

A close-up, low-angle view of a large jet engine intake, showing the compressor section with numerous blades and a central logo. The engine is metallic and has a complex, circular structure. The lighting is dramatic, with a bright light source from the right creating a strong highlight on the outer casing and casting deep shadows within the engine's interior. The central logo is a stylized white 'G' on a dark circular background.

***Aviation Industry
in Serbia***



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Official Name Republic of Serbia
 Form of State Parliamentary Republic
 Legal System Based on the Serbian Constitution of 1989
 Political Structure President, Unicameral Assembly with 250 seats
 Area 88,361 sq km
 Population (in million) 7,498
 Geographic Position South East Europe, central part of Balkan Peninsula; borders Hungary, Bulgaria, Romania, FYR Macedonia, Albania, Bosnia and Herzegovina and Croatia
 Official Language Serbian
 Main Religion Christian Orthodox
 Largest Cities Belgrade (capital): 1.5 million; Novi Sad: 300,000; Niš: 250,000
 Currency Dinar (CSD)
 Exchange Rate 1 EUR = 81.1818 CSD (as of 01.02.2006)
 GDP (2005) 24.105 billion USD
 GDP per Capita (2005) 3.183 USD
 Time Zone Central European time zone (GMT + 01:00)
 Internet Domain .yu



Why Serbia?

To Make Your Business Grow

Southeast Europe is the region with the highest growth in Europe. For companies that seek to start or expand their businesses in this region, Serbia is the place to be – for a number of reasons. Serbia and Montenegro is the only country outside of the Commonwealth of Independent States (CIS) that enjoys a free trade agreement with the Russian Federation, offering customs-free access to its market of 150 million people! Furthermore, Serbia is in the middle of the South East Europe Free Trade Area that provides duty-free access to a potential market of 55 million people. The local Serbian market itself is among the largest in the region (7.5 million people). The Serbian economy grew by 7.6% in 2004, and is expected to sustain high growth rates, leading to a significant increase in purchasing power and expansion of the domestic market.



To Easily Serve Your EU Customers

By operating in Serbia, a company can enjoy easy access to the EU market, while benefiting from lower production costs. Bordering Hungary, Serbia is at the doorstep of the EU. It is also a gateway between South East Europe, Western and Central Europe, and an intersection of the two most important transportation corridors connecting Western Europe and the Middle East (Pan-European corridors No. 10 and No. 7). By investing in Serbia a business could effectively serve its European and Middle-eastern customers, thus enhancing its profitability.

To Benefit from Exceptional Human Capital at Competitive Costs

Every year thousands of young graduates leave universities and colleges in Serbia. Highly educated people who are receptive to new technologies, familiar with IT, and well-versed in foreign languages, represent Serbia's true capital.

Furthermore, Serbia possesses a skilled and productive workforce with a wealth of experience, both in management and manufacturing. A tradition of cooperation with foreign companies and decades of openness towards Western culture and values have left a mark on their skill-set.

This exceptional human capital is available at very competitive prices. Labor costs in Serbia are among the lowest in the region, and are significantly lower than those in the EU member countries.

To Boost Your Cost Effectiveness

The tax regime in Serbia is the most favorable in the region. Some of its features include:

- the lowest corporate profit tax rate in Europe, set at 10%,
- tax credits for investing in fixed assets up to 80% of the invested amount,
- a 10-year tax holiday for investments over €7.5 million,
- subsidies for new employment, tax exemptions, and a variety of other incentives.

GDP growth rates

2005e	4.6%
2004	7.5%
2003	3.1%
2002	4.0%
2001	5.5%

Source: Statistical Office of the Republic of Serbia

Corporate profit tax rates, 2004

Serbia	10.0%
Hungary	16.0%
Bulgaria	19.5%
Croatia	20.0%
Romania	25.0%
Czech R.	28.0%

Source: IDA, Ireland

Familiarity with English language

Serbia	42%
Poland	22%
Czech R	22%
Romania	20%
Hungary	25%
Bulgaria	28%

Source: Gallup International

Labor costs in October 2004, in Euro

	Gross Salary	Employers Contributions
Serbia	180	34
Romania	196	64
Czech R.	656	230
Slovakia	657	232
Croatia	785	135
Hungary	832	295

Source: SIEPA, National IPAs



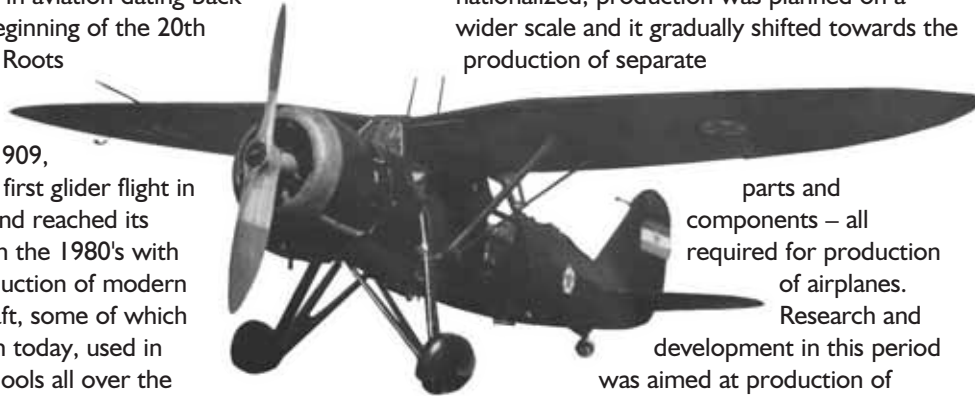
Aviation Tradition in Serbia

Serbia is one of 15 countries in the world with a history in aviation dating back to the beginning of the 20th century. Roots of this industry start in 1909, with the first glider flight in Serbia, and reached its heights in the 1980's with the production of modern jet aircraft, some of which are, even today, used in flight schools all over the world.

