

DEAR SIR OR MADAM, DEAR FRIENDS,

It is now time: the SkySails-System has reached full-scale!

The SkySails-System installed on the former buoy tender, MS Beaufort, has reached a size that can now be applied to small cargo ships, fish trawlers, and super yachts.

We are very pleased to announce that the evening before this year's Peter Gast shipping regatta from Schleimünde to Ærøskøbing, over 600 invited guests enjoyed a relaxing get-together at the Maasholm Harbour sponsored by SkySails, Beluga Shipping GmbH, and the Oltmann Gruppe.

MS Beaufort's numerous test cruises have produced excellent results and sparked the interests of many people and com-

panies, especially those associated with the fishing sector: At a presentation at the stronghold of fishing in Pontevedra, Spain, over 30 trawler owners assured themselves of the performance capability of the SkySails-System.

In addition, the first SkySails-System for super yachts has been sold. In 2008, the French super yacht dock yard, 30 Metres Plus Yachts, will install a SkySails-System on the 40 meter yacht, Valbella. We are particularly happy about the increasing trust of our investors, given that the 3rd round financing has been completed. The Oltmann Gruppe now offers an additional investment opportunity in SkySails.



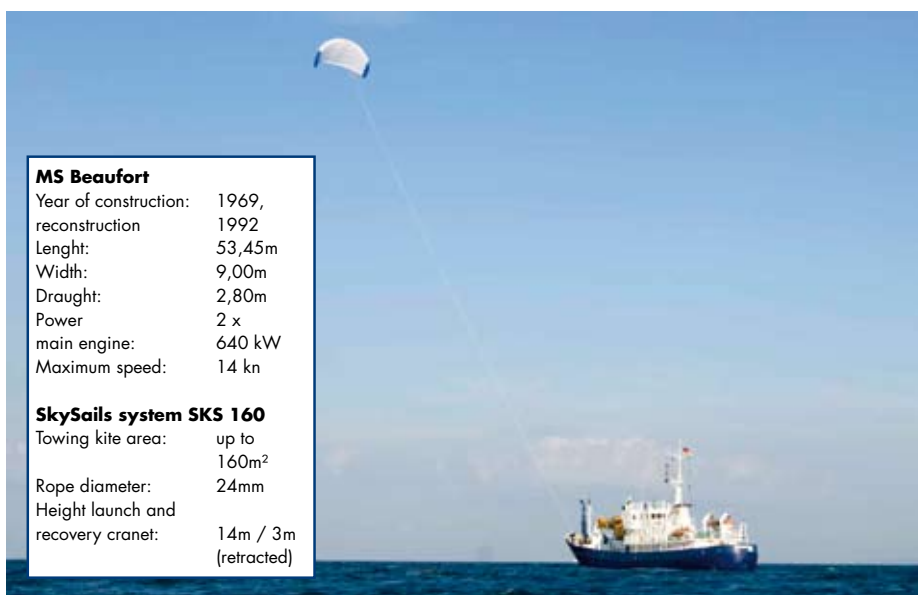
We hope you enjoy reading our newsletter!

With best regards from Hamburg,

Stephan Wrage
(Managing Partner)

FINAL TESTS BEFORE MARKET ENTRY

FINAL DEVELOPMENT PHASE OF THE SKYSAILS TOWING KITE SYSTEM PRIOR TO ITS MARKET ENTRY HAS STARTED ON BOARD THE 55 METER, FORMER BUOY TENDER, MS BEAUFORT



MS Beaufort

Year of construction:	1969,
reconstruction	1992
Length:	53,45m
Width:	9,00m
Draught:	2,80m
Power	2 x
main engine:	640 kW
Maximum speed:	14 kn

SkySails system SKS 160

Towing kite area:	up to
	160m ²
Rope diameter:	24mm
Height launch and	
recovery crane:	14m / 3m
	(retracted)

During these tests on the North and Baltic seas, towing kites of up to 160 square meters are being deployed on board the 800 ton former buoy tender. Following the successful testing of smaller systems on experimental vehicles of varying sizes, the innovative propulsion system reached full-scale for the first time aboard the MS Beaufort. As a collaborated effort, SkySails, the Institute of Navigation, and the University of Applied Sciences Oldenburg/ Ostfriesland/Wilhelmshaven's Institute of Applied Economic Research – Campus Leer/Emden – are collecting data regarding the potential savings from, and the practical implications of, the SkySails-System un-



LAUNCH OF THE TOWING KITE

der real conditions for the first time. One goal to be obtained from this research is a structured training program for future SkySails captains. In the future, the SkySails system will use comparably large towing kites to propel fishing trawlers, smaller cargo ships, and super yachts. The use of this new technology can reduce fuel costs by between 10 to 35% on annual average. Under optimal wind conditions fuel consumption can be temporarily reduced

by up to 50%. "Tests on the MS Beaufort are a milestone in the development of hybrid propulsions for shipping. A thousand years of experience leaves no doubt that traditional wind power alongside combustion engines is the most promising form of energy for shipping," according to Prof. Capt. Michael Vahs, project manager at the University of Applied Sciences Oldenburg/Ostfriesland/Wilhelmshaven. Ever-increasing oil prices and stricter emissions regulations, increase the attractiveness of the innovative propulsion system to ship owners.

