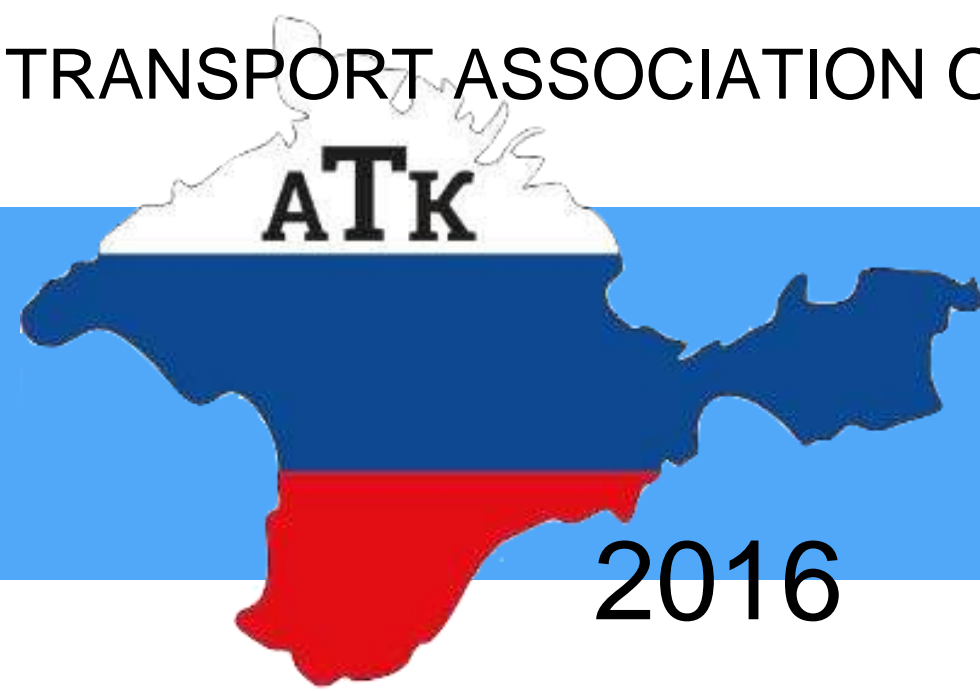


TRANSPORT ASSOCIATION OF CRIMEA



EFFECTIVE SOLUTION FOR PROVIDING
FUELING SERVICES IN THE REPUBLIC OF CRIMEA

The Republic of Crimea 2016

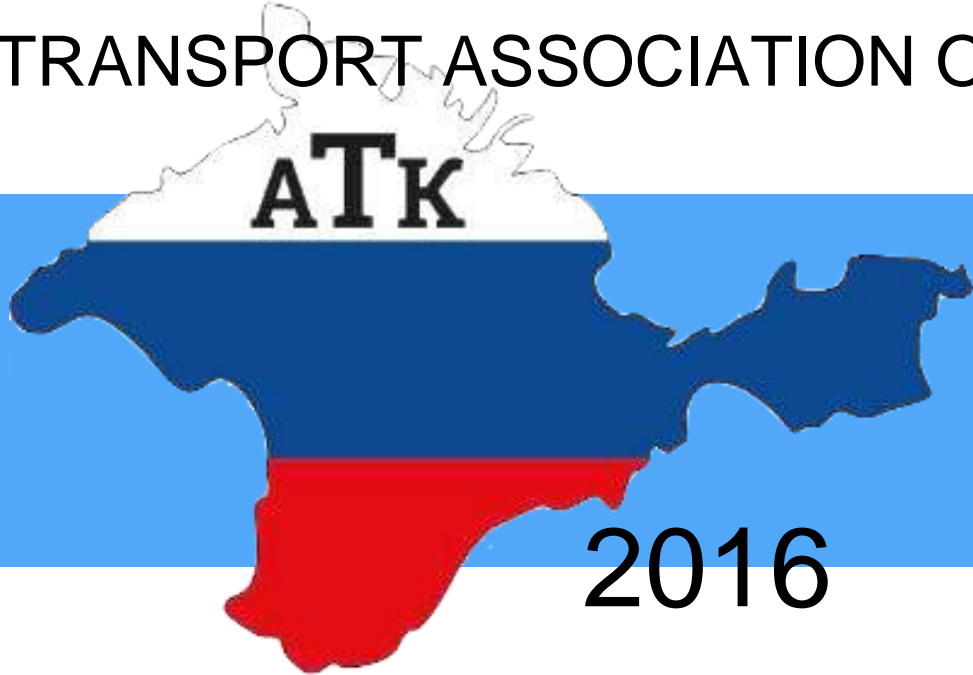


PROJECT

THE DEVELOPMENT OF THE MINI CONTAINER FILLING STATIONS NETWORK IN THE REPUBLIC OF CRIMEA

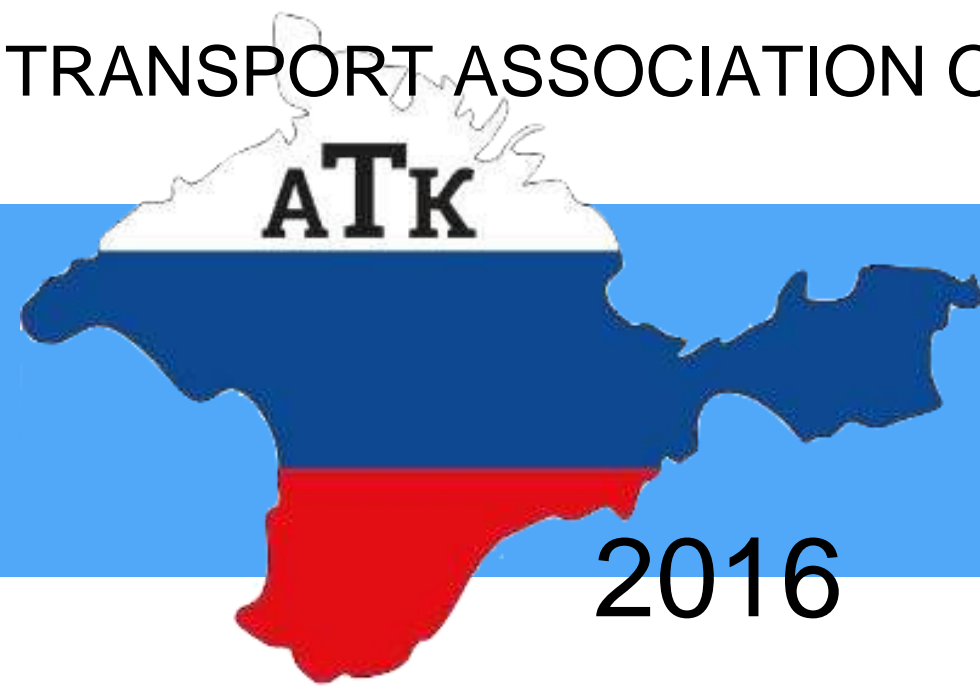
Highly-effective solution powered by the own motor fuel production of Euro 5 quality and higher, by the own transport and logistics infrastructure and by the mini CFS under a single brand "TAC".

designed in collaboration with:
Imago Consulting Group (Tyumen)
The Fuel Modular Systems (Saint-Petersburg)
Based on
EMERCOM Fire Code № 111-98
Rules and Regulations: «Petrol Supplying Stations for cars.
