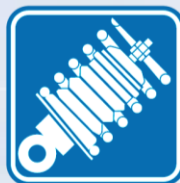




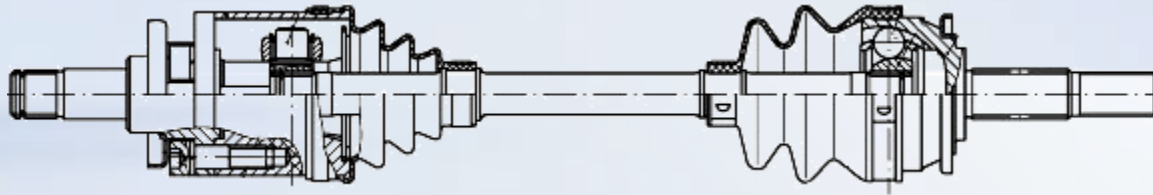
JOINT-STOCK COMPANY

BELCARD



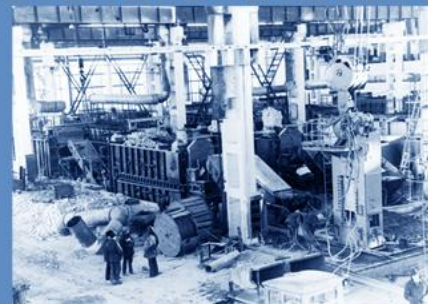
NAME OF THE PROJECT

PRODUCTION OF DRIVESHAFTS FOR CARS EQUIPPED WITH CONSTANT VELOCITY JOINTS (CV JOINTS) AND DRIVE SHAFTS



THE MAIN STAGES OF THE HISTORY.

- In August 1951. Ministry of Automobile and Tractor industry of the USSR signed an order to organize Repair Bearing Works in the city of Grodno.
- In December 1951 the industrial enterprise plant commissioned.
- In 1955 the Council of Ministers of the USSR issued an order about the reorganization of Grodno Repair Bearing Works into the Avtozapchast Works
- In 1957 large-scale capital construction was deployed .
- In 1959 the first batch of cardan shafts for ZIL-120 was released, installation of new equipment was done.
- in 1965 own Forging and Press Shop was launched
- in 1969 specialization in producing driveshafts and gimbal drives started, the company got the name "Grodno Driveshaft Works".
- in 1970 first workshop of machine assembly Division was handed over,
- in 1975 the construction of new Forging shop for 150.000 tons of forgings per year was over .



THE MAIN STAGES OF THE HISTORY

- in February 1995 the Ministry of State Property and Privatization of the Republic of Belarus' signed an order to transform Grodno Driveshaft Works into Belcard Open Joint Stock Company.
- In April 2007 Grodno City Executive Committee made a decision to reorganize Belcard Open Joint-Stock Company via mergering with Grodno Automobile Unit Works.



