

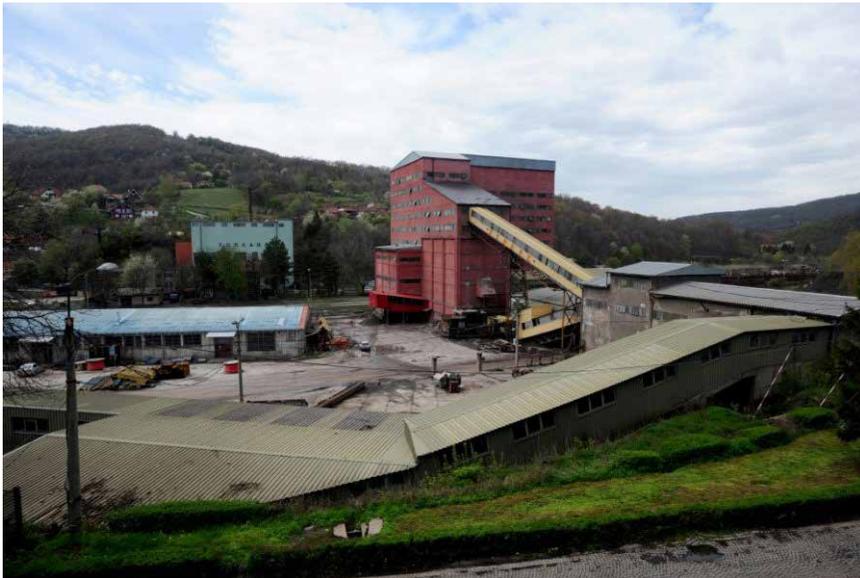


# PUBLIC ENTERPRISE FOR UNDERGROUND COAL EXPLOITATION RESAVICA



# General Information

Full legal name	Public enterprise for underground coal exploitation Resavica
Address	No 2 Petra Zalca Street, Resavica
Identification Number	17507699
Core activity	Mining of lignite
Foundation Year	2003
Number of Employees	4,149



## Capital structure (in %)

Republic of Serbia	100.00
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# General Information

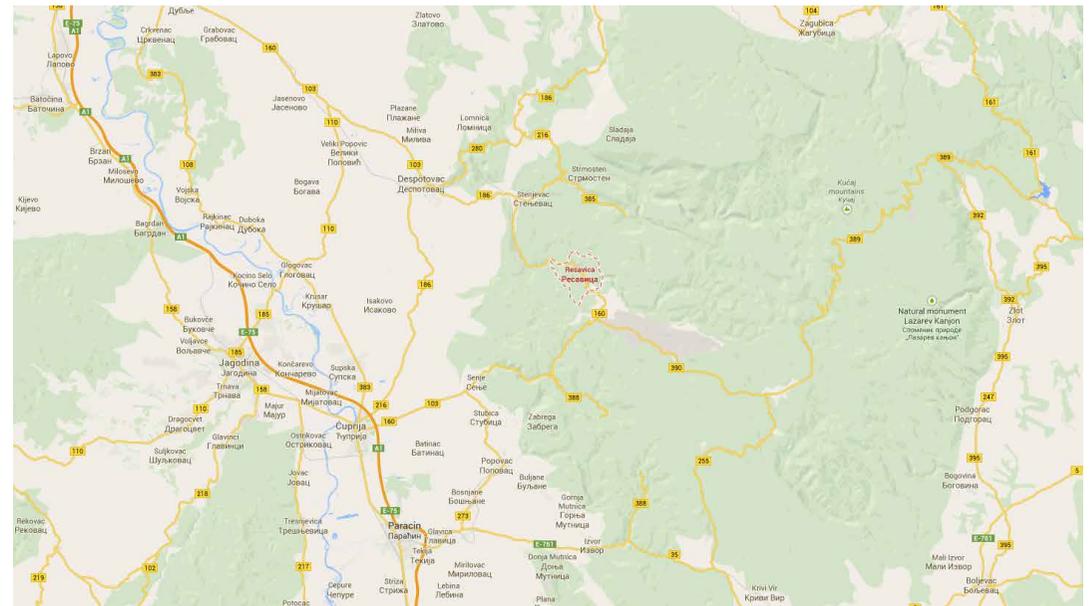


## LEGEND

-  Existing Motorway
-  Motorway Under Construction
-  Planned Motorway
-  International Airport
-  Alternate Airport
-  General Aviation Airport

