

KRONICLE OF EVENTS

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KRONDE
GROUP OF COMPANIES

KEEPING ABREAST OF THE TIMES



Meeting on a strategic development of KRONDE Group

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The last several years have become a watershed in life and development of KRONDE Group of Companies. The business model has changed: assets of companies with different specialty were combined, our own customs and logistics company Kanonerskiy and own trademark KRONDE were created. Distribution and after-sales service strategy has significantly altered too: the Dealer'Club was established a year and a half ago, special service centers are working, a program of certification for regional service centers is being implemented... How top management

decided to make such a profound modernization, which consequences it had for KRONDE's business, and what are the prospects of the company and Russian industry in whole, General director of KRONDE Group of Companies, Sergey Sukhachev is telling.

Being a supplier of highly-engineered equipment and an active participant in engineering projects, KRONDE is a link in a large chain which has to operate efficiently along with other links (extraction of natural resources, their processing, production of

materials and technologies), otherwise the industry won't operate successfully.

Our offices in the USA (Kron Industrial) and in Germany (Kron-CIS) keep us informed on world trends of technological development, the most obvious and global of which the 'smart production' concept is. We do not expect the advent of a new technical era and mass appearance of new high-tech enterprises within the next few years, but integration into global cooperation chains is a must. This task is extremely difficult, but unavoidable, because it is the only possible future of Russian industry.

As Executive director of nuclear technologies cluster of Skolkovo Foundation Denis Kovalevich said in his interview with RBC Daily, modern 'smart production' is not a factory, but a network structure elements of which are distributed between various cities and countries. Nowadays no concern or even a country can control the whole chain of highly-engineered products manufacturing. Besides, building a 'smart enterprise' is only one part of the problem. You also have to create a wide net of smart suppliers around it.

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DEPARTMENT OF OIL-AND-GAS EQUIPMENT: 7-YEAR-OLD COOPERATION WITH RUSSIAN ENERGY SECTOR

Sales department of oil-and-gas machinery of Kronstadt was created in 2006. Having established the second division after the marine equipment supply, Kronstadt has turned into a multi-sector supplier. The head of the department, Sergey Sokolovskiy, is telling about the history and current state of his department and the entire company: At that time Kronstadt had only one business namely supply of equipment for vessels and port facilities. Since this branch was making progress, we decided to focus on one more area that is equipment selection and supply for oil-and-gas industry.

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KRONDE DEALER CLUB: CLUB OF COMPANIES, CLUB OF PEOPLE

Club of Dealers is an association of our regional representatives. For over a year of its existence the former pilot project has turned into one of main supports of holding's corporate strategy. Procedures of cooperation between the supplier and the distributor have been developed, and privileges/requirements for Club members have been specified.

Alexander Durinsky, Development director of KRONDE Group of Companies, tells how the idea of founding Dealers' Club emerged and what it is now.

Read more on page 5.



COZY HOME MEANS HAPPY LIFE

Central Real Estate Agency (ZAN) is the oldest company affiliated with the KRONDE Group of Companies. Its history spans nearly 20 years, from 1994 till now. With so many years of experience, the Agency has helped a lot of people to choose a home to their liking. Executive director Rimma Stal has told about main events in our history, about our business strategy and client relations.

Soon after its launch in St. Petersburg, ZAN took leading positions in the local real estate market. The whole point was that we were promoting our company under the conditions when market rules were being formed in front of our eyes.

Read more on page 7.

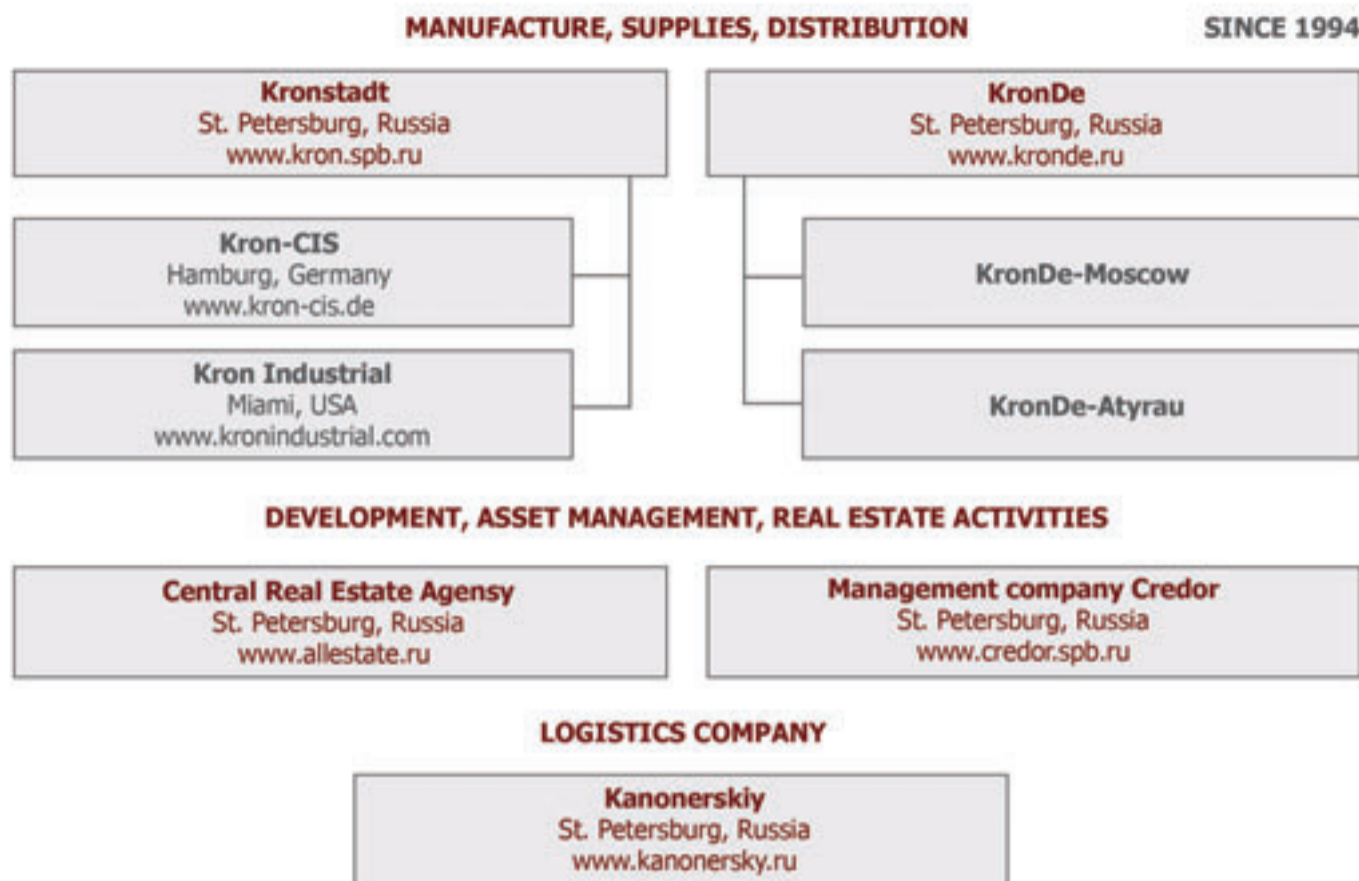


WE ARE WORKING FOR THE LONG TERM

KREDOR Asset Management Company is responsible for investments and development business of KRONDE Group of Companies. KREDOR's services include management of investments and assets in industry and real estate along with co-investment of projects implemented by outside organizations.

Company KREDOR was established in 2007, but its history began as early as in 2006, when ZAN started its activity in development business, namely in construction of shopping and leisure centers and suburban settlements. For that purpose a specialized investment and construction group ZAN Development was created within ZAN.