TYPE OF ACTIVITY



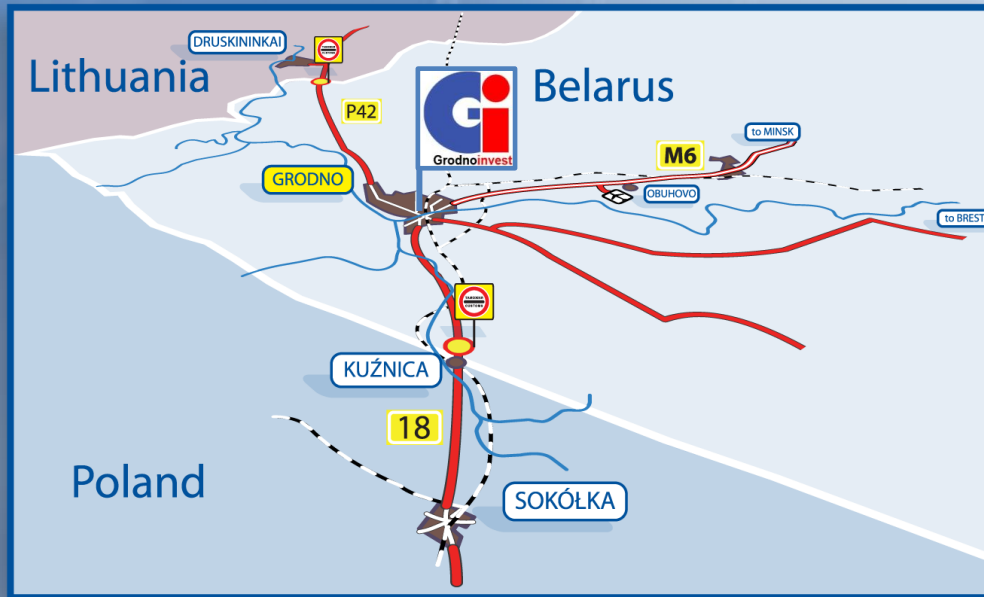
DESIGN, DEVELOPMENT AND MANUFACTURE OF AUTOMOTIVE COMPONENTS



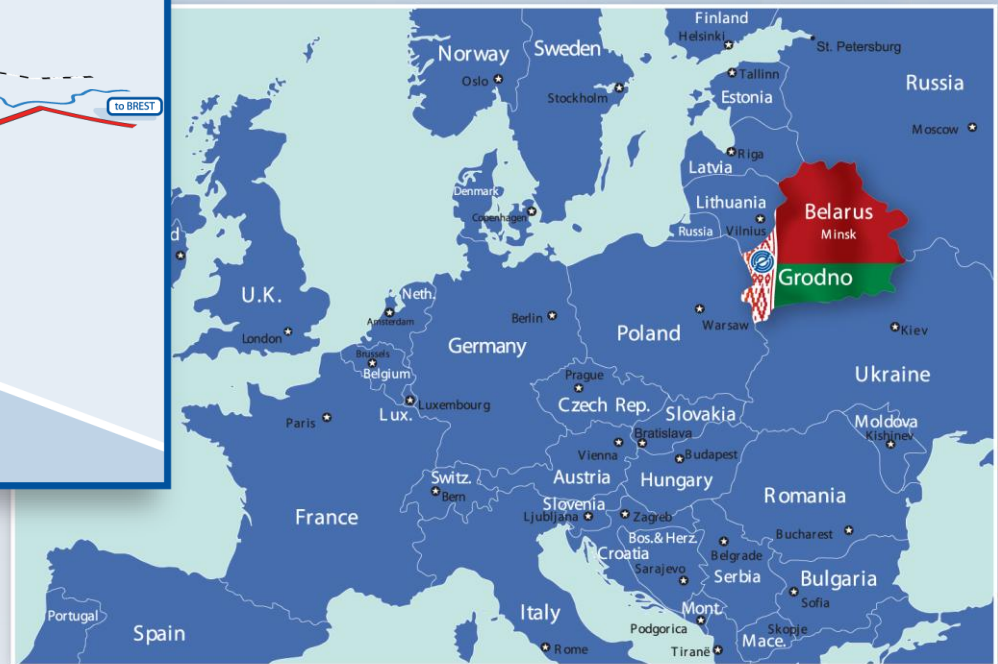
18. Максимальная частота вращения карданного вала в
прямом направлении в оборотах в минуту.
26. Остальные технические требования по
ГОСТ 17.001.403-85.

ОБЛ. карданый		18
Сварочный чертеж		
ОАО "БЕЛКАРД"		
ГСКТБ-кардан		

GEOGRAPHICAL POSITION



- Free Zone Grodno-Invest



Belkard JSC is a resident of FEZ Grodnoinvest. FEZ is located in the central part of Europe on the border with the European Union.

The region can be characterized by the well-developed system of automobile roads for the passenger and cargo communication with the countries of Europe and Asia.

