

# PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

## Basic data on Auction sale

Those who are interested can purchase the auction documentation at the price of: **CSD 40.000**, 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 Confidentiality Agreement. After the payment evidence has been submitted, the auction documentation can be collected at the following address: Privatization Agency, Belgrade, 23 Terazije St, from 09:00 – 17:00, in period from 08.05.2006 until 30.05.2006.

Right to participate in the public auction have:

1) domestic or foreign legal entity, which performs the operations in the field of plastic masses processing;

Legal entity shall be deemed to have fulfilled the required conditions for participation in public auction, if it is owner of more than 50 % of assets of a legal entity, which meets the required conditions for participation in the public auction.

2) private entrepreneur, who performs the operations stipulated in the clause 1 of this paragraph;

3) domestic or foreign legal entity, which has been performing the operations stipulated in the clause 1 of this paragraph for at least 5 years;

4) that it, in two last business years, achieved business income of at least CSD 80.000.000 per year, performing the operations set out as the condition for participation in the public auction.

**CLOSING DATE FOR THE APPLICATION SUBMISSION is 31.05.2006, until 17:00.**

Filled application, which is a part of the auction documentation, with the signed draft of the Sale-Purchase Agreement and the deposit payment evidence, is to be submitted in a sealed envelope with inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 080606, Privatization Agency, Belgrade, 23 Terazije Str". IF THERE IS NAME OF THE SUBJECT UNDERGOING PRIVATIZATION ON THE ENVELOPE, OR FULL AUCTION CODE, THE APPLICATION CAN BE REJECTED.

**THE AUCTION SHALL BE HELD ON 08.06.2006.**

at the address: Privatization Agency, Belgrade, 23 Terazije St, 2<sup>nd</sup> floor, Large Hall at **11:00**. The registration of the auction participants will take place at the same address on: **08.06.2006, 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 due not later than the date of the capital sale (08.06.2006), issued to the natural persons, who are citizens of the Republic of Serbia. If the participant applies only for the second bidding, means of payment can be even the state bonds based upon the unpaid foreign currency savings of citizens, which are not to become due until the date of the capital sale (08.06.2006), issued to the natural persons, who are citizens of the Republic of Serbia.

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

Deposit for participation is to be brought back 15 days after the public auction has been 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 parties on such changes, if any, until the auction date at the latest.

The site visit shall be carried out after the signing the Agreement on Confidentiality in period from 08.05.2006 until 30.05.2006, after previously the time-table with the Privatization Agency has been established, phone: 011/3020-804; 011/3020-803 or fax: 011/3020-881.

\* The entire estimated capital value to be privatized, stated in EUR, was calculated according to the official exchange rate on 08.05.2006.

\*\* The total business income and expense data, stated in EUR, were calculated according to the average annual real exchange rates.

## Brief description of the PUBLIC AUCTION procedure

The sale of capital by method of the public auction is carried out by the Auction Commission, which is to be 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 presented 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 obtained the auction participant status, attends the second bidding, that party 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 to be privatized: Društveno preduzeće za preradu plastičnih masa 7. JULI sa p.o., PREŠEVO**

**Auction Sale Code:** 080606-1663

Official ID number of the Subject: **07179286**

Field of work: **Plastic packings production**

The entire estimated capital value to be privatized amounts to: **CSD 117.123.000** or **\*EUR 1.354.339**, representing **70 %** of the total subject capital.

**Deposit** for auction participation: **CSD 14.055.000** or **\*EUR 162.521**

**The initial auction price:** **CSD 28.110.000**

**Minimum of obligatory investments** into the subject to be privatized amounts to: **CSD 80.000.000**

**The most important property of the subject undergoing privatization**

**A) Buildings – main facilities (m²):**

1. Production plant (1100) 2. Final processing department (680) 3. Building (porter's lodge, kitchen, restaurant and warehouse) (1220) 4. Raw materials warehouse (385)

**B) The most important equipment:**

1) Sinking pump (SP 90-13 «GRUNDFOS») 2) Automatic devices (14 items) 3) Extruder (13 items) 4) Concrete machine for granulation 5) Automatic compressor shop (UPAK NK-314)

**C) Land (m²):** *Construction land: (6767) – socially-owned; Agricultural land: (69195) – socially-owned*

Balance sheet per year:	2004		2005	
	CSD	**EUR	CSD	**EUR
Shown in:				
Total business revenues	16.292.000	223.172	14.475.000	174.593
Total business expenses	17.776.000	243.500	25.118.000	302.966

**Main products/ services:** 1) Products made of polyethylene 2) Carriers, open bags and valves 3) Thermo-accumulating and common flannels 4) Accumulation, refinement and distribution of water 5) Goods transportation by road traffic

**Total number of employees:** 67; **of which BS/ BA:** 0