

In accordance with Article 38 of the Law on Privatization ("Official Gazette of the 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 the RS" no. 52/05), the Privatization Agency announces:

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic data on Auction sale

Those who are interested may purchase the 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. Purchase of the auction documents is obligatory and on their receipt one is to sign the Confidentiality Agreement. After the payment evidence has been submitted, the auction documents may be collected at the following address:

Privatization Agency, Belgrade, 23 Terazije St., on working days from 09:00-17:00, in period from 11.08.2006 until 05.09.2006.

CLOSING DATE FOR THE APPLICATION SUBMISSION is 06.09.2006, by 17:00.

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: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 140906, Privatization Agency, Belgrade, 23 Terazije Str".

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

THE AUCTION SHALL BE HELD ON 14 September 2006.

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

14.09.2006, 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 (14.09.2006), 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 be even 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 (14.09.2006), 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 returned 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 11.08.2006 until 05.09.2006, 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 11.08.2006.

** 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

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, it 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: Društveno preduzeće INSA – Industrija satova, sa p.o., BEOGRAD

Auction Sale Code: 140906-1123

Official ID number of the Subject: **07006357**

Field of work: **Production of measuring instruments and apparatus**

The entire estimated capital value to be privatized amounts to: **CSD 434.184.000** or ***EUR 5.231.127**, representing **70 %** of the total subject capital.

Deposit for auction participation: **CSD 52.102.000** or ***EUR 627.735**

Initial auction sale price: CSD 104.204.000

Minimum of obligatory investments into the subject to be privatized amount to: **CSD 49.800.000**

The most important property of the subject to be privatized

A) Buildings – main facilities (m²):

1. Production plant II, 21 Tršćanska Str, Belgrade (4879) 2. Production plant I, 21 Tršćanska Str, Belgrade (5153) 3. Administration building, 21 Tršćanska Str, Belgrade (5472) 4. Surface protection building, 21 Tršćanska Str, Belgrade (1344) 5. Warehouse for chemicals, 21 Tršćanska Str, Belgrade (110)

B) The most important equipment:

1) Generating unit (WFrank) 2) Processing machine (HOLEN) 3) Press 4) Cutting press 5) Semi-automatic lathe 6) Powder line

C) Land (m²): *Construction land: (20420) – in state ownership*

Balance sheet per year:	2004		2005	
	Shown in:	CSD	**EUR	CSD
Total business revenues	259.670.000	3.557.026	254.412.000	3.068.643
Total business expenses	249.344.000	3.415.578	256.928.000	3.098.990

Main products/ services: 1) Alarm clocks 2) Water meters 3) IB counters 4) Repair shop

Total number of employees: 312; **of which BS/ BA:** 22

2) Basic information on the subject to be privatized: Preduzeće za unutrašnju i spoljnu trgovinu, akcionarsko društvo POSAVINA, OBRENOVAC

Auction Sale Code: 140906-1737

Official ID number of the Subject: **07038518**

Field of work: **Non-specialized retail trade of food**

The entire estimated capital value to be privatized amounts to: **CSD 234.620.000** or ***EUR 2.826.741**, representing **69,986 %** of the total subject capital.

Deposit for auction participation: **CSD 28.154.000** or ***EUR 339.209**

Initial auction sale price: CSD 56.309.000

Minimum of obligatory investments into the subject to be privatized amount to: **CSD 5.268.000**

The most important property of the subject to be privatized

A) Buildings – main facilities (m²):

1. Shop no. 36 (84) 2. Shop no. 35 (72) 3. Shop no. 33 (129) 4. Shop no. 204 (159) 5. Warehouse (Skela) (298) 6. Department store (2281) 7. Head office building (1634) 8. Shop no. 54 (104)

B) The most important equipment:

1) Passenger vehicle (Yugo Skala 55c) 2) Goods vehicle (Iveco 35c) 3) Goods vehicle (Florida 1,3 poli)

C) Land (m²): *Construction land: (21294) – owned by state; Agricultural land: (102487) – socially-owned*

Balance sheet per year:	2004		2005	
	Shown in:	CSD	**EUR	CSD
Total business revenues	145.139.000	1.988.151	124.320.000	1.499.512
Total business expenses	172.951.000	2.369.127	144.820.000	1.746.777

Main products/ services: 1) Fruit and vegetables retail trade 2) Retail trade of meat and meat products 3) Retail trade of bread, cookies, sweets and tuck

Total number of employees: 253; **of which BS/ BA:** 8