Railway connections are well developed.

Special legal conditions which include special tax and customs treatment are established in the territory of FEZ "Grodnoinvest".

STRUCTURE OF THE COMPANY

Belcard JSC consists of two Divisions:

- Driveshafts Division;
- Automobile Units Division.

MANUFACTURE OF DRIVESHAFTS

Address	38, Schastny Street , 230026, Grodno
The total area	19,6576
Built-up area, thousand m2	102
Production space, 76,701 m2	76,701
Storage area, m2. 20075	20075
The carrying value of buildings and structures, Br. rub	143627223601
Residual value (As of 01.11.2012), Br. rub	85 598 545 599

MANUFACTURE OF AUTOMOBILE UNITS

Address	1a, Kurchatova Street, 230026, Grodno
The total area ha	16.1647
Built-up area, thousand m2	100.92
Production space, m2	60,656
Storage area, m2.	14 837
The carrying value of buildings and structures, Br. rub	69702271924
Residual value (As of 01.11.2012), Br. rub	42524905598

OCCUPIED SPACE

DISTRIBUTION OF PRODUCTION AREA AT DRIVESHAFTS DIVISION

HOUSE	Space, m2
Forge and Press building № 1	17 188
Forge and Press building № 2	13 824
Tool making, building of auxiliary facilities	12 320
Mechanical assembly Division	42 830
Closed storage unit	5 608

DISTRIBUTION OF PRODUCTION AREA AT OF AUTOMOBILE UNITS DIVISION

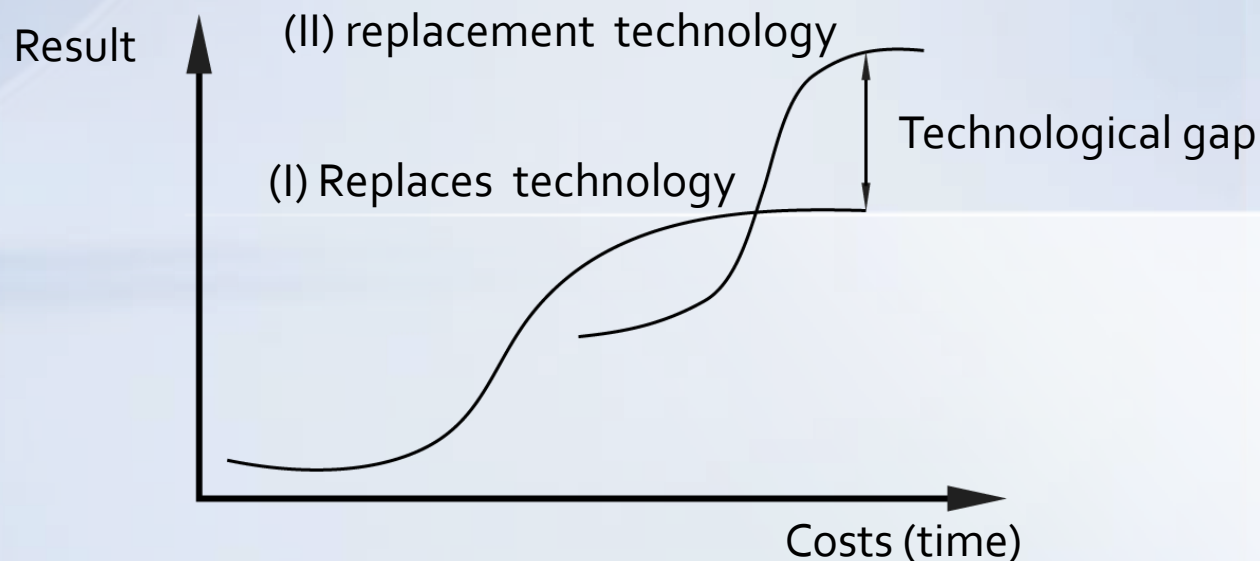
HOUSE	Space, m2
House #1	25 089
House #2	29 861
House #3 and 4	15 859
House #5	4 207

TECHNOLOGICAL UPDATING

Current Project refers to the fourth technological structure, namely the era of mass production of automotive components for trucks, tractors and other equipment.

