

STATE PROPERTY FUND OF UKRAINE

ORDER

of April 8, 2004 # 703

On Approval of Procedure for Drawing Up Valuation Reports of Open Joint Stock Companies Share Blocks while Selling them on a Competitive Basis (Except for Tender Sales)

As amended by Orders of the State Property Fund of Ukraine
of February 26, 2009 # 298,
of October 7, 2009 # 1582

Pursuant to Article 9 of the Law of Ukraine “On Property and Property Rights Valuation and Professional Valuation Activity” in Ukraine and being governed by Items 79, 80 of the Property Valuation Methodology approved by resolution of the Cabinet of Ministers of Ukraine of December 10, 2003 # 1891, I herewith **order**:

1. Approve the Procedure for Drawing Up Valuation Reports of Open Joint Stock Companies Share Blocks while Selling them on a Competitive Basis (Except for Tender Sales) (hereinafter referred to as the Procedure) which is attached.
2. Central Staff of the State Property Fund of Ukraine and its regional offices, as well as the Property Fund of the Crimean Autonomous Republic, shall be governed by this Procedure in drawing up and approving valuation reports of the blocks of shares of open joint stock companies established in the process of privatization (corporatization) and owned by the State, for the purpose of selling them through securities trade organizers (other than international stock markets), open cash regional tenders, and specialized cash tenders.
3. The Department of Operative Planning and Shares Trade Systems (V. Krasovskiy) shall ensure filing with the Department for Valuation of Property, Ownership Rights and Professional Valuation Activities of the basic data in full amount required by this Procedure on open joint stock companies privatized by the Central Apparatus of the State Property Fund of Ukraine.
4. The Department for Valuation of Property, Ownership Rights and Professional Valuation Activities (N. Lebid’) shall:
draw up and file the share blocks for approval valuation reports of open joint stock companies while selling them on a competitive basis (except for tender sales) by the Central Staff of the State Property Fund of Ukraine in accordance with this Procedure;
provide the approved valuation reports of open joint stock companies share blocks to the Operative Planning and Shares Trade Systems Department (V. Krasovskiy).
5. Regional offices and structural divisions of the State Property Fund of Ukraine and the Property Fund of the Crimean Autonomous Republic shall attach copies of valuation reports of open joint stock companies share blocks and the orders for their approval (or extension of their validity term) to the sets of documents compiled in the process of preparation of these shares for sale.
6. The Department for Sale of Shares on the Stock Market of Ukraine and International Stock Markets (Yu. Yakovlev), regional offices of the State Property Fund of Ukraine and the Property Fund of the Crimean Autonomous Republic allow open joint stock companies whose shares are listed and traded at stock exchanges and their branches, or at the PFTS stock exchange to establish, in compliance with procedures specified in the legislation, an initial value of blocks of shares of such open joint stock companies at the level of an average weighted value of shares based on the outcome of contracts entered into in the quotation process, but not lower than their initial value specified in share blocks valuation reports approved in accordance with this Procedure.
7. Recognize the following Orders by the State Property Fund of Ukraine such that have lost effect:
#452 On Determining the Initial Price of Shares while Selling them for Cash at Stock Exchanges and PFTS dated March 10, 1998;
#918 On Determining the Initial Price for Shares of Open Joint Stock Companies Privatized by the State Property Fund of Ukraine whose Statutory Fund is Calculated Without Taking Into Account Indexation of Fixed Assets Value as of January 1, 1995, for Sale at Stock Exchanges and PFTS, dated May 20, 1999.
8. Deputy Chairman of the Fund D. Parfenenko shall be entrusted with control over the fulfillment of this Order.

Fund Chairman

M. Chechetov

APPROVED
by State Property Fund of Ukraine
order
of April 8, 2004 No 703

PROCEDURE
of drawing up reports of valuation of blocks of OJSC shares in the course of their sale on a
competitive basis (except for tender sales)

1. General provisions

1.1. This Procedure shall specify a procedure of drawing up, a form and procedure of completing reports of valuation of the blocks of shares of the open joint stock companies established in the course of privatization (corporatization), which belong to the state, for a sale through securities trade organizers (other than international stock markets) at open cash regional auctions, specialized auctions for monetary funds based on the results of a standardized valuation (hereinafter referred to as reports of valuation of the blocks of OJSC shares).

