

VAZOVSKI MASHINOSTROITELNI ZAVODI EAD (VAZOV MACHINE BUILDING PLANTS PLC)

Vazovski Mashinostroitelni Zavodi EAD, town of Sopot (the Company) is the successor of one of the largest military enterprises, established in Bulgaria before the Second World War.

Vazovski Mashinostroitelni Zavodi EAD, Sopot, is a trading company, and the sole owner of all shares of its capital is the Bulgarian state, whose rights are exercised by the Minister of Economy, Energy, and Tourism.

In its current form, the Company has existed since 1994 as one of the largest companies of the military industrial complex in the Republic of Bulgaria. The registration of the Company took place on 01.04.1994 when it was entered in the Company Register.

The Company is based in the town of Sopot. The capital of the Company amounts to 118 000 000 BGN, divided into 118 000 000 shares with a nominal value of 1 BGN each.

The company's system of governance is a single-tier one.

The activity of the company is the manufacture of defence and civilian production. It designs, manufactures, and maintains large artillery and jet propelled munitions, and unguided rocket systems, fuses, processing and nonstandard equipment, tooling, abrasive and diamond tools, nonstandard machines. The company successfully implements utilization of munitions.

The company owns licenses and patents, covering a range of weapons, munitions and unguided rockets, used by NATO member states and other countries.

The Interagency Council on Issues of the Military Industrial Complex and the Country's Mobilisation Preparedness to the Council of Ministers has issued a full license No.11.00 - 26 - 1 of 22.02.2012 to Vazovski Mashinostroitelni Zavodi EAD, town of Sopot.

The validity of the license is until 22.02.2015.

The Company owns two certificates of International Registration of Trademarks, 14 certificates of trademark registration by the Patent Office of the Republic of Bulgaria, 3 patents for inventions related to its main activity, 8 inventions with secret patents.

The company applies a certified system of quality management according to ISO 9001/2000.

The company employs highly qualified personnel, numbering approx. 3300 people. Its main site is located in the town of Sopot. The company owns 15

production sites, 5 warehouse facilities, and 22 sites with non-production purposes, on part of which numerous buildings have been built.

The most important production sites are located on the lands of: village of Ivanovo, town of Sopot, village of Anevo, village of Kaloyanova, Plovdiv province, and in the town of M. Tarnovo.

In 2011, the National Assembly of the Republic of Bulgaria approved the Privatization Strategy of VMZ EAD, Sopot, promulgated in the State Gazette, issue No.27 of 2011 (the Strategy).

In implementing the Strategy, the Privatization and Post-privatization Control Agency announced its decision for the sale, by a publicly announced single stage tender, of 118'000 000 shares, representing 100% of the capital of Vazovski Mashinostroitelni Zavodi EAD, Sopot, with the following requirements set to potential investors:

1. Only strategic investors will be allowed to participate in the essential phase of the competition - i.e. a duly incorporated and validly existing legal entity under the laws of the State whose jurisdiction regulates its legal status, which cumulatively meets the following requirements:

- 1.1. To have as its main subject of activities the manufacture of defence production, and to carry out the manufacture of defence production.
- 1.2. To apply a certified system for quality management according to ISO 9001/2000 or AQAP.
- 1.3. To have the rights to perform independent activities related to import, export and transfer of weapons.
- 1.4. Not to have any enforceable public obligations to the Republic of Bulgaria;
- 1.5. To have revenue from sales of at least 120 000 000 BGN totally for the last 3 (three) fiscal years, for which the applicants have prepared audited annual financial statements.
- 1.6. To have received a permission for access to information with classification level "Secret", and / or a certificate of security or a confirmation in accordance with Chapter V and VI of the Law on the Protection of Classified Information, and Chapters VI and VII of the Regulations on the implementation of the Law on the Protection of Classified Information.

The interested persons, meeting the preliminary qualification requirements under clause 1, and having purchased the company's information memorandum are entitled to obtain a certificate of registration.

Offshore companies, consortiums (in the form of commercial or civil companies, according to the Bulgarian legislation, specifically established for the purpose of participation in the Competition); persons who are in

liquidation, persons declared bankrupt, or being under proceedings for declaring them bankrupt, and persons convicted for bankruptcy are not allowed to participate in the competition.

The deposit for the participation in the competition is a cash contribution of € 3 000 000 or the equivalent amount in BGN.

In case of interest on the part of an investor, the tender documentation, which does not contain the information memorandum of the company, may be purchased from 16.07.2012 until 09.08.2012 inclusive at the building of the Privatisation and Post-Privatisation Control Agency, city of Sofia, 29, Akakiy St., Office 412. The cost of the tender documentation is 5000 BGN (including VAT) or the equivalent amount in euro.