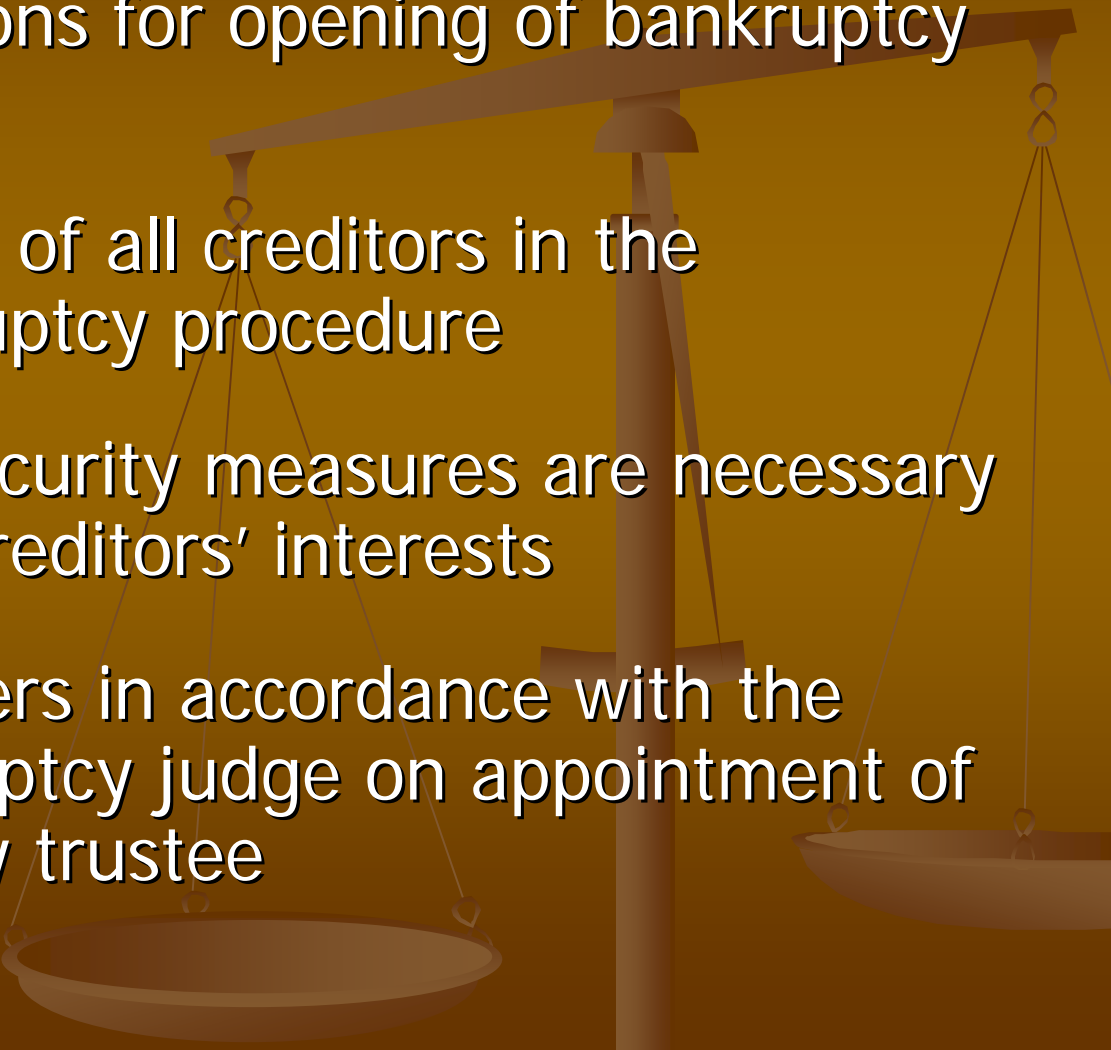


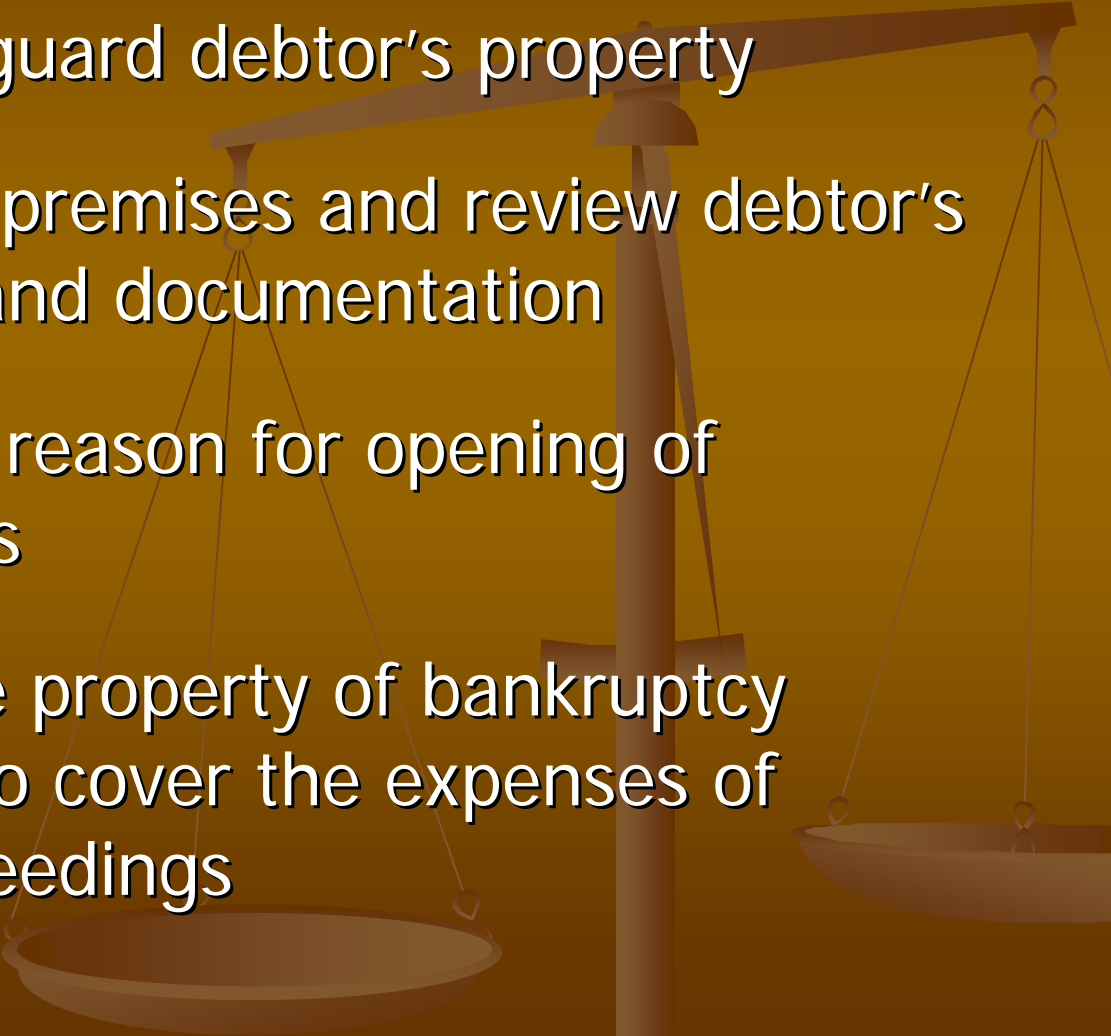


# Role and Responsibilities of Bankruptcy Trustee in Preliminary Procedure

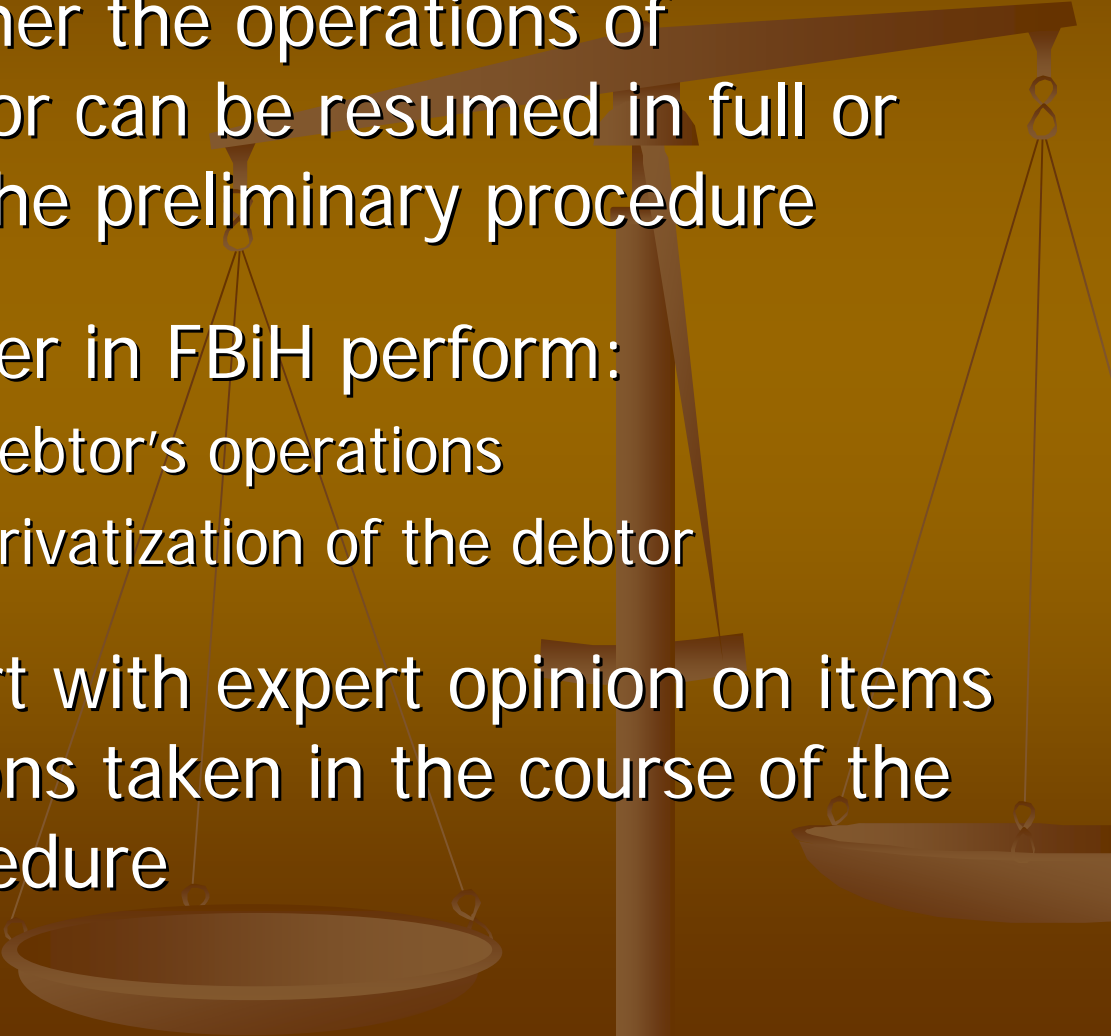
# Role of Bankruptcy Trustee in Preliminary Procedure

- Determine conditions for opening of bankruptcy against debtor
  - Represent interest of all creditors in the preliminary bankruptcy procedure
  - Assess whether security measures are necessary for protection of creditors' interests
  - Execute court orders in accordance with the decision of bankruptcy judge on appointment of interim bankruptcy trustee
- 