Reports of valuation of the blocks of OJSC shares shall be drawn up in accordance with the form as per annex 1 to this Procedure.

1.2. Reports of valuation of the blocks of OJSC shares shall be subject to reviewing. The sample of a review form and recommendations on its completion are presented in annexes 2 and 3 to this Procedure.

Reports of valuation of the blocks of OJSC shares shall be approved by CEO of a state privatization body by issuing a relevant order and their obsignation and endorsing with his/her signature.

1.3. The date of valuation of the block of OJSC shares is any last date of the month within the period of placement of the block of shares in accordance with the approved plan of placement of the shares of this OJSC which shall be fixed in the course of drawing up a report of valuation of the block of OJSC shares.

1.4. The validity period of reports of valuation of the blocks of OJSC shares shall be equal to 9 months from the date of approval. The validity period of the reports of valuation of the blocks of OJSC shares may be prolonged by an order of a relevant body which approved it, but not more than for one year from the date of approval.

1.5. A report of valuation of the block of OJSC shares shall be deemed invalid if:

the period of its validity is terminated including the period of its extension.

the size of the block of OJSC shares, the number of shares, the nominal value of shares have been changed.

1.6. Reports of valuation of the blocks of OJSC shares shall be used in accordance with the procedures established by the legislation which regulate a corresponding sale.

2. Basic data for drawing up the reports of valuation of blocks of OJSC shares

2.1. The volume of basic data required for drawing up reports of valuation of the blocks of OJSC shares shall be identified taking into account the specific features established by item 80 of the Methodology of property valuation approved by resolution of the Cabinet of Ministers of Ukraine of 12.10.2003 No 1891 (hereinafter referred to as Methodology of property valuation).

The sources of the basic data are OJSC documents and (or) the documents available at state privatization bodies.

2.2. The following documents shall be submitted for OJSCs whose block of shares are subject to valuation:

report of property valuation (report of valuation of an integrated property complex) drawn up in the course of privatization (corporatization);

an approved share placement plan according thereof a sale of a block of shares will be made;

an OJSC balance sheet prepared as of the last reporting date (as of the end of the last day of the quarter (year) of the current year).

(paragraph 4 of item 2.2. with amendments introduced in accordance with the SPFU order of 10.07.2009 No 1582)

(item 2.2 in the version of SPFU order of 02.26.2009 No 298)

2.3. If according to the data of an OJSC balance sheet as of the last reporting date the amount of the statutory capital does not meet the amount of the statutory capital (fund) indicated in the report of property valuation (in a report of valuation of the integrated property complex), to identify the sources and grounds for changing the statutory capital (fund) a memorandum signed by OJSC CEO in which explanation on the issues mentioned is presented shall be additionally submitted and considered.

(item 2.3 in the version of SPFU order of 02.26.2009 No 298)

2.4. If according to the data of an OJSC balance sheet as of the last reporting date the amount of the statutory capital (fund) does not meet the amount of the statutory capital indicated in an approved plan of share placement according thereof a sale of the block of shares will be made, to identify the sources and grounds for changing the statutory capital (fund) a memorandum signed by OJSC CEO in which explanation on the issues mentioned, a certificate of registration of the share issue and the OJSC balance sheet as of the date of registration of the share issue are presented shall be additionally submitted and considered.

(item 2.4 in the version of SPFU order of 02.26.2009 No 298)

3. Drawing up reports of valuation of blocks of OJSC shares

3.1. When drawing up reports of valuation of blocks of OJSC shares attention should be paid to the following:

in the line which contains a full name of an open JSC and a size of the block of shares which is valued the number of shares available in this block of shares which comprises a corresponding percent of the OJSC statutory capital is indicated.

