

INVESTMENT PROJECT:

MODERNIZATION OF OPERATING CEMENT TERMINAL

The Ukrainian building company which owns three cement plants producing concrete goods as well as the biggest Cement Terminal situated by the Black sea in Kherson intends to modernize its own Cement Terminal for the purpose to reorient it on Turkish cement for creation of wholesale Turkish cement market in the south of Ukraine.

Basic competitive advantages:

- Stable cement prices throughout the year
- Sustained quality of cement
- Guaranteed consumer delivery 24 hours per day
- Large cement warehouses permissive to store up to 4500 tons
- Own fleet infrastructure: port – tug – floating crane – barges permissive to work with the sea transport efficiently
- Large fleet of trucks carrying the cement to storing places
- Competent manager's team with experience more than 20 years at the Ukrainian market

Performance capacity of Investment Project: 75%

Aggregate amount of capital invested: USD 4 500 000

- **Including own investment amount:** USD 2 000 000 composed of capital facilities and movable property
- **Necessity in outside investment funds:** USD 2 500 000 aimed for:
 1. Modernization of Cement Terminal
 2. Purchasing of vehicles (cement carriers, loaders)
 3. Purchasing of filling equipment

Means to attract investments:

- crediting
- on a shared basis

HS code of goods for production (Ukrainian Customs Code): 2523290000; 2523210000; 2523300000.

Economic conditions of Project financing

There are very profitable conditions emerged in Ukraine for promotion of Turkish cement into the building market of Ukraine which have been caused by the next factors:

- only a few cement plants are presented in Ukrainian market (five plants all over the country);
- the big distance between plants which considerably exceeds 200 kilometers drives up value of cement delivery to the consumers;
- permanent rising of gas, electricity, diesel fuel, fuels and lubricants, railway transportations leads to unstable prices for cement and to constantly increasing costs of cement industry.

The establishment of enterprise which is able to offer stable contract price and sustained quality to the cement market makes this Investment Project as a very attractive from economic side and as a long-termed for the participants of Investment Project.

To launch the Project it is necessary to purchase:

- modern equipment for accounting and transportation of cement in Terminal
- equipment for big-bags processing
- equipment for cement packing into bags
- cement carriers, loaders, stacker tracks
- modular warehouses

Necessary quantity of workers: 8 persons

Average gross wage: UAH 4500 / USD 560

Underlying taxes:

- VAT: 19% starting from 2012
- Income tax
- Wages

There is no need to obtain the license.

Cost of cement in Turkey: USD 50 per ton.

Transportation service DAF Ukraine: USD 20 per ton.

Logistic service within the enterprise: USD 5 per ton.

Mainstream would-be users of the region:

- Building companies and enterprises of Kherson: 10 000 ton per month
- Building companies of Kahovka, destination 50 kilometers: 15 000 ton per month
- Building companies of Nikolaev, destination 54 kilometers: 20 000 ton per month

Home production: 3 000 ton per month.

Average cement price is UAH 900 / USD 112,5.

The lack of cement supply to Ukrainian market at present days is about 12% in wintertime and about 20% in summertime.

To launch the Project three months are needed.

Payback time of the Project: 1 year.

Target profitability index: 30%.

Information about Project Holder

Приватне підприємство «АНК»

Private enterprise “ANK”

Business identifier code: 21296967

Certificate of registration: A00 No 211038

Office address: 10a Ostrovskoye shosse, Kherson, Ukraine

Contact details:

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Director: Kastornov Alexander Nikolayevich

Mob: + 38 (050) 318 77 99

E-Mail: ank.ks@mail.ru

Skype: kastornov2

Web-site: ank-ks.com

Date of foundation: 08.08.1994

Form of property: private

Amount of basic capital: UAH 25.000.000,00

Employment size: 105 persons

Company turnover during 2011: UAH 28.000.000,00

Main activities:

- Carriage of goods by road
- Manufacture of concrete and concrete products
- Building
- Carriage of goods by river

Founder: A.N.Kastornov

Director: A.N.Kastornov

Project implementation owner: Kastornov Alexander Nikolayevich, mob: + 38 050 318 77 99

Language for correspondence and negotiations: Ukrainian, Russian, English

The enterprise is ready to take party in thematic exhibitions in Turkey.

I confirm placement of this form on the site www.ukrist.net: YES

Date of filling in the form: December 15th, 2011 **Executed by:** A.N.Kastornov