Fire Safety Requirements» dated July, 1st 2014.



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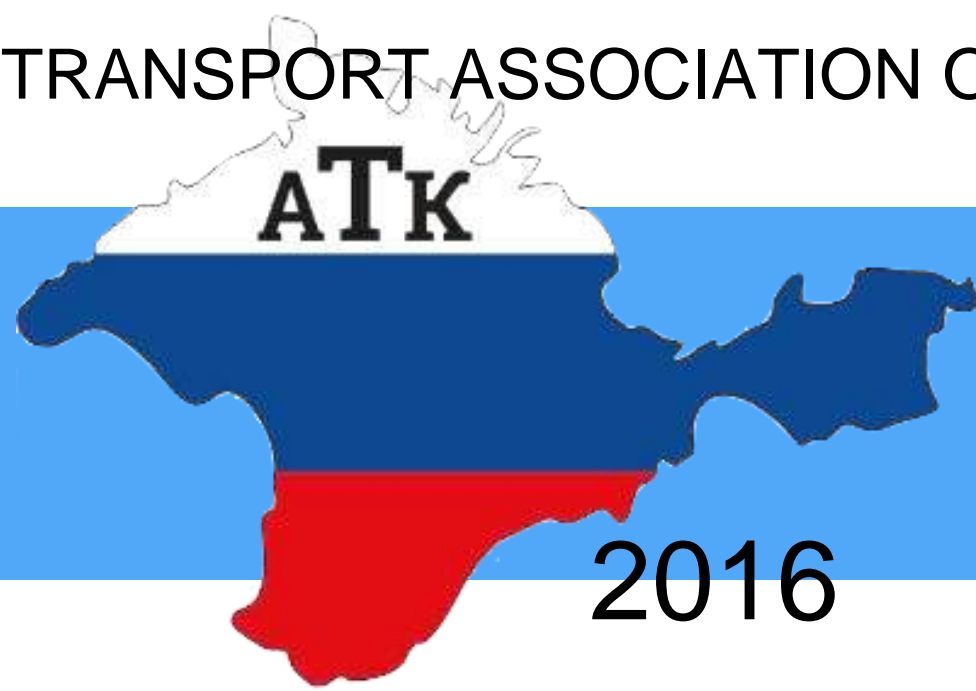
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IDEA OF THE PROJECT

Organization of the container filling stations network (CFS) under a single brand TAC (Transport Association of Crimea) in the territory of The Crimean Peninsula, Partial oil processing with the supply from the manufacture's own refineries with the subsequent selling in their own filling stations at a reduced price for the association members, as well as selling the fuel of other manufacturers at a reduced price for all consumers. The target consumers of the CFS network are TAC members along with:

