



NATIONAL INVESTMENTS AUTHORITY
UNDER THE PRESIDENT
OF THE KYRGYZ REPUBLIC



Organization for Security and
Co-operation in Europe
Programme Office in Bishkek

PROJECT TO INCREASE RAINBOW TROUT REARING AT KURPSAY RESERVOIR

“AQUA SERVICE” LLC



KYRGYZSTAN



Name of the company:

"Aqua Service" LLC

Brief description of the Project:

The project involves the increase in the volume of rainbow trout rearing at the fish farm "Aqua Service" LLC, located on the Naryn River (Kurpsay reservoir). Fish are reared using the keepnet method in hexagonal floating metal structures, with a tied net. The deep-water keepnets are capable of rearing up to 50 tons each, and half a ton for rearing fry. At the moment, the total volume of fish rearing is 1,000 tons per year. The capacity of the Kurpsay reservoir makes it possible to rear up to 100,000 tons of fish per year without damaging the reservoir. Currently, up to 10,000 tons of trout can be annually reared in keepnets on a 20-hectare leasehold water area.

Description of the Project Initiator:

The Project Initiator is "Aqua Service" Limited Liability Company (hereinafter referred to as the Company).

The Company currently has 3 fish farms for rearing rainbow trout (*Oncorhynchus mykiss*) and salmon trout (*Salmo gairdneri*) using the keepnet method, and sturgeon fish species (*Acipenseridae*) using the pool method. The Company also rears thermophilic fish such as tilapia and African catfish in pools. "Aqua Service" sells fish feed, rearing and incubation equipment, as well as rainbow trout and sturgeon fish species. The total volume of fish reared is 1,000 tons per year. All reared fish is supplied to the Russian market under contracts concluded by the Company

Project cost - \$30,000,000

- Purchase of fry and feed- \$29,600,000
- Construction of additional metal keepnets - \$400,000

Amount of investments - \$30,000,000

Payback period - 1.9 years

DESCRIPTION OF THE PROJECT



The project involves the increase in the volume of rainbow trout rearing at the fish farm of “Aqua Service” LLC, located on the Naryn River (Kurpsay reservoir).

Since 2013, Aqua Service LLC has been rearing salmonid fish species (Salmonidae) in the clean Kurpsay reservoir water area located on the

Naryn River in the Jalal-Abad Region of Kyrgyzstan. The mountain water of the Naryn River is oxygenated, rich in all essential micronutrients, and the temperatures are ideal for year-round rainbow trout rearing. Due to good natural conditions, fish grow in an environment that is close to natural conditions.

Fish are reared using the keepnet method in hexagonal floating metal structures, with a tied net. The deep-water keepnets are capable of rearing up to 50 tons each, and half a ton for rearing fry. All permits and necessary documents make it possible to rear up to 20,000 tons of rainbow trout and sturgeon per year.

At the moment, the total volume of fish rearing is 1,000 tons per year. The capacity of the Kurpsay reservoir makes it possible to rear up to 100,000 tons of fish per year without damaging the reservoir. Currently, up to 10,000 tons of trout can be annually reared in keepnets on a 20-hectare leasehold water area.

“Aqua Service” plans to increase its annual keepnet capacity and to systematically increase the rainbow trout and sturgeon fish species rearing quantities.



“Aqua Service” Group of companies provides to foreign partners joint rearing of fish (salmonid, sturgeon, thermophilic fish species) for further export to the EAEU or China. For this purpose, it is proposed to conclude a futures contract, in which the terms of rearing, the quantity and volume of rearing, the costs of rearing and further processing will be agreed.

Fish farming and further processing is planned at the existing “Aqua Service” fish farm, but there is the possibility of expanding the fish farm to the required volume to further increase capacity.

DESCRIPTION OF THE PROJECT INITIATOR

“Aqua Service” Group of companies was founded in Kyrgyzstan in 2004. The main area of activity of the Company is the rearing and processing some of the most delicate fish species - salmonid and sturgeon fish species.

The Company specializes in full-system reproduction, rearing and processing of fish products.

The Company currently has 3 fish farms for rearing rainbow trout (*Oncorhynchus mykiss*) and salmon trout (*Salmo gairdneri*) using the keepnet method, and sturgeon fish species (*Acipenseridae*) using the pool method. The Company also rears thermophilic fish such as tilapia and African catfish in pools. “Aqua Service” sells fish feed, rainbow trout and sturgeon fry, and also sells rearing and incubation equipment. At the moment, the total volume of fish reared is 1,000 tons per year. All fish reared at Kurpsay reservoir is supplied to the Russian market under contracts concluded by the Company and available permits for trading in the Eurasian Economic Union.

