

**IŠP "Savremena administracija" a.d,  
Belgrade  
Company Profile**

Belgrade, March 2007

# Introduction

## Basic information

- = Privatization Agency of the Republic of Serbia has initiated activities on preparation and implementation of the privatization process of Joint-stock Company for publishing and printing «Savremena administracija», Belgrade through sale of 70% socially-owned capital, i.e. 68,9% of total capital of the Company according to the Privatization Law.
- = The Company will be privatized in the first quarter of 2007. Having in mind magnitude and importance of the Company, Privatization Agency decided for sale through public tender model. CES Mecon is the adviser of the Agency in privatization process, as well as in the communication with potential buyers.
- = From the point of view of business, resource potential and market prospects, it is attractive and merits the attention of potential investors and strategic partners.
- = Market position, resources and operating of the Company are presented in this document, in order to provide reliable information on the company to interested legal entities and persons, so they can define their strategic plans and intentions on the basis of such insight.
- = With regard to the above, you are invited as a potential buyer to express your interest and initiative in terms of participation in the process of privatization of «Savremena administracija». You may submit your comments, suggestions, and requests for additional information and explanations to the advisor:

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## Possibility for acquisition

- = By purchasing 68,9% of total capital of the Company, future buyer invests in:
  - =Workaround, long standing business of publishing and printing with good perspective for further operating improvement;
  - =Captive market position in Serbia;
  - =Remarkable resources for operating business within sector of publishing and printing.
- = IŠP «Savremena administracija» a.d. Belgrade is a prestigious company for publishing and printing, with over 50 years of experience in operating within its sector.
- = On the market that is defined by intense competition «Savremena administracija» retained the leading position among printing houses in Serbia thanks to its well known brand name, quality of its products and fast delivery.
- = The Company disposes with:
  - =Remarkable administrative-production object in Belgrade of total area of 10.539 m2,
  - =300 m2 of selling space placed in attractive locations in Belgrade,
  - =321 m2 of business premises in Niš, Novi Sad and Zrenjanin, and
  - =280 m2 of residential space in Belgrade.
- = Dealing with a lack of current capital, since 2001 the Company has been operating with about 60% capacity utilization. Privatization gives a chance to the Company to gain the leading position in publishing and printing sector in Serbia.
- = In last four years number of employees decreased from 600 to 310.

# Market position

## Core business

- = The core activity of the IŠP «Savremena administracija» a.d. Belgrade is printing and publishing forms, books and magazines.
- = The Company produces different types of forms for companies, institutions, public services, pay-orders, as well as for commercial and financial needs.
- = Production range of forms contains all statutory and obligated forms, as well as actual editions for ordinary operating activities.
- = Within publishing business, the majority of editions is related to the literature for professional experts fields of economy, law and medicine. The Company gathers around a great number of authors – respectful experts in their fields. Until now, over 4.000 editions were published in more than 9.000.000 copies.
- = «Savremena administracija» gained special praise and reputation in science environment and public by publishing encyclopedias and lexical editions of great importance.
- = The Company is the winner of a prestigious award for the biggest publishing project in 2002 for edition Encyclopedia of orthodoxy.
- = «Savremena administracija» is the traditional publisher of magazines for experts «Sudska praksa»/«Law practice» and «Škola»/«School».
- = The Company offers complete graphic service: from design to distribution of finished products to the buyer's address.
- = Traditionally, the Company has a successful long-standing cooperation with great number of buyers, among whom are leading bookstores in Serbia: Šumadija, BIGZ, Stylos.

## Production capacities

- = Production capacity of the Company is about 10 tons of paper per shift (8 working hours). An average utilization level of real capacity of printing machines was 72% in the period 2001-2005.

### Production lines capacity, at annual level

Production line	unit	Installed capacity	Real capacity	Capacity utlilyation 2001-2005 average
Rotation "Gazela"	print	10.000.000	7.000.000	63%
"Roland" 2-color	print	10.000.000	8.000.000	84%
"Planet" 2-color	print	7.000.000	5.000.000	80%
Rotobinder	print	750.000	500.000	60%
Binding machine	pag/h	400.000	250.000	58%

## Market and realization

- = Through-out its network of wholesale and retail objects, owned or rented, the Company covers great part of the Serbian territory.
- = Wholesale centers are located in Belgrade, Niš, Novi Sad, Zrenjanin and Subotica, while retail stores are placed in Belgrade, Novi Sad, Niš, Zrenjanin, Zaječar, Šabac and Kruševac.
- = Significant buyers of the Company are state and public institutions, such as Ministry of work, employment and social policy, Medical faculty, Faculty of law, Faculty of economics, etc.
- = According to operating revenues, «Savremena administracija» is in the second place among printing houses in Serbia.
- = In the period 2001-2005, revenues from sales and services were at the level of 3,7 million EUR, on average.

