

Kemeo Karaganda Too

Production facility for water treatment equipment

Business Plan

Prepared: 27-09-2012

Final revision: 16-12-2013

Table of Contents

Business Plan Summary	2
Business.....	2
Market	2
Future.....	2
Business details	3
Registration details	3
Business premises	3
Organisation chart	3
Management & ownership.....	4
Key personnel.....	5
Products/services	6
Innovation	6
Insurance	6
Legal considerations	6
SWOT Analysis	7
Operations.....	7
Finances	8
Key objectives & financial review.....	8
Investment break down for Karaganda steel construction company [2013]	9
Liquidity balance during building of facility	10
Balance sheet forecast	11
Cost of personnel	13
Explanation of the figures.....	14
Supporting Documentation.....	15
Contract for the "Ak-Bulak" investment program, original.....	15
Contract for the "Ak-Bulak" investment program, translation.	18

Business Plan Summary

Business

Business name: Kemeo Karaganda Too

Business structure: Privately owned company

Date established: To be established

Business owner(s): Mr M. van Klaveren

Relevant owner experience:

Mr van Klaveren: more than 27 years of business experience in water treatment projects.

Products/services:

Projects and equipment supply for waste water treatment systems.

Products for waste water treatment facilities:

- Screens (fine and coarse)
- Sand and grease traps
- DAF units
- Bioreactors
- Clarifiers
- Disc filters
- Sludge treatment systems

Service organisation for the above equipment.

Market

Kemeo has signed a window contract with Kazvodokanal for supply of the equipment for the sewage treatment plants for appr. 50 cities and villages within the "Ak Bulak" investment project.

This business plan includes the supply of the equipment for the 50 cities only.

The "Ak Bulak" project consists of the building/upgrade of wastewater and drinking water treatment plants for 50 cities and 1000 villages. The timespan for the project is the period 2012-2020.

Responsible for executing the program is Kazakh Vodokanal. This is a government agency comparable in Holland with "Waterschap".

From the Ministry is Mr .V.G. Galiyev (vice minister) is directly involved, from Kazakh Vodokanal Mr. R.M. Valiyev is directly involved. The "Ak Bulak" project will be funded by Kazakh government.

Tenders are not issued. All projects are directly quoted to the civil subcontractors, who will issue the order for the equipment.

Target market:

Waste water treatment equipment for communal wastewater treatment plants in Kazakhstan.

Future

Vision statement:

The "Ak-Bulak" program will reach its completion in 2020 with a possible extension till 2022.

Goals/objectives:

The objective of this company is to successfully reach all performance targets within the "Ak-Bulak" program. Upon its completion, the company will remain active as a maintenance and service organisation for the facilities built within "Ak-Bulak" program.

Business details

Registration details

Business name: Kemeo Karaganda Too

Trade name(s): Kemeo Karaganda Too

Date registered: To be established

Business structure: Privately owned company

Business premises

Business location:

The management, sales and part of the engineering activities will be executed from Hilversum, the Netherlands; the steel construction factory will be located in Karaganda, Kazakhstan.

