

JSC "KRASS"

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Management: V.Bazhenov - the Head of joint - stock company "Trading house KRASS"

A.Vorotinetz - the Head of joint - stock company "KRASS"

V.Faibushevsky - Financial director of joint - stock company "KRASS"

Employees: 86 persons

Previous financing: \$470 000

Current financing: \$190 000

Requested investment: \$2 700 000

Use of the requested investment: Working out of new models of autogenous equipment; Construction of machining department (2000 sq.m); Construction of department of non-ferrous moulding (1500 sq.m); Purchase of equipment (its assemblage and launching); Training of employees; International certification; Increase of production; Introduction of modern management methods.

Company Description:

Our enterprise was founded on 21 of December, 1994. The enterprise produces gas regulators. In 1995 - 1997 gas regulators were worked out, patented and launched.

1998 г. - 65000 regulators were produced.

1999 г. - 71000 regulators were produced, 51 % of all shares of opened joint-stock company "Viritsky factory of metal product" ("VFMP") has purchased.

2000 г. - 120 000 regulators were produced.

Today the enterprise produces 7 models of regulators. In 1999 the production was transferred to "VFMP". Since July 2000 "KRASS" has owned 89 % of "VFMP" property. The cost of capital Assets of "VFMP" is no less than \$1 500 000.

Since February 2000 sales are carried out through "Trading house KRASS".

Our policy of development:

- working out of new product;
- improvement of products quality;
- direction of attention towards export;
- annual increase of production volume to no less than 80%.

Field and Directions of Activity:

Industrial production of autogenous equipment, medical and food industry equipment.

Orientation of activity: scientific elaboration of equipment, production, sale of products , external economic activities.

Products/Services/Technologies:

Current production: gas regulators (oxygen, acetylene, propane, argon, nitrogen etc.), gas valves, kerosene and gasoline cutting torches with fuel tank, acetylene generators. Welding and cutting torches have already been worked out and being prepared for production in 2000. Gas regulator are notable for their compact size, simplicity and reliability and in these features differ from other companies products.

This effect is the result of changing the direction of gas inside a regulator and precise mathematical calculation of regulator's details. The main inventions are patented.

The rights provided by patents belong to "KRASS". Our welding and cutting torches that were worked out differ from the other ones in the way their details could be produced according to

technologies of mass production such as pressing and rolling. The cost price of such products is lower as operations of machining are not used. Construction of welding and cutting torches and method of their production are patented.

Management Team:

Owners: 3 physical persons.

Director "KRASS" - Vorotinetz Anatoly had been the head of sale and marketing department for 5 years. He has his own inventions in the sphere of autogenous equipment and has patents of Russian Federation. Director "Trading house KRASS" - Bazhenov Vladimir 12 years of different enterprises running. He also has patents of Russian Federation. Financial director "KRASS" Faibushevsky Vladimir - experienced runner of accountants department he also has the experience in organization of professional accountants institute of Russian Federation, auditor.

Markets/Competition:

Our enterprise turns out the production, which is used in mechanical engineering, in extraction of oil and gas, in food and medicine industry. Annual volume of autogenous equipment consumption in the CIS (Community of Independent States) is no less than \$90 000 000. The equipment comprises - gas regulator, welding and cutting torches (oxy-acetylene, oxy-propane), valves, hoses, spare parts etc. The share of "KRASS" on this market does not exceed 2,0%. The world market of autogenous equipment appraises at no less than \$3 bn. In the CIS gas regulators are produced by the following companies:

Joint - stock company "Barnaul mechanical equipment plant" (Russia) - 400000 pieces. (53%), Joint-stock company "Krass" (Russia) - 120 000 pieces. (21%), "Techpromcomplekt" (Russia) - 50 000 pieces. (6%), "JET" (Russia) - 36 000 pieces. (4%), "DONMET" (The Ukraine) - 24 000 pieces. (3%), "Uraltechgas" (Russia) - 10 000 pieces. (1%), foreign companies (Sweden, Germany, Italy, Poland) - 100 000 pieces. (12%). Total - 740 000 pieces.(100%).

Sale channels of all producers are 400 dealer-companies all over the CIS. The main competitor of "Krass" is joint-stock company "Barnaul mechanical equipment plant" - enterprise-monopolist, which produces more than a half of all gas regulators but now it is losing its positions.

Company's serious competitor is rapidly developing ukrainian enterprise "DONMET" - producer of welding and cutting of good quality. "DONMET" controls 90% of autogenous equipment market of Ukraine. Prices policy of all market participants after economic crisis of 1998 is aimed at gradual prices rising at a speed passing ahead the inflation. If the current prices rising tendency is permanent, there will be 80% equipment's prices rising during next few years. The main competitors abroad are - "AGA" (Sweden), "MESSER" (Germany), "HARRIS" (USA), "TANAKA" (Japan).

Achievements:

- working out of autogenous equipment,
- purchase of Viritsky factory of metal products.

Outlook:

- Introduction of modern methods of business management in 2001 - 2002 will make our enterprise to be able to pursue long - term effective policy aimed on production increase and capture of the world market of autogenous equipment capture.
- Purchase of necessary technological equipment will result in annual 80 -90 % increase of production.
- High profitability of our product (40%) will give us a chance to conduct tough market policy in CIS countries and in 5-7 years it will allow us to control 20-25% autogenous equipment market.
- Introduction of new technological methods will result in improvement of our products' quality and design and by the year 2003 we will have the access to the markets of Eastern Europe, Asia and USA.

- In 2005 the sales will be \$38 000 000 and capitalization correspondingly will be no less than \$33 000 000.