

INFORMATION MEMORANDUM

Open Joint-Stock Company “Baranovichi Spare Parts Plant “AVTAKO” OJSC “BSPP” AVTAKO”

Address (location): 311 Brestskaya Street, 225413 Baranovichi, Brest region, the Republic of Belarus

Website www.avtako.by

Data on state registration

OJSC “BSPP” Avtako” was registered on December 11, 1990 by the decision of Baranovichi City Executive Committee No. 709. The amendments to the Charter were made as of January 1, 1995 and were registered on April 11, 1995 by decision of Baranovichi City Executive Committee No. 392.

Baranovichi City Executive Committee re-registered OJSC “BSPP” Avtako” in the Register of Republican Registration under No. 131 during the republican re-registration, decision No. 73 of January 28, 1997. Certificate No. 000133.

During the republican re-registration on January 31, 2001 Brest Region Executive Committee re-registered OJSC “BSPP” Avtako”, state registration number 1683, UNP 200150605.

Director of OJSC “BSPP” Avtako”

Boris Mikhailovich Poteyko

(decision No. 64 of the Supervisory Board of OJSC “BSPP” Avtako” dated December 9, 2011)

Chief Accountant

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Main activities:

- a) production of spare parts for the enterprises of the Belarusian Railway;
- b) production of spare parts for road transport vehicles (trucks, buses, trolleybuses).

I. General information

1) History of the company

SSARE (Small State Automobile Repair Enterprise) “AVTACO” was established on December 11, 1990. Initially the company was engaged in auto service (body works, shaft grinding, etc.) and in wholesale and retail trade of spare parts for vehicles. It allowed to get necessary financial resources for further development of the company.

In 1991 Baranovichi City Executive Committee allocated a site for the construction of the plant. At the end of the year, Limited Liability Company “Vista” (a construction company) was established on the territory of this site. The company signed the contract with Limited Liability Company “Vista” for the construction of the industrial premises of OJSC “BSPP” Avtako”.

At the beginning of 1992 the company started to produce pistons and piston rings

for the Ikarus bus compressor. A part of the vehicles were purchased at the expense of the company. At the end of 1992 the Ministry of Transport and Communications of the Republic of Belarus rented out the fixed capital assets to the enterprise. In this regard on December 22, 1992 Baranovichi City Executive Committee decided (decision No. 1167) to rename Small State Automobile Repair Enterprise "AVTACO" into Leased Industrial and Commercial Enterprise "AVTACO".

The enterprise was developing: the total of output and the commercial activity of the enterprise increased, the number of employees including seconded staff was more than 350 people. The enterprise got the status of the plant. On April 11, 1995 by the decision of Baranovichi City Executive Committee No. 392 Leased Industrial and Commercial Enterprise "AVTACO" was renamed as Leased Enterprise BSPP "AVTACO". At the end of 1998 the Ministry of Transport offered and the employees agreed to transform the leased enterprise into an open joint stock company (the number of employees - 274 people) (decision of Baranovichi City Executive Committee No. 73 made on January 28, 1998).

However, at the end of the 20th and at the beginning of the 21st century the economic difficulties in the Republic of Belarus affected OJSC "BSPP" Avtako". The total of output began to decrease, the company had to sell its products at discounted prices, the number of employees reduced, financial and economic indicators got lower and lower. As a result in 2005 the company was declared economically insolvent. By November 24, 2011 "BSPP" Avtako" had been in the process of reorganization. Thus the main purpose of the enterprise during this period was the settlement of its obligations. At present the enterprise has reached financial stability and on November 24, 2011 the Economic Court of Brest region terminated the proceeding in case of economic insolvency of "BSPP" Avtako".

2) The main activities of the enterprise are:

- production of spare parts for the enterprises of the Belarusian Railway;
- production of spare parts for road transport vehicles (trucks, buses, trolleybuses).

Currently 60% of the profit is received from the manufacture of products for the enterprises of the Belarusian Railway.

3) Other activities carried out by the enterprise

The enterprise produces various kinds of make-to measure spare parts for various enterprises of the Republic of Belarus.

4) The capacity of the enterprise, the market share occupied

The capacity of OJSC "BSPP" Avtako" is the production of goods up to not more than 250 thousand rubles per month.