(item 3.1 in the version of the State Property Fund of Ukraine of 02.26.2009, No 298)

3.2. If the OJSC equity capital (line 380 of graph 4 of section I of the balance liabilities) as of the last reporting date is greater than its statutory capital (line 300 of graph 4 of Section I of the balance liabilities) as of the last reporting date, an initial cost of one share shall be calculated by the formula:

$$\text{ISV} = \frac{\text{EC}}{\text{NA}} \times 1000, \text{ where}$$

ISV – initial value of one share (UAH);

EC – OJSC equity capital (UAH thous.);

NS – the total number of shares into which the statutory capital is divided (pieces).

In this case the value obtained based on the results of calculation is shown in line 6 of the report of valuation of the block of CJSC shares.

An initial value of the block of shares is calculated by the formula:

$$IV = ISV \times BA / 1000, \text{ where}$$

IV – initial value of the block of shares (UAH thous.);

ISV – initial value of one share (UAH);

BS – the number of shares in the block of shares which is being valued (pieces);

The value obtained is shown in lines 3 and 5 of the report of valuation of the block of CJSC shares.

A nominal value of the block of OJSC shares shall be calculated by the formula presented in item 3.3., and the value obtained is shown in line 4 of the report of valuation of the block of OJSC shares.

(item 3.2. in the version of SPFU orders of 02.26.2009 No 298,
of 10.07.2009 No 1582)

3.3. If an equity capital of OJSC (line 380 of graph 4 of Section I of the balance liabilities) as of the last reporting date is less than its statutory capital (line 380 of graph 4 of Section I of the balance liabilities) as of the last reporting date, specifically, when the equity capital has a negative value, an initial value of such block of shares is equal to its nominal value and is calculated by the formula:

$$NV = (NS \times BS) / 1000, \text{ where}$$

NV – nominal value of the block of shares (UAH thous.);

NS - nominal value of one share (UAH);

BS – the number of shares in the block of shares which is valued (pieces).

The amount of the nominal value of the block of OJSC shares obtained based on the results of calculation shall be indicated in lines 4 and 5 of the report of valuation of the block of CJSC shares. In this case the stake of equity capital proportional to the size of the block of shares shall not be calculated, and in line 3 of the report of valuation of the block of CJSC shares a dash is put ("-").

In this case the initial value of one share is equal to the nominal value of one share indicated in the plan (adjusted plan) of OJSC share placement.

(item 3.3.in the version of SPFU orders of 02.26.2009 No 298,
of 10.07.2009 No 1582)

3.4. All values of the indicators which have value terms shall be indicated in the report of valuation of the block of CJSC shares with five digits after a comma.

(The procedure is supplemented with item 1.4 in accordance with SPFU order of 02.26.2009 No 298, item 3.4 in the version of the SPFU order of 10.07.2009 No 1582)

**Director of the Department of Valuation of
Property, Property Rights and Professional
Valuation Activities**

N. Lebid'

Annex 1
to the Procedure of drawing up reports of
valuation of OJSC share blocks in the course of
their sale on a competitive basis (except for
tender sales)

I APPROVE

(position of CEO of state privatization body)

stamp (signature) (initials, last name)

_____ 200_

REPORT
of valuation of block of OJSC shares

(full name of OJSC, size of the block of shares which is valued)

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Address: _____

(EDRPOU code)

Date of valuation _____ 200_

Name of indicator	Value
1. OJSC equity capital as of _____ 200_ UAH thous.	
2. Size of block of shares which is valued	
3. Stake of equity capital proportional to the size of block of shares, UAH thous.	
4. Nominal value of block of shares, UAH thous.	
5. INITIAL VALUE OF BLOCK OF SHARES, UAH thous.	
6. Initial value of one of share, UAH	

(position of senior official of state privatization body)

(signature)

(initials, last name)

_____ 200_

(annex 1 in the wording of SPFU orders of
02.26.2009 No 298,
of 10.07.2009 No 1582)

Annex 2
to the Procedure of drawing up reports of
valuation of OJSC share blocks in the course of
their sale on a competitive basis (except for
tender sales)