The launch of the aviation industry in Serbia began with a surge in the 1920s when as many as seven companies for the production of aircraft, engines and related equipment were established. The second wave of growth was initiated in the 1930's with the establishment of new production companies. All companies in the industry were profit driven private enterprises, which established a clear vision for the development of the industry as a whole. The industry gained recognition very early and became a driving force in overall development of technology and science in the country. In the beginning, the established companies produced both their own aircraft as well as licensed production of foreign designs. Some of the famous domestically produced aircraft were Little Brandenburg and IK-3 which were the true foundations for the aviation industry development in Serbia.

Although in the late 1940's some of the companies in the industry had changed their production, a great majority continued to work

in the aviation sector. Since all companies were nationalized, production was planned on a wider scale and it gradually shifted towards the production of separate



parts and components – all required for production of airplanes. Research and

development in this period was aimed at production of aircraft with jet propulsion. These new goals required improvements in production technology, materials processing and a number of industries had to raise their own production standards in order to meet new goals.

Many of those goals were achieved with the development and production of domestic jets. At the time of their creation, aircraft like J-1 Jastreb, J20 Kraguj, J22 Orao, G-2 Galeb and G-4 Super Galeb were praised for performance on exhibitions throughout Europe and thus ensuring an internationally respected name for the Serbian aviation industry as a whole. These goals elevated quality and technology of the domestically produced aircraft to the highest standards available in the world. Industry was capable to meet those challenges and had adequate support in production, development and research. Unfortunately, since the early 90s the Serbian aviation industry did not develop any further. Today, aviation industry in Serbia is eager to once more establish itself as important player on the world aviation map.

Aviation Heritage

Air Museum, Belgrade

Belgrade Air Museum was founded in 1957 with the intent to preserve material evidences significant to the emergence and development of the Serbian Aviation. Its deep roots and rich tradition bounded the Museum founders to the fulfillment of their goals. Years of work on collecting and preserving these historical treasures made the Museum internationally renowned. By the size and value of its collection the Museum is among ten world leading institutions of this kind. Its collection consists of over 200 aircraft, 130 aircraft engines, radars, rockets, various aircraft equipment, over 20.000 books and technical

documentation and over 200.000 photographs. On the exhibition grounds around the Museum building are over 50 types of original airplanes, hydroplanes, helicopters and gliders, from various European and American countries, but also domestic ones. International importance of the exhibition is contributed by famous World War II airplanes: Messerschmitt Me-109, Hurricane Mk. II, Spitfire Mk. VII, YAK-3, Ilyushin IL2, Thunderbolt P-47 and the most interesting FIAT G 50-BIS, Italian fighter from the beginning of the World War II – which is the only saved specimen in the world.

Domestic aircraft industry is represented by: Ivan Saric airplane from 1910, Fizir FN, Ikarus S 49C, first jet airplanes 451M and 451 MM Strsljen II, as well as airplanes Aero-2, Soko 522, UTVA 66, Kraguj, Galeb and fighter-bomber prototype Orao J-22. On the open air exhibition among other military aircraft one can find: Caravelle SE-210, Junkers JU-52, Ilyushin IL14, Douglas DC-3, Short Silent Mk. I and DHC-2 Beaver.



First-Class Labor

In Serbia, educational institutions are capable of supporting a whole range of different profiles for workers in the aviation industry. There are about 20 different institutions that provide different levels of education to various segments of the industry. Additionally, the fact that in Serbia about a third of all graduates are from technical faculties – provides a continuous supply of fresh manpower needed to keep the industry running. The labor force in Serbia is well educated, proficient in foreign languages, inventive and with strong management skills. Foreign companies that operate in Serbia regard the skilled and innovative labor force as one of the key advantages Serbia has to offer and the skilled work force of the aviation industry is not an exception. Moreover, many engineers that gained their education and experience in Serbia are now world renowned experts.

- Component engineering and manufacturing – companies operating in this field have significant experience and knowledge in the production of various components for the aviation industry. As Serbia used to produce finished aircraft, it can be rightfully concluded that the existing capacities allow for engineering development and production of almost any kind of aircraft component or equipment. In particular, Serbian companies have a long standing history in producing the most demanding components, including engines and landing gear which are crucial for the overall safety of aircraft, its passengers and cargo.
- Maintenance Repair Operations (MRO services) – Serbian companies providing MRO services have strong core competences in aircraft maintenance. The long standing



tradition of cooperation with leading world aircraft manufacturers, combined with competitive pricing, make Serbia the top destination for MRO services to all that seek cost efficiency that does not compromise quality. Facilities that are at the disposal of potential customers are modern and are being constantly upgraded. Serbian companies that provide MRO services are closely linked to R&D institutions and continually improving speed and quality of service.

