



Republic of Srpska
Investment-Development Bank

**Short profile
of Rudnici željezne rude Ljubija a.d. Prijedor**

Key information on Company

Name: *Rudnici željezne rude Ljubija a.d. Prijedor*/Iron Ore Mines Ljubija, JSC Prijedor
Short Name: RŽR “Ljubija” a.d. Prijedor
Address: Jovana Raskovića 1
79101 Prijedor
Republic of Srpska, Bosnia and Herzegovina
Tel: +387 (52) 216 900, 233 801
Fax: +387 (52) 233 661
e-mail: rzkont@teol.net
web site: www.rzrljubija.com
Director: Stanko Vujković

Legal Status: joint stock company

Core Activity: mining of iron ores (07.10)

Ownership:

Ownership structure as at 01 November 2018

Owner	Share %
RS Share Fund	64.999816
PREF a.d. Banja Luka (Pension Reserve Fund)	9.999993
DUIF Kristal Invest Fond a.d.- OAIIF Opportunity Fund Banja Luka	6.412842
RS Restitution Fund	4.999995
DUIF Management Solutions-OAIF Profit plus	4.275800
ZAIF Euroinvestment fond – u preoblikovanju AD Banja Luka	2.465101
ZAIF u preoblikovanju Bors Invest fond	1.219351
DUIF Invest Nova AD-OMIF Invest nova	0.775339
Vladimir Pilindavić	0.203496
ZAIF u preoblikovanju VIB Fond AD	0.187824
Other shareholders	4.460443
Total	100.00

Source: Central Registry of Securities

Share capital: 50.777.428 shares

Average number of employees according to month ending balance as at 30 June 2018.: 44 employees (RŽR Ljubija a.d. Prijedor employed 10 workers on indefinite contracts).

Business Operation

RŽR was founded in 1916 and its main activity until 1992 was iron ore mining. Due to war activities in Bosnia and Herzegovina, the production was interrupted in 1992. The production of iron ore in the Omarska pit was re-launched in 2004, but this time by the newly founded company *Novi rudnici Ljubija d.o.o. Prijedor* (now *ArcelorMittal d.o.o. Prijedor*), by joint investment of RŽR and LNM HOLDINGS N.V. Curacao, Holandski Antili (now *ArcelorMittal Holdings AG, Zug, Switzerland*).

In 2004, RŽR completely stopped conducting its main business activity and its existence was based on the participation in the achieved profit of the joint company as well as other business activities (implementation of the Contract on Business Cooperation with *ArcelorMittal d.o.o. Prijedor* on providing services by hiring workers of different profiles, sale of biomass and champignons, leasing of the business premises, etc).

Financial Statements:

Income Statement

- in BAM-

Item	2015	2016	2017
Operating income	262,905	624,033	939.335
Operating expense	1,238,055	1,906,664	2.091.874
Operating profit/(loss)	(975,150)	(1,282,631)	(1.152.539)
Financial income	70,040	14,941	3.101.891
Financial expense	7,588	29,036	7.829
Profit/ (loss) on ordinary activities	(912,698)	(1,296,726)	1.941.523
Other income	2,228	727,424	62.398
Other expense	34,272	20,234	108.348
Profit/(loss) on the basis of other income and expense	(32,044)	707,190	(45.950)
Income from asset valuation adjustments	-	37,221	-
Expense from asset valuation adjustments	-	12,216	-
Profit (loss) from asset valuation adjustments		25,005	-
Income from changes in accounting policies and corrections from previous year	-	-	-
Expense from changes in accounting policies and corrections from previous year	-	-	-
Profit/(loss) before tax	(944,742)	(564,531)	1,895,573
Current and deferred income tax	-	-	-
NET INCOME / (NET LOSS) OF THE ACCOUNTING PERIOD	(944,742)	(564,531)	1,895,573
Total income	335,173	1,403,619	4,103,624
Total expense	1,279,915	1,968,150	2,208,051

Source: *Financial Statements of the Company*

Financial income in 2017 amounted to BAM 3,101,891.00 and the highest share is related to income from payment of one part of profit from *ArcelorMittal d.o.o. Prijedor* generated in 2014, 2015 and 2016. The total accumulated income generated by *ArcelorMittal d.o.o. Prijedor* is BAM 23,933,469.00. The Decision approved the payment of BAM 6,222,702.00 or 26% of the total profit generated in the a/m three years, in proportion with the founding shares 51%-49%, namely: *ArcelorMittal d.o.o. Prijedor* 3,173,578.02 and RŽR 3,049,123.98.

