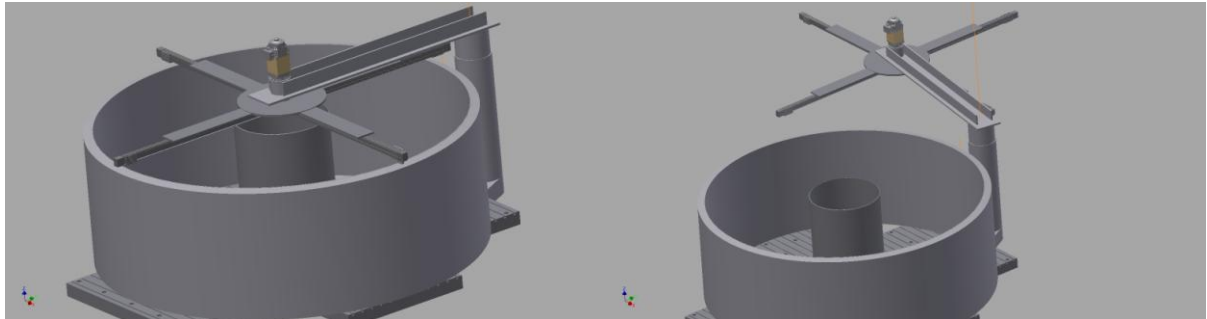


The stationary machine can do 2 sides at the time.

Item 2 **G-Prep Machine Mobile (solution # 2)**

The Mobile G-Prep Machine is built for diameters from 2 meter up to 11 meter diameter and we can install multiple tools on it to finish in a short time. The wall thickness can be adjusted from 16 up to 210 mm thickness. The solution is about 25% slower than the fixed version.

- Max speed 60 RPM
- Max Diameter 11000 mm
- Min Diameter 2000 mm



The mobile unit is positioned with the jib crane for loading and unloading and as you can see you can only do 1 side at the time.

OPTIONS

PRICE FOR WORK

All prices are in euro

CRANE CONNECTION GANTRY CRANE ON YARD

- | | |
|--------|--|
| Item 1 | G-Prep Machine Stationary (High Performance Solution #1) |
| Item 2 | G-Prep Machine Mobile (solution # 2) |

Item 1 Stationary G-Prep Machine	€
Item 2 Mobile G-Prep Machine	€

PRICE FOR OPTIONS

All prices exclude GST and are based on various exchange rates which are subject to change and must be confirmed at time of order.

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SERVICES REQUIRED

The following are to be supplied by the customer for connection to the machine at the nominated points.

Material

Consumables and Anker bolts to be issued by client

Delivery

Ex Works Poland

GENERAL TERMS AND CONDITIONS**TERMS AND CONDITIONS OF SALE**

As described in our 'Standard Terms and Conditions of Sale' as attached unless specified otherwise. Where there is a conflict between these terms and that of the Standard Terms and Conditions of Sale, then these terms will apply.

VALIDITY

This proposal is valid for 30 days from the above date.

DELIVERY

3 month after the order placed, excluded freight cost

PRICE, TAX, DUTY AND TARIFFS

The quoted prices exclude tariffs and duties and local taxes.