## Distance form the Company to:

Belgrade	150 km
Regional Center	50 km
Main road	30 km
Port	100 km
Railway	0 km



# Location



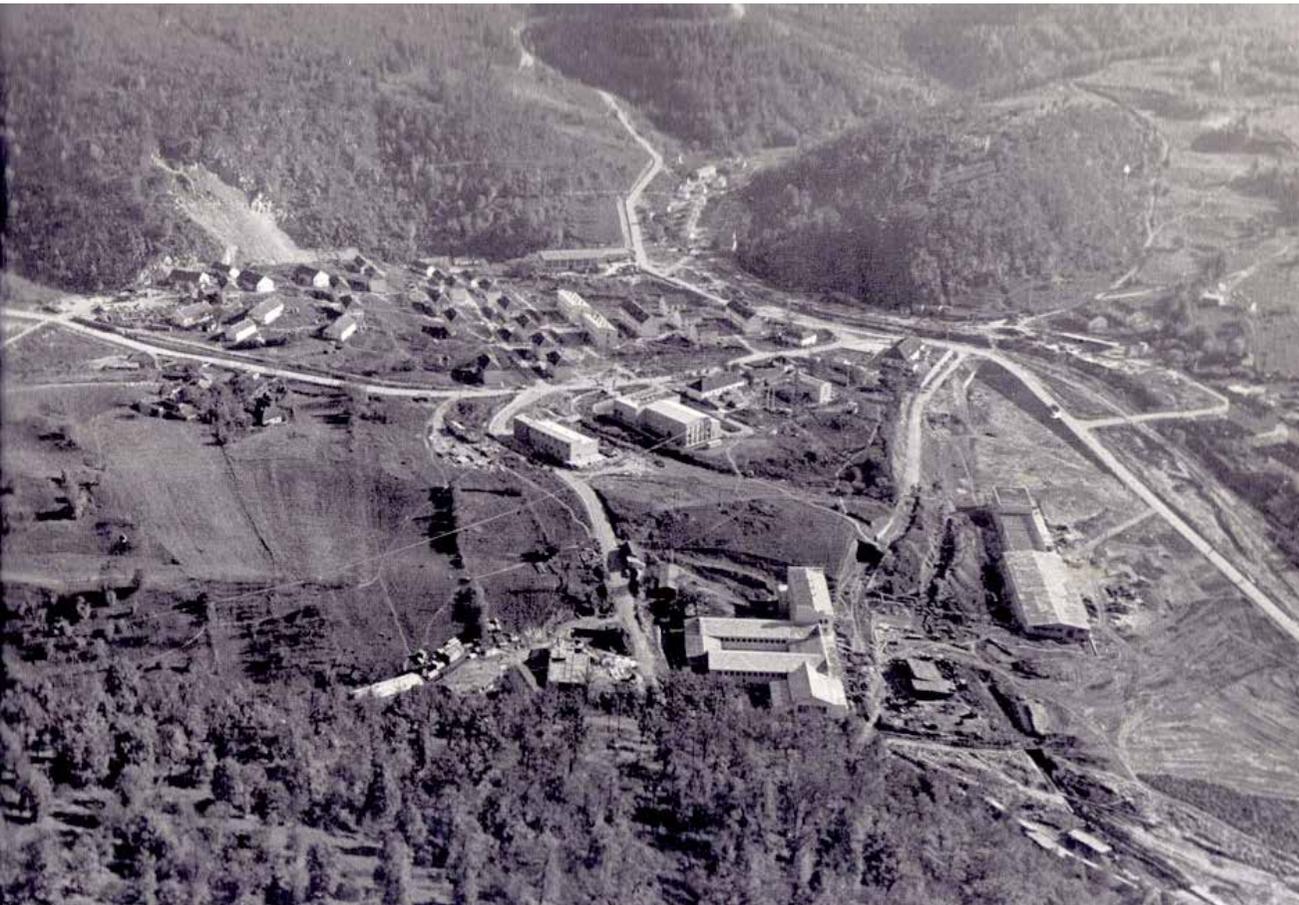
RESAVICA

Pan-European Transport Corridors

Geographical location of PUBLIC ENTERPRISE FOR UNDERGROUND COAL EXPLOITATION RESAVICA is of strategic importance in the market area of sougtheaste Europe and provides oportunity for intensive bussines cooperation. Resavica village located in the municipality of Despotovac, on the slopes of Mount Kučaj.



