

## PUBLIC ANNOUNCEMENT for participation in the public auction

### Information about PUBLIC AUCTION:

The Privatization Agency as a joint offer is offering 70% of the socially owned capital of the entity undergoing privatization, which is 51.67% of the total capital and 100% participation of JSC "ZORKA HOLDING, Sabac in the capital of JSC " ZORKA NEMETALI ", Sabac, which is 26.04 % of the capital. Total of 77.71% of the capital is offered for sale. Participation of JSC "ZORKA HOLDING, Sabac in the capital of the entity, is sold based on the authorization given to the Agency.

The price for the auction documentation for each enterprise is **30.000** din, which should be paid after receiving invoice from the Privatization Agency.

Purchase of auction documentation is obligatory for those wishing to participate in the auction. After presenting evidence of payment and signing a Confidentiality Agreement, the auction documentation can be collected on business days from 10:00 to 17:00 from 24.10.2003. until 09.12.2003 from: The Privatization Agency, Terazije 23/V, room number 511

**Deadline for submitting of applications is 10.12.2003. till 17.00.** Completed application forms for participation in the auction, which are included in the auction documentation, together with signed sale and purchase agreement and evidence of payment of the deposit are submitted in envelope clearly marked on the outside:

**" APPLICATION FOR PARTICIPATION ON PUBLIC AUCTION 181203"** Privatization Agency, Auction Center, Terazije 23/V, 11000 Beograd. APPLICATIONS THAT SHOW THE NAME OF THE COMPANY TO BE PRIVATIZED OR THE FULL AUCTION SALE CODE ON THE OUTSIDE OF THE ENVELOPE MAY BE REJECTED.

The auction will take place on **18.12.2003** at: Yugoslav Chamber of Commerce, Terazije 23/II, Beograd at 11:00 a.m. Registration of the participants will take place on **18.12.2003.** at the same address from 09.00 until 10.50.

Starting price for 70% of socially owned capital for the entity undergoing privatization is decided in accordance with the Decree on Sale of Capital and/or Property by Public Auction (Official

Gazette of the Republic of Serbia>> no. 45/2001, 45/2002 and 19/2003) and is 20% of the appraised price.

Starting price for participation of JSC "Zorka Holding", Sabac in the capital of JSC "Zorka Nemetali", Sabac, is 100% of appraised value i.e. percentage of the capital.

**Means of payment for a part of socially owned capital which is sold as a joint offer (51, 67%):** domestic currency, foreign convertible currency, bonds issued to individuals who are the citizens of the Republic of Serbia, against unpaid household foreign exchange savings with maturity not longer then capital sale day (18.12.2003). If a participant applies only for second auction payment can be made with bonds issued to individuals who are the citizens of the Republic of Serbia, against unpaid household foreign exchange savings regardless of maturity date.  
**Means of payment for a participation percentage of JSC "Zorka Holding", Sabac (26.04%) in the total capital of the entity undergoing privatization, can be ONLY in domestic currency or foreign convertible currency, but the part of the sales and purchase price (achieved at the auction) proportionally to the participation of the holding in the entity undergoing privatization, is paid in the lump no matter if participant applied for first or second auction.**

When price is increased from starting level of 271.613.795 dinars, up to the value that represents 100% of appraised capital value that is offered for sale 580.297.197 din, only price of the socially

owned capital is increased, while the price of the participation in the capital of the holding remains the same 194.442.945 dinars.

In case that the auction price will reach amount of 580.297.197 dinars that is 100% of the appraised value of the capital offered for sale, the increase of the price will include even price increase of the socially owned capital and participation of the holding in the total capital structure of the enterprise, which means that the amount the buyer has to pay in installments is proportionally increased (if he applies as individual) and amount which is to be paid in the lump is in ratio of (51.76% : 26.04%).

If first class bank guarantee is used for a payment of the deposit, it has to be payable within 48 hours after pronouncing the buyer at the auction.

Deposit for participation at the public auction will be returned 15 days after the auction.

