

Equipment · Assets · Services for Transport GmbH

The Dolphin Project

Prospectus

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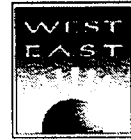
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Introduction to Project work for the Period Sept. 1995 - April 1996

- The Dolphin Project is a European Union - Tacis programme, aimed at improving road side services, parts and tyre procurement on the **TRACECA** routes in Turkmenistan and Uzbekistan.
- **TRACECA** stands for „**TRAN**sport **Corridor Europe, Caucasus, Asia**“, i.e. the famous ancient Silk Route transformed into the 21st century.
- Work on the Dolphin Project commenced on September 15, 1995, with a team of European, Turkmen and Uzbek experts. A consultative committee was nominated to provide guidance to the working project team: the Ministers of Automotive Transport of Turkmenistan and Uzbekistan.
- The Dolphin offices are located within the Automotive Transport Ministries in Ashgabad and Tashkent.
- During the first six months of the project, stock taking took place, i.e. the actual situation on road side services, parts & tyre availability, causes of break-downs for commercial vehicles and various other related data were assessed.
- During the first quarter of 1996, over 1800 truck operators were interviewed at 14 different locations on the **TRACECA** route, but also at customs points, ferry crossings and in transporters' facilities.
- The European and national teams, together with the consultative committees unanimously concluded that:
 - I In general, there are no „one stop - shopping“ repair facilities or road side services available where customers most need - it along the **TRACECA** routes.
 - II This is detrimental to the development of national, inter - state and international trade.
 - III With the high demand for road side services and the large involvement of TIR operators in Central Asia predictions are, that stand alone businesses providing state of the art road side services would present viable and growing business potentials for today and tomorrow.

Werner E. Schubert
Dolphin Project Manager
May 27, 1996



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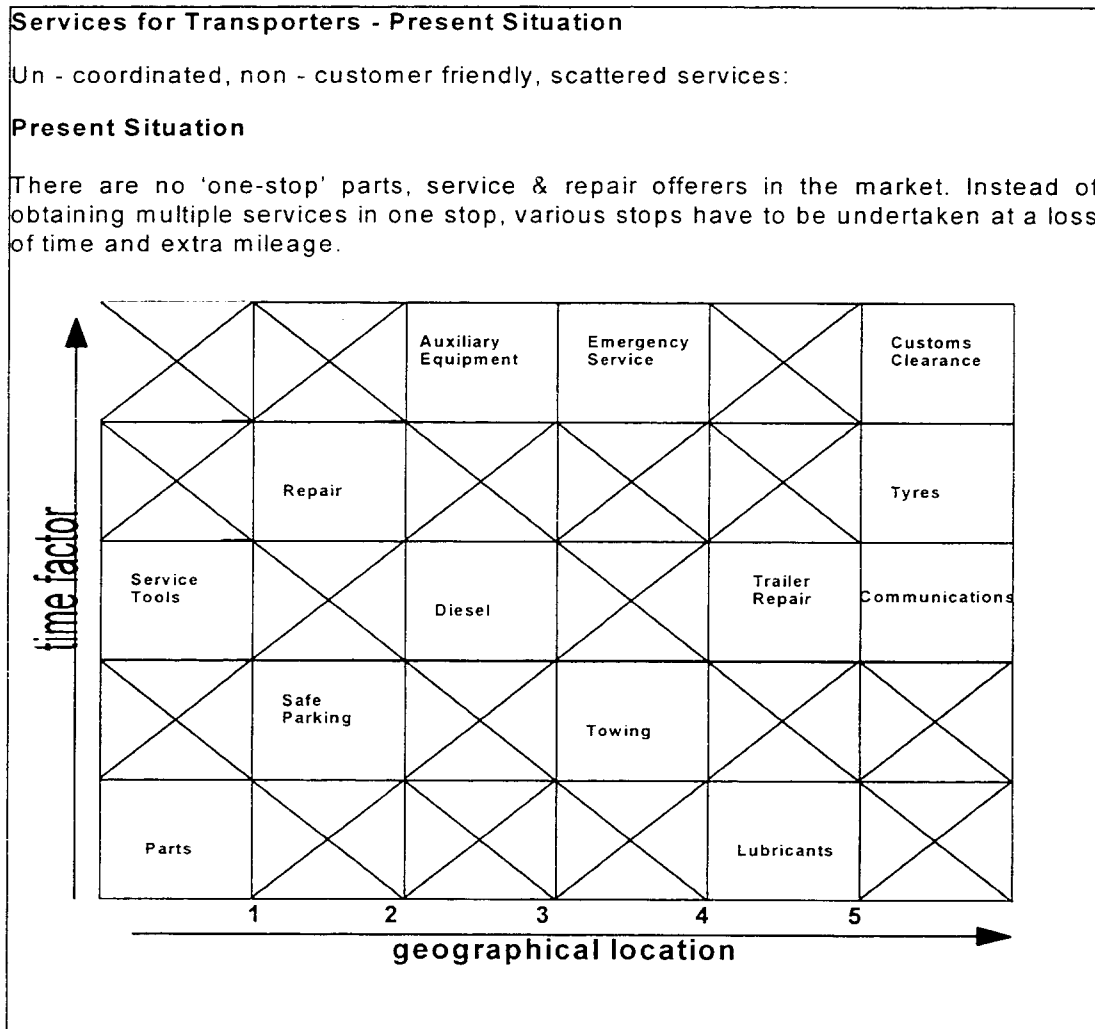
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Section 1 Outlook & Objectives

- ★ The prevailing situation for transporters on the Central Asian TRACECA routes may be described as follows:



Up - grading services for transporters - a must

- Transport links in Central Asia and the ease of using them need development to give access to world markets at the lowest possible cost.
- The location of Central Asia attracts through traffic that will bring revenues contributing to the financing of regional infrastructures (EBRD).
- There are opportunities for both north - south and east - west through flows. These could reach significant levels in a few years provided adequate investments are made now to up - grade services for transport.

*** Where will the cash - flow come from for stand alone businesses, providing road side services ?**

The cash - flow will derive from:

- The present market demand, showing stabilising economies and an expected growth in transport volumes (tonnes / km).
- Actual, unfilled needs with competitive products and services where and when they are required.
- Truckers, having cash to spend including foreign exchange.
- Comprehensive and attractive offers at key locations on the TRACECA routes, with high daily traffic flows, „one - stop shopping“.
- Offering a reliable „safety net“, including medical assistance, 24 hours emergency service, reachable via satellite, mobile telephone system; providing cover to insurance companies (similar to Euroassistance) and their customers.
- Strategic alliances with major European, International companies, multi - franchised service points, repair & maintenance agreements and other supply contracts.
- One stop shopping points with security, attracting foreign and national trucks, from refuelling, lubricants,, repair & maintenance, parts, tyres, safe truck parking facilities, motel, restaurant, trade facilitation & customs clearance, to communications and credit cards.

*** What is the economical outlook for Turkmenistan and Uzbekistan ?**

- While some people might not be able to place Turkmenistan and Uzbekistan on the map today, few should have the same problem within a decade.
- Newly emerging states, like Turkmenistan and Uzbekistan, with their mineral wealth, agricultural potential and ambitious, well educated populations, emerging into economic independence, will provide an increasingly important slice of the next round of developing markets, including automotive and transport equipment' manufacturing bases.
- Both countries provide stable political backgrounds.
- They both are a mineralogist's paradise; they are among the world's largest gold producers, plus uranium, silver, lead, zinc, tungsten, uzokerite - mineral wax - and kaolin - to name but a few of the mineral resources. Both are within the top ten list of world cotton producers. There are large gas

reserves and coal. There is a production of oil and proven reserves of strategic raw materials.

- There is aircraft production and a growing automotive industry, producing Western and Eastern cars, vans and buses, with plans to achieve a high content of local components within a short period.
- Economic indicators and other relevant data are shown in the annexes.

★ **With the partners in the Dolphin Project and the consultative committee it was therefore decided to concentrate on the following objectives:**

- A.** To plan, finance and construct „one-stop shopping, 24h service operations - caravanserai“ and on
 - B.** technical assistance for the tyre repair and retreading plants in Ashgabad and Tashkent.
-

★ **A. Business Purpose Caravanserai**

The business purpose for the caravanserai is to help transporters to protect their heavy investment, to reduce their cost of operation and risk of being stranded and un-helped for days or weeks and their load exposed or destroyed.

Overall purpose

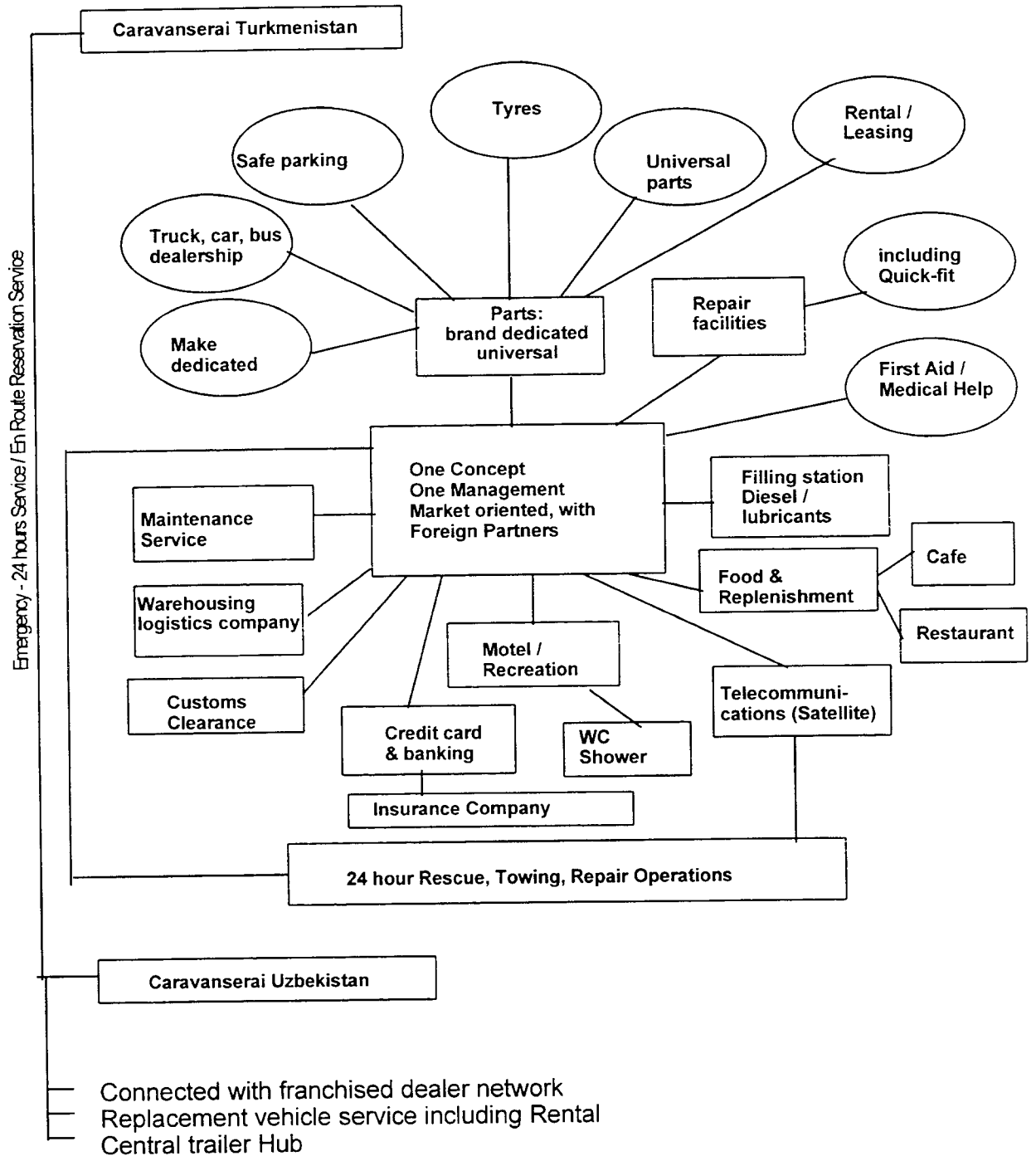
The main objective of a caravanserai is to increase the production time available to transporters and to reduce time lost through unforeseen events.

A simple equation can be applied

$\frac{\text{Total production time available a year}}{\text{Total working days a year}} = \frac{\text{Time off road caused by repair \& maintenance}}{\text{Total production time available a year}}$

★ Caravanserai - Definition

„One - stop shopping“ for parts and 24 hours services, comprising a variety of individual services, modern communications techniques, all in a protected area.