# Tradition



Public company for underground coal Resavica, was formed in 1992 by consolidating nine towel coal from underground mining in a single company for coal production in the Republic of Serbia.

Since its inception JP PEU each year produces more than half a million tons of high quality coal and trying to meet the needs of consumers for this type of coal in Serbia.

Gradually increase coal production is not sufficient to meet the needs of consumers in Serbia and in JP PEU rapidly working to create the conditions and training workers to significantly increase production and meet the needs of potršača for this type of coal.

Natural resources to increase production there, but you need to invest a lot of funds to existing mines into the state to achieve significantly higher production.

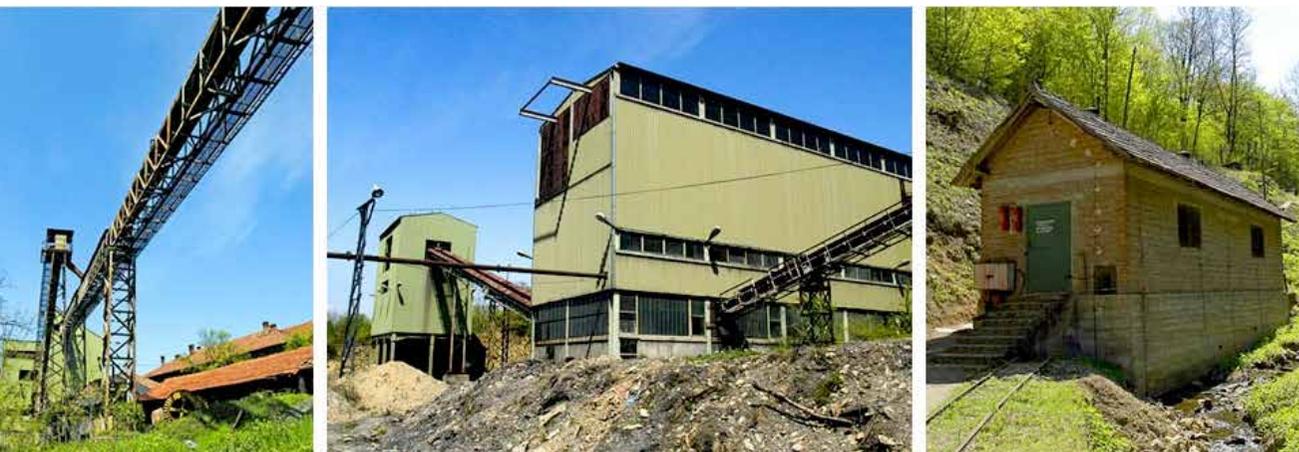
# Company Units



The Company's activities – production, transport, coal refining and processing, maintenance of equipment, construction and investment activities are performed in the following sectors-mines:

- **Anthracite mine VRŠKA ČUKA, Avramica**
- **Hard Coal Mines IBARSKI RUDNICI, Baljevac**
- **Brown Coal Mine REMBAS, Resavica**
- **Brown Coal Mine BOGOVINA, Bogovina**
- **Brown Coal Mine SOKO, Soko banja**
- **Brown Coal Mine JASENOVAC, Krepoljin**
- **Lignite mine LUBNICA, Lubnica**
- **Brown Coal Mine ŠTAVALJ, Štavalj**
- **Mine ALEKSINAČKI RUDNICI**

# Anthracite mine Vrška Čuka



Mining of this deposit started approximately 130 years ago. Today, VRŠKA ČUKA is the smallest underground mine in Serbia measured in terms of level of production and number of employees. In the 1950's, this mine produced 55,000 tons of coal per year. At the moment Mine produces anthracite in the MALA ČUKA location. VRŠKA ČUKA is the only mine of anthracite in Serbia.

## PRODUCTS



Ranges	Calorific value KJ/kg
trenched	23.374
trench powdered	20.584
small coal 0,5+0	23.036
small bricking 0,5+0	14.892
bricking 30+0,5	6.850
separated 30+0,5	24.167
farriered	26.667

# Hard Coal Mines IBARSKI RUDNICI Baljevac



Mining on this location started in 1903. Today, IBARSKI RUDNICI is a complex of underground mines and one surface mine. Output has declined since the early 1990s, when the production was almost twice the current production. Ibarski Rudnici produces bituminous coal and it is the only source of such coal in Serbia. The mining complex consists of: Jarando – stone coal mine, Pobrđe – boron minerals mine, Tadenje – Pregorelica – stone coal mine, Bajovac – lignite mine and Đakovo – dolomite mine.

