

Conveyor LTD

Volume of investments required: **\$ 1000 thousand**

Intended uses of the investments required:

R&D (conveyors upgrade)	9%
Fixed assets acquisition (for producing conveyors of new generation)	58%
Products upgrade (unbroken conveyers)	8%
Marketing	4%
Working capital	11%
Patenting and certification	10%

Company profile:

1. Date of establishment - September 29, 2002.
2. Stage of development - Start up.
3. Size and source of investment to date - \$ 600 th. - own funds.
4. Industry - mechanical engineering, industrial transport.
5. Target market - mining, coal, processing, construction industry, sea and river ports. Transporting of all types of spilled loads.
6. Sales in 2003 - \$ 200 th.
7. Description and value of assets - None
8. Intellectual property rights - 11 patents in Russian Federation, all rights are reserved by the owners.
9. Signs of public recognition - The Russian Academy of Science grant, articles in the following specialized professional magazines: "Gornoe Delo" № 3, 2003, "Russkiy inzhener" - № 1, 2003, "Logistika" № 2, 2004, "Coal" № 6, 2004. Exhibitions participant: "Gornoe Delo - 2004", "Zoloto - 2004". Our company has a registered brand widely known in the Russian Federation. Our program "Serial manufacture of conveyers" was approved by the Russian Industry and Transport Committee.

Owners:

2 natural persons	50%, 50%
Share of government property	0%

Management and key personnel:

Kurov Sergei - Deputy Director, 52, higher education, specialist on the problems of the conveyor park maintenance at dozens of industrial enterprises of Russian Federation. He took part in the designing and producing of all new types of conveyors.

Products characteristics:

We have made a breakthrough in the world's conveyer construction and built the machines for our customers all over the world. Our conveyers have improved the performance and are capable of working in such conditions where conventional conveyers are useless. We have created 5 lines of new models, which are simple, reliable and maintainable in working conditions. Eight-year experience of operating under strict conditions, peculiarities of construction and design have determined a number of important advantages over the ordinary belt conveyers:

- 50% reduced conveyer belt demand and the opportunity to use cheap home-produced belt, the belt's life not less than 1.5 - 2 times longer;
- the possibility of transporting both lump, cargoes and fine and powder substances without quality deterioration, dusting and spillage of the load;
- the possibility to increase the tilting angle up to 30 degrees and even more while using the conventional belt with flat

surface;

- lower power consumption (1.2 - 2 times) in transporting;
- The reduction of the maintenance expenses half.
- The possibility of turning the conveyor with a radius of 15-25 meters.
- Due to the certain structural features the conveyers are 20 - 30% lighter than conventional roller conveyers and preserve the same performance.

Comparative analysis with existing alternatives:

All conventional conveyers have a totally ineradicable disadvantage: belt shifting that causes load spillage, crushing, dusting, quality deterioration while transporting and quick belt wearing-out. All these factors lead to great operation expenses. Conveyers of our design combine both the advantages of the endless conveyor belt and railway transport and are devoid of the above- mentioned disadvantages. A number of firms such as "Sikon" (Sweden), "Stern" (Germany) and others have tried to create similar conveyers but they proved to have intricate design and low maintainability. The cost is up to 2.3 - 2.9 times higher than the cost of our conveyers.

Markets/Competition:

In 2004 "Conveyor" was visited by several specialists from South Africa and France when they got the evidence in the unique features of these conveyors. We have no competitors in this area.

Conveyers are widely used all over the world in all branches of economy (e.g. the Stock Corporation Lebedinsky GOK uses 176 km). According to the estimates of the experts from the Analyses and Development Department of Stock Corporation "Sibal" Russia's conveyor market accounted for 40 million dollars annually in 2000 - 02 (The cost of 1km of up-to-date conveyor of high performance is about 1mln dollars). The leading manufacturers in Russian Federation are: the Stock Corporation "Artemovsky Machine- building Plant", the Stock Corporation "Alexandrovsky Machine - building Plant", The Stock Corporation "Belokholunitsky Plant", The Stock Corporation "DrobMash". All the manufactures produce similar products of low quality that does not satisfy the customers. Import deliveries are carried out by the firms from Germany, Finland, and Czech Republic. The imported products are of high quality although their cost is 1.8-2.5 times higher than those produced by Russian manufactures.

We practice division of labour with customers that allows cutting costs of our products.

In 2003-04 Conveyor Ltd. was made an offer to take part in the tender for delivering the products to the RF and CIS on the total sum is more than \$30 mln. We plan to get 25 - 30% of the Russian market, up to 25% of the CIS market in 4-5 years and enter the international market.