

PUBLIC ANNOUNCEMENT for participation in the public auction

Information about PUBLIC AUCTION:

The Privatization Agency as a joint offer is offering 70.00% of the socially owned capital of the entity undergoing privatization, which is 21.00% of the total capital and 100.00% participation of ELEKTRONSKA INDUSTRIJA – EI, NIS which is 70.00% of the total capital. Total of 91.00% of the capital is offered for sale OF LIMITEL LIABILITY ENTERPRISE FOR PRODUCTION OF PACKING MATERIAL AND BOXES “ EI – PAK”, Aleksinac. Participation of ELEKTRONSKA INDUSTRIJA – EI, NIS 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 07.05.2004. until 01.06.2004 from: The Privatization Agency, Terazije 23/V, room number 511

Deadline for submitting of applications is 02.06.2004. 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 100604" 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 10.06.2004.at: Yugoslav Chamber of Commerce, Terazije 23/II, Beograd at 11:00 a.m. Registration of the participants will take place on 10.06.2004. at the same address from 09.00 until 10.50. **Means of payment for a part of socially owned capital which is sold as a joint offer (21.00%):** 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 (10.06.2004). 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 RTB BOR, BOR (70.00%) 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.

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 07.05.2004. until 01.06.2004

* Total estimated value of capital being privatized and expressed in EURO has been calculated using the official exchange rate as at 07.05.2004.

** 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. The 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. If after the first announcement no bidder raise his/her hand, the auctioneer announces the end of the auction with the hit of the hammer. The sale price will be the highest offered price and winner will be the bidder who accepted it. If after the third announcement for acceptance of the unsuccessful auction, signing of the auctioneer 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 activities concerning the auction in accordance with the law, the winner will be the bidder who accepted it. If after the third announcement of the starting price no interest is shown, the auction is declared unsuccessful and participant forfeit their deposits. When Conditions for starting of public auction are fulfilled if at least one person has acquired the status of participant and if this person or his/hers duly authorized representative are present. The Auctioneer will open the first auction at the time settled for its opening where means of payment can be cash and matured foreign exchange household saving bonds. If on the first auction more than one bidder participates, the auctioneer announces starting price and each following increase. If after third

Basic data on enterprise to be privatized: Limited liability enterprise for manufacture of packing material and boxes "EI PAK", ALEKSINAC

Auction sale code: 100604- 155

Core activity: Manufacture of mattresses

Total estimated value of the capital sale : **230.637.000 Din** or ***3.275.281 EUR**

That is **91 %** of the total capital of the enterprise.

Deposit for participation in the auction is: **27.676.000 Din** or **393.034 EUR**

Starting auction price is: **55.353.000. Din**

Minimum investment in enterprise to be privatized: **17.084.000 Din.**

Most important assets of the enterprise:

A) Buildings - (m²):

1. Management building, T. I jordjevica bb (947), 2. Hall for manufacture of wooden boxes (1969), 3. Hall for manufacture of cardboard boxes (2184), 4. Stirophone hall and pre expander (2589), 5. Warehouse for finished goods (2017), 7. Stirophone warehouse and recycling building (1479)

B) Equipment:

... enger vehicle _ Citroen (Stram), 3) Packing k 12 14, 5) Recycling plant (Kurz), 6) mixing and measuring plant

C) Land (m²): Land for development: (21118), Agricultural land: (0)

Financial information for year:

2002.

2003.

Shown in:	Din	**EURO	Din	**EURO
Total operating revenues	137.637.000	2.280.457	114.652.000	1.762.331
Total operating expenditures	152.637.000	2.528.987	130.190.000	2.001.168

D) Most important products/services: 1) Stirophone products, 2) Cardboard packing material, 3) Wooden products

Number of employees: 178; of which with University degree:15