Read more on page 7.



If we want to work successfully in future, we should just now start laying a foundation for existence within a new economic model that sooner or later will become reality. Everyone is aware of imminence of changes – they are necessary for survival. The state also seeks to keep up with such changes. So, one of the first decrees of the newly elected President charges the new government with formation of a technological forecasting system by July 1, 2013. The system shall provide meeting the long-term requirements of the processing industry with consideration for development of key manufacturing technologies.

All the changes made within KRONDE Group of Companies are aimed at turning the company into the very 'smart supplier' who are so much spoken of and whom Russian industry needs now more than ever, in order to overcome technological lagging behind world leaders and to take a place in the international division of labour as not only a raw materials source, but also as a producer of high-tech equipment with high added value.

To be in step with the time, we are increasing depth of our participation in engineering projects, are trying to 'seamlessly' integrate our work in work of design bureaus (which is possible if our technical competence level is no lower that one of design bureaus), are modernizing our logistics and are thinking over a new level of after-sales service. From offered equipment range we select only the most practical one, modern, economical, durable and compliant with operating conditions of Russian factories.

After the manner of large companies using outsourced manufacturing (this trend is called fables), KRONDE started producing metal-working machines under KRONDE brand in facilities of world producers a year ago. Today the brand is taking on in the Russian market thanks to a combination of several factors: on the one hand, high quality, on the other hand, availability of spare parts which always are to be found in our warehouses in Moscow and St. Petersburg and service carried out by our service engineers and specialists of our dealers in other regions.

As for general supply areas of industry-oriented companies of our holding, these

are naturally shipboard and port equipment, machinery for oil and gas complex, metal-working, welding and construction industry.

In supply of shipboard and port equipment, i.e. in the field which was our first step in business in 1998, we have progressed to a high stage both in project complexity and in level of customers.



With circa 40.000 km sea border, 100.000 km inland waterways, up to 25% world offshore hydrocarbon reserves, Russia has to pay particular attention to shipbuilding. Shipbuilding industry largely determines national security of our country in all the fields of marine industry, including defense, transport, food supply, energy and technology.

Russia cannot compete with Asian manufacturers in building of standard vessels (dry cargo ships, tankers, other transport vessels), because these manufacturers have an advantage in technology and economy. The field of action where we can compete is construction of highly-engineered unique customized watercrafts with high added value.

So manufacture of technical facilities for development of abundant hydrocarbon deposits on the continental shelf of freezing seas of the Arctic and Far East shall become one of main specialties of Russian shipbuilding

in the coming years and further. Vessels and watercrafts for oilfield construction and operation, along with transport vessels for Arctic region are of particular importance.

Projects performed by Kronstadt's marine equipment department include supply of singular frost-proof deck equipment for a research vessel Akademik Tryoshnikov

designed for support of Russian Antarctic Expedition, equipping of offshore drilling platforms (for instance, project Sakhalin-2), design and manufacture of mobile telescopic bridges for the most up-to-date seaport of Russia, Marine Façade (St. Petersburg) and for Kazan International Airport.

Now our activity is of interest for global giants such as Hyundai. The Korean corporation does not have any authorized distributors of marine equipment in Russia, so it is very significant that one of leading producers of industrial equipment has offered to cooperate with us.

Concerning equipment supply for oil and gas branch we also are focused on engineered, tailor-made projects and servicing Russia's largest enterprises, while in metal-working sector we largely rely on our regional dealers. Different industry segments require different approaches.

Another one promising business line now being assimilated by our holding is mining equipment. We endeavor to become an equipment provider for mining and metal production sector, in particular for metallurgical engineering as a principal constituent of heavy engineering industry. Consumers of heavy engineering production, that are oil and gas complex, metallurgy and mining, provide over 80% of budget revenues, and the state will stimulate their technical upgrading in an effort to lower production costs, reduce production time and increase quality of products, in compliance with the Strategy of Heavy Engineering Development for the period until 2020.

The state will actively purchase high-tech foreign equipment for strategic enterprises engaged not only in mining and processing industry, but also in chemistry, petrochemical industry, power engineering, metallurgy and other leading industry branches.

Federal contract system (FCS) transition to which will be regulated by a bill of the Ministry of Economic Development and Trade 'On federal contract system in purchase of goods, work and services' enacted by the government of Russian Federation on June 20, 2012, will give advantages to modern and flexible companies like Kronstadt and KronDe.

Transition to FCS shall ensure a new quality of government order management. Main novelties of this system are introduction of stages of forecasting and government purchases planning as well as contract audit. FCS provides for tools of contract risk management, in particular, anti-dumping measures. New forms of bidding process are introduced: two-phase tender, tender with limited participation (qualification of participants), request for proposals; besides, both the customer and the contractor are entitled to unilateral cancellation of the contract in case essential conditions of the contract are violated. KRONDE Group of Companies is not scared by such innovations, as we just now are taking part in electronic auctions, are fighting in competitive environment and are offering best proposals which are possible due to our brand portfolio. Transparency and obstruction of human factor owing to which disadvantageous quotations are often chosen by the purchasers are a great virtue for us.

Finally, I would like to refer to Director of Department of Strategic Development of the Ministry of Industry and Trade of Russia, Nikolay Kuteev:

The world is on the threshold of a new industrial cycle capable of resulting in global restructuring of 'mature' industry sectors. There will

be three general trends determining the image of the world industry. Firstly, wide-scale implementation of modern design and engineering systems and lifecycle management ideology. Secondly, application of a number of new generation materials in production. Thirdly, development of new types of infrastructures required by modern industry (so-called smart environment).

KRONDE Group of Companies holds the same opinion. The new view of designing, not very common in Russia yet, is based on a conviction that designing of a product whether it be a vessel or a nuclear pile must take into consideration not only a virtual 3D model, but also three 'dimensions' – time, equipment and resource. And the supplied equipment has to meet strict requirements caused by Russia's need for technological breakthrough which would restore its stable position in the world. Just that equipment is supplied by KRONDE.

Interview to the partner

KRONSTADT IS HAMILTON JET'S WINDOW TO RUSSIA

Hamilton Jet (New Zealand) is a pioneer in development of waterjet propulsion systems for work- and pleasure boats, for many decades keeping at the forefront of waterjet manufacture. Kronstadt prefers working solely with the best companies in their industry segment, therefore we give importance to being the exclusive partner of Hamilton in Russia.



European conference Hamilton Jet 2012, London

This summer Jeremy Flatman, General Manager of Hamilton Jet who also is charged with cooperation with Hamilton's distributors worldwide visited our premises in St. Petersburg. The visit has marked a new phase in our business relations. Mister Flatman shared the history of Hamilton with the correspondent of Kronikle of Events, told about his impressions of St. Petersburg and company Kronstadt and prospects of business cooperation between two companies.

– Mr. Flatman, how is distribution of Hamilton Jet propulsion systems organized today?

– Hamilton has three regional offices in the U.S., UK and Singapore, as well as 54 distributors around the world, including «Kronstadt.» For European partners, we annually organize a two-day conference, where we discuss financial results of the year and plans for the future, there is an exchange of experience between the dealers, technicians are trained.

This year's conference was held in London, where we had negotiations with the delegation of «Kronstadt». We confirmed the status of the St. Petersburg company as the exclusive supplier of our products in Russia. For the third time, «Kronstadt» will represent Hamilton at the international shipbuilding exhibition «NEVA-2013» to be held in St. Petersburg next year. On the stand of «Kronstadt» there will be a working simulator of water jet propulsion system of a more powerful model than was presented in the previous exhibition.