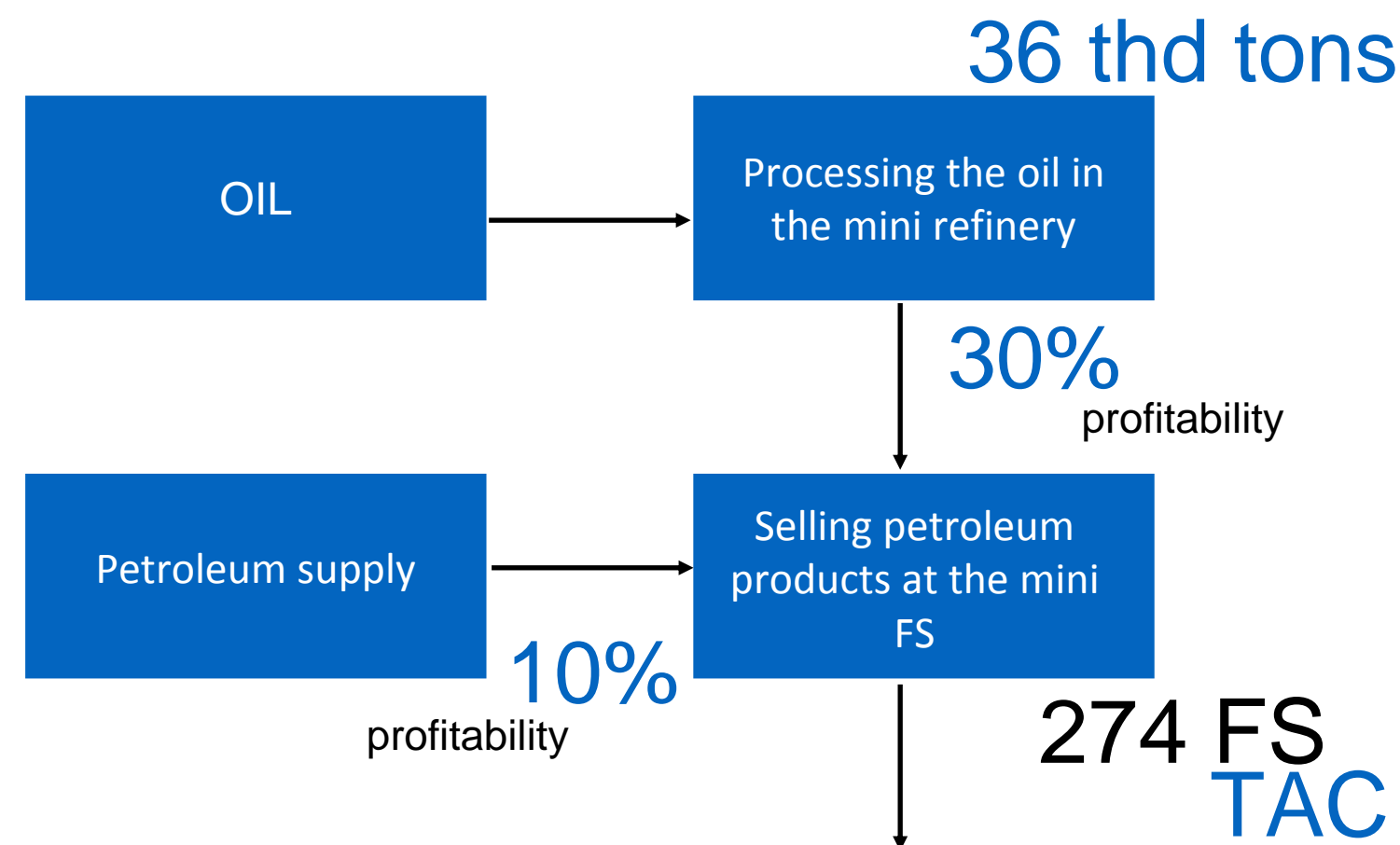
- motor transport enterprises of Crimea;
- individuals;
- farming enterprises and agricultural producers;
- public industries and government authorities.

This business plan describes and calculates the investment option in the amount of 1.1 billion rubles.

Item of expense	Volume of expenses RUB
Purchase of the refinery and the fuel terminal	325 750 000
Purchase of the FS with the control room, V=10m3 (274 items)	548 000 000
Purchase of 28 items of special transport	226 250 000
IN TOTAL	1 100 000 000