The flying SkySails-System on the MS Beaufort will be presented to the public for the first time by the end of this year. In 2007, the first pilot systems will propel large cargo ships for SkySails first system purchaser, Beluga Shipping GmbH, from Bremen, Germany. Beluga purchased the first system in January of 2006 for one of its cargo ship new-builds. In 2008, the first SkySails-Systems will be ready for series-production.



LANDING OF THE TOWING KITE

SALES CONTRACT FOR SUPER YACHT SYSTEM SIGNED

The French dock yard, 30 Metres Plus Yachts, has signed the first sales contract for a SkySails super yacht system. Owner and manager Michael Haeley explains passionately: "The SkySails-System is highly innovative and revolutionises yacht construction. Using



the SkySails technology it will be possible to combine the positive characteristics of both a sailing and a motor yacht. Yachts with an adjusted design for the SkySails-System can enjoy the comfortable sea characteristics of a sailing yacht and the space capacities of a motor yacht at the same time." 30 Metres Plus Yachts will install the SkySails-System on the new built Valbella, a 40 metres SkySails motor hybrid super yacht, in May 2008. The Valbella will be able to soundlessly cross the sea using the SkySails-System without support from the main engine. The dock yard in France plans to specialise in the construction of SkySails motor hybrid yachts after completing and testing the Valbella.

Further information about 30 Metres Plus Yachts at: www.30m-yachts.com

FIRST-SHIP-HOME-PARTY

ON THE EVENING BEFORE THE SHIPPING REGATTA OVER 600 GUESTS CELEBRATED WITH SKYSAILS FAR INTO THE NIGHT!

Over 600 guests from the shipping industry celebrated the "First-Ship-Home-Party" on 25th of August, the evening before the 24th Shipping regatta, happily far into the night. The party consisted of great company, food, drinks, live music, and up-close informational tours aboard MS Beaufort regarding SkySails innovative technology. On the following day, the MS Beaufort joined the regatta. The shipping regatta organised by Peter Gast Shipping has been one of the main events of the German shipping industry over the last 24 years. Thereby over 100 yachts sail from Maasholm (Schleimünde) to Ærøskøbing on the Danish island Ærø.



ABOVE: THE BEAUFORT AT THE SHIPPING REGATTA



BELOW: RELAXED ATMOSPHERE AT THE FIRST-SHIP-HOME-PARTY

Alongside ship owners and other representatives from the shipping industry politicians also regularly take part in the regatta - this year Schleswig-Holsteins premier Peter Harry Carstensen joined the regatta. SkySails plans to also take part in next year's regatta with over 1,000 participants.



INCREASING INTEREST IN THE FISHING SECTOR

For approximately one year, SkySails has been noticing a considerable increase of interest in its system in the fishing sector. This is mostly apparent through the attendance of professional fishing press and an increasing number of requests from this market segment. Recently over 30 trawler ow-

ners were assured of the performance capabilities of the SkySails-System at a presentation at the stronghold of fishing in Pontevedra, Spain. Next year a SkySails pilot system will already be installed on a fish trawler.

SKYSAILS AT THE SMM 2006

The international exhibition for Ship building, Machinery & Marine Technology (SMM) takes place at the exhibition centre in



Hamburg from the 26th to 29th of September.

SkySails will present its technology at stall 12.EG.600, between entrance East and Hall 12. With over 1,400 companies from over 50 nations

and approximately 42,000 professional visitors, the SMM is definitely the international lead exhibition of the maritime industry. Please visit us at the exhibition. We would be happy to arrange a meeting with you, simply email: contact@skysails.de. We are looking forward to seeing you there!

OLTMANN GRUPPE PRESENTS:

ADDITIONAL INVESTMENT OPPORTUNITY IN SKYSAILS**Oltmann Gruppe**

The Oltmann Gruppe from Leer reports completing SkySails 3rd round of financing, the venture capital at sea. However strategic, institutional, and private investors still have the opportunity for a short-period of time to invest in the development prospects of this trend-setting technology from 50,000 Euros onwards - with no disadvantages for previous investors.

The Oltmann Gruppe has so far raised 11 million Euros for the SkySails project

The Oltmann Gruppe has raised 2.9 million Euros equity capital in two previous rounds financing for the technology company SkySails. In the third round financing 8.05 million Euros were raised from strategic, institutional, and private investors for the SkySails project

Extending production capacities faster and developing new markets through additional equity capital

The founding partners of SkySails have decided to take on an additional 5 million Euros maximum equity capital in account of their shares.

The reason for this is the strong increasing interest in the area of fish trawlers that has been noticed for about a year. These ships are particularly suited for fitting with a smaller SkySails-System due to their low speed and common use in areas with strong and steady winds. To develop this lucrative and additional market from an early stage further capital is now required.

Furthermore, additional funds will be used to speed up the development process and organisation of production capacities from early on.

"These investments will be offered at the same financial conditions as the completed 3rd round financing", explains Oltmann Gruppe managing partner André Tonn and emphasises: "the additionally raised capital will only be used for the company and its development and will be in no form used for a payout of the founding partners - no cash up."

Thus strategic, institutional, and private investors now have the opportunity to invest in the business development of SkySails for a short period of time. "Interests of existing investors are not being touched. Since the founding partners offer investments in account of their shares there is no risk of capital dilution", says Tonn.

Further information can be found at: www.oltmanngruppe.de