

Based upon Article 38 of the Law on Privatization ("Official Gazette of RS", no-s. 38/01, 18/03 and 45/05), and Article 9 of the Decree on sale of capital and property by public auction ("Official Gazette of RS" no. 52/05), the Privatization Agency announces:

# PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

## Basic information on Auction Sale

Those who are interested can purchase 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 Agreement on Keeping the Confidential Information. After the payment evidence has been submitted, the auction documentation can be collected at the following address: 10 Bulevar Mihaila Pupina(5<sup>th</sup> floor), Novi Sad, 09:00 –17:00 on working days, in period from **25.04.2006** until **08.06.2006**.

Right to participate in the public auction has:

–domestic or foreign legal entity, which cumulatively fulfils the following conditions:

1) that it performs one of the following activities:

- production of radio and TV programs,
- radio and TV broadcasting,
- newspaper publishing,
- publishing of magazines and similar periodical publications, and

2) that it has been performing the stipulated activity/activities for at least two years until the date of announcement of this public invitation for participation in public auction.

The legal entity shall be deemed to have fulfilled the required conditions for participation in the public auction, if it owns more than 50 % capital of a legal entity, which cumulatively fulfils the required conditions set to legal entities for participation in public auction.

\* *The entire estimated capital value to be privatized, stated in EUR, was calculated pursuant to the official exchange rate on 21.04.2006.*

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

–domestic or foreign natural person

1) who owns more than 50 % capital of a legal entity, which cumulatively fulfils the required conditions set to legal entities for participation in public auction, or

2) who achieved at least two years of employment at the legal entity, which cumulatively fulfils the required conditions set to legal entities for participation in public auction.

**CLOSING DATE FOR THE APPLICATION SUBMISSION is 09.06.2006, until 17:00.**

Filled application, which is a part of the auction documentation, with signed draft of the Sales and Purchase agreement and the deposit payment evidence, is to be submitted in a sealed envelope with inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 190606, 10 Bulevar Mihaila Pupina (5<sup>th</sup> floor), Novi Sad".

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

**THE AUCTION WILL BE HELD ON 19 JUNE 2006.**

at the address: **Novi Sad, JP Sportsko–poslovni centar Vojvodina–SPENS**, at **11:00**. The registration of the auction participants will take place at the same address on: **19.06.2006, 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 (19.06.2006), issued to the natural persons, who are 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 the capital sale, (19.06.2006), 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 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 natural persons or legal entities 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 25.04.2006 until 08.06.2006, after previously the time–table with the Privatization Agency has been agreed upon, phone: 021/452–959 or fax: 021/452–967.

## 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 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 undergoing privatization: Novinsko-izdavačko preduzeće SUBOTIČKE NOVINE, SUBOTICA**

**Auction Sale Code:** 190606-1647

ID number of the Subject: **08008787**

Field of work: **Newspaper publishing**

The entire estimated capital value to be privatized amounts to: **CSD 4.772.000** or **\*EUR 55.203**, representing **70,00 %** of the total subject capital.

**Deposit** for participation in the auction: **CSD 477.000** or **\*EUR 5.520**

**The initial auction price:** **CSD 954.000**

**Minimum of obligatory investments** into the subject to be privatized amounts to: **CSD 544.000**

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

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

1. Office building (416) 2. Flat (29)

**B) The most important equipment:**

1) Working station (3 items, UPS Mustek) 2) Working station (Lektor RS) 3) Working station (2 items, Graphics RS) 4) Digital camera C-8080 WZ, MB MC (CF PRO 256) 5) Fiscal printer (Galeb FP-550) 6) Air-conditioner (3 items, DSB 182 LH 091 LH)

**C) Land capacities (m²):**

**Balance sheet per year:**

| Shown in:               | 2004       |         | 2005       |         |
|-------------------------|------------|---------|------------|---------|
|                         | CSD        | **EUR   | CSD        | **EUR   |
| Total business revenues | 21.338.000 | 292.293 | 27.640.000 | 333.386 |
| Total business expenses | 19.842.000 | 271.801 | 27.392.000 | 330.394 |

**Main products/ services:** 1) newspaper «Subotičke novine»

**Total number of employees:** 24; **of which BS/ BA:** 5