

PUBLIC ANNOUNCEMENT for participation in the Public Auction

Basic Data on Auction Sale

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, and at the time of purchase, the Confidentiality Agreement is also signed. After presenting evidence of payment, the auction documentation can be collected at the following address: Bulevar Mihajla Pupina 10, 5th floor, Novi Sad, from 9:00 to 17:00 hours, starting 09. 08. 2004. until 26. 08. 2004.

DEADLINE FOR SUBMITTING OF APPLICATIONS IS 27. 08.2004. at 17.00

Completed application forms for participation in the auction, which are included in the auction documentation, together with signed draft 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 060904" Bulevar Mihajla Pupina 10, 5th floor, Novi Sad

* Total estimated value of capital being privatized and expressed in EUR has been calculated using the official exchange rate as at 09.08.2004.

** Total operating revenues and expenditures expressed in EUR have been calculated using the annual average real exchange rate.

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 06.09.2004.

at the following address: Novi Sad, Business center Vojvodina - SPENS at 11:00 hours. Registration of the participants will take place at the same place on 06. 09. 2004, from 09:00 to 10:50 hours.

Means of payment can be 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 (06.09.2004). 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.

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, in the period starting 09. 08. 2004. until 26. 08. 2004, at the schedule previously arranged by The Privatization Agency, phone number: + 381 21 452 959; Fax: +381 21 452 967.

Short description of the PUBLIC AUCTION PROCEDURE

Sale of capital by Public Auction is performed by the Auction commission formed by the Privatization Agency. Commission performs supervision of the Auction, registration of the participants, declaring of the unsuccessful auction, signing of the auction minutes, together with other activities concerning the auction in accordance with the law. 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 set for its opening where means of payment can be cash and matured foreign exchange household saving bonds. If on the first auction more then one bidder participates, the auctioneer announces the starting price and each following

increase. If after third invitation for acceptance of new announced price 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 the winner will be the bidder who accepted it. If after the third announcement of the starting price no interest is shown, auctioneer declares first auction unsuccessful with the hit of the hammer and starts second bidding where means of payment can be in foreign exchange household savings bonds of any maturity. Participants will be bidders applied for the second auction and from the previous auction if it was unsuccessful. If on the second auction participates more then one bidder, the auctioneer announces starting price and each following increase.

If after third announcement no interest is shown, 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 new starting price there were no interested bidders, the auction is declared unsuccessful and participant forfeit their deposits. When on the second auction only one bidder participates, he is invited to accept starting price for three times. If he accepts starting price he is declared a buyer where starting price is sale price. If he refuses the starting price, the auction is declared unsuccessful and he forfeits his deposit.

1) Basic Data on Enterprise to be Privatized: Socially Owned Confection Company KLUZ-SREM, RUMA

Auction Sale Code: 060904-1151p

ID Number: 17195581

Core Activity: Garment production

Most important assets

A) Buildings - major objects (? ?):

1. Production hall (3621) 2. Raw material warehouse (848) 3. Finished goods warehouse (829) 4. Management building (780) 5. Boiler room (208)

Total estimated value of the capital for sale: **72.681.000 CSD** or **994.575 * EUR** which represents **70%** of the total capital of the enterprise.

Deposit for participation in the auction is: **5.815.000 CSD** or **79.566 * EUR**

Starting auction price is: **11.629.000 CSD**

Minimum investment in enterprise to be privatized: **3.780.000 CSD**

B) Equipment:

1) Tailoring (Eastman) 2) Sewing (Pfaff) 3) Finishing (Test)

C) Land (? ?):

Income statement for:

	Year 2002.		Year 2003.	
Shown in:	CSD	**EUR	CSD	** EUR
Total operating revenues	88.673.000	1.469.191	79.265.000	1.218.393
Total operating expenditures	95.585.000	1.583.713	88.560.000	1.361.268

Most important products/services: 1) Production of heavy clothes (coats, overcoats) 2) Suits and costumes 3) Textile retail and gross sale

Total number of employees: 690; **of which with university degree:** 1