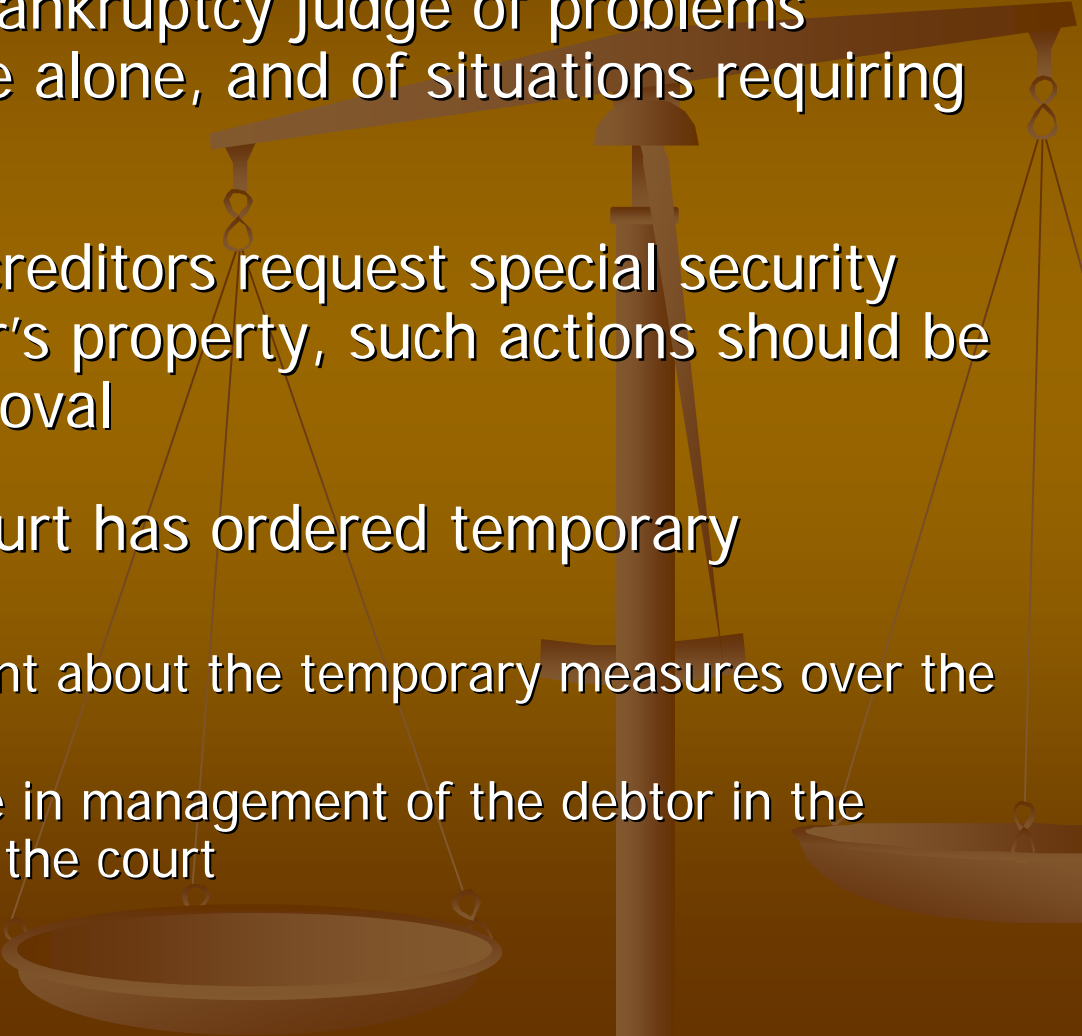
# Responsibilities of Bankruptcy Trustee in Preliminary Procedure

1. Secure and safeguard debtor's property
  2. Inspect debtor's premises and review debtor's business books and documentation
  3. Determine if the reason for opening of bankruptcy exists
  4. Investigate if the property of bankruptcy debtor is going to cover the expenses of bankruptcy proceedings
- 

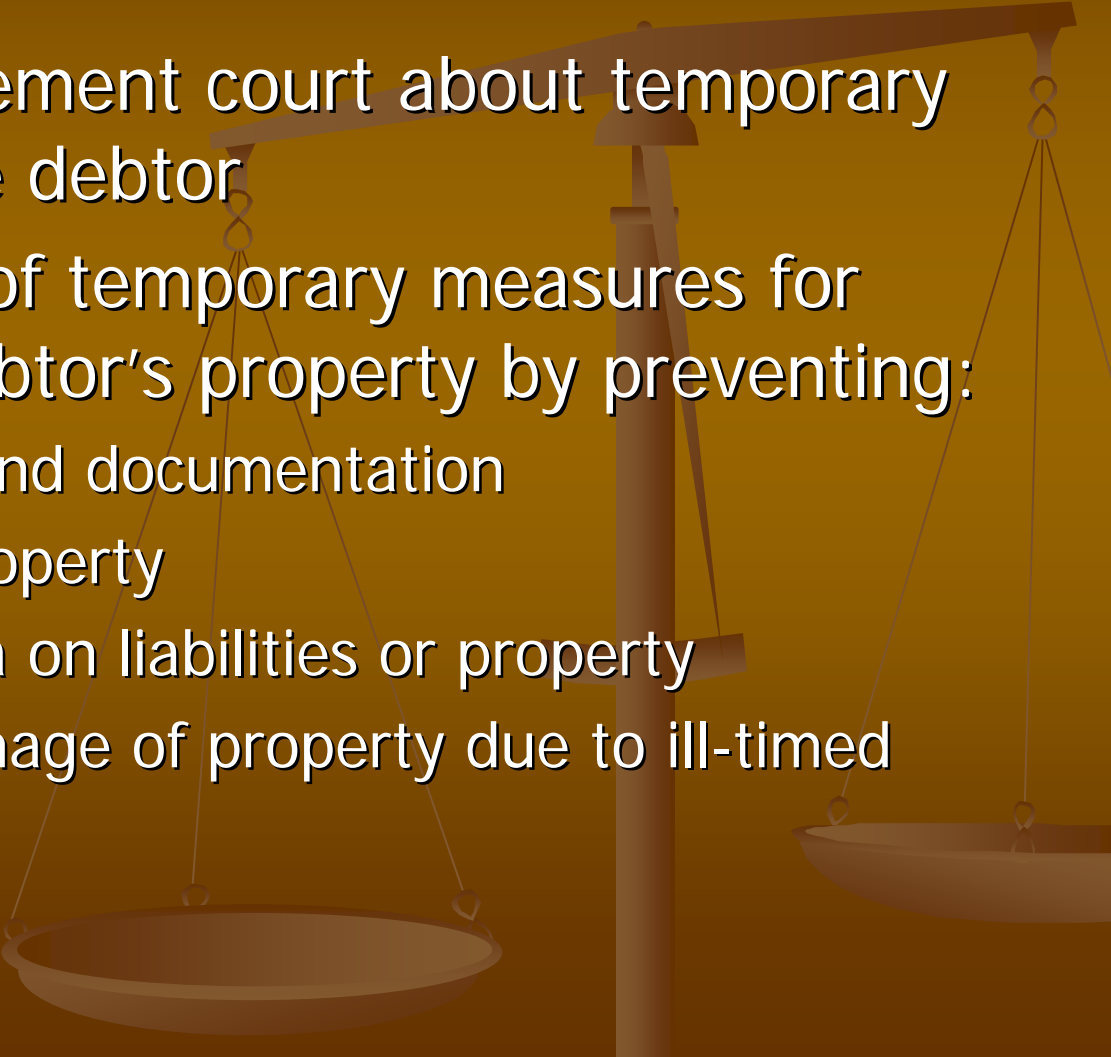
# Responsibilities of Bankruptcy Trustee in Preliminary Procedure