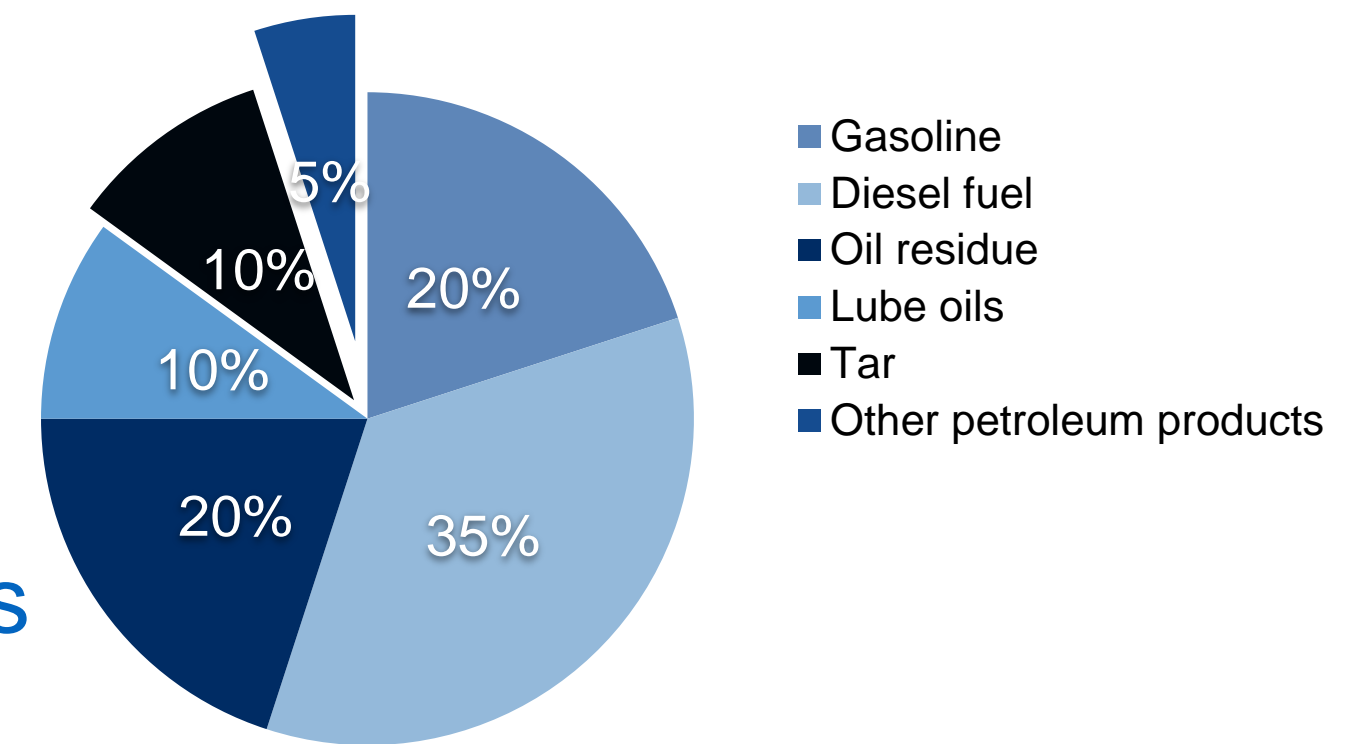
Oil deliveries are planned from the fields in the Krasnodar Territory, the Republic of Crimea, Khanty-Mansi Autonomous Okrug, Ugra. In a month the refinery is able to process 3000 tons of oil. Fuel suppliers are the leading Russian manufacturers.. The profitability of the project is taken into account on the basis of 10% rate from the imported and 30% rate from the fuel obtained in the own refinery.

KEY SOLUTION

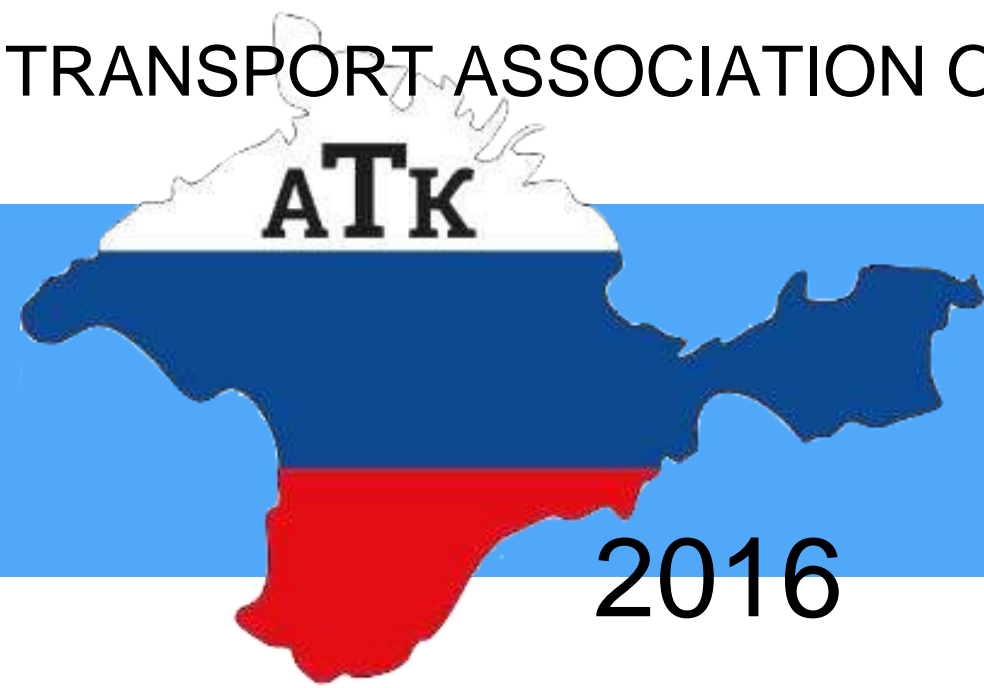


This project is highly profitable and it has great potential to expand into different directions.

