

# ПАВА

ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО

## OPEN JOINT STOCK COMPANY "PAVA"

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### *Trade Representation of the Russian Federation in the Republic of Korea*

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## Letter from the Chairman

Dear Sir,

Our Company has been operating on grain processing market for more than 8 years. In 1999 the first consignment of goods was produced. Since that time we have managed to achieve outstanding results: the Company has become one of the three leading grain processing companies in Russia. "Pava" was the first Russian grain processing company to make an IPO. We are listed on the Moscow Interbank Currency Exchange (MICEX) and Russian Trading system (RTS).

Today our corporate brand and our products have become popular in Russia as well as abroad.

The Company's rapid growth coincided with great changes in our country and in the agroindustrial complex in particular. Today it is clear that in order to stay competitive in the global markets local agricultural business requires considerable technological advancements; it should face the challenges posed by globalization and exploit its strengths in skills, innovation activities, development of new production techniques as well as new projects. All these factors open up new horizons for our company.

Our innovation strategy implies the construction of advanced wheat-based BioRefinery for the production of vital wheat gluten, wheat starches, syrups, bioethanol, compound animal feed and wheat germ oil.

The results we have achieved and the goals we are hoping to accomplish are a testament to how hard our team has worked to completely transform every aspect of our company. The people of the Company continue to work hard to change our company, driven by our determination to be the industry leader.

Our main principles of doing business are: social responsibility, openness with our clients and partners. Our approach to business: professionalism, flexibility, creativity, reliability, partnership, mutual trust and long-term relations. Our performance measures are: engaged employees, satisfied customers and partners, contribution to society, profit and company growth.

We look forward to cooperating with you.

With best regards

Sincerely,

*Andrey Igoshin*

The Chairman of the Board of Directors OJSC "PAVA"

## Company Overview

Eight years of dynamic development made OJSC "PAVA" (before June 2005 the company was known as OJSC Agro-Industrial Company "Khleb Altaya") one of the market leaders. Today the company is one of the three leading operators on the Russian grain processing market. It produces flour, cereals, mixed animal feed as well as confectionery products: wheat crackers, sugar cookies and biscuits. The products have been certified as meeting international quality standard ISO 9001-2001. The company's product line consists of the three brand names: "Altai-Batyushka" (flour), "PAVA" (flour, cereals and confectionery products), "Zchitnitsa" (mixed animal feed, bran).

The total Company's grain processing capacity is 1,500 tons per day, and storing capacities are over 200,000 tons.

OJSC "PAVA" facilities are located in the Altai Territory, (Rebrikha and Mikhailovskoe milling plants, Romanovskoye grain processing plant) and in the Krasnoyarsk Territory (Achinsk milling plant). The Company's subsidiary OJSC "Zauralskiy Kreker", (Shutchye city in the Kurgan Region) produces a broad range of wheat crackers, sugar cookies, biscuits.

The total Company's annual production capacity is over 360,000 tons of wheat flour, 130,000 tons of mixed animal feed, 12,000 tons of cereals, 6,000 tons of wheat cracker products, 3,000 tons of cookies.

OJSC "PAVA" partners are government organisations as well as business enterprises from 68 regions of the Russian Federation, from Vladivostok to St. Petersburg. The company has been successfully exporting products to government and commercial enterprises in CIS countries – Georgia, Tajikistan, Uzbekistan, Kyrgyzstan, Kazakhstan, Afghanistan, Mongolia, and Turkmenistan for tree years now. Today OJSC "PAVA" is an active participant in international food programs. OJSC "PAVA" has been the United Nations partner within the framework of World Food Program for the last two years.

In 2005 OJSC "PAVA" became public. Thus becoming the first agroindustrial company on the Russian Stock Exchanges MICEX (Moscow Interbank Currency Exchange) and Russian Trading System. Moreover, in the year 2006 OJSC "PAVA" has been assigned national corporate governance rating of B+ by the Russian Institute of Directors.

## **Company Structure**

OJSC "PAVA" has three production units: Rebrikha, Mikhailovsky, and Achinsk milling plants. In addition, OJSC "PAVA" has a share in equity capital of three enterprises: OJSC "Zauralskiy Kreker" (100%), "Selhozholding" Ltd. (51%), "Romanovskoe grain-processing enterprise" (100%). The company employs more than 2500 people.

