

Manager 2011

Oxana Klochenko - Manager 2011



Summing up activities of the company in 2011, Oxana Klochenko, Deputy Director of VSP, was recognized Manager 2011.

Our congratulations to Oxana with her excellent results in 2011 and would count on not less impressive achievements in the marketing area in 2012!

In the course of 2011 the company has done a lot in the area of marketing focusing on development and strengthening of VSP position in the market.

VSP carried out an advertising campaign, published a number of articles in main line editions, took part in 8 regional exhibitions, and in MIOGE-11 in Moscow. In the year 2011 the company has fully revised its corporate style and substantially extended its presence on the internet. As for today VSP is represented by three corporate sites in RU, UA and KZ zones, and on 4 specialized sites dedicated to technical solutions of our partners – the manufacturing companies.

The company highly rates Oxana's input as the head of marketing line of activities, and appreciates substantial work she has carried out.



2011
Oxana Klochenko, Deputy Director

2010
Alexander Sharanov, Sales and Technical Support Director Field Instruments and Control Equipment

2009
Svetlana Anoskina, Logistics Department Manager

2008
Sergey Kosik, General Director VSP-Ukraine

2007
Oleg Shakhov, Sales Manager

2006
Roman Terekhin, Senior Sales Manager

2005
Marina Smirnova, Senior Logistic Manager

2004
Sergey Sidorov, Sales Manager

VSP Business Results in 2011

The year 2011 has been the most successful year for the whole history of VSP activities in the market.

The team effort produced impressive results and proved high level of operational efficiency and considerable dynamics of the company development.

VSP **customer base** has grown approximately by **40%**

The number of **projects** worked through amounted to about **3300**

The number of **implemented projects** exceeded that of the 2010 by approximately **20%**

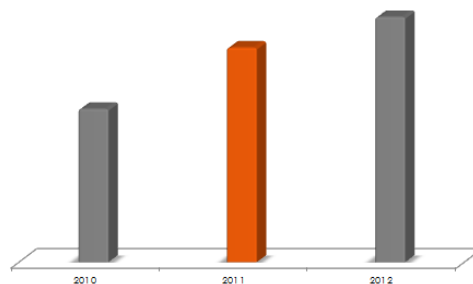
The company proceeded with realization of large-scale Programs:

- Emerson-Lukoil-VSP
- VSP-Kazakhstan
- Parker-Belarus-VSP
- Parker-Seals-VSP
- Stock Program
- Professional development of personnel
- ...

In 2011 VSP manifested confident growth of key activity indicators and made a substantial step forward.

The approved company budget for 2012 allows for financing new and interesting tasks included in the working plan for the year: to continue with implementation of the comprehensive marketing strategy of the company, to carry out extended regional seminars, to develop a partnership network, to be pro-active in the company approach to new markets, and a lot of other activities.

We very much expect results of 2012 to lay the foundation of another vivid page to our company history, and will prove the vector of development and priorities to be correct.



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Seminars + Exhibitions

Seminar for Giprokoks



On the 5th - 6th of December 2011 there was an extensive seminar run at VSP Ltd. office for representatives of the Project Design Institute GIPROKOKS (Kharkov, Ukraine).

GIPROKOKS Institute is involved in project design of integrated coke plants for metal works. The Institute's key customers in Russia are such metallurgical giants as Novolipetsk MK, Cherepovets MK, OAO Severstal, OAO MMK, OAO NTMK, OAO Mechel; as well as Ukrainian entities of metallurgical industry.

The main themes covered included for:

- Presentation of VSP
- Presentation of Eurotherm equipment for industrial automation
- Presentation of Mobrey measurement equipment
- Presentation of Parker instrumentation products
- Presentation of MTL
 - Detailed presentation of the physical layer of **Fieldbus**:
 - Basic data for designing FF
 - FF segment design
 - Hardware for segment, specification for FF devices; FF bus topology

VSP specialists participating in exhibitions

In the period from October to December 2011 VSP specialists took part in a number of exhibitions.



Chemistry - 2011 (Moscow)

The 16th international exhibition dedicated to chemical industry and science was held in Moscow in the period from 24th to 27th October 2011. The exhibition covered technologies and equipment for chemical industry.

VSP carried out a number of meetings with representatives of project institutes and end-users:

TAIF-NK, OAO Sterlitamak petrochemical plant, OOO ER LIKID, OAO SyntezKauchuk, OAO GrodnoKhimVolokno, OAO Voljsky OrgSyntez, OAO VnipiNefit, OAO KuybyshevAzot, OAO Gazprom Neftekhim Salavat, PO Orgkhim (biochemical holding), OAO Nujne-kamskNeftekhim, OAO Corporation VSMPO-AVISMA, OAO Kaustic, ZAO Sibur Holding, OAO KazanorgSyntez, OAO Uralkhim.



