

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTION

Basic information on Auction sale

Those who are interested can purchase auction documentation at the price of: **25.000 CSD**, after the receipt of invoice from the Privatization Agency. VAT is not calculated in the price. The purchase of the auction documentation is obligatory, and on its receipt one is to sign the Agreement on Keeping the Confidential Information. After the payment evidence has been submitted, the auction documentation can be collected at the following address: Privatization Agency, Belgrade, Terazije 23, 09:00 – 17:00 on weekdays, from 31.10.2005 until 15.11.2005.

CLOSING DATE FOR THE APPLICATION SUBMISSION is 16.11.2005 until 17:00.

Filled application which is a part of the auction documentation with signed draft of the sales-purchase agreement and the deposit payment evidence, is to be submitted in a closed envelope with inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 241105, Privatization Agency, Belgrade, Terazije 23".

* The entire estimated capital value to be privatized, stated in EUR, is calculated pursuant to the official exchange rate on 29.10.2005.

** The entire business income and expense data, stated in EUR, were calculated in accordance with the average annual real exchange rates.

IF THERE IS NAME OF THE SUBJECT UNDERGOING PRIVATIZATION ON THE ENVELOPE, OR FULL AUCTION CODE, THE APPLICATION CAN BE REJECTED.

THE AUCTION IS GOING TO BE HELD ON 24.11.2005.

at the address: **Privatization Agency, Belgrade, Terazije 23, 2nd floor, Big hall**, at 11:00. The registration of the auction participants is going to take place at the same address on: **24.11.2005, from 09:00 – 10:50.**

Means of payment can be in domestic currency, foreign convertible currency, state bonds based upon the unpaid foreign currency savings of citizens, which are to become due not later than the date of the capital sale (24.11.2005), issued to the natural persons, who are the citizens of the Republic of Serbia. If the participant applies only for the second bidding, the means of payment can even be the state bonds based upon

the unpaid foreign currency savings of citizens, which are not to be due until the date of sale the capital, (24.11.2005), issued to the physical persons, who are the citizens of the Republic of Serbia.

In case the first class bank guarantee is submitted as the means of deposit payment, it is to be due within 48 hours after the declaration a buyer.

Deposit for participation is to be brought back 15 days after the public auction is held.

The Privatization Agency keeps the right to change the auction date as well as the closing date for the application submission if necessary, but also to inform the interested physical persons or legal entities on such changes, until the auction day at the latest.

The visit to the subject undergoing privatization shall be carried out after the signing the Agreement on Confidentiality in period from 31.10.2005 until 15.11.2005, after previously the time-table with the Privatization Agency has been established, phone: 011/3020-804; 011/3020-803 or fax: 011/3020-881.

Brief description of the PUBLIC AUCTION PROCEDURE

The sale of the capital by the public auction method is carried out by the Auction Commission, which is established by the Privatization Agency. The commission supervises the capital sale by the auction, registers the auction participants, pronounces the auction for unsuccessful, signs the minutes and performs other activities of importance for the auction performance in accordance with the Law. The conditions for the auction to be carried out are met, if at least one person has obtained the status of the auction participant and if it is represented personally or by an authorized representative. At the time ordered for the PUBLIC AUCTION opening, the auctioneer shall open the first bidding, on which occasion the means of payment can be in cash or due bonds. If there is more than one person at the first bidding, the auctioneer announces the initial price as well as each further increase. In case that none of the interested buyers reacts after the third call for acceptance the newly established price, the auctioneer

declares the auction finished by hammering. The selling price becomes the highest offered value, and the participant who has been the first to offer the highest price is declared a buyer. If there have not been interested parties after the announcement of the initial price, even after the third call, the auctioneer declares the first bidding unsuccessful by hammering and immediately afterwards opens the second bidding, on which occasion even undue state bonds can be the means of payment. Those who have applied for the second bidding can participate in, as well as the participants in the first bidding, in case it has been declared unsuccessful. If in the second bidding participate more than one person, the auctioneer announces the initial price, as well as each further increase. If none of the interested buyers reacts after the third call for acceptance the newly established price, the auctioneer, by hammering, declares the auction closed. The selling price becomes the highest offered value, and

the participant who has been the first to offer the highest price, is declared a buyer. If after the announcement of the initial price there have not been any interested parties even after the third call, the auction is declared unsuccessful, and the participants lose the right to be brought back the deposit.

If only one party who has been given the auction participant status attends the second bidding, she/he is invited three times to accept the initial price. If the party accepts the initial price, she/he is declared a buyer and the initial price becomes the selling price. If the participant does not accept the initial price, the auction is declared unsuccessful, and she/he loses the right to be brought back the deposit.

1) Basic information on the subject undergoing privatization: Društveno preduzeće za unutrašnju i spoljnu trgovinu STOTEKS sa p.o., KRALJEVO

The auction sale code: 241105-1268

Official Identification Number of the subject: **07153031**

Field of work: **Textile wholesale**

The entire estimated value of the capital to be privatized: **CSD 224.541.000** or ***EUR 2.626.733**, which is **70,00 %** of the total entity capital to be privatized.

Deposit for participation in the auction: **CSD 26.945.000** or ***EUR 315.208**

The initial auction price: CSD 53.890.000

Minimum of the investments into the subject undergoing privatization: **CSD 4.980.000**

The most important property of the subject undergoing privatization

A) Buildings – the most important facilities (m²):

1. Office building «Stoteks» (4965) 2. Distributional centre «Grdica» (1868) 3. Shop «Rekord» (215) 4. Shop «Moda» (313) 5. Shop «Princ» (234) 6. Department store «Jasen» (1622)

B) The most important equipment:

1) Goods vehicle 2) PC with printer 3) PC 4) Foto-copier

V) Land facilities (m²): *Construction land: (25843) ((24732) – socially-owned; (1111) – state property) Agricultural land: (11150) – socially-owned*

Balance sheet per year:

	2003		2004	
Shown in:	CSD	**EUR	CSD	**EUR
Total business revenues	29.626.000	455.385	29.598.000	405.441
Total business expenses	45.905.000	705.612	56.266.000	770.746

Main products/ services: 1) Textile, yarns, fabrics and bed linen wholesale 2) Other household appliances and goods wholesale 3) Textile retail trade

Total number of employees: 150; **of whom: BS/ BA:** 2