The Company has an experienced team, including specialists in incubation, rearing and fish processing. All specialists are highly qualified and have undergone international internships and training. “Aqua Service” has two hatcheries for the incubation of fish eggs of salmonid and sturgeon fish species.

“Aqua Service” uses only the best feed from the European manufacturer “Aller Aqua” (Denmark) for rearing fish and fry, which makes it possible to achieve fast growth rate, good taste qualities, dense fish meat structure.



The main area of activity of the “Aqua Service” GC:

- ✓ **Incubation and rearing/sales of fry.** The Company uses only quality material from Europe for the incubation of rainbow trout fish eggs. The Company buys fry from Aqua Search OVA (Denmark), the leader in the sale of impregnated roe. It is possible to produce up to 5 million fish eggs of rainbow trout per year in one hatchery. When fry reach 1-2 grams in weight, they are transported by special transport throughout Central Asia.
- ✓ **Fish rearing.** Rearing of rainbow trout and sturgeon using the keepnet method
- ✓ **Sturgeon farm.** “Aqua Service” has been rearing Russian sturgeon at its own pool farm in Bishkek since 2012. The capacity of the fish farm is 150 tons of fish per year. Warm water from the Bishkek thermal power plant is used for rearing, which makes it possible to rear large volumes of fish with high growth rates all year round.
- ✓ **Fish processing.** “Aqua Service” has its own fish processing shop in Bishkek. The shop has modern equipment and is capable of processing up to five tons of fresh or frozen fish per day. The shop is equipped with smoking and drying chambers, salting chambers, vacuum units and blast freezing chamber.
- ✓ **Production of own-produced trout fish eggs.** The Company produces cold-smoked, savory salty fish products and a variety of ready-to-cook products. The shop is accredited with the Veterinary Service of the Kyrgyz Republic and has all necessary certificates and permits for trading in the EAEU. All products are supplied to local and foreign markets under the trade mark “FISH DAY”



MANAGEMENT TEAM



OLEG RENADOVICH DOSAYEV

The Head of the “Aqua Service” GC

- ✓ Oleg Renadovich Dosayev has been the head of the “Aqua Service” GC since 2008, he has university education and more than 20 years of managerial experience.
- ✓ In 2014 he studied at the Agricultural University of Israel in fishery management.
- ✓ He started his fish rearing business from the construction of keepnets on Lake Issyk-Kul in 2005. More than 20 keepnet and pond farms and companies have been built in the Kyrgyz Republic with the help and active work of Oleg Dosayev.
- ✓ He has practical experience in consulting companies in trout and sturgeon rearing, as well as in feeding, logistics and fish processing.

MANAGEMENT TEAM



RENAD ABDULAYEVICH DOSAYEV

Director of the association of legal entities “Association of Fisheries”

- ✓ Renad Abdulayevich Dosayev is a valuable specialist of higher qualification level in the field of fisheries.
- ✓ He has about 50 years of experience in fish rearing. He constructed the first keepnets on Lake Issyk-Kul in 1989 and also participated in the stocking of trout and sturgeon in Lake Issyk-Kul, Sonkul, Toktogul reservoir back in the USSR.
- ✓ He is the founder of commercial trout rearing in keepnets and ponds in the Kyrgyz Republic. More than 100 fish farms have been built across the CIS and China with the help of Renad Abdulayevich.
- ✓ He was awarded the honorary title “Honored Worker of Agriculture of the Kyrgyz Republic”.

SUSTAINABLE COMPETITIVE ADVANTAGES

- ✓ **Location.** Unpolluted area, no industrial production facilities nearby. Mountain water temperature makes it possible to rear fish with higher meat density.
- ✓ **Environmentally friendly products.** Rearing fish in the most efficient habitat for rainbow trout in terms of product quality.
- ✓ **Possibility of increasing the volume of cultivation.** All permits and necessary documents make it possible to rear up to 20,000 tons of rainbow trout and sturgeon per year.
- ✓ **Company certification.** The Company products have all the necessary veterinary certificates, and EAEU declarations of conformity, which accompany every shipment abroad.
- ✓ **Existing demand for products export.** The Company has partnerships and preliminary agreements to increase exports to the Russian market