- Consulting – Due to the accumulated vast experience, engineers of different profiles are at the disposal for consulting services that can add value to your company when reaching new heights in performance. Consulting companies in this field are strongly motivated, with extensive knowledge of the industry and relevant contacts which ultimately make the difference.



Education at its best



Faculty of Mechanical Engineering, Belgrade University

Aeronautical Institute is a science and research section of the Aeronautical Department of Belgrade Faculty of Mechanical Engineering. All scientific, research, development and design work of the Chair for Aeronautical Engineering established in 1932, and Aeronautical Department established in 1937 is done through this institute. With the beginning of academic year 1937/38 regular teaching courses began at the Aeronautical Group. Since then more than 2000 students

graduated, more than 200 received their master degree and more than 100 received their doctoral degree.

Aeronautical Institute deals with the area of aeronautics as well as with the other branches that use methods and results developed in aeronautics. In Aeronautical Institute there are more than 30 employees involved in scientific and research studies. Most of them have doctoral degrees and work as professors, associate professors or assistants at the Faculty of Mechanical Engineering University of Belgrade.

Aeronautical Institute is involved in the following areas: aerodynamics, flight mechanics, flying vehicle design, flying vehicle systems equipment and avionics, computer design and flying vehicle logistics.

Aeronautical Institute possesses modern computer systems resources for calculation, analysis and design (SimLab). It also has subsonic, supersonic and ballistic wind tunnels, laboratory for structure testing and test plants for rocket and small turbojet engines. Also Aeronautical Institute is specialized in the area of composite materials.



Investment opportunities

Equipment manufacturing

Serbia offers a wide variety of opportunities for investments in the field of aviation industry. Many companies in this sector are in the process of restructuring and privatization. This is a major opportunity for businesses seeking to establish their presence in the region and to gain access to all the competitive advantages that Serbian aviation industry offers. Capabilities of the industry have been proven many times with successful licensing of production of aircraft, its components and engines. Some of the best examples are the licensed production of "Rolls Royce Viper" and "Turbomeca Astazou III B" engines. In addition to this, hydraulic elements for landing gear for Boeing aircraft were also produced in Serbia for servicing purposes. These examples are a clear indication that equipment manufacturing in Serbia is definitely at the level capable of satisfying the demands of modern aviation industry. Naturally, the hard times the Serbian economy had endured in the 1990's have affected the aviation industry as well, thus investments in this field would predominantly be investments in machinery. Whereas, the existing qualified labor could easily optimally utilize the new equipment.

Equipment manufacturing in Serbia goes beyond the parts aforementioned. Companies producing measurement instruments, gyroscopes, parachutes and other aviation-related equipment are also present in Serbia. The tradition Serbian companies have in their production fortifies the good references Serbian aviation industry has worldwide. An additional opportunity in the domain of MRO services is Serbia's proximity to the fastest

growing aviation markets. Apart from competitive labor costs and component manufacturing prices, Serbia's geographic location allows faster and cheaper transport of produced and/or serviced components.

Aviation and air cargo transport

It is quite obvious that Serbia's strategic geographic location allows it to successfully service the entire region, Europe and the Middle East by air or even road transport. As aviation hubs vitally rely on all the support locally available through adequate MROs, significant investments have been committed to development of a new transport terminal at Belgrade "Nikola Tesla" Airport. Located right at the doorstep of many European capitals, Belgrade is a natural choice for companies servicing the eastern parts of the European Union. With the shift of production and manufacturing from west to east, the importance of fast and reliable deliveries will remain one of the key aspects for these businesses.

Apart from Belgrade Airport, city of Niš is developing as the second transportation hub of Serbia. This hub is aimed predominantly at servicing the southern parts of Eastern Europe and the Balkans. The city of Niš is located exactly on Corridor 10, at the point where it diverges into two routes – one to Skopje FYROM and the other one to Sofia (Bulgaria). Given the economic activity and the growth in the region, the demand for air transport services in this part of the world will be on the rise.

Airports



Public enterprise “Nikola Tesla” Airport, Belgrade

Because of its geographic position, high quality of services, expertise, skill and employees efficiency Belgrade "Nikola Tesla" Airport aims to become regional leader in air trafficking. For this purpose, during the year 2005, Airport has performed the reconstruction of Terminal 2 and takeoff-landing runway. This

rebuilding was conducted in accordance with all international standards and intent to improve the service quality making it equal to other international airports. Within the reconstruction of takeoff-landing runway a Category 3b was placed for landing and takeoff of airplanes at all weather conditions, including fog. The nomination for best regional airport in year 2006, by the well recognized English Institute for Transport Management, best

represents the position and business quality of Belgrade "Nikola Tesla" Airport today. This year, Belgrade "Nikola Tesla" Airport and seven successful domestic construction firms have signed agreements of business and technical cooperation with the aim of stronger approach to both domestic and foreign markets. Belgrade "Nikola Tesla" Airport and Turkish company "TEKNOTES Technological Plants Inc" have been awarded the international tender for building and management of airport terminal in Bodrum, Turkey. This is yet another confirmation of know-how, expertise and skill, the main criteria for entering the international market.