Oil and Gas 2011 (Kiev, Ukraine) The main exhibition event of oil and gas industry of Ukraine – the 15th International

Exhibition "Oil and Gas 2011" took place in Kiev on November 1 -3, 2011. One hundred companies from 12 countries around the world participated in the event this year: Austria, Hungary, Germany, Canada, China, Korea, Poland, Russia, Romania, USA, Ukraine, and Czech Republic. The exhibitors included world caliber transnational companies, leading enterprises of oil and gas industry of Ukraine.

At the exhibition in Kiev the representatives of VSP Ukraine – Sergey Kosyk (General Director), Dmitry Kornienko (Sales Manager) and Olga Trusova (Marketing Manager) – were actively involved meeting with our long-standing and potential customers.



Metal - Expo 2011

(Moscow) The 17th international industrial exhibition "Metal – Expo'2011" held in Moscow on November 15 -18, 2011 hosted 641 companies from 35 countries around the world.

Over 30 000 consumers of black and non-ferrous metals visited the exhibition. Visitors represented a realm of industries, such as construction, machine building, fuel and energy sector, transport and logistics companies as well as metal traders.

VSP specialists conducted meetings with representatives of the major Russian metallurgical groups, including MMK, Severstal, NLMK, EvrazGroup, Metalloinvest, Mechel; with the leaders of pipe industry – TMK, OMK, ChTPZ; with the representative of the non-ferrous metals market – UGMK-Holding, corporation VSMPO-AVISMA.

VSP has already carried out several projects resulting from meetings and negotiations at the exhibition.

Presentation for SITRONICS BASHKORTOSTAN



On the 1st of December 2011 a meeting with specialists of the Project department of the OOO SITRONICS BASHKORTOSTAN took place in Ufa.

SITRONICS BASHKORTOSTAN is a branch of the major innovative company in Russia – OAO SITRONICS. The company is a recognized partner for big business in the area of complex informatization.

SITRONICS cooperates with over 3500 customers. The company has its representative offices in 30 countries and is exporting products and services to more than 60 countries.

From the point of view of business development the company prioritizes on the countries which are actively modernizing infrastructure of the economy. SITRONICS is also involved in project design and implementation of control systems for oil production sector.

The SITRONICS company won a tender for designing and supply of automation system for a Trebs & Titov oil field. This is a newly developed oil field situated in Nenets area (Russia). The company is well connected with OAO Bashneft to which the oil field belongs.

In the course of the meeting at SITRONICS BASHKORTOSTAN there was a presentation made on VSP and MTL. The focus of interest on the part of SITRONICS engineers was on physical layer components of Fieldbus. Some discussions also covered a possibility of application of MTL equipment at Trebs & Titov oil field in phase 1 and 2 of automation project.

VSP tenders



In the 4th quarter of 2011 VSP was

tendering for supply of equipment of the represented manufacturers.

Tenders were organized by major Russian companies: companies of Lukoil Group, Rosneft Group, Surgutneftegas, SIBUR, Bashneft, Fosagro and others.

For the fourth time running KINEF, one of the largest oil refineries in Russia and Europe nominated VSP the winner of an annual tender for supply of Parker instrumentation fittings.

VSP successfully passed prequalification with enterprises of Lukoil and Rosneft and won tenders which were run by them.

To add to this in 2012 VSP was recognized a non-alternative vendor for one of the companies of SIBUR Holding to supply instrumentation fittings, intrinsically safe solutions, and equipment for parameter measurements of liquid.

VSP team getting bigger

VSP Staff, personnel – this dry terminology is far from conveying the spirit and approach of VSP to create an atmosphere of team work. The main task

Partnership

facing us is to provide for the opportunity for self-fulfillment for our new colleagues within the frames of our company, based on professional growth and a number of various projects. Fair and open dialogue between the colleagues, appraisal of work based on input by everyone, but not on rank – this is how we understand our way of strengthening the team.

VSP team is a living organism. Someone unfortunately leaves, others join. This March two new employment agreements were signed for VSP Moscow office: with the Director for Business development, Pavel Egorov, and the other one with Ilya Yunak, Sales Engineer, MTL products. Ilya replaced Rinat Mursekayev who did not pass probation.

The main goal for the new Director is regional development of the company and strengthening of VSP standing in the sectors of industry in Russia where historically our level of activity was not adequate enough.

As for this time there are two more open vacancies at VSP which hopefully might be filled in by the end of the year. The decision to release other job positions will be taken not later than mid 2012.

VSP Partnership Program



One of the key tasks for VSP in 2012 is further implementation of the Partnership Program.

Operating on such a vast market as Russia, not to mention the other ones – namely CIS and Baltic states which also constitute our priorities, VSP cannot rely exclusively on its own capabilities. Over the years we have built up a partnership with a lot of our customers. Together with us they are promoting solutions of the VSP partners – the manufacturers which are represented by VSP. In 2010 we have decided to introduce some system into this very important part of our work, and generated some core principles for the VSP Partnership Program to be based upon.

