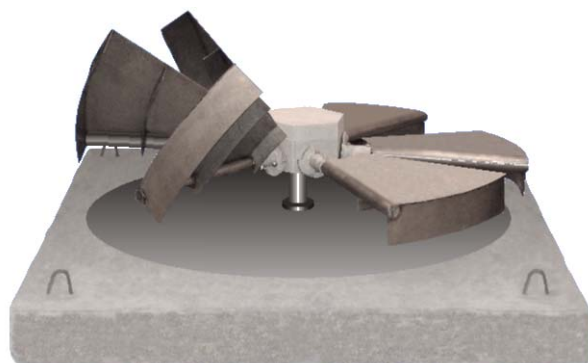


IZUMI

Executive Summary of Business Plan



for the production of Submersible Self Propelled Turbines that work on the principle of stagnation pressure.



The Submersible Self Propelled Turbine

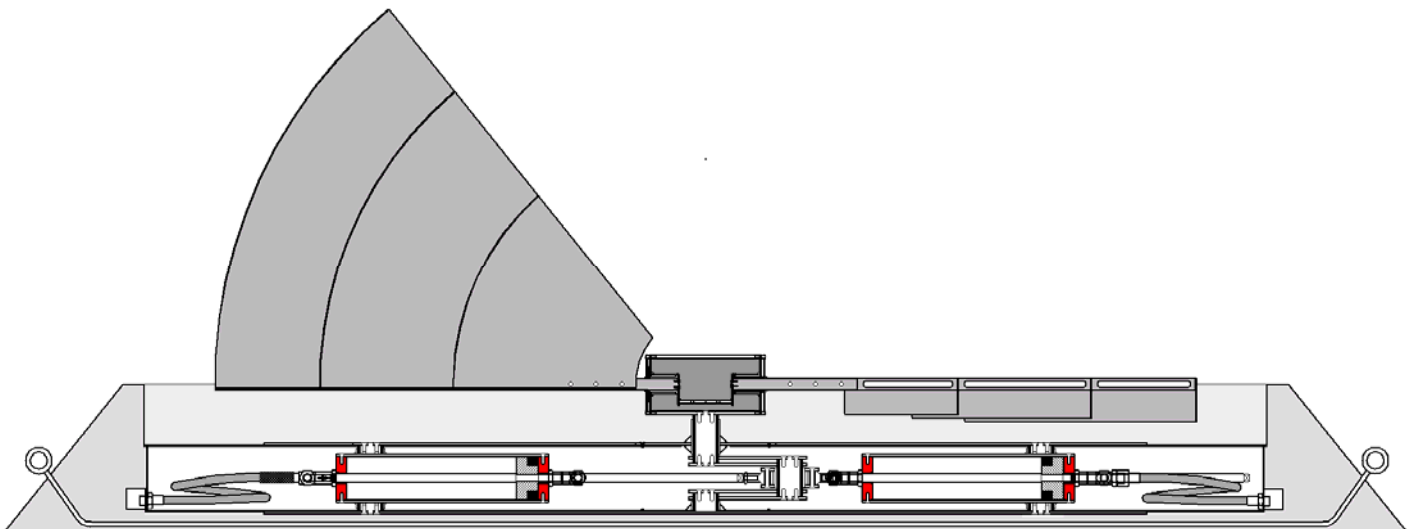
The investment opportunity is for the commercialization of an invention of a self - propelled submersible turbine that is placed at the bottom of rivers. It uses the propelling energy from very specific, and until now, never utilized parts of the power of water.

It consists of pumping (high - pressure) parts built onto horizontally placed concrete foundations that are integrated with the horizontal system of the driving blades, in pairs, with one side (one half) constantly turning its large surface and the other half turning its much smaller surface towards the water stream. This configuration causes the simultaneous rotation of the blades and the continuous propelling of the pressurized pumps for the delivery of water to the banks of the river or in maritime applications to shore.

SP Turbine stands for "Stagnation Pressure Turbine" which is, to the best of our knowledge, the only apparatus of its kind that uses stagnation pressure to achieve the highest possible efficiency to power water pumps and/or a proprietary, patented electric generator. Our combined units, placed at the bottom of rivers are able to deliver huge quantities of water for irrigation purposes or, if equipped with a generator it can produce the cheapest possible electric power. In Europe the power generated by our system is six to eight times cheaper than the current rates charged by utilities.