The business strategy of Belgrade "Nikola Tesla" Airport is the creation of unique system of domestic airports, that would unified enter international market. Through this strategic plan Belgrade "Nikola Tesla" Airport wants to create a network of airports in Serbia located in cities of Belgrade, Nis, Uzice, Sjenica and some other smaller airports around the country.

According to the IMF report, listing the enterprise financial report, the airport received positive reviews proving once again that it is a profitable company and the only public enterprise in Serbia to have completed the reconstruction process.



The future plans for the airport include reconstructions and creation of airport complex. Long-term vision for Belgrade "Nikola Tesla" Airport is the creation of airport-city that would consist of a head building, the actual airport, underground parking, hotel and business center. Considering that the developed infrastructure is the base for successful business, Belgrade "Nikola Tesla" Airport is working on a strategic plan of developing security systems, new energy resources, exploiting sources of natural gas and forming an independent supply of electric power.

Nis Airport

With the recent reconstruction of the Nis airport it is now equipped and operative as an international airport again, with all the necessary services, GSE, facilities and infrastructure. The Airport is currently expecting the third reconstruction phase, which is going to lead to improvement of navigation aids (ILS CAT I).

The Nis Airport is planned to become the second airport in Serbia for handling aircraft types of A, B and C category, for all types of aircraft operative in the Europe and Euro-Mediterranean air traffic. The location of the airport is very suitable. A very large population is living in the area of south and southeast Serbia, the area of industrial and economy centers: Kraljevo, Krusevac, Jagodina, Zajecar, Pirot, Vranje, Leskovac, Prokuplje and Nis. There are about 2.000.000 citizens living in this area, about 20% of the total population of Serbia.

The passenger potential of the region: workmen and immigrants, estimated number in: Europe: Germany ~ 845.000, Austria ~ 300.000, Switzerland ~ 190.000, France ~ 80.000; Overseas countries: USA ~ 650.000, Canada ~ 400.000, business trips, and tourists.

Aeronautical Plant Moma Stanojlovic

Founded in 1916, the company was operating as an aircraft repair facility in Novi Sad. Later it was moved to the city of Kraljevo, where its successful operation turned Kraljevo into a true aviation centre of the time. The infrastructure around it was specially built to meet the requirements of the factory and at that time further investments established the company as a European leader in technology at that time. Parallel to this facility, an additional airplane engine repair center was built near Belgrade named Technical Repair Institute

"Moma Stanojlovi?". The two companies had united in 1976 to create common production facilities called

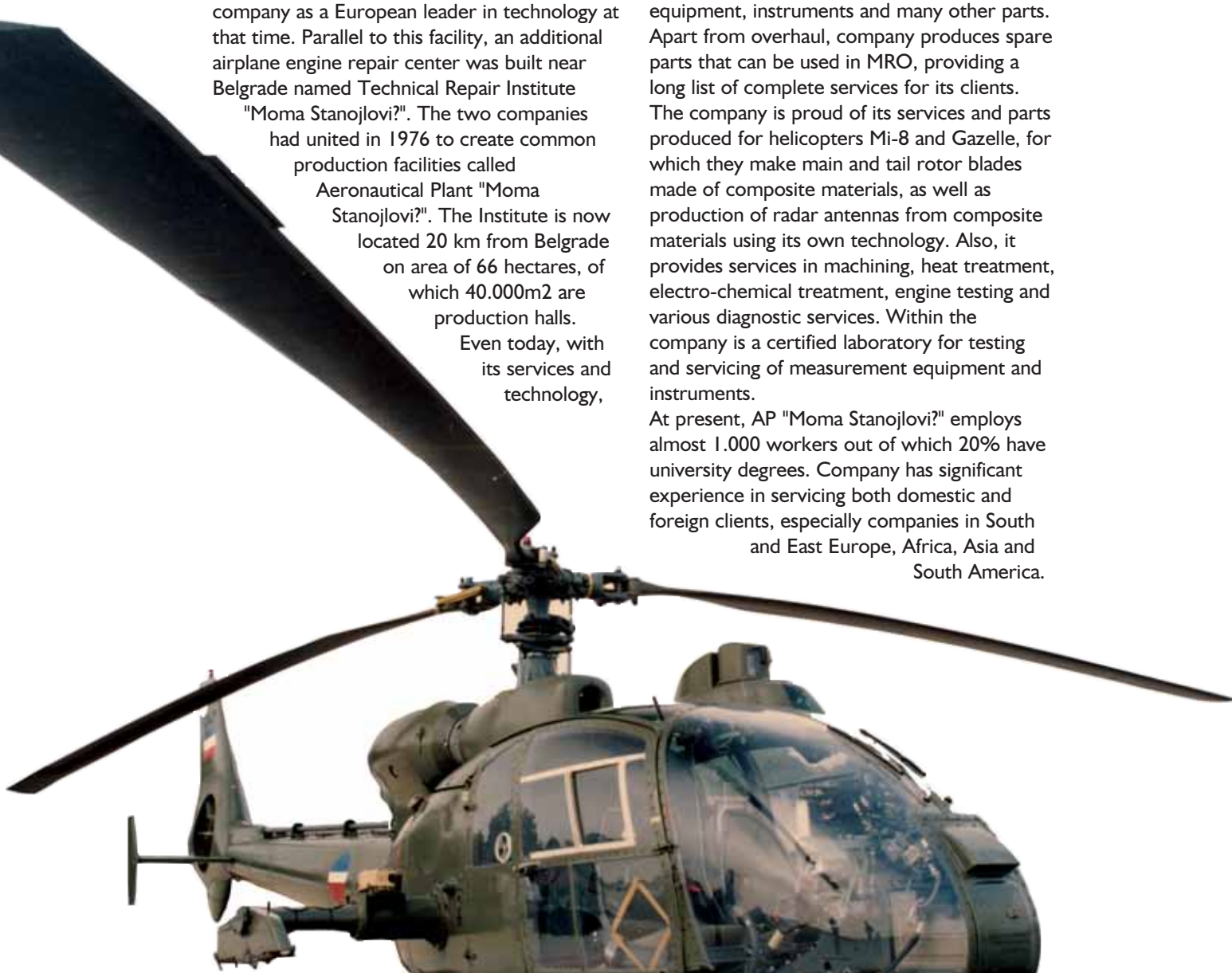
Aeronautical Plant "Moma Stanojlovi?". The Institute is now located 20 km from Belgrade on area of 66 hectares, of which 40.000m² are production halls.

