

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic data on auction sale

Within the joint offer, Privatization Agency offers for sale 100,00% of the socially-owned capital of the privatization entity, which is 55,73% of the total capital and 100,00% of stake of the Development Fund RS, BELGRADE, which is 44,27% of the total capital. Totally is offered for sale 100,00% of capital of the privatization entity, GOŠA – FABRIKA ZA PROIZVODNJU ALATA I MAŠINA DOO (PLANT FOR PRODUCTION OF TOOLS AND MACHINES) – in restructuring. The stake of the Development Fund RS, BELGRADE, in the entity capital is offered for sale according to the authority assigned to the Privatization Agency.

The interested parties can purchase the auction documents at the price of **RSD 40.000**, after they receive 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 Confidentiality Agreement. After the payment evidence has been submitted, the auction documents can be collected at the following address:

Privatization Agency, Belgrade, Terazije 23, 5th floor, from 09:00 to 16:30, in the period from 08.09.2008 until 01.10.2008.

DEADLINE FOR SUBMISSION OF APPLICATIONS IS 02.10.2008, BY 16:30.

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 marked with: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 101008, Privatization Agency, Belgrade, 23 Terazije St, 5th floor".

IF THERE IS NAME OF THE PRIVATIZATION ENTITY ON THE ENVELOPE, OR FULL AUCTION CODE, THE APPLICATION CAN BE REJECTED.

THE AUCTION WILL BE HELD ON: 10.10.2008.

at the address: **Privatization Agency, Belgrade, Terazije 23, 2nd floor, Large Hall**, at 11:00. Registration of the auction participants will be held at the same address on: **10.10.2008, from 09:00 to 10:50.**

Means of payment for the part of the socially-owned capital to be sold within the joint offer (55,73 %) can 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 (10.10.2008), issued to the individuals, who are citizens of the Republic of Serbia. If a participant applies only for the second bidding, the 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 (10.10.2008), issued to the individuals, who are citizens of the Republic of Serbia.

Means of payment for the stake of the Development Fund RS, BELGRADE (44,27%) in the total capital of the privatization entity can be SOLELY in domestic currency and foreign convertible currency, whereas a part of the Sale and purchase price (selling price achieved at the auction) in accordance with stake of the holding in the privatization entity is to be paid off AT ONCE, regardless of whether a participant has applied for the first or the second bidding.

Since the enterprise Goša fabrika za proizvodnju alata i mašina doo – in restructuring, Smederevska Palanka, has undergone the restructuring procedure, the Sale and purchase price is to be paid off at once, i.e. there is no possibility of payment in installments.

In case the first class bank guarantee has been submitted as a means of deposit payment, it is to be due within 48 hours after the declaration a buyer.

Deposit for participation is to be returned within 21 days after the Public auction date.

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 signing of the Confidentiality Agreement, in the period from 08.09.2008 until 01.10.2008.

* The total estimated capital value to be privatized, stated in EUR, was calculated according to the official exchange rate on the preparation date of the Public invitation.

** The data on real estate of the privatization entity from this Public invitation are solely for the purpose of giving information, while the data on legal grounds, ownership type and right to them are presented in the auction documents.

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

Brief description of the PUBLIC AUCTION procedure

Sale of capital by the 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, it 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 it loses the right to be returned the deposit.

1) Basic information on the privatization entity: GOŠA – FABRIKA ZA PROIZVODNJU ALATA I MAŠINA DOO (PLANT FOR PRODUCTION OF TOOLS AND MACHINES LTD). – in restructuring, SMEDERVSKA PALANKA

Auction sale code : 101008-2229n

Official ID number of the entity: **07627343**

Field of work: **Production of machines for special purposes**

The entire estimated capital value to be privatized amounts to: **RSD 59.136.000** or ***EUR 772.877**, which is **100 %** of the total entity capital.

Deposit for participation in the auction: **RSD 5.914.000** or ***EUR 77.288**

Initial price at the auction sale: **RSD 11.827.000**

Minimum obligatory investments into the privatization entity amounts to: **RSD 10.937.000**

Main assets of the privatization entity **

A) Buildings – main facilities (m²):

1. Forge shop (1918) 2. Machine workshop (4560) 3. Annex to the machine workshop (563) 4. Old power station (250)

B) Main equipment:

1) Tool sharpener (LN 40) 2) Flaming furnace (2 pieces, PRP-1) 3) Planes, milling machines 4) Planes, drills

C) Land (m²): *Entire land: (18790); Construction land: (18790) – state-owned*

Balance sheet per year:

Shown in:	2006		2007	
	RSD	***EUR	RSD	***EUR
Total operating revenues	39.602.000	470.864	34.906.000	436.521
Total operating expenses	79.098.000	940.467	85.314.000	1.066.905

Main products/services: 1) Production of tools for forging and pressing 2) Stands for pallets and fork-lift trucks for pallet lifting 3) Mechanically processed components

Total number of employees: 97; **of which BS/BA:** 2