We intend to produce the following five models of SPT units with different diameters for power generation at different speeds of water flow:

Model turbine:	SPT 1,6 m	SPT 2,4 m	SPT 3,6 m	SPT 5,5 m	SPT 7 m
Minimal water depth:	1,1 m	1,35 m	2,4 m	3,3 m	3,8 m
Stream speed 1 m/sec	100 W	350 W	820 W	1,6 kW	3 kW
Stream speed 1,5 m/sec	320 W	1,1 kW	2.8 kW	6 kW	11 kW
Stream speed 2 m/sec	700 W	2 kW	5 kW	11 kW	26 kW
Stream speed 2,5 m/sec	1,3 kW	5 kW	11 kW	26 kW	43 kW
Stream speed 3 m/sec	2,5 kW	9 kW	21 kW	50 kW	82 kW
Stream speed 3,5 m/sec	5 kW	15 kW	35 kW	81 kW	139 kW
Stream speed 4 m/sec	7 kW	24 kW	53 kW	125 kW	208 kW



Calculating the quantity of water that can be delivered by the different SPT units, by different speeds of water flow is more complicated and virtually impossible if desired water pressure is unknown. In any event with constant power on the SPT and higher water pressure, the quantity of water will be reduced – and vice versa. The above table gives exact information about the electric or mechanical power received from the SPT's which can be used for specific needs required.

As mentioned above, every SPT unit can be equipped with high pressure water pumps (3 pieces or even 6 pieces) but only the three largest models can be equipped with submersible SG generators which can directly produce from 20 to 200 kW of electric power. To do that we use standard inverters that convert low frequency AC currents coming from the SG generator to 110/220 V and 50/60 Hz of operating frequency. For stronger units we also have SU's - synchronizing electronic units - which allows connection to the nearest point of the public power grid – in case owners of SPT units want to use power at a different location.

Production, products and prices

In addition to its own production facilities, Izumi has lined up a number of reliable and efficient larger subcontractors for the production of SP units from Slovenia as well as some smaller ones.

Fairly accurate calculations based on costs of prototypes manufactured show that the costs for SPT / SG devices, depending on the type of configuration, will be in the area of:

SPT 16 (1.6 m dia.)	from € 9.700 to 11.400	or an average price of	€ 10.550
SPT 24 (2.4 m dia.)	from € 10.800 to 12.900	or an average price of	€ 11.850
SPT 35 (3.6 m dia.)	from € 13.300 to 15.700	or an average price of	€ 14.500
SPT 55 (5.5 m dia.)	from € 15.900 to 17.000	or an average price of	€ 16.450
SPT 70 (7 m dia.)	from € 17.800 to 21.000	or an average price of	€ 19.400

Based on extensive market research we believe the international demand for the first three units listed above, especially those with water pumps for irrigation systems, to be very large. Of those three only the SPT 35 unit can be supplied with a built-in power generator. On international market we expect to sell about 15 000 units/year after five years from date of launching the serial production.