Organisation chart

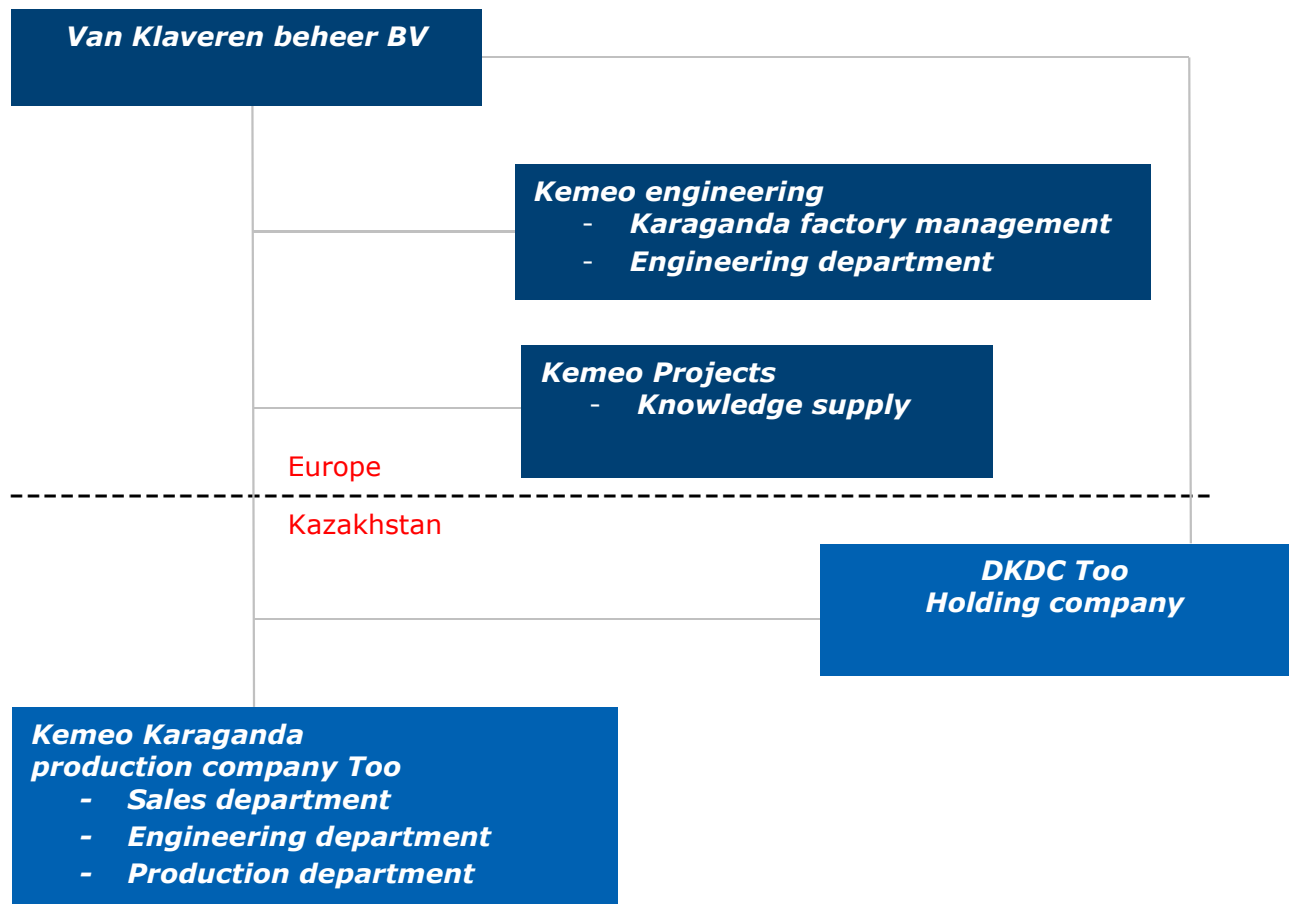


Figure 1: Organisation Chart.

Van Klaveren Beheer BV is a Dutch company. Management activities and sales activities will be executed from this company.

GPI is a Dutch supplier of stainless steel tanks. The company has a production facility in Poland, which gives us the possibility to send well trained Polish, Russian speaking, craftsmen to Kazakhstan. The Dutch engineering facility will be located at GPI in Lopik, Holland. GPI will be involved in the design phase and will be responsible for the following:

- Installation of machinery
- Setup of management
- Training local employees
- Setup engineering department

Emo-france and Kemeo are a part of the Semosia group. Emo is a French supplier of water treatment equipment. The company has produced equipment for water treatment plants for many years. The major advantage of working together with Emo / Kemeo is the wide range of equipment Emo can supply. Emo will be involved in the design of the factory and be responsible for the following:

- Engineering drawings and details of the equipment
- Engineer capacity

DKDC Too (Dutch Kazakhstan Development Company) is the holding company for Kemeo Karaganda production Too and Innovative Building Too in Ust-Kamanogorsk. DKDC Too is the majority shareholder of the Kemeo Karaganda Too.

The Kemeo Karaganda Too is located in the economic free zone in Karaganda, Kazakhstan. One of the advantages of this location is the exemption of import (and other) taxes. To optimize the advantages, the orders within the "Ak Bulak" project will be placed in the Karaganda production facility.

Management & ownership

Names of main owners: Mr M. van Klaveren

Details of management & ownership:

Mr van Klaveren is the Managing Director/majority shareholder of Van Klaveren beheer and will take on the daily management. The management activities will be executed from Van Klaveren Beheer in Hilversum, the Netherlands.

Van Klaveren beheer is the main shareholder of DKDC Holding Too.

DKDC is the main shareholder of Kemeo Karaganda production facility.

The initial capital will be placed in DKDC Holding Too in Kazakhstan. The primary investor will grant a bank guarantee to DKDC Holding Too in Kazakhstan and DKDC Holding Too will grant a loan to the Kemeo Kazakhstan production facility.

Dividend will only be paid upon final loan repayment to the Kazakh bank.

Key personnel

Current staff

Job Title	Name	Skills or strengths
General manager	M. van Klaveren	Over 20 years of experience in the field, general manager.
Process manager	T. Vogel	Over 15 years of experience in the field, chemical technologist.
Project manager	J. Aarnoutse	Over 15 years of experience in the field, general technician.
Management assistant	O. Kist	Over 10 years of project and management support experience
Contracts manager	D. Venschkovsky	Over 10 years of experience in contracts management.

Required staff

Job Title	Quant	Expected staff turnover	Required Skills	Date required
Project manager	1	-	Experienced project manager for setup construction company	03/2013
Project manager	1	-	Experienced project manager for setup construction company	03/2013

Recruitment options

Will be done using own professional network.

Products/services

Product/Service	Description
Waste water treatment equipment	Vast range of products required for a complete conventional sewage treatment system
Waste water treatment systems	Supply of sewage treatment systems

Market position:

Equipment complies with European quality standards, is ISO certified, mid-range priced.

Anticipated demand:

The "Ak-Bulak" investment program contract consists of two main parts:

1. Approximately 50 sewage treatment systems, with the total contract value of USD 400.000.000.
2. About 1000 small treatment systems. The value is currently estimated at EUR 1.600.000.000.