### **Grain Processing**

Rebrikha milling plant

Mikhailovsky milling plant

Achinsk milling plant

Romanovskoe grain-processing enterprise

«PAVA Export» Ltd.

### **Farm Production**

"Selhozholding" Ltd.

### **Confectionary Production**

OJSC "Zauralskiy Kreker"

### **Grain Trading**

OJSC "Transagro"

## Production Capacities

Presently the Company processes over 10% of grain in the Altai Territory. The Company's total grain processing capacity is 1,500 tons per day. OJSC "PAVA" facilities are located in the Altai Territory, (Rebrikha and Mikhailovskoe milling plants, Romanovskoye grain processing plant) and in the Krasnoyarsk Territory (Achinsk milling plant). The Company's annual output is over 360,000 tons wheat flour, 130,000 tons mixed animal feed, 12,000 tons cereals, 6,000 tons wheat cracker products, 3,000 tons of cookies.

OJSC "PAVA" grain silos have storing capacity of 6,000 tons of grain per day. They are Romanovskoe grain-processing enterprise, Pankrushikha, Chemrovsk, Aleysk grain collecting stations. The Company's facilities allow storing of 200,000 tons of grain at a time.



OJSC "PAVA" has its own planting acreage in the Altai Territory under the management of the Company's subsidiary "Selhozholding" Ltd. The total area of cultivated lands is over 20,000 hectares. In the coming 5 years PAVA is planning to extend its planting acreages to 200,000 hectares.

Mill processing lines are equipped with domestic manufactured machinery under the license of the Swiss company "Buhler". It allows controlling all the stages of production process automatically. A new quality control system enables our milling plants to produce flour with pre-specified properties. The implemented technologies contribute to the highest standards of our products and fill the exact needs of bakery, pasta and confectionary producers.

OJSC "PAVA" is mainly oriented at the processing of local raw materials (wheat grain), grown at the locations of the Company's production facilities: the Altai Territory and the Krasnoyarsk Territory. These are the largest grain producing regions east of the Urals. The Altai Territory is one of the country's major agricultural regions: it is the third-largest wheat grain producer in Russia (after the Krasnodar and the Stavropol Territories).

The Company uses local raw materials due to low transportation costs for its procurement and high quality of wheat grown in this region. Altai wheat is known as the best in Russia due to its excellent baking qualities. This explains an evergrowing demand for Altai wheat among the grain-processing enterprises.

In the course of the years on the grain market, the Company has developed a sound policy for acquiring maximum grain stock during harvesting periods combined with the lowest prices based on crop capacity monitoring, grain margin, grain processing volumes, grain export and import quantities and grain price rates in the regions, in Russia and in the world.





## Production Capacities Table

Enterprise	Processing capacity (MT/day)	Storing capacity (tons)
<b>Rebrikha milling plant</b>	600	61,000
<b>Mikhailovsky milling plant</b>	300	52,000
<b>Achinsk milling plant</b>	520	88,000
<b>Romanovskoe grain-processing enterprise</b>	60	45,000
<b>Pankrushikha grain collecting station</b>	50	18,000
<b>Aleysk grain collecting station</b>	-	600
<b>Chemrovsk grain collecting station</b>	-	24,000

## Geography of Sales

The Company is present on the markets of 68 regions of the Russian Federation and owns over 40 distributors in the regions of strategic importance. Its own distributive and logistics systems allow the company to achieve local sales almost in all regions of Russia. Products under "Altai Batyushka" and "PAVA" trademarks are represented in all major federal and regional retail networks.

OJSC "PAVA" is the only grain processing company east of the Urals with large volumes of products exported to foreign markets.

OJSC "PAVA" started exporting products to foreign markets and the markets of the CIS countries more than two years ago. Today this is a steadily growing and rapidly developing sector. Owing to its ISO the Company has great export opportunities: 200 countries are ready to import the products avoiding additional bureaucratic procedures.

For two years of operation on the world market the Company has made a great number of export deliveries to the CIS countries as well as to foreign markets.

