

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 05.05.2006 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, 2<sup>nd</sup> 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 05.05.2006 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 05.05.2006.

\*\* 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 to be privatized: MINEL KOTLOGRADNJA, preduzeće za projektovanje, proizvodnju, montažu i prodaju termoelektričnih i industrijskih postrojenja i opreme, a.d., BEOGRAD**

<b>Auction Sale Code:</b> <u>220606-1660</u>	The entire estimated capital value to be privatized amounts to: <b>CSD 769.915.000</b> or <b>*EUR 8.902.805</b> , representing <b>63,819 %</b> of the total subject capital.
Official ID number of the Subject: <b>07070888</b>	<b>Deposit</b> for auction participation: <b>CSD 92.390.000</b> or <b>*EUR 1.068.337</b>
Field of work: <b>Production of steam boilers</b>	<b>The initial auction sale price: CSD 184.779.000</b>
	<b>Minimum of obligatory investments</b> into the subject to be privatized amounts to: <b>CSD 173.000.000</b>

**The most important property of the subject to be privatized**

<b>A) Buildings – main facilities (m<sup>2</sup>):</b> 1. Plant made of concrete (boiler plant I), 3 Uralska Str, Belgrade (8182) 2. New boiler plant (boiler plant II), 3 Uralska Str, Belgrade (4180) 3. Building for preparation, 3 Uralska Str, Belgrade (3780) 4. Plant for mill and fuelling devices, 3 Uralska Str, Belgrade (3713) 5. Laboratory building, 3 Uralska Str, Belgrade (2072)	<b>B) The most important equipment:</b> 1) Lathe (KARUSEL 400/550) 2) Press (APKANT) 3) Sheet metal flexing device 4) Block board flexing device 5) Truck (TURBO ZETA 8514 BD)
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**C) Land capacities (m<sup>2</sup>):** *Construction land: (73877) – in state ownership*

Balance sheet per year:		2004		2005	
Shown in:	CSD	**EUR	CSD	**EUR	
Total business revenues	307.171.000	4.207.707	274.941.000	3.316.258	
Total business expenses	333.924.000	4.574.176	383.420.000	4.624.700	

**Main products/ services:** 1) Block boilers 2) Steep-piped boilers 3) Boilers "CE" 4) Ventilators

**Total number of employees:** 353; **of which BS/ BA:** 56

**2) Basic information on the subject to be privatized: Društveno ugostiteljsko preduzeće SLOBODA, PANČEVO**

<b>Auction Sale Code:</b> <u>220606-1661</u>	The entire estimated capital value to be privatized amounts to: <b>CSD 279.597.000</b> or <b>*EUR 3.233.082</b> , representing <b>70 %</b> of the total subject capital.
Official ID number of the Subject: <b>08006199</b>	<b>Deposit</b> for auction participation: <b>CSD 33.552.000</b> or <b>*EUR 387.970</b>
Field of work: <b>Catering industry</b>	<b>The initial auction sale price: CSD 67.103.000</b>
	<b>Minimum of obligatory investments</b> into the subject to be privatized amounts to: <b>CSD 15.913.000</b>

**The most important property of the subject to be privatized**

<b>A) Buildings – main facilities (m<sup>2</sup>):</b> 1. Hotel "Tamiš" (7472) 2. Hotel "Sloboda" (2499) 3. Restaurant "Park" (348) 4. Restaurant "Srbija" (232) 5. Restaurant "Neptun" (192)	<b>B) The most important equipment:</b> 1) Goods vehicle (5 items) 2) Air-conditioner (14 items) 3) Fiscal cash-register (11 items) 4) Office furniture and equipment
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**C) Land capacities (m<sup>2</sup>):** *Construction land: (29831) – in state ownership*

Balance sheet per year:		2004		2005	
Shown in:	CSD	**EUR	CSD	**EUR	
Total business revenues	90.956.000	1.245.938	89.124.000	1.074.988	
Total business expenses	98.690.000	1.351.881	109.631.000	1.322.337	

**Main products/ services:** 1) Foods and tea 2) Drinks/ beverages 3) Coffee 4) Accommodation 5) Service and rent

**Total number of employees:** 228; **of which BS/ BA:** 1

**3) Basic information on the subject to be privatized: Društveno trgovinsko preduzeće UNIPROM, NOVI PAZAR**

<b>Auction Sale Code:</b> <u>220606-1662</u>	The entire estimated capital value to be privatized amounts to: <b>CSD 473.038.000</b> or <b>*EUR 5.469.908</b> , representing <b>70 %</b> of the total subject capital.
Official ID number of the Subject: <b>07191529</b>	<b>Deposit</b> for auction participation: <b>CSD 56.765.000</b> or <b>*EUR 656.389</b>
Field of work: <b>Non-specialized foods retail</b>	<b>The initial auction sale price: CSD 113.529.000</b>
	<b>Minimum of obligatory investments</b> into the subject to be privatized amounts to: <b>CSD 16.148.000</b>

**The most important property of the subject to be privatized**

<b>A) Buildings – main facilities (m<sup>2</sup>):</b> 1. Shop no. 81 (543) 2. Shop no. 97 (47) 3. Shop no. 36 (80) 4. Shop no. 47 (152) 5. Market no. 7 (452) 6. Department store "Uniprom" (848) 7. Market no. 2 (206) 8. Shop "Sport" (129) 9. Shop "Dečje carstvo" (426) 10. Department store – Shopping mall (1360)	<b>B) The most important equipment:</b> 1) Goods vehicle (Turbo Zeta) 2) Office furniture 3) Server 4) Equipment for shops
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**C) Land capacities (m<sup>2</sup>):** *Construction land: (1193) – in state ownership*

Balance sheet per year:		2003		2004	
Shown in:	CSD	**EUR	CSD	**EUR	

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Total business revenues	30.778.000	473.093	15.063.000	206.337
Total business expenses	53.178.000	817.406	45.824.000	627.709

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**Main products/ services:** 1) Wholesale and retail

**Total number of employees:** 119; **of which BS/ BA:** 9