Pricing strategy:

The pricing is European mid range.

Innovation

Research & development (R&D)/innovation activities

Kemeco will introduce innovative and sustainable production know-how in Kazakhstan.

Intellectual property strategy

Not applicable.

Insurance

Workers compensation:

Liability insurance.

Public liability insurance:

To be evaluated.

Product liability:

To be evaluated.

Business assets:

To be evaluated.

Business revenue:

To be evaluated.

Legal considerations

Are being evaluated by legal advisors in Kazakhstan.

SWOT Analysis

Strengths:

- Quality of equipment supplied by Kemeo. Equipment is engineered in Europe, the quality is much better than the equipment currently used in the sewage plants.
- Professional qualifications and experience of Kemeo personnel.
- Window contract for major waste water treatment facilities.
- Strong communications lines with the local authorities and Kazakhstan government.
- Good payment conditions, 30% at order and monthly payments according to progress.

Weaknesses:

- Relatively small company.
- Project duration till 2020.

Opportunities:

The area is an emerging market. Favourable investment climate of Kazakhstan.

Threats:

Operations

Production process

The production process will be an improvement of the identical production process applied by the related companies.

Suppliers

Main suppliers will be the same companies responsible for the design of production facilities.

Plant & equipment

Equipment	Purchase date	Purchase price	Running cost
Equipment will be specified upon completion of the factory design			

Inventory

Inventory item	Unit price	Quantity in stock	Total cost
The inventory will be made upon completion of the final design			

Technology (Software):

The website will be designed by a third party.

Choice of CAD software has to be made in accordance with technology standards and education level of engineers in Kazakhstan. To be determined.

Finances

Key objectives & financial review

*

Finances required

The initial for the steel construction plant investment should be funded by a foreign investor. An investment of 25.500.000 US\$ is required.

Assumptions

The financial spread sheets on the subsequent pages have been based upon assumptions listed below:

- Total **estimated contract value** of the window contract for the “Ak-Bulak” investment program is **2.000.000.000 USD**.
- Total **contract value** of the sewage treatment plants is **400.000.000 USD** or **50.000.000 USD** per year.
- This contract is in progress, the quotations for the equipment for the cities are made. The quotations will be awarded by the civil contractor.
- Financial information presented below is related to the supply of equipment for the cities only and does not include rural area facilities.
- The total **estimated contract value** of the equipment for sewage treatment facilities in the rural area of the country is **1.600.000.000 USD**. The precise contract value should be finalised in 2020 with a 2 year extension. This part of the contract is not reflected in the following pages.
- The assumptions are explained on page 15, “explanation of the figures”.

Investment break down for Karaganda steel construction company [2013]

Investment breakdown Steelplant

Engineering costs	\$	250.000		Cost for engineering, permits etc.
Permits	\$	110.000		
Design	\$	40.000		
Project management	\$	100.000		
Hanger 10,000m2	\$	8.900.000		Hall for construction of equipment, with machines, cutters, we
Excavation works	\$	1.000.000		
Floorworks	\$	1.200.000		
Steel construction, incl crane etc	\$	2.500.000		
Isolated walls and floors	\$	1.700.000		
building related installations, heating, sprinkler etc	\$	1.000.000		
Supply electrical, water etc.	\$	500.000		
road works	\$	1.000.000		
Office 900m2	\$	1.575.000		Office building for engineering, office management etc.
office building	\$	1.500.000		
Inventory	\$	75.000		
unforeseen	\$	1.000.000		setbacks during construction
Machinery	\$	7.400.000		Machinary for production of equipment
Cutting, welding etc	\$	6.900.000		
installation of machinery	\$	500.000		
Startup costs	\$	100.000		Legal and insurance during startup
Legal costs	\$	50.000		
Insurance	\$	50.000		
Administration/software/hardware	\$	250.000		
Computer system	\$	150.000		
Software	\$	100.000		
HRM	\$	100.000		
training of personnel	\$	500.000		
cost of personnel 2013	\$	500.000		
Other costs for start up	\$	805.000		
Cars	\$	200.000		Director's car+2 office cars+bus
Office rent for the period of reconstruction	\$	25.000		
Appartments	\$	80.000		Director's app + coming staff app for 15 months
Other costs	\$	500.000		Hotels, flights, fuel, phones, repretation etc
Stock	\$	1.200.000		
Cashflow for startup	\$	1.300.000		
Interest 2013	\$	1.626.008		
Total investment	\$	25.506.008		