★ **TRACECA Route M37 / M39 Turkmenistan, Uzbekistan -
Planning and Construction of pilot caravanserais.**

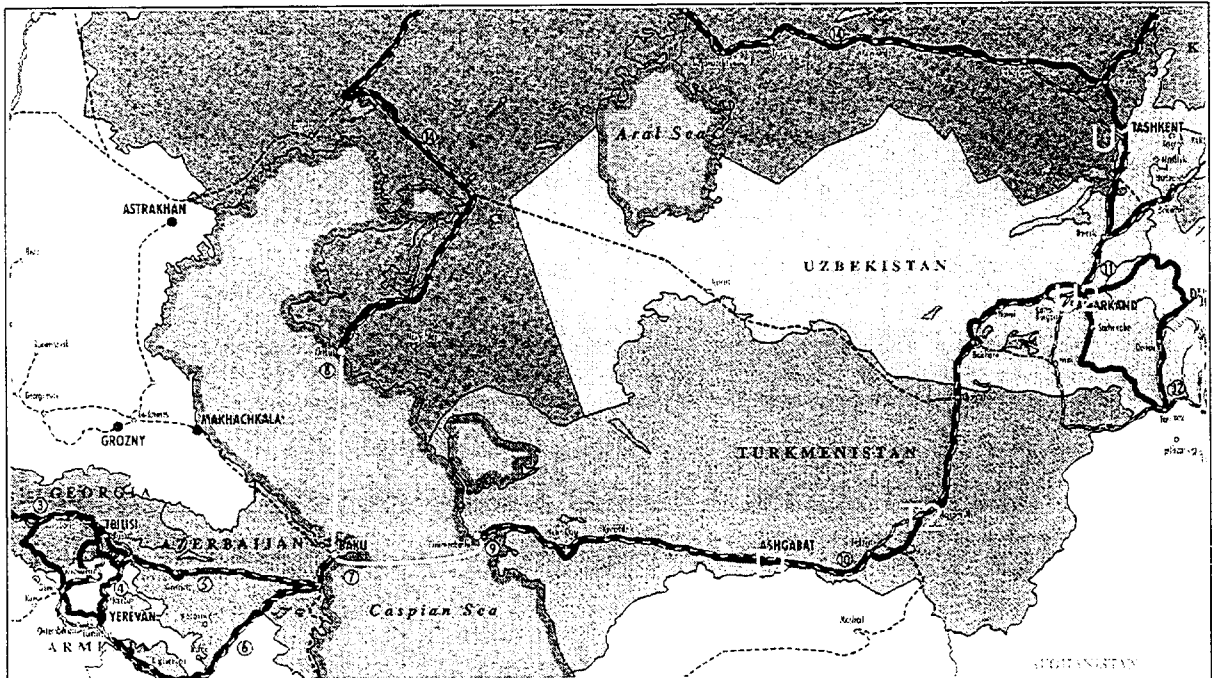
During the period June - July 1996 feasibility studies and business plans will be established for 4 pilot motorway stations, namely at

T1 Enev - Ashgabad, M37, average daily traffic 14,963 units

T2 R26 road junction - end Bajram-Ali bypass, M37, daily traffic 13 417 units

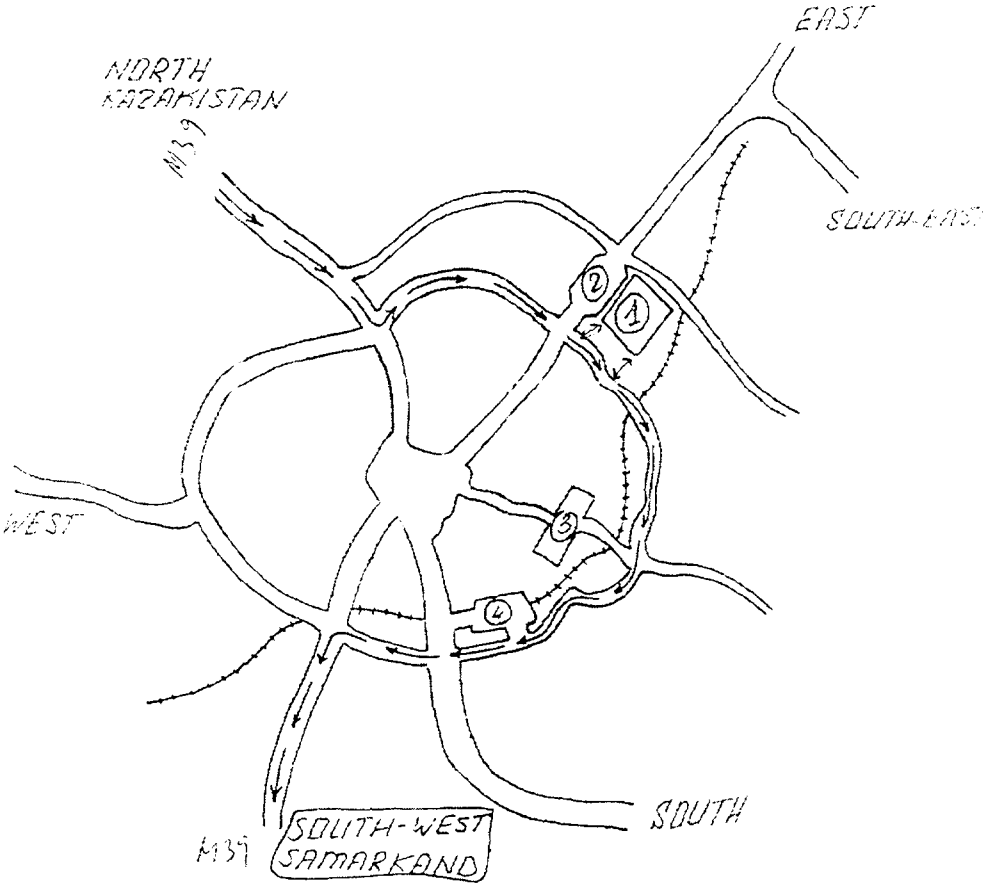
U1 Tashkent, M39 / P1 Ringroad

U2 Samarkand, M37, M39



Other points for caravanserais sites will be considered

Example U1



- M39
- +++++ Railway
- (1) Proposed Tashkent Caravanserai site
- (2) Bridge
- (3) Airport
- (4) Railway Station
- ↔ Distance between (1) and M39 = to 250 metres

★ **Partners in the caravanserai - motorway service centres**

- A syndicated approach is foreseen, whereby the Governments and / or private Central Asian entities will form a company with European and international firms. These will have a track record in their particular businesses related to motorway service; i.e. filling station operators, car, commercial vehicle manufacturers for parts, service and sales coverage, motel, restaurant operators, food supply chains, satellite & communication specialists / multinationals, facility management, 24h emergency, rescue, towing, medical assistance experts, tyre sales & repair companies, trailer repair firms, transport & logistical companies, vehicle rental & leasing firms, etc.
- The financing of the entire project will be tailored with a sufficient number of share holders who will get directly or indirectly involved in the individual specialist business operations within the service complex.
Ideally, a Facility Management Specialist, becoming one of the share holders will ensure management and the proper maintenance of buildings and installations.
- The syndicated approach envisaged will ensure that European, International firms will be able to enter the Central Asian Markets together with the Governments and other blue chip companies at an entry ticket price and a contained exposure they could not achieve by themselves.
- A holding company will ensure that the same company name and logo, management, marketing, control, training and purchasing principles will be applied in all caravanserais belonging to the Group; - i.e. Corporate Identity. The holding company will also lease facilities for individual operators who are not share holders.

★ **B Tyre repair & retreading plants**

Parallel to the feasibility studies in June / July 1996 a technical expertise and an investment proposal will be worked out by the appointed experts in the Dolphin team.

- Both feasibility studies A + B are planned to be finalised during the 3rd quarter of 1996, together with a business plan.
- Final decisions as to the participating shareholders in both projects, and independently for both countries are also expected within the 3rd quarter of 1996.
- The most economical construction method for building necessary facilities will be evaluated (hexadom and / or traditional methods).

- Local material and the creation of jobs through the construction of caravanserai facilities will be given preference.
- In order to provide the envisaged services on the TRACECA routes, interim solutions will be considered, so as to offer a basic service at the chosen sites within the shortest possible delay.



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Project **A** - **Comprehensive Service Stations on the TRACECA Motorways - „Caravanserais“**

- 2.A1. Collation of data concerning prevailing conditions in Turkmenistan and Uzbekistan will continue - see Section 3, feasibility study.
Section 3.A „Prevailing Conditions“, will be done by the Dolphin Team Europe and national co-ordinators; supported by the various authorities (Automotive Transport & Finance Ministries, National Banks, European Banks' offices, Local Authorities (Hakims), Gas & Energy Ministries, Statistical Offices, Ministries of Foreign Economic Relations, European Union Tacis Units, etc.).
- 2.A2. European Team:
- 2.A2.a. Prior to the feasibility studies (Section 3) and the business plans (Section 4) the European Team will prepare 3 sample caravanserai layouts for a small service station with a minimum of services, a medium station including a basic motel and a mega caravanserai with a comprehensive offering.
- 2.A2.b. These draft layouts will serve as blue - prints during the feasibility study in Central Asia. General cost indicators for the various hardware (tanks, pumps, workshop equipment, fencing, security installation, environment protection devices, etc.) will be made available before the feasibility review will take place in Central Asia (T1, T2, U1, U2).
- 2.A2.c. Potential European and International partners in the Caravanserais - Motorway Stations will be informed on the status of the project work and will be invited to participate in the feasibility studies during the June - July 1996 period.
These companies comprise:
- automotive manufacturers (trucks, buses, cars)
 - road side services companies and / or European automobile club / associations
 - filling station, oil companies
 - motel, restaurant specialists
 - food chains
 - facility management specialists
 - universal parts suppliers, quick fit specialists
 - truck parking operators & security specialists
 - insurance companies
 - transport & logistical firms
 - facility management specialists, etc.
- 2.A3. Both the feasibility studies and the business plan will follow outline and guidelines summarised in Section 3 and 4.

Project B - Tyre repair & retreading plants - Ashgabad and Tashkent

- 2.B1. The collation of data as under 2.A.1. will equally serve project B.
- 2.B2. Similar to project A and prior to visiting Tashkent and Ashgabad, the European tyre experts will prepare a blue print of a typical tyre repair and retreading company including cost / investment estimates, catering for a) Western and b) for CIS tyre sizes using their actual know - how from both systems and experiences made during the re-unification of Germany.
- 2.B3. In order to achieve more economical volume outputs for individual tyre sizes and a reduction in the total number of sizes offered by the individual plants in Ashgabad and Tashkent, the European team will propose some kind of work - sharing between the plants in Uzbekistan and Turkmenistan.
- 2.B4. The technical and commercial expertise on the existing tyre repair and retreading plants will in general follow the principles and guidelines outlined in Section 3 and 4, but related to tyre repair and retreading only. The summary report will include a proposal for the modernisation of existing equipment and financing requirements.



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The Feasibility Study will be divided into two main Sections:

Section 3.A - Prevailing Conditions in:

a) Turkmenistan b) Uzbekistan

3.A1. The contribution of law to fostering investments:

- What the rules say and what they mean in practice and in relation to the caravanserai project
- Laws regulating foreign and domestic direct investments
- Share holdings and limits (%)
- Property rights on land, on assets in general
- Expatriation of profits
- Alternative forms of associations, joint - ventures, limited liability, joint - stock companies etc.; holding companies etc.
- Potential liabilities (third party, product liability, etc.) and how to cope with them

3.A2. Tax situation and investment incentives

3.A3. Market liberalisation (pricing on energy etc.)

3.A4. Banking & Currencies

- Convertibility
 - Full control over company's own cash - flow, bank account etc., or are restrictions imposed ?
- Money transfers

3.A5. Sourcing from domestic, CIS Republics and other imports

- Availability of quality diesel, petrol, lubricants and necessary quantities. other materials for caravanserais

Timing: As from May 20, 1996 onwards

Results: A preliminary report to be finalised by July 31, 1996

Profile: A profile of an ideal company and operational structure will be provided on which to comment / measure the various criteria.