Balans Sheet

- in BAM-

Item	2015	2016	2017
ASSETS			
Intangible assets	252,459	546,771	611,983
Property, plant, equipment and investment property	24,636,371	24,124,812	24,574,701
Biological assets and agricultural produce	168,283	168,283	168,283
Long-term financial investments	24,034,214	24,192,214	24,192,214
Deferred tax assets	-	-	-
Fixed assets	49,091,327	49,032,080	49,547,181
Inventories, fixed assets and assets of discontinued operations available for sale	210,866	205,027	205,027
Short-term receivables, investments and cash	3,767,018	33,829,322	37,431,451
Current assets	3,977,884	34,034,349	37,636,478
Loss above capital	-	-	-
OPERATING ASSETS	53,069,211	83,066,429	87,183,659
Off balance sheet assets		14,412,988	14,412,988
TOTAL ASSETS	53,069,211	97,479,417	101,596,647
EQUITY AND LIABILITIES			
Equity	52,172,002	82,836,825	87,014,866
Share capital	50,777,428	50,777,428	50,777,428
Reserves	20,971	20,971	20,971
Revaluation reserves	-	31,229,354	33,511,822
Retained earnings	2,318,345	1,373,603	2,704,645
Loss up to the level of capital	944,742	564,531	-
Provisions, deferred tax liabilities and deferred income	-	-	-
Liabilities	897,209	229,604	168,793
OPERATING ASSETS AND LIABILITIES	53,069,211	83,066,429	87,183,659
Off balance sheet liabilities		14,412,988	14,412,988
TOTAL EQUITY AND LIABILITIES	53,069,211	97,479,417	101,596,647

Source: *Financial Statements of the Company*

Long-term financial investments in the amount of BAM 24,192,214.00 are related to the share in capital of other legal entities.

In the structure of current assets, a dominant share belongs to short-term receivables - 91.33%. Namely, in 2016, the Company, on the basis of an appraisal of the value of assets and capital of *RŽR Ljubija a.d. Prijedor* as of 31 December 2016, included the right to a part of accumulated profit of *ArcelorMittal d.o.o. Prijedor* amounting to BAM 31,229,354.00 (49%), as of 31 December 2015.

Under the off-balance sheet records as of 31 December 2016 the Company recorded land, with surface area of 23,709,488 m² and book value of BAM 14,412,988.00.

Shares in other legal entities

RŽR holds shares in 4 legal persons, namely:

No	Name	% RŽR-a	Value in BAM
1.	<i>ArcelorMittal d.o.o. Prijedor</i>	49.00	24,019,605.00
2.	<i>TVEK Ljubija d.o.o</i>	49.00	96,931.00
3.	<i>DOO RUDARSKI INSTITUT Prijedor</i>	77.78	70,000.00
4.	<i>SEVER LJUBIJA Prijedor, d.o.o.</i>	49.00	5,678.00
Total:			24,192,214.00

For the current and future existence of RŽR, the most important share is held in the company *ArcelorMittal d.o.o. Prijedor*. It is a company formed by joint venture of RŽR and LNM HOLDINGS N.V. Curacao, Holandski Antili (now ArcelorMittal Holdings AG, Zug, Switzerland) in 51:49 ratio in favour of LNM.

The Articles of Association for *Društvo sa ograničenom odgovornošću za proizvodnju željeznih i drugih ruda Novi rudnici Ljubija Prijedor* (Limited Liability Company for Production of Iron and Other Ores) (hereinafter: the Articles) were signed on 30 April 2004.

The share capital of the Company amounts to a total of BAM 49,019,605.00, and it consists of the Company's shares as follows:

- RŽR contribution amounting to BAM 24,019,605.00 constituting 49% of the share capital and
- LNM contribution amounting to BAM 25,000,000.00 constituting 51% of the share capital

In proportion to the value of contribution, the members of the Company have a corresponding right to manage, divide profit as well as an obligation to bear business risks and obligations to cover potential Company losses. Membership interests (shares) can be freely transferred between the Company members, with consent of all members. The share can be transferred to third parties with pre-emptive rights of other Company members, in accordance with the Articles of Association.

The Company bodies are: Management Board, Supervisory Board and Director

The Management Board has 5 members, of which 2 members are appointed by RŽR, and three by LNM and their term is four years.

The Supervisory Board has 3 members of which 2 members are appointed by RŽR, while one member is appointed by LNM, who is at the same time also the President of the Supervisory Board. The term of office for the members of the Supervisory Board is four years.

On the day of signing the Articles of Association, the Founders concluded and certified the **Agreement on the Regulation of Mutual Rights and Obligations**. The Agreement stipulates that, after registration of the related company, RŽR shall continue to exist as a company and it shall continue with conducting remaining activities pursuant to its founding and general acts, **but it won't take any action which represents a competition for the related company or a conflict of interest to the Company** and except in case of privatisation, it shall not transfer any part of its property to a third party which can represent a competition to the Company or is in conflict of interest with the Company. The Company's seat shall be in Prijedor, at the ground floor of the building located in Akademika Jovana Raškovića Street No 1- Directorate.



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The Contract and the Agreement envisage that all disputes between members of the Company are resolved amicably; otherwise arbitration is agreed in accordance with UNCITRAL arbitration rules by three arbitrators. English shall be the language of arbitration procedure, while the place of arbitration is Paris, France.

Disclaimer and contact information:

This Profile has been prepared based on the information provided by the management of the RŽR Ljubija a.d. Prijedor and other publicly available data. The Republic of Srpska Investment-Development Bank, Joint Stock Company Banja Luka has reviewed this information, but has not carried out an independent verification or audit. The sole purpose of this document is to provide background information to potential investors about RŽR Ljubija a.d. Prijedor and thus encourage them to conduct further investigation in order to make a final investment decision.

For further information please contact:

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