Liquidity balance during building of facility

Liquidity during building of factory		2014												Total
		jan	feb	march	apr	may	june	july	aug	sept	oct	nov	dec	
Engineering costs	\$ 250.000				\$ 50.000	\$ 50.000	\$ 50.000	\$ 50.000	\$ 50.000					\$ 250.000
Permits														\$ -
Design														\$ -
Project managment														\$ -
Hanger 10,000m2	\$ 8.900.000			\$ 2.500.000	\$ 1.000.000	\$ 1.000.000	\$ 1.000.000	\$ 1.000.000	\$ 1.000.000	\$ 1.400.000				\$ 8.900.000
Excavation works														\$ -
Floorworks														\$ -
Steel construction, incl crane etc														\$ -
Isolated walls and floors building related installations, heating, sprinkler etc														\$ -
Supply electrical, water etc. road works														\$ -
Office 900m2	\$ 1.575.000			\$ 250.000	\$ 500.000	\$ 500.000		\$ 150.000		\$ 175.000				\$ 1.575.000
office building														\$ -
Inventory														\$ -
unforeseen	\$ 1.000.000							\$ 200.000	\$ 200.000	\$ 200.000	\$ 200.000	\$ 200.000	\$ 200.000	\$ 1.000.000
Machinery	\$ 7.400.000			\$ 600.000		\$ 1.400.000		\$ 4.400.000		\$ 1.000.000				\$ 7.400.000
Cutting, welding etc installation of machinery														\$ -
Startup costs	\$ 100.000			\$ 25.000		\$ 25.000		\$ 25.000		\$ 25.000				\$ 100.000
Legal costs														\$ -
Insurance														\$ -
Administration/software/hardware	\$ 250.000							\$ 125.000		\$ 125.000				\$ 250.000
Computer system														\$ -
Software														\$ -
HRM	\$ 100.000			\$ 20.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 10.000	\$ 100.000
training of personnel	\$ 500.000							\$ 100.000	\$ 100.000	\$ 100.000	\$ 100.000	\$ 100.000	\$ 100.000	\$ 500.000
cost of personnel 2013	\$ 500.000							\$ 100.000	\$ 100.000	\$ 100.000	\$ 100.000	\$ 100.000	\$ 100.000	\$ 500.000
Other costs for start up	\$ 805.000			\$ 100.000	\$ 100.000	\$ 100.000	\$ 100.000	\$ 100.000	\$ 100.000	\$ 100.000	\$ 100.000	\$ 100.000	\$ 5.000	\$ 805.000
Stock	\$ 1.200.000												\$ 1.200.000	\$ 1.200.000
Cashflow for startup	\$ 1.300.000												\$ 1.300.000	\$ 1.300.000
Interest 2013	\$ 1.626.008												\$ 1.626.008	\$ 1.626.008
Expenses	\$ -	\$ -	\$ -	\$ -	\$ 3.545.000	\$ 1.660.000	\$ 3.085.000	\$ 1.160.000	\$ 6.260.000	\$ 1.510.000	\$ 3.235.000	\$ 510.000	\$ 4.541.008	\$ 25.506.008
Total expenses	\$ 25.506.008	\$ -	\$ -	\$ -	\$ 3.545.000	\$ 5.205.000	\$ 8.290.000	\$ 9.450.000	\$ 15.710.000	\$ 17.220.000	\$ 20.455.000	\$ 20.965.000	\$ 25.506.008	\$ 25.506.008

Balance sheet forecast



BALANCE SHEET FORECAST	1-1-2014	31-12-2014	31-12-2015	31-12-2016	31-12-2017	31-12-2018	31-12-2019	31-12-2020
Building	\$ -	\$ 9.900.000	\$ 9.405.000	\$ 8.910.000	\$ 8.415.000	\$ 7.920.000	\$ 7.425.000	\$ 6.930.000
Office	\$ -	\$ 1.575.000	\$ 1.496.250	\$ 1.417.500	\$ 1.338.750	\$ 1.260.000	\$ 1.181.250	\$ 1.102.500
Machinery	\$ -	\$ 7.400.000	\$ 6.660.000	\$ 5.920.000	\$ 5.180.000	\$ 4.440.000	\$ 3.700.000	\$ 2.960.000
Office equipment	\$ -	\$ 250.000	\$ 200.000	\$ 150.000	\$ 100.000	\$ 50.000	\$ -	\$ -
Cars	\$ -	\$ 200.000	\$ 150.000	\$ 100.000	\$ 50.000	\$ -	\$ -	\$ -
Stock		\$ 1.200.000	\$ 2.500.000	\$ 2.675.000	\$ 2.862.250	\$ 3.062.608	\$ 3.276.990	\$ -
Cash at bank	\$ 25.506.008	\$ 1.300.000	\$ 485.941	\$ 350.952	\$ 880.463	\$ 3.917.945	\$ 14.626.008	\$ 30.954.586
Total assets	\$ 25.506.008	\$ 21.825.000	\$ 20.897.191	\$ 19.523.452	\$ 18.826.463	\$ 20.650.553	\$ 30.209.248	\$ 41.947.086
Loan	\$ 25.506.008	\$ 25.506.008	\$ 25.506.008	\$ 25.506.008	\$ 25.506.008	\$ 25.506.008	\$ -	\$ -
Reservation loan repayment	\$ -	\$ -	\$ -3.315.781	\$ -10.457.463	\$ -18.619.386	\$ -25.506.008	\$ -	\$ -
Total liabilities	\$ 25.506.008	\$ 25.506.008	\$ 22.190.227	\$ 15.048.545	\$ 6.886.622	\$ -	\$ -	\$ -
NET ASSETS	\$ -	\$ -3.681.008	\$ -1.293.036	\$ 4.474.908	\$ 11.939.841	\$ 20.650.553	\$ 30.209.248	\$ 41.947.086
Equity								
Reserves	\$ -	\$ -	\$ -3.681.008	\$ -1.293.036	\$ 4.474.908	\$ 11.939.841	\$ 20.650.553	\$ 30.209.248
Result for the period	\$ -	\$ -3.681.008	\$ 2.387.972	\$ 5.767.944	\$ 7.464.933	\$ 8.710.712	\$ 9.558.695	\$ 11.737.838
Total equity	\$ -	\$ -3.681.008	\$ -1.293.036	\$ 4.474.908	\$ 11.939.841	\$ 20.650.553	\$ 30.209.248	\$ 41.947.086

