

In accordance with 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 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 12.05.2006 until 13.06.2006.

CLOSING DATE FOR THE APPLICATION SUBMISSION is 14.06.2006, until 17:00.

Filled application, which is a part of the auction documentation, with the signed draft of the Sale 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 220606, 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 WILL BE HELD ON 22.06.2006.

at the address: Privatization Agency, Belgrade, 23 Terazije St, 2nd floor, Large Hall at **11:00**. The registration of the auction participants will take place at the same address on:

22.06.2006, 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 sale of the capital (22.06.2006), 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 be even the state bonds based upon the unpaid foreign currency savings of citizens, which are not to become due until the date of sale of the capital (22.06.2006), 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 12.05.2006 until 13.06.2006, after previously the time-table with the Privatization Agency has been established, phone: 011/3020-804; 011/3020-803 or by fax: 011/3020-881.

* The entire estimated capital value to be privatized, stated in EUR, was calculated according to the official exchange rate on 12.05.2006.

** 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 through the method of 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 at the same time 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 UKRAS, NOVI PAZAR

Auction Sale Code: 220606-1388
 Official ID number of the Subject: **07206755**
 Field of work: **Stone pulling for building industry**

The entire estimated capital value to be privatized amounts to: **CSD 138.342.000** or ***EUR 1.581.039**, representing **70 %** of the total subject capital.
Deposit for auction participation: **CSD 13.834.000** or ***EUR 158.104**
Initial auction price: **CSD 27.668.000**
Minimum of obligatory investments into the subject to be privatized amounts to: **CSD 3.549.000**

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):
 1. Production plant with management offices (3100) 2. Old works–power saw (2339) 3. Production plant 2 (118)

B) The most important equipment:
 1) Transversal milling machine (MINIŠAV) 2) Line for building plates 3) Measuring machine 4) Mud pumps (2 items) 5) Drilling hammer (VK-30-2)

C) Land capacities (m²): *Construction land: (50215) ((35583) – socially-owned, (14632) – state owned); Other land: (39433) – socially-owned, (4806) – owned by state; Agricultural land: (56908) ((25868) – socially-owned, (31040) – owned by state); Wood area: ((41131) – socially-owned, (12987) – owned by state)*

Balance sheet per year:	2004		2005	
	CSD	**EUR	CSD	**EUR
Shown in:				
Total business revenues	0	0	0	0
Total business expenses	45.686.000	625.818	44.805.000	540.425

Main products/ services: 1) Marble plates 2) Different types and forms of stone
Total number of employees: 105; **of which BS/ BA:** 4

2) Basic information on the subject undergoing privatization: Preduzeće građevinskog materijala BUDUĆNOST društveno preduzeće, PREŠEVO

Auction Sale Code: 220606-1665
 Official ID number of the Subject: **07179243**
 Field of work: **Lime production**

The entire estimated capital value to be privatized amounts to: **CSD 96.518.000** or ***EUR 1.103.057**, representing **70 %** of the total subject capital.
Deposit for auction participation: **CSD 11.582.000** or ***EUR 132.367**
Initial auction price: **CSD 23.164.000**
Minimum of obligatory investments into the subject to be privatized amounts to: **CSD 569.000.000**

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):
 1. Management building (350) 2. Restaurant (225) 3. Works (450) 4. Plant for moisturising cream (630) 5. Workshop with warehouse (165)

B) The most important equipment:
 1) Excavator (RH.16,5 (complete)) 2) Electrical compressor (E and CM 2120) 3) Stone-crusher (1100x900 with EM) 4) Striking stone-crusher with beams (l=31) 5) Bulldozer (KATEPILAR D&K)

C) Land capacities (m²): *Construction land: (36397) – socially-owned; Other land: (37782) – socially-owned; Agricultural land: (58293) – socially-owned; Wood area: (27423) – socially-owned*