Section 3.B - Feasibility Study:

For each sample station: Turkmenistan and Uzbekistan
(Mega, Medium and Standard Size)

3.B1. Caravanserai Sites - TRACECA Routes only

- Describe selected / proposed locations and their traffic flows: historical data and 1995/96 statistics; also do own traffic count, split by trucks, buses, cars, other.
- Give rationale for choice of sites:
 - Traffic flows
 - Visibility

- Access, connections, proximity to incremental business opportunities, intermodal transport (rail, air cargo)
- presently site is used as / for:
- other reasons
- Provide site plans, overall dimensions, m², legally permissible utilisation, etc.
- Present ownership
- Property / titles, existing liens, mortgages etc.
- Cost estimation - property value
- Describe necessary work to prepare site to commence construction work for caravanserai: (demolishing existing buildings, power, water connections, fencing, etc.)
- Equipment and costs for the various hardware / assets needed.
- Turnover forecasts for each individual business operation
- Provide map showing site, its location on / at TRACECA route, distances between major towns, other caravanserai sites, domestic and across borders

3.B2. Defining „basket of road side services“ for individual sites (caravanserais)

- Define type of services suitable for specific sites, for m² available and supported by customer base from existing traffic flow and mix; including quantifying sales volume potentials for business plan.
- These services comprise the following business operations:

3.B2.1 Filling station

Diesel, petrol, lubricants, accompanying shops offering European Motorway type of product ranges: newspapers, maps, food stuff, sweets, beverages, small assortment of emergency repair items, accessories etc.

3.B2.1 Communications - Emergency Services - Control Room - Security

Telephone / Fax, 24^h emergency call line to initiate rescue / towing in case of accidents, repairs, message services, advance bookings for motel and safe truck, bus, car parking areas, medical support, insurance claims services, satellite connections for credit card usage (including DKV type of diesel, repair charge cards).

3.B2.3 Repair facilities

- a) - Do-it-yourself area (most CIS truck drivers are trained to execute minor to medium size repairs themselves)
 - Facilities to execute these, providing X numbers of bays (e.g. 3 bays for vehicle mix of truck / artic / trailer, solo truck and one light commercial vehicle / van = 75 m²)
 - Bays allowing underneath inspection of chassis and drive line
 - Availability of equipment, standard & special tools, properly supervised
 - Access to acquire necessary parts - general and dedicated for

Breakdown of costs

I.	Short term experts	daily fees	ECU	500,-
A.	Field work			
	Time spent in:			
	Turkmenistan	à 12 days (sites T1, T2)		
	Uzbekistan	à 12 days (sites U1, U2)		
	Sub Total	(3 x 12 x 500)	ECU	18,000.-
B.	Finalising feasibility study, business plan including reports			
	Turkmenistan	à 1 day		
	Uzbekistan	à 1 day		
	Sub Total	(3 x 2 x 500)	ECU	3,000.-
II	per diem			
	Turkmenistan	à 126 x 36	ECU	4,536.-
	Uzbekistan	à 139 x 36	ECU	5,004
	Sub Total		ECU	9,540.-
III A	Travel, round trips	à ECU 1,300.-		
		9 x 1,300	ECU	11,200.-
B	Visas, airport tax		ECU	500.-
	Sub Total I - III		ECU	42,240.-
	plus Contingencies *)		ECU	7,760.-
	Grand Total		ECU	50,000.-

- *)
1. Including the eventual cost of a software package (layouting, architectural design).
 2. Working on Saturdays / Sundays explicitly authorised by the European Commission
 3. Flexibility to use savings made in one cost item for other items of the budget, provided the Commission is informed in advance and overall costs will not exceed 50,000.-

specific makes, lubricants and auxiliary materials
- Truck wash facilities

- b) Make / brand dedicated bays with special tools
- c) Universal parts sales department

3.B2.4 Make / brand dedicated parts consignment stocks

- CIS manufacturers
- European makes
- US & Asian producers

Producers will either join as share - holders in caravanserai company (especially when sales outlets, dealerships will be connected with caravanserais) or they will rent facilities from caravanserai company.

3.B2.5 Truck, van, bus, car, trailer dealerships or sales outlets

3.B2.6 Sales offices and depot for tyre marketing firms

3.B2.7 Motorway Patrol, Towing Service, Medical Assistance, Emergency Services 24 hours

Connected with 2); ideally the pilot caravanserais will be assisted by European automobile association(s) to ensure a fast start. They may wish to join as partner / shareholder in caravanserai company.

Parking facilities for vehicles patrolling the TRACECA routes.

3.B2.8 Motel

Using communication system as per 2). Careful start with initially low room capacity to achieve high utilisation rate, but having potential to increase capacity fast with increasing business.

Hexadom type of construction for economical building - to be confronted / compared with traditional building concepts.

Rooms, single / double beds, WC, TV, Shower

Breakfast / restaurant room - good, inexpensive quality

Cleanliness 24 hours, 365 days !

3.B2.9 WC / Shower facilities

For transit customers and drivers who prefer to sleep in the cabins of their trucks.

Against payment - 100 % clean, every hour.

3.B2.10 Safe truck, bus, car parking

Fenced (infrared controlled 24^h, unbreakable fences - no cement elements)

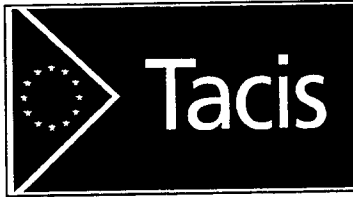
Sufficient parking lots, proper entry / exit control, measures to allow truck driver to quietly use motel if he wants, once truck is in safe area.

Possibility of advance booking

3.B2.11 Restaurant / Café

3.B.2.12 Supermarket

- 3.B2.13 Do-it-yourself hardware shop**
- 3.B2.14 Transport company warehouse, forwarding services depot / receiving / departure area**
- 3.B2.15 Insurance company support service / agency - claim settlement**
- 3.B2.16 Trailer hub facilities**
- 3.B2.17 Rental / leasing operations**
- 3.B3 Layouting site and individual operations**
 - Traffic in - out, control posts
 - Security area
 - Overall fencing
 - Individual business operations
- 3.B4. Draft construction design**
 - Recommend most suitable, economical method of construction and how this would respond to ups and downs in demand.
 - List equipment and necessary installation, give cost / investment forecast.



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Section 4 Business Plan

4.A1. Operational and Project Information

The Project

- A brief introduction to place the project - each individual service station - in context.
- Most probably the project will represent a „greenfield“ start -up. In a few cases there might be an excellent site on the TRACECA route suitable for a cara-vanserai, but its present economical usage is for a different purpose. In this case, the envisaged site will have to be converted, including the eventual demolition of existing buildings.
- Indication of the anticipated use of funds - construction, working capital, etc.
- Project's history and its present status.
- Summary of the estimated timetable for implementation - from time needed to complete the facility, including the installation of equipment and commencement of the caravanserai.

4.A2 The Sponsors

- Information on the project sponsor(s), the party being responsible for bringing the project forward for its ultimate implementation.
- The sponsors will, most probably, comprise one or more Central Asian partners, including the Government and foreign share holders. A Management Company will synchronise all activities (corporate identity, facilities management and up - keep) on behalf of the share holders.
- The Profile of Sponsors / Share Holders „Sponsors with operating experience in the various sectors, being aware of the risks and able to take strategic, commercial and financial decisions.“
- Provide reference to similar projects, the individual sponsors have participated; brief history, legal form of establishment, shareholder structure and corporate governance, country of incorporation, internal organisation and recent evolution.
- Describing the anticipated control / voting power of the respective partners / share holders.

4.A3 The Services

- Describing the key features, services rendered for each individual caravanserai project.
- Comparison with those of competitors and the benefit to potential clients.
- „Why would customers want to use our services rather than those of competition ?“

4.A4

Locations

- Providing a rationale for the location of the selected facility / site.
- Impact of location on the cost, with regard to transportation, availability of materials and labour, proximity to customers and suppliers, availability of power and water supplies.

4.A5

Facilities and equipment

- Describe facilities and list equipment, installations needed, hardware and software.

4.A6

Inputs and costs

- Analysis of inputs and costs
 - most important inputs for caravanserai's service offerings
 - sourcing of these inputs and how ongoing supply will be secured
 - description of payment terms
 - comparison with other sources of supply
 - classify the inputs that will be sourced with hard currency and with local currency.

4.A7

Labour force

- Description of the labour force with details on anticipated staffing requirements, including a breakdown of local versus foreign staff and the timetable to fill staffing levels.
- Training measures for the principal sectors of the caravanserai:
 - motel / catering
 - vehicle service
 - parts management
 - fuel
 - tyres
 - IT / Communications
 - etc.

4.A8

The Market and new Target Markets

- Describing the market into which the caravanserai will sell its services and highlighting the nature of market penetration that the company envisages (new market).
- Outlining any financing schemes the project may extend to potential customers such as for instance „repair & maintenance“ or „service“ contracts the caravanserai will conclude with major TIR fleet operators, or overland bus companies, etc.
- Equally arrangements for tour organisers to stop for luncheons, coffee breaks, or usage of motel facilities.
- Ditto for medical assistance provided for international 24^h assistance specialists, Euroassistance, or major international insurance firms.
- Catering facilities for local events, weddings, conventions, official functions and business potentials for caravanserai.
- Across border agreements with transport firms (e.g. Turkmenistan : Uzbekistan) for central trailer hub - co - operation : artic / trailers arriving from Uzbekistan transporting goods to Turkmenistan pass on

trailers to Turkoman transport company for national delivery and vice versa.

- Describe evolution in the market over the last 2 - 3 years and how it is expected to evolve over the next 5 years, referring especially to the „product“ (services), the competition and customers.

4.A9 Competition

- Indicate existing and / or potential competition.
 - Who are they and what is their market share ?
 - Who might be entering the market in the next foreseen future, which are their strengths ?
 - How is existing or potential and future competition likely to react to the project ?

4.A10 Pricing Strategy

- Describe pricing strategy planned and compare it, where possible with the competition.
Demonstrate how the following can be achieved:
 - penetrate the market
 - maintain and increase market share
 - maintaining margins.
- Analysis of the historical evolution of product prices and an assessment of the key price drivers (cost of inputs, consumer sensitivity, consumer purchase power / weakness, substitution products, etc.).

4.A11 Sales and Receivables

Indication of

- Organisation / motivation of sales force (including wage / salary levels, incentives)
- cash collection at various points in caravanserai (filling station, restaurant, repair, parts, etc.)
- advertising & promotion & company name - corporate identity - across Central Asia
- receivables - service, maintenance agreements (domestic market & abroad)
- credit cards
- currencies and invoicing
- escrow accounts to repay foreign loans

4.A12 Management

The strength and quality of management is crucial to the success of the project:

- Explain which sponsors are providing members of the management team.
- Describe the Management Structure and the relationship between the various departments and / or individuals (use diagram).
- Describe function of each department / business operation.
- Describe information flow between management and individual business operation.

- Explain how performance is monitored.
- Provide a short résumé for the most important management positions, such as Managing Director, Finance Director and Sales Director.

4.B1 Financial Information

Project Cost

Providing at a fairly early stage of the project preparation, a breakdown of the project costs, and the use of funds; uses of financing may typically include:

Example	Foreign currency	Local currency	In -Kind contribution
Buildings / facilities			
Equipment			
Installations			
Start-up expenses			
Training			
Professional fees			
Working capital			
Interest during construction			
Total			

Exchange rate:

Date:

- Indications on:
 - how these costs have been estimated, i.e. supplier costs, quotes from construction companies, landed cost calculations for imported goods, etc.
 - the timing when individual costs will be incurred
 - details of any costs that have already been incurred
 - the valuation methodology of in - kind contributions or of existing assets (real estate, etc.), e.g. American Appraisal etc.
 - explanations as to the sources of equipment, materials, etc., particularly if they are provided by one of the sponsors
 - details of the cost contingencies built into the project costs; where potential overruns may occur and ensuring sufficient back - up funding in the event of cost overruns
 - consideration of costs of registering security and insurance policies. These costs usually incur before financing / investment agreements are signed.

4.B2 Implementation and procurement

A summary of implementation arrangements:

- including the names and agencies charged with implementing individual components of the project
- the rationale for the choice of these agencies and a description of their track record

- description of the nature of contracts with these agencies, in particular any completion covenants, progress payment schedules and performance bonds associated with the implementation of the project
- a detailed implementation and disbursement schedule
- indication of critical start - up dates within the project timetable
- describing any back - up plans in the event of time delays in the start - up.

4.B3

Procurement Contracts

Transparency and arm's - length procurement procedures, indicating and justifying the proposed method for purchasing goods, services and equipment and that the latter were purchased on proper commercial terms.

Stating the nature of the contracts.

Sources of funding				
A typical breakdown of sources of funds would be				
	Hard currency	Local currency	In - Kind	%
Equity cash				
Local Partners				
Foreign Partners				
Equity in - kind				
Local Partners				
Foreign Partners				
Other				
Debt				
Bank 1				
Bank 2 etc.				
Other sources *				
Total				

* This may include sources of cash generated by the initial cash - flows of the project.