Profit and loss forecast



PROFIT & LOSS FORECAST		31-12-2014	31-12-2015	31-12-2016	31-12-2017	31-12-2018	31-12-2019	31-12-2020
Price inflation	7%							
Sales	\$	- \$	40.000.000 \$	50.000.000 \$	53.500.000 \$	57.245.000 \$	61.252.150 \$	65.539.801 \$
Engineering costs	25% \$	- \$	10.000.000 \$	12.500.000 \$	13.375.000 \$	14.311.250 \$	15.313.038 \$	16.384.950 \$
Kazakh matter	70%							
Material costs Kazakh matter	40% \$	- \$	11.200.000 \$	14.000.000 \$	14.980.000 \$	16.028.600 \$	17.150.602 \$	18.351.144 \$
Foreign matter	30%							
Material costs foreign matter	60% \$	- \$	7.200.000 \$	9.000.000 \$	9.630.000 \$	10.304.100 \$	11.025.387 \$	11.797.164 \$
Startup/failure budget	\$	- \$	2.000.000 \$	1.500.000 \$	500.000 \$			
Gross profit/net sales	\$	- \$	9.600.000 \$	13.000.000 \$	15.015.000 \$	16.601.050 \$	17.763.124 \$	19.006.542 \$
Overhead and wages								
Wages	\$	1.100.000 \$	2.368.400 \$	2.534.188 \$	2.711.581 \$	2.901.392 \$	3.104.489 \$	3.321.804 \$
Amortisation	\$	- \$	1.413.750 \$	1.413.750 \$	1.413.750 \$	1.413.750 \$	1.363.750 \$	1.313.750 \$
Office expenses	\$	- \$	93.600 \$	100.152 \$	107.163 \$	114.664 \$	122.691 \$	131.279 \$
Sales expences	\$	- \$	224.800 \$	240.536 \$	257.374 \$	275.390 \$	294.667 \$	315.294 \$
Production expenses	\$	- \$	900.000 \$	963.000 \$	1.030.410 \$	1.102.539 \$	1.179.716 \$	1.262.297 \$
Insurance/legal/financial costs	\$	100.000 \$	90.000 \$	38.520 \$	41.216 \$	44.102 \$	47.189 \$	50.492 \$
General costs	\$	855.000 \$	500.000 \$	535.000 \$	572.450 \$	612.522 \$	655.398 \$	701.276 \$
Utilities (electricity, gas, water)	\$	- \$	24.000 \$	25.680 \$	27.478 \$	29.401 \$	31.459 \$	33.661 \$
Motor vehicle expenses	\$	- \$	99.000 \$	105.930 \$	113.345 \$	121.279 \$	129.769 \$	138.853 \$
Total	\$	2.055.000 \$	5.713.550 \$	5.956.756 \$	6.274.766 \$	6.615.038 \$	6.929.128 \$	7.268.704 \$
Interest loan	8,50% \$	1.626.008 \$	542.003 \$	- \$	- \$	- \$	- \$	- \$
Interest loan	5,00% \$	- \$	956.475 \$	1.275.300 \$	1.275.300 \$	1.275.300 \$	1.275.300 \$	- \$
NET PROFIT	\$	-3.681.008 \$	2.387.972 \$	5.767.944 \$	7.464.933 \$	8.710.712 \$	9.558.695 \$	11.737.838 \$
Taxes	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
Profit/Loss	\$	-3.681.008 \$	2.387.972 \$	5.767.944 \$	7.464.933 \$	8.710.712 \$	9.558.695 \$	11.737.838 \$
CASH FLOW								
Result	\$	-3.681.008 \$	2.387.972 \$	5.767.944 \$	7.464.933 \$	8.710.712 \$	9.558.695 \$	11.737.838 \$
Amortisation	\$	- \$	1.413.750 \$	1.413.750 \$	1.413.750 \$	1.413.750 \$	1.363.750 \$	1.313.750 \$
Total	\$	-3.681.008 \$	3.801.722 \$	7.181.694 \$	8.878.683 \$	10.124.462 \$	10.922.445 \$	13.051.588 \$
Reservation for repayment	\$	- \$	-3.315.781 \$	-7.141.682 \$	-8.161.923 \$	-6.886.622 \$	- \$	- \$
Stock mutations	\$	-1.200.000 \$	-1.300.000 \$	-175.000 \$	-187.250 \$	-200.358 \$	-214.383 \$	3.276.990 \$
Cash	\$	1.300.000 \$	485.941 \$	350.952 \$	880.463 \$	3.917.945 \$	14.626.008 \$	30.954.586 \$