– Mr. Flatman, what were the objectives of your summer visit to Russia and did company «Kronstadt» live up to your expectations?

– My visit to «Kronstadt» allowed me to get a much more accurate understanding of what the company really is, and how it fits into the market of marine equipment. At the meeting, which lasted four days, we discussed various areas of cooperation

between our companies, including equipment maintenance and storage positions. Both topics are very important for any company that aims to be a world leader. We also discussed Kronstadt's supply project of four Hamilton H292 waterjets for two crew boats of a new generation (Project 21770), being built at Moscow Shipyard.

This is my first visit to St. Petersburg. It is a beautiful city, and I'm impressed by its potential for business development in the field of shipbuilding, including for Hamilton Jet water-jet propulsion systems. Our target segments are fireboats, safety vessels and patrol boats. High speed passenger ferries and also special-purpose vessels are another area of potential business. St. Petersburg, with all its beautiful sights is a great candidate for the Hamilton Jet European Conference.

The idea of the first waterjet propulsion systems appeared earlier than a propeller was invented – in 1784. The final stage of a long research was completed in New Zealand, where an inventor William Hamilton made an attempt to adapt a small motor boat to be used in a shallow and stony mountain river. With a conventional propeller that was impossible, because of the protruding parts underneath, which were damaged by hitting the rocks. Hamilton initially settled a normal centrifugal pump in the boat, causing water jet come out in the stern under the boat. The outlet could be turned, i.e. it could be controlled, since in was impossible to install even a small rudder underneath the boat.

In 1953, Hamilton decided to take underwater outlet on the transom above the water, ensuring the water jet emissions are done in the air. This small change has been very effective, if a pilot boat before had a top speed of about 10 knots, with the release of the jet in the air, it reached the speed of 14.5 knots. This innovation gained popularity and Hamilton's firm – Hamilton Jet - began mass production of water-jet propulsion systems.

In 1954, the first water jet produced by Hamilton Jet successfully set in motion a small boat against the rapid current of the river. Since that time, the production of Hamilton water-jet propulsion systems has constantly improved and expanded. During its existence, the company gained international experience, having set up more than 45,000 water-jet propulsion systems for over 50 years, and confidently took the leading place in the marine propulsion industry.

In 1974, William Hamilton was awarded knighthood for his achievements.

Projects

NOVOROSSIYSK GRAIN TERMINAL PURCHASES CONVEYOR BELT FROM KRONSTADT

In the middle of June Kronstadt LLC had 2.000 running meters SIGTEXTER /500/3, 4+2 AG 1000 conveyor belt (Italy) installed at band conveyors of a grain and oil crops transshipment facility in the port of Novorossiysk.

The belt consists of an oil-resistant, fireproof multi-tape framework EP (polyester longwise and nylon edgewise).

'NGT is one of the most advanced grain terminals in our country. Since it was put into operation in 2008, the NGT has been keeping up business relations with



Kronstadt, and Kronstadt regularly furnishes the Terminal with equipment and spare parts, such as conveyor belt and components for grain loaders and elevators. We have been engaged in supply of equipment for ports and terminals since 2001, besides, cooperation with heavens of the Krasnodar Territory is of strategic importance for us, as they are Russia's windows to Southern seas. Future of maritime traffic around the world are up-to-date, computerized, safe ports with a well-developed infrastructure, so Kronstadt will facilitate their modernization', our technical expert says.



A PROFILE BENDING MACHINE SUPPLIED BY KRONSTADT WILL BE INSTALLED AT A LARGE AMMONIA PRODUCTION PLANT

Kronstadt LLC and a plant MSZ-Acron located in Veliky Novgorod have concluded a contract for supply of a heavy-duty hydraulic profile bender Comac 307HV4 (Italy).

OMSZ-Acron is one of the biggest Russian producers of ammonia for agricultural applications (mineral fertilizers) and has 4 factories in Russia and China. The profile bending machine delivered

by Kronstadt will be installed in the line for production of sophisticated helical pieces which are the main components of the ammonia pumping system. Presently Kronstadt is bidding for some other tenders of Acron. Before we had supplied oil processing equipment to the same plant.

The Italian company Comac is a well-known European manufacturer of profile benders with over 25 years of experience. Kronstadt LLC is their authorized agent in Russia.



KRONDE GROUP INSTALLED COMPAIR COMPRESSORS AT THE ROSTOV NPP

Early in the current year KronDe Group won a tender of the concern Rosenergoatom for the supply of compressors to the Rostov Nuclear Power Plant. A heavy-duty compressor station CompAir L132 was installed there.

Commissioning was finished on August 15, ahead of the time specified in the

contract. KRONDE GC is strongly focused on modernization of Russian nuclear power plants. The customer has highly appreciated our professionalism and promptness which opened up possibilities for further cooperation.



DEPARTMENT OF OIL-AND-GAS EQUIPMENT: 7-YEAR-OLD COOPERATION WITH RUSSIAN ENERGY SECTOR

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Sokolovskiy, head of department of the oil and gas equipment

At that time Kronstadt had only one business namely supply of equipment for vessels and port facilities. Since this branch was making progress, we decided to focus on one more area that is equipment selection and supply for oil-and-gas industry.

– Could you tell us please, how did you and your colleagues hit upon an idea of selling equipment for oil and gas industry?

– There was only one basic sales specialization at that moment – equipment for vessels and port facilities. Which concerns oil and gas field, we would take part in some tenders. As the marine sphere proved to be a success, we decided to focus our efforts on the new matter – to find products and to arrange our activity in the oil and gas branch.

– Entering a new market is not an easy task. How were you looking for your first clients?

– At first we had to summarize the entire information on oil and gas issues, namely to identify core enterprises, to distinguish between head organizations and subsidiaries. Then it was necessary to find out the purchasing system of every customer – how tenders are organized, how tender documents are executed, how often purchases are made, what the principles of TBE are, who is in charge for commercial or technical decisions and so on. Studying all this stuff, I understood which enterprises may be attractive for us.

Further, I began to send marketing letters to our target customers, to call them, so relationships were being gradually forged...

– Tell us please about your first delivery.

It was a lot of about 300 metal expansion joints Belman (Denmark) to the Varandey oil terminal owned by Lukoil. We gained the right to delivery by winning the tender, because we had offered the most interesting solution. The delivery was performed through the EPC contractor Globalstroyengineering which was constructing and equipping that industrial facility. Our supply, as well as the whole project was supervised by Germanischer Lloyd. The manufacture of compensators, their factory trial in Denmark and subsequently their installation was carried out under supervision of GL and in presence of Kronstadt's specialists.

And how did it happen? Once I called Lukoil-Western Siberia and learned that Globalstroyengineering was their prime vendor. Later I also learned that Globalstroyengineering was Lukoil's former subsidiary divested during IPO as a non-core asset. And right at the moment they were holding a tender for supply of expansion joints! We asked for questionnaires, quickly processed the inquiry, and our offer was found to be better than offers of those who had been preparing for the project for a year. We reversed the situation and won a tender for EURO 300.000-400.000 straight off. That was an especially solid amount for the year 2006.

– Was there a universal scenario of setting up relations with customers?