YIELD OF PETROLEUM PRODUCTS PER A TON OF OIL PROCESSED IN THE REFINERY



TOTAL PROJECT INVESTMENTS
1 100 000 000 RUB
REFINERY MODERNIZATION DEADLINE
6 MONTHS
TOTAL VOLUME OF THE REFINERY RESERVOIRS AFTER THE MODERNIZATION
10 000 TONS
PROJECT PROFITABILITY
30 MONTHS
VOLUME OF THE PROCESSED OIL PER A YEAR
36 000 TONS

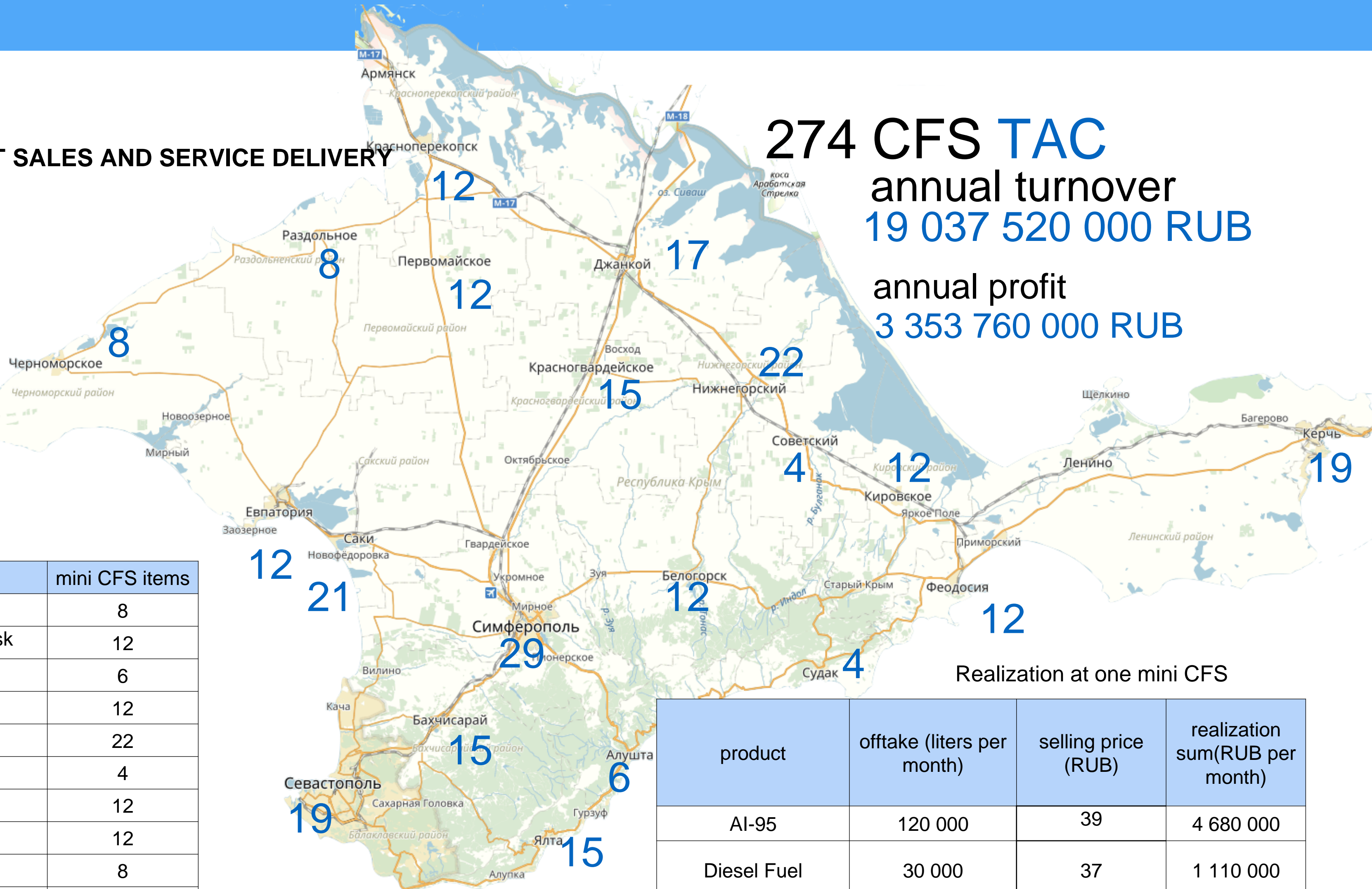


MARKETS. QUANTIFICATION OF PRODUCT SALES AND SERVICE DELIVERY

The CFS network will consist of more than 274 units located throughout the Peninsula, in places with the highest concentration of vehicles in cities and towns. The geographical diversity of CFS is defined, preliminary land leasing agreement for the installation of CFS is coordinated.

Procurement and supply of the fuel will be carried out centrally for the whole CFS network that will keep retail prices lower than in the market, and reduced for TAC member. Fuel Supply Agreement has already been coordinated, the purchase price for AI-95 fuel has been agreed at the level of 33 rubles per a liter including the delivery to the Republic of Crimea.