The project involves the transition to a new technological treatment compared to existing today in the CIS. The essence of it is to move from finishing by grinding to a high-speed processing blade tool.

Thus we have a competitive advantage in the form of the technological gap that in the distance between the parameters of performance (I) replacement and (II) the replacement technology.



NUMBER OF EMPLOYEES

**The average number of
employees at Belcard JSC in 2012
amounted to 3018 people**



THE CERTIFICATES



- Certificate of Quality Management System for gimbal drives, driveshafts universal joints, shock absorbers, shock absorber racks, plug cartridges, gas springs, brake chambers, track rod for tractors production meets the requirements of STB ISO 9001-2009.



CERTIFICATE OF CONFORMITY TO STB № BY/112 05.07.003 0004

- Certificate of Quality Management System Design, development and production of companion flanges meets the requirements of ISO / TS 16949-2010.



ECOLOGICAL CERTIFICATE OF CONFORMITY TO № BY/112 06.01.087 00117

- Certificate of Environmental Management System of design, development and production of gimbal drives, driveshafts, universal joints tie rods meets the requirements of STB ISO 14001-2005.

THE PURPOSE OF THE PROJECT

The purpose of the project is to establish production facilities for the production of cardan shaft with constant velocity joints and driveshafts for cars. The project is export-oriented. Implementation of the project will expand the market, to get access to promising new markets.

MAJOR CUSTOMERS

- JSC «**GM-AVTOVAZ**», Togliatti
- JSC «**AvtoVAZ**», Togliatti
- «**Avtotor**» JSC , Kaliningrad
- OJSC «**GAZ**», Nizhny Novgorod
- «**General Motors Auto**», St. Petersburg
- «**Nissan Manufacturing RUS**», St. Petersburg,
- LLC «**Toyota Motor**», St. Petersburg
- «**Hyundai Motor Manufacturing Rus**» Sestroretsk
- «**Volkswagen Group Rus**», Kaluga
- «**PSMA Rus**», Kaluga
- «**Ford Sollers Yelabuga**» Elabuga
- LLC «**Sollers-Far East**», Vladivostok
- «**TAGAZ**» Taganrog
- JSC «**Avtoframos**», Moscow

MAJOR COMPETITORS

Domestic producers:

- «**FENOX AUTOMATIVE**», Minsk

Russian producers:

- JSC «**AvtoVAZ**», Togliatti
- JSC «**Hammer and Sickle**», Saratov
- CJSC «**CARDAN**» Syzran

Chinese manufacturers :

- **FINE**
- **FEIZO**
- **GSP**
- **YKE**
- **NFYO**
- **NANT**
- **WTZ**

Foreign manufacturers :

- **GKN**, Germany
- **LGR**, Germany
- **Kraft**, Germany
- **Finwhale**, Germany
- **SKF**, Italy
- **GLO**, Italy
- **GENERALRICAMBI**, Italy
- **Trialli**, Spain
- **Espra**, Spain
- **Bautler**, UK
- **Holla**, Netherlands
- **Lynx**, Japan

GEOGRAPHY OF DELIVERIES



USE OF NEW TECHNOLOGIES

Production of cardan shafts and drive shafts with constant velocity joints requires special equipment. Grinding operation shall be replaced by high-speed machining operations with the blade tool duplex scheme of the equipment, which significantly reduces the cost of manufacturing products.

The project stipulates the purchase of high-tech equipment complex for chemical heat treatment produced by company Ipsen (Germany), which will steadily make heavy demands on the microstructure of the machined parts and thus is guaranteed to provide high quality and performance of constant velocity joints.