– Each company is singular, a general scheme is impossible there. For instance, Surgutneftegas is a very closed entity and doesn't hold open tenders. They invite to tender only companies they are acquainted with. We made several business trips to their head office in the city of Surgut and held a number of presentations the keynote of which was 'We are willing to work with you'. As a result we got an inquiry for spare parts for a Cooper compressor, a rather difficult one. Processing the inquiry, we discovered that it had been one company that had produced the compressor, and another company that had equipped the compressor plant, having changed part numbers. After a while that company disappeared, and part numbers were hardly to be identified. We spent about four months in comparing the parts with their initial descriptions and numbers. We consulted the manufacturer, were searching for photos and for technical descriptions. When we didn't find any information, we had to design the parts by ourselves and make to order. Finally, we came to tender deadlines with 95% of information prepared while our competitor, a company from Moscow, prepared only 50%. We won the tender and the remaining 5% (they were very specific bearings and associated gas filters) were ordered in Russia. New contractors are often given difficult inquiries, so as to test their professionalism. So our cooperation with Surgutneftegas began. Relationships with Lukoil are just another story.

Before the Trading House Lukoil was established, Lukoil subdivisions had made purchases by themselves. At that time we had made some deliveries for the company, the most interesting the supply of spare parts for Jenbacher piston compressors. Then the Trading House Lukoil was founded, an operator engaged in purchasing equipment and consumables for all divisions of the company. Small structures entitled to purchase within a definite amount have remained in the divisions. When the Trading House was appointed the central purchaser of Lukoil, we started to cooperate mainly with departments responsible for purchase of oil recovery and processing equipment and have implemented several projects on delivery of heat exchangers, pumps, spare parts, that is a rather wide range of equipment. We were trying to win all possible tenders and were struggling in a really competitive environment. We have had an interesting situation in our cooperation with Bashneft. The fact was that the new owner introduced rules of electronic auctions. That made our work more difficult, but who wants to score a success must adapt rapidly. Now we provide Bashneft with burners, pumps, heat exchangers and many other equipment types. We also cooperate with design bureaus connected with this company.

Our relationships with Rosneft and some other Gazprom's subsidiaries were set up later.

– Which part does Kronstadt play in projects on equipping oil and gas facilities?

– We have a rich experience of work at the initial stage. We cooperate actively with many design bureaus such as Lukoil-Nizhegorodniinefteprojekt, Samaraneftekhimprojekt, Bashgiproneftekhim and so on.

One of the most challenging engineering projects where Kronstadt takes part is designing and delivery of process units for a gas compression and processing facility in the Rogozhnikov oil deposit owned by Surgutneftegas. It is one of the largest deposits in Russia, however oil extraction is difficult due to nonuniformity of occurrence and requires application of totally new approaches and engineering solutions.

Kronstadt made a profound design work and as a result supplied container-type units on an open frame. The units are explosion-proof and withstand temperatures from -55°C to +35°C. Design lifetime is 25 years.

– How was your product line being formed?

– Primarily we had a long marketing letter. Then we have cut it down and have left only such equipment amount which we could deliver promptly.

We were broadening our product line by ourselves, analyzing producer market and looking for equipment on our own initiative. So we became suppliers of compensators and gear pumps. On the other side, our customers also motivated us with their tenders. When Kronstadt received an interesting inquiry, we started to search for a suitable producer, and if our cooperation with him proved to be long-lasting, we turned into his authorized dealer. In such a way, we have added high-pressure pumps, heat exchangers and valves to our product line.

– Which place does Kronstadt take in the oil and gas industry today and which prospects does it have, in your opinion?

For those 7 years we have learned to work with the largest companies of our country. We have proved that the level of our technical competence is high enough to be not a one-time, but a permanent partner and that we can regularly process the most complicated and nonstandard inquiries.

We see our strong points in our endeavors to push all the matters through, to fulfill our obligations to the suppliers in any case, to be flexible and feel needs of the market. Our credo says: 'The customer is always right'. We are always trying to meet his requirements and for this purpose we cooperate with his design bureaus.

Every day we have to deal with a competitive environment, consequently, we shall not loose our drive. Relations with a customer are set with difficulty and for a long time and crashed easily. We were always changed and adapted ourselves to urgent demands. If you want to meet all the requirements of large customers, you have to work in the same tempo. If Kronstadt detects lagging in some criteria, we pull up these sides – logistics, speed of inquiry processing, quality of document preparation or our knowledge of the machinery offered by us. We are continuously improving.

Our product line is also continuously broadening. Dimensions of our projects are also increasing along with our financial capacities. When our department was established, an amount of EURO 500 seemed large to us, today 5 million euro is only the beginning. Our present level is not a constant. Development is a continuous process.

I see future of Kronstadt as specialization in several areas, such as heat exchangers, air coolers, water-cooling towers. Another one direction is equipment for pipes: valves, expansion joints, pumps. Kronstadt has to accommodate itself to changes in the market, in order not to be a colossus with feet of clay. We have the essence – we understand clearly what we can do, for whom, on which terms and what we would like to gain.

KRONSTADT MODERNIZES NIZHNEKAMSKNEFTEKHIM FACILITIES

Kronstadt LLC supplies MAAG gear pump models CINOX 56/56 and CINOX 36/36 (Switzerland) to the oligomer plant in Nizhnekamsk, integrated into Nizhnekamskneftekhim OAO.

MAAG gear pumps had been installed in Nizhnekamskneftekhim as far back as in 1978 and had been operating trouble-free for all these years. Such a long lifetime is caused by high quality and durability of MAAG pumps. Swiss gear pumps which will be delivered by Kronstadt will be used for pumping viscous media under temperatures -30°C to +320°C and output pressure to 350 bar



KRONSTADT SUPPLIED SUNDYNE CENTRIFUGAL PUMPS (USA) TO LLP 'ATYRAU REFINERY' (KAZAKHSTAN)

LLP 'Atyrau Refinery' was founded 67 years ago and remains a leader in oil and gas industry of Kazakhstan. It produces motor gasoline compliant with Euro 2, diesel and jet fuel, hydrocarbon gas, aromatic hydrocarbons and other petrochemicals. SUNDYNE centrifugal pumps were supplied to the Refinery by the representative office of KRONDE GC in Republic of Kazakhstan, KronDe Atyrau. KRONDE GC is looking forward to further cooperation with Atyrau Refinery.

Sundyne Corporation (USA) for over 30 years has been producing highly-engineered centrifugal pumps and compressors for different applications in chemistry, oil refining and power engineering. Fuel-pumping

Sundyne pumps produce high pressures owing to their construction equipped with a multiplier and an inducer. Kronstadt LLC is authorized representative of Sundyne in Russia.



Dealer policy

KRONDE Dealers Club – a community for not only companies, but for people

Dealers Club is an association of regional representatives of the group of companies «KRONDE.» KRONDE Dealers Club (KDC) has existed for more than a year, and from the «pilot» project it developed into one of the main pillars of the strategic development of the industrial areas of the holding. During this time, a clearly defined scheme of interaction between supplier and distributor has been established, and preferences, which «KRONDE» can provide to the members of the Club, and, accordingly, their requirements, have been identified.

Alexander Dyurinsky, director of development of GC «KRONDE», told us how the idea of creating KDC was born, and what it is today.



Meeting on development of a dealer network of The Group of Companies

Like any company, «KRONDE» is aimed at business growth – sales growth, expansion of sales geography and range of products, markets and the successful promotion of its own brands. However, we understand that a strategy of growth through infinite expansion of portfolio of the supplied brands and increase of number of distributors lacks common sense and leads to a drop in the quality of services and loss of customer confidence. Leadership position in the long term for the Group of Companies «KRONDE» will be ensured by partnership agreements with international manufacturers, targeting only at brands that meet the conditions of operation in the Russian manufacturing and financial capabilities of clients, as well as the maximum concentration for a stable, long-term and profitable relationships for both parties with their regional representatives.

