

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic Data on Auction sale

Privatization Agency of the RS offers, within joint offer, 70,00% of the socially-owned capital of the subject to be privatized, amounting to 21,00 % of the total capital and 100,00% of share of the EI KORPORACIJA u restrukturiranju, NIŠ (EI CORPORATION in restructuring, NIŠ), amounting to 70,00% of the entire capital. Totally is offered for sale 91,00 % of the subject capital. The share of the EI KORPORACIJA u restrukturiranju, NIŠ in the subject capital, is offered for sale based on the Power of Attorney assigned to the Privatization Agency.

Those who are interested can purchase auction documents at the price of: RSD 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, from 09:00 – 17:00 on weekdays, in period from 24.11.2006 until 19.12.2006.

DEADLINE FOR THE APPLICATION SUBMISSION is 20.12.2006, 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 281206, 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 28.12.2006.

at the address: Privatization Agency, Belgrade, 23 Terazije St, 2nd floor, Large Hall, at 11:00. Registration of the auction participants will take place at the same address on: 28.12.2006, from 09:00 – 10:50.

Means of payment for the part of the socially-owned capital to be offered for sale within joint offer (21,00%), 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 (28.12.2006), 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 can be even the state bonds based on the unpaid foreign currency savings of citizens, which are not due until the date of the capital sale (28.12.2006), issued to the natural persons, who are citizens of the Republic of Serbia.

Means of payment for the share of the EI KORPORACIJA u restrukturiranju, NIŠ (70,00 %) in the entire capital of the subject to be privatized, may be SOLELY in domestic currency, as well as in the foreign convertible currency, on the occasion of which a part of the Sales-Purchase price (selling price achieved at the auction), in accordance with share of the EI KORPORACIJA u restrukturiranju, NIŠ in the subject undergoing privatization, 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 at the auction.

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 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 24.11.2006 until 19.12.2006, 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 24.11.2006.

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

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 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 the occasion of which 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 the occasion of which 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 that 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 finished. 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 returned 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 it loses the right to be returned the deposit.

1) Basic information on the subject to be privatized: Društvo sa ograničenom odgovornošću u društvenoj svojini za proizvodnju ambalaže i kutija (Socially-owned enterprise, limited liability company for production of packings and boxes), EI PAK doo ALEKSINAC

Auction Sale Code: 281206-1155p

Official Registration Number: **07594518**

Field of work: **Fabrication of mattresses**

The entire estimated capital value to be privatized amounts to: **RSD 116.779.000** or ***EUR 1.481.972**, which is **91 %** of the total subject capital.

Deposit for auction participation: **RSD 5.839.000** or ***EUR 74.099**

Initial price at the auction sale: **RSD 11.678.000**

Minimum obligatory investments into the subject to be privatized amount to: **RSD 12.549.000**

The most important assets of the subject to be privatized

A) Buildings – main facilities (m²):

1. Administration building, production plants for wooden boxes, cardboard packings and styrofoam with warehouses (9262) 2. Recycling plant and warehouse (1500) 3. Boiler-plant (372) 4. Cooling tower facility (47) 5. Porter's lodge (tenure holder) (59)

B) The most important equipment:

1) Boiler-room with neighbouring equipment (Rade Končar) 2) Passenger vehicle (CITROEN XANTIA) 3) Packaging machine (MPS 155) 4) Moulding automatic device (5 items, K 1214, 810) 5) Recycling plant (WISSER) 6) Mixer for expanded styrofoam (5 pieces) 7) Transformer station with neighbouring equipment (630 KWh) 8) Automatic governor (2 items)

C) Land (m²): *Construction land: (51103) ((21118) – owned by state; (29985) – socially-owned)*

Balance sheet per year:	2004		2005	
	RSD	**EUR	RSD	**EUR
Shown in:				
Total business revenues	69.213.000	948.097	34.125.000	411.606
Total business expenses	108.621.000	1.487.918	65.829.000	794.010

Main products/ services: 1) Styrofoam products 2) Cardboard packagings 3) Lumber products

Total number of employees: 134; **of which BS/ BA:** 10