5. Determine whether the operations of bankruptcy debtor can be resumed in full or partially during the preliminary procedure
  6. Upon judges order in FBiH perform:
    - inspection of debtor's operations
    - inspection of privatization of the debtor
  7. Submit the report with expert opinion on items 1-5 (6) and actions taken in the course of the preliminary procedure
- 

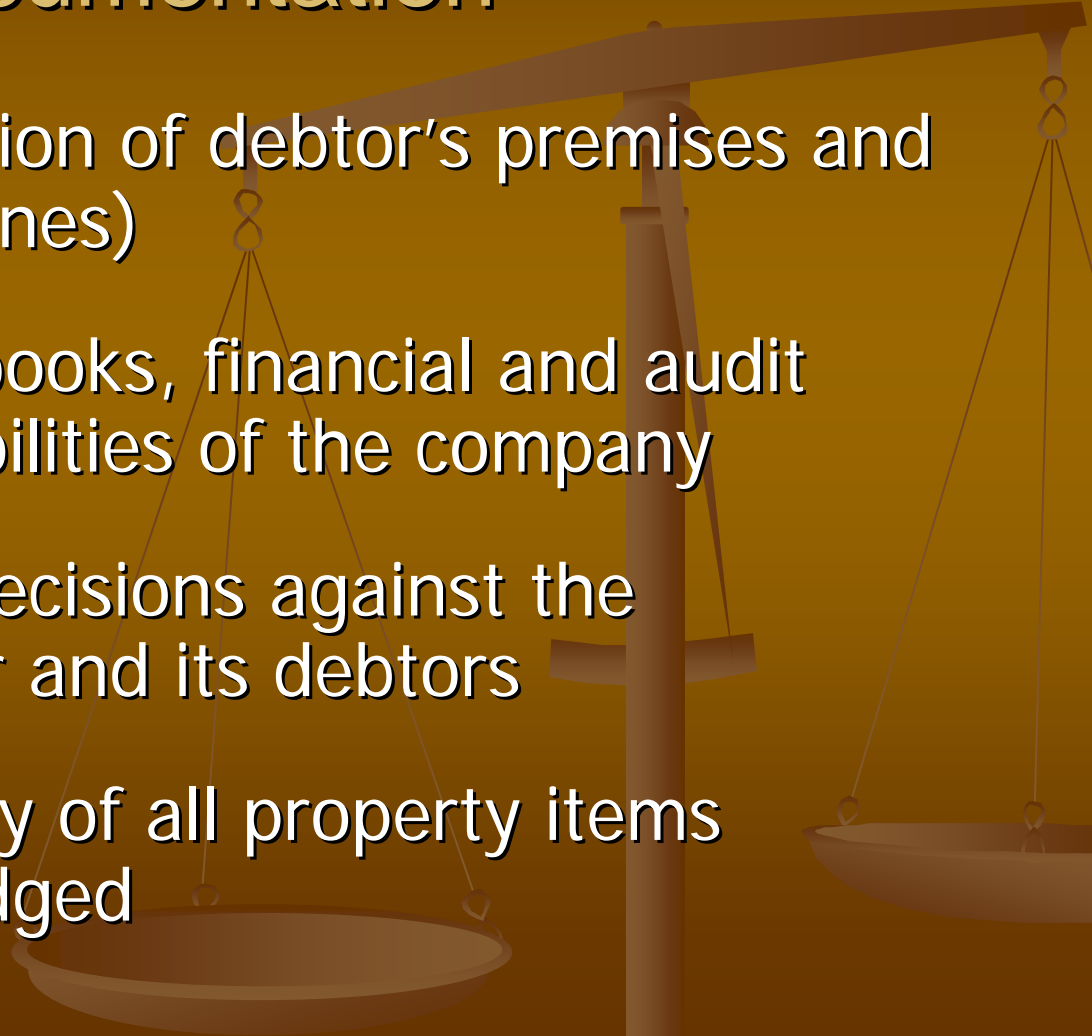
# Additional Responsibilities of Bankruptcy Trustee in Preliminary Procedure

