

# PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

## Basic data on Auction sale

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

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, 23 Terazije St, from 09:00 – 17:00 on working days, in period from 08.06.2007 until 03.07.2007.

**DEADLINE FOR SUBMISSION OF APPLICATIONS is 04 July 2007, until 17: 00.**

Filled application, which is a part of the auction documents, with the signed draft of the Sale-Purchase Agreement and the deposit payment evidence, is to be submitted in a sealed envelope with inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 180407, 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 entire estimated capital value to be privatized, stated in EUR, was calculated according to the official exchange rate on 08.06.2007.*

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

**THE AUCTION WILL BE HELD ON: 12.07.2007.**

at the address: **Privatization Agency, Belgrade, 23 Terazije St, 2<sup>nd</sup> floor, Large Hall**, at **11:00**. Registration of the auction participants will be held at the same address on: **12.07.2007, from 09:00 – 10:50.**

**Means of payment** for the part of the socially-owned capital to be sold within the joint offer (21 %), 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 (12.07.2007), 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 on the unpaid foreign currency savings of citizens, which are not to become due until the date of the capital sale (12.07.2007), issued to the natural persons, who are citizens of the Republic of Serbia.

**Means of payment for the share of EI "KORPORACIJA", NIŠ (70 %) in the total capital of the subject to be privatized, can be SOLELY in domestic currency and in foreign convertible currency, whereat a part of the Sale-Purchase price (selling price achieved at the auction), in accordance with share of the holding in the subject to be privatized, is to be paid off AT ONCE, regardless of that whether a 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.

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 signing the Confidentiality Agreement, in period from 08.06.2007 until 03.07.2007, at the time previously established with the Privatization Agency, phone: 011/3020-804; 011/3020-803 or by fax: 011/3020-881.

## Brief description of the 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, 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 subject undergoing privatization: El Holding corporation Ltd., MECHANICAL PARTS PLANT (El Holding korporacija, d.o.o. FABRIKA MAŠINSKIH DELOVA), NIŠ

**Auction Sale Code:** 120707-1433p

**ID Number of the Subject:** 07211007

**Field of work:** Production of electronic components

The entire estimated capital value to be privatized amounts to: **RSD 60.033.000** or \***EUR 736.067**, which is **91 %** of the total subject capital.

**Deposit** for participation in the auction: **RSD 4.803.000** or \***EUR 58.885**

**The initial price** at the auction sale: **RSD 9.605.000**

**Minimum obligatory investments** into the subject to be privatized amount to: **RSD 4.452.000**

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

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

1. Facility for other industrial activities no. 2, Boulevard Svetog Cara Konstantina, Niš (1740) 2. Facility for other industrial activities no. 3, Boulevard Svetog Cara Konstantina, Niš (452) 3. Facility for other industrial activities no. 4, Boulevard Svetog Cara Konstantina, Niš (288)

**B) Main equipment:**

1) Planes 2) Milling machines 3) Universal sharpeners 4) Grinding machines 5) Equipment for processing of materials by plastic strain

**C) Land capacities (m²):** *Entire land: (15789); Construction land: (15789) – state owned*

**Balance sheet per year:**

Shown in:	2005		2006	
	RSD	**EUR	RSD	**EUR
Total business revenues	2.097.000	25.293	120.000	1.427
Total business expenses	15.879.000	191.528	9.621.000	114.393

**Main products/ services:** 1) Mechanical components 2) Nozzles for electric cookers 3) Shafts 4) Special bolts and screw-nuts 5) Water heater plugs

**Total number of employees:** 18; **of which BS/ BA:** 1