OJSC "PAVA" has been the United Nations partner within the framework of World Food Program for the number of years. In the course of this program the Company has supplied high-quality fortified flour to Tajikistan, Afghanistan, Kenya, Azerbaijan.

Flour exported to the less developed countries is enriched with minerals and vitamins, since flour fortification is widely considered to be one of the most effective vitamin and mineral deficiency replenisher. Owing to the fact that fortified flour boosts the immune system, it becomes an indispensable product in the countries with a lack of vital foodstuffs. Fortified flour is produced by one of the Company's leading enterprises, Rebrikha milling plant.

Within the last year OJSC "PAVA" has successfully expanded its sales geography. Contracts have been signed with Uzbekistan, Tajikistan, Turkmenistan, Mongolia, Afghanistan, Azerbaijan, South Korea, and Kenya.



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Subsequent to the results of 2007 PAVA was granted the status of the leading flour exporting Company on the Russian grain processing market. The Company's export deliveries totaled 11% in overall volume of flour exports.

What matters most in the sphere of international export is high quality flour meeting the most strict ISO standards, substantial production capacities, short delivery periods and prompt customs registration.

The Company has everything required for this line of development and is planning to increase export turnover.

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## PRODUCT BRANDS

### *Flour*

Favorable environmental conditions, warmth and sunlight profusion are not all the advantages which allow to grow high-quality wheat. Wheat flour made from such wheat is highly nutritious and rich in vitamins necessary for good health.

Due to grain conditioning bakery wheat flour PAVA® possesses a high level of whiteness, high-quality gluten, and a high sugar content – the major source of energy. Dough made of such flour has an excellent quality, and smells delicious. It is perfect for bakery, especially for making well-aerated bread. Bakery made of such dough is well-padded, highly nutritious, delicious and have an appetizing smell. Due to its high gluten content PAVA® wheat flour can be used as an additive to improve the quality of other varieties of flour.

*Wheat flour of extra grade* meets the state quality standard (GOST). It is produced of soft wheat by extracting and processing the inner kernel. It is ideal for confectionary and pasts industries as well as for the production of pelmeni (a Siberian dish of small pockets of dough filled with minced meat), puff pastry, croissants, and other baked foods. Wheat flour of extra grade makes your dough exceptionally elastic, and guarantees fluffy pastry with distinct layering. Wheat flour of extra grade prevents food from boiling soft; dishes will have rich aroma and unforgettable flavor.

*Wheat flour of high grade* is produced under the sub-brand "For Fluffy Pastry". It makes bakery products fluffy, light and slightly porous. Such bakery keeps its shape and possesses rich aroma, unforgettable flavor and remains fresh for a long time.

*Wheat flour for general purpose* with its perfect baking qualities and taste properties is excellent for bakery and floury products.

*Peeled Rye flour* is an indispensable component of good and proper nutrition. Rye flour products are low in calories; at the same time contain a range of essential vitamins and minerals. It can be used for medical purposes and for the production of dietetic supplements. Rye flour is high in dietary fibre content, and is much higher in vital amino acids than wheat flour. In the process of flour production grain conditioning is used. It enhances the content of sugar substances which together with amyloid substances serve the main sources of energy.

Flour is packed into different sized packages: 50 kg, 45 kg, 25 kg, 10 kg, 5 kg, 2 kg, 1 kg, 1 kg. It is also sold in bulk and is loaded into trucks and rail cars. Weighing equipment is supplied with electronic gauge system which ensures weight accuracy.

OJSC "PAVA" was the first company in Russia to use a polypropylene package for flour and cereals alongside with a paper one. Polypropylene package is strong and durable. Moreover the applied technological innovations enable such packages to "breathe".

Mikhailovsky and Rebrikha packaging lines have been recently upgraded. It enabled the milling plants to improve the barrier quality of polypropylene packages and carrier bags, which made it possible to secure good quality of goods for a long time. The package is supplied with a transparent area through which it is possible to see the whiteness and fineness of grinding.



## PAVA®

The pastry made of PAVA® flour is a symbol of hearth and hospitality. Today a wide range of products is produced under PAVA trademark. These are: wheat flour, peeled rye flour, semolina, barley, fine-ground barley, millet, buckwheat, peas, rice, oat flakes, confectionary (wheat crackers, sugar cookies, biscuits).