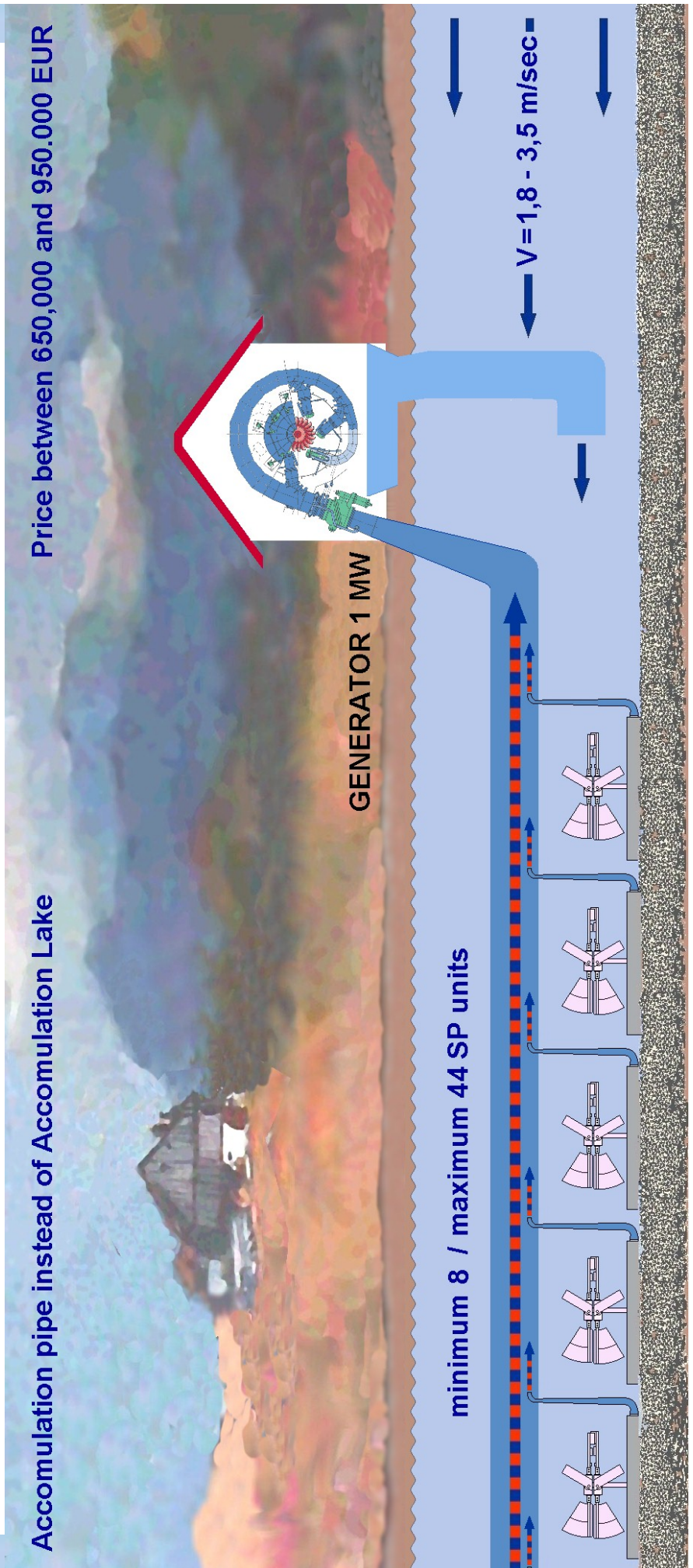
For the SPT 35, SPT 55 and SPT 70 units, equipped mostly with SG generators, sales could reach 15.000 units per year after five years from launching the serial production.

With most river banks the terrain does not allow for building dams and lakes. This problem can be solved by using **submersible accumulation pipe** to which are attached an appropriate, calculated number of high capacity SPT units. On the other end of such "reservoir pipes" we can attach standard Pelton, Francis or other turbines and generators. The costs of such installation are still significantly lower than for the construction of dams and lakes and the effects can even be much greater, because the pressure pipes deliver to the turbine up to 10 Bar or even higher pressures than that of water falling from a close to a 100 meter high dam! The accumulation pipe is to be placed on the side of the bottom of the river and the turbine and generator on the banks close to the river.

So, we can install Hydro Power Plants nearly everywhere we want at a cost several times lower than those for conventional installations!

With the double winged SP units shown on the right, the power generation capacity is more than double. The number of SP units needed depend on the speed of the water stream and can be easily calculated for each installation between 1 and 10 MW of Power. Under special, favorable conditions, much more powerful installations are possible. From research and development we learnt that the market will require additional types of SP single and double units such as:

A SP "hobby" unit with a capacity of one liter of water per second and with a diameter of 1.6 m; a SP unit with a capacity of three liters of water per second and a diameter 2.4 m; a medium sized unit with wing diameters of 3.6 m; and a large SP unit with 5.5 m and with a 7 m of diameter with single pumping capacities from 17 to 100 liters / second.



What causes the differences between conventional and SP turbines?

The SP Turbine must be placed at the bottom of rivers and obtains its propelling energy from up to now, never utilized, part of the water power. Submersing the SP Turbine close to the surface of the water stream reduces its efficiency significantly.

The SP Turbine consists of high pressure pumping parts connected to horizontally placed concrete foundations and integrated with the horizontally placed turbine system with a number of pairs of driving blades of which one side (one half) constantly turns its largest surfaces against the water stream and the second half turns its many times smaller surfaces against the water stream. This causes a simultaneous rotation and propelling of high pressure pumps for water delivery.