- Training of specialists
- Joint participation in central and regional industry exhibitions
- Access to a stock program
- Special pricing policy and commercial terms

- Full logistics support
- Special warranty conditions

...

Implementing the program, we have not only mounted our relationship with established customers formally by signing frame agreements on cooperation, but succeeded in attracting the new ones for cooperation.

What do all the participants gain from such a system of relationship – the manufacturers, the partners, the market, and VSP?

The answer is obvious:

- The manufacturers get bigger volume of orders from the market, more extensive territory coverage, and active positioning of products;
- The partner gets bigger opportunity to diversify business at enterprises where they are already established, mounting sales and overall profitability of their work;

A partner with whom we have been in cooperation for many years, is on VSP Top15 customer rating list for the year 2011. This means that during 2011 as one of the 1500 VSP customers, the partner-company has carried out a considerable amount of projects.

- Customers get efficient and prompt support;
- VSP strengthens its position in the market place as well as position of the partners-manufacturers.

The other day we have signed a new frame agreement with a young ambitious company based in central region in Russia. In March at our office in Moscow we have carried out a one day training session for the new partner as well as for new employees of the company. The seminar covered a whole spectrum of technical solutions and products.

As for today we are planning to further extend the list of our representatives. We are in discussion with two companies in Russia – in Yekaterinburg and in Novosibirsk -, two companies in Belarus, work is going on in Kazakhstan too.

We would count that the input of the VSP Partnership Program will allow our partners to carry out their business development plans and receive a projected level of return.

VSP Restructuring

VSP The company organizational structure and its main components were generated over 15 years ago. For about two decades the company frame allowed us to implement all the tasks the business was facing based on a single principle –

development. Modern world and business as its integral part, is developing swiftly with rigid demands to all the participants. VSP is investing a lot of effort and resource not only to be in line with the main stream tendency, but often is evolving the policy of its further development anticipating today's requirements.

Under strategic decision to restructure company business with its core principle of operating to the maximum of efficiency, and profound motivation of VSP personnel, the directors of VSP partner companies held several meetings in Kiev during January-March.

We are convinced that our new agreed strategy for company operation in the market, as well as conceptual plan for reconstruction will allow VSP to further intensify the development and consolidate the company position in the market of distribution of industrial technologies.

In February a number of meetings and discussions with our partners-manufacturers were carried out both in Russia and the UK. This presented a good opportunity to outline the restructuring plan to our colleagues.

VSP specialists participate in Parker Hannifin seminar



On the 17-18th of January 2012 in the premises of its Moscow office, Parker Hannifin carried out a seminar for distributors working in the sector of oil and gas.

The seminar covered:

- IPDE, instrumentation fittings
- Connectors and hoses
- Sealing
- Air filtering systems and gas separation
- Hydraulic and fuel filtration
- Hydraulic equipment, application
- Electromagnetic valves

On the part of VSP the seminar was attended by Alexander Sharanov, Roman Terekhin, Tatiana Andreeva, and Ruslan Khatmullin.

VSP Audit Results

In February VSP Moscow office successfully passed another annual audit. The FinSovet Company with which we have been cooperating from 2007, renders various aspects of legal consultancy. But the special subject is audit services. Unconditional compliance with a realm of complexity of Russian

Audit & Rating

legislation, and impeccable document circulation constitute key criteria for accounts operation at VSP. We would reckon that our auditors have to work hard and go into detail on organization and economic activities of the company business to find a substantial reason to reprimand us.

Resulting from the audit check, VSP Ltd received a positive audit report. Nevertheless all the comments raised by the FinSovet company will be seriously analyzed and amendments introduced into the activities of our company.

VSP rating

Based on the estimate of the independent system of market analysis SPARK (Interfax), CJSC "VSP Ltd", Moscow, was awarded the rating of high level of reliability.

Due Diligence Index:



< 30	Low risk
30 - 49	Moderate risk
50 - 69	Average risk
70 - 89	High risk
> 89	Very high risk

Credit Risk



< 25	Very low risk
25 - 49	Low risk
50 - 59	Moderate risk
60 - 79	Average risk
> 79	High risk

SPARK (Interfax) independent market analysis system allows companies to manage risks, to assess reliability and credibility of counter-agents, to analyze market environment.

SPARK which has in its possession world level technologies provides finished and reliable analytical instruments for professional assess-

ment of information, allows speeding up and improving the quality of decision making on credit, financial and marketing issues. The system contains data on all the legal bodies of Russia, Ukraine, and Kazakhstan. The data is taken from more than 20 different sources, including federal agencies, courts, mass media, and companies themselves.

In case if you have any questions please contact our Offices:

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