GC «KRONDE» actively develops its dealers network, through which a significant proportion of sales is managed, but this development is not only quantitative but qualitative. In 2011, GC «KRONDE» founded Private Dealers Club, which limited the number of regional representatives. Thus «KRONDE» can give utmost attention to the quality development of cooperation with each of them. Members of the Club have major privileges, but they also take responsibility – to fully implement the business principles of «KRONDE» in their work,

dealer of GC «KRONDE» (collaborating with KRONDE and other suppliers) or an exclusive dealer of GK KRONDE (cooperating only with KRONDE). Also, depending on the profile of the company, the dealer can supply a full range of equipment from «KRONDE» or a particular group.

Of course, a stable large company and a young business, which is in the process of establishing its line of supply, can not expect the same from the supplier. We focus on the real needs of our partners. For example, any independent dealer knows that joining the KDC will not only allow them to expand their range of supply, but also will enable them to make comprehensive proposals to the Client. We will give our local representative favorable purchase prices, and the availability of equipment and components in warehouses of «KRONDE» in Moscow and St. Petersburg will allow them to shorten the time of order and delivery to their customers. In this case, the independent dealer is free to choose a supplier. He can always compare our offer with a proposal of competitors and choose the best. And if the company seeks to develop a new business, then sound approach of managerial staff of «KRONDE» will contribute.

Exclusive Partners of KRONDE enjoy a number of additional benefits such as: call forwarding requests / orders received by the office

promoting the modernization of factories and other enterprises of the region and promoting introduction of modern technology and equipment into the production process.

During the existence of the Club, we came to a conclusion that there is no particular portrait of an ideal dealer for us. We welcome cooperation not only with large regional companies, more established and well versed in the local market, staffed with experienced managers and technical specialists, but also young companies that are at the stage of finding their way of market penetration, the formation of the product line and seeking above all the development of their business without enormous investments.

«KRONDE» offers flexible terms of cooperation that would increase their potential and contribute to increased profits to its regional representatives. Depending on the stage of development of the business and its goals, the company can become an independent

of the GC KRONDE of regional customers, the ability to influence the formation of stock of equipment and accessories on the sites of KRONDE in St. Petersburg and Moscow, and also reservation of part of the stock to fit their needs. They also have a consultative voice in the formation of the supply line, and most importantly, have the opportunity to enjoy all the benefits of holding company in the region to develop their brand.

You may ask, why does a large company with many years of experience and an impressive client base, located in, say, Novosibirsk and Rostov-on-Don, need to join «KRONDE Dealers Club»? The answer is very simple: in collaboration with an international group of companies they can procure equipment without having to deal with all foreign economic activity challenges. Holding also has its own customs and logistics operator Kanonersky, offices in Germany (KRON-CIS) and in the USA (Kron Industrial), as well as storage facilities in Germany and Finland. GC «KRONDE» shares all these advantages with their exclusive dealers, who, thanks to independent logistics system «KRONDE», can deliver your order to your clients in a really short period of time.

Members of the Private Club represent KRONDE holding in the largest cities in Russia and shorten distances between Customers. We appreciate the commitment of companies and, most importantly, the employees of these companies who work and develop in our team. We understand the complexity of the work in the supplies of industrial equipment at the moment and are ready to provide you with all possible support. To ensure that our actions have been agreed, we will maintain a dialogue, not only in terms of specific requests, but also issues of our sales network. Success is directly related to the creation of a truly trusting and productive relationships with partners, and such a relationship we create in KRONDE Dealers Club.

Dealers support and maintenance

Technical support

- Trainings for of the Dealer's employees in the office of GC «KRONDE.»

Upon completion of training, certification is done

- The opportunity to participate in the technical and commercial workshops organized by producers
- Consult KRONDE experts on the selection, installation and operation of equipment
- Service support in specialized centers of GC KRONDE - «Unix» and «Atlas»
- Training and certification of Dealer's own service groups working with the brand KRONDE

Marketing and information support

- Provision of promotional materials (flyers, brochures, etc.) with Dealer's contact details
- Provision of models of printed products, proposals and electronic presentations for distribution to potential customers via the Internet
- Assistance in the design of the stand (posters, handouts) after Dealer's decision to participate in the regional exhibition
- Provision of monitoring of industrial companies in the region
- Assistance in preparation of texts for website
- General recommendations on promotion

Program «Start of Career in KRONDE» is a successful launch for young professionals

Personnel strategy

Program «Start of Career» for future managers, marketers, advertisers and PR-specialists was set up by KRONDE in 2012. This is not just a student internship, by a systemic training of personnel reserve, which is taken very seriously by the company.

Having spent from one to three months in «KRONDE», interns get real skills of independent development of various areas of supply and have a lot of opportunities to implement their own ideas to bring to market new products in the department for the free development of projects.

Valentin Gurinov, one of the student-trainees who successfully completed the program «Start of Career» in marketing and advertising department, answered a few questions by «Kronicle of Events».

– Valentin, in which university did you study and what is your specialization? Are internships mandatory in the curriculum of your university, and what were the criteria to choose a place for your internship?

– I graduated the fourth year at the Institute of Business Communications in St. Petersburg State University of Technology and Design with a degree, «Brand management in advertising.» Internships at our department are not obligatory, but like many of my fellow students, I think they are absolutely necessary. Nobody will hire you without practical experience, and they would be right. At the University, knowledge is primarily theoretical, since many professors no longer work in the industry and do not know what is really happening in the market. I was looking for an internship in the Internet, of course, and came across a proposal of GC «KRONDE» to take part in the «Start of career.» I was immediately attracted by the challenge of working in B2B, and by an opportunity to contribute to business of a diversified holding with offices in Europe and the U.S. I called, was interviewed and was accepted by the marketing and advertising department.

– What were your duties in the company? What did you learn during the internship in KRONDE?

– I was involved in copywriting, writing advertising and PR texts, participated in the «brainstorming» in the department for generating slogans and other advertisements, set up the database of potential customers, learned basics of internet promotion, distributed information about the company on specialized Internet portals and did a lot of things related to marketing, advertising and PR.

In general, I can say that during the month in «KRONDE» I acquired skills of branding of industrial products.

I learned a lot thanks to the fact that the supervisors did not ignore me, as did those at my previous internships, and explained in detail the process and at the same time did not treat me like a schoolboy: invited to take part in creative discussions, gave space to implement my ideas and the opportunity to take own decisions.

– Did you become more confident as a specialist after participation in the program «Start of career»? What are your plans for the future career?

– Yes, of course. I feel like I worked in the full cycle marketing agency. Also, I got an insight into related fields. Realized which techniques are applied for sales of hi-tech equipment and what is the logistics process (from monitoring of manufacturers market and product selection up to its delivery to the customer in any part of

Russia and CIS). Now I see clearly that without this vision it is impossible to competently and successfully promote and advertise any equipment in the field of B2B.

In the future, I would like to develop strategies of large-scale advertising campaigns. I do not know where I'll be working - at the agency or in a large holding. After graduation, I would possibly send my CV to KRONDE again – as a professional – and with pleasure I will recommend the company to my classmates and friends!



Personnel is the most valuable asset of any company. Young, professional, ambitious and committed to the common business employees make a pillar for a long-term business development strategy of KRONDE. Management, marketing, advertising are very practical areas, which are impossible to be taught and learnt at the university. We are ready to help students to acquire practical experience today, in order to have a decent talent pool tomorrow,» – says Alexander Dyurinsky, director of development of industrial areas.



Company «Kronstadt» starts sales of pumps for water and wastewater treatment Fairbanks Morse (USA) and Nijhuis (Netherlands). Both companies are part of an international corporation Pentair Water, with whom Kronstadt has been successfully cooperating for five years, supplying centrifugal pumps Aurora (USA) to the Russian market.