## PRODUCTS



Ranges	Calorific value KJ/kg
piece	19.822
cube	19.495
walnut	20.586
nonwashed walnut 6/30	15.908
coke 0,5-10	23.692
industrial 0,5-10	20.238
boilered 0,5-10	13.956
powder 0,0-0,5	12.561
0,5/30	20.416

# Brown Coal Mine REMBAS, Resavica



Mining on this site started in 1853. Today, Rembas is a complex of three underground mines: Jelovac, Strmosten and Senjski Rudnik. Rembas mine complex is the biggest in Serbia – it contributes 1/3 to the total coal production. All of the Rembas mines are linked by underground tunnels. Since 1998, the output has been constant, and the mine has been producing 170,000 tones of brown coal annually. Also, Rembas provides a district heating and water supply services for Resavica town and neighbouring villages.



## PRODUCTS

Ranges	Calorific value KJ/kg
piece 60/100	20.505
cube 30/60	20.105
walnut 15/30	20.030
beans 6/15	18.020
small coal 0/15	13.080
powder 0,0-0,5	7.999

# Brown Coal Mine BOGOVINA, Bogovina



The mining activities in the area started in 1903. Mine BOGOVINA produces bright brown coal, and it is the only mine in Serbia producing this type of coal. The output of the mine peaked at 230,000 tones in 1986, but it declined since then and has continued to decline since 2000.

## PRODUCTS



Ranges	Calorific value KJ/kg
piece 60/100	21.673
cube 30/60	22.127
walnut 3-30	19.352
beans 0-25	19.000
beans 6/15	12.622
small coal 0,25-3	18.786
small coal-10	11.590
powder	8.100

# Brown Coal Mine SOKO, Soko Banja



SOKO is the second largest underground mine in Serbia. Mining on this site started in 1908. The mine produces brown coal of moderate quality. Field exploitation of coal deposits of Soko mine covers the area of villages Čitluk and Vrelo. This deposit contains 500,000 tones of coal.

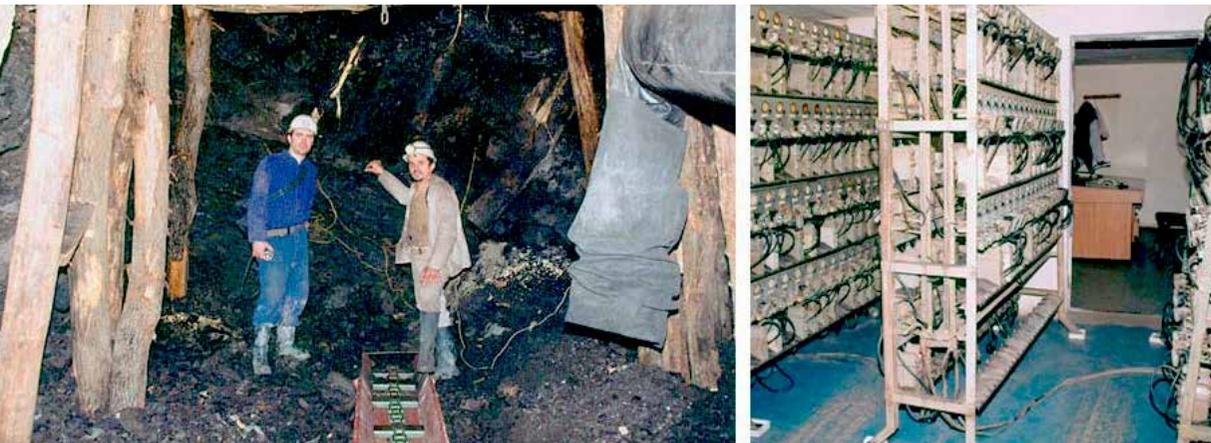
## PRODUCTS

Ranges	Calorific value KJ/kg
piece 60-150	19.150
washed cube 30/60	19.205
cube 30/60	18.210
walnut 15-30	19.624
washed walnut 15-30	14.484
washed beans 10-15	18.796
washed beans 5-10	17.560
small coal 0-15	16.200
washed powder +0;-15	6.952

# Brown Coal Mine JASENOVAC, Krepoljin



Officially, mine JASENOVAC started working in 1955. In comparison with to other mines in Serbia “Jasenovac” is the medium size mine. Mine output declined by approximately 10% since the early 1990s, but in 2003 it reached the highest level for the last period when it equalled 74,000 tones.