Sample format

REVIEW
**of act of valuation of block of shares of open joint-stock company (OJSC) established in the course of
privatization (corporatization) which belong to the state for their sale through securities trade
organizer (other than international stock markets) on open cash regional auctions, specialized
auctions for monetary funds**

Reviewer	
Grounds for reviewing	
Object of reviewing	
Grounds for making standardized valuation of property	
Executive of standardized valuation of property	
Object of valuation	
Date of valuation	
Purpose of valuation	

Based on the results of the review the following is established

Opinion on output data for standardized valuation	
Opinion on compliance and correctness of application of valuation procedures	
Results of standardized valuation of property	
General opinion	

Reviewer

(signature)
____ 200_
(date of signing the review)

(last, first and patronymic name)

Annex 3
to the Procedure of drawing up reports of
valuation of OJSC share blocks in the course of
their sale on a competitive basis (except for
tender sales)

Recommendation regarding completing a REVIEW of reports of valuation of block of shares of OJSC established in the course of privatization (corporatization) owned by the state for its sale through securities trade organizer (other than international stock markets) on open moneys regional auctions, specialized auctions for monetary funds

Reviewer	Last, first and patronymic name of the reviewer, his/her position, date of qualifying certificate and certificate of excellence, date and number of certificate on his/her entering into the State register of appraisers are indicated, and also a period of practical activity on property valuation is also pointed out
Grounds for reviewing	Article 13 of the Law of Ukraine “On Valuation of Property, Property Rights and Professional Valuation Activity in Ukraine” of July 12, 2001 No 2658-III, item 17 of the Procedure of property valuation approved by resolution of the Cabinet of Ministers of Ukraine of 12.10.2003 No 1891
Object of reviewing	The name of the report of valuation of block of shares with an indication of the size of the block of shares which is valued in percent as well as the number of shares
Grounds for making standardized valuation of property	Date and number of corresponding order of the state privatization body which has approved the plan (updated) of placement of OJSC shares
Executive of standardized valuation of property	Full name of state privatization body, position, last name of senior official of this body which has drawn up the report of valuation
Object of valuation	Full name of OJSC is indicated
Date of valuation	Date of valuation is indicated, it is specified within the timeframe of share placement in accordance with the plan of share placement
Purpose of valuation	It is indicated for what purpose valuation of block of OJSC shares is made

Based on the results of reviewing the following has been established

Conclusion on output data for standardized valuation	A list of output data according to which a report of valuation is drawn up and a conclusion on their completeness for drawing up report of valuation and their compliance with requirements to regulatory and legal acts; a conclusion is made on sufficiency of all documents for making a standardized valuation of property
Conclusion on compliance with and correctness of application of procedures	A conclusion on compliance of the report of valuation of property with output data and regarding correctness of calculations made is drawn
Results of standardized valuation	Initial value of the block of OJSC shares indicated in the report is mentioned
General conclusion	General conclusion on correctness of completing a report of value assessment and calculation is drawn
	If any, a list of comments is provided and their impact on reliability of the valuation results is represented. Report of property valuation is classified according to the following features: the report of property valuation completely complies with requirements to regulatory and legal acts on property valuation; report of property valuation, as a whole, meet requirements to regulatory and legal acts on property valuation, but it has some minor drawbacks which have not influenced the valuation reliability; the report of property valuation not to the full extent meets requirements of regulatory and legal acts on property valuation and has major drawbacks which have influenced the valuation reliability and it cannot be used

Reviewer

(signature)

(last, first and patronymic name)

200_
(date of signing of the review)

Annex 4
to the Procedure of drawing up reports of
valuation of OJSC share blocks in the course of
their sale on a competitive basis (except for
tender sales)

TABLE
**of calculation of the amount of indexation of a book value of fixed assets as of 01.01.95 that were
included in the OJSC statutory fund in the course of privatization (corporatization)**

Annex 4 is deleted
(in accordance with order of the State Property Fund of Ukraine of February 26, 2009, No 298)

It is printed in:
"State information privatization bulletin",
No 6, 2004.