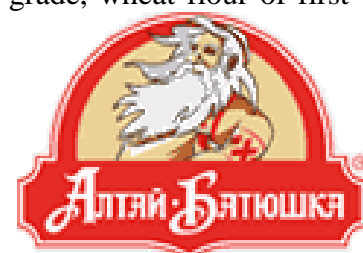
High quality products offered by PAVA® allow you to produce substantial and delicious meals. Such products will make even picky housewife happy!



## Altai Batyushka®

Altai Batyushka trademark offers wheat flour of extra grade, wheat flour of high grade, wheat flour of first and second grades.

The products are packed into different sized packages: 1 kg (polypropylene package), 2 kg (paper and polypropylene packages), 3 kg (polypropylene package), 5 kg (polypropylene carrier bag), 10 kg, 25 kg, 50 kg (polypropylene sack).



Altai Batyushka trademark also produces semolina of soft grade.

## Wheat flour GOST 52189-2003

Quality Characteristics	Extra Grade	High Grade	First Grade	Second Grade
<b>Color</b>	White or white with a cream hue	White or white with a cream hue	White or white with a yellowy hue	White with a yellowy or greyish hue
<b>Ash content</b>	max. 0,45%	max. 0,55%	max. 0,75%	max. 1,25%
<b>Whiteness</b>	---	min. 54 %	min. 36%	min. 12%
<b>Raw gluten</b>	min. 28%	min. 28%	min. 30%	min. 25%
<b>Protein</b>	min. 11%	min. 11%	min. 12,5%	min. 13%
<b>Falling number</b>	min. 185	min. 185	min. 185	min. 160
<b>Moisture content</b>	max. 15%	max. 15%	max. 15%	max. 15%
<b>Hagberg min</b>	250	250	250	250
<b>W x 10<sup>-4</sup></b>	200	200	200	200
<b>Packaging</b>	<b>25, 50 kg</b>	<b>1,2,3,5,10,25,50 kg</b>	<b>25, 50 kg</b>	<b>50 kg</b>

OJSC "PAVA" is capable of completing tailor-made orders to suit the needs of a definite customer. Here the client determines package parameters and quality characteristics of products.

## Let us introduce new products manufactured by OJSC "PAVA"

OJSC "PAVA" has launched a new line of health products – protein-vitamin flour. This product compares favourably with all the others in its extremely high content of proteins, microelements and vitamins. Besides, this unique flour is characterized by an optimal balance of proteins, carbohydrates and fats. Being a good source of high graded protein, protein-vitamin flour we produce is used in making various other foodstuffs. More than that, the product contains a high level of fiber and for this reason helps in better digestion. Due to the fact that our protein-vitamin flour contains a lot of minerals, it is ideal for people who watch their diet and look after their health. The price for this unique (as far as its nutritious qualities are concerned) product is very advantageous and allows great opportunities to solve food procurement problems in the developing countries.

Product	Specifications	Package
Vitamin-protein wheat flour	Ash – 2,2%, GSM – 100 units, Gluten – 13,1%, Protein – 14.0 %, Fat – 4.1, Carbs – 42%, Iron – 4,3 mg, B1 thiamine – 1,06 mg, B2 riboflavin – 0,11mg, PP nicotinamide – 9 mg, E-tocopherol – 4 mg	Polypropylene 50 kg bag



Also we are proud to offer the new type of wheat flour with high gluten content which can be used as a modifier to the common grades of flour, produced according to the State Standards of Russian Federation. It is also a great advantage for manufacturers of noodles, dumplings and other products of such kind. Dough produced with high-gluten flour is very strong, pieces keep their shape while boiling in water.

Product	Specifications	Package
High gluten wheat flour	Gluten – 30%, ash – 0,55%	Polypropylene 50 kg bag

High gluten wheat flour	Gluten – 32%, ash – 0,55%	Polypropylene 50 kg bag
High gluten wheat flour	Gluten – 34%, ash – 0,55%	Polypropylene 50 kg bag
High gluten wheat flour	Gluten – 32%, ash – 0,75%	Polypropylene 50 kg bag
High gluten wheat flour	Gluten – 34%, ash – 0,75%	Polypropylene 50 kg bag
High gluten wheat flour	Gluten – 36%, ash – 0,75%	Polypropylene 50 kg bag

## Cereals

**PAVA®** trademark offers semolina, barley, fine-ground barley, millet, buckwheat, beans, rice, oat flakes in polypropylene packages up to 1 kg.