# SALES NETWORK



## Legend:

-  Wholesale
-  Retail

# Business resources

## Objects

- = IŠP «Savremena administracija» a.d. Belgrade disposes with objects of total area of 11.440,93 m<sup>2</sup>, located in Belgrade, Niš, Novi Sad and Zrenjanin.
- = The biggest and the most important object of the Company is administrative building in Belgrade of total area of 10.539 m<sup>2</sup>. beside administration, the building encompasses production, warehousing distributive and selling premises.
- = The Company also has retail stores in Belgrade, Niš, Zrenjanin and Novi Sad, as well as two apartments in Belgrade.

### Overview of facilities

Facility	Year	Area (m2)
Administrative building with production, warehouse, distribution and shop	1970	10.539,00
<b>Total administrative-production premises</b>		<b>10.539,00</b>
Shop in Belgrade - Paunova St.	1965	60,00
Shop in Belgrade - Njegoševa St.	1979	90,00
Shop in Belgrade – 29. novembar St.	1959	150,00
Retail shop in Nis	1964	58,18
Business - sale object in Zrenjanin		95,06
Offices in Novi Sad		168,00
<b>Total sales premises</b>		<b>621,24</b>
Apartment in Belgrade - Magelanova St.		60,69
½ of residential building - Sremčica, Belgrade		220,00
<b>Total residential premises</b>		<b>280,69</b>
<b>TOTAL IŠP "SAVREMENA ADMINISTRACIJA"</b>		<b>11.440,93</b>

Source: Savremena administracija, Beograd

## Business facilities in Belgrade

- = Administrative building of total area of 10.539,00 m<sup>2</sup> built in 1970 consist of:
  - =3.329 m<sup>2</sup> of production spaces,
  - =3.329 m<sup>2</sup> of warehouse spaces and
  - =3.881 m<sup>2</sup> of administrative, sales and additional spaces.



- = The building has good traffic connection with both local and main roads. The position of the building enables the access to the Company from two directions. Within the object, complete infrastructure is done and provides perfect functioning of the Company.
- = Only 20 m far from the building, main gas pipeline is located. This fact can significantly reduces expenses for heating in the near future.
- = Besides the administrative building, the Company also has three retail shops in Belgrade of total area of 300 m<sup>2</sup>. Two of them are located in the very downtown (Njegoševa Street and 29. November Street), while the third shop is located in the Company's neighborhood.
- = Nearness of important public institutions, as well as traffic frequency, make these locations attractive.



