

A. Project Opportunity Description:
A1. Project Name:
Hyper-pressed bricks production organization on FEZ Gomel-Raton territory.
a. Short name:
Hyper-pressed bricks production organization on FEZ Gomel-Raton territory.
b. Full name:
Hyper-pressed bricks production organization on FEZ Gomel-Raton territory.
c. Summary description:
The purpose of this project is organization and development of new high-tech hyper-pressed bricks production. New enterprise will produce a wide range of bricks according to European standards.
A2. Progress Status:
Pre-investment stage. The preliminary feasibility report has been done, business plan has been worked out, production technology and a list of the main technological equipment have been determined. An investor is required.
A3. Organizations involved and their roles:
1. Search for foreign investor for project realization is being conducted. 2. State Establishment Free Economic Zone Gomel-Raton Administration is a project initiator; 17, Fedyuninskogo str., 246061, Gomel, Republic of Belarus Ludmila P. Bubeshko, Senior Specialist of Investment Development Dpt. of FEZ Gomel-Raton Administration. (+375-232) 68-24-61, fax. (+375-232) 68-27-21; e-mail: invest@gomelraton.com
A4. Project Description:
Project realization is planned by new enterprise creation and its registration as a FEZ resident. There is a building (1 000 sq m) available with all necessary infrastructure to be bought. More than 70% of production is to be exported to Russia. The following kinds of bricks are to be produced: § Basic bricks with smooth surface of a standard size (250x120x65 mm); § Axed bricks with “wild rock” of the following sizes (250x100x65 mm), (250x60x65 mm), (250x40x65 mm), and round bricks (250x100x32 mm); § Fashioned bricks with fashioned surface – angular tapered bricks (250x120x65 mm); § Angular round bricks (250x120x65 mm), decorative bricks (255x125x65 mm).
A4a. Project cost (mln USD):
2.21
A5. Background / history / overall program / related or similar projects:
New kinds of high quality products are in high demand on Russian market. Hyper-pressed bricks possess good operational functionality and have a number of positive distinctions: § An exceptional qualities of bricks (good surface quality and outstanding physical characteristics; this ashlar brick is used for elite dwellings, town-houses and clubs decoration); § High precision of sizes (in ordinary bricks sizes may vary up to 3 mm, hyper-pressed bricks vary up to 0.5 mm); § Surface longevity (bricks have long-lasting smooth surface which doesn't need polishing,

<p>painting, varnishing or use of water-repellents);</p> <p>§ Possibility of splitting and turning (high durability of bricks and homogeneous composition allow to split them receiving “wild rock” surface or turning the bricks just as the usual rocks);</p> <p>§ Wide range of colors (technology allows receiving bricks of practically any color by adding necessary pigments into the mix; the brick’s coloring is uniform – the color stays the same during splitting and turning);</p> <p>§ Highly competitive price.</p> <p>Higher durability and freeze-thaw resistance of hyper-pressed brick influences the brickwork positively. The brickwork does not absorb the water, easily handles temperature difference, has smooth surface. The durability of brickwork is 75-98% higher than in ceramic bricks. Thus, hyper-pressed bricks are used in construction in every climate, in seismic areas and in any number of storeys.</p>
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A6. Environmental impact summary:

No harmful influence is intended. During design work an ecological passport of the enterprise is to be created.

A7. Possible obstacles / problems / risk assessment:

The most significant risks are connected with the occupying of the market niche by other producers and the remoteness of main raw materials suppliers.

A8. Term of realization / term of recoupment (years):

5/4 years 2 months

A9. Project’s branch:

Construction materials production

B. Capital Cost Items (additional requirements for project):

B1. Project physical components:	B2. Capital cost (mln USD):
Equipment purchase and assembling (Italy)	1.562
Circulating capital forming costs	0.38
Other	0.268
Total	2.21
B3. Sub-projects by location:	

C. Capital Resources Available from Sponsors / Proposers:

C1. Resources “in kind”, grants, investments, equity / ownership, etc.:	C2. Amount (mln USD):
Own funds	-

D. Required Financial Assistance:		
D1. Financing gaps, type of financial assistance required:		
Enterprise creation		
D2. Sources of finance:	D3. Type of investment:	D4. Amount (mln USD):
Investor's funds	Direct investments, credit	2.21
D5. Financial organizations, involved in project realization:		

E. Demand (users) and revenues:	
E1. Type of users / markets, volumes, pricing, revenues, quantifiable benefits / savings:	
<p>Main buyers of hyper-pressed bricks will be construction firms, commercial organizations and physical persons both in Belarus and CIS-countries markets. Lately the demand on construction materials, especially for quality bricks is very high.</p> <p>As soon as the enterprise reaches its full capacity by the end of the fourth year an annual production volume of an assortment of bricks will reach not less than 10.48 mln pieces.</p> <p>Pricing policy will be developed according to existing market prices. In the beginning the price will be 7% lower than average on the market. Basic hyper-pressed bricks - USD423 per 1000 pieces, axed bricks – USD 211 - 453 per 1000 pieces, fashioned USD438-454.</p> <p>Sales proceeds is to be USD 18.8 mln, net profit USD 3.8 mln.</p>	
E2. Revenues (Sales)	E3. Amount (mln USD):
Profit earned from product sales	17.87

F. Operating and Maintenance Costs:	
F1. Cost components, strategies for cost recovery, operating organizations, subsidies, etc.:	
There are vacant production premises, engineer networks and communications, energy resources on Free Economic Zone territory for the project realization.	
F2. Cost Item:	F3. Amount (mln USD):
Raw materials, materials, fuel, energy for technological purposes	11.65
Staff expenses	1.07
Amortization	0.33
Others	1.02
Total	14.07

G. Net Income Value:	
G1. Net Income Value:	G2. Amount (mln USD):
Net profit	3.8

H. Project information source:

H1. This form was completed by:

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H2. Organization (address):

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H4. Date:

February, 2010

H5. Supreme organization:

FEZ Gomel-Raton Administration