HISTORIC PRODUCTION AND FINANCIAL INDICATORS OF THE COMPANY

Production by volume, tons		2020	2021
Rainbow trout		985	1 000
Total		985	1 000

Historic financial indicators, USD		2020	2021
Revenue		4 055 882	4 294 118
EBITDA		1 158 824	1 352 941



PROJECTED FINANCIAL INDICATORS

Sales plan by volume, tons	Year 1	Year 2	Year 3	Year 4	Year 5
Commercial (rainbow) trout	5 000	9 200	10 000	10 000	10 000
Total:	5 000	9 200	10 000	10 000	10 000

Key Financial Indicators USD	Year 1	Year 2	Year 3	Year 4	Year 5	2027
Sales revenue	22 352 941	41 129 412	44 705 882	44 705 882	44 705 882	6 569 907
EBITDA	7 647 059	27 058 824	15 294 118	15 294 118	15 294 118	2 219 719

- ✓ IRR at the end of Year 5 is 43%
- ✓ Project payback period is 1.9 years, discounted payback period is 2.3 years

SOURCES OF FINANCING AND APPLICATION OF FUNDS

Source of financing	Amount, USD
Financial investor	30 000 000
Total:	30 000 000

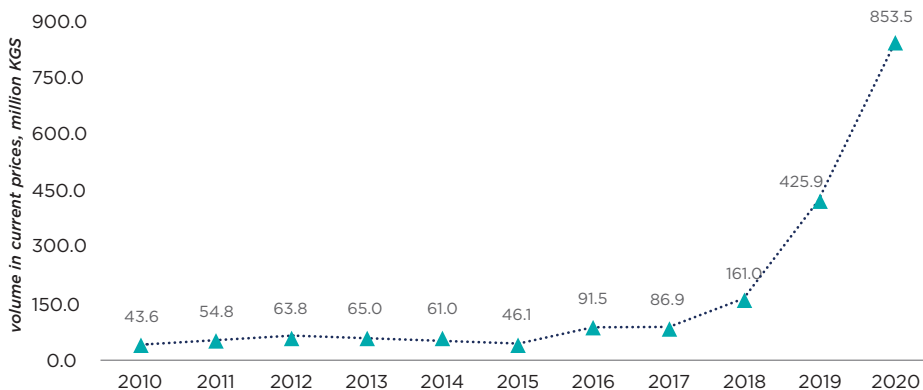
Application of funds	Amount, USD
Purchase of fry and feed	29 600 000
Construction of additional metal keepnets	400 000
Total:	30 000 000

A BRIEF OVERVIEW OF THE FISHERIES SECTOR IN KYRGYZSTAN

Gross output of “fisheries” by the end of 2020 was 853.5 million KGS or 0.3 percent of the total output of the Kyrgyz agriculture. The dynamics of fish production have undergone significant changes in the recent period. After a period of relatively sustainable production during 2010-2015 (within KGS 45-65 million), growth began in 2016, reaching KGS 853.5 million by the end of 2020.

According to the 2019-2023 Fisheries and Aquaculture Development Program in the Kyrgyz Republic, the total area of lakes, reservoirs and ponds in which fishing and aquaculture activities can be carried out in Kyrgyzstan is over 701,100 ha. There are more than 70 fish species in Kyrgyzstan, but only a limited number of species are of commercial value. According to expert estimates, the potential natural fish productivity of large lakes and reservoirs for commercial fisheries ranges from 0.5 to 7.5 kg/ha, depending on the natural food base, as stated in the Program.

Gross output of fisheries in the Kyrgyz Republic, million KGS



Rearing fish in keepnets is one of the most promising areas of fish rearing for the Kyrgyz Republic, as it is highly economically efficient. The most favorable water-climatic conditions for its development exist in Lake Issyk-Kul, the reservoirs of the Naryn cascade of hydro power plants and other water facilities.