Double suction (horizontal and vertical) pumps, vertical turbine pumps, propeller and axial submersible and semi-submersible sewage pumps manufactured by Pentair Water will be included in the line of supply of Kronstadt.

Pentair Corporation is a diversified industrial group, its structure consists of manufacturers of components and assemblies for handling, processing and storage of water, holding the leading position in the industry. The main office is located in Minneapolis (Minnesota, USA)



Company «Kronstadt» introduces a new brand of industrial burners, model HC, produced by Lanemark International (UK), to the Russian market.

After completion of the major supply of Lanemark burners for JSC «Ufa-Neftekhim» (GC «Bashneft»), company «Kronstadt» signed a dealership agreement with the British manufacturer of equipment for oil and gas Lanemark International. Since 1981, this company has been one of the leading manufacturers of heaters for petrochemical, refining and related industries. Inherent ability to combine its product research and development and practical experience determines the reliability and efficiency of the equipment of the manufacturer.

Today, «Kronstadt» Ltd. has a resolution of RTN (Russian Federal Service for Technical Supervision), confirming the safety and reliability of the Lanemark equipment during the operation, and certificate of conformity of HC-series burners to Technical Regulations GOST-R.



Company «Kronstadt» began a partnership with one of the most important units of South Korean giant Hyundai Heavy Industries – HYUNDAI Corporation.

In the middle of summer, Kronstadt Maritime Department met the delegation of Hyundai Corporation in St. Petersburg in order to discuss issues of the upcoming collaboration. The partnership between two companies can contribute to introduction of Korean manufacturer of marine equipment to the Russian market, as today Hyundai has no distributors in Russia in this area.

As a representative of HC, Kronstadt will offer their customers: four-stroke main and auxiliary engines for marine propulsion systems and diesel generators, ballast water treatment systems, bow thruster and steerable propellers, shafts and propellers, marine electrical equipment, ship automation systems and cargo pumps.



Department of metalworking equipment of GC KRONDE is expanding its line of supply of sheet metal bending equipment. A prominent Italian company Imcar is among new suppliers.

Imcar s.r.l. is one of the oldest manufacturers of rollers in Italy. Today, the company's scope of supply includes 3 - and 4-roll hydraulic plate bending machines, working with both thin and thick sheets, vertical and horizontal machines, and 4-roll machines with a high level of automation. With the development of the market and increase of competitiveness, Imcar starts production of 2-roll machines with the lower polyurethane shaft to provide a full range of equipment to the customer. During the previous 20 years, Imcar s.r.l. has conducted joint development with the company Comac, whose bending machines are also supplied by «Kronstadt.»

New brands

EXEN is the first Russian brand of equipment in the product line of GC KRONDE

Company «Kronstadt» is the distributor of the complex industrial equipment and is traditionally focused on manufacturers. Russian industry has not yet fully recovered from the post-Soviet crisis, and domestic counterparts, unfortunately, are often unable to compete.

EXEN LLC (producer of metalworking equipment EXEN) is one of the few good exceptions. The company was founded in 2006 on the basis of Bogorodsky Machinery Plant (Nizhny Novgorod region) and has firmly established itself as a reliable supplier of machines for the military-industrial complex, machine-building, shipbuilding, fishing, oil and gas, transport sectors.



Negotiations between «Kronstadt» and «Exen», central office KRONDE Group, St. Petersburg

The correspondent of «Kronicle of Events» spoke with the CEO of «EXEN» A.N.Astashkin about the secret of success, future plans, and prospects of cooperation with «Kronstadt» and the group of companies «KRONDE».

– Alexander Nikolayevich, the company «EXEN» is based on a classical Soviet defense plant. Please tell us a little about the history of the company.

– Yes, Bogorodsky Machinery Plant was founded during Great Patriotic War - in 1941 and gave 3500 military vehicles to the army. After the war, the plant was transferred to the Ministry of shipbuilding industry and executed orders of the Navy. It has become a leading enterprise in the country in the sphere of convertible engines with reverse gearboxes for boats.

Many years of hard work under stringent quality requirements for defense contracts for the Navy of three generations of Bogorodsk citizens formed a unique team of highly skilled workers, engineers, designers, making it possible to quickly learn and start series production of numerical control (NC) machining centers. This production was organized and run in cooperation with the Ivanovo Machine Tool Plant.

Experience of the team of the plant made it possible to rapidly develop and release a technologically sophisticated cutting equipment, and then the universal screw-cutting lathes B16D25, which are available since 1988

On 1 January 1997 Production Association «Bogorodsky Machinery Plant» became OJSC «Bogorodsky Machinery Factory.» In 2000, it has been decided to expand the range and focus on production of NC machine tools.

– For what the purpose for setting up the company «EXEN»?

– LLC was founded in 2006. This is a trading and manufacturing company, whose main goal is not only to produce high-quality and affordable equipment on Bogorodsky Machinery Plant, but also to establish communication with the customer, understand the real needs and introduce a modern promotion system.

At the initial stage of development of EXEN, our main objectives were to create an effective business model and optimize the production process in order to achieve real results – create a competitive product and establish its successful marketing.

EXEN created an ambitious team of professional managers, engineers, designers and specialists with years of experience in machine tool and machinery construction.

Today EXEN assembles and supplies metalworking equipment in Russia under the brand EXEN. In 2007 EXEN machine tools have been awarded prestigious award «Product of the Year» special category «Best Russian Machines».

The main objective of the company at this stage is the development of a network of regional service centers throughout the territory of the Russian Federation for the fastest management of client requests from all regions.

The company plans to continuously expand the range of the equipment to satisfy the needs of the market.

– How did you manage to organize a modern production, in contrast to many other Soviet factories?

– The basic principle, which allowed to maintain production capacity and to increase the volume of production, was the principle of international cooperation. What saved us - is the concentration of efforts and continuous improvement of what we can do best.

Our company is focused on its core competencies – assembly and setting up of the machines, testing and certification, adaptation of each machine to the tasks and conditions of the Customer. For five long years, the company «EXEN» worked on the selection of high-quality parts suppliers and partners to prepare and update metrological basis. Each machine is tested and approved in accordance with GOST.

All equipment is also subject to control of circular interpolation. The accuracy and repeatability of positioning of EXEN machines are checked by a laser device and test system Ballbar QC-10 firm Renishaw (Positional Accuracy ± 0.005 mm standard equipment, repeatability ± 0.003 mm).

– How did brand EXEN appear?

– EXEN – is the abbreviation of EXPert ENgine. Expert (from Latin Expertus – skilled) is a top professional, who can solve the most complex production problems, and this is how we see our company.

Our rules - the rules of the experts:

- Our main competitive advantage is a continuous improvement and progress
- We are different from others thanks to our unconventional view. We always ask ourselves: «How can we do it differently?»
- Superiority - this is when customers find that working with us is profitable, more convenient and more comfortable than with other companies

- If we lack knowledge for effective action, we are looking for those who have it. That's how we become stronger

– What is your vision of cooperation with «Kronstadt»?

– One of the specific features of EXEN is a sound approach to service of the equipment. Our company is focused on long-term cooperation with all the customers. Therefore, we pay attention to the service operations and offer our customers a wide range of services and warranty support.

We aim to provide our customers with expert technical support as soon as possible. So it is fundamental for us, that our service partners are in proximity to our customers. In addition to service, we are interested in the mutual expansion of the supply to the market and creation of more business opportunities, meeting the needs of our customers.

So, first we plan to introduce certification of service engineers of «Kronstadt» for commissioning, warranty, maintenance works or handling complaints. Strategy also provides for mutual cooperation dealership. You represent our products, we represent your company.

– What were the criteria to choose Kronstadt as a partner?