Balance sheet per year:	2004		2005	
	CSD	**EUR	CSD	**EUR
Shown in:				
Total business revenues	49.686.000	680.611	30.360.000	366.193
Total business expenses	64.485.000	883.332	55.136.000	665.034

Main products/ services: 1) Lime in pieces 2) Moisturising lime 3) Milled lime 4) Filling material
Total number of employees: 89; **of which BS/ BA:** 1

3) Basic information on the subject undergoing privatization: Društveno preduzeće GT KOMUNIKACIJE, BEOGRAD

Auction Sale Code: 220606-1666
 Official ID number of the Subject: **07092008**
 Field of work: **Production of TV and radio transmitters**

The entire estimated capital value to be privatized amounts to: **CSD 202.438.000** or ***EUR 2.313.564**, representing **70 %** of the total subject capital.
Deposit for auction participation: **CSD 24.293.000** or ***EUR 277.628**
Initial auction price: **CSD 48.585.000**
Minimum of obligatory investments into the subject to be privatized amounts to: **CSD 10.041.000**

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):
 1. Office building (user)– 23 Batajnicki drum (4699)

B) The most important equipment:
 1) Office copier (Xerox 5845) 2) Transformer station 3) Battery discharger 4) Passenger vehicle (Lancia K 3.0) 5) Goods vehicle (GAZ 27057) 6) Analyzing device for aerials

C) Land capacities (m²): *Construction land: (3960) – socially-owned (user)*

Balance sheet per year:	2004		2005	
	CSD	**EUR	CSD	**EUR
Shown in:				
Total business revenues	198.039.000	2.712.789	308.149.000	3.716.803
Total business expenses	212.516.000	2.911.098	300.947.000	3.629.935

Main products/ services: 1) Supplying installations 2) Switchboards 3) Distributoring programs 4) Planning, installing and maintenance services

Total number of employees: 119; of which BS/ BA: 42

4) Basic information on the subject undergoing privatization: Preduzeće za proizvodnju i promet RESAVICA, RESAVICA

Auction Sale Code: 220606-1667

Official ID number of the Subject: 07870906

Field of work: Clothes manufacture

The entire estimated capital value to be privatized amounts to: CSD 28.512.000 or *EUR 325.848, representing 70 % of the total subject capital.

Deposit for auction participation: CSD 2.851.000 or *EUR 32.585

Initial auction price: CSD 5.702.000

Minimum of obligatory investments into the subject to be privatized amounts to: CSD 6.917.000

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. Construction (3023)

B) The most important equipment:

1) Elbow machine UNION SPECIJAL (Union) 2) Finishing device with 5 threads (Singer step) 3) Finishing device with 3 threads (Vilkons DZIP) 4) Finishing device (MAUZER PFFAF)

C) Land capacities (m²): Construction land: (5185) – socially-owned

Balance sheet per year:	2004		2005	
Shown in:	CSD	**EUR	CSD	**EUR
Total business revenues	9.075.000	124.312	6.740.000	81.296
Total business expenses	18.720.000	256.431	23.493.000	283.366

Main products/ services: 1) Woolen clothes manufacture 2) Manufacture of combed yarn fabrics 3) Manufacture of silken fabrics

Total number of employees: 109; of which BS/ BA: 2

5) Basic information on the subject undergoing privatization: Društveno preduzeće za proizvodnju i promet elektroproizvoda ZASTAVA PES, SURDULICA

Auction Sale Code: 220606-1669

Official ID number of the Subject: 07630867

Field of work: Production of electrical equipment for engines and vehicles

The entire estimated capital value to be privatized amounts to: CSD 497.415.000 or *EUR 5.684.710, representing 70 % of the total subject capital.