Cost of personnel

				31-12-2014	31-12-2015	31-12-2016	31-12-2017	31-12-2018	31-12-2019	31-12-2020							
Inflation		7,00%															
Wages																	
Expat Manager	1 \$	9.000	12 \$	54.000 \$	108.000 \$	115.560 \$	123.649 \$	132.305 \$	141.566 \$	151.476							
Expat Engineering Manager	1 \$	9.000	12 \$	27.000 \$	108.000 \$	115.560 \$	123.649 \$	132.305 \$	141.566 \$	151.476							
Expat Planner	1 \$	6.000	12 \$	36.000 \$	72.000 \$	77.040 \$	82.433 \$	88.203 \$	94.377 \$	100.984							
Expat Production Manager	1 \$	6.000	12 \$	18.000 \$	72.000 \$	77.040 \$	82.433 \$	88.203 \$	94.377 \$	100.984							
Service manager	1 \$	1.000	12 \$	6.000 \$	12.000 \$	12.840 \$	13.739 \$	14.701 \$	15.730 \$	16.831							
Head administration	1 \$	1.000	12 \$	12.000 \$	12.000 \$	12.840 \$	13.739 \$	14.701 \$	15.730 \$	16.831							
Interpreter	1 \$	1.000	12 \$	6.000 \$	12.000 \$	12.840 \$	13.739 \$	14.701 \$	15.730 \$	16.831							
Administration/support	8 \$	900	12 \$	22.200 \$	86.400 \$	92.448 \$	98.919 \$	105.844 \$	113.253 \$	121.180							
Engineers	12 \$	1.000	12 \$	28.800 \$	144.000 \$	154.080 \$	164.866 \$	176.406 \$	188.755 \$	201.967							
Workers	200 \$	500	12 \$	240.000 \$	1.200.000 \$	1.284.000 \$	1.373.880 \$	1.470.052 \$	1.572.955 \$	1.683.062							
Expat quality control	\$	9.000	6 \$	- \$	54.000 \$	57.780 \$	61.825 \$	66.152 \$	70.783 \$	75.738							
Training			\$	500.000													
			\$	950.000	\$	1.880.400	\$	2.012.028	\$	2.152.870	\$	2.303.571	\$	2.464.821	\$	2.637.358	
Income Tax	\$	-		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
			\$	950.000	\$	1.880.400	\$	2.012.028	\$	2.152.870	\$	2.303.571	\$	2.464.821	\$	2.637.358	
			\$		\$		\$		\$		\$		\$		\$		
Fee Director 1	1 \$	12.000	12 \$	50.000 \$	144.000 \$	154.080 \$	164.866 \$	176.406 \$	188.755 \$	201.967							
Fee Director 2	1 \$	12.000	12 \$	50.000 \$	144.000 \$	154.080 \$	164.866 \$	176.406 \$	188.755 \$	201.967							
Other personal costs	1 \$	100.000	2 \$	50.000 \$	200.000 \$	214.000 \$	228.980 \$	245.009 \$	262.159 \$	280.510							
			\$		\$		\$		\$								
Totaal personnel			\$	1.100.000	\$	2.368.400	\$	2.534.188	\$	2.711.581	\$	2.901.392	\$	3.104.489	\$	3.321.804	

Explanation of the figures

Investment:

Engineering cost:

The costs for permit, design and project management.

Hanger 10.000m²:

The necessary works are specified, the costs are estimated by our local business partner, according to local standards. The building will be realised on a piece of land located in an industrial area in Karaganda. The land will be rented from the government. There is a rental contract for 30 years.

Office building:

The office building is attached to the production hanger, the costs are estimated by our local business partner, according to local standards.

Unforeseen:

Provision for setbacks in the construction of office and production hall.

Machinery:

The complete inventory for the factory, incl installation. The costs are based on our own experience.

Startup:

Legal and insurance costs, estimation.

Administration/hardware/software:

Cost for setup of administration system with our Dutch engineering office.

HRM, training of personnel and payment of personnel:

The staffing of the plant will require attention from the start. During the installation of the machines, personnel will be trained and educated.

Interest:

Interest to be payed for the loan.

Current reserve:

Reservation for working capital, material on stock.

Amortisation:

The amortisation periods are the following:

- Building and the office: 120 months.
- Machinery: 120 months
- Office equipment: 60 months.
- Cars: 36 months.

Balance sheet forecast

The stock is estimated at 8% of the annual turnover.

Profit and loss:

Sales:

The total value of the contract is appr. \$400.000.000. The plans will have to be realised in the next 8 years. The average sales amount will be around \$50.000.000 per year. For the first year, the turnover is expected to be \$40.000.000. Contract is attached.

Material:

The material price for the equipment is based on our extensive experience in the production of the equipment.

- The material price for the 70% of the turnover that will be produced in Kazakhstan is about 40% of the sales price.
- The material price for the 30% of the turnover that will be produced in Europe is about 60% of the sales price. This is the high tech equipment.

Start-up/failure budget:

The budget for start-up and production failure. At the start, efficiency will be less. The costs of efficiency loss are estimated at \$2.000.000 for the first year and decreasing for the coming years.

Supporting Documentation

Contract for the “Ak-Bulak” investment program, original.