## PRODUCTS

Ranges	Calorific value KJ/kg
piece 60/150	19.145
cube 30/65	13.325
beans	11.570
small coal 0-15	10.113
small coal 0-30	10.041
small coal 0-5	9.501

# Brown Coal Mine ŠTAVALJ, Štavalj



ŠTAVALJ is a small mine located in the west of Serbia, near the border with Montenegro. Also it is one of the youngest mines in Serbia. The mining in the area began in 1936, and at the current location in 1965. The mine output has declined by about a third since the early 1990s but has been reasonably consistent since 2000, in which period it equalled approximately 55,000 tones annually.



## PRODUCTS

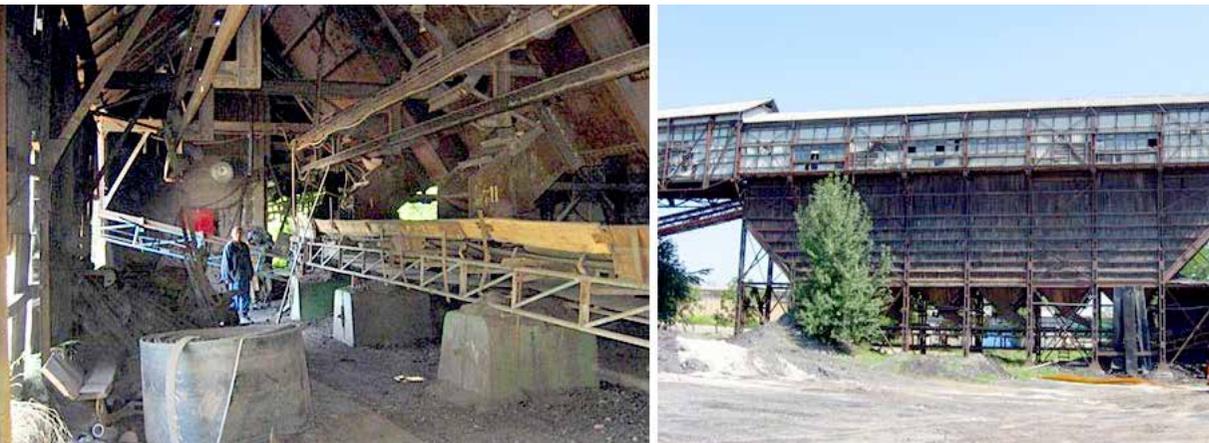
Ranges	Calorific value KJ/kg
washed piece 100+60	17.778
cube -60+30	17.815
walnut -30+5	15.264
small coal 0-15	11.406
nonwashed piece+80	14.732
cube 40/80	13.816
small coal 0-15	13.316

# Lignite Mine LUBNICA, Lubnica



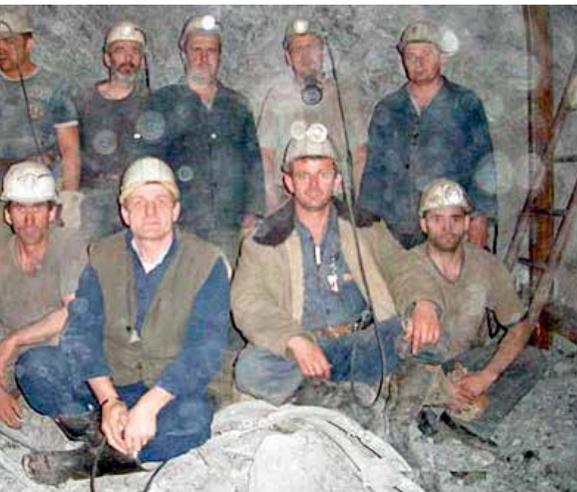
LUBNICA is a small mine located in east of Serbia, near the Bulgarian border. The first mine in the area started the production in 1909, while the mining at the current location started in 1964. This mine produces lignite and the production output is relatively stable since the early 1990s (50,000 tons per year). The highest production level in the past was 188,000 tons annually. The coal produced in Lubnica is sorted into five commercial assortments.

