

In accordance with Article 38 of the Law on Privatization ("Official Gazette of RS", no-s. 38/01, 18/03 and 45/05), and Article 5 of the Decree on Sale of capital and property by public auction ("Official Gazette of RS" no. 52/05), the Privatization Agency announces:

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic Data on Auction Sale

The interested parties can purchase the auction documents at the price of **CSD 40000**, after they receive the invoice from the Privatization Agency. VAT is not calculated in the price. The purchase of the auction documents is obligatory, and on its receipt one is to sign the Confidentiality Agreement. After the payment evidence has been submitted, the auction documents can be collected at the following address:
Privatization Agency, Belgrade, 23 Terazije St., from 9:00 to 17:00, from 20.04.2007 to 22.05.2007.

DEADLINE FOR SUBMISSION OF APPLICATIONS IS 23.05.2007. UNTIL 17:00

Filled application which is a part of the auction documents, 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 310507, 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: 31.05.2007.

at the following address: **Privatization Agency, Belgrade, 23 Terazije St, 2nd floor, Large Hall, at 11:00.** The registration of the auction participants will be held at the same address on: **31.05.2007, 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, which are due not later than the date of the capital sale (31.05.2007.) 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, which are not to become due until the date of the capital sale (31.05.2007.) 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 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 such changes, if any, until the auction date at the latest.

The site visit shall be carried out after the signing the Confidentiality Agreement in the period from 20.04.2007 to 22.05.2007, 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 20.04.2007.*

** *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 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 auction, registers auction participants, declares auction unsuccessful, signs the minutes and performs other activities important for auction performance in accordance with the Law. The conditions for auction to be carried out are fulfilled if at least one person has obtained the status of an 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, when 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 of 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 opens the second bidding immediately afterwards, when even undue state bonds can be the means of payment. Those who have applied for the second bidding can also participate, as well as the participants in the first bidding, in case it has been declared unsuccessful. If more than one person participates in the second bidding, 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 of 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 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, 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 returned the deposit.

1) Basic information on the subject undergoing privatization: ZORKA-DUVANA AMBALAŽA socially-owned enterprise for production of plastic packaging, LJUBOVKA

Auction Sale Code: 310507-1834p

Official ID number of the Subject: **07659989**

Field of work: **Production of packaging made of plastic mass**

The entire estimated capital value to be privatized amounts to: **CSD 104.842.000** or ***EUR 1.288.314** which is **100 %** of the total capital of the subject.

Deposit for auction participation: **CSD 8.387.000** or ***EUR 103.064**

Initial price at auction sale: CSD 16.775.000

Minimum obligatory investments into the subject to be privatized amounts to: **CSD 8.482.000**

Main property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. Administrative building (378) 2. Packaging facility (1124) 3. Warehouse (2110) 4. Grinding facility (242)

B) Main Equipment:

1) Blowing machine (6) 2) Passenger vehicle (Florida in 1,3) 3) Crate tools 4) Tools for 120 litre barrel 5) Boiler

C) Land (m²): *Entire land: (29131) – state owned; Agricultural land: (3334) – socially owned;*

Balance sheet per year

Shown in:	2004		2005	
	CSD	**EUR	CSD	**EUR
Total business revenues	32.096.000	439.659	21.838.000	263.404
Total business expenses	49.708.000	680.913	41.775.000	503.878

Main products/ services: 1) Plastic bottle 0,5 l 2) Plastic bottle 1 l 3) Plastic bottle 1,1 l 4) Plastic jar 1 l 5) Plastic jar 2 l

Total number of employees: 75; **of which BS/ BA:** 3