5) Advantages of the enterprise

OJSC "BSPP" Avtako" has an advantageous location; mobile; completes orders within the shortest possible time.

6) Licenses, patents, certificates ISO

OJSC "“BSPP” Avtako” has received:

- special permit (license) No. 02010/11351 to exercise security guard activities. It was issued on the basis of the decision of the Ministry of Internal Affairs of the Republic of Belarus No. 32km on August 28, 2009; the license is valid until August 28, 2024. Appendix No. 0132267 – security service performed by the legal entity for the objects (property) belonging to the legal entity;

- special permit (license) No. 02300 / 3452-1 to carry out industrial safety activities. It was issued on the basis of the decision of the State Industrial Inspectorate of the Ministry for Emergency Situations No 36km on August 24, 2015; the license is valid until August 25, 2020. Appendix No. 0175497 – the operation of a hazardous industrial facility;

- special permit (license) No. 02190 / 2-58348 to carry out activities in the field of road transport. It was issued on the basis of the decision of the Ministry of Transport and Communications of the Republic Belarus No. 85-LI on October 27, 2011; the license is valid until October 27, 2021. Appendix 0081809 – international road haulage.

II. Financial performance of the enterprise.

<i>Indicator</i>	2015	2016	2017
Capital net worth, thousand rubles	1022	1020	1044
The amount of revenue from the sales of products, works and services, thousand rubles	2752	2060	2692
Total profit (page 190 of the Statement of assets and liabilities), thousand rubles	78	51	72
Profit on sales of products, works and services, thousand rubles	260	93	136
Net profit, thousand rubles	23	12	42
Sales margins,%	12,7	5,7	6,4
Accounts receivable, thousand rubles	220	234	97
Accounts payable, thousand rubles	149	134	170
Average salary, thousand rubles	743	667	848
Average number of employees, people	82	73	75
Stock dividends (stock owned by the Republic of Belarus), thousand rubles	8	9	12

For the last 3 years OJSC "“BSPP” Avtako” worked steadily, profitably, annually increasing its production and sales. The enterprise had a positive profitability of sold products and was not unprofitable business. The enterprise did not ask for any state support or preferences.

During this period, the company did its best to reduce accounts receivable and accounts payable. Annually, there is an increase in the wages of the workers of the enterprise.

For the last 3 years there was no defaulted debt, neither to the state budget nor to the social protection fund. Wages and credit payments, payments for consumed fuel and energy resources were paid in full and on time.

The specifics of the company's operation is quick execution of orders for small-lot series according to drawings, samples, sketches for repair needs of the rolling stock of the enterprises of the Belarusian Railway. The production capacities of the machine tools guarantee the planned output and sale of products. The company is constantly upgrading the equipment to a more efficient and energy-saving one. The enterprise is working on the development of new products; we take part in various tenders in the Republic of Belarus and also search for new markets.

III. List in summary of products manufactured, works and services provided:

<i>Production and its types</i>	<i>Unit</i>	<i>Year</i>		
		<i>2015</i>	<i>2016</i>	<i>2017</i>
Spare parts for motor vehicles	thousand rubles	179	193	931
Spare parts for railroad transport	thousand rubles	2113	1511	1384

IV. Investment projects under development (or implemented in the last 3 years).

There are no implemented investment projects.

V. Personnel:

	Age							Total
	-25	25-35	35-40	40-45	45-50	50-55	55+	
Number of personnel employed including	1	19	10	14	9	13	19	85
-number of high university degree specialists		6	3	2	1	4	4	20
- personnel with specialized secondary education		2		1		2	5	10
- personnel with vocational education	1	11	5	8	4	3	4	36
- personnel with a high school education	-	-	2	2	4	4	6	18
- personnel with basic schooling	-	-	-	1	-	-	-	1

Number of people employed, total	85
- administrative staff	16
- operating personnel	69
Including direct employees	51

VI. Sales pattern of works (services):



Sales pattern (%)	2015	2016	2017
Domestic market	96	96	93
Export market	4	4	7
Total	100	100	100



The main sales markets are the Republic of Belarus, the Russian Federation, Ukraine