4.B4

Loans

A summary including:

- who is providing loans to the project
- who are the anticipated senior and subordinated lenders
- what currencies are involved
- whether any of the loans are tied to conditions such as subsidised interest rates or procurement issues
- what are the terms and conditions of all the other loans involved in the project, or are already existing on the project balance sheet.

4.B5

Relevant supporting agreements

Describing any agreements that will affect the above structure, i.e.

- sales agreements / off - take agreements
- any guarantees by sponsor / third parties / Government
- additional support agreements
- Government support, such as subsidies and tax holidays

- 4.B6 Collateral and security**
Describing the nature of the security to the lenders of the project, in particular details on the types of mortgages, liens and pledges that already exist.
- 4.B7 Financial overview and anticipated performance**
This section must provide an overview enabling the evaluation of the ability of the project to generate sufficient cash flow to secure its debt or pay dividends in the case of investment.
Projections should be for the same number of years as the loan / investment plan. Key operating assumptions:
- Sales volumes and prices by services rendered, products sold, including discounts and commissions.
 - Breakdown of operating expenses including labour:
 - number of employees
 - average salary
- 4.B8 Raw materials, parts, food & beverage etc.**
- by local and foreign currency
- 4.B9 Transport**
- 4.B10 Utilities**
- 4.B11 Sales and Administration**
- capital expenditure on a yearly basis for maintenance - facilities management
 - working capital and breakdowns of assumptions:
 - minimum / maximum stocks from raw materials to food and beverages
 - terms of payment to company
 - terms of payment to suppliers
- 4.B12 Financial projections**
- Profit & loss / income statement including anticipated dividends
 - Balance sheet beginning with opening year going forward
 - Operating cash - flow and net cash - flow describing sources and uses of cash
 - Debt schedule and interest schedule indicating life and terms of existing / new debt and the interest to be paid on loans
 - Depreciation schedule for assets
 - Working capital schedule, highlighting charges and assumptions during loan
 - Anticipated tax schedule that the company will face during the life of the loan / investment.

4.B13 Environmental information

The project(s) must be environmentally sound and sustainable. Describe the location of the project site(s), historical and current land uses associated with the site(s), description of construction activities or physical modifications involved in the project, proposed measures for environmental mitigation and enhancement, stating responsibilities regarding any contamination and / or liability issues and a corporate environmental policy statement. Copies of environmental audits or impact assessments that were carried out for the project should be included.

4.B14 Regulatory information

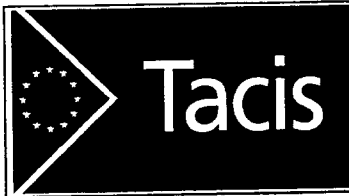
Description of what Government licences or permits will be required to take the project forward, an indication of how long it will take to obtain these.

Indicate if some of the materials used for the caravanserais are subsidised by the Government, also whether there are any likely restrictions on the import of needed equipment, tools etc.; describe nature of border tariffs or quotas.

Explaining the current pricing structures for utilities and other relevant tariff structures.

Indication whether there are currency restrictions particularly with regard to the repatriation of funds.

Note: In order to ensure that all necessary aspects in Section 4 of this document are covered and as such acceptable to the EBRD or any other bank, this section was based on document EBRD 1200 Private Sector Financing 28/2/95.



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Annexes

A. General Information Central Asia

Area & Population

Historical Background I - III

B. Turkmenistan

Statistics from Truck Driver Interviews & Conclusions

Traffic Flows - average daily traffic by vehicle type on state network in 1996

Growth of traffic on the M37, 1985 - 1994

Selected Economic Indicators

Truck Drivers preferred services in a caravanserai

Existing petrol stations in Turkmenistan, status 15.2.1996

Security measures on road haulage

Ministry of Automotive Transport, profile, organogram

Large truck operating fleets, units in operation

Car, truck, bus registrations 1990 - 1995

C. Uzbekistan

Statistics from Truck Driver Interviews & Conclusions

Traffic Flows 1990 - 1996

TRACECA Route M39

ditto M37

Selected Economic Indicators

Road Network

Goods Transport in Perspective

Causes for break downs (trucks)

Typical Dealer Profile

Landed Cost Example

Profile of Uzavtotrans (Ministry of Automotive Transport),
organogram, responsibilities

Automotive Transport 3rd party versus own account
operations

Car, truck, bus, agricultural tractors, registrations 1994, 1995

D. Tyres - A Summary



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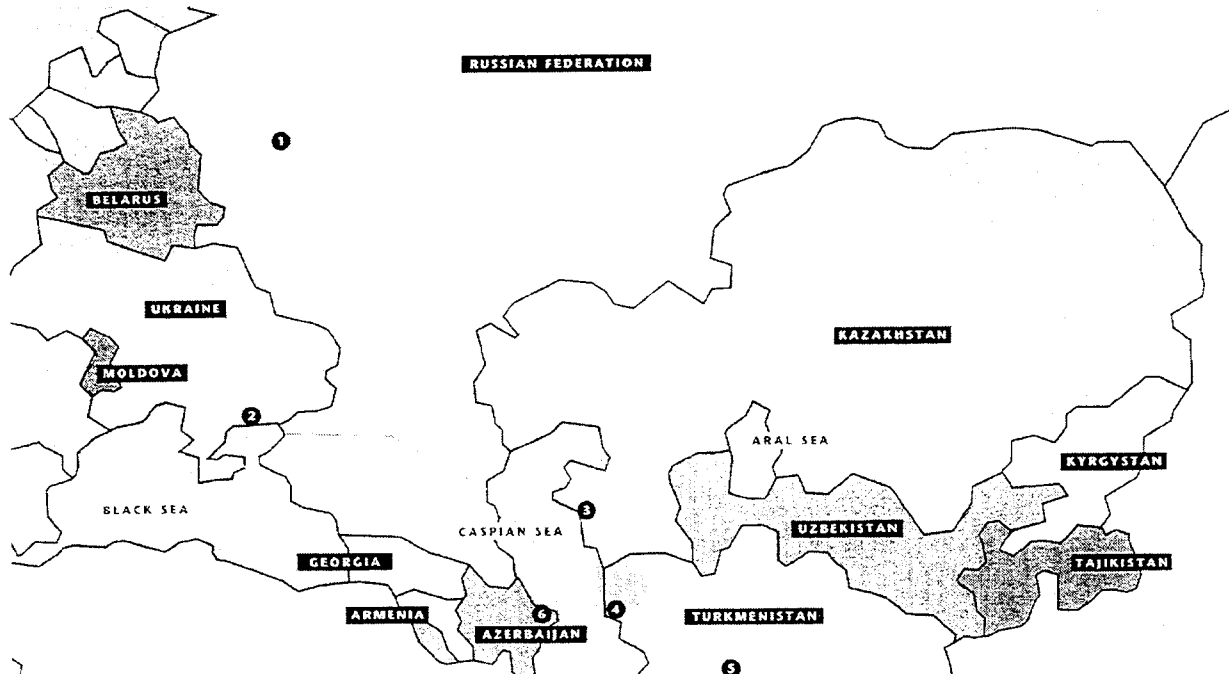
A GENERAL INFORMATION - CENTRAL ASIA

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Central Asian Republics



- | | |
|--|--|
| <p>❶ Moskow</p> <p>❷ Mariupol</p> <p>❸ Actao</p> | <p>❹ Krasnovodsk</p> <p>❺ Asghabad</p> <p>❻ Baku</p> |
|--|--|

Central Asia - Area and Population					
Country	Total Area		Population		Density (Inh./Sq.km)
	(Sq. km)	%	(1994 Estimate)	%	
Kazakhstan	2,717,000	68.0	17,216,000	31.6	6.3
Kyrgyzstan	198,500	5.0	4,647,000	8.5	23.4
Tajikistan	143,100	3.6	5,885,000	10.8	41.1
Turkmenistan	488,000	12.2	4,061,000	7.5	8.3
Uzbekistan	450,000	11.3	22,675,000	41.6	50.4
Total	3,996,600	100.0	54,484,000	100.0	13.6

Historical Background I

- Central Asia was once a worldcenter of culture and commerce
- The Silk Route passed through its territories - West-East connection
- Intermingling of cultures and peoples
- Alexander the Great stopped near Samarkand on his way to India 4th century B.C.
- Ghengis Khan arrived in 1220
- Timur (Tamarlane) turned Samarkand into the cultural capital of the world,
- creating the greatest empire of the time (14th century)

Historical Background II

- Numerous contributions to world culture:
- Ulug Bek (Grandson of Timur) reached new levels of scientific awareness
- Architectural brilliance in historic towns of Samarkand, Bukhara, Khiva
- Mary (ancient Merv) oldest town in Turkmenistan (2500 years old)
- Literature: Mathumkuli (Turkmenistan), his rich collection of poems from the 18th century was translated in many languages
- Alisher Navoi, most famous Uzbek writer.

Historical Background III

“Silk Route”

- Initiated by the Chinese
- Exchanging silk, arms and spices of the East for the gold, silver, glass and textiles of Rome
- Economic and cultural impact was profound
- Gradual decrease of Silk Route’s importance, preceding a decline of Central Asian influence
- Reasons for decline
 1. Overland trade lost efficiency due to sea routes and Europe redirected its focus on the New World (Columbus / 1492)
 2. Change in military efficiency: increased use of firearms wiped out mobility of horsemen



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TURKMENISTAN TRUCK DRIVER INTERVIEWS - SUMMARY CONCLUSIONS

Total Responses	571
Interview Locations	
Kerki	43
Sarabs Post	104
Gaudan Highway Terminal	22
Gudurolum	68
Ektrans in Ashgabat	13
Farad	101
Artyk	158
Ferry Crossing @ Turkmenbashy	42
Bekdash	20
Sex of Respondents	
Male	571
Country of Origin	
Azerbaijan	55
ByeloRussia	2
Iran	293
Kazakstan	1
Turkey	220
Make of Truck	
DAF	18
Dodge	1
Fiat/Iveco/Magirus	83
Ford	10
GAZ	1
International	2
Kamaz	46
Liaz	5
Mack	50
MAN	96
MAZ	6
Mercedes	66
Nissan	1
Renault	2
Scania	72
Vabis	1
Volvo	108
White	2
Zil	1

Type of Cargo Carried

*(Note: Some respondents listed two or more cargoes,
Hence the total is more than the sample total)*

Primary Response

All Types Specified on Questionnaire	29
All Types and Vehicles	2
All but Chemicals	2
All but Fuel	12
Building Materials	3
Chemicals	20
Cotton	86
Equipment	3
Foodstuffs	288
Fruits	19
Fuel	29
Oil Equipment	1
Others	32
Raw Materials	33
Skins	1
Taxi Vehicles	3
Wool	1

Secondary Response

Chemicals	7
Cotton	58
Fruits	2
Fuel	30
Leather	1
Others	22
Raw Materials	38
Skins/Leather	1
Vehicles	2

Third Response

Chemicals	9
Fuel	9
Others	5
Raw Materials	11

Regular/Frequent Journey

Average Distance	2,650 Km
Average Journey Time	10.73 Days

Current Journey

Average Distance	2,675 Km
Average Journey Time	11.68 Days
Average Journey Time still to Travel	7.16 Days

Reasons for Breaking Down

*(Note: Respondents provided an average of 2.6 reasons
EACH for breaking down. Hence total is more than sample total)*

Tyres	442
Engine	247
Suspension	161
Brakes	130
Electrics	152
Diesel/Fuel Problems	259
Roads	39
Other (screen mentioned quite often)	37

Problems Encountered on Current Journey

Organisational	532
Technical	137

Sleeping Arrangements

Cab	466
Cab or at Friends' Accommodation	33
Cab or Motel/Hotel	11
Cab, Motel/Hotel or at Friends	37
Friends' Accommodation	6
Motel/Hotel	6
No Answer	12

Would You Use A Motel

Yes	564
Don't Know/No Answer	7

Facilities Required at Service Area

*(Note: Respondents chose an average of 3.15 options
EACH. Hence total is more than sample total)*

Everything	194
Room	214
Food	210
WC	266
Shower	222
Buy Food	186
Spares	206
Diesel	161
Oil	138