Меморандум о сотрудничестве
между АО «Казахский Водоканалпроект»
и «КЕМЕО В.В.»

г. Алматы, «___» _____ 2012 года

АО «Казахский Водоканалпроект», именуемое в дальнейшем «**Институт**», в лице Президента Валиева Рустама Максумовича, зарегистрированное в Республике Казахстан, регистрационный № 553-1910-04-АО, с одной стороны и «**КЕМЕО В.В.**», именуемое в дальнейшем «**Инвестор**», зарегистрированное в Королевстве Нидерланды регистрационный № 55477283, в лице Директора van Klaveren Marcel Aloysius Alphonsus, с другой стороны, совместно именуемые «Стороны» пришли к взаимопониманию и заключили настоящий Меморандум о сотрудничестве между АО «Казахский Водоканалпроект» и «КЕМЕО В.В.» (далее - Меморандум) о нижеследующем:

Стороны достигли соглашения о сотрудничестве касательно открытия производства современной продукции отвечающей требованиям мирового уровня на территории Республики Казахстан в соответствии с прилагаемым ориентировочным графиком его ввода.

1. С целью реализации настоящего Меморандума «Инвестор» обязуется:

1) организовать производство по выпуску не стандартного оборудования (продукции), в том числе оборудования(продукции) по очистке канализационных муниципальных и промышленных стоков, а также комплектующих элементов, соответствующих мировым стандартам. Перечень оборудования приводится в приложении №1 к настоящему Меморандуму;

2) предоставить в течение 30 календарных дней после подписания Меморандума:

- Легализованные копии сертификатов и/или иных документов, регламентирующих качество Оборудования (продукции), выданных другой страной и/или странами, где производится такое оборудование (продукция);
- Письмо, гарантирующее соответствие планируемого к выпуску Оборудования (продукции) вышеназванным документам;
- Технические рекомендации по проектированию и применению производимой продукции;
- Ориентировочный прайс-лист (каталоги) с детализированной информацией по планируемой к выпуску продукции;
- График строительства завода.

3) обеспечить поэтапное увеличение доли казахстанского содержания в продукции, планируемой к выпуску не менее чем с 40% до не менее чем 60-75%, в течение 3 (трех) лет с момента запуска производства;

4) обеспечить сервисное обслуживание в регионах Республики Казахстан, в которых будет осуществляться реализация проектов Программы «Ақ-бұлақ»;

5) обеспечить организацию обучения и практических занятий для проектировщиков, экспертов и эксплуатирующих предприятий в части обмена опытом, а также повышения квалификации казахстанских специалистов;

6) в случае неисполнения вышеназванных обязательств, «Инвестор» обязуется возместить «Институту» затраты, направленные на проведение корректировки предпроектной и проектной документации в срок не позднее 3 (трех) месяцев с даты направления «Институтом» мотивированного требования о возмещении затрат, связанных с заменой оборудования и материалов.

2. С целью реализации настоящего Меморандума «Институт» обязуется:

1) после согласования с ГУ «Агентство Республики Казахстан по делам строительства и жилищно-коммунального хозяйства» в месячный срок со дня подписания настоящего Меморандума предоставить информацию по планируемым объемам закупок материалов и оборудования, предполагаемых к выпуску «Инвестором», с ежегодным обновлением информации по планируемым объемам закупок материалов и оборудования в рамках реализации проектов Программы «Ақ-бұлақ»;

2) оказать содействие «Инвестору» в продвижении запланированной к выпуску продукции на внутренний рынок путем включения выпускаемого «Инвестором» оборудования (продукции) в обоснования инвестиций систем водоснабжения и водоотведения городов Республики Казахстан в рамках Программы «Ак-булак»;

3.В случае неисполнения обязательств Инвестором, «Институт» вправе заменить заложенное в обоснования инвестиций оборудование (продукцию) «Инвестора».

4.Настоящий Меморандум не предполагает и не предусматривает никаких финансовых обязательств Сторон, за исключением подпункта б) пункта 1.

5.Настоящий Меморандум вступает в силу со дня его подписания обеими Сторонами.

6.Меморандум заключен на неопределенный срок.

7.Ни один из участников Меморандума не может односторонне расторгнуть настоящий Меморандум, при условии исполнения каждым участником своих обязательств по настоящему Меморандуму.

8.В случае неисполнения одной из Сторон обязательств по настоящему Меморандуму другая сторона направляет другой Стороне предложение о расторжении Меморандума, которое должно быть рассмотрено другой Стороной в 15 (пятнадцать) дневный срок.

9.Изменения и дополнения к настоящему Меморандуму являются его неотъемлемой частью. Любые изменения и дополнения должны быть совершены в письменной форме и подписаны уполномоченными представителями Сторон.

10.Споры и разногласия, возникающие в процессе реализации настоящего Меморандума, разрешаются путем переговоров. В случае если споры не могут быть разрешены путем переговоров Стороны применяют следующую процедуру:

Все споры, разногласия, требования, возникающие в связи с договором или касающиеся его нарушения, прекращения, недействительности, подлежат разрешению в Международном третейском суде «IUS», в соответствии с его действующим регламентом. Решение Международного третейского суда «IUS» является окончательным.