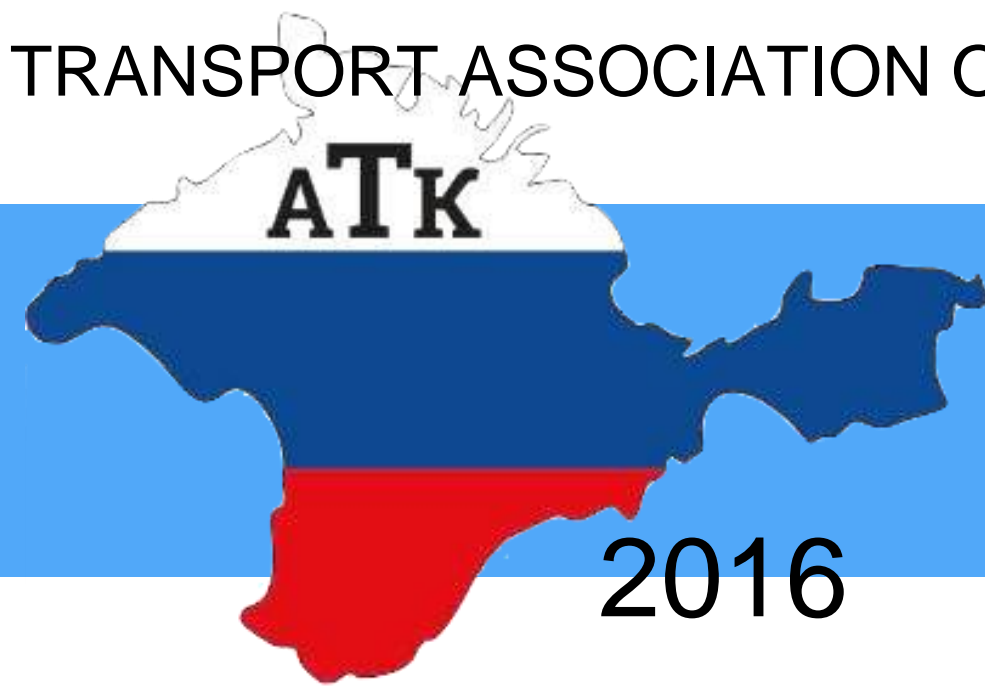
Region	mini CFS items	Region	mini CFS items
Sevastopol	19	Chernomorskoe	8
Simferopol	29	Krasnoperekopsk	12
Kerch	19	Alushta	6
Feodosia	12	Bilohirsk	12
Yevpatoria	12	Nizhnegorsk	22
Saky	21	Sovetskiy	4
Bakhchysarai	15	Kirovskoe	12
Yalta	15	Pervomaiskoe	12
Dzhankoy	17	Razdolnoe	8
Krasnogvardeiskoe	15	Sudak	4



274 CFS TAC
annual turnover
19 037 520 000 RUB
annual profit
3 353 760 000 RUB

Realization at one mini CFS

product	offtake (liters per month)	selling price (RUB)	realization sum(RUB per month)
AI-95	120 000	39	4 680 000
Diesel Fuel	30 000	37	1 110 000
In total	150 000		5 790 000



274 CFS TAC
Annual turnover
19 037 520 000 pyб
annual profit
1 076 748 865 pyб

FINANCES. QUANTIFICATION OF PRODUCT SALES AND SERVICE DELIVERY

EXPENSES

Product	Purchase volume for one mini CFS (liters)	Annual purchase volume for one mini CFS	Number of mini CFS (items)	Total purchase volume in a year (liters)	Purchase price including VAT and delivery RUB/liter	Sum of Expenses
AI-95	120 000	1 440 000	274	394 560 000	33	13 020 480 000
Diesel fuel	30 000	360 000	274	98 640 000	27	2 663 280 000
In total	150 000	1 800 000		493 200 000		15 683 760 000