PAYMENT TERMS

as agreed

KINETIC CUTTING SYSTEMS FZE

STANDARD TERMS AND CONDITIONS OF SALE

1. **PRICE** The price of the goods is exclusive of local taxes which shall be paid without declaration in addition and at the "time of supply". The price of the goods will be that ruling at the date of delivery.
2. **DEPOSIT** Unless otherwise expressly provided in writing the customer shall pay the deposit forthwith, time being of the essence. The deposit shall be paid in part payment of the purchase price.
3. **PAYMENT** Unless otherwise expressly provided the price shall be paid as follows: Firstly by the payment forthwith as a deposit being 30% of the price; Secondly by the payment as a progress payment of an amount being 30% of the price. Thirdly by the payment on acceptance ex factory date of an amount being 30% of the price: and Fourthly by the payment of the balance of the price on that date being 30 days after the system or machine delivery date. The system delivery date shall be that date upon which the Company certifies that the goods are situated at the delivery site. As between the parties a certificate of the Company required under this clause shall save manifest error be conclusive evidence as to the subject matter therein contained. Payments shall be made without any deductions or setoff. All software licence codes will only be provided by the Company following full payment. No payment shall be withheld, reduced or deferred on account of any claim, counter claim, set off or otherwise. If full payment of any amount payable by the customer is not paid to the Company by the due date (a) that the customer shall pay interest on the moneys owing of 2.5 percent per calendar month (or such lower rate as the Company may decide). This interest is payable on a daily basis and is also payable after judgement. (b) The Customer shall be liable to pay upon demand all the expenses and legal costs incurred by the Company as a result of the Customer's default or of and incidental to the enforcement or attempted enforcement by the Company of its rights remedies and powers.
4. **DELIVERY** Any delivery date specified notwithstanding anything contained in the agreement of which these conditions form a part shall not be of the essence and the Company shall not be liable for failure to deliver of any such date. If delivery is prevented or delayed by force majeure or any circumstances beyond the Company's control then the Company may at its option either perform the contract or so much thereof as remains unperformed within a reasonable time of such prevention or delay or cancel this contract to the extent that it remains unperformed and the Company shall not thereby incur any liability of any sort whatsoever.
5. **RISK** The customer bears the risk of any loss damage or deterioration of the goods due to any cause whatsoever from the time the Company gives possession of the goods to the first carrier or if the Company delivers the goods in its own vehicle at the place of delivery.
6. **OWNERSHIP** Ownership of the goods shall not pass to the customer until the customer has paid all that is owing to the Company. Until ownership is passed the customer holds the goods on behalf of the Company under the following conditions (a) The Company is permitted to enter into using as much force as is necessary to enter the customer's premises to inspect or repossess (or both) the goods. (b) If the customer sells the goods to a third party then the customer is accountable to the Company for all proceeds derived from such sale and shall hold such proceeds separately from other moneys on trust for the Company. If the customer is a company then each of its directors shall ensure all proceeds of sale are held separately on trust for the Company. (c) If the customer manufactures intermingles or deals with the goods in such a manner that they become an integral part of any other object then the customer shall be deemed to do so as an agent of the Company and ownership of the goods will remain with the Company as principal.
7. **WARRANTY** The Company warrants the goods to the extent it has manufactured the same against faulty workmanship and/or all materials for a period of twelve months after delivery and further warrants the goods will substantially conform with any description or specifications (if any) given to the customer provided always (a) all claims under this warranty are received within six months of the delivery of the goods. (b) the customer gives the Company notice of any defect in the goods within seven (7) days of such defect becoming apparent. (c) the customer has maintained and operated the goods in accordance with good industry practices and has complied with all specific recommendations of the Company. The Company will only be responsible for the replacement or the repair of faulty goods or workmanship (including faulty workmanship provided under this warranty) or for bringing the goods into conformity with any description or specifications (if any) given by the Company to the customer. Any such repair will be done at such a place as the Company may specify. The customer is responsible for cartage of the goods or of such parts of the goods as shall be necessary to and /or from the place as specified. This warranty shall not apply if the goods are repaired by any person not authorised by the Company to do such repairs or if the goods are used other than for the purpose for which they were intended by the Company. This warranty applies only to goods manufactured by the Company. Any parts components or materials obtained by the Company from any other sources are not covered by this warranty. Such parts components or materials shall be covered by the manufacturer's warranty (if any) only. This warranty does not cover any specifications or requirements tendered to the Company by the customer it being the customers exclusive responsibility to ensure that the goods supplied under this contract will be satisfactory to meet its specifications or requirements (or both). This warranty is exclusive and all other warranties descriptions representations or conditions as to fitness or suitability for any purpose, tolerance to and condition, merchantability or otherwise whether of like nature or not and whether expressed or implied by law trade custom or otherwise are expressly excluded. This warranty is not transferable by the customer.
