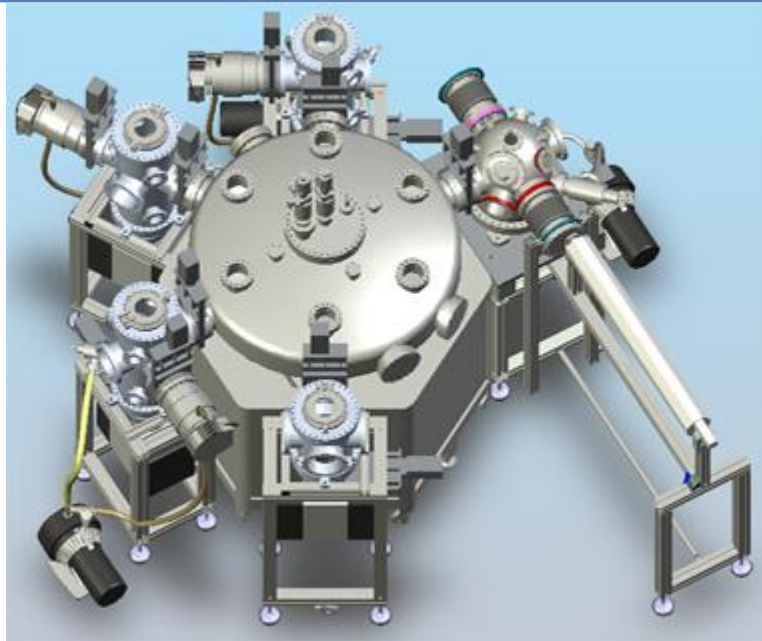


2015

Executive Summary on the concept of a company for optoelectronic equipment development and production



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1. Business Idea Description

A business idea of the presented project is to create a company on precision optoelectronic device and its components design and manufacturing in the territory of the Special Economic Zone "Novoorlovskaya" (SEZ). The planned plant will produce finished items together with the following:

-

The project initiators' confidence in future success is based on the following:

-

According to the current legislation the SEZ residents have the following privileges and preferences:

- Income tax of $**.*\%$ to the regional budget (at the time of the SEZ existence), $*\%$ to the Federal budget (up to $**.*.*.*.*.*$).
- Property tax - $*\%$ (for $*$ years).
- Land tax - $*\%$ (for $*$ years).
- Transport tax - $*$ rubles (over $*$ years).
- Insurance contributions to the RF Pension Fund - $*\%$ (from $****$ to $****$), $***\%$ (for $****$), $**\%$ (for $****$).
- Insurance contributions to the social insurance Fund of the Russian Federation - $*\%$ (from $****$ to $****$), $*,*\%$ (for $****$), $*,*\%$ (in the period of $****$).
- Insurance premiums in the Federal Fund of compulsory medical insurance - $*\%$ (from $****$ to $****$), $*,*$ percent (for $****$), $*,*$ percent (for $****$).
- Preferential rates for the lease of land plots,
- Preferential tariffs for energy resources and drainage,
- Reduced price for purchasing land in the SEZ.

2. Facts on Project Initiators

XXX was founded in $****$ and has been open for business in advanced

The main directions in the design development of XXX are:

-

Today, the Association produces devices and systems of different bases for

.....

Product quality is confirmed by the regular certification of

Customers of XXX are

Among the main achievements of the enterprise in the last years it is worth to

note:

1.

3. Product Description

The plant will develop and produce the following articles:

Devices and systems for fleet:

.....

Devices and systems for aviation:

.....

4. Sales Plan, Production Program

The Project Initiator is intended to perform the following program to develop new devices and appliances:

.....

The company's sales plan is presented in the table below:

.....

5. Organizational Plan

In the course of the project it will be necessary to resolve the following organizational tasks:

-

6. Financial Analysis

6.1. The Assumptions used

The economics of the future enterprise is modelled via SW Project Expert. Herein, the following source data and assumptions were used:

- Inflation by year:
.....
- Discount rate – **%.
- Expenses:
.....
- Payment schedule for development and manufacture works:
.....
- Insurance stock set - * month.

6.2. Sales and profit plan

.....

As the table shows, the company is profitable across the whole scheduling period.

6.3. Efficiency of investments

Indicator	Value
Discount Rate, %	** **
Discounted Payback Period - DPB, month	**

Net Present Value – NPV, млн. руб.	***
Profitability Index - PI	* **
Modified Internal Rate of Return - MIRR, %	** **

Analyzing performance indices, it can be concluded that the proposed investment is

The total amount of project financing equals to *** million roubles.

6.4. Financial indices

Indicators	* **	****	****	****	****
Current Ratio (CR), %	* **	***	***	***	***
Net Working Capital (NWC), mln. RUR	***	**	***	***	* **
Net Profit Margin (NPM), %	**	**	**	**	**
Return on Investment (ROI), %	**	**	**	**	**

Liquidity indicators characterize

Net working capital is

The planned business shows

6.5. Break-even Analysis

Sales revenue (mln. RUR) when the company ceases to be profitable, is significantly less than the planned one:

.....

The margin of safety is high both in absolute terms (mln. RUR):

.....

and in relative units (%):

.....

6.6. Sensitivity Analysis

Sensitivity analysis of the Net Profit Value (NPV) indicates that

.....

However, the project is cost effective, even with volume sales lower at **%, and with direct cost increase at **%:

.....

....

The project is less susceptible to the total costs increase:

.....

7. Risk Analysis

7.1. Technical Risk

Possible technical risks are listed below together with steps to prevent negative situation occurrence and to compensate its consequences.

1. Risks associated with development of new equipment

Despite the huge experience of

*. Operability and maintainability of equipment

Project proponents plan to reduce risks of situation of equipment repair critical period by means of the following:

-

*. Availability of skilled staff

It is planned

7.2. Organizational and Managerial Risks

Apparent organizational risks and their compensation:

1. Failure of the plan-schedule of works on the new plant start-up

To prevent this risk it is planned to do the following:

-

2. Loss of equipment because of force majeure.

To prevent this risk it is planned to do the following:

-

*. Increase of planned costs, development and product prime costs

The company plans

7.3. Financial Risk

To prevent the risk of payment delays it is planned to do the following:

-

7.4. Commercial Risk

In case of entry to the sales market of civil production and in purpose of sales plan nonfulfillment risk minimizing it is supposed to do the following:

-

7.5. Environmental Risks

One must admit that environmental risks of the project are insignificant. Project proponents plan to take all the necessary civil environmental safety measures, that won't require any remarkable resources.