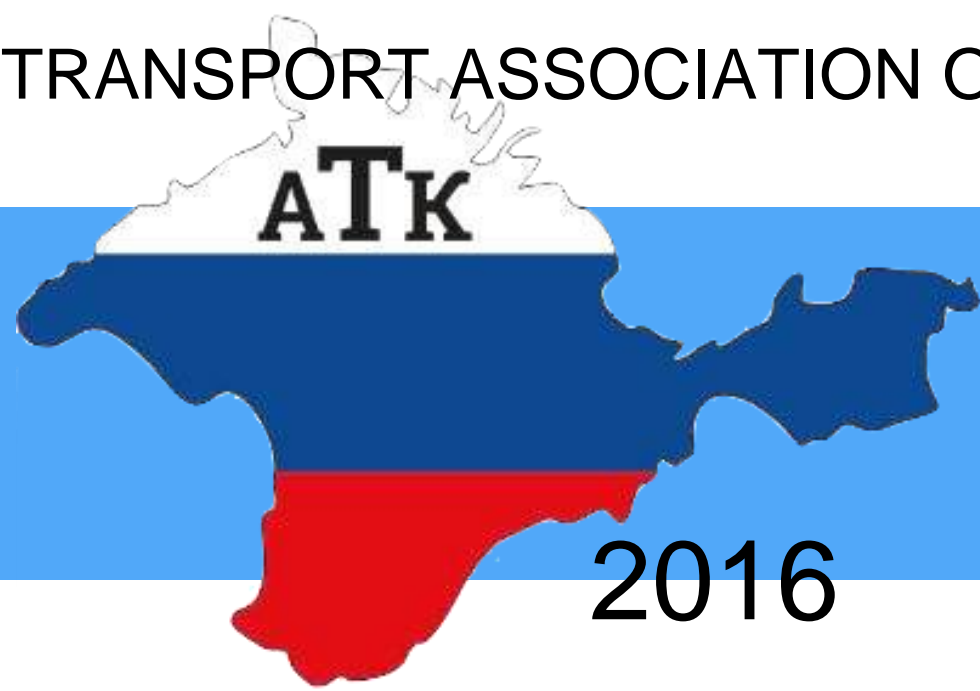
REVENUES

Product	Number of liters sold at one mini CFS	Number of liters sold at one mini CFS in a year	Number of mini CFS (items)	Total number of liters sold in a year	Selling price including VAT and delivery RUB/liter	Realization Sum
AI-95	120 000	1 440 000	274	394 560 000	39	15 387 840 000
Diesel fuel	30 000	360 000	274	98 640 000	37	3 649 680 000
In total	150 000	1 800 000		493 200 000		19 037 520 000

Annual income excluding operating expenses

3 353 760 000





274 CFS TAC
annual turnover
19 037 520 000 pyб
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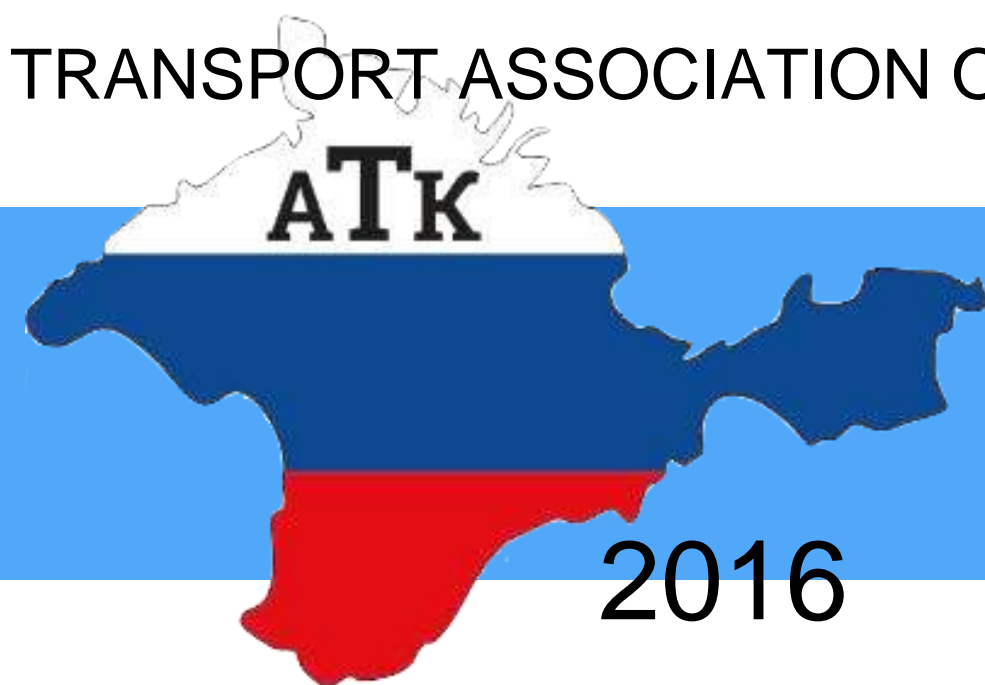
FINANCES. ACCOUNTING OF EXPENSES AND REVENUES

	Number of people	Avg. salary RUB	Wages fund in a month (RUB)	Wages fund in a year (RUB)	Social tax 21,7% RUB	TIPI 13% RUB
CFS staff	274	45 000	12 330 000	147 960 000	32 107 320	19 234 800
Transportation staff	28	45 000	1 260 000	15 120 000	3 281 040	1 965 600
Administration staff	12	57 000	684 000	8 208 000	1 781 136	1 067 040
IN TOTAL	314		14 274 000	171 288 000	37 169 496	22 267 440
Expenses for WF+ WF taxes	230 724 936					

	RUB
Operating expenses	17 177 060 000
including	
transportation expenses for the fuel delivery to CFS	1 479 600 000
Advertising	2 740 000
repair expenses for motor vehicles and CFS equipment	5 480 000
Lease	5 480 000
Purchase of the fuel	15 683 760 000
TOTAL EXPENSES (operating and WF + taxes)	17 407 784 936

	RUB
Operating expenses	17 407 784 936
Revenues	19 037 520 000
Before-tax profit	1 629 735 064
VAT 18%	283 798 983
After VAT profit 18%	1 345 936 081
Profit tax of 20%	269 187 216
After-tax profit	1 076 748 865





