

V THE DIGITALIZATION PROCESS

In the period covered by this Report, no progress has been achieved concerning the digital switchover, i.e. the transition from analogue to digital television broadcasting in the Republic of Serbia, announced for April 4, 2012.

VI THE PRIVATIZATION PROCESS

Businessman Milan Beko said in an interview on TVB92 that the fact that he owned the daily Novosti was never disputed, confirming thereby that he actually controlled three foreign companies that owned a combined 62% of Novosti's shares. Namely, the companies Trimax Investments GmbH, Ardos Holding GmbH and Karamat Holdings Ltd acquired the shares of Novosti in August and September 2006, buying them out from small shareholders, with each of the said companies owning less than 25%. Until now, the Republic of Serbia was believed to be the largest single shareholder of Novosti with more than 29% of the shares, while the Pension and Disability Insurance Fund (PIO) of the Republic of Serbia held more than 7%. After Beko's interview on TVB92, the media reported that the Securities Commission had initiated a procedure to determine the ownership stakes in Novosti. Namely, according to the Law on Takeover of Joint Stock Companies, the person that has acquired the shares of a company, which, along with those that person already possesses, are exceeding 25% of the total number of votes attributed by the voting shares in that company, must immediately inform the stock market, the Commission and the acquired shares' company about the takeover. Moreover, the said person must announce a takeover bid, under the conditions and in the manner prescribed by Law. The same Law stipulates that the failure to fulfill the above mentioned obligations shall be subject to a fine ranging from one to three million RSD. The second consequence of the fact that Milan Beko, namely the companies he controls, has not timely notified the acquisition of more than 25% shares of Novosti, could be to strip him off the voting rights associated with these shares, until the breach is remedied. This would practically mean that the state, with its direct share of more than 29% and indirect share of more than 7% via the PIO Fund may, until the breach is remedied, assume the exclusive control of Novosti. Although the problem with Novosti occurred after the privatization carried out under the regulations that are not effective anymore and after the takeover of the shares of minority shareholders by companies controlled by Milan Beko, this is yet another proof of the situation where the non-transparency of media ownership in Serbia ultimately results in the state controlling an increasing share of the media scene in Serbia, instead of leading to privatization and the separation from the state of the main Serbian media.