8. **RETURNS** The Company will not accept goods returned unless such return has been previously agreed in writing by the Company with the customer.
9. **LIMITATIONS OF LIABILITY** The total liability of the Company (or any of its servants contractors or agents) whether in contract tort or otherwise for any loss damage or injury arising directly or indirectly from any defect in or non-compliance of the goods or a unit or a part thereof or any other breach of the Company's obligation under this contract will not in any event exceed the purchase price of the goods (or the unit or part thereof as the case maybe upon which such liability is based). The Company (or any of its servants subcontractors or agents) shall not be liable for consequential indirect or special damage or loss caused by the customer's servants agents buyers or any other persons whosoever. The customer shall indemnify the Company (and each severally its servants subcontractors and agents) against any claims by the customer's servants agents customers or other persons whether similar to the foregoing or not in respect of any loss damage or injury arising from any defect in or non-compliance of the goods (or any unit or part thereof) or in respect of any other matter whatsoever.
10. **WAIVER AND FORBEARANCE** All the original rights powers exemption and remedies of the Company shall remain in full force notwithstanding and neglect forbearance or delay in the enforcement thereof. The Company shall not be deemed to have waived any condition unless such waiver is in writing and signed by a director or a secretary of the Company. Any such waiver shall apply to and operate only in the particular transaction dealing or matter in respect of which it was given.
11. **CUSTOMERS DEFAULT OR BANKRUPTCY** If the customer makes any default hereunder or commits any act of bankruptcy or being a company goes into liquidation or receivership or passes a resolution for the winding up (other than for the purposes or reconstruction) or compounds with or assigns any part of its estate to or for the benefit of its creditors or any number thereof then in any such case the Company without prejudice to any other rights or remedies in law or in equity shall be entitled at its option to terminate this contract or to withhold delivery of the goods and to resell the same or any part thereof and to claim in bankruptcy or liquidation for all loss and expenses so incurred.
12. **ASSIGNMENT** The Company is entitled at any time to assign to any other person the whole or part of this contract including all or any part of the debt owing to the Company in respect hereof. Any such assignee shall be entitled to claim full rights set off or counter claim against the customer as charge holders or successors in respect of the whole or part of this contract or the debt or part thereof so assigned
13. **CONTRACT** By entering into this contract the Company and the customer acknowledge that these written terms express the entire agreement between the Company and the customer and that there have been no representations made by either party to the other except as are expressly set forth herein and that if there is any inconsistency with the terms of any order that may be lodged by the customer any such order shall be of no effect. The contract shall not be subject to any change or modification except with prior written consent of both parties.
14. **ARBITRATION** All questions or differences which may at any time hereafter arise between the parties touching upon this agreement or subject matter thereof or arising out of or in relation thereto respectively and whether as to construction or otherwise shall at the cost of the customer in all things be referred to the arbitration of two independent persons, one appointed each by the Company and the customer together with an umpire appointed by the arbitrators, before entering upon consideration of the matters to be submitted both such arbitrators to be appointed within fourteen (14) days of such question or difference arising provided however should the customer fail to make an appointment within the said fourteen (14) days then the person appointed by the Company shall be and become the sole arbitrator of the said dispute or difference. Every such arbitration shall be conducted at Auckland, New Zealand. Every such reference shall be deemed a submission to arbitration within the meaning of the Arbitration Act 1908 and its amendments and shall be conducted and take effect accordingly except only so far as the provisions of such said Act are hereby expressly modified and the award of such Arbitrator (or Arbitrators and the umpire as the case may be) shall be final and binding upon the parties hereto.
15. **INTERPRETATION** For the purposes of these terms and conditions of sale the terms "the Company" means Kinetic Engineering Design Limited and its successors and assigns, "the goods" includes without limitation plant and machinery and the plural includes the singular and vice versa.