# Financial overview

Balance sheet						
ITEM	31.12.2006.		31.12.2005.		31.12.2004.	
	000 RSD	000 EUR	000 RSD	000 EUR	000 RSD	000 EUR
<b>FIXED ASSETS</b>	<b>476.379</b>	<b>6.030</b>	<b>479.308</b>	<b>5.606</b>	<b>532.368</b>	<b>6.749</b>
INTAGIBLE ASSETS	0	0	0	0	0	0
PROPERTY, PLANT AND EQUIPMENT	446.948	5.658	462.267	5.407	502.705	6.373
LONG TERM FINANCIAL INVESTMENTS	29.431	373	17.041	199	29.663	376
<b>CURRENT ASSETS</b>	<b>122.160</b>	<b>1.546</b>	<b>129.283</b>	<b>1.512</b>	<b>127.833</b>	<b>1.620</b>
INVENTORIES	86.496	1.095	87.778	1.027	82.152	1.041
SHORT TERM RECEIVABLES, INVESTMENTS AND CASH	35.664	451	41.505	485	45.681	579
Receivables	26.546	336	27.222	318	31.903	404
Other	9.118	115	14.283	167	13.778	175
DEFFERED TAX ASSETS	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	<b>598.539</b>	<b>7.576</b>	<b>608.591</b>	<b>7.118</b>	<b>660.201</b>	<b>8.369</b>
<b>OFF-BALANCE ASSETS</b>	<b>311</b>	<b>4</b>	<b>1.013</b>	<b>12</b>	<b>1.050</b>	<b>13</b>
<b>CAPITAL</b>	<b>527.368</b>	<b>6.676</b>	<b>545.540</b>	<b>6.381</b>	<b>593.561</b>	<b>7.524</b>
<b>LONG TERM PROVISIONS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>LIABILITIES</b>	<b>71.171</b>	<b>901</b>	<b>63.051</b>	<b>737</b>	<b>66.640</b>	<b>845</b>
LONG TERM LIABILITIES	0	0	0	0	0	0
SHORT TERM LIABILITIES	70.708	895	63.051	737	66.640	845
Short term financial liabilities	1.220	15	4.296	50	7.220	92
Liabilities from operations	30.260	383	21.058	246	37.124	471
Other	39.228	497	37.697	441	22.296	283
DEFFERED TAX LIABILITIES	463	6	0	0	0	0
<b>TOTAL LIABILITIES + EQUITY</b>	<b>598.539</b>	<b>7.576</b>	<b>608.591</b>	<b>7.118</b>	<b>660.201</b>	<b>8.369</b>
<b>OFF-BALANCE LIABILITIES</b>	<b>311</b>	<b>4</b>	<b>1.013</b>	<b>12</b>	<b>1.052</b>	<b>13</b>

**Note:** Exchange rates RSD/EUR as of December, 31: 2006 - 79,0; 2005 - 85,5; 2004 - 78,885

# Financial overview

## Income statement

ITEM	2006.		2005.		2004.	
	000 RSD	000 EUR	000 RSD	000 EUR	000 RSD	000 EUR
<b>OPERATING REVENUES</b>	<b>200.642</b>	<b>2.385</b>	<b>214.369</b>	<b>2.601</b>	<b>203.585</b>	<b>2.768</b>
Revenues from sales	201.596	2.396	209.109	2.537	208.075	2.829
Other	-954	-11	5.260	64	-4.490	-61
<b>OPERATING EXPENSES</b>	<b>252.938</b>	<b>3.006</b>	<b>286.161</b>	<b>3.472</b>	<b>239.044</b>	<b>3.250</b>
Cost of goods sold	34.358	408	31.846	386	28.447	387
Costs of material	42.683	507	52.548	638	53.656	730
Costs of salaries, fringe benefits and other personal exp.	129.126	1.535	157.085	1.906	90.917	1.236
Depreciation and provisions	15.304	182	16.001	194	17.307	235
Other operating expenses	31.467	374	28.681	348	48.717	662
<b>OPERATING RESULT</b>	<b>-52.296</b>	<b>-622</b>	<b>-71.792</b>	<b>-871</b>	<b>-35.459</b>	<b>-482</b>
<b>NET FINANCIAL RESULT</b>	<b>-1.969</b>	<b>-23</b>	<b>458</b>	<b>6</b>	<b>-3.236</b>	<b>-44</b>
<b>NON-OPERATING AND OTHER REVENUES</b>	<b>21.014</b>	<b>250</b>	<b>43.161</b>	<b>524</b>	<b>20.440</b>	<b>278</b>
<b>NON-OPERATING AND OTHER EXPENSES</b>	<b>2.793</b>	<b>33</b>	<b>16.320</b>	<b>198</b>	<b>3.353</b>	<b>46</b>
<b>EARNINGS BEFORE INCOME TAXES</b>	<b>-36.044</b>	<b>-428</b>	<b>-44.493</b>	<b>-540</b>	<b>-21.608</b>	<b>-294</b>
<b>INCOME TAXES</b>	<b>2.012</b>	<b>24</b>	<b>3.953</b>	<b>48</b>	<b>1.663</b>	<b>23</b>
<b>NET RESULT</b>	<b>-38.056</b>	<b>-452</b>	<b>-48.446</b>	<b>-588</b>	<b>-23.271</b>	<b>-316</b>

Note: Average annual exchange rates RSD/EUR: 2006 - 84,139; 2005 - 82,4268; 2004 - 73,550

# Contact

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