Even today, with its services and technology,

this company remains unique in the whole region. AP "Moma Stanojlovi?" is certified for MRO of 13 different types of aircraft, 14 types of piston engines, 11 types of air-air, air-earth and earth-air missiles, tens of special purpose vehicles and accessories, as well as, a whole line of aircraft equipment including electronic, oxygen supply systems, communication equipment, instruments and many other parts. Apart from overhaul, company produces spare parts that can be used in MRO, providing a long list of complete services for its clients.

The company is proud of its services and parts produced for helicopters Mi-8 and Gazelle, for which they make main and tail rotor blades made of composite materials, as well as production of radar antennas from composite materials using its own technology. Also, it provides services in machining, heat treatment, electro-chemical treatment, engine testing and various diagnostic services. Within the company is a certified laboratory for testing and servicing of measurement equipment and instruments.

At present, AP "Moma Stanojlovi?" employs almost 1.000 workers out of which 20% have university degrees. Company has significant experience in servicing both domestic and foreign clients, especially companies in South and East Europe, Africa, Asia and South America.



Military Technical Institute

In the last 60 years, among many other activities, MTI has been responsible for designing and developing aircraft. Over time it has become the most renowned and well equipped institution in this part of Europe. With its present research and development capacities, MTI is capable of developing aircraft for both civilian and military purposes. Among the services it provides, most interesting for potential clients are research and development services like:

- theoretical aerodynamics,
- experimental aerodynamics with air-tunnel testing,
- engineering and design of aircraft structure,
- stress and strength analysis of flight vehicle and other structures,
- various experimental static and dynamic testing of construction,
- aircraft propulsion,
- landing gear testing and design,
- hydro, fuel systems and controls,
- design and production of wind tunnel models,
- avionics architecture design for combat and training aircraft,
- upgrade and modernization of defense systems, and
- development and implementation of aircraft's armament.

MTI has had significant results and roles in the production of domestic aircraft in the past. Those types are G-2 Galeb, J-21 Jastreb, J-20 Kraguj, J-22 Orao and G-4 Super Galeb. At the time of their development and production all aircraft were considered remarkable by numerous experts worldwide. All aircraft, which were exported to a number of countries, are in operation with MTI still providing expert consultations in repair and servicing of the aircraft.

Presently, MTI is working on the development of new primary and basic training aircraft Lasta as well as the modernization of G-4, used as a military training and combat aircraft. In addition to these projects the company is developing reconnaissance UAV and laser guided bomb (LGB). The guidance and control section of this LGB can be utilized, with some modifications, to other types of bombs.

MTI's testing equipment and wind tunnels are one-of-a-kind in the region. There are five wind tunnels, with speed range from 0.05 to 4 Mach in which a whole range of testing can be performed. Facilities also include two experimental halls for dynamic and static testing which are monitored by modern digital equipment. The company's computer center is equipped with fully licensed Unigraphics NX, I-Deas, Nastran and a set of software solutions that were designed in-house by MTI experts for research and development purposes.



JV Turbine Support



This company, founded in January 2005, is the youngest member of Serbia's aviation industry. Companies like "JV Turbine Support" are the clearest example of the business oriented approach to aviation industry that is embedded in highly skilled labor. The company specializes in aviation/aero engine consulting services and due to the established affiliations with all major Serbian companies in the field, it can offer one-stop-shop services for companies seeking aviation industry solutions. It is a major specialist in aero engines, their maintenance and repairs.

Its expansive approach to business has made the company a leader in initiatives to make Serbian aviation industry even more competitive and to present it to the world. In addition, having signed consulting and agent agreements with major US and European aero engine companies, it brings world business standards in Serbia. Recycling of super alloys and creating a paperless business environment is the way jvts.aero will contribute keeping the natural resources in Serbia.