SPT stands for “Stagnation Pressure Turbine” which uses stagnation pressure for the highest possible efficiency to power pumps and/or electric generators.

Theoretical calculations for conventional waterwheels state that their efficiency cannot exceed 15 %. Generally speaking this is correct. But from our calculations we realize that the efficiency of a SPT units is much higher. It follows that it is wrong to use formula used for calculating the efficiency of conventional water wheels on SPT's. Question: “What is the reason for that?” Answer: “Stagnation pressure does not apply to classic waterwheels!” It is even more incorrect to use calculations for pressure pumps to calculate the power of SP Turbines. If we use the formula $P_h = q \rho g h / (3.6 \cdot 10^6)$ which generally calculates the power needed for a pressure pump, the results would most definitely not give us correct results for SP Turbine Power.

For example, with the same speed of water (1.7 m/sec – as is the case in one of our movies), the number of revolution of the 2.4 m diameter SPT is practically the same (3,1 Rev/min) with or without pumps attached! The reason for that is that such small ballast of all three pumps (each working only with one side of the surface), with a pressure of 1,1 Bar, the used power is close to 200 W. But this is not the total power of the propelling turbine because even without any ballast, at the cited speed of water, this turbine cannot get a larger number of revolutions/minute! For example, measured with proper (alternator) ballast, the same turbine at a water speed of 1,7 m/sec, gives rise to 2,7 rev/min and 1,4 kW of Power !

Generally, in hydrodynamics, rotor resistance yields completely different results on conventional turbines as opposed to the SP Turbine. The reason being that stagnation pressure has a very small influence on conventional turbines. With the Bernoulli formula for stagnation pressure, static pressure (P_s) must be directly added to resulting Power. Even more important is that with conventional waterwheels water does not behave as a non-squeezable media because it has “room” to move itself “upwards” towards the direction of squeezable air, whereas at increased depths moving water reacts almost like a “rigid” force.

The difference between stagnation pressure close to the surface of the water stream as opposed to one at increased depths can be explained by the following example: It is possible to move or push some heavy ballast in a container on a floor with a steel rod but not with a rod made from soft rubber which will be bent and squeezed. It follows that close to the surface the water stream is pushing the barrier like with a “rubber rod” and at depth it is pushing the same barrier - with a rigid - “steel rod”.

What we are planning to achieve in next 5 years?

Basic test of economy					
For units SPT 16, SPT 24 in SPT 35					
Project	SPT 1,2,3				
Scenario 2 - medium optimistic	SPT				
Items	1 year-2012	2 year-2013	3 year-2014	4 year-2015	5 year-2016
Average prices without VAT	11.850	11.850	11.850	11.850	11.850
Quantity (produced=sold)	1.000	2.500	5.000	10.000	15.000
Income/year	11.850.000	29.625.779	59.251.299	118.502.597	177.752.597
Fixed costs of company/year	500.000	1.000.000	2.000.000	3.000.000	4.000.000
Variable costs on unit	9.842	9.842	9.842	9.842	9.842
All variable costs/year	9.842.000	24.605.000	49.210.000	98.420.000	147.630.000
All costs/year	10.342.000	25.605.000	51.210.000	101.420.000	151.630.000
EBIT	1.508.000	4.020.779	8.041.299	17.082.597	26.122.597
Passive	2.069.072	1.869.072	1.669.072	1.469.072	1.269.072
<i>Debts</i>	48%	43%	36%	27%	16%
Real rate of debts	7%	7%	7%	6%	6%
Long term credits	1.000.000	800.000	600.000	400.000	200.000
Interest on long term credits	70.000	56.000	42.000	24.000	12.000
Annuity per annum	200.000	200.000	200.000	200.000	200.000
Capital needed for production/year	1.723.667	4.267.500	8.535.000	16.903.333	25.271.667
Coif. of turning over of needed capital	6	6	6	6	6
Non-stop capital in use	787.278	1.711.250	3.422.500	5.817.222	8.211.944
Interest on capital in use	120.657	298.725	597.450	1.183.233	1.769.017
Equity - owners capital	1.069.072	1.069.072	1.069.072	1.069.072	1.069.072
gross profit	1.117.343	3.466.054	7.201.849	15.675.364	24.141.581
Business tax level	25%	25%	25%	25%	25%
Net profit after payment of tax	838.008	2.599.541	5.401.387	11.756.523	18.106.186
Number of ownership parts	100	100	100	100	100
EPS - Profit on 1 % ownership	8.380	25.995	54.014	117.565	181.062
EBIT on Passive	0,7	2,2	4,8	11,6	20,6
Re-investment factor	0,5	0,5	0,5	0,5	0,5
DIVIDEND Mass	419.004	1.299.770	2.700.693	5.878.262	9.053.093
ROE-profit on owners capital	78%	243%	505%	1100%	1694%
ROA-profit on compl. Capital	41%	139%	324%	800%	1427%
Border of rentability-No. of products	444	774	1.414	2.195	2.979
Highest production quantity	1.000	2.500	5.000	10.000	15.000
Maximal profit in mass	1.131.000	3.015.000	6.030.000	12.810.000	19.590.000
Maximal profit on unit	1.131	1.206	1.206	1.281	1.306
Profit on unit	838	1.040	1.080	1.176	1.207
Profit on 1 % of ownership (€)	4.190	12.998	27.007	58.783	90.531

