



Russia, St.Petersburg

Summary

1. **Volume of investments required – \$ 1900 thousand.**
2. **Products** – universal compartmental heat insulated solid glued building elements for construction of low-rise fast-scaffold structures of various purpose and price levels. Solid glued wood euro-windows, inoculated cement – shaving slabs, fuel pellets.
3. **Trade marks** – none.

Company Profile

Date of establishment – April 19, 2002. In addition to wholesale and retail trade of home appliances and electronics, the company was engaged in repair and construction of country-side objects. In the spring of 2005 a group of 4 persons took on project development with application of compartmental building elements; a totally new company will be organized specially for realization of the project.

Number of employees – 4 persons; attracted labor force – 3–5 persons.

Team

Ilyin Maxim – Director General, 30 y.o. Owner of LLC "NFC". Worked as general manager of wholesale and retail trade more than 10 years, and of Internet shopping system "Warehouse–client" for over 3 years.

Prokhorov Stanislav – Director on Construction&Production, 50 y.o. Qualification: technology engineer. Author and legal owner of 3 patents of the RF, determining the concept of compartmental elements. Working in the construction industry for over 18 years. Previously owned joiner's production, workshop producing expanded-clay concrete blocks, co-founder of production cooperatives and limited liability companies.

Serov Vadim – Manager, 31 y.o. Specialist in working with corporate, wholesale and retail clients. Supervised works in furniture and building areas.

Products characteristics

The building technology based on compartmental heat-insulated construction elements is capable to satisfy, in full measure, the majority of customer's requirements – at lower costs, getting a structure of the best external and performance properties.

Compartmental technology is the NEW CLASS LOAD-BEARING UNIT of wide application. The basis of this technology is "dry" assembling of all structural parts – partitions and internal walls, inter-storey floorings and roofing systems. This technology works according to principle of "Lego" game – assembling a whole unit of actually equal elements, produced in commercial production conditions and completely arranged for installation at the object – of the necessary sizes, with heat insulation and finishing work.

Building element – solid glued composite beam, the internal space and lateral surfaces of which is a set of combined spacers reinforcing the design of the element as a whole, made on the basis of channel bar and double tee. Internal hollow spaces can be filled with fire-resistant sound-and-heat insulator. The sizes of elements can be any required for construction – from 150x150x3000 mm up to panels comparable in size with the constructive part of the structure (wall, fronton, floor, roofing module). Production materials are various kinds of lumber, plywood, various slabby construction materials, concrete, metal, plastic.

Many construction operations are no more required, the effect of "human factor" can be disregarded, as well as the majority of finishing works. Exploitation properties of the structure, its flame-resistance and heat-saving capacity are much higher; costs considerably (from 200 euros for sq.m of gross area) and materials consumption do decrease (hollowness – up to 85%). Environmental properties of the structure (there is nothing except for lumber and basaltic bat wool) and productions (complete wasteless production) are higher. Commercial production of compartmental elements does not require any complex equipment and is easily duplicated.

All analogues known to us – SS "Elevit", prefabrication frame "Format" (PSK "Format"), MBH "Technology", "House – Concept-Commonwealth", "Rosstro-Velox", products of OOO "SRC Woodworking", and many other have no inherent compartmental technology, complex approach, pliability, application versatility, strength, quality, environmental friendliness, proper speed of construction and low cost.

Current state

The basic researches and development have been finished, production technique of all sorts of elements has been developed, some "know-how" have been determined; and there also exists certain quantity-production. All certification and expertise arrangements are being completed. Building rules are being developed.

«The universal module» has been made and sold, to start quantity-production. There is an arrangement for organization of production at a wood-working enterprise in Leningrad region.

Development strategy

Use of funds

1. R&D	3.0%
2. Acquisition of fixed assets	63.5%
3. Marketing	7.0%
4. Acquisition of current assets	15.0%
5. Other	11.5%

Prospective outcome of investment

Prospected investments will allow to create, in 6-10 months, an up-to date and highly profitable complex production with its own marketing structure. Completing the formation of professional team which will facilitate to expand production and sales beyond the limits of Northwest region and to promote the above technology in the other regions of the Russian Federation via the company's branches.

Marketing & Markets

According to estimations of "Lesprom" and "Association of wood house-building", 2–3 thousand of wood and frame houses have been constructed in 2006 in the Northwest region. Across all RF – several dozens thousand, which, at average price min. \$ 800 per one sq.m of gross area – several billions of US dollars.

Due to versatility of application and the advantages of compartmental technology, we could enter the market in several directions:

- Attraction of structure construction volumes of low and average price level – from 250 up to 700 euros per sq.m of gross area, earlier unused in commercial production.
- Reorientation of demand of the consumers of glued sawn timber, dressed logs, panel-frame house-building and swapping of the demand for old technologies – foamed concrete, brick, reinforced concrete.
- Construction of fast-scaffold heat-insulated structures of industrial – warehousing and agricultural purposes.

Potential opportunities of the above technology will allow to get, in 2–3 years, 1% of the market, and in 5–7 years – several percents. Acknowledgement of interest has been received in all negotiations with building and commercial organizations.

Exhibitions and permanent expositions on building subjects. Ordered articles in thematic printed publications, Internet site and electronic distribution. Work and financial interest of sales managers of construction trade enterprises. Contacts and cooperation with construction companies. Interaction with banks for issue of loans to potential consumers.

After development of production and sales in Leningrad region – creation of a dealers' network in the other economically significant regions of the RF.

Interaction with investor

The investor may have, in the organized company, on certain conditions, up to 51% of share in the property.

Return of investments, by way of commercial profit and growth of cost of share of the industrial complex, can be done in 18–24 months from the beginning of the project's financing.

Warranty for the investor will be full-scale supervisory control over fulfillment of the approved business-project. Investments, in case of improbable concurrence of the adverse conditions, will be returned at the expense of the increased prices for the land plots, office and industrial premises.