MICROBOR Ltd

Volume of investments required: $ 4 000 thousand

Use of funds

R&D - 10%

Acquisition of fixed assets - 25%

Marketing - 25%

Acquisition of current assets - 40%

Company profile

1. Date of establishment – April 01, 2002.
2. Size and source of investment to date – $ 2 800 000, including: shareholders – $ 2 560 000, Federal budget (against government contract) – $ 240 000.
3. Production – high-performance metal-cutting tool «Microbor» and technological solutions on its basis.
4. Target market – machine building, construction, repair works, oil and gas branch etc.
5. Sales 2004 – $ 7 000 cutting tool «Microbor».
6. Description and value of assets – $ 308 000 –production equipment.
7. Goodwill and intellectual property rights – License of Scientific and Research Institute of Physics of Solid Body (Minsk) over the production use of the catalyst synthesis of Cubic Boron Nitride (CBN).

Owners

Legal entity: Microbor Technology Ltd (London)	100%
Share of government property	0%

Products characteristics

Microbor Company, basing on the fundamental technology of CBN power's synthesis, has elaborated the technology for the production of unique composite material (compact of CBN powder), the peculiarity of which, if compared with the competitors, is high solidity, heat resistance and impact resistance.

Totality of such features allowed Microbor company manufacture the cutting tool for the working of the vast range of metals by means of cutting, including those intractable.

Such tool has high durabilityand performancetogether with the possibility of universal application within rough and semi-finishing metalworking.

Markets and competition

	Index	«Microbor»	Hard Alloy	Ceramics	usual CBN	Others
2005	Geography – the World. Market volume $ 5.7 billion					
	Market share, $ mln / %	5/0,00…%	3 990/70%	456/8%	285/5%	969/17%
2009	Geography – the World. Market volume $ 6.3 billion					
	Market share, $ mln / %	17/0,003%	4118/65%	824/13%	634/10%	760/12%

At present, the most popular tool material is hard alloy, occupying more than 2/3 of market. However, according to the data of market report from Frost&Sullivan, the use of hard-alloy tool has greatly decreased (by 8%). The tool materials, the use of which has sufficiently increased, include cubic boron nitride(increase from 2 up to 50%). Actually the production of ceramics remained on the same level. Such growth (actually doubling) of hard and super hard tool materials' production is due to, no doubt, incoming sharp increase of the use of intractable materials in production, application of high-speed modes of metalworking. This also include the transfer of any machine building companies towards to use of new progressive technologies of metalworking, such as "hard turning", "dry processing" (without lubricating liquid) and high-performance (HPC) of tempered and intractable materials. Such tendency, according to specialists, will remain in future up to 2009.

Marketing & Sales

	Russia	The World
Product	Performance increase solutions with the help of Microbor CBN-based cutting tools	CBN Microbor instrumental material Know-How on CBN-based instrumental manufacturing and increase of cutting performance
Target group	Large machinery enterprises with big heavy turning portion and relevant problems in technological process	Large instrumental manufacturers and big engineering companies
Strategy for sales organization	- direct sales and implementation - creation of authorized partners' network	- partnership with TOP 10 tool companies, use of heir respective expansion channels - creation of authorized partners' network for the implementation of MICROBOR™
Price policy	Sales of final PRODUCTIVITY and not the number of tools	Sales of semi-finished products for the tool, taking into account premiums for increase of productivity
Strategic objectives	Creation of the brand for the engineering structure and MICROBOR™ tool, occupation of leader's position in the market of high-performance and unique tool for metal working	Creation of brand for the material of MICROBOR™ in order to produce unique tool, solving the problems of heavy turning and increasing the metalworking's efficiency several times