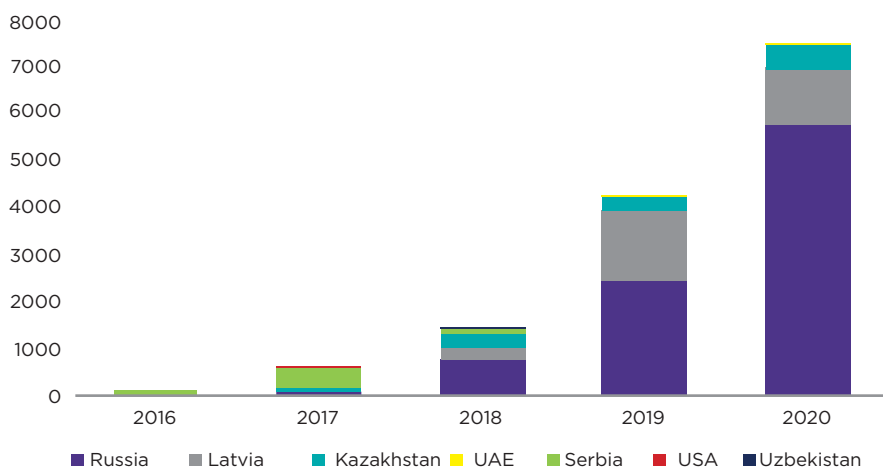
Other reservoirs suitable for cage fish rearing are practically not developed (with the exception of Kurpsay Reservoir, where this type of fish rearing is used). Rearing fish in keepnets in the most promising reservoirs for rearing fish in keepnets in the Naryn cascade of HPPs involves the need to adapt production technology to water and climatic conditions (wind and wave regimes, water temperature and flow) and to the large range of seasonal water level fluctuations due to water discharge for power generation.

COMMERCIAL FISH EXPORT POTENTIAL

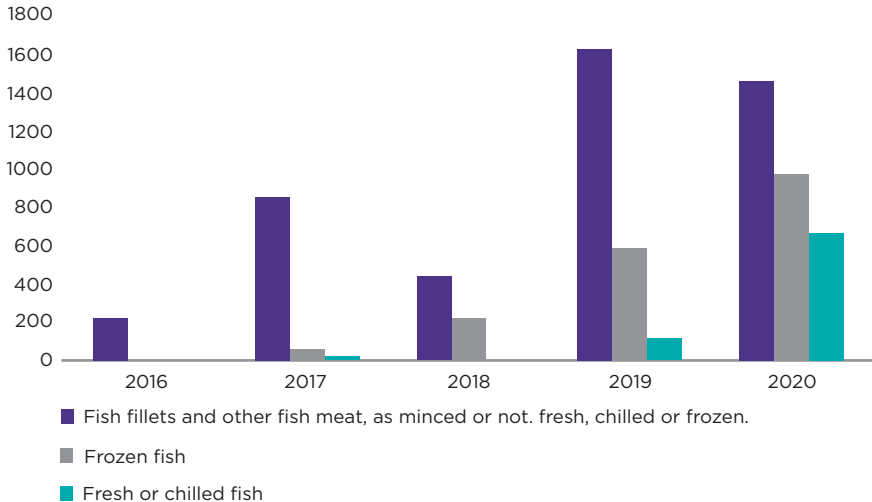
Kyrgyzstan exported more than 5,000 tons of fish in 2021. As of January 2022, there were 194 registered fish farms in the country. Commercial fish production in 2021 was 10,344 tons, compared to 5,139 tons in 2020.

Along with the increase in production, the export potential also grows. While exports in 2020 were over 3,000 tons, exports in 2021 were over 5,000 tons. The republic produces mainly two types of fish - carp and trout.

Export of commercial fish of the Kyrgyz Republic, thousand \$



Detail of commercial fish exports, tons



As can be seen from the above tables, the main destinations of commercial fish export are the Russian Federation, the Republic of Latvia and the Republic of Kazakhstan. According to Russian Foreign Trade website, the Kyrgyz Republic ranked 19th among exporters to Russia of fish and crustaceans, mollusks and other aquatic invertebrates in 2021. The dynamics of commercial fish export to Russia shows an annual increase, which indicates the existing volume of demand in this market.

The register of organizations and persons of Kyrgyzstan engaged in the production, processing and/or storage of controlled goods moving through the territory of the Eurasian Economic Union Member States numbers 169 entities, including 25 fish production and processing entities.



OFFER FOR INVESTOR

LEGAL MECHANISM	✓ Limited liability company
TYPE OF FINANCING	✓ Direct investment in capital
AMOUNT	✓ 30,000,000 USD
FINANCING TERM	✓ Up to 5 years
NUMBER OF TRANCHES	✓ Tranche No. 1 - Working capital financing - purchase of fry and feed; purchase and construction of additional metal keepnets for fish rearing
FINANCIAL SUPPORT	✓ Fixed assets of the Company

