

CITALL LTD

Volume of investments required: **\$ 2 000 thousand**

Intended use of investment required:

| | |
|---------------------------------|------------|
| R&D | 12% |
| Fixed assets acquisition | 60% |
| Products upgrade | 20% |
| Marketing | 3% |
| Working capital | 5% |

Company profile:

1. Date of establishment - April 27, 2001
2. Stage of development - Early stage
3. Size and source of investment to date - \$ 1 000 th., own funds.
4. Industry (production and development) - utilization of any kind of glass, production of heat-insulating materials.
5. Target market - industrial and civil construction, heating power engineering, chemical and oil industry, food industry, pharmacy.
6. Sales in 2003 - \$ 300 th.
7. Description and value of assets - \$ 920 th.: Industrial premises of 1776,5 sq.m - \$ 280 th.; - Furnace «entrance aperture» type - \$ 240 th.; LEP - \$ 200 th.; Mill-cracker - \$ 200 th.
8. Intellectual property rights - patent for foamglass production technology is owned by Celtor Group (Agreement between Celtor Group and "CITALL" Ltd to transfer rights for patent was signed).
9. Signs of public recognition - From 2001 to 2004 "CITALL" Ltd was part of the "Zvezdny" group of enterprises. In November 2003 company "CITALL" participated in Fourth Russian Venture Fair in Perm with Zvezdny-Citall project and became the winner in "Leader in Small Business" nomination. At the beginning of 2004 "CITALL" separated from "Zvezdny" group of enterprises.

Owners:

| | |
|------------------------------|-----------------|
| 2 natural persons | 50% each |
| | other |
| Share of government property | 0% |

Management and key personnel:

Suyetin, Viktor Petrovich - General Director of "CITALL plant", 43, university degree in Technologies and Economics. Occupied different positions in the large construction company in Perm since 1985, has been working as general director and founder of "Stroipanelkomplekt", a construction materials plant, since 1995.

Torokhova, Yana Borissovna - Marketing Director, 28, university degree in Law (Perm State University), Master's degree in "International Management" (Oxford Brookes University, UK), professional experience - 5 years.

Product characteristics:

Foamglass is ecologically safe heat-insulation material (insulator). Foamglass is made of scrap-glass and glass breakage. Scarp-glass is ground to small fractions, then chemical regents added, after that the glass-mixture is foamed in furnace under high temperatures forming foamglass mass. This foamglass mass is put through forms to make solid blocks or crushed materials (gravel, crushed stone) depending on forms configurations. Foamglass structure is light and porous, solidity is 100 -600 kg/m³ . Foamglass can be made in the form of solid blocks or as crushed material. Application: industrial and civil construction, heat power engineering, oil and chemical industries, food industry and pharmacy.

As a raw material, the present technology may use any kind of glass including scrap-glass with pieces of paper and foil. The unique features which differ foamglass from other insulators include low thermal conductivity, high solidity (5-30

kg/m²), ecological safety (does not produce hydrogen sulfide), durability (even in aggressive medium), convenient use in constructing, fire-proof, acceptable price.

Comparative analysis with existing alternatives:

| Characteristics | «CITALL» Ltdyear 2002. | Foamglass (USA), Year 2003 | Foamglass (Belgium), Year 2003 |
|---|---|--|--|
| technical, - density - solidity | 100 -600 kg/m ³ 5-30 kg/m ² | N/A 7 | N/A 7 |
| maintenance, - strength - ecological safety - durability | high safe high | low produce hydrogen sulfidelow | low produce hydrogen sulfidelow |
| price, \$ per m ³ | 200 | 400-500 | 400-500 |

Due to above characteristics the foamglass can be extensively used as an insulator in civil and industrial buildings construction.

Markets/Competition:

| | Characteristics | «CITALL», Ltdyear 2002 | Foamglass (USA), Year 2003 | Foamglass (Belgium), Year 2003 |
|------|---|---------------------------|----------------------------------|--------------------------------------|
| 2004 | Geographical location – Russia. Market size-\$ 30 000 th. | | | |
| | Company market share \$ ths./% | \$ 1 600/ 5% | N/A | N/A |
| 2008 | Geographical location – Russia. Market size-\$ 36 000 th. | | | |
| | Company market share \$ ths./% | \$ 8 100 / 22,5 % | N/A | N/A |

Foamglass sales are targeted at the Russian market. The size of Russian insulators market (foam plastic, foam polystirol, mineral foam, foamglass) is \$ 2,5 billion per year. There is no large-scale production of foamglass in Russia. Foamglass (hard insulator) is imported to Russia from the USA and Europe, import sales volume does not meet the market demands. The unique technology allows to produce the unique ecologically safe material for application in civil construction, while the imported foamglass is applied in industrial construction only.

Delivery will be organized in Russia, beginning with the Perm region, Novgorod, Cheliabinsk, Sverdlovsk regions, Chuvashiya, Udmurtiya, with further extension of deliveries to other regions of Russia.