*Semolina* is produced from soft wheat and used in food preparation. According to its edibility characteristics it refers to the main kinds of grains. Due to its accessibility and nutritional properties semolina is widely used in dietary supplements and baby food.

### Semolina GOST 7022-97

Quality Characteristics	Soft	Soft-Hard	Hard
Organoleptic Evaluation			
Color	Prevalence of opaque floury grit of even white or cream color	Prevalence of opaque floury grit of even white or cream color alongside with translucent ribbed grit of cream or yellowy color	Translucent ribbed grit of cream or yellowy color
Smell	Normal, no smell of mould, stuffiness or other side smells.		
Taste	Normal, not sourish, bitterish or other side flavours		
Mineral Admixture	No crunching while chewing		
Physicochemical characteristics			
Ash content max %	0,6	0,7	0,85
Granularity max %	8,0	5,0	5,0
Sieve #23			
Sieve #38	2,0	1,0	1,0
Moisture content max %	15,5	15,5	15,5

Barley contains potassium, calcium, phosphorus, iron, copper, manganese, zinc, molybdenum, cobalt, strontium, chromium, iodine, bromine. Outer parts of grain are rich in a group of vitamins B1, B2, PP. As

for amino acid content, barley protein surpasses wheat protein, especially by its amino acid – lysine. Fiber content in barley reaches up to 5.5%.

### Zchitnitsa®

**Zchitnitsa®** trademark offers high-quality bran, all-in-one feeds and feed mixes. The output is 12,000 tons per month.



Zchitnitsa feeds are rich in nutritive, mineral material, as well as in bioactive substances. That is why cattle-breeding farms use Zchitnitsa feeds as a core component of a generous and well-balanced ration. The use of granular feed mixes results in the improved efficiency of animal production enterprises as well as of privately owned farmsteads. It helps to obtain weight increment, to produce top-quality products, and to make savings.

Feed mixes may contain four main components and are tailor-made to the client requirements, taking into consideration the exchange energy needed. Feed mixes may consist of grain (wheat, barley, oats, beans), extraction cake, oilcake, bran, mineral substances, and rye.

Such a combination of components together with the proper recipe provides feed mixes with a higher protein content than in common feeds (grain, bran).

### Feed Mixes GOST Specification 9296-002-53167088-02

Content	All-purpose feed mixes	Chicken feed mixes	Cattle feed mixes	Pig feed mixes
Forage wheat %		30		
Forage oats %		30		
Forage barley %		10		
Forage peas %			2	
Sunflower extraction cake %			3	2
Wheat bran %	70	30	70	70
Grain by products 1, %			15	18
Grain by products 2, %	30		10	10
Exchange energy, kilojoule	201,6	247,2	200,12	200,24
Raw protein %	14,25	12,2	15,11	14,69
Raw cellulose %	7,71	7,15	8,22	8,13

### CONFECTIONARY

#### OJSC "Zauralskiy Kreker"



The Company's subsidiary OJSC “Zauralskiy Kreker” produces a wide range of products under PAVA® trademark: crackers, sugar c biscuits cookies and biscuits.

The Company's annual production capacity is over 6,000 tons of wheat cracker products, 3,000 tons of cookies. Its product line is presented by 30 different kinds of crackers, 15 kinds of sugar cookies, 5 kinds of biscuits.

Our production engineers have developed various sorts of recipes able to suit any consumer needs. We offer different kinds of “baby” cookies: “Malysh”, “Malysh s makom”, “Detskoye”, “Zoologicheskoye” - animal shaped cookies. Cracker is a favorite beer snack for adults. Thus we offer salty crackers, crackers with flavors of cheese, onion, bacon.

OJSC “PAVA” has accelerated output and sales of products in various types of packages. Presently 13 kinds of crackers and biscuits are packaged in full-color moisture resistant packages which increase the product's shelf life.

