

Investments proposal

A. Description of the project's possibilities
A1. Name of the project:
Starting production of thermal insulating materials using short flax-fibre at the free production spaces of the unitary enterprise «Groniteks».
a. Brief name:
Starting production of thermal insulating materials using short flax-fibre
b. Full name:
Starting production of thermal insulating materials using short flax-fibre at the free production spaces of the unitary enterprise «Groniteks».
c. Brief description:
The aim of the investment project is to organize the production of modern energy-saving thermal insulating materials made of natural short flax-fibre using modern technological equipment of the German company «Dilo» GmbH.
A2. Project status:
At the stage of investor searches.
A3. Participating organizations and their role in the project (contact person, telephone, fax, e-mail, web-page):
1) Administration of the free economic zone “Grodnoinvest”, contact person – Ruslan Kizelevich, Gorky str.91a, Grodno 230005, Belarus; tel/fax: + 375 152 41-23-17; +375 152 43-01-75; E-mail: info@grodnoinvest.com , www.grodnoinvest.com
2) Project initiator: Grodno Unitary Enterprise «Groniteks», Gorkystr. 91, Grodno 230005, Belarus Tel/Fax: +375 152 43-04-92, E-mail: market_gronitex@tut.by
A4. Description of the project (approaches, tasks, components, results, stages, terms, general financing, advantages, influence on transition periods in economy, etc.):
<p>Grodno Unitary Production Enterprise «Groniteks» is one of the main enterprises of the textile industry in the Republic of Belarus. In the course of 40 years the enterprise has been the major belarussian manufacturer of different kinds of yarn (cotton yarn, composite yarn), cottonized flax-fibre, cotton-wool. In 2005 there was installed on the production spaces of «Groniteks» new preparatory, spinning and winding equipment of the leading European companies. It increased considerably the quality of the manufactured goods and made the products more competitive.</p> <p>The analysis of different countries experience in energy-saving shows that one of the most efficient ways in its solutions is the shortening of heat losses by the use of filler structures for buildings, constructions, industry equipment, heating systems. That is why the production of thermal insulating materials is widely spread in Western Europe. Recently the production of thermal insulating building materials from natural fibres has increased significantly (mainly from flax).</p> <p>With the aim of production of new, modern and required types of goods and also due to the existence of the necessary infrastructure for production start-up of modern energy-saving thermal insulating materials on the basis of natural short flax-fibre the Unitary enterprise «Groniteks» proposes to implement the joint investment project for production of such goods.</p> <p>For the implementation of the investment project there are free production spaces at the Unitary enterprise «Groniteks».</p> <p>The implementation of the investment project will include:</p> <ul style="list-style-type: none">- purchase and installation of equipment- preparation and reconstruction of the production spaces. <p>Main raw materials for the production of thermal-insulating goods are purchased by the «Groniteks».</p>

A4a. Total value of the project (mln. Euro):
Total value of the project – 4 mln. Euro - installation of production equipment of «DILLO» GmbH (Germany) – 3 mln. Euro - preparation and reconstruction of production spaces – 1 mln. Euro
A5. Preconditions / history / general program / interconnected or similar projects:
After the introduction by the World Health Organization of restrictions for the use in construction of asbestic and fibrous raw materials on the basis of plastic binding substances, the construction industry turned out to be without effective ecologically safe thermal insulating materials. The engineering and introduction by the specialists of the European Union of high technologies in the production of thermal insulation materials from natural fibres made a breakthrough in the production of building materials of the European Union. The advantages of flax as a material for thermal insulating are hard to overemphasize: they do not concede but often exceed mineral and synthetical materials in physical characteristics. Flax possesses antibacterial properties, does not arouse allergy and does not emit formaldehydes and chlorine-containing fluorite carbons (CFC). Finnish research institute of building technologies has placed flax thermal insulating materials into the group of the most preferable materials for the civil construction. Due to the accounts of specialists the total necessity in thermal insulating materials for different industries will comprise by the year 2010 50 -55 mln. m ³ only in the Russian Federation. The attracted investments will be used for the preparation of project documentation, carrying out of construction works, acquisition and installation of equipment.
A6. Brief description of influence on environment:
New production technology fulfills requirements of environmental and manufacturing safety.
A7. Possible obstacles / problems / level of risk:
Project is financially realizable.
A8. Terms of realization and pay-back period of the project (years):
Terms of realization – 4 years Pay-back period of the project – 4 years
A9. Branch characteristic of the project:
Textile industry

B. Articles of capital costs (total investments necessary for the realization of the project):	
B1. Project physical components	B2. Capital costs (mln. Euro)
Purchase and installation of equipment	3
Construction works and floating assets	1
Total	4

C. Capital according to the source of origin which is available at the initiators of the project (proprietors, associates, sponsors, etc.)	
C1. Kind of sources (grants, investments, share participation / property etc.)	C2. Sum (mln. Euro):
Participation of investor necessary	4

D. Required investments, missing means
D1. Type of required financial assistance:
Required 4 mln. Euro

D2. Sources of financing	D3. Type of financial instrument	D4. Sum (mln. Euro)
Own or attracted resources	Share holding of several investors may as well be considered	4
D5. Financial establishments involved into the realization of the project:		
Not considered		

E. Demand (consumers) and incomings	
E1. Type of consumers / markets, volumes, prices, incomes, estimated benefits / savings	
Native and foreign companies. Planned production volume – 129 thousand m ³ per year. Sales area: Russian Federation, the Baltic states (Latvia, Lithuania, Estonia), Ukraine.	
E2. Incomings (sales)	E3. Sum (mln. Euro)
Incomings from sales	4,8

F. Operational expenditures	
F1. Component expenses, depreciation policy, organization of manufacture and etc.:	
The implementation of the project is planned at free production spaces of «Grodno Building Materials Plant» JSC, situated in the free economic zone «Grodnoinvest».	
F2. Expenses	F3. Sum (mln. Euro):
Prime cost of sold products incl. amortization expenses	4,02 0,3

G. Net income	
G1. Net income value (proceeds E2 minus operational expenditures F3)	G2. Sum (mln. Euro):
0,8	1,09

H. Information source of the project
H1. This form was completed by (First name, last name, position):
Ruslan Kiezelevich – specialist of investments and foreign economic activity department of the Administration of FEZ «Grodnoinvest».
H2. Organisation (address):
Administration of FEZ «Grodnoinvest» Gorky str. 91a, Grodno 230005, Belarus; tel/fax: + 375 152 412317; +375 152 43-01-75; E-mail: info@grodnoinvest.com , www.grodnoinvest.com
H3. Тел. / Факс / E-mail:
Tel/Fax: (+375-152) 43-01-75; e-mail: info@grodnoinvest.com
H4. Date:
January, 2010
H5. Supreme Organization:
Administration of FEZ «Grodnoinvest»