## PRODUCTS



Ranges	Calorific value KJ/kg
piece+80	16.636
cube 40/60	14.809
washed cube 30/60	15.353
walnut 20/40	11.511
washed walnut 20/40	14.189
granules 0-30	11.655
washed granules 8/25	14.872
small coal 0-15	9.630

# Mine ALEKSINAČKI RUDNICI



## Mine ALEKSINAČKI RUDNICI

ALEKSINACKI RUDNICI was one of the largest mines in Serbia until a major explosion in 1989. Since its closure, Aleksinacki Rudnici has carried out development work for the other underground mines. Now it is the biggest company for mining works in Serbia. The mine still has substantial brown coal and oil shale deposits. Highest production Aleksinački mines realized in 1963, when he produced the six shafts 444 007 tons of coal. At that time the mine for mining and industrial schools, supervisor of schools, there is a free tram line to Aleksinac, hotel, schools grounds, library, home kuplture with cinema, bachelor hotel, hospital, factory for production of slag blocks, etc.., In time of cheap oil exploitation is centered on the second window "Ant" which in 1981 produced 251,433 tons of coal in North and South this district (as the author of the text began working as dipl.ing. rudarstva), the closure of the mine in the hole "Morava" was done by coal mining to 750m from the surface (K-445) and was the deepest coal pits in Serbia and Yugoslavia. Since 1990 Aleksinački mine continues to operate as a specialized contractor mining operations in underground coal mining. Now it's the biggest company for mining works in Serbia when the last of 2007, done about 5.5 km of mining area with about 330 workers.

# Certificates



## Quality assurance certificate ISO 9001

Company owns quality assurance certificate ISO 9001.

## Ecology

According to applicable regulations, the requirements for environment protection are fulfilled.

# Production and Capacity



Product	Unit	Quantity			Value in EUR		
		2011	2012	2012	2011	2012	2013
Coal		634,218	583,841	601,439	21.059.930	20.862.711	25.735.703

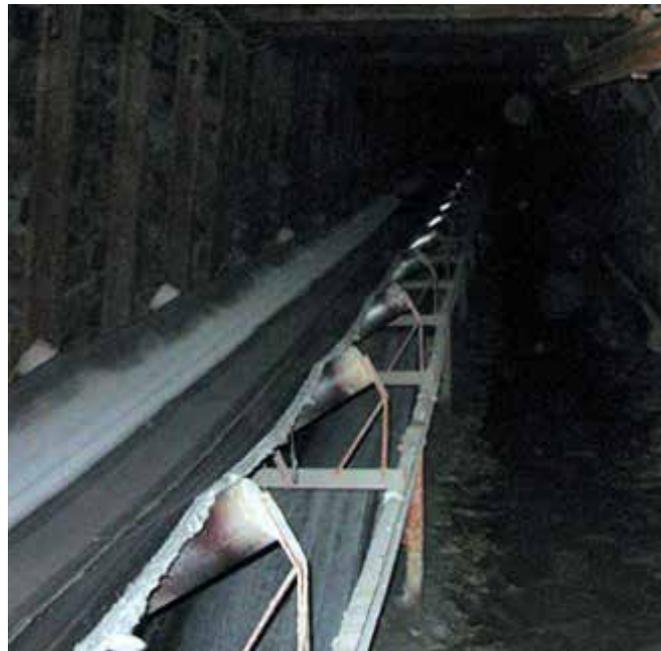


# Production and Capacity



## Capacity utilization

Machine (Production line)	Unit	Installed capacity	Real capacity	% of utilization		
				2011	2012	2013
Line TT800				0.60	0.60	0.60
Rake transporter TS74				0.70	0.70	0.70
Rake transporter DGT				0.70	0.70	0.70
Compressor				0.90	0.90	0.90
Pump plant				80.00	80.00	80.00
Boilers Resavica heating plant				75.00	75.00	75.00