- Timely informing of bankruptcy judge of problems he/she cannot resolve alone, and of situations requiring court intervention
  - In case the debtor's creditors request special security measures over debtor's property, such actions should be taken with court approval
  - In cases when the court has ordered temporary measures:
    - Inform the enforcement about the temporary measures over the debtor
    - Operatively participate in management of the debtor in the manner prescribed by the court
- 

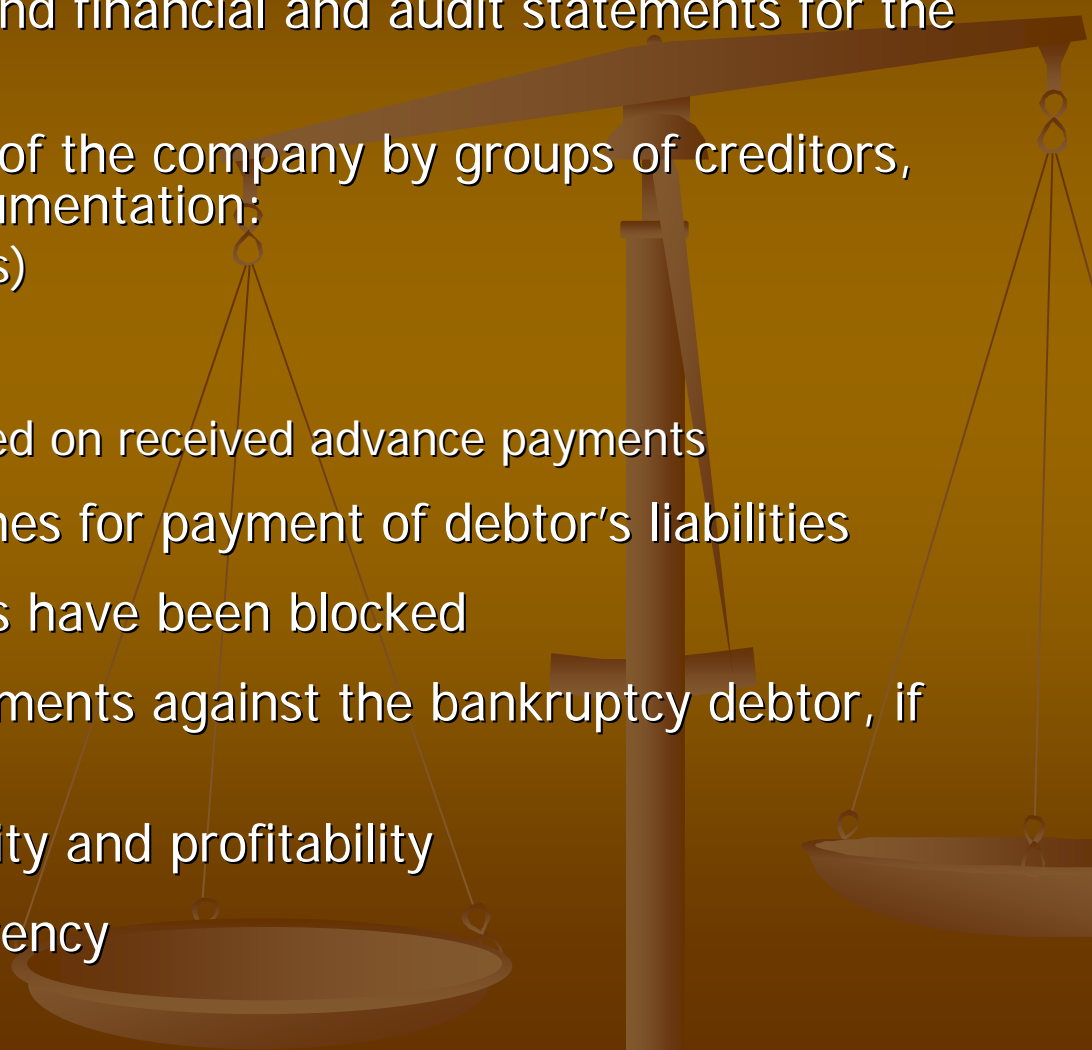
# 1. Secure and Safeguard Debtor's Property

- Inform the enforcement court about temporary measures over the debtor
  - Ensure execution of temporary measures for preservation of debtor's property by preventing:
    - theft of property and documentation
    - concealment of property
    - destruction of data on liabilities or property
    - destruction or damage of property due to ill-timed measures
- 

