

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic data on Auction Sale

The Privatization Agency of RS offers, within the joint offer, 70,00 % of the socially-owned capital of the subject to be privatized, amounting to 49,00 % of the total capital and 100,00% of share of the EI KORPORACIJA, NIŠ, amounting to 30,00 % of the total capital value. Totally is offered for sale 79,00 % of the subject capital. The share of the EI KORPORACIJA, NIŠ, in the subject capital, is offered for sale based upon the Power of Attorney delivered to the Privatization Agency.

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 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 on weekdays, in period from 02.06.2006 until 18.07.2006.

CLOSING DATE FOR THE APPLICATION SUBMISSION is 19.07.2006, until 17:00.

Filled application which is a part of the auction documentation with the signed draft of the SPA and the deposit payment evidence, is to be submitted in a sealed envelope with the inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 270706, Privatization Agency, Belgrade, 23 Terazije St".

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 27.07.2006.

at the address: **Privatization Agency, Belgrade, 23 Terazije St, 2nd floor, Large Hall**, at 11:00. The registration of the auction participants is going to take place at the same address on: **27.07.2006, from 09:00 – 10:50.**

Means of payment for the share of the socially-owned capital to be sold within the joint offer (49,00 %), 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 (27.07.2006), 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 the capital sale (27.07.2006), issued to the natural persons, who are citizens of the Republic of Serbia.

Means of payment in the share of the EI KORPORACIJA, NIŠ (30,00 %) in the entire capital of the subject to be privatized, can be SOLELY in the local currency, as well as in the foreign convertible currency, on which occasion the part of the selling price (selling price achieved at the auction), in accordance with share of the holding in the subject undergoing privatization, is to be paid off AT ONCE, regardless of the fact, whether the participant has applied for the first or the second bidding.

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 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 those 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 02.06.2006 until 18.07.2006, 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 02.06.2006.

** 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 the public auction method 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 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 of privatization: NIKOLA TESLA elektronska industrija doo, BEOGRAD

Auction Sale Code: 270706-0182

Official ID number of the subject: **07011369**

Field of work: **Fabrication of tv and radio sets**

The entire estimated capital value to be privatized amounts to: **CSD 159.708.000** or ***EUR 1.822.358**, representing **79 %** of the total subject capital.

Deposit for auction participation: **CSD 19.165.000** or ***EUR 218.683**

The initial auction sale price: CSD 38.330.000

Minimum of obligatory investments into the subject to be privatized amounts to: **CSD 4.284.000**

The most important property of the subject of privatization

A) Buildings – main facilities (m²):

1. Factory building, 403 Bulevar Kralja Aleksandra, Belgrade (1065) 2. Factory building- "Ambulanta", 403 Bulevar Kralja Aleksandra, Belgrade (80) 3. Carpenter's shop facility, 403 Bulevar Kralja Aleksandra, Belgrade (100) 4. Galvanization facility, 403 Bulevar Kralja Aleksandra, Belgrade (260) 5. Warehouse with prefabricated buildings, 403 Bulevar Kralja Aleksandra, Belgrade (160)

B) The most important equipment:

1) Office copier (Canon) 2) Passenger vehicle (Peugeot 405) 3) Motor forklift truck 4) Electrical forklift truck 5) Bath with installed heater (5 items)

C) Land (m²): *Construction land: (6556) – owned by state*

Balance sheet per year:	2004		2005	
	CSD	**EUR	CSD	**EUR
Shown in:				
Total business revenues	823.000	11.274	3.896.000	46.992
Total business expenses	18.325.000	251.021	7.956.000	95.963

Main products/ services: 1) Aerials 2) Other special elements and assemblages 3) Audio mix devices 4) Electrical medical instruments and devices

Total number of employees: 3; **of which BS/ BA:** 1