The Company is continuously improving flavor and nutritious qualities of its products. At present new production techniques are being approved. They will enable producing crackers with a fatty layer and a dietary product line.

## **GRAIN TRADING**

### **OJSC TransAgro**



OJSC “TransAgro” Corporation”, is the part of the Group of Companies “PAVA”. OJSC "TransAgro " holds one of the leading positions on the grain trading market as well as in the provisions of services for drying, storage and shipment of grain and oilseeds.

OJSC “TransAgro” Corporation” owns 3 grain-receiving stations located in the Altai Territory. Each station has well-developed infrastructure, enabling services like drying, underworking and storing of grain. Each station has its own rail road

The total grain storage capacity is 59 000 tons. Cumulative grain reception rate – 2700 tons per day. "TransAgro" enterprises can deliver up to 1550 tons of grain per day on road and railway transport. In addition OJSC “TransAgro” Corporation” is in a position to use storage and shipping facilities of grain-receiving enterprises and silos in the possession of the Group of Companies “PAVA” (in the Altai Territory – Mikhailovsky and Rebrihinsky milling plants, Romanovskoe grain processing enterprise; in the Krasnoyarsk Territory - Achinsk milling plant).

Another considerable advantage is the own motor transport enterprises in the structure of the Group of Companies “PAVA” comprising a large freight vehicle establishment, making grain deliveries of OJSC “TransAgro” Corporation” to its own preparation stations prompt and quick (especially during harvesting period).

Initially, the company's main business was providing feedstock to the grain processing enterprises of OJSC “PAVA”. Today OJSC “TransAgro” Corporation”- is a rapidly developing company, involved in the field of agro-industrial complex not only to provide feedstock for milling plants of OJSC “PAVA”, but also as an experienced grain trader with sales geography virtually covering the entire territory of the Russian Federation



with a total annual grain turnover of more than 200 000 tons. Moreover, the company is currently penetrating foreign markets to develop its export potential.

Today OJSC "TRANSAGRO Corporation" trades with different agricultural grain crops such as wheat, rye, oats, barley, buckwheat, peas, oil and sunflower, flax and rape seeds.

## **Awards**

OJSC "PAVA" is a constant participant of regional, all-Russian and international exhibitions held in Moscow, cities of the Russian Federation, the CIS countries and abroad. The full range of goods produced by PAVA milling plants (flour, cereals, and fodder) is exhibited on forums.

The Company is justly proud of more than a hundred awards for the high quality products. The range of goods produced by OJSC "PAVA" facilities attracts many customers as well as major grain processing companies.

The "Altai Niva" fair brought the Company 10 awards –diplomas from the grain processing congress for the quality of flour and cereals, a diploma and a medal from "Altai Fair".

The awards received by the Company include gold and silver medals from "Gemma-2006", a Siberian forum; gold and silver medals at "Siberian Fair". OJSC "PAVA" production has been repeatedly named "The Best Altai Product" and has been an award winner at numerous international and all-Russian fairs, forums, and competitions.

OJSC "PAVA" is constantly striving to expand its export and we achieved considerable success in this sphere – in 2008 OJSC "PAVA" was awarded by the Ministry of Economical Development of Russian Federation the prize "Best Exporter of the Year 2007" among grain processors of Russia.

## A New Business Strategy - Advanced Wheat-Based BioRefinery

### We See Opportunities

*“Anything processors can do to add value right now is really imperative. With adding value to some of the commodities, we just consider the sky’s the limit.”*

– Regis Weiss, Heartland Wheat Growers plant manager

OJSC “PAVA” plans to become a leading BioRefinery Company, for the production of vital wheat gluten, wheat starches, syrups, bioethanol, compound animal feed, liquefied CO<sub>2</sub> and wheat germ oil.

The growth of the ethanol industry, worldwide demand for proteins (especially for wheat gluten), demand for animal feed as well as for liquefied CO<sub>2</sub> and for germ oil on Russian market present an opportunity *to add value to Altay wheat*, create high paying jobs and produce significant local economic development in the region where BioRefinery plants are built.