– These are experience of work with equipment, qualified personnel, availability of the service center in the North-West Federal District, the possibility of cooperation in several areas: machine tools, marine equipment, service.

– What is your business development strategy?

– In the future, we see ourselves as an international company. It gives obvious advantages in expanding and strengthening the market position Russia. In order to achieve this, we are opening offices in various countries, especially in the EU. In the near future we will set up EXEN GMBH in Germany, whose main functions will be working with suppliers to develop new design concepts of European quality, working with customers in the European Union and other countries. An office in Slovakia – EXEN International – will have the same functions, but with a different geography. It is planned to create a showroom based on this office. Office in Taiwan will cooperate with suppliers and control order management. Negotiations are under way to open a representative office in Turkey and to organize a dealer network in India. EXEN and GC KRONDE have many things in common – in terms of strategic development and philosophy of business. Therefore, we are confident that we will have long-term, fruitful and mutually beneficial cooperation.

Metalworking

COZY HOME MEANS HAPPY LIFE

Central Real Estate Agency (ZAN) is the oldest company affiliated with the KRONDE Group of Companies. Its history spans nearly 20 years, from 1994 till now. With so many years of experience, the Agency has helped a lot of people to choose a home to their liking. Executive director Rimma Stal told about main events in the history of this company, about our methods of work and our attitude towards clients.



Rimma Shtal, chief executive of ZAN

– **Rimma Nikolaevna! ZAN is one of the first real estate agencies in St. Petersburg. How did you manage to maintain your reputation for two decades?**

– Soon after its launch in St. Petersburg, ZAN took leading positions in the local real estate market. The whole point was that we were promoting our company in a situation when market rules were being formed in front of our eyes.

Three years later the staff of the Agency was already about 700 employees.

The Company became a full member of Russian Guild of Realtors, Association of Realtors of St. Petersburg and Leningrad Region and Guild of Realtors of St. Petersburg. All the documentation that had been developed by ZAN at that time underwent independent examination in St. Petersburg City Bar Association. This documentation is actively used today not only by our Company, but also by other players in property market of our city.

In 2006 the Agency started development business, more specifically, construction of retail and entertainment centers and suburban settlements. So the construction and investment group ZAN Development was established within ZAN.

In 2011 ZAN went into Group of Companies KRONDE which has given us an added advantage: companies from different business areas united by a single management strategy are more flexible. This quality is especially important for such markets as real estate where the situation may change dramatically in a short time.

Now ZAN offers the full range of services connected to real estate activities, from searching and renting of apartments in St. Petersburg and near suburbs to profitable investments in real estate.

– **Are there any principles guiding the Agency in its activity?**

– Our status as one of leading real estate agencies in St. Petersburg and Leningrad Region imposes a special responsibility on us. People turn to ZAN not merely to buy, sell or rent a flat or a home. The clients expect many things of us: high professionalism, caring attitude, drive to find the truly best option when selecting a dwelling. Relationships with our customers rest upon understanding, respect and sincere concern for their welfare.

ZAN doesn't rush into hasty introduction of new-fangled trends emerging in the property market. We use only time-proved and reliable things. We set up no experiments in our clients, we help them solve one of the major human problems – to acquire their own home.

– **How is ZAN developing now?**

– ZAN remains an efficient real estate company, however, now we are striving for something

more than only transactions in real estate purchase, sale and renting. This requirement is determined by both coming of a new stage of market development and the fact that a business must continuously go forward in order not to stagnate and then to regress.

As we have already mentioned, ZAN has been engaged in development business since 2006. Presently we have started implementing two capital investment projects – 'Tosno' and 'Konovalovo'.

The 'Tosno' project provides for development of a ground area of 24 ha in order to build a residential estate in close proximity to the urban quarters of the town of Tosno. The ground area is located in a district of low-rise housing where all the necessary utilities are available. This project has very good prospects thanks to ease of travel and an extended infrastructure of that area. The fast-growing industry of the town is creating additional employment, which makes the project investment-attractive for employers who have to accommodate their workers.

Our second project, 'Konovalovo' consists in developing a territory with a total area of 16.67 ha lying to the south of a village Maloe Konovalovo in the Leningrad Region. The ground area will be covered with one-family houses.

The premises for creating a dwelling zone are evident: unique nature, proximity of the Gulf of Finland and Ring Motorway (a so called KAD), rich historical heritage. We are looking to cooperate with manufacturers, investors and construction organizations in connection with this project.

I see the future of the Central Real Estate Agency as a leader in our sector, which would be not only financially successful, but would be also able to serve as a model of ethical business. Reputation plays a key role nowadays, therefore we, the flagship of KRONDE's real estate and development branch, must maintain high professional standards in our activity.

WE ARE WORKING FOR THE LONG TERM

KREDOR Asset Management Company is responsible for investments and development business of KRONDE Group of Companies. KREDOR's services include management of investments and assets in industry and real estate along with co-investment of projects implemented by outside organizations.

Company KREDOR was established in 2007, but its history began as early as in 2006, when ZAN started its activity in development business, namely in construction of shopping and leisure centers and suburban settlements. For that purpose a specialized investment and construction group ZAN Development was created within ZAN.

In 2007 KRONDE GC continued its work in this area and founded an asset management company KREDOR for solving new issues. KREDOR offers assistance in integrated urban development and implements construction projects, from purchasing a ground area till putting the completed facility into operation.

Five years are not a very long term, but during that time KREDOR has acquired a good record in the Russian market and even abroad. In 2010 a presentation of the company took place in the international retail real estate market MAPIC (Cannes, France). KREDOR set up new contacts in Cannes, which enable fulfilling of very interesting projects.

KREDOR's foreign partners such as Colliers International, GWA Sawyer, Liebrecht&Wood, Ernst&Young, Spectrum, are relying on this company having a Western business philosophy resting upon transparency, open-minded approach, observance of business ethics and awareness of social responsibility.

KREDOR has been executing different projects during different periods of its activity, for example, we can mention:

– management of industrial assets of the leading PET preform manufacturer in North-West of Russia,

– arrangement of sales system of the latest building material ISOFORM as well as client search around Russia,

– management of several ground areas in the environs of St. Petersburg and obtaining of specifications for their water-, gas- and power supply,

– reconstruction and putting into service of a variety of buildings in St. Petersburg.

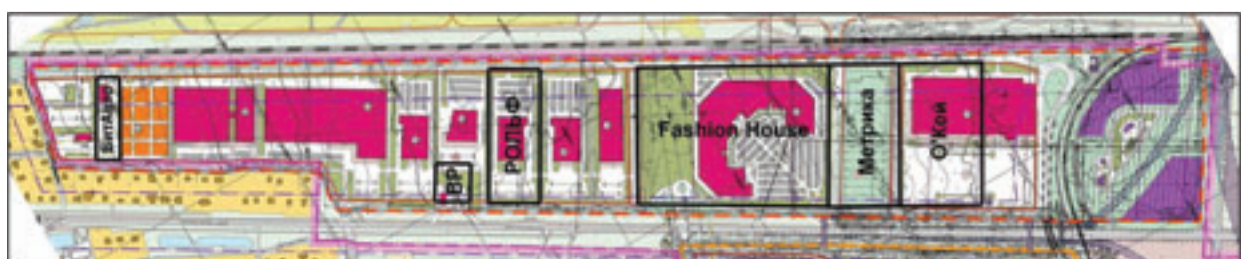
Presently our most large-scale project is development of an industrial and commercial district opposite Gorelovo village, near St. Petersburg. We have already finished construction of a vehicle service and sales center. In the near future we are going to act

as technical customer for some other projects in this territory.

