

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 receipt of the 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 Agreement on Keeping the Confidential Information. After the payment evidence has been submitted, the auction documents may be collected at the following address:
Privatization Agency, Belgrade, 23 Terazije St., 09:00-17:00 on weekdays, in period from 01.09.2006 until 27.09.2006.

DEADLINE FOR THE APPLICATION SUBMISSION is 28.09.2006, by 17:00.

Filled application, which is a part of the auction documents, with the signed Draft 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 061006, 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 October 06, 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: **06.10.2006, from 09:00 - 10:50.**

Means of payment may 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 (06.10.2006), issued to the natural persons, who are citizens of the Republic of Serbia. If a 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, (06.10.2006), issued to the natural persons, who are citizens of the Republic of Serbia.

Since in the socially-owned enterprises: **DP BEOGRADSKI VUNARSKI KOMBINAT u restrukturiranju, BEOGRAD, DP ZORKA-DRUŠTVENI STANDARD u restrukturiranju, ŠABAC and DP ZORKA PLASTIKA za proizvodnju tvrdih PVC profila-u restrukturiranju, BOGATIĆ have been conducted restructuring procedures, the Sales-Purchase price is to be paid off AT ONCE, i.e. there is no possibility for payment in installments.**

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 right to change the auction date, as well as the deadline 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 01.09.2006 until 27.09.2006, 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 in accordance with the official exchange rate on 01.09.2006.

** 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

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 have been 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 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 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: Društveno preduzeće BEOGRADSKI VUNARSKI KOMBINAT u restrukturiranju, BEOGRAD

Auction Sale Code: 061006-1697p
Official ID number of the subject: 07043899
Field of work: **Manufacture of woolen fabrics**

The entire estimated capital value to be privatized amounts to: **CSD 2.841.440.000** or ***EUR 33.586.759**, representing **100 %** of the total subject capital.
Deposit for participation in the auction: **CSD 227.315.000** or ***EUR 2.686.941**
Initial price at the auction sale: **CSD 454.630.000**
Minimum obligatory investments into the subject of privatization amount to: **CSD 38.347.000**

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):
 1. Spinnery and dyeing facility, 15 Višnjička St. (10980) 2. Textile factory and sewing facility, 15 Višnjička St. (11097) 3. Final processing facility, 15 Višnjička St. (3427) 4. Raw materials warehouse, 15 Višnjička St. (820) 5. Inter-linings factory, 15 Višnjička St. (5580) 6. Administration building, 15 Višnjička St. (1960) 7. Technical warehouse and warehouse of finished products, 15 Višnjička St. (1290) 8. Carpenter's shop, 15 Višnjička St. (400) 9. Restaurant, 15 Višnjička St. (504) 10. Weaving facility and transformer station, 15 Višnjička St. (10820)

B) The most important equipment:
 1) Moist opening machine (Laroche) 2) Leviatan (Flajsner) 3) Painting device (4 items, GRU) 4) Carding device (8 items) 5) Stretching device (8 items) 6) Spinning machine (7 items, Krušik) 7) Rewinding device (2 items, Flachhorst) 8) Steaming device for steam curing (2 items) 9) Threading device (6 items) 10) Preparation machine (Temafa) 11) Weaving facility (3 items) 12) Weaver's frame (2 items) 13) Washing machines 14) Driers 15) Passenger vehicle (Opel Vectra) 16) Goods vehicle (TAM 80)

C) Land (m²): *Construction land: (43561) – in state ownership*

Balance sheet per year:	2004		2005		
	Shown in:	CSD	**EUR	CSD	**EUR
Total business revenues		36.950.000	506.151	34.132.000	411.690
Total business expenses		136.179.000	1.865.415	96.283.000	1.161.337

Main products/ services: 1) Woolen weaving yarn 2) Woolen knitwear yarn 3) Woolen-synthetic fabrics 4) Inter-lining fabrics 5) Wool washing 6) Painting of wool and synthetics

Total number of employees: 154; **of which BS/ BA:** 9

2) Basic information on the subject undergoing privatization: DP ZORKA–DRUŠTVENI STANDARD u restrukturiranju, ŠABAC

Auction Sale Code: 061006-1722p
Official ID number of the Subject: 07389736
Field of work: **Canteens**

The entire estimated capital value to be privatized amounts to: **CSD 360.246.000** or ***EUR 4.258.222**, representing **100 %** of the total subject capital.
Deposit for participation in the auction: **CSD 28.820.000** or ***EUR 340.658**
Initial price at the auction sale: **CSD 57.639.000**
Minimum obligatory investments into the subject of privatization amount to: **CSD 11.452.000**

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):
 1. Sports hall "Zorka" (5062) 2. Swimming pool-facility (1928) 3. Open-air swimming pool (700) 4. Restaurant with kitchen (1756) 5. Football field (11200) 6. Car-park (14000)

B) The most important equipment:
 1) Freight elevator (2 items) 2) Tools-set (G 102) 3) Fence made of wire and concrete posts 4) Iron gate (2 items)

C) Land (m²):

Balance sheet per year:	2004		2005		
	Shown in:	CSD	**EUR	CSD	**EUR
Total business revenues		6.885.000	94.312	8.231.000	99.280
Total business expenses		14.330.000	196.296	17.558.000	211.779

Main products/ services: 1) Services related to stadiums and playing fields

Total number of employees: 33; **of which BS/ BA:** 3

3) Basic information on the subject undergoing privatization: ZORKA–PLASTIKA društveno preduzeće za proizvodnju tvrdih profila od PVC (socially-owned enterprise for production of unplasticized PVC profiles-in restructuring), u restrukturiranju, BOGATIĆ

Auction Sale Code: 061006-1742
Official ID number of the Subject: 07660014
Field of work: **Production of boards and plates made of plastic mass**

The entire estimated capital value to be privatized amounts to: **CSD 75.770.000** or ***EUR 895.631**, representing **100 %** of the total subject capital.
Deposit for participation in the auction: **CSD 9.092.000** or ***EUR 107.476**
Initial price at the auction sale: **CSD 18.185.000**
Minimum obligatory investments into the subject of privatization amount to: **CSD 8.603.000**

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):
 1. Production plant with warehouses (3324) 2. Technical department (143) 3. Administration building (773) 4. Mazout station (69)

B) The most important equipment:
 1) Office furniture 2) Worm conveyor (PT-6) 3) Worm conveyor (PT-3,5) 4) Distribution cabinets 5) Electric motor pumps

C) Land (m²): *Construction land: (52395) – socially-owned*

Balance sheet per year:	2004		2005	
Shown in:	CSD	**EUR	CSD	**EUR
Total business revenues	2.304.000	31.561	2.970.000	35.823
Total business expenses	7.243.000	99.216	8.230.000	99.268

Main products/ services: 1) PPT pipes 2) Pipes for optical cables 3) House drainage 4) Pipes for vacuum cleaners 5) Universal shape
Total number of employees: 13; **of which BS/ BA:** 1