In the first test are treated only the first 3 smallest SP turbines with 1.6, 2.4 and 3.6 m of diameter. Also, they are equipped only with water pumps for irrigation or other water delivery use. Their use for direct production of electric power we are planning for later period.

Basic test of economy					
For units SPT 35, SPT 55 in SPT 70					
Project	SPT 3,4.5				
Scenario 2 - medium optimistic	SPT+SG				
Items	1 year-2012	2 year-2013	3 year-2014	4 year-2015	5 year-2016
Average prices without VAT	17.250	17.250	17.250	17.250	17.250
Quantity (produced=sold)	500	1.000	3.000	4.000	5.000
Income/year	8.625.000	17.250.000	51.750.000	69.000.000	86.250.519
Fixed costs of company/year	500.000	700.000	1.000.000	1.200.000	1.500.000
Variable costs on unit	13.360	13.360	13.360	13.360	13.360
All variable costs/year	6.680.000	13.360.000	40.080.000	53.440.000	66.800.000
All costs/year	7.180.000	14.060.000	41.080.000	54.640.000	68.300.000
EBIT	1.445.000	3.190.000	10.671.039	14.360.519	17.950.519
pasive	1.200.000	1.000.000	800.000	600.000	400.000
Debts	83%	80%	75%	67%	50%
Real rate of debts	7%	7%	7%	6%	6%
Long term credits	1.000.000	800.000	600.000	400.000	200.000
Interest on long term credits	70.000	56.000	42.000	24.000	12.000
Annuity per annum	200.000	200.000	200.000	200.000	200.000
Capital needed for production/year	1.196.667	2.343.333	6.846.667	9.106.667	11.383.333
Coif. of turning over of needed capital	6	6	6	6	6
Non-stop capital in use	699.444	1.090.556	2.141.111	2.717.778	3.397.222
Interest on capital in use	83.767	164.033	479.267	637.467	796.833
Equity - owners capital	200.000	200.000	200.000	200.000	200.000
gross profit	1.161.233	2.769.967	9.949.772	13.499.053	16.941.686
Business tax level	25%	25%	25%	25%	25%
Net profit after payment of tax	870.925	2.077.475	7.462.329	10.124.290	12.706.265
Number of ownership parts	100	100	100	100	100
EPS - Profit on 1 % ownership	8.709	20.777	74.623	101.243	127.063
EBIT on Passive	1,2	3,2	13,3	23,9	44,9
Re-investment factor	0,5	0,5	0,5	0,5	0,5
DIVIDEND Mass	435.432	1.038.738	3.731.165	5.062.145	6.353.132
ROE-profit on owners capital	435%	1039%	3731%	5062%	6353%
ROA-profit on compl. Capital	73%	208%	933%	1687%	3177%
Border of rentability-no. of products	219	288	442	530	645
Highest production quantity	500	1.000	3.000	4.000	5.000
Maximal profit in mass	1.083.750	2.392.500	8.002.500	10.770.000	13.462.500
Maximal profit on unit	2.168	2.393	2.668	2.693	2.693
Profit on unit	1.742	2.077	2.487	2.531	2.541
Profit on 1 % of ownership (€)	4.355	10.387	37.312	50.621	63.531

In the second test are presented production numbers, costs, incomes and margins from last three PCT models: 3.6, 5.5 and 7 meters of diameter – equipped for production of electric power.