Besides, KREDOR is building Fashion House, the first outlet trade center in St. Petersburg, with a total area of 26.000 m². This project is being made jointly with Liebrecht&Wood. Overall investment volume exceeds EURO 60.000.000.



Fashion House



The UK «Kredor» project – Tallinskoye Highway

'We are seeking to use financial assets of our clients in the most efficient way, taking into consideration current and expected situation in all the fractions of property market. We must always see a bit ahead of today state of things. Therefore being a part of a multi-sectoral holding with offices in the USA and Germany is a great advantage of KREDOR. We have more opportunities for comprehensive analysis of economic circumstances both in Russia and overseas. Consequently, our market trend forecasts are often more correct than those of our competitors'; – General Manager of the Company Pyotr Skolov says.

“Horns of Victory” are heard by everyone

A remarkable military and patriotic project «Horns of Victory» to commemorate the 200th anniversary of the victory in the War of 1812, finally found its material form. Broad-based cooperation of Horn Orchestra of Russia and the group of companies KRONDE, which included search for the musical material in the archives, creating of sheet music, organizing rehearsals and complex studio recording came to success. A unique album of Russian military marches of the early 19th century, «Horns of Victory», is released on CD! Marches were released in the authentic horn sound for the first time in history of the world music.



Group of companies «KRONDE» as the general partner of the orchestra took a very active part in training programs, giving the orchestra assistance at all stages of the path to the creation of the album. The horn instruments that are used by musicians to play their marches, were created in KRONDE Workshop – the only workshop producing horn instruments. Now you can buy the album «Horns of victory» in any museum of St. Petersburg and listen to the program in different concert venues in the Northern Capital of Russia and other cities of world. «Horns of victory» are heard by everyone!

Another component of a multi-project «Horns of victory» is a popular science book written by St. Petersburg historian Boris Kipnis “Glorious 1812” – was published thanks to the efforts of the Group of Companies KRONDE. Science and art are two sides of a single entity. The development of civilization is impossible without any of them. Therefore KRONDE considers it important to participate in the «historical» part of the project.

“We are very grateful to our partner – a group of companies «KRONDE»

Horn Orchestra of Russia is a musical collective from St. Petersburg, which revives the lost performance of traditional Russian horn music, a genre that was born in Imperial Russia in the mid 18th century. The horn music sounds like pipe organ, and the analogues to this performance do not exist and never existed anywhere in the world.

Horn Orchestra identity lies in its internal organization. A musician can take a single note from the horn, on which he is playing. While a whole piece of music consisting of individual notes can be obtained only under the condition that all the musicians subtly feel the music and each other.

The KRONDE GC has been the general partner of the Orchestra and a sponsor of all its projects since 2011.

and its managers for the fact that their contribution was not limited to sponsorship of the project «Horns of victory. They really lived the project, as well as the Horn Orchestra of Russia. Having started cooperation with «KRONDE», we met an in-depth understanding of our idea that the continuity of national cultural traditions should be the basis of self-consciousness of the Russian people in the 21st century. Support of «KRONDE» made possible our dream come true – we created a program «Horns of Victory» and released an album on CD! It seemed to us impossible a few years ago”, – says the conductor and artistic director of the Russian Horn Orchestra Sergey Polyanichko.

It is important that today such original projects are supported by the state. «Horns of Victory» are under the patronage of the Ministry of Culture and the Ministry of Defense of the Russian Federation. In addition, the project has attracted attention and was highly regarded by the Public Council for the Promotion of the State Commission

on the preparation for the celebration of the 200th anniversary of Russia’s victory in the war of 1812. This project is considered as an essential part of the celebration.

«As a businessman, I understand very well that the company can not be successful and effective without an idea that could unite all its employees. Russian society today more than ever needs this common cultural core, capable uniting everyone. I am very pleased that the group of companies «KRONDE» takes part in «Horns of Victory», which in such a beautiful art form will remind people of the great deeds of citizens of our country two hundred years ago», – says General Director of KRONDE Sergei Ivanovich Sukhachev.

Since April 5, 2012 when a presentation of the project was held in Malta Chapel of St. Petersburg, the Russian Horn Orchestra has been on tour a lot and introduced a new program in many cities in Russia.

Marches of the Patriotic War of 1812 were introduced at the Cultural Olympiad in Sochi, on the celebration of the Day of Slavonic Writing in the Kremlin, at charity gala reception at the Hermitage, at the opening ceremony at the State Historical Museum in Moscow and in other concert venues in the country.

Gala concert dedicated to the Day of Slavonic Writing and Culture, as well as the celebration of the 1150th anniversary of the foundation of the Russian state, was held at the State Kremlin Palace on May 24, 2012. Russian Horn Orchestra performed March of Preobrazhenskiy regiment.

On June 29, 2012 VII annual charity gala reception took place in the State Hermitage, which has already become a tradition. This year’s event was dedicated to the 200th anniversary of the victory in the war against Napoleon. Concert part of the evening was opened by the performance of the Russian Horn Orchestra.

Probably the most vivid summer performance of the Russian Horn Orchestra, judging by the enthusiastic reception of the audience, was at the Cultural Olympiad in Sochi, where the team was awarded a gold medal. Brilliant performance of an unusual musical group made a strong impression on the public and the press.

«Horns (ancient wind instrument) effectively completed the “raid” of Moscow and St. Petersburg musicians to Sochi. Performance of the unique orchestra took place within a multi-day program Live Site – a series of diverse open-air concerts. Concerts were accompanied by live online video from London Olympics. So the applause of the audience, addressed to horn orchestra, coincided with a comfortable win of Russian volleyball players who defeated Americans» – says an article in Moskovsky Komsomol’s newspaper.

The news reporter of VESTI has paid attention to the history of horn music:

“Tchaikovsky, Vivaldi – almost all music can be performed by hunting horns.

Album «Horns of victory» is a chronological sequence alignment of marches of Guard and army regiments that took part and excelled in battles from 1799 – 1812:

A.V. Suvorov Italian campaign.

1. March of the 17th infantry Archangelogorodskiy regiment of His Imperial Highness Grand Duke Vladimir Alexandrovich

Austerlitz.

2. March of Cavalier Regiment of Her Majesty Empress Maria Feodorovna.

Friedland.

3. March of the Life-Guards Horse Regiment. Neman.

4. March of the Life-Guards Cossack Regiment of His Majesty.

Klyastitsy.

5. March of the Life-Guards Pavlovsky Regiment.

Smolensk

6. March of the Life Guards Semenov regiment.

Borodino.

7. March of the Izmailovsky Life Guards Regiment.

Tarutino (militia)

8. Folk song (Steppe...)

Small Yaroslavets.

9. March of the Tomsk Infantry Regiment

Partisans.

10. Marsh of the 36th Akhtyrsky Hussars Regiment.

Krasnoe.

11. March of the Finland Life Guards regiment.

Berezina

12. March of the Life Guards Preobrazhenskiy Regiment.

Napoleon’s escape. End of war.

13. Our glorious God in Zion (Bortnianskiy D.S.)

This is like any musical wind instrument. But these instruments and an orchestra for the first time appeared in St. Petersburg in 1751. It happened only because Simon K. Naryshkin decided to amuse the Empress Elizabeth during hunting” – says the artistic director of the Russian Horn Orchestra Sergey Polyanichko

The amusement has evolved into an art that flourished in Russia until the second half of the 19th century, but disappeared with the abolition of serfage. Sergei Polyanichko decided to revive horn music in 2006.

“The principle of the performance of the horn orchestra, which came to us from the 18th century, is the following: one person can only play one note – tells the head of the orchestra. – The biggest instrument that we brought in Sochi is about 2.75 meters long. This note is C (do).”



Georgiyevskaya musical assembly