TABLE A.5.3 TURKMENISTAN - AVERAGE DAILY TRAFFIC BY VEHICLE TYPE ON THE STATE ROAD NETWORK IN 1994

Road No.	Section No.	Section location	Length (km)	Traffic data source	AVERAGE DAILY TRAFFIC BY VEHICLE TYPE										AADT
					Car		Bus		Utility		Truck		Truck		
					235	30	<2 tonne Payload	5-<8 tonne Payload	2-<5 tonne Payload	5-<8 tonne Payload	>=8 tonne Payload	2-<5 tonne Payload	5-<8 tonne Payload	>=8 tonne Payload	
					1,434	1,179	1.9-2.6 tonne GWV	10.5-15.3 tonne GWV	5.8-7.4 tonne GWV	10.5-15.3 tonne GWV	17.8-38.0 tonne GWV	2,298	1,526	1,383	
M37	1	Uzbekistan border - Farab	30.6	Routine	235	30	72	125	120	72	120	72	653		
M37	2	Farab-Farab landing-stage	5.0	Routine	350	40	126	140	146	100	146	100	902		
M37	3	Chardjov-Uch-Adji	125.0	Routine	1,200	312	119	414	404	549	404	549	2,997		
M37	4	Uch-Adji - Ravnina	18.0	Routine	635	441	110	349	458	207	458	207	2,200		
M37	5	Ravnina-Zakhmet	24.0	Routine	835	580	145	459	602	272	602	272	2,893		
M37	6	Zakhmet - Bayramaly Bypass	34.4	Routine	1,105	138	70	690	489	355	489	355	2,846		
M37	7	Bayramaly bypass-R26 (loloten) road junction	10.0	Routine	1,434	216	75	1,179	775	425	775	425	4,104		
M37	8	R26 road junction-end Bayramaly bypass	5.0	Routine	6,681	767	1,383	2,177	1,763	646	1,763	646	13,417		
M37	9	End of Bayramaly bypass - Poltoreski	20.6	Routine	2,298	1,526	382	1,144	1,525	763	1,525	763	7,638		
M37	10	Poltoreski town - Mary	5.0	Routine	1,879	1,248	312	936	1,247	624	1,247	624	6,246		
M37	11	Mary - Khauz-Khan	65.0	Routine	2,716	255	101	686	578	343	578	343	4,678		
M37	12	Khauz-Khan - R7 (Saragts) intersection	55.0	Routine	1,090	675	115	395	810	315	810	315	3,400		
M37	13	R7 (Saragts) Intersection-Tedjen	21.0	Routine	1,123	327	738	594	654	763	654	763	4,198		
M37	14	Tedjen-Dushak	45.0	Routine	1,436	120	556	498	556	526	556	526	3,692		
M37	15	Dushak-Kahka	43.0	Routine	1,328	382	201	514	343	400	343	400	3,166		
M37	16	Kahka-Yashlyk	79.0	Routine	1,250	196	422	327	399	502	399	502	3,097		
M37	17	Yashlyk-Enev	34.0	Routine	1,890	180	271	370	522	686	522	686	3,918		
M37	18	Enev-Ashgabat	8.0	Routine	9,875	669	337	1,194	1,552	1,337	1,552	1,337	14,963		
M37	19	Ashgabat-Gueok-Tepe	46.0	Routine	2,484	143	446	816	1,283	681	1,283	681	5,853		
M37	20	Gueok-Tepe - Bakharden	58.0	Routine	932	84	269	402	569	410	569	410	2,665		
M37	21	Bakharden-Gyzylarbat	125.0	Routine	408	22	26	50	205	90	205	90	801		
M37	22	Gyzylarbat-Gazandjik	73.0	Routine	881	23	213	486	451	166	451	166	2,220		
M37	23	Gazandjik-Gumdagh	93.0	Routine	343	75	171	162	352	313	352	313	1,415		
M37	24	Gumdagh - Nebitdagh	39.0	Routine	1,032	589	136	158	698	1,226	698	1,226	3,839		
M37	25	Nebitdagh- Djebel	18.0	Routine	1,145	409	174	159	414	363	414	363	2,664		
M37	26	Djebel-Djanga	121.0	Routine	767	238	156	149	405	462	405	462	2,176		
M37	27	Djanga-Turkmenbashi	11.0	Routine	1,127	218	151	285	345	479	345	479	2,604		
			1,211.6												

TABLE A.5.8 GROWTH OF TRAFFIC ON THE M-37 HIGHWAY 1985-1994

Road Section	ANNUAL AVERAGE DAILY TRAFFIC					
	1985	1990	1991	1992	1993	1994
Chardjev-Farab-Uzbekistan border	1,487	2,010	2,227	2,508	2,899	2,830
Uch Adjı-Chardjev	1,635	2,307	2,678	2,912	3,166	3,209
Bayram Ali-Zahmet-Uch Adjı	1,774	2,285	2,492	2,613	2,834	2,893
Mary-Bayram Aly	7,998	6,747	7,057	7,305	7,530	7,638
Khauz Khan-Mary	2,733	2,924	3,088	3,162	3,300	2,855
Khaka-Kkauz Khan	2,177	2,372	2,476	2,796	2,525	2,525
Enev-Khaka	2,805	2,903	2,938	2,936	3,025	3,494
Ashgabat-Enev	6,218	7,839	8,374	8,916	9,716	10,493
ASHGABAT-UZBEKISTAN BORDER (b)	2,472	2,754	2,943	3,139	3,241	3,300
Ashgabat-Goektepe	4,714	5,162	5,322	5,538	5,961	6,052
Goektepe-Bami	2,521	2,797	2,880	2,912	3,075	3,075
Bami-Gyzylarbat	1,914	2,006	2,043	2,098	2,158	2,218
Gyzylarbat-Gazandjik	1,718	1,823	1,837	1,900	1,978	1,992
Gazandjik-Gum Dagh	1,944	2,088	2,117	2,233	2,344	2,332
Belek-Turkmenbashy	2,168	2,393	2,441	2,505	2,584	2,584
ASHGABAT-TURKMENBASHY	2,296	2,473	2,525	2,610	2,742	2,770
UZBEK BORDER-TURKMENBASHY (b)	2,405	2,647	2,784	2,939	3,051	3,098

Road Section	Annual Change (%)							
	1985	1985-90 (a)	1991	1992	1993	1994	1985-91 (a)	1991-94 (a)
Chardjev-Farab-Uzbekistan border		6.2	10.8	12.6	15.6	-2.4	6.2	8.5
Uch Adjı-Chardjev		7.1	16.1	8.7	8.7	1.4	7.1	6.2
Bayram Ali-Zahmet-Uch Adjı		5.2	9.1	4.9	8.5	2.1	5.2	5.1
Mary-Bayram Aly		-3.3	4.6	3.5	3.1	1.4	-3.3	2.7
Khauz Khan-Mary		1.4	5.6	2.4	4.4	-13.5	1.4	-2.6
Khaka-Kkauz Khan		1.7	4.4	12.9	-9.7	0.0	1.7	0.7
Enev-Khaka		0.7	1.2	-0.1	3.0	15.5	0.7	5.9
Ashgabat-Enev		4.7	6.8	6.5	9.0	8.0	4.7	7.8
ASHGABAT-UZBEKISTAN BORDER (b)		2.2	6.9	6.7	3.2	1.8	2.2	3.9
Ashgabat-Goektepe			1.8	3.1	4.1	7.6	1.8	4.4
Goektepe-Bami			2.1	3.0	1.1	5.6	2.1	2.2
Bami-Gyzylarbat			0.9	1.8	2.7	2.9	0.9	2.8
Gyzylarbat-Gazandjik			1.2	0.8	3.4	4.1	1.2	2.7
Gazandjik-Gum Dagh			1.4	1.4	5.5	5.0	1.4	3.3
Belek-Turkmenbashy			2.0	2.0	2.6	3.2	2.0	1.9
ASHGABAT-TURKMENBASHY			1.5	2.1	3.4	5.0	1.5	3.1
UZBEK BORDER-TURKMENBASHY (b)			1.9	5.2	5.5	3.8	1.9	3.6

Source: Based on Turkmenautoellari traffic count data

Note: (a) Average annual compound change (FILE.QPRO\TURKMEN\TRAFDATA\TRAFHIST.WQ!)

(b) Weighted average with weighting based on section length

**Selected Economic Indicators
of Turkmenistan**

	Mill US \$			
	1991	1992	1993	1994
1991 - 1994				
Export	1238	2149	2626	2425
Imports	648	1009	1593	1476
Trade Balance	590	1140	1033	949

Source: Transition Report European Bank 4/96

**Truck Drivers' „Shopping List“
Interviews at Turkmen / Uzbek border
(close to Farab / Turkmenistan)**

**Truck Drivers ratings on the various services expected
on a TRACECA Motorway Service Point**

1.	Motel facilities (including single rooms)	99.0
2.	Clean WC	83.2
3.	Secure truck parking	73.7
4.	Telephone, fax	71.8
5.	Restaurant facilities	71.7
6.	Food replenishment shop	70.4
7.	Spare parts shop	70.4
8.	Shower	70.1
9.	Customs clearance point	63.0
10.	Diesel, petrol	62.0
11.	Tyre repair & sales shop	60.6
12.	Lubricants	58.2
13.	Offering remoulded tyres	56.6

Petrol Stations

Situation in Turkmenistan

Status: 15. 02. 1996

On February 15, 1996, 202 petrol stations were operating in Turkmenistan;

77 to supply state owned transport entities and
125 for private users.

At this moment no petrol station exists which is run by private operators.

134 stations of 202 also sell diesel.

Prices on February 15, 1996 were (per litre)

For Government entities	A - 76	40 Manat	/	0.016 US \$
	AC - 93	80 Manat	/	0.032 US \$
	Diesel	40 Manat	/	0.016 US \$
Commercial prices	A - 76	200 Manat	/	0.08 US \$
	AC - 93	250 Manat	/	0.10 US \$
	Diesel	200 Manat	/	0.08 US \$

Official exchange rate: 2.500 Manat = 1 US \$ (2/96)

The oil & gas Ministry is also operating mobile stations as and where required and guarantees its availability.

Fuel stations by Region:

<u>Region</u>	<u>State Sector</u>	<u>Service for Private Sector</u>	<u>Total</u>
Ashgabad	9	12	21
Akhalskij Velayat	9	16	25
Balkanskij Velayat	13	16	29
Maryiskij Velayat	16	26	42
Lebapskij Velayat	19	38	57
Dashkovuz Velayat	<u>11</u>	<u>17</u>	<u>28</u>
Total	<u>77</u>	<u>125</u>	<u>202</u>

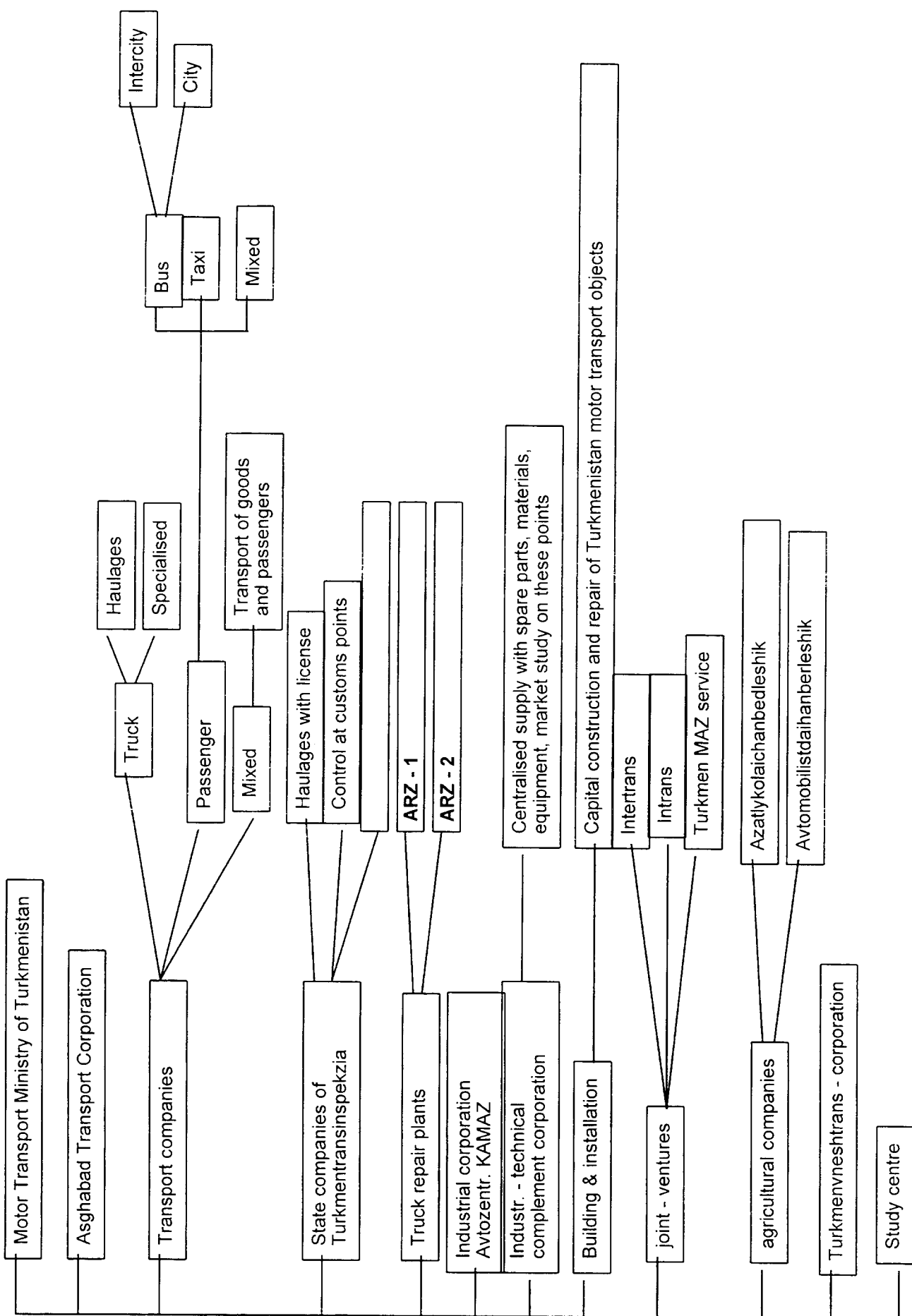
Road Haulage in Central Asia
Security measures:
An example from Turkmenistan