The plant's design will incorporate leading-edge technologies and processes to capitalize on the benefits of integrating three traditionally independent manufacturing processes, namely a flour mill, a starch production plant, a gluten plant and an ethanol plant. This unique integration will allow the byproducts of one process to be utilized as feedstock for the next process.

First plant will be built in the Rebrikha regional centre (Russian Federation, Altay Territory, Rebrikha, Shkolnaya St 1). Currently there are existing production facilities of Rebrikha milling plant.

Under the new project, existing production facilities will be partly reconstructed. Specifically, existing flour production capacity will be extended and new production facilities for the production of bioethanol, vital wheat gluten and other products will be installed



OJSC “PAVA” intends to use its own siloses and grain storage facilities with combined storing capacity around 350 thousand tones. These include: Mikhaylovskiy Milling Plant (Altay Territory, Mikhaylovskiy region, Village of Mikhaylovka) and Romanovskoe Grain Processing Enterprise (Altay Territory, Romanovsky region, Romanovo Village)

All of the Company’s production plants have well developed infrastructure including their own railway junctions and close proximity to the cultivation areas.

The Company has also assembled a senior management team with a broad range of skills and experience in establishing, operating and growing businesses of a similar nature and character. The Company’s non executive directors all have relevant industry, political and financial experience at senior corporate and government level.

The Plant will have an annual production capacity in excess of:

- Ethanol– 100,000 MT per year
- Vital wheat gluten – 67, 400 MT per year
- Wheat starch and syrups – 243,000 MT per year
- Wheat germ oil – 200 MT per year
- Liquefied CO<sub>2</sub> – 16,000 MT per year

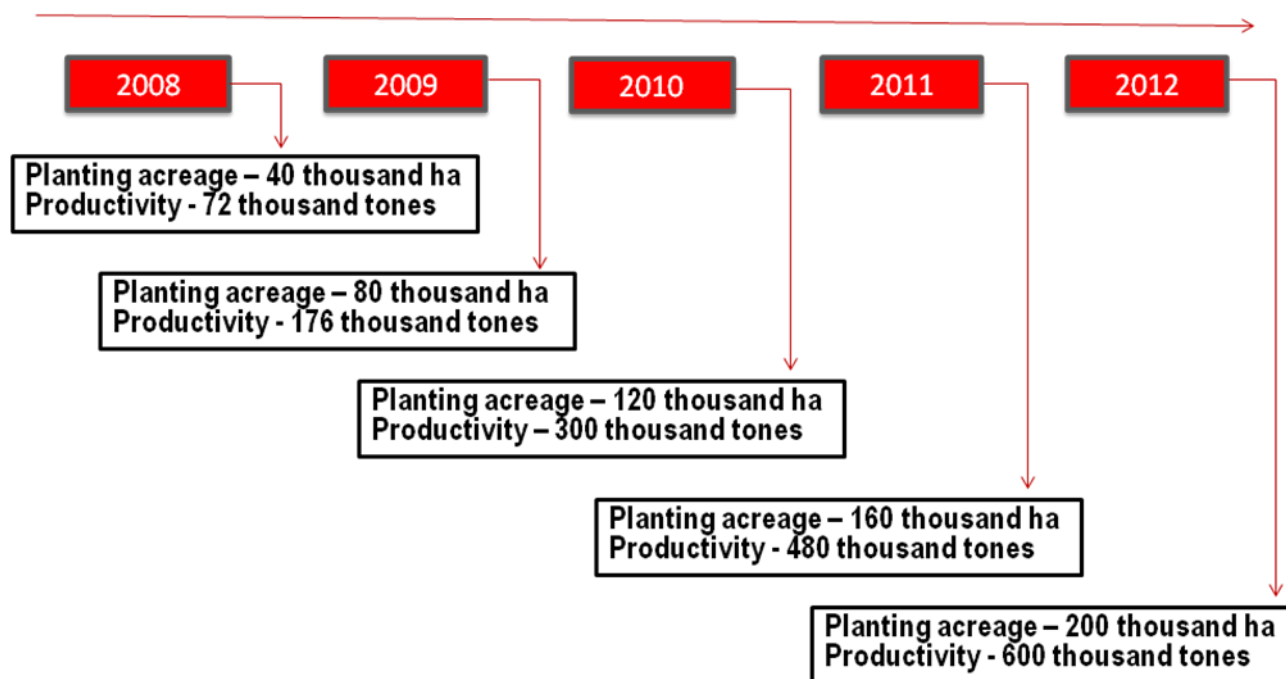
Grain processing capacity –700,000 MT per year