Flight Test Centre

The Flight Test Center (FTC) is a R&D institution of the Air Force and Air Defense Command established for aircraft, airborne equipment and weapons development and verification tests purposes.

The Flight Test Center was established in Belgrade in 1945. It continues tradition of Flight Test Group, which was formed on December 1933 by the decree of the Yugoslav King Alexander Karadjordjevic. The FTC is qualified for carrying out the following tests on ground and in the air:

- Airplane and Helicopter Flight Testing,
- Aircraft Performance,
- Flying Qualities of Piloted Aircraft,
- Weapon Systems Integration,
- Aircraft Noise Measuring,
- Avionics Airborne Testing,
- Parachute Testing,
- Ground Testing, and
- Test Pilot School.

The following types of aircraft and equipment are tested at FTC:

- 203 types of aircraft: 94 prototypes of aircraft of indigenous design and production,
- 102 types of parachutes (personnel, cargo and braking parachutes),
- 91 types of weapons both guided and unguided of various origin, as well as a large number of fire

control systems, and

- 19 types of targets (guided, programmed and towed).

Current areas of research focus and some past research projects are listed below.

- Galeb G-4M, Aircraft – Modifications,
- Aircraft noise measuring – ICAO Annex 16,
- Parachutes airborne testing,
- Helicopter Mi – 8, modifications – replacement of main rotor, and
- Weapons Systems Integration.

Technical support of tests includes:

- PCM/FM Telemetry System consisting of airborne data collection system and ground telemetry station,
- The Theodolite Systems,
- The Computer centre,
- Metrology laboratory with a number of different types of sensors ,
- Electrical laboratory for assembling testing and preparation measuring equipment, and
- Video and film processing laboratory.



JAT Tehnika



With MRO experience dating back to 1927, company has tradition that only a few others in the world have. JAT Tehnika was among first companies to receive FAA for Boeing fleet in 1969 and at the time only 4 other companies in Europe had this certificate. JAT Tehnika was alongside Lufthansa, Air France, Swissair and Sabena to receive this certification. This cooperation with Boeing went on, to make JAT Tehnika first trained and certified MRO for maintenance of B737-300 and CFM56-3 engines in Europe. As a result, in the mentioned field, JAT Tehnika engineers have 20.000 years of cumulative hands-on experience.

However, Boeing was not the only partner of JAT Tehnika. In 2002 company celebrated 65 years of working together with Pratt & Whitney and over 3.000.000 jet engine flight hours accumulated on JT3D-3B and JT8D-9/9A engines. Similar achievement were reached with CFM International, with 275.000 engine flight hours of successful cooperation.

Apart from servicing engines, JAT Tehnika is also performing A/C Overhaul for DC-9, B727 and B737 Classics aircraft. This in particular represents an opportunity for companies seeking quality and reliable overhaul service that is located in Europe and due to its geographic location, Serbia has a natural advantage for servicing not only Europe but also Middle East and North Africa.

JAT Tehnika's thrive for excellence has led the way in the past seven decades and its commitment to quality is still truly unique. Company is constantly upgrading its equipment and the latest addition to the machine park was a state-of-the-art balancing



machine from American Hoffman. In addition to qualified and highly experienced labor, adequate equipment, JAT Tehnika is the most appropriate partner for companies seeking to reduce costs.

JAT Tehnika, the oldest and probably the most reputable MRO in Eastern Europe, as of October 2005 has become official EASA Repair Centre. With German LBA certifying that JAT Tehnika fully complies with all EASA 145, the company is on its way to once again become a leading MRO in the region and wider.

PPT-Namenska

“PPT-Namenska” is a joint stock company, a part of the holding company “Hydraulic and Pneumatic Industry – Prva Petoletka (PPT)” from the town Trstenik.

The company was founded in 1949 for the production of landing gears and other hydraulic and pneumatic devices and systems for aircraft.

Core activities of the company are: research, development, design, production, testing, sale, and maintenance of the hydraulic and pneumatic devices and systems for the military and civil market needs.

Main products of the aircraft programme are:

- landing gears, hydraulic and electro-hydraulic servo-actuators for primary and secondary flight controls, hydraulic and fuel pumps, hydraulic motors, cylinders, electro-hydraulic servo-distributors, distributors of all types, valves, hydraulic accumulators, pressure and flow regulators, filters and other devices for hydraulic and pneumatic installations;
- ground equipment for maintenance and overhaul of aircraft (power packs, lifters...);

PPT-Namenska has over 400 production machines, including:

- machine tools (lathes, milling machines, grinders, hones, electro-erosion machines...);
- machines for almost all kind of heat treatment (annealing, tempering, quenching, case hardening, nitriding, boronising...);
- lots of types of surface treatment (chromium plating, nickel plating, zinc plating, phosphating,

anodising treatments for aluminium alloys) PPT-Namenska has testing and control equipment for produced devices and systems in their development as well as mass production phase, all in accordance with MIL standards:

- test benches for functional testing of hydraulic, pneumatic and fuel devices and systems;
- landing gears test benches (balance, impact, fatigue, durability);
- laboratory for brakes, tyres and wheels testing;
- test benches for impact, vibration and acceleration testing;
- meteorology laboratory for pressure and length control of measuring equipment.

