



Republic of Belarus, 220040 Minsk,  
Bogdanovich Str. 112  
Phone: +375 (17) 288-35-64  
Fax: +375 (17) 217-70-81  
E-mail: [int@polimaster.us](mailto:int@polimaster.us)  
[www.polimaster.com](http://www.polimaster.com)

**Volume of investments required – \$ 5 million**

**Summary**

1. **Production** – as a project it is proposed to create a new joint venture that will be involved into production and sales of wrist gamma indicators PM1208 and PM1208M [http://polimaster.com/products/electronic\\_dosimeters/personal/pm1208m/](http://polimaster.com/products/electronic_dosimeters/personal/pm1208m/) under purchased Swiss watch trade mark through watch distributing trading network in Russia with further entry into the world market.
2. **Trade marks** – it is proposed for a new company to obtain a license of trade marks Polimaster and PoliWatch. Polimaster also possesses such trade marks as Polimaster / Полимастер / Polismart / RadFlash / Polimatrix / PM1703, and so on.
3. **Sales 2007** – Polimaster Group is \$ 12.186 ths.

**Company profile**

**Date of establishment** – a project is proposed to create a new joint venture between investors and Polimaster Group in 2008-2009. Activity of Polimaster Group (established in February 28, 1992) includes development, manufacture and distribution of equipment and systems for radiation control. Polimaster possesses trade marks and subjects of industrial property protected by patents and patents applications. Own manufacturing companies are in Belarus, Lithuania, the USA, OEM (original equipment manufacture) are developed in Poland, Russia, China.

**Description and value of capital assets** – \$ 820 ths. (manufacturing equipment, calibrating stands, office equipment).

**Previous rounds of investments** – none.

**Signs of public recognition** – high quality of the equipment and developments of Polimaster is proved by numerous national certificates of the countries where the instruments are used and also by the results of different testing in the USA (Los Alamos), in Europe (IAEA ITRAP, WTO, Interpol), in Russia (Russian Federal Nuclear Center, Federal State Unitary Enterprise “National Research Institute for Physical Technical and Radio Engineering Measurements”, Russia Scientific and Research Institute for Metrology). US Patent 7,351,985 and Eurasian patent #007991 dated February 27, 2007, for a watch with functions of dosimeter.

**Number of employees** – Initially, it is assumed to employ about 20 persons, 10 of them – in the marketing department. In Polimaster Group there are about 180 persons.

**Structure of ownership**

Investor	49%
Polimaster	51%

**Team**

**Kolupaev Alexander** – Director, 59 y.o. Mr. Kolupaev graduated from Belarus State University (BSU) in 1971, faculty of radio physics and electronics. In his student time he was actively involved in research and development works. He passed the way from a research assistant to chief engineer of a special engineering and design bureau with pilot production. Mr. Kolupaev took part and headed numerous projects in the field of aerospace technique, eco ranging and was awarded by a number of governmental diplomas. In 1990 he was in the origins of Inter-industrial scientific and technical centre Minsktechnika, later public corporation “Technosat”, that was a well-recognized leader in the sphere of space communication engineering and telecommunication. Since 1998 – Technical Director of Polimaster Ltd., since 2005 – Director of FE “Polimaster International”.

**Gordeev Alexander** – Deputy Director, 32 y.o. Mr. Gordeev graduated from Belarussian State University in 1997, faculty of radio physics and electronics (obtained a distinction), in 1998 graduated from the Business School at BSU, speciality – economics, and in 1999 – Master of Science in Management of Technologies, Colorado University, Economics Institute, Boulder, CO, USA, Business Administration, Economics. He started his working activity as a senior lecturer in the Business School at BSU. Since 2000, Mr. Gordeev has been working for Polimaster Group. Since 2005 – Deputy Director of FE “Polimaster International”. Mr. Gordeev has combined knowledge and management experience of the company with the total cycle – logistics, manufacture, development, finances, management, and also has skills of development and incorporation of the strategy, development plan and management of separate holding companies.