VII. Information of land plots in use, rented or owned:

Location	Area, hectare	Land title (sustained use, temporary use, renting, owned land)	Certificate of land-use (No, date)
311 Brestskaya Street, 225413 Baranovichi	2,2107	sustained use	No 0016049 of 06.08.2003

VIII. Information of permanent structures (buildings, facilities and structures):

Name of the building (its function), photo.	Year built	Number of floors	Total area, m ²	Area for rent, m ²	Overall situation
Engineering shop 	1994	1	1202	0	Current repairs and maintenance is carried out
Auxiliary prefabricated building 	1994	1	90	0	- « -

Store wagon 		1	38,3	38,3	-
Boiler house with an additional building of a transforming substation	1994	2	458	0	- « -
Administration and amenity building 		4	2350	0	Construction-in-progress
TOTAL			4913,3	38,3	

IX. Information about the machines and equipment in use:

Equipment, its manufacturer and capacity	Number of units	Usage (in production process)	Commercial operation year	Equipment status (wear-out percent)
Automatic fire alarm system	1	Automatic warning against fire	2010	25,8
Fork lift truck AMKODOR 451A	1	Goods transportation	2012	-
Dust separation line PU-1500	1	Air clean-up in engineering shop	2015	24,9
Concrete-mixing machine	2	For economic needs	1998	100
Hand rolling press	1	Torsion	2005	89,5
Fan group	1	Extraction ventilation	1999	100
Automatic gate 3000x2500	1	Energy efficiency	2010	69,9
Automatic gate 4000x4180 (with a wicket)	1	Energy efficiency	2010	69,9
Automatic gate 4100x4150	1	Energy efficiency	2010	70,0
Sectional gate 3800*2420	1	Energy efficiency	2012	64,6
Sectional gate 4000*3700	1	Energy efficiency	2012	62,5
Sectional gate 4190*3805	1	Energy efficiency	2012	64,6
Ventilation hood in the casting shop	1	Extraction ventilation	1994	100

Ventilation hood in the change-over drum shop	1	Extraction ventilation	1994	100
Switchgear of unilateral maintenance KSO 366-34	1	For painting goods	1993	100
Unit for thermal cutting of sheet metal	1	Metal cutting	2012	-
Garage compressor C 415	2	Air compression	2008	100
Compressor K 20	1	Pressurization of compressed air in the receiver	2008	46,6
Crane Assistant (AW300-20-1.0) with complementary products	1	Discharging, unloading of products	2012	-
Jib crane, fixed base KR-3-0,25-5-3	1	Discharging, unloading of products	2009	98,1
Jib crane	1	Discharging, unloading of products	1993	100
Erecting pipe scaffolding	1	For economic needs	2008	68,2
Mechanism with an inclined knife for cutting- STD-9AN (6*250)	1	Chopping metal	2009	93,1
Crank shears mk 3121	1	Cutting metal	2004	100
Electric tempering furnace Maethern A-45-700	1	Parts heating	2017	5,2
Vulcanizing Press 3-positions	2	Vulcanization	2000	100
Hydraulic press 2к 833	1	Pressing	1993	100
Knuckle-joint striking press KP 8336	1	Pressing	2011	47,4
Crank press KD 2126 press power 40r	1	Pressing	1993	100
Striking press 8338	1	Pressing	1992	92,9
Roller conveyor	1	For transportation of heavy goods	2004	100
Semiautomatic welder NB-500 (A160-500) with a welding torch MB36KD	1	Welding operation	2017	1,4
Welding machine Powertec 300C	3	Welding operation	2008	100
Welding machine Powertec 425C PRO A	1	Welding operation	2011	47,6
Semiautomatic welding set SPAR PDG-250 with a heating tool	3	Welding operation	2005	78,1
Upright drilling machine 2M139	1	Drilling	2012	100
Vertical turning mill 6P12	1	Milling works	2010	100
Vertical turning mill 6P12 (0,0914Г)	1	Milling works	2015	40,6
Vertical turning mill VM-127	1	Milling works	2015	42,7
Diamond grinding machine	1	Tool grinding/sharpening	1991	100
Vertical turning mill SF-15	1	Milling works	2010	74,3

