

# PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

## Osnovni podaci o aukcijskoj prodaji

The Privatization Agency offers, within the joint offer, 70,00% of socially-owned capital of the subject to be privatized, amounting to 23,51% of total capital, 100,00% of the share of IVO LOLA SISTEM AD, BEOGRAD, amounting to 10,34% of total capital of the subject undergoing privatization, 100,00% of the share of DEVELOPMENT FUND RS, BEOGRAD, amounting to 40,66% of total capital of the subject undergoing privatization and 100,00% of the share of PRIVREDNA BANKA AD, PANČEVO, amounting to 14,35% of total capital of the subject undergoing privatization. It is offered in total 88,86% of the capital of the subject undergoing privatization. The shares of the members of the Company are sold according to the authority ascribed to the Privatization Agency.

Those who are interested can purchase auction documentation at the price of: **CSD 40000**, 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 working days, from 15.09.2006 to 17.10.2006.

**The following entities have the right to participate in the public auction:**

-domestic or foreign legal entity cumulatively meeting the following requirements:

- 1) that its core activity is within production or trade of the components for aircraft industry;
- 2) that it has been continually performing the foregoing activity, which is the condition for participation in the public auction, within the period of at least 2 (two) years up to the public auction day;
- 3) that during the previous business year it achieved business income amounting to minimum EUR 1.000.000,00;

The legal entity shall be considered to have met the requirements for participation in the public auction, if it is the owner of more than 50% of the capital of the legal entity cumulatively meeting the requirements for participation in the public auction.

-domestic or foreign natural person

- 1) that is the owner of 50% of the capital of the legal entity cumulatively meeting the requirements for legal entities to participate in the public auction, or
- 2) that has been employed in the enterprise cumulatively meeting the requirements for participation in the public auction for more than 5 (years).

The Consortium of natural persons shall be considered to meet the requirements, if majority of the Consortium's members meet the requirements from this Public Invitation for participation in the public auction.

**DEADLINE FOR SUBMISSION OF APPLICATIONS IS 18.10.2006 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 inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 261006, 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 WILL BE HELD ON: 26.10.2006.**

at the address: **Privatization Agency, Belgrade, 23 Terazije St, 2<sup>nd</sup> floor, Large Hall**, at 11:00. The registration of the auction participants is going to take place at the same address on:

**26.10.2006 FROM 09:00 TO 10:50.**

**Means of payment for a part of the socially-owned capital to be sold within the joint offer (23,51%)** 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 (26.10.2006.) 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 (26.10.2006.) issued to the natural persons, who are citizens of the Republic of Serbia.

**Means of payment of the purchase price for the shares of the members of the Company (in total 65,35% of the capital) in total capital of the subject undergoing privatization can be SOLELY in domestic currency or foreign convertible currency, and the purchase price is to be paid AT ONCE, regardless of whether the participant has applied for the first or 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 such 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 15.09.2006 to 17.10.2006, at the time previously established by the Privatization Agency, tel: 011/3020-804; 011/3020-803 or fax: 011/3020-881.

\* *The entire estimated capital value to be privatized, stated in EUR, was calculated according to the official exchange rate on 15.09.2006.*

\*\* *The total business income and expense data, stated in EUR, were calculated according to the average annual real exchange rates.*

## Brief Description of PUBLIC AUCTION Procedure

The 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 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 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, 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 undergoing privatization: Limited Liability Company UTVA Aircraft Industry, PANČEVO**

**Auction Sale Code: 261006-1695p**

Official ID number of the Subject: **08061203**

Field of work: **Production of general and space aircrafts**

The entire estimated capital value to be privatized amounts to: **CSD 1.199.638.000** or \*EUR 14.332.591 which is **88,863 %** of the total capital of the subject.

**Deposit** for auction participation: **CSD 95.971.000** or \*EUR 1.146.608

**Initial price at auction sale: CSD 191.942.000**

**Minimum obligatory investments** into the subject to be privatized amounts to: **CSD 57.421.000**

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

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

1. Production halls and dyeing workshop (28360) 2. Production halls (30002) 3. Central warehouse (6060) 4. Restaurants (1710) 5. Administrative building (2544) 6. Annex (8764)

**B) Main Equipment:**

1) Machines and devices 2) Devices and specialized tools 3) Means of transport 4) Electronic and ordinary typewriters 5) Devices and equipment in preparation 6) Investment real estate in preparation

**C) Land (m²):** *Construction land: (481683) ((168602) – socially owned, (313081) – state owned)*

Balance sheet per year	2004		2005	
	CSD	**EUR	CSD	**EUR
Shown in:				
Total business revenues	57.944.000	793.732	31.119.000	375.348
Total business expenses	136.075.000	1.863.990	107.943.000	1.301.977

**Main products/ services:** 1) Programme "Lasta 95" 2) Repair of various types of airplanes 3) Programme "Neva" 4) Lease

**Total number of employees:** 252; **of which BS/ BA:** 19