# Realization



## Movement in sale volume

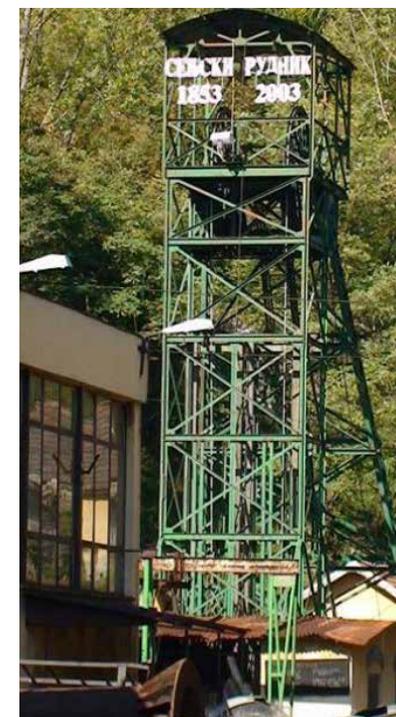
Product/service	Unit	Quantity sold			Value in EUR		
		2011	2012	2013	2011	2012	2013
Stone coal	t	141,392	136,035	120,453	3.261.373	4.034.487	3.900.208
Brown coal	t	385,741	343,602	353,903	14.597.734	14.418.488	16.874.682
Lignite	t	71,175	54,362	53,240	2.122.726	1.564.348	1.801.057
<b>TOTAL :</b>					<b>19.981.833</b>	<b>20.017.324</b>	<b>22.575.947</b>

## Sales structure

Sales structure in %	2011	2012	2013
Domestic market	100.00	100.00	100.00
Foreign market	0.00	0.00	0.00
<b>TOTAL :</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## Distribution channels

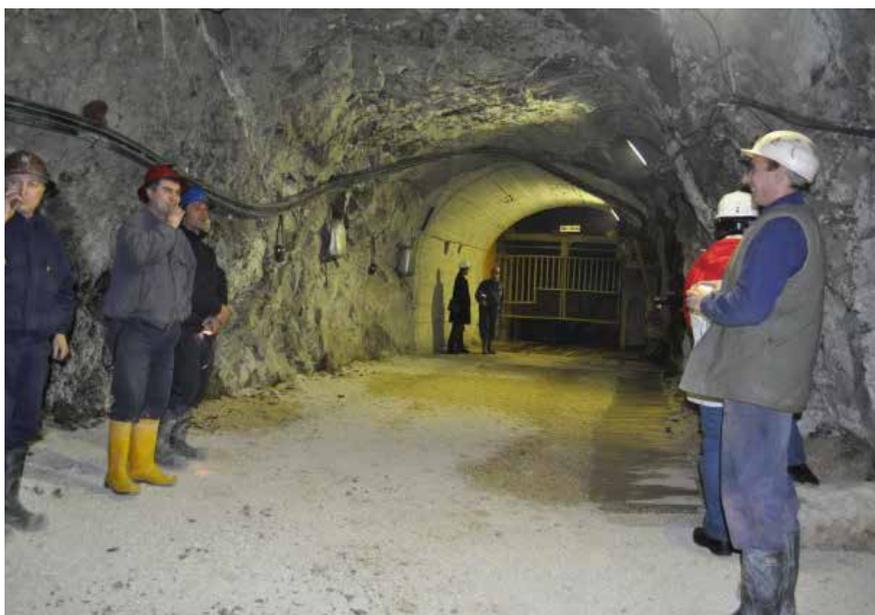
Distribution channels	% of share
Direct sale	72.00
Wholesale	
Retail	
Intermediaries	28.00



# Organization



## EMPLOYEES



### Number of employees

Working	3,172
Paid leave	43
Unpaid leave	0
Other (sick leave, vacation, etc.)	934
<b>TOTAL NUMBER OF EMPLOYEES</b>	<b>4,149</b>

### Age structure of employees

Age	-25	25-35	35-40	40-45	45-50	50-55	55+
Number	231	912	569	641	811	792	193

### Average salaries in EUR

(gross and net) in 2011, 2012 and 2013

Year	Gross	Net
2011	588	421
2012	596	426
2013	632	453



# Assets Overview



	31/12/2011	31/12/2012	31/12/2013
CURRENT ASSETS	10.191.990	8.549.785	12.823.745
NON-CURRENT ASSETS	64.123.502	56.035.326	55.657.826



A) Information contain in this document is based on the data recieved from the company, and as such has not been verified by the Privatization Agency. Accordingly, the Privatization Agency shall have no liability with respect to the accuracy and validity of the information contained here in.

B) Pursuant to the law, enterprises from the Republic of Serbia were obliged as of 2004 to prepare Financial Statements in accordance with the International Standards of Financial Reports (ISFR).

# SWOT Analysys

## **STRENGTHS:**

A wide range of products, years of market presence and operations in accordance with the requirements of ISO 9001.