## 2. Inspect Debtor's Premises and Review Debtor's Business Books and Documentation

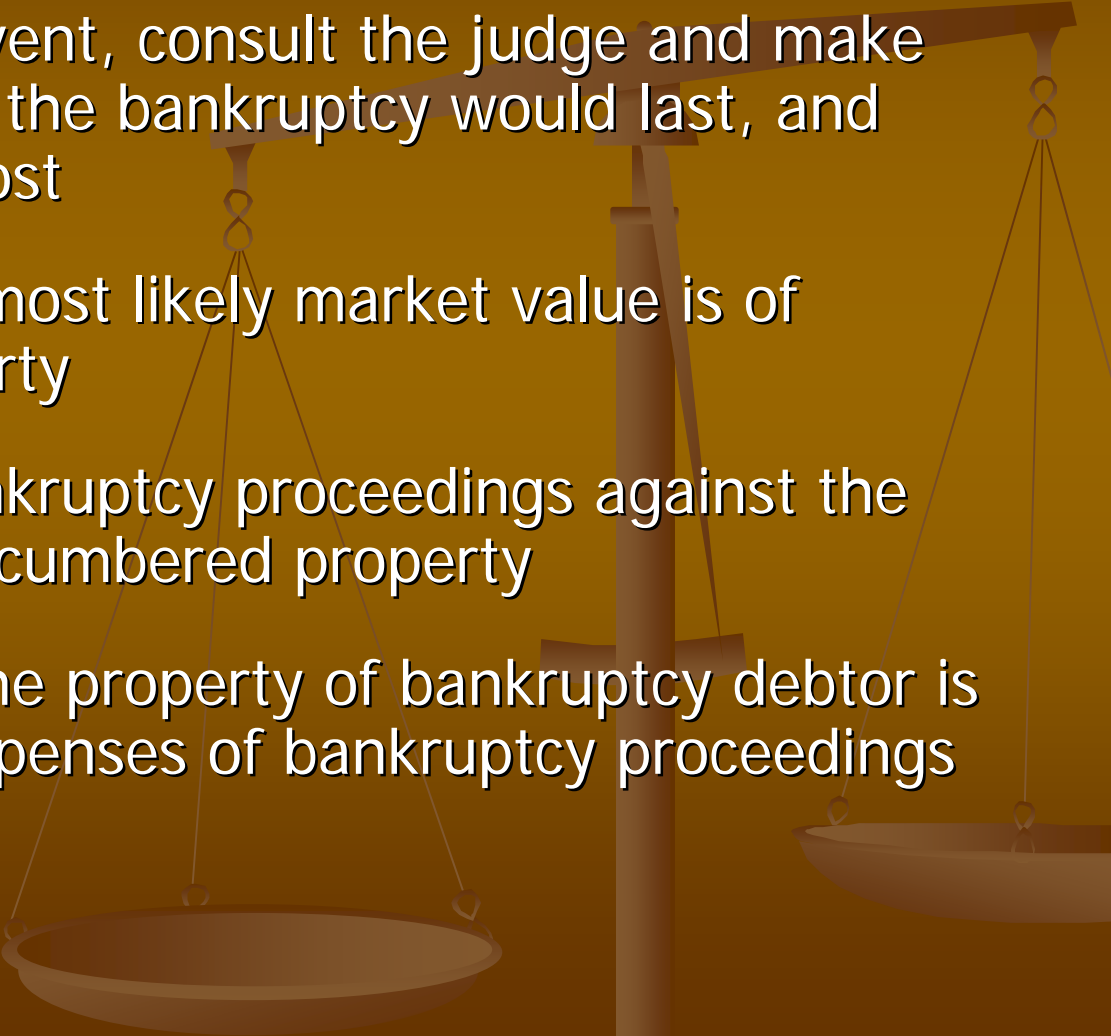
- Inspect the condition of debtor's premises and equipment (machines)
  - Review business books, financial and audit statements on liabilities of the company
  - Review all court decisions against the bankruptcy debtor and its debtors
  - Compose inventory of all property items mortgaged or pledged
- 

# 3. Determine if the Reason for Opening of Bankruptcy Exists

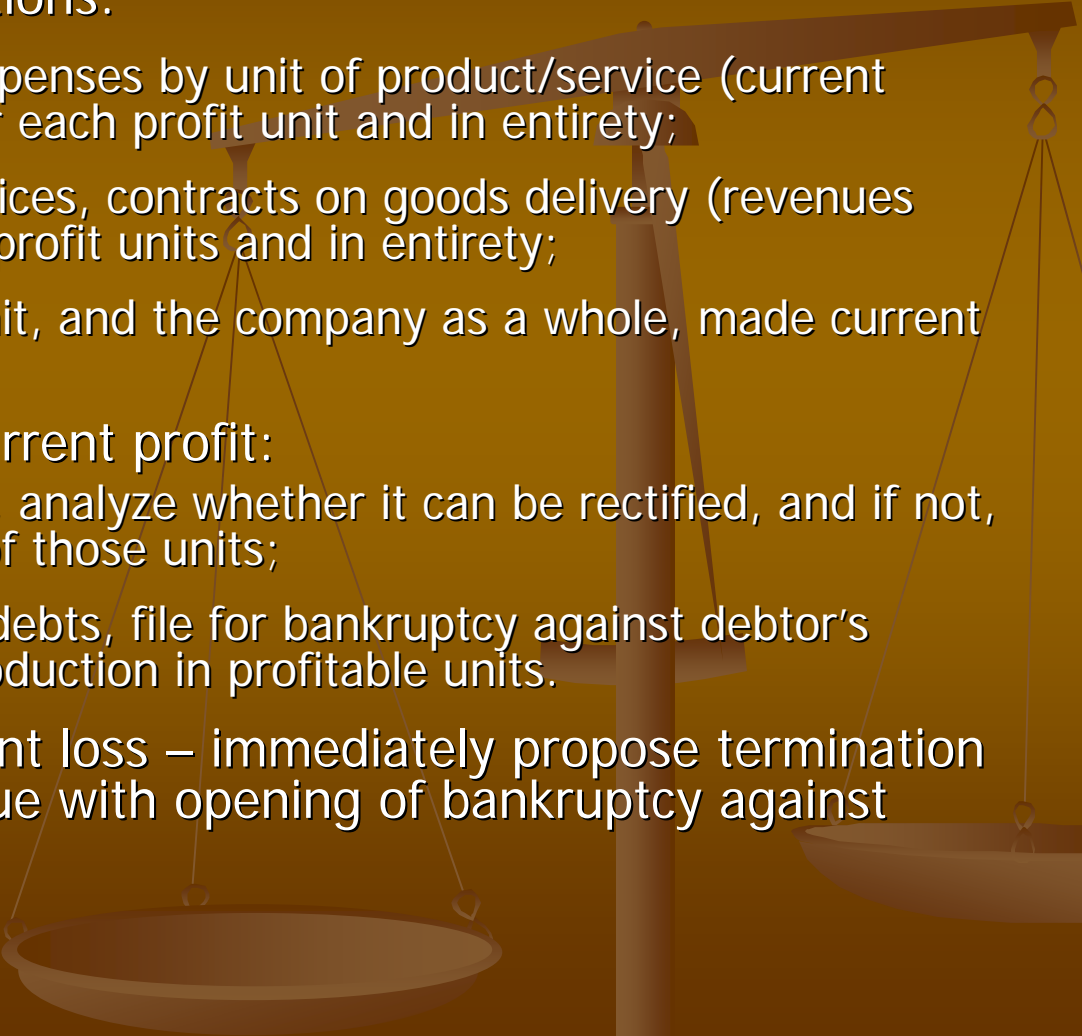
- Analyze business books and financial and audit statements for the company
  - Determine the total debt of the company by groups of creditors, based on company's documentation:
    - Secured creditors (banks)
    - Workers (net salaries)
    - Taxes and contributions
    - Payables and debts based on received advance payments
  - Determine default deadlines for payment of debtor's liabilities
  - Verify if debtor's accounts have been blocked
  - Analyze enforceable judgments against the bankruptcy debtor, if any
  - Determine debtor's liquidity and profitability
  - Determine debtor's insolvency
- 