Pre-engineering study of the plant is being completed; land surveying and licensing documents are being drawn up. Detailed design of the plant will be initiated at the beginning of the second quarter of 2008. Construction of the Plant on site is expected to start in the forth quarter of 2008. Plant commissioning is planned for in the first quarter of 2010 and, after a period of testing, the plant is expected to enter production in the second quarter of 2010.

All legal procedures are carried out with the assistance of Rebrikha region officials. The committees that are to sign necessary documentation consist of region administration representatives.

### *Our grain growing strategy:*

Today we operate on 22 thousand ha of land and planning to extend this figure to reach 200 thousand ha.



## **Products of the Future**

### **Vital Wheat Gluten**

Vital weat gluten is an organic substance (protein). Protein deficiency and its lack in food ration is a major nutrition problem all over the world. Vital weat gluten is dried, insoluble protein, a by-product of the isolation of starch and other soluble components from wheat flour. There is a worldwide demand for gluten today. This tendency is caused by the necessity to improve the baking qualities of wheat flour with low gluten content or with weak gluten. Vital wheat gluten is an organic ingredient therefore, when used as an additive, its amount is not restricted.

## **Starch**

Wheat starches act as thickeners, extenders, emulsion stabilizers, and ingredient carriers in cakes, noodles, pie fillings, soups, sauces, cereals, coatings, bakery and batter mixes, dustings, and convenience foods; they are also exceptional binders in sausage

## **Syrups**

Derived from wheat and hydrolyzed with natural enzymes, these products are unlike other organic liquid sweeteners. Characteristics include a non-masking flavor and transparent appearance providing food product developers additional flexibility in formulations designed to highlight other ingredients

## **Bioethanol**

Bioethanol, as experts estimate, is one of the several promising fuels, gasoline alternatives. They forecast that the world production and consumption of alcohol will reach 120 million tons per year by the year 2020. 2 / 3 of the world ethanol production will be used as biofuels. Currently, more than half of the world's ethanol production is used as fuel additive for internal combustion engines (gasoline). Bioethanol main consumers in the nearest future are those in the European Union, but in the short term, Asia, Japan, South Korea and China. These are primary markets for PAVA products.

**Compound animal feed** – a general ration for farm and domestic animals. It is a viable alternative to grain and other expensive sources of protein.

## **Carbon Dioxide**

Carbon dioxide has a number of applications. It is used to form a protective medium in welding, to carbonate soft drinks, to produce dry ice that helps preserve perishable foods, to dry molds used for casting, to extinguish fires, etc.

## **Wheat germ oil**

Wheat Germ Oil is widely used as both a cosmetic ingredient and as a dietary supplement. It is naturally rich in Vitamins A, D, and E, and also contains Vitamins B1, B2, B3, B6, F, Essential Fatty Acids, protein, and minerals. Because of its anti-oxidant and regenerative properties, Wheat Germ Oil is a wonderful ingredient to add to bodycare and cosmetic products.

Wheat Germ Oil contains high levels of Vitamin E Oil, as well as other vitamins, minerals, protein, and Essential Fatty Acids. Essential Fatty Acids support physiological functions, and are essential for the health of our organs and overall health. They cannot be produced by our own bodies, and instead must be obtained from dietary sources. Wheat Germ Oil contains linoleic, oleic, palmitic, and stearic fatty acids. These are needed for our cardiovascular, immune, nervous, reproductive systems, and to maintain healthy cells and body functions.

The Vitamin E Oil present in Wheat Germ Oil promotes skin cell formation, and is great for nourishing and rejuvenating dry, mature, dehydrated skin, and reducing scars, stretch marks, sunburns, and damaged skin. It has anti-inflammatory and anti-oxidant effects, which may be beneficial medicinally as well as in cosmetics. The high Vitamin E content in Wheat Germ Oil is a natural preservative, helps to prevent rancidity, and prolongs the shelf life of cosmetic products.