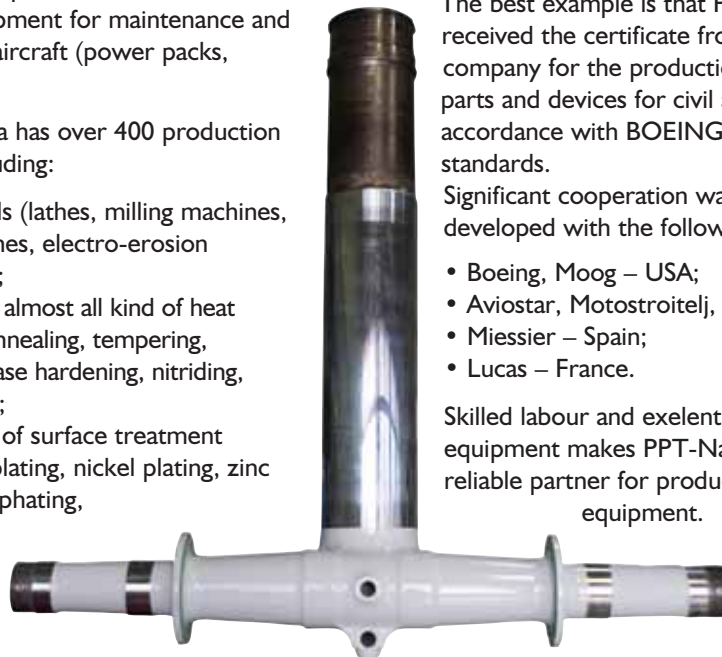
Thanks to the outstanding level of quality of products, PPT-Namenska has had cooperation with several world leading companies from aviation industry.

The best example is that PPT-Namenska received the certificate from BOEING company for the production of tier I parts and devices for civil airplanes, in accordance with BOEING demands and standards.

Significant cooperation was also developed with the following companies:

- Boeing, Moog – USA;
- AvioStar, Motostroitelj, IL – Russia;
- Miessier – Spain;
- Lucas – France.

Skilled labour and excellent technological equipment makes PPT-Namenska a reliable partner for production of aircraft equipment.



DMB-FTMT



Since its founding in 1948 till today, 21.maj, known as DMB, has always covered aircraft program as its main occupation. Turbo Engine and Transmission Factory (FTMT), as a part of DMB company, is the oldest factory that maintained a good cooperation with all known companies in aeronautical field, especially within Europe. During the last 50 years FTMT has achieved a very high technological level throughout license production of components for S-55 Westland Sikorsky helicopter, Czechoslovakian Walter piston engine, overhaul and testing GE J-33, 7-35 and J-47 turbojet engines, transmission components for Gazzele SA-342 helicopter, production of cold parts of Astazou

XIM engine, license production of cold parts of Rolls-Royce

Viper 632 engine, cooperation with Boeing, Snecma, and Russian companies.

Other, very important part of production within DMB-FTMT is production of transmission generally intended for agricultural machinery, tractors, civil engineering machine, car and electro industry, cross-country vehicles, cranes and tool machines.

The production capacities, good technology and expert staff enabled manufacturing of the most complex parts of aircraft engines. DMB-FTMT has all standard machinery needed for production including CNC lathes, CNC milling machines, CNC grinding machines, machines for teeth cutting, and others.

Also, DMB-FTMT has research and development labs, good quality control including Quality Management System which fulfils requirements of the international standards ISO 9002.

Today, DMB-FTMT has over 200 employees. Nearly 10% of the workforce is composed of engineers and management staff, and the great majority of production workers are highly skilled technicians.



LPO – ADA Precise Casting Plant

Precise Casting Plant – LPO Ada was founded in 1978. The facility is in the industrial zone of Ada city, and has a building area of over 6.000 square meters.

From the year 2003, LPO is 91% subsidiary of Bet Shemesh Engines Ltd. from Israel.

LPO is an expert in equiax castings of blades and vanes for the aerospace – jet engines. It has a very wide experience in production of the castings for commercial and military engines.

As part of the production its casting plant has the following operations:

Waxing

- Cluster assembly and
- Wax pattern injection

Dipping

- The coating of wax clusters using ceramic slurry is a critical operation within the production process and is a vital factor in the quality of castings, particularly the surface structure of castings. Therefore a stringent process control is maintained on all significant parameters such as temperature and humidity of the air in the environment, viscosity and composition of the slurry, and grades of stucco.

Casting

- Air melting, 20 kilos and
- Vacuum melting, 25 kilos.

Quality Inspection

- FPI Inspection, and
- X-Ray Inspection.

Dimensional inspection, visual inspection, calibration

- Dimensional Inspection
- Calibration room

Laboratories

- Alloy verification – XRF
- Metallurgical laboratory – Microscope
- Creep testing machine

LPO maintains high quality level of turbine airfoil for the aerospace industry. The assurance of quality is proven by the following certificates:

- ISO 9001 : 2000 and
- AS 9100 REVISION B



UTVA Aircraft Industry



UTVA Aircraft Industry, one of the first Yugoslav gliders and aircraft manufacturers, was established in 1937 in Belgrade. In 1940 the company was moved to Pancevo, about 20 kilometers from Belgrade. In 1987 UTVA has been finally moved to newly built facilities on Pancevo airport, at the rim of the town. Major shareholder of the company is The Serbian Government.