Применимое право законодательство Республики Казахстан.

11.Настоящий Меморандум совершен на государственном и/или русском языках, в двух экземплярах, имеющих одинаковую юридическую силу, по одному для каждой из Сторон.

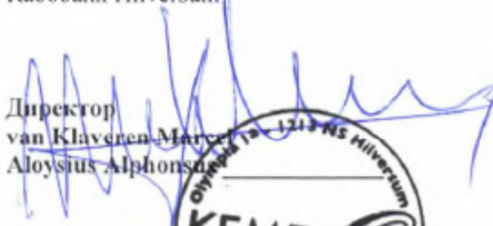
12.Подписи и реквизиты сторон:

«Институт»
АО «Казахский Водоканалпроект»
050062, г. Алматы,
ул. Жубанова, 3А
РНН 600200021578,
ИИК KZ43856000000006688,
БИН 080640021018, Код ОКПО
02495112, БИК КСJBKZKX,
АО «БанкЦентрКредит», Кбе 17

Президент
Валиязак Суарнажоба
Руслан Максумович



«Инвестор»
«KEMEO B.V.»
Olympia 1a
1213 NS Хилверсум, Нидерланды
IBAN: NL33RABO0170515664
НДС:NL85170358B01
СС:55477283
Rabobank Hilversum

Директор
van Klaveren Marcel
Aloysius Alphonsus




Contract for the “Ak-Bulak” investment program, translation.

Memorandum of cooperation between JSC 'Kazakh Vodokanalproject'

and "Kemeo BV"

Almaty, _____ 2012

JSC 'Kazakh Vodokanalproject', further "**Institute**" represented by President R.M. Valiev, certificate of state registration of legal entities 553-1910-04-AO, of the first part and **Kemeo BV**, further "**Investor**", registered in the Netherlands under CC 55477283 represented by Director van Klaveren Marcel Aloysius Alphonsus of the second part, jointly referred as "**Parties**" have reached mutual understanding and concluded this Memorandum of cooperation (further – Memorandum) as follows:

Parties have come to an agreement of cooperation regarding the start of joint production of goods which would meet world-class requirements in the territory of the Republic of Kazakhstan in accordance with the attached preliminary schedule of commissioning.

In order to implement this Memorandum, 'Investor' shall:

- 1) setup production of custom made equipment including industrial and communal waste water treatment equipment and its components in accordance with world quality standards. Equipment list is enclosed with this memorandum.
- 2) provide within 30 days upon signing of the Memorandum the following documents:
 - legalised copies of certificates or any other documents specifying applicable quality requirements issued in the country of origin or any other countries where the equipment is manufactured
 - a letter of conformity stating that the equipment qualifies for the above requirements
 - process description and other technical data specifying design parameters and scope of application of products to be manufactured
 - estimated price list with detailed information on products to be manufactured
 - construction and commissioning schedule of the factory
- 3) Ensure gradual increase of the Kazakhstan share in products to be manufactured from 40% to at least 60-75% within 3 years after start of production.
- 4) Provide maintenance services in the country areas where 'Ak-Bulak' program is being realised.
- 5) Organise training seminars and workshops for local engineers, experts and operating companies in order to share experience and improve skills of Kazakh specialists;
- 6) In case of non-compliance, the Investor is obliged to compensate Institute the costs of re-design no later than three months after receipt of a substantiated claim from the Institute.

In order to implement this Memorandum, 'Institute' shall:

- 1) within one month upon signing of this memorandum provide Investor with information on the planned purchase volume of materials and equipment and annually update such information with regards to purchase of equipment for the "Ak-Bulak" program.
- 2) Assist Investor in the promotion of its products on the domestic market by including equipment manufactured into by Investor in the investment substantiation of "Ak-Bulak" program.
3. In case of non-compliance "Institute" reserves the right to replace the equipment supplied by Investor and exclude it from the investment substantiation as described above.
4. This Memorandum does not stipulate any financial obligations of the Parties, with the exception of paragraph 6.
5. This Memorandum shall enter into force after signing by both Parties.

6. The Memorandum was signed for an indefinite period.
7. This Memorandum may not be terminated unilaterally by any Party providing both Parties observe their obligations as described in this Memorandum.
8. In case of non-compliance by one Party, the other Party shall issue a notification of termination which should be considered within 15 days upon receipt.
9. Changes and amendments to this Memorandum shall be an integral part of it. Any changes or additions should be made done in writing and signed by authorized representatives of the Parties.
10. Disputes and differences arising during the implementation of this Memorandum shall be settled in accordance with the following procedure:

All disputes, differences and disagreements regarding non-conformance, termination or invalidity of this Memorandum are subject to arbitration in accordance to its regulations. Decision of the arbitration authority is final and cannot be challenged.

Applicable legislation is this of the Republic of Kazakhstan.
11. This Memorandum is signed in duplicate of equal legal force in and/or Russian languages, one for each of the Parties.

..

JSC 'Kazakhskiy Vodokanalproject'

'Investor'

_____ R.Valiev

_____ M. van Klaveren

" " _____ 2012

" " _____ 2012

Foto's and Layouts