The Agency holds the right to change the auction or deadline date for applications if need occurs and informs interested parties. Site visits may be arranged with the Privatization Agency after signing the Confidentiality Agreement (Phone number: + 381 (11) 3020-804; 011/3020-803 Fax: +381 (11) 3020-881. Visits may take place from 24.10.2003 until 09.12.2003.

\* Total estimated value of capital being privatized and expressed in EURO has been calculated using the official exchange rate as at 24.10.2003.

\*\* Total operating revenues and expenditures for 2000. and 2001. and expressed in EURO have been calculated using the average real exchange rate for the two years respectively (2000. and 2001.).

### Short description of the public auction procedure:

Sale of capital by Public Auction is performed by the Auctioneer starting price and each following increase. If after invitations for announcement no interest is shown, auctioneer announces the commission that is chosen by the Privatization Agency, acceptance of new announced price no bidder raise his/her hand, end of the auction with the hit of the hammer. The sale price will Supervision of the Auction, registration of the participants, the auctioneer announces the end of the auction with the hit of be the highest offered price and winner will be the bidder who declaring of the unsuccessful auction, signing of the auction the hammer. The sale price will be the highest offered price and accepted it. If after the third announcement for acceptance of the minutes is done by the Commission which is also involved in other the winner will be the bidder who accepted it. If after the third new starting price there were no interested bidders, the auction is activities concerning the auction in accordance with the law, announcement of the starting price no interest is shown, declared unsuccessful and participant forfeit their deposits. When Conditions for starting of public auction are fulfilled if at least one auctioneer declares first auction unsuccessful with the hit of the on the second auction only one bidder participates, he is invited to person has acquired the status of participant and if this person or hammer and starts second bidding where means of payment can accept starting price for three times. If he accepts starting price he his/hers duly authorized representative are present. be in foreign exchange household savings bonds of any maturity. is declared a buyer where starting price is sale price. If he refuses The Auctioneer will open the first auction at the time settled for its Participants will be bidders applied for the second auction and the starting price, the auction is declared unsuccessful and he opening where means of payment can be cash and matured from the previous auction if it was unsuccessful. If on the second forfeits his deposit. foreign exchange household saving bonds. If on the first auction auction more then one bidder participates, the auctioneer . more then one bidder participates, the auctioneer announces the announces starting price and each following increase. If after third

### 1) Basic data on enterprise to be privatized: Joint stock enterprise for manufacture of nonmetals and construction material " ZORKA NEMETALI ", SABAC

**Auction sale code: 181204-931**

Core activity: Manufacture of ceramic tiles and panels

Total estimated value of the capital sale : 580.297.197 Din or \*8.711.615 EUR  
That is 77.71 % of the total capital of the enterprise.

**Deposit** for participation in the auction is: 135.806.894 Din or 2.038.778 EUR

**Starting auction price** is: 271.613.795.000. Din

**Minimum investment** in enterprise to be privatized: 400.000.000 Din.

#### Most important assets of the enterprise:

##### A) Buildings – (m<sup>2</sup>):

1. Hall for manufacturing of ceramic tiles (14150), 2) Hall for manufacture of façade bricks (7850), 3. Milling hall (590), 4. Homogenization plant (1970), 5. Central workshop building (551)

##### B) Equipment:

1) Big turnace for baking of tiles, 2) Automatic hydraulic press, 3) Electronic trolley controlled by laser, 4) Dredge machine RSU YO 4225 A 5), 5) Press for wrapping of tolls with rubber

**C) Land (m<sup>2</sup>):** Land for development: ( 105217 ): Agricultural land: ( 930131 )

#### Financial information for year:

2001.

2002.

Shown in:	Din	**EURO	Din	**EURO
Total operating revenues	553.205.000	9.297.892	607.263.000	10.061.519
Total operating expenditures	514.654.000	8.649.938	593.913.000	9.840.328

**D) Most important products/services:** 1) Ceramic tiles, 2) Production and processing of clay, 3) Production of bricks and similar products, 4) Production of non metal raw materials, 5) Exploiting and processing of stones

**Number of employees:** 648; of which with University degree:55