Today, UTVA is the only aircraft manufacturer in Serbia.

From 1937 until 1958, UTVA Aircraft Industry was producing 9 types of gliders that were also licensed. Then, from 1948 until 1993, 13 types of basic training/utility/agricultural piston aircrafts, again, based on their original designs were manufactured and licensed. Finally, major

assemblies for attack/reconnaissance jet ORAO J/IJ-22 and advanced jet trainer G4, again based on their original design were manufactured from 1972 until 1991.

UTVA performed G-4M aircraft upgrade, from 1997 to 1999, with the most complex aircraft weaponry system designed, built and integrated in Yugoslavia, and major modifications in all aircraft systems.

In the field of MRO, UTVA was performing overhaul on G-4 from 1993 to 2000 and still performs major structural repairs on damaged aircrafts and carries-out modifications on ORAO, G-4, and UTVA 75 aircrafts.

Also, UTVA produces special maintenance tools, like CFM 56-3 shop maintenance benches and inspection tools.

Very important segment of UTVA experience is international cooperation in aircraft/aerospace programs since 1988, which mainly consists of manufacturing of metallic structural parts, subassemblies and assemblies, as well as array of manufacturing tools. List of UTVA customers includes Boeing, IAI Bedek, IAI Civil Aviation Group, SABCA, SONACA, Tupolev, Ilushin, Norman, and Lovaux.

Today UTVA provides following manufacturing capability from blueprint: aerospace machined and sheet metal parts, all kind of aircraft tools and jigs, aircraft cabin transparencies, aircraft subassemblies and assemblies, together with assembling and factory testing of whole small aircraft.

Also, UTVA provides following engineering services: design of manufacturing tools and jigs, design of assembling technologies, CAD design, and CNC programming.



Kluz Parachutes



The company was founded in 1947, and it follows the tradition of Knebl-Ditrih factory which produced its first parachute in 1934. Over time Kluz Parachutes had cooperation with world famous parachutes producers such as: Irvin, Brueggemann, Pionir and Parachutes-De-France. Its material suppliers were: Para-Gira, Autofluga, Harisa and Fordjekrafta. Products of Kluz Parachutes were sold in numerous countries including: Germany, Italy, Indonesia, India, Egypt, Brazil, Argentina and all the countries of the former Eastern Block. Companies production program:

- Parachutes: air-strike, training, sport, rescue, drogue (for USSR and Yugoslavian aircraft), cargo, special, pyrotechnical, paragliding, parasailing and others;
- Parachutes and army equipment: flight suits, uniforms, backpacks, connecting systems, mountaineering equipment, cargo platforms,

suspension elements, various types of cargo locks, hunting and camping equipment;

- Baloons: without baskets and burners;
- Protection equipment: body armor, vehicles and helicopter protectors.

Apart from producing its original design parachutes, Kluz Parachutes produces parachutes according to client's design such as Brueggemann – for NATO troops, amounting to 35 years of cooperation, and tailor made parachutes based on the client's sample. The factory has technological potential to produce from 100 to 200 parachutes monthly depending on the size and purpose. Body armor production capacities are from 2.500 to 3.000 peaces.

The company was privatized in the beginning of 2006 as the only company out of the whole Kluz holding. Company has 110 employees and 2.600 m² of working facilities.

Airport Catering



Airport Catering is a company primarily involved in providing catering services to domestic and foreign companies. The catering services include catering of food, drinks and all other related services that are provided in the aircraft. Apart from the aircraft, catering services can be provided on the airport and other venues.

Employees of the company are all highly trained for catering business, making it possible to deliver 5.000 different meals a day.

Company has facilities to produce both cold

and warm meals, confectionery products as well as special menus such as vegetarian, diet meals, Hindu, and child menu.

In process of food preparation, company is applying highest safety standards and currently is introducing HACCP standards. Company is also a member of International Travel Catering Association (ITCA). As a member of this association, the company is closely monitoring new achievements in flight catering, application of standards and innovations.

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Serbia Investment and
Export Promotion Agency



Serbia Investment and Export Promotion Agency (SIEPA) is a government agency established in 2001 to facilitate and support foreign direct investments and promote Serbian exports.

The list of services that SIEPA provides to foreign investors:

- analyzing Serbia's business environment and providing critical information regarding the process of setting-up a company in Serbia,
- preparing sector analyses and studies that give a thorough overview of the state of particular sectors of the Serbian economy,
- providing help in identification and acquisition of attractive Greenfield and Brownfield sites,
- assistance in obtaining necessary permits and licenses, thus speeding up the completion of investment projects,
- helping in finding partners and suppliers among Serbian companies.

Only by effectively networking with public and private sector bodies, SIEPA can best respond to the needs of foreign investors. In particular, SIEPA works in close cooperation with the following institutions:

- all government ministries and other governmental bodies,
- municipal authorities and local self-government,
- Building Directorate of Serbia and Agency for Building Land and Construction of Belgrade,
- tax and customs authorities,
- statistical bureaus,
- chambers of commerce,
- National Bank of Serbia,

and all other institutions related to the process of establishment and successful pursuit of business ventures in Serbia.





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