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## Volume of investments required – \$ 10 million

### Summary

1. **Products** – LED street-light, architectural and industrial luminaires. Area of usage – street illumination, architectural lighting, industrial illumination, lighting of special objects (motor ways, railway stations, airports).
2. **Trade marks** – LED luminaires “Zers”.
3. **Sales 2007** – \$ 722 ths.

### Company profile

**Date of establishment** – July 1993. Since 1994, “Zers” Ltd. was the first company which produced complicated technological equipment for show technology on the South Federal District market. In 2001, the “Zers” company joined holding “Notis”. Further development of production, business and growth of scientific company’s potential lead to creation of such devises as “zenith projector” & “Sky rose” with gas-discharge lamps with power of 2.5 kw, and also step-motors, which allow to rich four degrees of liberty at dynamical rotation. Thus, gained experience allowed shifting from high technological lighting equipment for entertainment industry to a more scientific and prospective branch – production of LED luminaires.

**Description and value of capital assets** – about \$ 100 ths; basically equipment. Industry building is in rent.

**Previous rounds of investments** – there were no external investments.

**Signs of public recognition** – Diplomant of the “100 best Russian goods” competition 2007. Silver medal of 8th International Moscow saloon of innovations and investments. Diplomant of 13th International specialized exhibition of light-technology goods “Intersvet-2007” (Inter-light 2007). Diplomant of 7th trans-regional economical forum of “Innovations and development”. Diplomant of 10th St. Petersburg International economical forum. Honorable diploma of regional contest “Best Don’s goods”

**Number of employees** –100 persons.

### Structure of ownership

Natural persons	100%
Aggregate share of government property	0%

### Team

**Osipenko Yuri Vladimirovich** – Director General, 32 y.o. Higher education: the East-Ukrainian State University, specialization: manager-system-analyzer. Today, he is director general and owner of some companies (group of companies “Notis” and group of companies “Zers”) which deal with production and installation of LEDs luminaires.

**Pervushina Elena Valentinovna** – Financial Director, 42 y.o. Higher education: the Novocherkassk Polytechnic Institute, engineer-mathematician. She will form optimal scheme of financial fluxes, she also develops the strategy of profit usage, including composition of development budget. Currently, working as a financial director at the holding company “Notis”.

**Kuzenko Vladimir Borisovich** – Technical Director, 37 y.o. Higher education: the St. Petersburg High Military-Engineering Intercommunication college, engineer-signaller. He will solve questions regarding technical manufacture preparations, realization of engineering projects. Nowadays he is Director General of “Zers-Engenering” Ltd.

### Production

Currently, nomenclature of developed and produced luminaires makes up to 74 items. For each luminaire category there are scientific researches and R&D activities regarding production of new generation lamps. Time needed for producing luminaires of new generation (or new series) is from 6 till 12 months.

Licensing of this activity is not prescribed by Russian legislation. Certification of products is volunteer. At the current moment there is a certificate of correspondence and a patent for model range of LED luminaires. In addition, company is planning to conduct R&D activities in the sphere of exploring of light, metals and contractions for new types of luminaires development. Research and development activities in the sphere of information technologies used for illumination controlling, new types of luminaires with independent electrical supply (sun energy), exploring powerful LEDs; production of LEDs together with a foreign partner is planned.

LED luminaires are ecologically clean and they don’t need special conditions for exploitation and utilization. Their operating lifetime is much longer than analogous products (time of non-stop work of luminaire is no less than 7000 real hours, it is equal to 20 years of exploitation, at 10 hours workday). With the passage of time main characteristics as luminous flux and luminous efficiency are not changed.

Usage of LED luminaires optimized for receiving normative illumination figures according to construction Norms and Regulations 23-05-95 really allows getting a double economy of electricity. It happens thanks to such characteristics as: longevity and long time of exploitation, there is no need to change LEDs and maintain luminaires during

their exploitation, insignificant electricity consumption, opportunity to use cables of smaller cross-section, minimizing of electricity deficiency, decreasing of electricity net overloading, ecological safety.

#### Current state

Company is constantly developing. There are established contacts with foreign partners and suppliers of component parts. Research works with new luminaires are being conducted also. Pilot projects with use of produced equipment for RRS (Russian Railways) are being realized in Yeisk (Krasnodar region).

#### Development strategy

##### Use of funds

1. Acquisition of fixed assets	70%
2. Marketing	5%
3. Acquisition of current assets	20%
4. Other	5%

Invested money will be used for creation of manufacture and forming of current assets.

##### Prospective outcome of investment

There will be made an up-to-date production of LED luminaires with manufacturing rooms, offices, laboratories and warehouses with total square of 5000-4800 sq. m. Production will give an opportunity to manufacture up to 240 the various luminaires per a year.

##### Marketing & Markets

For realization of the products, the markets of Russian Federation, Byelorussia, and Kazakhstan are considered. Sales will be made with the help of company's regional representatives in big cities of Russia and FSU. The project and financial-juridical scheme for creation and reconstruction of street lighting nets in Russian cities and municipal areas with attraction of huge investors are developed. It is planned to enter into the global market (United Arabic Emirates, India, Brazil) through opening a joint venture and organizing assembling productions.

According to "Rossgorsvet", there are about 6 mln light units in Russia without new constructions which need 3-4 mln light units. More than half of enterprises (48.2%) have deterioration of equipment at 40-70% level. 35.1% of enterprises use machines with deterioration of 70-90%. And only 15% of enterprises have the deterioration level less than 40%.

Volume of the market of Russian luminaires equals to 1.5-2 mln units per year. LED equipment appeared only few years ago but it develops very quickly. Target users – administrations, municipal enterprise, RRS, realty developers. Industrial volume of LED luminaires market is not less than 2 mln items per year. Users – industrial enterprises, manufactures, developers of warehouse estate, trade centers. Volume of Russian architectural luminaires market is about 1 mln items a year. Main users of production: administrations, RRS, huge developers, huge manufactures, airports.

At the current moment there are signed contracts with: RRS, group of companies "MIRAX GROUP", "Norilsky Nickel", state organization of Krasnodar region "Center of energy saving and high technologies", state organization of Volgograd region "Volgogradsky center of energy-saving", Administration of Baku, OAO "Lukouli", OAO "Gasprom", group of companies "PIK" and others.

##### Interaction with investor

Potential investor is offered a 25-30% share with condition of its redemption after few years.

#### Financial characteristics, \$ thousand

Data	Facts			Forecast	Forecast with the investment required			
	2005	2006	2007	2008	2009	2010	2011	2012
Sales	-	-	722	1 000	3 000	11 880	49 359	78 000
Operating income	-	-	94	200	600	2 600	11 120	17 600