

## SiliKem Ltd

### Volume of investments required: \$ 1 200 thousand (in 3 rounds)

#### Use of funds

R&D - 15%

Acquisition of fixed assets - 55%

Product upgrade - 5%

Marketing - 10%

Acquisition of current assets - 5%

Other (testing, certification) - 10%

#### Company profile

1. Date of establishment – July 19, 2004. Established as the winner of the Program START supported by The Foundation for Assistance to Small Innovative Enterprises.
2. Size and source of investment to date – \$ 600 000 since 1994; including: our own funds – \$ 75 000, grant of The Foundation for Assistance to Small Innovative Enterprises – \$ 25 000, \$ 500 000 – investments from various sources before the establishment of the company. \$ 125 000 can be received from the Fund in addition, \$ 17 000 are supposed to be received as the grant from the Administration of the Kemerovskaya oblast.
3. Production – highly thermally stable silicone thin layer electroisolation for powerful electric machines and transformers.
4. Target market – manufacturers and menders of powerful electric motors, generators, transformers, etc.; widely used in industry, power engineering, in transport.
5. Sales 2004 – none.
6. Description and value of assets – \$ 200 000 (the basis for research and technological purposes) – premises, the equipment, completing and auxiliary materials, and the pilot installation being put into operation now, capable of providing the output \$ 200 000 per year on the assumption of two-shift operation.
7. Goodwill and intellectual property rights – “SiliKem” Ltd is the owner of two patents of the Russian Federation.
8. Signs of public recognition – “SiliKem” Ltd is awarded silver and bronze medals of the Moscow international exhibition of innovations and investments (2005), a crystal medal of the International fund of bio-technologies (2005), Diplomas of the first degree of International exhibition “Chemproduct” (2005); the company is the winner of the “Innovations and inventions of 2005” competition in the Kemerovskaya oblast.

#### Owners

Individuals (7)	100%
Share of government property	0%

#### Products characteristics

Manufacture of new generation of thermally stable electroisolation for powerful electric installations is in active preparation now. Materials have been tested at a number of electrotechnical plants of Siberia.

#### Markets & Competition

The potential market of electroisolation for electromachines in Russia is \$ 15 mln / year. The cost of electroisolation constitutes about 5% of the cost of produced electric equipment, and first of all – more than 80 ths units of powerful Russian electromachines for the mining equipment, chisel installations, dredges, electrogenerators, transformers, electropumps, transport, etc. – are produced every year. The capacity of the alternative world market is not less than \$ 1.0 billion / year. Also, the market of electromachines is extending now.

The level of competitiveness of the “SiliKem” materials compared with the alternative world electroisolation materials is twice as much due to their high technical and economic parameters. The application of new silicone electroisolation allows us to increase the reliability and durability of electromachines 5–10 times as much, to considerably reduce labour input, materials` input and the cost of their manufacture, having reduced their dimensions by 30–50 %. Electroisolation materials are competitive on the world market.

Data	Production of	Russia (others)	Import
------	---------------	-----------------	--------

	"SiliKem"		
2004	Size of the market of electroisolation of Russia for electric motors and transformers is \$ 15 million		
	Company market share \$ ths / %	0 / 0%	7 200 / 48%
2009	Size of the market of electroisolation of Russia for electric motors and transformers is \$ 17.5 million		
	Company market share \$ ths / %	2 500 / 14%	7 700 / 44%

### Marketing & Sales

Promotion onto the market will be assisted by the participation in the production processes of a leading Russian companies of powerful electric motors and three large Russian plants who are interested in replacing of inaccessible, expensive and inconvenient in usage polyamide electroisolation by the silicone one. Promotion is planned with the help of one of leading suppliers of import electric equipment to Russia. An active participation in exhibitions will help too.

### Prospects of development

Different cases of participation of a venture investor, including introduction of his representative into the Board of directors, allocation of a share to him, development of a new enterprise, sale of the license or development of joint parallel manufacture abroad, are possible.

Nowadays the development of a more effective glass-silicone and glass-titanium-silicone electrotechnical isolation for powerful electric motors for mining machines is being conducted.

It is also possible to cooperate with the investor in the production of thermo- and chemically stable materials and protecting coating for the manufacture of machine building structural members; in medicine – implants, artificial limbs of joints, vessels, breathing and digestion organs, the elementary medical apparatus – vessels, catheters, tubes and hoses for blood transfusion, parts of complex medical equipment, etc.; light industry – waterproof "breathing" (passing oxygen, carbon dioxide, water vapors) fabrics for sports and special clothes, tents, etc.; waterproof materials and technologies for the building industry, etc.