

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic data on Auction sale

Privatization Agency of the RS offers, within the joint offer, 70,00% of socially-owned capital of the subject undergoing privatization, amounting to 63,00% of the total capital and 100,00% of share of the GOŠA-HOLDING KORPORACIJA, SMEDEREVSKA PALANKA, which is 10,00% of the entire capital. In total is offered for sale 73,00 % of the subject capital. The share of the GOŠA-HOLDING KORPORACIJA, SMEDEREVSKA PALANKA in the subject capital is offered for sale according to the Power of Attorney assigned to the Privatization Agency.

Those who are interested may purchase auction documents at the price of: **CSD 40.000**, after 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, from 09:00-17:00 on working days, in period from 11.08.2006 until 19.09.2006.

CLOSING DATE FOR THE APPLICATION SUBMISSION is 20.09.2006, by 17:00.

Filled application, which is a part of the auction documents, with the signed Draft SPA and the deposit payment evidence, is to be submitted in a sealed envelope with the inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 280906, Privatization Agency, Belgrade, 23 Terazije St".

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

THE AUCTION WILL BE HELD ON: 28 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: **28 September 2006, from 09:00-10:50.**

Means of payment for the part of the socially-owned capital to be sold within the joint offer (63,00 %) 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 (28.09.2006), issued to the natural persons, who are citizens of the Republic of Serbia. If the participant has applied 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 become due until the date of the capital sale (28.09.2006), issued to the natural persons, who are citizens of the Republic of Serbia.

Means of payment for the share of the GOŠA-HOLDING KORPORACIJA, SMEDEREVSKA PALANKA, (10,00%) in the total capital of the subject to be privatized, may be SOLELY in the local currency, as well as in the foreign convertible currency, whereat a part of the Sales-Purchase price (selling price achieved at the auction), in accordance with share of the holding in the subject to be privatized, is to be paid off AT ONCE, regardless of that, 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 returned 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 11.08.2006 until 19.09.2006, at the time previously established with the Privatization Agency, tel: 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 by 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 may be in cash or due bonds. If there is more than one person at the first bidding, the auctioneer shall announce 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 persons 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 returned the deposit.

1) Basic information on the subject undergoing privatization: GOŠA-12. OKTOBAR d.o.o., TOPOLA

Auction Sale Code: 280906-1420

Official ID number of the Subject: **07280238**

Field of work: **Production of rail vehicles**

The entire estimated capital value to be privatized amounts to: **CSD 8.020.000** or ***EUR 96.632**, representing **73 %** of the total subject capital.

Deposit for auction participation: **CSD 802.000** or ***EUR 9.663**

Initial price at the auction sale: **CSD 1.604.000**

Minimum obligatory investments into the subject to be privatized amount to: **CSD 732.000**

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. Production plant – right of use (1396) 2. Hare breeding facility (216) 3. Administration building – right of use (54) 4. Annexe 1 and 2 – right of use (360)

B) The most important equipment:

1) PC 2) Grinders for flat grinding (BRS) 3) Grinders for round grinding 4) Pedestal drill (5 items, BST 400) 5) Universal lathe (22 items, PAB 22)

C) Land (m²): *Construction land: (11555) ((2770) – socially-owned, (8785) – 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	3.747.000	51.327	8.486.000	102.356

Main products/ services: 1) Parts for rail vehicles 2) Tools 3) Butts

Total number of employees: 84; **of which BS/ BA:** 0