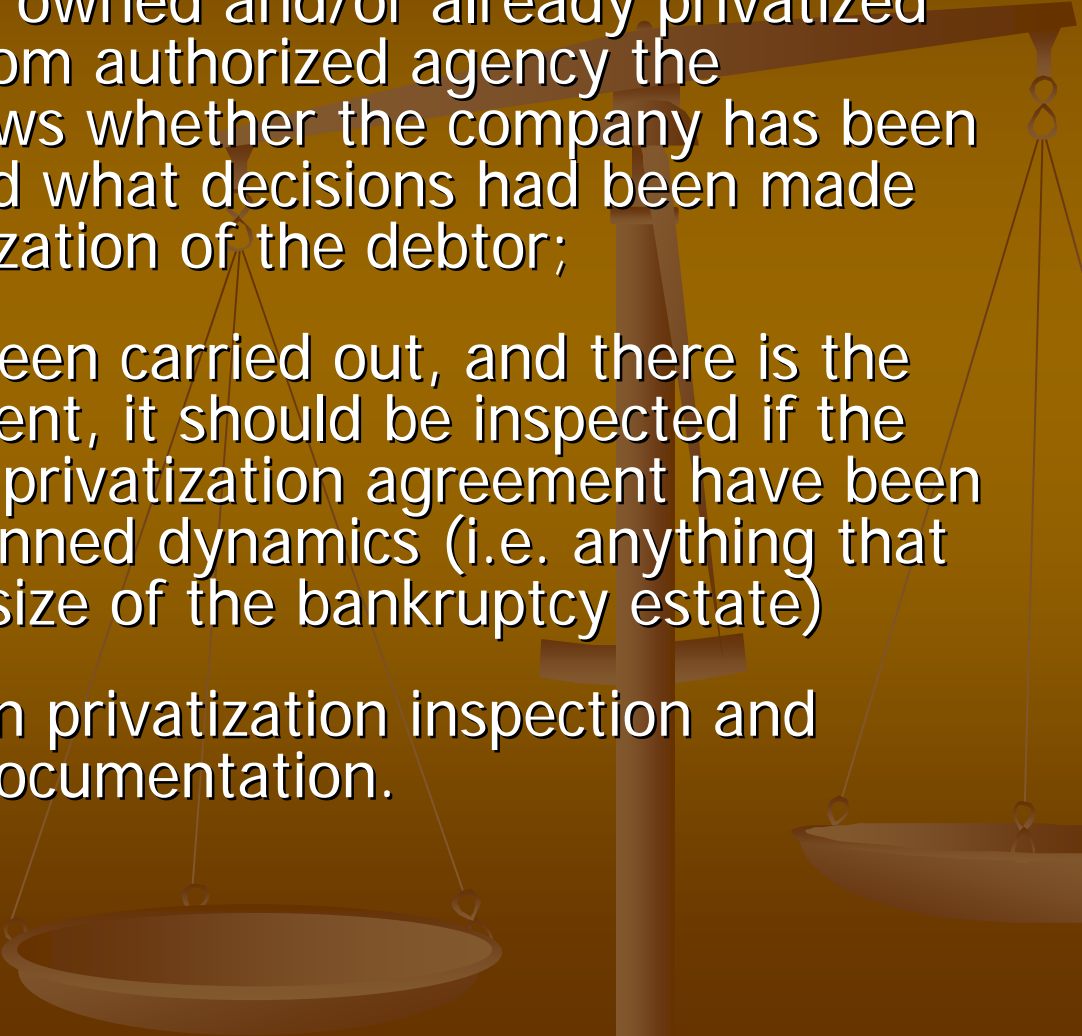
## 4. Investigate if the property of bankruptcy debtor is going to cover the expenses of bankruptcy proceedings

- If a company is insolvent, consult the judge and make estimate of how long the bankruptcy would last, and how much it would cost
  - Determine what the most likely market value is of unencumbered property
  - Offset the cost of bankruptcy proceedings against the market value of unencumbered property
  - Determine whether the property of bankruptcy debtor is going to cover the expenses of bankruptcy proceedings
- 

## 5. Determine whether the operations of bankruptcy debtor can be resumed in full or partially during the preliminary procedure