Deposit for auction participation: CSD 59.690.000 or *EUR 682.165

Initial auction price: CSD 119.380.000

Minimum of obligatory investments into the subject to be privatized amounts to: CSD 53.534.000

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. Plant of Surdulica (12365) 2. Annex to the plant of Surdulica (1895) 3. Garage (775)
4. Production plant (472) 5. Facility for neutralization (251)

B) The most important equipment:

1) Assembly line (15W) 2) Rivetting machine (BIT-TUB) 3) Machine for squirting of plastics (ES1300/275) 4) Engine testing device (9/14GM) 5) Coordinate drilling machine (2E 440 2) 6) Device for packing of rotors

C) Land capacities (m²): Construction land: (51155) ((48266) – socially-owned, (2889) – owned by state); Agricultural land: (4625) – socially-owned

Balance sheet per year:	2004		2005	
Shown in:	CSD	**EUR	CSD	**EUR
Total business revenues	112.241.000	1.537.506	152.526.000	1.839.724
Total business expenses	147.943.000	2.026.561	175.150.000	2.112.608

Main products/ services: 1) Engines 2) Rotors 3) Relays 4) Machine tools 5) Magnetic detonators

Total number of employees: 261; of which BS/ BA: 22

6) Basic information on the subject undergoing privatization: Društveno preduzeće za završne radove u građevinarstvu UKRAS, NIŠ

Auction Sale Code: 220606-1670

Official ID number of the Subject: 07174250

Field of work: Final works in building industry

The entire estimated capital value to be privatized amounts to: CSD 14.692.000 or *EUR 167.911, representing 70 % of the total subject capital.

Deposit for auction participation: CSD 1.763.000 or *EUR 20.149

Initial auction price: CSD 3.526.000

Minimum of obligatory investments into the subject to be privatized amounts to: CSD 222.000

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. Management building – 1a Rajiceva Str. (206) 2. Office space – 38 Bregalnicka Str. (394) 3. Garages made of sheet metal (19) (378)

B) The most important equipment:

1) Vehicle (TAM 80 T 5B) 2) Hanging scaffold 3) Compressor 4) PC 5) Mixer 6) Crane

C) Land capacities (m²): Construction land: (29494) – owned by state

Balance sheet per year:	2004		2005	
Shown in:	CSD	**EUR	CSD	**EUR
Total business revenues	94.000	1.288	8.633.000	104.129
Total business expenses	4.178.000	57.231	50.565.000	609.900

Main products/ services: 1) Painting and glazing 2) Setting of floor and wall coatings 3) Other kinds of finishing works 4) Wholesale and retail of diverse goods

Total number of employees: 26; **of which BS/ BA:** 1

7) Basic information on the subject undergoing privatization: Zavod za fotogrametriju-d.p. za inženjering i konsalting u oblasti geodezije i uređenja prostora GEOINŽENJERING, BEOGRAD

Auction Sale Code: 220606-1672

Official ID number of the Subject: **07015623**

Field of work: **Planning and engineering**

The entire estimated capital value to be privatized amounts to: **CSD 541.719.000** or ***EUR 6.191.041**, representing **70 %** of the total subject capital.

Deposit for auction participation: **CSD 65.006.000** or ***EUR 742.925**

Initial auction price: **CSD 130.013.000**

Minimum of obligatory investments into the subject to be privatized amounts to: **CSD 7.189.000**

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. Administration building, 14 Admirala Geprata Str. (2894)

B) The most important equipment:

1) GPS two-frequent geodesist RTK 2) Passenger vehicle (Lada Karavan) 3) Total station (2 items) (Leica TCR 1101) 4) Goods vehicle (Lada Niva) 5) Total station (2 items) (Set 3110R Sokkia) 6) Total station (Set 4110R)

C) Land capacities (m²): *Construction land: (1458) – owned by state; Agricultural land: (43571) – socially-owned*

Balance sheet per year:	2004		2005	
Shown in:	CSD	**EUR	CSD	**EUR
Total business revenues	13.599.000	186.283	15.880.000	191.540
Total business expenses	31.119.000	426.276	23.631.000	285.030

Main products/ services: 1) Land register work out 2) Work out of basic state map 3) Organization of land through agrarian regroupment 4) Basic land survey

Total number of employees: 55; **of which BS/ BA:** 2