The third part is presenting an average of integrated results from whole production and sale. It is showing that even with 50 % of reinvested profit in capitalization of company, the value of invested finances will be increased 100 times in only 5 years of operating period. In the meantime, relatively high margins shall also offer more than high profits.

Integrated results					
For units SPT 16,24,35,55 and 70					
Project	SPT 1,2,3,4,5				
Scenario 2 - medium optimistic	SPT				
Items	1 year-2011	2 year-2012	3 year-2013	4 year-2014	5 year-2015
Average prices without VAT	14.850	14.850	14.850	14.850	14.850
Quantity (produced=sold)	1.500	3.500	8.000	14.000	20.000
Maximal (gross) profit in mass	2.278.577	6.236.021	17.151.621	29.174.417	41.083.267
Average (gross) profit on unit	1.519	1.782	2.144	2.084	2.054
Reinvestments from all owners/annum	1.708.033	2.338.508	6.431.858	10.940.406	15.406.225
Profit on 1 % of ownership (€)	8.545	23.385	64.319	109.404	154.062
Starting investment for each 1% (€)	6.000	0	0	0	0
Starting capital from all owners (€)	600.000	0	0	0	0
Expected value of whole company (€)	600.000	4.200.000	11.500.000	29.000.000	60.000.000

Capital

As mentioned above, we intend to obtain starting capital with selling of shares from our main production and sales company in Ljubljana.

Please note that based on our complete business plan we have received a signed and valid contract RIP09/75/5 for a grant of 1,411.000 EURO (approximately 50 % of the capital required) from the EU Commission for Regional Development. The contract does, however, require us to achieve a number of set targets before the money will be paid to us. No technical problems are foreseen in meeting these requirements.



Investing in your future

OPERATION PART FINANCED BY THE EUROPEAN UNION
European Regional Development Fund

To reach the stage we are at, we had already invested more than 2,000.000,00 EUR of our own funds.

We are convinced that our SPT units are able to generate clean and affordable power as well to offer water for irrigation purposes which are two very serious worldwide problems and will be much in demand. As mentioned before we already have potential orders from many countries.

We are looking for EURO 0.45 million to be used by us and other Slovenian subcontractors lined up for this purpose, substantial orders at hand from more than 20

different countries. Additional funds we may require in future could be raised from loans and from deposits with orders from future clients. Finally, we may decide to sell licenses to produce and market our SPT units in different parts of the world. The Asian and African markets are of particular interest to us.

Risk analysis

It is important to emphasize that considering technical and technological abilities, production of SPT units was possible even more than 85 years ago! Our SPT units are designed for a long life of operations - between 20 to 30 years. But unfortunately, our turbines have been in operation and been tested for relatively short periods. Our risks is therefore associated and limited to the actual life span of our units we will experience in practice, especially in conditions such as highly polluted or chemically aggressive waters. As we shall be responsible for servicing or repairing of units as minimum during the 10 years of warranty period, it appears essential that we become knowledgeable about the conditions under which our units will have to operate. Therefore, our risks are not global or fatal but only in possibility that our profits can be partly reduced during first three or four years of exploitation – due to more necessary servicing activities than we are planning now. So, specially first couple of hundreds SPT units we intend to produce with additional care and several times higher technical standards and safety measures.

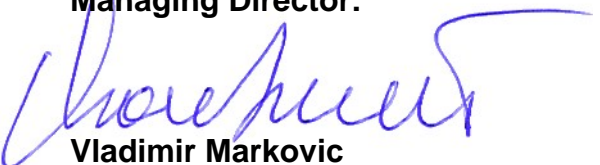
Please visit our web site: <http://www.izumi.si> . Our seventy page business plan set out in the web site provides more detailed and additional information.

Please note that information on our new technology is available on twenty world data bases for ecology and new energy. "PESWiki", the world's largest, lists our invention as No 46 of the 100 most important global achievements in clean energy.



IZUMI d.n.o. 1231 Ljubljana, Dunajska 404

Managing Director:


Vladimir Markovic

Ljubljana, 18.01.2012