

## DIAMED Ltd

**Volume of investments required: \$ 600 thousand**

### Investment patterns

Acquisition of fixed assets - 45 %

Products upgrade - 25 %

Marketing - 15%

Acquisition of current assets - 15 %

### Company profile

1. Date of establishment – October, 2001.
2. Size and source of investment to date – \$ 120 000, including: \$ 50 000 of the "OOO Progress-Leasing" Ltd and \$ 70 000 – own funds.
3. Production – Sour milk products for medicinal and dietetic purposes and for babies and children on basis of eubiotics (functional foodstuff).
4. Target market – Medicinal and dietetic foodstuff for all ages.
5. Sales 2004 – \$ 580 000.
6. Description and value of assets – \$ 50 000. – Sterilizers; pumps; vats (for milk reception and for cooling); laboratory, refrigerating, and office equipment; tote boxes; motor transport.
7. Goodwill and intellectual property rights – The patent for a protein paste production method and the patent for the "Bifikrokha" trade mark belonging to the "Diamed" Ltd.
8. Signs of public recognition – Diplomas and gold medals awarded for the medicinal-prophylactic products "Bifidumbacterin" and "Bifikrokha" (bifidumbacterin from sour milk) at the All-Russian contest for best foodstuffs (Volgograd, 2004 and 2005), the diploma in 2004 and the prize in 2005 for high quality of product at the "Made in Saint-Petersburg" competition, a diploma of the All-Russian Protection of consumers society, diplomas of All-Russian exhibitions, an article in the "Dairy Industry" journal, an article in the "Problems of Children's Dietology", the Certificate for results of clinical trials of sour milk products (performed in the Pediatric Academy).

### Owners

1 Individual	100%
Share of government property	0%

### Description of production

Current products: Medicinal-prophylactic foodstuffs on basis of (cow's and goat's) milk ripened with eubiotics (i.e. live microorganisms and their metabolites). The products make digestion and vitamin synthesis processes more active, they have marked anti-carcinogenic properties, prevent pathogenic microflora from reproduction in the gastrointestinal tract. They are positioned as functional foodstuffs and can be used as ordinary foodstuffs. They have medicinal-prophylactic effect on such diseases as: dysbacteriosis, partial lactase deficiency, acute leucosis, oncological diseases, pancreopathies. They can be recommended for babies in the period of transition from breast to usual feeding, in case of allergies of various aetiologies, when artificial feeding takes place, for gluten-free diet, for insular diabetes etc.

Products under development: products from goat's milk ripened with eubiotics are in process of registration (for the first time in Russia); a protein paste containing eubiotics (live cottage cheese) has been developed and patented; a number of beverages enriched with eubiotics of prophylactic purpose is under development.

### Markets & Competition

The Company occupies the segment of sour milk medicinal-prophylactic foodstuff in the children's dairy products market. The value of this market in the North-West Russia was \$ 800 mln in 2004 and the real and planned average growth rate is estimated to be about 10–15% per year in 2000–2010. The target segment of the market formed about 5–7 years ago and its growth rate can be 70–100% per year in 2005–2010. This means that (in case of expansion of production distribution area) the value of the target segment can reach \$ 70–80 mln (in the North-West and Central Russia) by 2010. Thanks to its method of production, the Company has no direct competitors.

	Data	Production of "Diamed" Ltd	"Agousha"	Others
Geographical Region – Saint-Petersburg and the Leningrad region. Market size \$ 2 million				
2004	Company market share	500 / 25%	1500 / 75%	-

	\$ ths / %			
Geographical Region – the Central and North-West Russia. Market size \$ 10 million				
2009	Company's market share \$ ths / %	3 200 / 40%	4 000 / 50%	800 / 10%

#### **Marketing & Sales**

Main directions of advertising: the production is positioned as functional foodstuffs. It is planned to take part in exhibitions, to make up presentations of the production in patient care and health-improving institutions, to realize sound advertising in the underground and by radio, to make visual advertisements to accompany the production delivered to stores.

Basic sale channels: big food stores, supermarkets, the "Dieta" network stores, children's foodstuff stores, drugstores, private shops; foodstuff supply to child and patient care institutions; establishment of a children's café network (158 contracts were made in 2005 including 8 contracts with child and patient care institutions).

#### **Prospects of development**

Building of a functional foodstuff factory, extension of the range of production and of the distribution area. Establishment of a network of children's cafés and stores belonging to the Company (one store and one café already exist).