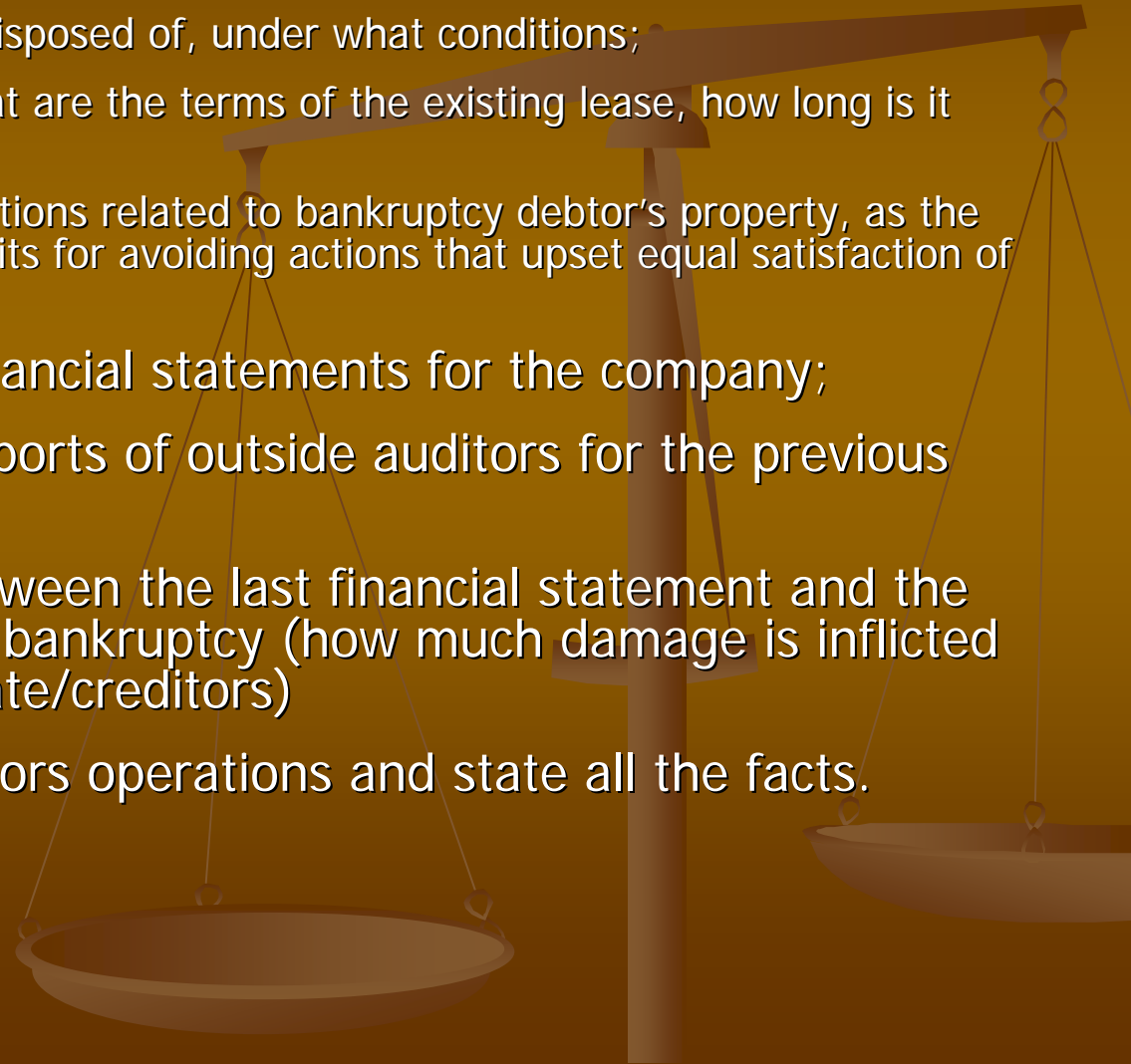
- Analyze company's operations:
    - Existing calculation of expenses by unit of product/service (current production expenses) for each profit unit and in entirety;
    - Market for products/services, contracts on goods delivery (revenues from sales of goods) by profit units and in entirety;
    - Assess whether every unit, and the company as a whole, made current profit or loss.
  - If the debtor is making current profit:
    - but not from all facilities, analyze whether it can be rectified, and if not, propose shutting down of those units;
    - but unable to repay old debts, file for bankruptcy against debtor's property and resume production in profitable units.
  - If the debtor makes current loss – immediately propose termination of production, and continue with opening of bankruptcy against debtor's property
- 

## 6.1. Upon Judges Order in FBiH, Perform Inspection of Privatization of Debtor (existing court practice)

- If the debtor is state owned and/or already privatized company, request from authorized agency the information that shows whether the company has been privatized or not, and what decisions had been made regarding the privatization of the debtor;
  - If privatization has been carried out, and there is the privatization agreement, it should be inspected if the obligations from the privatization agreement have been met according to planned dynamics (i.e. anything that could impact future size of the bankruptcy estate)
  - Prepare the report on privatization inspection and attach the existing documentation.
- 

## 6.2. Upon Judges Order in FBiH, Perform Inspection of debtor's operations (existing court practice)

- Inspection of operations refers to ownership over property which represents the bankruptcy estate:
  - has the property been disposed of, under what conditions;
  - is there still a lease, what are the terms of the existing lease, how long is it going to last etc;
  - knowledge of all transactions related to bankruptcy debtor's property, as the basis for possible law suits for avoiding actions that upset equal satisfaction of creditors.
- Obtaining the latest financial statements for the company;
- Obtaining the latest reports of outside auditors for the previous year, if any
- Analyze operations between the last financial statement and the motion for initiation of bankruptcy (how much damage is inflicted on the bankruptcy estate/creditors)
- Prepare report on debtors operations and state all the facts.



# 7. Submit the Report

Interim bankruptcy trustee submits the report with his/her expert opinion and actions taken in the course of the preliminary procedure (within 30 days of the appointment) with the possible content as follows:

1. Introduction – all facts related to incorporation and transformation of the debtor, its bodies and official representatives
2. What he/she has done to secure debtor's property
3. Present the records on debtor's liabilities on the basis of available business books and documentation
4. Determine if the reason exists to open the bankruptcy proceedings

# 7. Submit the Report (Continued)

5. Determine whether the operations of bankruptcy debtor can be resumed in full or partially during the preliminary procedure
6. State whether the property of bankruptcy debtor is going to cover the expenses of bankruptcy proceedings
7. Upon judges order in FBiH state facts on:
  - inspection of debtor's operations
  - inspection of privatization of debtor
8. Conclusions – open the bankruptcy or not.

Interim bankruptcy trustee attaches to this report the expense report for all expenses incurred in the course of the preliminary procedure.