

# PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

## Basic data on Auction sale

Those who are interested can purchase auction documents 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 documents is obligatory, and on their receipt one is to sign the Agreement on Keeping the Confidential Information. After the payment evidence has been submitted, the auction documents can be collected at the following address: Privatization Agency, Belgrade, 23 Terazije St., 09:00-17:00 on weekdays, in period from 01.08.2006 until 22.08.2006.

**CLOSING DATE FOR THE APPLICATION SUBMISSION is 23.08.2006, by 17:00.**

**The right to participate in the public auction have both legal entities and natural persons, which fulfill following conditions:**

**A) For a legal entity**

**1. to have performed, as its basic business activity, quality and quantity control of products and certification of imported and domestic goods, consistently in the period of last three years and that it achieved total business income of at least EUR 4.000.000,00 in 2005;**

**2. if a buyer is a consortium, member of a consortium which fulfills the foregoing conditions must have at least 51% of the total participation in consortium.**

**B) For a natural person**

**1. that a natural person was employed consistently for the past five years at a legal entity, which performs as its basic business activity, quality and quantity control of goods, and certification of imported and domestic products;**

**2. if a buyer is a consortium of natural persons, participation of persons who fulfill the foregoing requirements, must be at least 51% of the total participation in consortium.**

Filled application, which is a part of the auction documents, with the signed draft of the Sales-Purchase Agreement and the deposit payment evidence, is to be submitted in a sealed envelope with the inscription: "APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 310806, Privatization Agency, Belgrade, 23 Terazije Str". IF THERE IS NAME OF THE SUBJECT UNDERGOING PRIVATIZATION ON THE ENVELOPE, OR FULL AUCTION SALE CODE, THE APPLICATION MAY BE REJECTED.

**THE AUCTION SHALL BE HELD ON: 31 August 2006.**

at the address: **Privatization Agency, Belgrade, 23 Terazije Str, 2<sup>nd</sup> floor, Large Hall**, at 11:00. Registration of the auction participants shall take place at the same address on: **31.08.2006, from 09:00 – 10:50.**

**Means of payment** may be in domestic currency, foreign convertible currency, state bonds based on the unpaid foreign currency savings of citizens, which are due not later than the date of the capital sale (31.08.2006), 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 may even be the state bonds based on the unpaid foreign currency savings of citizens, which are not to be due until the date of the capital sale, (31.08.2006), 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 has been held.

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 01.08.2006 until 22.08.2006, after previously the timetable 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 01.08.2006.

\*\* The entire business income and expense data, stated in EUR, were calculated in accordance with 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, it 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: AD JUGOINSPEKT BEOGRAD za kontrolu kvaliteta i kvantiteta robe, BEOGRAD**

**Auction Sale Code:** 310806-1725

Official ID number of the Subject: **07018215**

Field of work: **Technical testing and analysis**

The entire estimated capital value to be privatized amounts to: **CSD 329.885.000** or **\*EUR 3.974.514**, representing **64,071 %** of the total subject capital.

**Deposit** for auction participation: **CSD 39.586.000** or **\*EUR 476.942**

**Initial auction** sale price: **CSD 79.172.000**

**Minimum of obligatory investments** into the subject to be privatized amounts to: **CSD 28.564.000**

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

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

1. Flat, Belgrade, 11 Čika Ljubina St. (95) 2. Flat, Belgrade, 5/17 Vase Čarapića St. (81) 3. Flat, Belgrade, 5/16 Vase Čarapića St. (76) 4. Office premises, Belgrade, 3 Crnogorska St. (40) 5. Office space, Bar (70) 6. Office space, Bar (90) 7. Office space, Niš, Koste Stamenkovića St. (68) 8. Office space, Užice (34) 9. Laboratory, Prahovo (93) 10. Office space, Belgrade, 8 Čika Ljubina St. (340)

**B) The most important equipment:**

1) Gas chromatograph for determining of oxygens 2) Apparatus for volatility determining 3) Apparatus for lubricantility determining 4) Penetrometre (Bally) 5) Apparatus for determining of oxidation stability 6) Automatic viscosimeter (Herzog) 7) Passenger vehicle (Alfa Romeo 156 jtd) 8) Passenger vehicle (Fiat Punto) 9) Apparatus for textile and leather testing 10) Apparatus for water deionization 11) Tyre hardness meter 12) Instruments for determining of steam stress 13) Apparatus for determining of ceton number of fuel 14) Apparatus for determining of foaminess features

**C) Land (m²):** *Construction land: (10221) – owned by state*

**Balance sheet per year:**

Shown in:	2004		2005	
	CSD	**EUR	CSD	**EUR
Total business revenues	223.393.000	3.060.094	313.194.000	3.777.654
Total business expenses	216.888.000	2.970.987	281.938.000	3.400.654

**Main products/ services:** 1) Services related to quality and quantity control of products 2) Certification of goods 3) Laboratory testings of oil and petroleum products 4) Laboratory testings of textile, leather and shoes

**Total number of employees:** 250; **of which BS/ BA:** 95