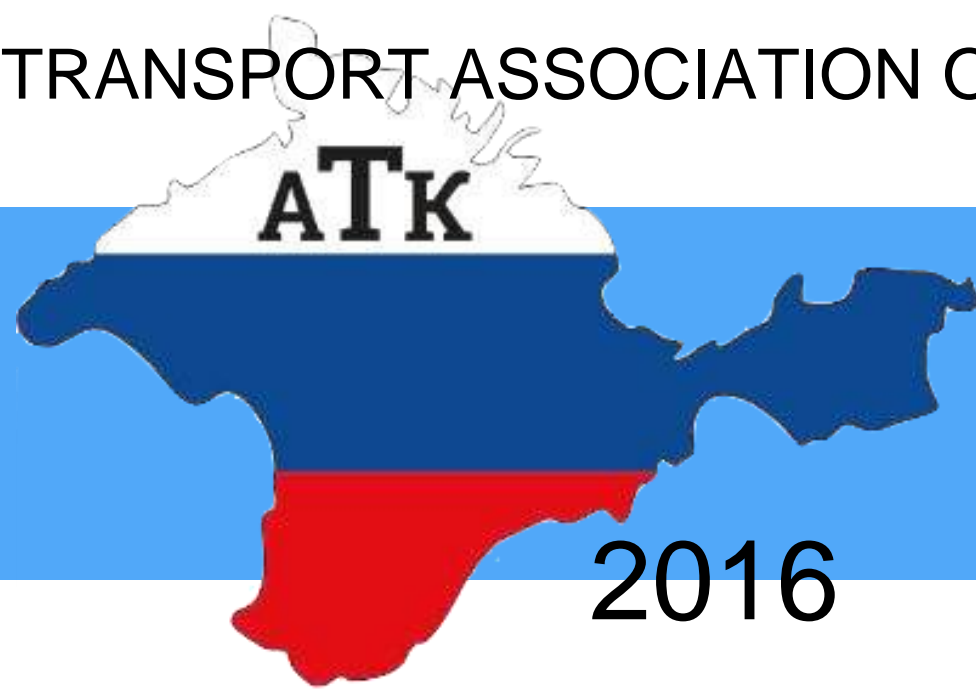
274 CFS TAC
annual turnover
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FINANCES. PROJECT INVESTMENTS

Infrastructure	Qty items	Cost RUB	Sum RUB
Refinery processing 3000 tonnes per month with a tank farm capacity of 10,000 tons	1	325 750 000	325 750 000
Mini Container FS 20m3 with the control room	274	2 000 000	548 000 000
Articulated lorry «Kamaz» 65206 (Euro 5)	20	5 300 000	106 000 000
Tanker semitrailer "SespeI" 964 847 aluminum alloy	20	4 100 000	82 000 000
Tankers ATZ 55216-40 on "Kamaz" A4 65115-3966 chassis (Euro 4)	5	4 890 000	24 450 000
Tankers ATZ 55216-40 on "Kamaz" 43118-3938-46 chassis (Euro 4)	3	4 600 000	13 800 000
In total			1 100 000 000

INVESTMENTS IN THE CFS NETWORK PROJECT	RUB
Equipment (274 CFS V10M3) including VAT and delivery	430 000 000
Installment and utility hook-up	2 740 000
Expenses for operating vehicles	226 250 000
including	
Articulated lorry «Kamaz» 65206 (Euro 5)	106 000 000
Tanker semitrailer "SespeI" 964 847 aluminum alloy	82 000 000
Tankers ATZ 55216-40 on "Kamaz" A4 65115-3966 chassis (Euro 4)	24 450 000
Tankers ATZ 55216-40 on "Kamaz" 43118-3938-46 chassis (Euro 4)	13 800 000
TOTAL INVESTMENTS	658 990 000
Pay-off period (years)/ excluding investments in the refinery	0,61
Pay-off period (months)/ excluding investments in the refinery	7,34





274 CFS TAC
annual turnover
19 037 520 000 pyб
annual profit
1 076 748 865 pyб

INSTITUTIONAL REASONING

Container FS are effective and safe-operating filling stations. Since 2012, they follow the requirements in accordance with the standards of fire safety rules NPB111-98 "Petrol Supplying Stations for cars. Fire Safety Requirements", dated 1 July, 2014. Permitting RTN documents are not required, except in cases when a dangerous object is placed in the territory of a gas station.

Legal documentation

1. SNIP 2.01.07-85. Loads and effects.
2. SNIP II-23-81. Steel structures.
3. SNIP 3.03.01-87. Load-bearing and enclosing structures.
4. SNIP 3.02.01-87. Earthworks, Grounds and Footings.
5. SNIP II-89-80. Master plans for industrial enterprises.
6. SNIP 2.04.05-91. Heating, ventilation and air-conditioning.
7. SNIP 23-05-95. Daylighting and artificial lighting.
8. SNIP 21-01-97. Fire safety of buildings and structures.
9. NPB 111-98. Fire Safety Requirements for Fueling Stations
10. NPB 88-2001. Fire Extinguishing and Alarm Systems. Design Standards and Regulations
11. NPB 105-03. Determination of Explosion/Fire and Fire Hazard Categories of Rooms, Buildings, and Outdoor Installations
12. SNIP 21.01.02-85. Fire protection code.
13. SB 153-34.21.122-2003. Guidelines on Installation of Lightning Protection Devices for Buildings, Structures, and Industrial Utility Lines.
14. EMP-2007. Rules for Electrical Installation.
15. VSN 332-74 / MMSS USSR. Installation of electrical equipment, power and lighting in hazardous areas.
16. VPPB 01/01/94. Fire safety regulations in the operation of oil product supply enterprises.
17. RD 153-39.2-080-01. The technical operation of filling stations.
18. POT R O-112-001-95. Rules of safety and industrial hygiene in the operation of tank farms and filling stations.



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