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## **WEAKNESS:**

Expansion opportunities in the domestic and foreign markets, more complete use of production and transportation capacity.

## **OPPORTUNITIES:**

Morally outdated production lines and production technology, lack of marketing approach.



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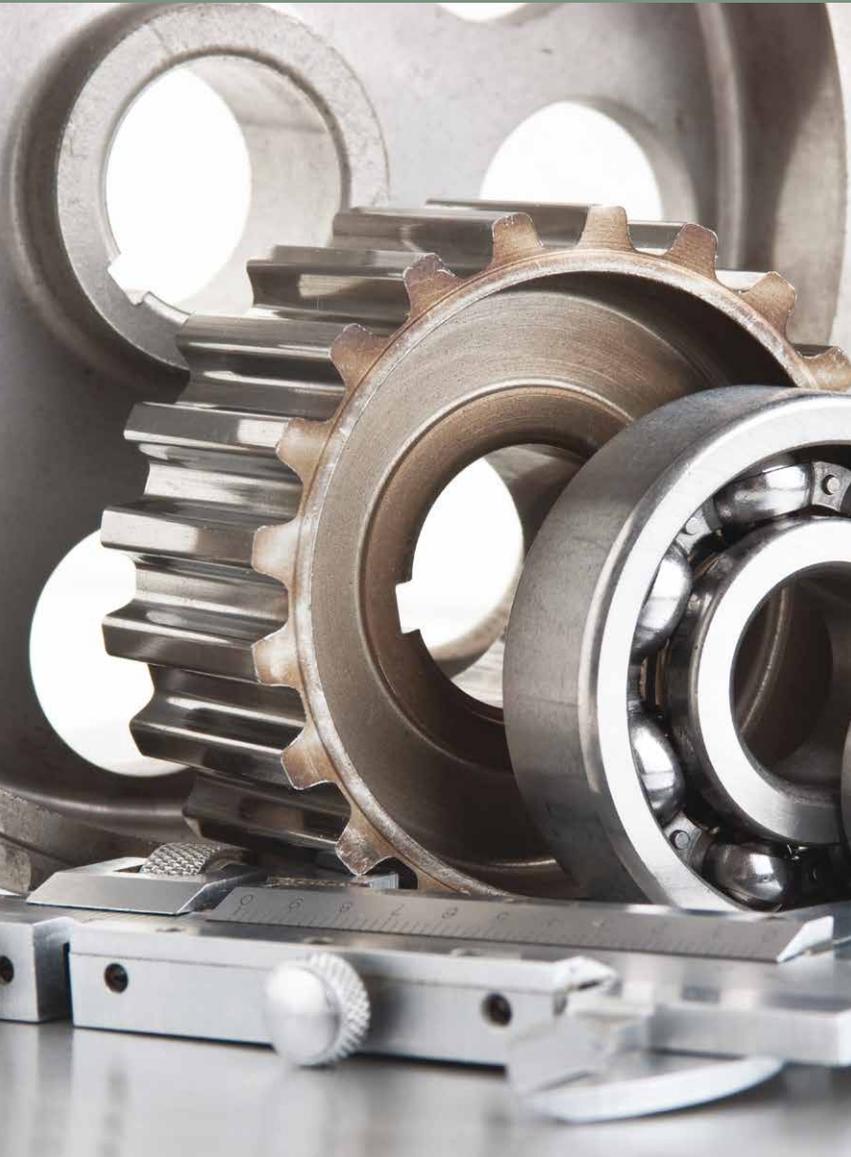


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## **THREATS:**

Illiquidity of the economy, higher raw material prices in the domestic market.

# Advantages of Investing in Serbia



Favorable geographic position, owing to which any shipment can reach any location in Europe within 24 hours

Highly educated and cheap labor force

Restructured and stable financial system

Simple procedures for a company start-up and registration

Simple procedures for foreign trade transactions and foreign investments

Several free trade agreements have been signed, ensuring supply of goods to nearly 800 million consumers:

- In March 2012 Serbia was granted the candidates status by the EC
- CEFTA
- Agreement with the EFTA members
- Autonomous trade preferences granted by the EU in December 2000, and implementation of the Interim Trade Agreement with the EU started in February 2010
- Agreement with the Russian Federation, Belarus and Kazakhstan
- Agreement with Turkey

# Contact



Republic of Serbia

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