PURCHASE OF MACHINERY AND EQUIPMENT

No p/p	Equipment Description	Amount pieces	project cost including VAT, USD
1	Construction and installation work		200 000
2	Multipurpose machining centers EMAG	6	5 430 000
3	Processing complex for thermochemical treatment	1	1 900 000
4	CNC lathes with counter spindle	1	240 000
5	CNC lathes	6	930 000
6	Machine for rolling sphere profiroll	1	390 000
7	Slot thread-rolling machine profirollrollex	2	1 170 000
8	Thread rolling machine type profiroll	1	100 000
9	Intragrinding semiautomatic type SIVZE	2	1 040 000
10	Cylindrical grinding machine type SVAGL-125	2	1 040 000
11	machine for grinding profile (Circular)	2	1 040 000
12	Automatic Gaging	2	310 000
13	Installations for the assembly	2	260 000
14	Band Saw	1	130 000
15	Engineering Controls		390 000
16	Production tools		130 000
Total			14700000

STRENGTHS OF THE PROJECT

- positive image of the company;
 - a wide range of products, constant work on its improvement;
 - full-fledged manufacturing and engineering infrastructure, technical and technological groundwork for modernization and further development of production;
 - sustainable financial and economic position of the enterprise;
 - tried and tested schemes and communication logistics of production and sale of products;
 - traditionally recognized high quality products;
 - Experience in the implementation of investment projects;
 - the availability of professional, qualified and experienced staff;
 - active working to promote products and expand markets.
- use of new technologies

WEAKNESSES OF THE PROJECT

- high dependence profitability of production activities on price changes in energy and raw materials used;
- lack of working capital;

CAPABILITIES AND THREATENING

Capabilities

- improving the efficiency of production;
- increasing the liquidity and solvency of the company;
- increasing production capacity, expanding the range of products;
- Promoting the policy of import substitution;
- increasing sales volumes;
- entering new markets;
- the provision of state support for the project.