- ★ Route planning for each new transport job.
- ★ Review of transport conditions: route, road conditions, loading & unloading points, service points en route, including diesel / petrol stations, rest places, food replenishment facilities, workshops, communication systems and medical assistance.
- ★ Each individual haulage contract stipulates conditions for guarding the load and the security of the entire vehicle, drivers are informed about the terms of security of the haulage which may vary by the kind of goods and the transport conditions.
- ★ In case of a convoy, one of the drivers will be appointed its leader. If needed, additional persons will accompany the trucks.
- ★ Trucks are supposed to arrive at pre-defined dates / time at the final point of discharge, but also in - between points. In case they do not arrive on time, a search will be organised.
- ★ The haulage company' administration uses phone, telegraph, fax to communicate with the customer, with points of loading, unloading, with places of rest, truck repair and customs points in order to locate driver / truck and to identify their condition.
- ★ If this will be without result, police and other authorities will be involved.
- ★ Some haulage contracts stipulate that customers and their organisations will also be involved in the search for missing trucks.

Ministry of Automotive Transport of Turkmenistan

- Largest Turkmen State Enterprise for public / 3rd party transport, both domestic and international haulage
- Companies: 54 transport companies, including
 - 13 firms in haulage
 - 16 entities in public / passenger transport, including overland bus lines
 - 25 companies with mixed operations:
 - 16 of them operate buses, trucks, taxis
 - 9 operate trucks and taxis
- but also 2 truck repair plants (Ashgabad and Charzhov), automotive repair and tyres, including remoulding.
- State functions: Transport inspection, safety on haulage (loading weight, passenger safety, ecological issues, technical conditions of vehicles entering the country).
- Various other activities:
 - Joint - venture companies with international transporters, MAZ - Service, a study / research centre and 2 agricultural firms.
- Ministry has a staff of 19,200 people and operates 11,900 vehicles.
- Carries out 13 % of all goods transport on roads and 60 % of passenger transport in Turkmenistan.

Motor Transport Structure of Turkmenistan Ministry of Automotive Transport



**Data on the large haulage companies,
public transport operators in Turkmenistan - Status Dec. 1995**

Name of company	Trucks	Trucks more 3,5t	Location	Kind of haulage, activity
2	3	4	5	6
<u>1. Ministry of Automotive Transport</u>				
Ashgabad transport corporation	626	560	Ashgabad	haulage of differ. goods within country, CIS, international;
Nebitdag transp. comp.	302	276	Nebitdag	haulage of differ. goods within country, CIS;
Mary transp. comp.	599	560	Mary	haulage of goods within country, CIS, some intern.
Chardzhev transp. comp.	512	414	Chardzhev	ditto
Corporation Turkmenvneshtans	195	185	Ashgabad	haulage of various goods on internat. routes;
Chardzhev tr. company No 3003	227	204	Chardzhev	haulage of goods within country
Dashkhovuz tr. company No 3012	413	354	Dashkhovuz	ditto
Dashkhovuz tr, company No3008	391	367	Dashkhovuz	ditto

2. Turkmenpotrebsojuz
(own - account operator - Consumer Union Cooperation)

2	3	4	5	6
Mary motor depot „velajatpotreb- sojuza“	343	210	Mary	service of population trade network
Dashkhovuz motor depot „velajatpotreb- sojuza“	258	205	Dashkhovuz	ditto
Kerki motor depot velajatpotreb- sojuza	160	145	Kerki	service of popula- tion trade network
Tadzhen motor depot velajatpotreb- sojuza	170	155	Tedzhen	ditto
Ashgabad motor depot velajatpotr.	122	87	Ashgabad	ditto
Chardzhev motor depot velajatpotr.	120	91	Chardzhev	ditto

Note: Restricted load capacity, operate shops on wheels

3. Ministry of Construction of Turkmenistan
(Main task transport of construction material for Ministry)

2	3	4	5	6
Motor plant	271	204*	Ashgabad	transport of building materials (goods)
Motor depot No 1	121	85*	Turkmenbashi	ditto
Motor depot No. 2	131	85*	Mary	ditto
Motor depot No. 3	276	221*	Chardzhev	ditto
Motor depot No. 5	121	91*	Seidi	ditto
Motor depot No. 6	118	92*	Dashkhovuz	ditto
Motor depot No. 7	128	102*	Bozmein	ditto

* Load capacity 5t. and more

4. Ministry of Agriculture of Turkmenistan
(own account)

Dashkhovuz tr. company of „Selchosprom-remont“ corporat.	421	228	Dashkhovuz	transport of agricultural goods
Chardzhev tr. company of „Selchosprom-remont“ corpor.	462	227	Chardzhev	ditto
Motor garage of kolchoz „Turkmenistan“	213	78	Ashgabad otrap	ditto
Tedzhen tr. company of „Selchozprom-remont“	157	101	Tedzhen	ditto
Ashgabad tr. company of „Obakyzmat“ association	152	127	Ashgabad	ditto
Specialised tr. comp. No 1 of Food-Staff Industry associat.	187	101	Ashgabad	ditto

5. Water Resources & Land Reclamation Ministry of Turkmenistan
(own account)

2	3	4	5	6
Ashgabad motor depot	237	178	o. Kulieva	haulage of goods for water econom. objects;
Motor depot of „Dashkhovuz-vodstroj“ trust	123	112	Dashkhovuz	ditto
Motor depot of „Murgabremvodstroj“ corporation	143	119	Mary	ditto
Motor depot of „Garagumgidro-stroj“ trust	240	213	Bairamaly	ditto
Motor depot of „Lebapremvodchoz“ corporat.	474	360	Chardzhev	haulage of goods for watereconom. objects;
Motor depot of „Garagumsovstroj“ trust	123	100	Mary	ditto
Motor depot of Tedzhenvodstroj trust	170	143	Tedzhen	ditto
Motor depot of Balkanvolstroj corporation	166	135	Gyzyarbat	ditto
Gyaur motor depot of Achalvodstroj trust	131	104	Gyaurs	ditto
Gekdepe motor depot of Achalvodstroj trust	155	119	Gekdepe	ditto

**6. Oil and Gas Ministry of Turkmenistan
(own account)**

2	3	4	5	6
Nebitdag admin. department of technological transport of Neftespeztrans trust	380	150	Nebitdag	service of boring and oil mining objects
Guidzhik admin. department of Neftespeztrans trust	238	130	Guidzhik	ditto
Goturdepe admin. depart. of techn. transport - Neftespeztrans	251	155	Goturdepe	ditto
Barcepelmesk ditto	245	140	Vypke	ditto
Transp. comp. No 1 Achalneftegasdobycha corporation	147	90	Enev	service of boring oil mining objects
Transp. comp. of Balkanneftegasstroi trust	254	185	Nebitdag	ditto
Adm. depart. of techn. transport No 2 Turkmenburgas trust	366	260	Shatlyk	service of oil and gas mining companies
Adm. depart. of techn. transport No 3 Turkmenburgas trust	411	282	Chardzhev St. Zerger	boring objects service
Trans. comp. No 1 of Maryneftegasstroi trust	416	313	Shatlyk	service of oil and gas mining comp.

2	3	4	5	6
Adm. depart. of techn. transp. No 4 of Maryner-tegasdobycha corp.	348	156	Shatlyk	gas mining objec.
Adm. depart. of techn, transp. No 1 Hebagneftegasdobycha	398	211	Gasedzhak	ditto
Transport column of Mebapneftegasstroj trust	277	163	Gasodzhak	service of oil and gas mining comp.

**7. Joint ventures, foreign companies, firms, stock companies,
representative offices etc.**

2	3	4	5	6	
Joint venture „Stroikomplex“ Italy-Turkmen.	105	34	Choganly	service of const- ruction objects	
Repres. office of „Tach DTI Tkkare LS“ comp. Turkey	51	37	Ashgabad	service of const- ruction objects	
„Uchga“ firm Turkey	48	23	Ashgabad	ditto	
Stock corpor. „Ekpar“ Turkey		72	32	Ashgabad	ditto
„Menel“ firm Turkey	32	10	Ashgabad	ditto	
„Suma Turisi“ Turkey	30	19	Ashgabad	ditto	
Subsidiary of stock company „Zapintrans- General service LTD“ Russia	18	18	Ashgabad	transport of various goods within country, CIS, abroad	

Dolphin Coordinator of Turkmenistan

V. Elanzev

	1990	1994	1995
Cars			
Government	20.129	23.607	24.760
Privat	186.953	215.647	220.053
Total	207.082	239.254	244.813
Pick-ups			
Government		992	
Private			
Total	0	992	0
Buses			
Government	7.621	6.244	6.386
Private		133	470
Total	7.621	6.377	6.856
Trucks / Artics			
Government	59.134	50.313	50.790
Private		5.678	6.404
Total	59.134	55.991	57.194
Trailers 1)			
Trailers		5.062	
Semi-trailers		2.654	
Total		7.716	0
Vehicle imports			
		2)	3)
Cars		12.233	5.536
trucks		3.306	1.180
buses			
state		742	131
privat		133	49
Total		875	180
Source: Statistical Office Government			
1) Forecast: semi - trailers will increase over trailers			
2) including 1811 heavy trucks, 99.4 % CIS origin and 90 % for state companies, 10 % private sectors 1996 imports increased (1695 in y-t-d 4/96)			
3) changes in import / duty regulations			



Equipment - Assets - Services for Transport Comb-1

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B RELEVANT INFORMATION - TURKMENISTAN

C RELEVANT INFORMATION - UZBEKISTAN

D TYRES - SUMMARY

**UZBEKISTAN TRUCK DRIVER INTERVIEWS
- SUMMARY CONCLUSIONS**

Total Responses	1176
 Nationality /Language of Respondent	
C I S	569
Turkey	369
Iran	216
Europe	22
 Interview / Locations	
Uzintrans	60
Kuprik	369
Ippodrom	387
Irkin	359
Unknown	1
 Sex of Respondents	
Male	1176
Female	0
 Nationality of Employer	
Company Drivers	675
Private	293
State	100
Leased	57
Unknown	51
 Nationality of Employers	
Albania	1
Azerbaijan	6
Bulgaria	11
Chechnia	1
Finland	6
France	1
Germany	3
Holland	4
Hungary	2
Iran	215
Kazakstan	86
Kirgistan	31
Latvia	1
Russia	59
Tajikstan	24
Turkey	377
Uzbekistan	334
Nationality Unknown	16

Make of Truck	
DAF	47
Fiat / Iveco	112
GAZ	10
Ford	44
Kamaz	387
Mack	39
MAN	93
MAZ	111
Mercedes	84
Scania	70
Volvo	120
Zil	24
OTHERS	35

Type of Cargo Carried

*(Note: Some respondents listed two or more cargoes.
Hence the total is more than the sample total)*

All Types Without Exception	22
All Types With One Exception (fuel)	41
Batteries	3
Birds	1
Carpets	1
Cars	13
Chemicals	69
Cigarettes	1
Construction Materials	10
Consumer Goods	19
Cotton	236
Diplomatic	2
Electrical Materials	2
Empty	136
Equipment	10
Foods	630
Fuel	72
Furniture	6
Home Appliances	1
Metals	7
Paper	1
People	2
Raw Materials	95
Skins	3
Spares	5
Toys	1
Tractors	2
Television Sets	3
Tyres	13
Woods	5

