

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic Data on Auction Sale

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, from 27.10.2006 to 21.11.2006.

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

–DOMESTIC AND FOREIGN LEGAL ENTITY meeting the following requirements:

- 1) that its core activity is within production pumps and compressors;
- 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 two years it achieved business income, out of the core activity which is a requirement for participating in public auction, amounting to minimum EUR 1.500.000 per year;

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 AND 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.

The Consortium of shall be considered to meet the requirements from this public invitation, if majority of the Consortium's members meet the requirements or if the Consortium leader meets the requirements from this Public Invitation and participates in the capital on sale with more than 51%.

DEADLINE FOR SUBMISSION OF APPLICATIONS IS 22.11.2006 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 301106, 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: 30.11.2006.

at the address: **Privatization Agency, Belgrade, 23 Terazije St, 2nd floor, Large Hall**, at 11:00. The registration of the auction participants is going to take place at the same address on: **30.11.2006, from 09:00 to 10:50.**

Means of payment 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 (30.11.2006.) 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 (30.11.2006) 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.

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 27.10.2006 to 21.11.2006, 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 27.10.2006.

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

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: Socially-owned enterprise pump plant JASTREBAC, NIŠ

Auction Sale Code: 301106-1212

Official ID number of the Subject: **07133871**

Field of work: **Production of pumps and compressors**

The entire estimated capital value to be privatized amounts to: **CSD 211.836.000** or ***EUR 2.644.645** which is **70 %** of the total capital of the subject.

Deposit for auction participation: **CSD 21.184.000** or ***EUR 264.465**

Initial price at auction sale: **CSD 42.367.000**

Minimum obligatory investments into the subject to be privatized amounts to: **CSD 40.294.000**

Main property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. New hall for pump production with annex, Niš, Bulevar 12. februara 82 (8690) 2. Production hall, locksmith's and plane workshop, Niš, Bulevar 12. februara 82 (2884) 3. Warehouse of raw materials and finished goods, Niš, Bulevar 12. februara 82 (1350) 4. Casting warehouse, Niš, Bulevar 12. februara 82 (3840) 5. Production hall with annexes, Niš, Bulevar 12. februara 82 (3240) 6. Dyeing workshop and testing station, Niš, Bulevar 12. februara 82 (1538) 7. Administrative building and restaurant, Niš, Bulevar 12. februara 82 (1043)

B) Main Equipment:

1) Cluster of general planes (PA 501M/1000) 2) Cluster of vertical milling machines (GVK-2N) 3) Cluster of radial milling machines (TRB 40) 4) Cluster of grinders (AFC 1500 AF) 5) Welding line (QWIKI) 6) Fork-lift truck (Torboma TU-32)

C) Land (m²): *Construction land: (84976) ((32282))--socially owned; (52694)--state owned*

Balance sheet per year

Shown in:	2004		2005	
	CSD	**EUR	CSD	**EUR
Total business revenues	86.189.000	1.180.639	95.716.000	1.154.498
Total business expenses	142.977.000	1.958.535	183.824.000	2.217.231

Main products/ services: 1) Pumps 2) Pump devices 3) Reinforcement 4) Small water turbines

Total number of employees: 410; **of which BS/ BA:** 59