

## STC RATEC Ltd

### Volume of investments required: \$ 12 000 thousand

#### Use of funds

R&D - 25%

Acquisition of fixed assets - 15%

Product upgrade - 22%

Marketing - 33%

Acquisition of current assets - 5%

#### Company profile

1. Date of establishment – April 1991;
2. Size and source of investment to date – \$ 4 200 000. – Shareholders' investments and reinvestment of profits. Also ISTC grant #1509 (\$ 136 000). Financing under the Russian Ministry of Science and Education (2005–2006) – \$ 450 000.
3. Production – 1) The systems on the basis of neutron radiation analysis for detecting explosives, radioactive and fissile materials (EDS systems) 2) Portal monitors are aimed for detecting minimum quantities of radioactive and fissile materials.
4. Target market – Security market. Inspection devices for checking various objects on the presence of explosives, toxic agents, radioactive and fissile materials.
5. Sales 2004 – \$ 375 000.
6. Description and value of assets – \$ 103 000 – manufacturing and research equipment.
7. Goodwill and intellectual property rights – Russian patents: #2009475, #2011974, #2046324, #2065156, #2206080; Russian Certificates #1750, #1550, #3832; American patent #US 6,928,131 B2 (29.11.2002); Russian patent applications: #2004107787, #2004124111 and #2005101306; International PCT application #PCT/RU 2005/000117.
8. Signs of public recognition – Successful tests of the RATEC EDS systems in the USA; Certification and recommendation of the Russian Transport ministry to use RATEC EDS systems in the airports; Diploma of the "Transport security" conference-exhibition March 2004; Gold medal of the International Salon of inventions in Geneva (April 2004); Editorial article in the leading aviation security magazine "Aviation Security International" (April 2004), in which RATEC is recognized as leader in utilizing neutron analysis; Victory in competition of innovation projects – Russian Tech tour 2004; Victory in competition of Russian innovations as "Best innovation in security sphere-2005".

#### Owners

Legal entities (Companies)	25.99%
Individuals (13)	74.01%, from them: 65.88% – 4 individuals; 8.13% – 9 individuals
Share of government property	0%

#### Products characteristics

EDS systems allow detecting any type of explosives irrespective of shape and masking, including plastic explosives. Main principle – the explosives being identified on the basis of registration of gamma-radiation of nitrogen irradiated by thermal neutrons (practically all types of explosives contain high concentration of nitrogen).

Current products: 1) EDS systems: EDS-5101 model (for hand baggage inspection), EDS-3100 model (for briefcases, bags and parcels); 2) Portal monitors are aimed for detecting minimum quantities of radioactive and fissile materials for different applications.

Products under development: 1) EDS devices for hold baggage inspection; 2) EDS systems, combined with x-ray unit in one box; 3) EDS systems for inspection of the objects found in public places; 4) EDS systems for inspection of cargo containers, combined with x-ray units.

Direct analogs don't exist.

**Markets & Competition**

Current products: Target markets – airports and other transport objects, customs, state strategic objects, special services, post offices. Protection of VIP person. Competitors are presented in “Comparative analysis with existing alternatives” table.

Products under development: Target markets – the same for current products + check-points of cargo containers.

Competitors – the same for current products.

Main market of all RATEC EDS systems is located outside of Russia (first of all in USA, where the only customer (Transport Security Administration & Department Homeland Security) exists).

World market of explosives detection systems

	Data	RATEC EDS systems	Quadrupole Resonance systems
	Geographical Region – Russia. Market size \$ 5 million		
2004	Company market share, \$ ths / %	370 / 7.5%	The systems have not sold yet
	Geographical Region – USA, Europe, Asia, Russia and CIS Countries. Market size \$ 6 billion		
2009	Company market share, \$ ths / %	600 000 / 10%	120 000 / 2%

**Marketing & Sales**

RATEC has business plan for world market promotion prepared by leading US expert in sphere of security systems promotion. In Russia and CIS countries – direct sales; in other regions – strategic cooperation with leading manufacturers and sale of licenses on manufacturing.