

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic Data on Auction Sale

The Privatization Agency of RS offers, within the joint offer, 70,00 % of the socially-owned capital of the subject to be privatized, amounting to 50,40 % of the total capital and 100,00% of share of the RTB BOR-GRUPA, Bor, amounting to 28,00 % of the total capital value. Totally is offered 78,40 % of the subject capital. The share of the RTB BOR - GRUPA, BOR in the subject capital, is offered for sale based upon the Power of attorney given to the Privatization Agency.

Those who are interested can purchase auction documentation at the price of: **CSD 25.000**, after the receipt of invoice from the Privatization Agency. VAT is not calculated in the price. The purchase of the auction documentation is obligatory and on its receipt one is to sign the Confidentiality Agreement. After the payment evidence has been submitted, the auction documentation can be collected at the following address: Privatization Agency, Belgrade, Terazije 23, from 09:00 - 17:00 on weekdays, from 28.11.2005 until 16.12.2005.

CLOSING DATE FOR THE APPLICATION SUBMISSION is 19.12.2005 until 17:00.

Filled application which is a part of the auction documentation with the signed draft of the SPA and the deposit payment evidence, is to be submitted in a closed envelope with inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 271205, Privatization Agency, Belgrade, Terazije 23".

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

THE AUCTION IS GOING TO BE HELD ON 27.12.2005.

at the address: **Privatization Agency, Belgrade, Terazije 23, 2nd floor, Big Hall**, at 11:00. The registration of the auction participants is going to take place at the same address on: **27.12.2005, from 09:00 - 10:50.**

Means of payment for the share of the socially-owned capital to be sold within the joint offer (50,40 %), can be in domestic currency, foreign convertible currency, state bonds based upon the unpaid foreign currency savings of citizens, which are to be due not later than the date of sale of the capital (27.12.2005), 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 of citizens, which are not to become due until the capital sale date (27.12.2005), issued to the natural persons, who are citizens of the Republic of Serbia.

Means of payment in the share holding of the RTB BOR - GRUPA, Bor (28,00 %) in the entire capital of the subject to be privatized, can be SOLELY in the local currency, as well as in the foreign convertible currency, on which occasion the part of the selling price (selling price realized at the auction), in accordance with share of the Holding in the subject undergoing privatization, is to be paid AT ONE TIME, regardless of the fact, whether the participant has applied for the first or second bidding.

In case 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 brought back 15 days after the public auction is held.

The Privatization Agency keeps the right to change the auction date, as well as the closing date for the application submission if necessary, but also to inform on those changes, if any, the interested physical persons or legal entities, until the auction date at the latest.

The visit to the subject undergoing privatization shall be carried out after the signing the Agreement on Confidentiality in period from 28.11.2005 until 16.12.2005, after previously the time-table with the Privatization Agency has been established, phone: 011/3020-804; 011/3020-803 or fax: 011/3020-881.

* The entire estimated capital value to be privatized, stated in EUR, is calculated according to the official exchange rate on 26.11.2005.

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

Brief description of the PUBLIC AUCTION PROCEDURE

The sale of the capital by method of the public auction is carried out by the Auction Commission, which is 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 are 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, auctioneer shall open the first bidding, on which occasion 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 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 which occasion 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 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 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 brought back the deposit. If only one party who has been given the auction participant status attends the second bidding, that party is invited three times to accept the initial price. If she/he 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 brought back the deposit.

1) Basic information on the subject undergoing privatization: FABRIKA MERNIH TRANSFORMATORA D.O.O., ZAJECAR

Auction sale code: 271205-1511p

ID number of the subject: **07147368**

Field of work: **Production of electric engines and generators**

The entire estimated capital value to be privatized amounts to: **CSD 161.640.000** or *EUR 1.870.905, representing **78,40 %** of the total capital value of the enterprise.

Deposit for auction participation: **CSD 8.082.000** or 93.545 *EUR

The initial auction sale price: **CSD 16.164.000**

The investment minimum into the subject to be privatized: **CSD 16.368.000**

The most important property of the subject undergoing privatization

A) Buildings – the most important facilities (m²):

1. Office building – holder (787) 2. Production hall for transformers – holder (2000) 3. Construction of the former power plant – holder (2208) 4. Plant for equipment/accessories production – holder (1702) 5. Construction of the former warehouse – holder (191)

B) The most important equipment:

1) Devices/equipment in the equipment production plant 2) Devices/machines in the transformer production plant 3) Tools from the transformer production plant 4) Tools from the equipment production plant 5) Transportation means

V) Land capacities (m²): *Construction land: (23906) – socially-owned*

Balance sheet per year:	2003		2004	
Shown in:	CSD	**EUR	CSD	**EUR
Total business revenues	60.856.000	935.426	85.727.000	1.174.310
Total business expenses	78.412.000	1.205.282	85.192.000	1.166.982

Main products/services: 1) Electric power transformers 2) Voltage transformers 3) Isolators 4) Electronical products 5) Cable kit/ accessories and plant elements

Total number of employees: 148; **of which BS/ BA:** 16