Regular/Frequent Journey

Average Distance	3,181 Km
Average Journey Time	11.32 Days

Current Journey

Average Distance	3,101 Km
Average Journey Time	11.69 Days
Average Journey Time Still to Travel	14.62 Days

Reasons for Breaking Down

(Note: Respondents provided an average of 2.5 reasons EACH for breaking down. Hence total is more than sample total)

Tyres	919
Engine	407
Suspension	263
Brakes	334
Electrics	284
Diesel/Fuel Problems	526
Other	106

Problems Encountered on Current Journey

(Note: Many respondents identified more than one problem. The totals below therefore relate to the number of times a particular problem was mentioned)

Attacked on the Road/Stone Throwing	10
Bad Fuel	27
Bad Roads	22
Bribery/Racketeering	23
Customs	182
Fuel (general)	42
No Answer Given	79
No Problems Encountered	753
No Motels and/or Restaurant	23
No Security/Secure Parking	54
No Doctors	1
Police	80
Tyres	8

Sleeping Arrangements

Cab	1056
Cab or at Friends' Accommodation	52
Cab or Motel/Hotel	25
Cab, Motel/Hotel or at Friends	17
Friends' Accommodation	6
Motel/Hotel	12
Motel/Hotel or Friends' Accommodation	3
No Answer	6

(Note: Many respondents say they slept in their cabs for security reasons i.e. the lack of secure parking was a prime concern)

Supplementary Conclusions from Survey

- 95% of sample were driving their regular truck i.e. only 50 % of those interviewed usually drove a different truck.
- 98% of drivers repair their trucks themselves - a significant minority saying they do so despite having a 'free service contract'
- Without exception, all of the respondents (100%) said they would consider using a motel connected to a service station.
- Similarly, without exception (100 %) of respondents said they would expect the full range of services to be offered at a motel/service station: - Room, Restaurant, WC, Shower, Shopping, Foodstuff, Spare Parts, Diesel, Oil/Lubricants, Tyres, Remoulded Tyres, Customs Clearance/Documentation Assistance, Telecommunications and Secure Parking.

M - 39 Gisht Kuprik (Kazakistan Border) - Termez (Afghanistan Border)

No.	Road Section	Road Traffic Volumes / Average daily traffic						
		1990	1991	1992	1993	1994	1995	1996 1 st 3 months
1.	G.Kuprik - Tashkent - Yalama			14,120	13,500	12,730	10,049	8,058
2.	Yalama - Kirov - Jizak	-	-	5,202	5,085	5,490	5,485	4,783
3.	Jizak - Samarkand	-	-	4,590	4,578	4,025	4,803	4,847
4.	Samarkand - Shahrizabz	1,415	1,315	1,312	1,211	1,150	1,050	750
5.	Shahrizabz - Guzar	1,217	1,419	1,501	1,681	1,582	1,301	1,002
6.	Guzar - Shurab	1,667	1,702	1,731	1,767	1,798	1,835	-
7.	Shurab - Sairab	1,468	1,498	1,530	1,561	1,593	1,625	-
8.	Sairab - Shirobad	3,088	3,151	3,215	3,281	3,348	3,416	-
9.	Shirobad - Angor	4,358	4,446	4,537	4,630	4,724	4,820	-
10.	Angor - Termez	6,156	6,291	6,419	6,550	6,884	6,820	-
	% of trucks	36	32	35	33	30	39	46

Source: Uzautoyull, 1996

M - 37 Samarkand - Olot (Turkmenian Border)

No.	Road Section	Road Traffic Volumes / Average daily traffic							
		1990	1991	1992	1993	1994	1995	1996 1 st 3 months	
1.	Samarkand (Police Point)	-	-	-	5,488	5,498	5,571	-	
2.	Samarkand - Kattakurgan	-	-	-	5,431	4,778	4,583	-	
3.	Kattakurgan - Mirbozor - Navoi	-	-	-	5,177	5,102	5,020	-	
4.	Navoi - Galaosiyo	-	11,031	10,911	10,964	10,641	10,420	-	
5.	Galaosiyo - Bukhara	-	15,311	15,273	15,144	15,009	14,480	-	
6.	Bukhara - Yakkatut	-	9,441	9,371	9,306	9,360	9,320	-	
7.	Yakkatut - Karakul - Olot	-	9,582	9,561	9,601	9,569	8,540	-	
	% of trucks		56	55	56	57	58		

Source: Uzautoyull, 1996

Selected Economic Indicators of the Republic of Uzbekistan

1992 - 1995

Mill US \$

	1992	1993	1994	1995 (Estimate)
Export	1424	2877	2940	3770
Import	1660	3255	2727	3620
Balance	- 236	- 378	213	150
Share of industry in GDP	32.7	29.8	N.A.	N.A.
Share of agriculture in GDP	39.9	34.9	N.A.	N.A.
Nominal GDP 1)	447.2	5095	56828	231000
GNP per capita US \$	N.A.	N.A.	2390	N.A.

Transition Report European Bank 4 / 1996

1) in billions of roubles until 1992

2) in millions of sum from 1992

Road Network - Uzbekistan

The total road network comprises 132,000 km, of which 42,000 km are principal roads including highways with all necessary road signs and corresponding to international standards.

90,000 km belong to the municipal and departmental section.

There are various new road projects and rehabilitation programmes

**Goods Transport in Perspective 1994
Uzbekistan**

	%
Road	30
Railway	55
Air	10
Pipeline	5

Causes for break downs

	% of incidents			
	Kamas	Maz	Zil	Mercedes
Engine	35.8	19.9	15.7	12.7
Cooling system	3.6	6.8	10.8	5.2
Lubrication system	3.8	9.3	9.9	3.6
Alternator/battery	4.1	6.3	9.6	4.2
Clutch	3.5	6.7	9.1	11.3
Wiring / electrical system	5.9	11.4	11.8	17.7
Gearbox	1.5	5.5	10.1	6.2
Steering	4.9	6.6	6.0	13.7
Brakes	18.9	11.4	8.6	3.1
Rear Axle	6.3	7.7	3.6	3.6
Suspension	<u>11.7</u>	<u>8.4</u>	<u>4.8</u>	<u>18.7</u>
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Source: Units in operation in Uzavtotrans Corporation
Period: 1995

Typical Dealer Profile (Cars / Commercials) Uzbekistan

Showroom size:	315 m2
Repair facilities:	100 % have
Bays	8
Diagnostic Centre	35 % have
Paint Shop	100 % have
Body Shop	35 % have
Diesel Repair	83 % have
Employees:	
Salesmen	7
Administration	9
Mechanics	13
Annual Sales:	42
Units in stock:	26
Payment System: 1)	
Consignment stock	65 %
Deferred payment	35 %
Prepayment	65 %
L / C	Nil
Barter Trade	65 %

1) Mixed methods used

Landed Cost Example

Import of vehicles on a sample of 8000 US \$

in US \$	from Europe / Turkey / Korea	CIS
1. Net value - ex works Car 1.6 cc.	8,000	8,000
2. Insurance	100	200
3. Freight	750	400
4. Cif (1 + 2 + 3)	8,850	8,600
5. Customs duty % / US\$	50% / 4,425	0% / 0
6. Taxation, other duties	0.15% / 14	13
7. other cost	50	50
8. Landed cost (4 + 5 + 6 + 7)	<u>13,339</u>	<u>8,663</u>

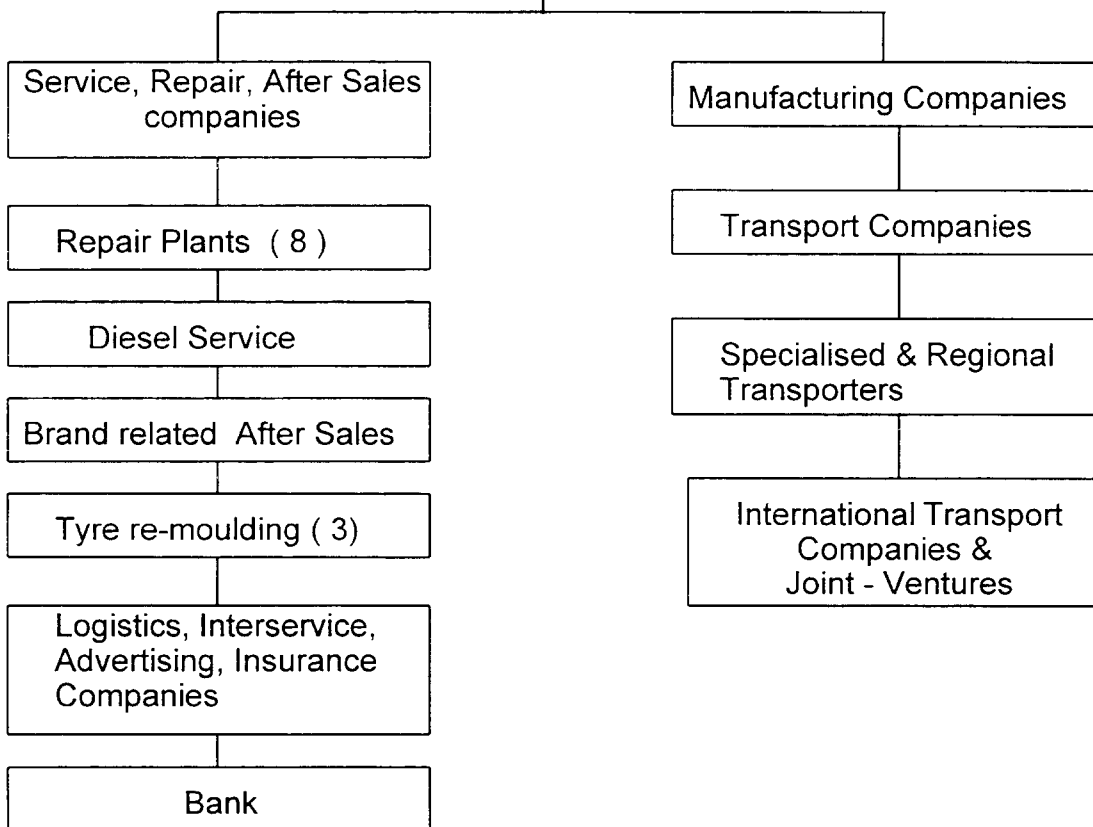
Profile of Uzavtotrans

- **The largest Uzbek State Joint Stock Company for public transport in Uzbekistan**
- **Created in 1993**
- **Assumed responsibilities of the Ministry of Automotive Transport**
- **Comprises 396 companies, has a staff of 104,000 people, operates 45,430 vehicles, including 4,900 passenger cars, 26,600 commercial vehicles, 13,900 buses**
- **Carries out 30 % of all goods transports and 90 % of passenger transport**
- **As of January 1, 1996 - 286 companies of the corporation are private**
- **Companies and organisations joining the corporation retain their legal independence**
- **Member companies are transport firms, automotive repair and parts producing, tyre repair and retreading and insurance specialists**

Uzavtotrans

Corporation

Council
Presidium
Administration



Profile of Uzavtotrans

Joint - stock companies have the following distribution of stock:

- 26 % - State Committee of Property**
- 49 % - Staff of Company**
- 25 % - free sale through stock exchange**

Uzavtotrans - Responsibilities

- **Together with State Management Bodies is responsible for long term strategy and development of Road Transport and River Fleet**
- **Coordinates with other modes of transport**
- **Coordinates the privatisation of transport and river fleets**
- **Organises measures for rational use of national resources, protection of environment**
- **Represents the interest of member companies**

Automotive Transport Uzbekistan

The automotive transport industry is divided into:

**3rd party transporters and own account operators
(or public transporters)**

For them transport is:

Their core business

**A means of transporting their
products or services either
within the production process
or to the final client.**

3rd party transporters

- **Companies related to Ministries or State organisations but operating with their own management, objectives and marketing concepts**
- **Joint ventures with foreign companies**
- **Private enterprises**

Quick Reference Profile

Principal Truck Fleets - 3rd Party Operators

No	Name, location	> 3,5 tons	Makes	No of units
	Central Asian Trans, CAT joint-venture of Ministry of Foreign Economical Relations & Operator	200	Mercedes trucks, + 3 axle Semitrailers	200
	Uzintrans, Uzavtotrans Corporation	193	Super MAZ trucks, + 3 axle Semitrailers (KAMAZ / Mercedes)	193
	Uzmeshtans, Uzavtotrans Corporation	80	KAMAZ GAZ MAZ	80

Quick Reference Profile

Principal Truck Fleets - 3rd Party Operators

The characteristics of the principal fleets can be described as follows:

Central Asian Trans (CAT)

The company was created in 1993 as joint venture with the Ministry of Foreign Economical Relations. The fleet is operating 200 Mercedes units with 3 axle Semitrailers plus other trucks.

