

* Total evaluation of the capital to be privatized, in EURO, was calculated in accordance with the official rate on 14.01.2005. godine.

** The information about total business income and expense, in Euro, was calculated in accordance with average annual real rates.

Short description of PUBLIC AUCTION PROCEDURE

Capital selling by public auction is carried out by Auctioneer established price, the auctioneer, by hammering, declares the auction finished. 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 nobody is interested even after the third call, the auction is declared unsuccessful, and the participants lose the right to be brought back the deposit.

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Commission monitors auction sale, registers auction 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 nobody is interested even after the third call, the auction is declared unsuccessful, and the participants lose the right to be brought back the deposit.

Participants, announces auction unsuccessful, signs the offer the highest price is declared a buyer. If after the announcement of the initial price nobody is interested even after the third call, the auction is declared unsuccessful, and the participants lose the right to be brought back the deposit.

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According to the law. The conditions for auction after the third call, the auctioneer declares the first bidding declared unsuccessful, and the participants lose the right to be brought back the deposit.

Implementation are fulfilled if at least one person is given unsuccessful and immediately opens the second bidding to be brought back the deposit.

The auction participant status, if he is personally present or where even unmatured bonds can be the means of payment. Those who have applied for the second bidding participant status attends the second bidding, that person is called three times to accept initial price. If he accepts the initial price, he is declared a buyer, and the initial price becomes selling price. If the participant doesn't accept the initial price, the auction is declared unsuccessful, and he loses the right to be brought back the deposit.

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Ordered for the start of PUBLIC AUCTION, auctioneer will can participate in it, as well as the participants in the first bidding if it has been declared unsuccessful. If there are many participants in the second bidding the auctioneer announces initial price as well as each further increase. If none of the interested buyers react after the third call for accepting newly established price, the auctioneer, by

1) Basic information about enterprise to be privatized: MINEL ELEKTROOPREMA I POSTROJENJA Ltd. enterprise for production of electric equipment and machinery, BELGRADE

Auction code: 100305-1335

Official Registration Number: **07454180**

Field of work: **Production of equipment for electric power distribution**

Total estimated value of the capital to be privatized: **442.547.000 Din** or **5.560.056 *EUR** which is **67,80732 %** of the total capital of the enterprise.

Deposit for participation in the auction: **71.639.000 Din** or **900.049 *EUR-a**

Initial auction price: 143.277.000 Din

Minimum investment in the enterprise to be privatized: **26.459.000 Din**

The most important assets of the enterprise

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

1. Main plant building, Works I, Ripanj (9885) 2. Raw materials warehouse with annex V20, Works I, Ripanj (1017) 3. Main hall for assemblage, Works II, Ripanj (3567) 4. Production hall FEP, Works III, Ripanj (3000) 5. New hall, Works III, Ripanj (2000)

B) The most important equipment:

1) Tools for easing of supporting basis 2) Tools for pulling out of clip rings 3) Van (Zastava Rival 30.8HKK 8+1) 4) Transporter-truck 5) Survey station

C) Land (m²): Construction land: (105898) – state owned

Statement of income and expense per year:

Shown in:	2002		2003	
	Din	**EUR	Din	**EUR
Total business income	431.570.000	7.150.526	303.794.000	4.669.659
Total business expense	398.481.000	6.602.286	304.537.000	4.681.080

The most important products/services : 1) High voltage circuit breakers 2) High voltage switches 3) Medium voltage switches 4) Medium voltage fixed cells 5) Medium voltage extractable cells

Total number of employees: 631 ; employees with university qualifications: 44

Terazije 23, 11000 Belgrade, Serbia and Montenegro

tel: 011/3020-804,011/3020-803 fax: 011/3020-881

According to the Article 38 of the Privatization Law ("Official Gazette RS", No. 38/2001 and 18/2003), and the Article 5 of the Decree on Capital and Estate Selling by Public Auction ("Official Gazette RS " No. 45/01, 45/02, 19/03, 59/04 i 98/04),

Privatization Agency announces:

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic information about auction sale

The Privatization Agency, within the framework of joint offer, offers 70,00% of socially-owned capital of the enterprise to be privatized, which is 49,91% of the total capital and 62,36% of the share of MINEL HOLDING KORPORACIJA, BEOGRAD, which is 17,90% of the total capital. It is offered in total 67,81% of the capital of the enterprise to be privatized. The share of MINEL HOLDING KORPORACIJA, BEOGRAD in the capital of the enterprise is on sale according to the authority given to the Privatization Agency.

Those who are interested can buy auction documentation at the price of **25,000 dinars** (VAT has not been included in the price), after the invoice is received from the Privatization Agency. The purchase of the auction documentation is obligatory, and on its receipt one is to sign the Agreement on Keeping the Confidential Information. After the payment evidence is submitted, the auction documentation can be collected at the following address:

The Privatization Agency, Belgrade, Terazije 23, 9:00 - 17:00, from 27.01.2005 to 01.03.2005.

Closing date for applying is 02.03.2005 until 17:00

Completed application which is a part of the auction documentation, with signed draft of sales contract and deposit payment evidence, is to be submitted in closed envelope with inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION **100305** Privatization Agency, Belgrade,, Terazije 23".

IF THERE IS THE NAME OF ENTERPRISE TO BE PRIVATIZED ON THE ENVELOPE, OR FULL AUCTION CODE, THE APPLICATION CAN BE REJECTED.

**THE AUCTION IS GOING TO TAKE PLACE ON:
10.03.2005.**

At the address: **The Privatization Agency, Belgrade, Terazije 23, 2nd floor, Large Hall at 11:00.** The registration of the auction participants is going to take place at the same address on: **10. 03. 2005, 09:00 - 10:50.**

Means of payment for a part of socially-owned capital on sale within the framework of the joint offer (49,91%) can be in domestic currency, foreign convertible currency, bonds based on the outstanding foreign exchange saving which is to become due not later than the capital selling day (10.03.2005) issued to physical 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 bonds according to the outstanding foreign exchange

saving which are not to be due until the capital selling day (10.03.2005) issued to physical persons who are citizens of the Republic of Serbia.

Means of payment in the share percentage of MINEL HOLDING KORPORACIJE, BEOGRAD (17,90%) in total capital of the enterprise to be privatized can be ONLY in domestic currency and foreign convertible currency, but a part of sales price (achieved auction selling price) is to be paid IN FULL commensurate with the share of the holding in the enterprise to be privatized, regardless of whether the participant has applied for the first or the second bidding. Initial price of the share of MINEL HOLDING KORPORACIJA, BEOGRAD is 65.103.944 dinars.

In case that first-class bank guarantee is submitted as the means of payment for the deposit, it has to be payable within the period of 48 hours from the declaration of a buyer at the auction.

The participation deposit is to be returned 15 days after the auction is held

The Privatization Agency keeps the right to change the date of the auction and the closing date for applying as well as to inform the interested until the auction day at the latest.

Enterprise to be privatized will be visited, after the Agreement on Keeping the Confidential Information is signed, from 27.01.2005 to 01.03.2005, at the previously established time by the Privatization Agency, tel 011/3020-804;011/3020-803 ili faks: 011/3020-881.