Horizontal milling machine 6R81	1	Milling works	2010	100
Wood working machine	1	Woodwork	1993	100
Sharpening machine 3B 332V	2	Tool grinding/sharpening	1991	100
Rotary-table milling machine 6a 23	1	Milling works	2003	100
Drill-layout machine 2V 440a	1	Precision machining of parts	1992	100
Cylindrical grinding machine 3d 4230	1	Grinding	1990	100
Cylindrical grinding machine 3m 433	1	Grinding	1991	100
Bandsaw cutting machine	1	Cutting rolled steel	2003	67,1
Bandsaw machine ARG 250 PLUS	2	Cutting metal	2009	100
Bandsaw machine ARG 250 PLUS	1	Cutting metal	2012	45,5
Drilling bench-type machine tool 2m 112	4	Drilling works	1992	100
Snagging grinder 3B631	1	Milling works	2012	100
Surface-grinding machine 3B 722	1	Grinding	1992	100
Surface-grinding machine 3671m	1	Grinding	1992	100
Profile bending machine PRO 50	1	Bending works	2010	85,0
Radial Drilling Machine 2κ 522	6	Drilling works	1994	100
Radial Drilling Machine 2m 55	1	Drilling works	1991	100
Radial Drilling Machine 2A554 F1	1	Drilling works	2011	-
Thread rolling machine URW 25,1	1	Threading	2013	-
Drilling and milling unit GS 520	1	Drilling and milling works	2012	32,2
Drilling unit 2m 112	1	Drilling works	1992	100
Drilling unit 2s 132	2	Drilling works	2011	100
Manufacturing lathe 1κ 62	1	Lathe work	1991	100
Manufacturing lathe RT 377	1	Lathe work	1994	100
Screw-cutting lathe 16a 2511	1	Lathe work	1993	88,3
Screw-cutting lathe 16κ 20	1	Lathe work	1991	100
Screw-cutting lathe 163	1	Lathe work	1991	100
Screw-cutting lathe 1κ-62	3	Lathe work	2007	100
Screw-cutting lathe 16K20	3	Lathe work	2010	72,2
Screw-cutting lathe 16K25	1	Lathe work	2017	1,2
Screw-cutting lathe 1V62G	1	Lathe work	2010	100
Screw-cutting lathe 1IS611V	1	Lathe work	2017	1,1
Screw-cutting lathe 1M63	1	Lathe work	2010	70,0
Screw-cutting lathe 6E16KV	1	Lathe work	2010	74,3
Screw-cutting lathe GS526U	1	Lathe work	2015	25,0
Screw-cutting lathe FT-11	1	Lathe work	2011	90,9
Pipe /tube cutter 9m-14	1	Lathe work	1999	100
Manufacturing lathe 16A20F3 with NC unit «Belsystem»	1	Lathe work	2017	1,1

Manufacturing lathe ts 70 rl	1	Lathe work	2003	100
Universal screw-cutting lathe 1A 616	1	Lathe work, threading	2010	74,3
Universal milling tool 400V JE 50000153T	1	Milling works	2012	-
Milling tool 6m 13p	1	Milling works	1993	100
Honing machine 3к 8333m	1	Honing operation	1993	100
Omnimill versatile machine 6T80Sh	1	Milling works	2007	87,1
Versatile column-and-knee-type milling machine 6P82Sh	1	Milling works	2017	1,1
Dynamic hardness testing machine TDM-2	1	Hardness measurement	2010	71,9
Unit for inductive heating for surfacing UIN FTI 3.148	1	Heat hardening	2016	20,8
Unit for inductive heating ELSIT-40/10-50	1	Heat hardening	2016	25,0
Argon arc welding unit	1	Welding	1994	100
Water-treating equipment HVO FS	1	Water purification	2016	24,2
Multiple saw	1	Woodwork	1995	100
Unit for milling and woodwork	1	Woodwork	1994	100
Extruding machine	1	Vulcanization	2000	100
Electric chamber furnace SNOL 30/1100	1	Heat treatment	2011	39,6
Electric chamber furnace SNOL 30/1100 (A434-124-600X1008)	4	Heat treatment	2002	93,3

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