**Shmerko Anna** – Leading Specialist of business development department of FE “Polimaster International”, 26 y.o. Mrs. Shmerko graduated from Belarus State University, philosophy and social studies faculty, speciality – informational and communicatory technology (obtained a distinction). For the present moment she is a student of the School of Business and Management of Technology at BSU, MBA program. Since 2002, Mrs. Shmerko has been working for Polimaster Group and passed the way from the specialist of External Economic Links dpt to the

leading specialist of business development dept. She has wide knowledge concerning the peculiarities of world markets, great experience to run the business and carry on negotiations in the USA, China, the Middle East, Japan and also great experience in development of the company from local to the level of international holding company.

### Production

The first field of the activity of a new company will be distribution of watches with gamma radiation detector, as more technologically developed and ready for direct entry into the consumer market. The probability of arising man-caused threats and acts of terrorism with the usage of radioactive, nuclear, chemical, bacteriological and other materials is very high and it has a tendency to increase. Polonium, dirty bombs, crashes and industrial emissions, all these create threats for life and become more probably and available. That is why the demand for the instruments that can alarm in time and that are available not only for the professionals but also for the consumers really exists but is not met. There are only expensive and cumbersome instruments which can solve such problems and only professionally trained users can work with them.

The company Polimaster is the only in the world creator and manufacturer of watches with the function of dosimeter. The unique combination of a watch and dosimeter, stylish and modern design, miniature dimensions, all these are the advantages that distinguish PM1208 and PM1208M from common dosimeters actively spread after Chernobyl disaster. Besides all mentioned above, the instruments can store about 500 readings in the build-in nonvolatile memory and they can transfer data to PC via IR port. Using the software supplied together with the instrument, the user has an opportunity to make settings in the instrument by himself, to set proper thresholds, to look through and save the history.

### Current state

Two types of watches with radiation detectors have been developed and are being manufactured at present time. The rights for distribution are joint. The model of a new generation watch with reduced dimensions that can be used in the project are under development now.

### Development strategy

The instruments manufactured by the company Polimaster are not sold through distribution system at present time and that is why they are not available for consumer (B2C), they are sold through specialized dealers in the market of safety goods.

Hence, there is a unique instrument that has not any analogues and competitors and there is pent-up demand for such goods that will increase with time. Manufacturability of the instrument and specificity of the production process (metrology) are the main barriers for the competitors to enter the market that will give time for the brand development and keeping the leading position in the watch market. So, there are ideal conditions for business development and success probability of the project is rather high.

### Use of funds

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|--|-----|
| 1. R&D (development of the new product design)                                   | 3%  |
| 2. Acquisition of fixed assets (manufacturing licenses, trade marks)             | 4%  |
| 3. Marketing, advertisement and PR   | 65% |
| 4. Acquisition of current assets (for manufacture and manufacture certification) | 28% |

### Prospective outcome of investment

It is proposed to create a new joint venture that will be involved into production and sales of wrist gamma indicators PM1208 and PM1208M under purchased Swiss watch trade mark. Financial indicators are given below.

### Marketing & Markets

For the new company the first market will be Russian Federation with the further entry into the world market. In 2007 the volume of the world market (professional) of the watch-dosimeters was \$1775 ths. In the total sales, the Russian market has 94%. For the present moment, the volume of the dosimeter consumer market is around \$2000 ths (2500 instruments). After the significant investments in marketing and advertisement and also after the entering into the consumer market using the watch distribution network, the sales will be increased in several times. By 2012 the market volume will be \$25 mln.

### Interaction with investor

It is proposed to create a new joint venture with the investor (49%).

### Financial characteristics, \$ thousand

Data	Facts			Forecast 2008	Forecast with the investment required			
	2005	2006	2007		2009	2010	2011	2012
Sales					1988	5000	10 300	25 750
Operating income					-3 574	-3 015	-1 218	4 123