Uzmeshtrans

The company was created in 1993 and operates within the Uzavtotrans Corporation. Uzmeshtrans' activities are within Uzbekistan and the Central Asian Republics. The fleet is a mix of KAMAZ, GAZ and MAZ. The majority of the fleet are rigids. Uzmeshtrans operate 80 units.

Uzintrans:

This company began operation in 1989. It is a subsidiary of the Uzavtotrans Corporation. The company intends to turn private in the near future. Uzintrans have two joint - venture transport firms with Russian / Austrian and Afghan partners. In total 50 KAMAZ and 40 SUPERMAZ are allocated to these joint - ventures.

Their normal fleet consists of 118 SUPERMAZ, 50 KAMAZ, 25 Mercedes 1925s and 128 trailers (12m). The Mercedes equipment is on lease.

Top 3rd party & own account Transporters
--

Ranking	Units in operation (Trucks only)	Name	
1	36,027	Minselhoz	- Ministry of Agriculture
2	28,456	Uzavtotrans	- 3 rd party only
3	14,564	Minvodhoz	- Water Authorities
4	6,071	Uzplodoimport	- Import of Food
5	5,819	Uzpromgaz	- Gas processing Services
6	4,218	Uzavtodor	- Roads Ministry
7	2,482	Zhilinvestroy	- Construction
8	2,082	Uzmashcompl.	- Transport of Plant Equipm.
9	1,587	Uzgashlopkosbyt	- Cotton & other transports
10	1,552	Uzbeksavdo	- Commodities Transport
11	1,435	Uzstroymater.	- Transport Construction Material
12	1,303	Minsviaz	- Ministry of Communication
13	200	CAT	- 3 rd party only

Vehicle types	Units i.oper. 1990	Park Nov. 94	imported 94	Park Nov.95	imported 95
passenger cars	863.500	708.486	480	709.562	638
Commercials:					
Government					
loading capacity					
0.5 - 1.2 tons		213.240		217.425	1.015
1.2 - 2.4 tons		102.185	345	100.413	612
3.5 - 8.0 tons		315.400		314.823	516
8.1 - 12.0 tons		212.500	448	211.473	711
12.1 - 18.0 tons		88.470	60	87.912	112
18.1 - 25.0 tons		32.385	87	31.786	179
25.1 - 35.0 tons		15.780	218	15.103	287
Sub Total Commercials Gov.		979.960	1.158	978.935	3.432
Private					
loading capacity					
0.5 - 1.2 tons		82		184	12
1.2 - 2.4 tons		115		203	18
3.5 - 8.0 tons		44		78	29
8.1 - 12.0 tons		68		137	21
12.1 - 18.0 tons		92		169	14
18.1 - 25.0 tons		74		128	9
25.1 - 35.0 tons		56		112	12
Sub Total Commercials Prv.		531		1.011	115
Total Commercials		980.491	1.158	979.946	3.547
Passenger Transport					
Government					
Mini buses up to 14 seats		118.500	685	117.940	136
Buses 18 - 25 seats		18.620		18.011	28
Buses 25 - 34 seats		17.240		16.812	62
Buses 35 - 50 seats		17.155	400	16.987	350
Sub Total Government		171.515	1.085	169.750	576
Private					
Mini buses up to 14 seats		24		47	12
Buses 18 - 25 seats		72		134	78
Buses 25 - 34 seats		61		112	52
Buses 35 - 50 seats		48		90	2
Sub Total Private		205		383	144
Total Passenger Transport		171.720	1.085	170.133	720
Agricultural Sector					
Tractors (incl Tricycles)					
25 - 60 HP		15.700		14.975	
60 - 80 HP		115.420		115.112	
80 - 120 HP		80.540		80.090	
150 - 240 HP		60.270		59.189	
Total Agricultural Sector		271.930		269.366	



Equipment - Assets - Services for Transport GmbH

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D TYRES - SUMMARY

Tyres

Critical issues

Critical issues confronting the re-moulding plants in Central Asia are:

- Insufficient quantities of suitable carcasses and tyre sizes - used tyres are really used, there is hardly any tread left
- Difficulties in sourcing and payment for rubber mixtures and materials, roughening elements, cords, special supplies and chemical substances, heating bellows and hoses.
- Missing press forms for different tyre sizes (including Western measurements).
- Some of the machinery need repair or overhaul, missing tools wait for replacing.

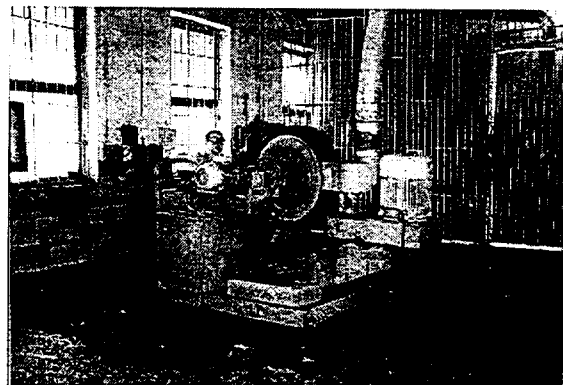
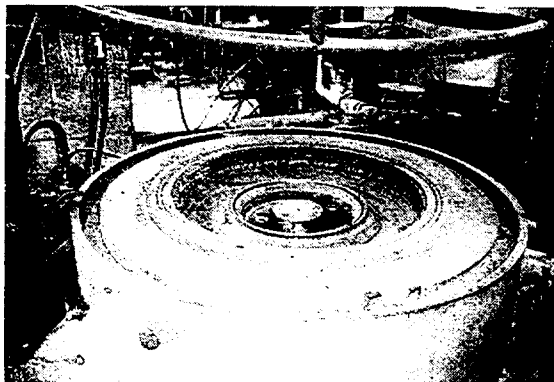
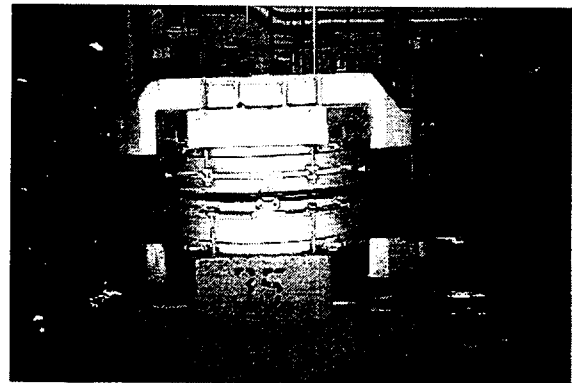
Tyres

Brief description of the re-moulding process

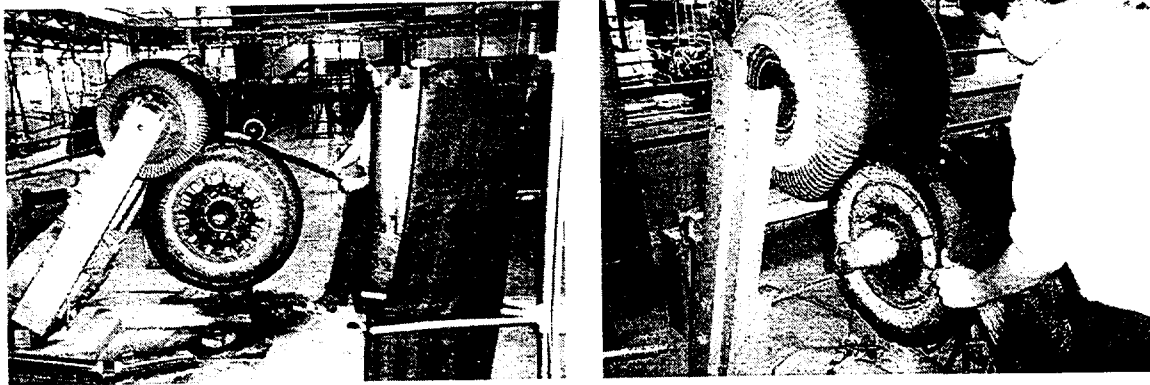
The technical process of remoulding may be summarised as follows:

1. **Visual control** of the used tyre to verify its technical suitability.
2. **Roughening:** Removal of the remaining protector in its given contour, using a machine for roughening.
3. **Second control and roughening:** Rejection of defective carcasses and finishing off unroughened patches, e.g. dirt in the area of labelling.
4. **Laying on solvent:** Provision of vulcanisable rubber solvent on roughened areas of the carcasse.
5. **Coating:** Adding of the un - vulcanised tread of rubber mixture onto the carcasse and in precise geometrical dimension. Same with un - vulcanised shoulder strips. Measuring of the crude tyre.
6. **Vulcanising:** Tread producing and vulcanisation under precisely defined conditions in press forms.
7. **Final inspection and finsih:** Removal of material residues and testing when tyre is still in warm condition.

Re-moulding of tyres in Central Asia:



Re-moulding of tyres in Central Asia:



The sizes of tyres which are presently re-moulded are:

cars:	615 - 13	645 - 13	735 - 14	
trucks:	840 - 15	220 - 508	220 - 508 P	240 - 508
	240 - 508 P	260 - 508	260 - 508 P	300 - 508
	320 - 508	320 - 508 P		
buses:	300 - 508	280 - 508		

Note: The tyre re-moulding plants in Tashkent and Ashgabad do also produce about 100 different items of plastic and rubber for car & truck interior and exterior, including rubber fenders for articulated vehicles.

Tyres versus other concerns of operators

An analysis done with 63 companies and private users in Central Asia during December 1995 identified the following problems confronting operators of transport equipment:

Nature of Problem	Large Transport Fleets	Smaller truck operators	Bus operators	Taxi	Private Car Users
Spare parts	100	100	93	100	100
Fuel / Diesel shortage	100	78	47	67	82
Batteries	50	30	53	8	67
Tyres	40	33	47	33	27

(100 = all operators in this segment identified subject as problem)

Tyres

The main problem of used tyres is scrap.

The world produces far more tyres than it can recycle.

Any surplus is an environmental problem

Efforts to tackle tyre waste concentrate on:

1. Manufacturers try to develop longer lasting products:
 - a) greater durability
 - b) innovative polymer allowing usage of more scrap tyres in new tyres
 - c) reducing rolling resistance to cut fuel consumption
2. Governments & Industry stimulate existing use of scrap tyres:
 - a) Retreading process
 - b) new outlets

Tyres

- 1990** - European Union identified tyres as one of the priority "waste streams" in its anti - pollution drive
- 1993** - European Union report on tyres

Initiatives by individual member states

- 1995** - U K - Voluntary measures by industry and civil servants to boost recycling
- 1995** - Germany - Creation of REG (Reifen Entsorgungs GmbH), now handling already 1/3 of scrap tyres

World Tyre Output

1994 million units

Country	Car	Truck	Total
U S	201.0	42.30	243.4
Japan	95.0	41.10	136.1
France	52.2	5.50	57.7
China	-	-	55.0
S. Korea	33.2	15.00	48.2
Germany	40.8	4.85	45.6
Canada	28.9	3.75	32.6
U K	28.1	3.70	31.8
Italy	27.0	2.60	29.6
Russia / CIS	-	-	19.7

Source: IRSG / Trade Associations

THE WORLD'S TOP TYRE MAKERS

Company	1994 sales(\$m)	% of group sales	1993 sales(\$m)	% of group sales
Michelin*	10,881**	90	9,935	88.8
Bridgestone*	10,272**	66**	9,472	65.6
Goodyear*	9,428	76.7	8,853	76
Continental*	3,902**	64	3,719	65.2
Sumitomo*	3,426**	72**	3,223	71
Pirelli*	2,717	50	2,748	90
Yokohama	2,651**	72	2,523	70
Toyo	1,410	57.7	1,296	56.3
Cooper	1,193	85	1,015	85
Hankook	997	95	788	90.1
Kumho	847	80	876	79.4
Ohtsu	784	96	665	90
South Pacific #	698**	90**	612	89
Shanghai	314	99	256	100
CIL	285	100	193	100
Cheng Shin	278	95	255	99
MRF	276	75	269	76
Apollo	239	100	218	100
Modi	231	100	221	100
SUB-TOTAL	50,829		47,137	
TOTAL***	57,773		53,180	

Notes: * Sales data have been adjusted to exclude revenue from equity-owned retail activities.

** Estimate

*** Comprise more than 100 smaller companies and incomplete returns

South Pacific is a 50/50 joint venture between Goodyear and Pacific Dunlop; 50 % of South Pacific's sales are included in Goodyear's sales.

Source: European Rubber Journal, Global Tyres Report 1995 - 96