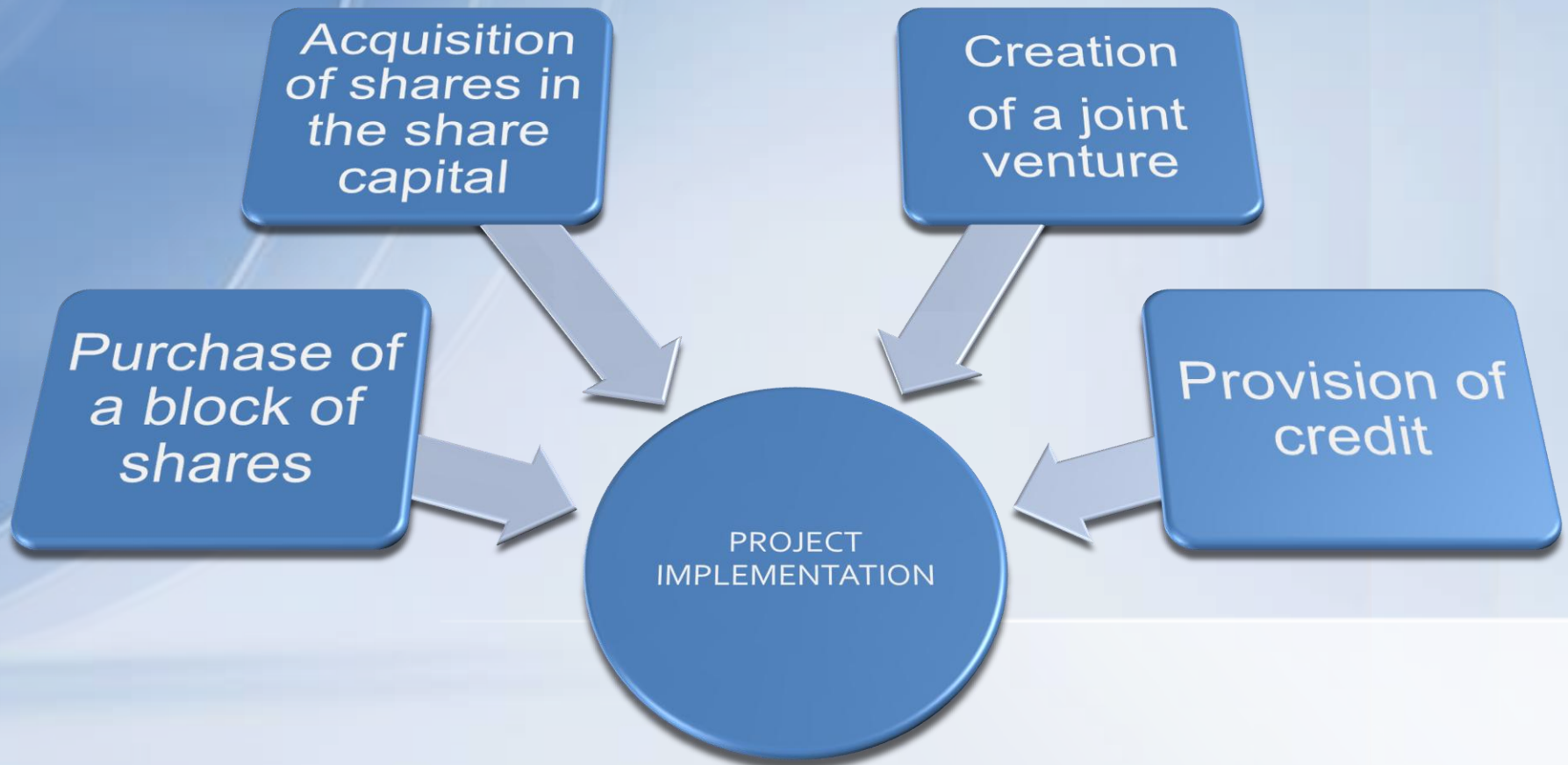
Threatening

- Presence of foreign companies and competitors producing the same products;
- impossibility of self-realization of the project in the absence of credit support due to the cost of the project.

TOTAL INVESTMENT COSTS

Total, thousands of \$ USD:	20000
including capital costs, thousands of \$ USD	14700
including capital costs, thousands of \$ USD	14700

INVESTOR PARTICIPATION IN THE PROJECT IMPLEMENTATION



SUPPORT MEASURES PROVIDED WITHIN THE LAW

BENEFITS FOR THE PURCHASE OF EQUIPMENT FOR THE PROJECT

Zero rate of customs
duty on the supply of
equipment

Installment payment
of VAT for 12
months

AREAS OF INVESTMENT

Investments will be
for the purchase of equipment
and new technologies

INDEX OF ACTIVITY

Project implementation year	2014	2015	2016	2017	2018	2019	2020
Estimated sales volume Th. USD	-	22500	23175	24300	26000	26000	26000
Expected market share, %	-	27	30	33	35	35	35
Estimated volume of export, th USD	-	18000	19000	20170	22100	22100	22100
Export share in the volume of sales, %	-	80	82	83	85	85	85
Number of employees required for the project	67	67	69	70	70	70	70

PROJECT PERFORMANCE INDICATORS

Revenue excluding VAT, Thousands of U.S. dollars;	Payback period		Internal rate of return, %	Net present value, Thousands of U.S. dollars
	ordinary	dynamic		
147975	5,3	6,5	15,8	1350

CONTACT INFORMATION

EXECUTIVE IN CHARGE

Ghenady A. Kostyukovich

Deputy Manager for Technical Issues

Tel. +375 (152) 52-41-18

Mobile. +375 (33) 310-24-15

Fax +375 (152) 52-41-35

Vladyslava G. Borysik

Technical translator

Tel. +375 (152) 60-75-94

Fax +375 (152) 52-41-35

e-mail: **info@belcard-grodno.com**

www.belcard-grodno.com