

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic data on auction sale

Privatization Agency offers for sale within the joint offer:

1. 70,00% of the socially-owned capital of the privatization entity, D.O.O., DVADESETPRVI MAJ – FABRIKA TURBOMOTORA I TRANSMISIJA (LIMITED LIABILITY COMPANY–PLANT FOR PRODUCTION OF TURBOMOTORS AND TRANSMISSIONS), Belgrade, which is 69,41% of the total capital, as well as 0,84% of the total capital which is 100,00% of the stake of the Development Fund RS, BELGRADE, in the stated privatization entity. Totally is offered for sale 70,25% of the privatization entity's capital – D.O.O., DVADESETPRVI MAJ – FABRIKA TURBOMOTORA I TRANSMISIJA, Belgrade, and,
2. 70,00% of the socially-owned capital of the privatization entity, D.O.O., DVADESETPRVI MAJ – FABRIKA MALOLITRAŽNIH MOTORA (LIMITED LIABILITY COMPANY–PLANT FOR PRODUCTION OF LOW LITRE ENGINES), Belgrade, which is 68,53% of the total capital, as well as 2,10% of the total capital which is 100,00% of the stake of the Development Fund RS, BELGRADE, in the stated privatization entity. Totally is offered for sale 70,63% of the privatization entity's capital – D.O.O., DVADESETPRVI MAJ – FABRIKA MALOLITRAŽNIH MOTORA, Belgrade.

The stake of the Development Fund of the Republic of Serbia, Belgrade, in the capital of the entity is offered for sale on the basis of the power of the attorney assigned to the Privatization Agency.

Interested parties can purchase the auction documents at the price of **RSD 80.000**, 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 St. 23, 5th floor, from 09:00 to 16:30, in the period from 17.02.2009 until 11.03.2009.

DEADLINE FOR SUBMISSION OF APPLICATIONS IS 12.03.2009, BY 16:30.

Completed 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 200309, 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: 20.03.2009.

at the address: **Privatization Agency, Belgrade, Terazije St. 23, 2nd floor, Large hall**, at **11:00**. Registration of the auction participants will be held at the same address on: **20.03.2009, from 09:00 to 10:50.**

Means of payment for the part of the socially-owned capital of the Društvo sa ograničenom odgovornošću DVADESETPRVI MAJ – FABRIKA TURBOMOTORA I TRANSMISIJA, Belgrade, (69,41%) and means of payment for the part of the socially-owned capital of the Društvo sa ograničenom odgovornošću DVADESETPRVI MAJ – FABRIKA MALOLITRAŽNIH MOTORA, Belgrade, (68,53%) which are offered for sale within the joint offer %) 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 (20.03.2009), 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 (20.03.2009), issued to the individuals, who are citizens of the Republic of Serbia.

Means of payment for the stake of the Development Fund RS, BELGRADE, (0,84%) in the total capital of the privatization entity, Društvo sa ograničenom odgovornošću DVADESETPRVI MAJ – FABRIKA TURBOMOTORA I TRANSMISIJA, Belgrade, and means of payment for the stake of the Development Fund RS, BELGRADE (2,10%) in the total capital of the privatization entity, Društvo sa ograničenom odgovornošću DVADESETPRVI MAJ – FABRIKA MALOLITRAŽNIH MOTORA, Belgrade, can be SOLELY in domestic and foreign convertible currency, whereas a part of the sale and purchase price (selling price achieved at the auction) commensurate with the stake of the Development Fund RS in the privatization entity is to be paid off AT ONCE, regardless of whether a participant has applied for the first or second bidding.

In case the first class bank guarantee has been submitted as 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 about such changes, if any, until the auction date at the latest.

The site visit can be carried out after signing of the Confidentiality Agreement in the period from 17.02.2009 until 11.03.2009.

* 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.

Auction sale code: <u>200309-3163p</u>	Deposit for participation in the auction: RSD 116.531.000 or * EUR 1.243.840 Initial price at the auction sale: RSD 233.062.000
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1) Basic information on the privatization entity: Društvo sa ograničenom odgovornošću DVADESETPRVI MAJ – FABRIKA TURBOMOTORA I TRANSMISIJA, BELGRADE

Official ID number of the entity: **17064100**

Field of work: **Production of parts and accessories for motor vehicles**

The entire estimated capital value to be privatized amounts to: **RSD 893.707.000** or ***EUR 9.539.343**, which is **70,252 %** of the total entity capital.

Minimum obligatory investments into the privatization entity amount to: **RSD 33.464.000**

Main assets of the privatization entity **

A) Buildings – main facilities (m²):

1. Hall for production of special products (5064) 2. Annexe to the hall for production of special products (1463) 3. Hall (9623) 4. Annexe to the hall (3405) 5. Forge shop (496)

B) Main equipment:

1) Office furniture 2) Office equipment 3) Apparatus for determination of carbon 4) Machine for rotor processing 5) Galvanization 6) Deep drilling machine

C) Land (m²): *Entire land: (108933); Construction land: (108933) (16942) – state-owned; (91991) – state owned, joint use with the enterprise DMB-FMM;*

Balance sheet per year:	2006		2007	
	RSD	***EUR	RSD	***EUR
Shown in:				
Total operating revenues	71.617.000	851.519	47.389.000	592.629
Total operating expenses	139.363.000	1.657.012	132.156.000	1.652.694

Main products/services: 1) Gearwheels 2) Transmissions for motor cultivators and harvesters 3) Hypoid and cone reducing gears 4) Differentials

Total number of employees: 127; **of which BS/BA:** 16

1) Basic information on the privatization entity: Društvo sa ograničenom odgovornošću DVADESETPRVI MAJ – FABRIKA MALOLITRAŽNIH MOTORA, BELGRADE

Official ID number of the entity: **17064126**

Field of work: **Production of engines and turbines**

The entire estimated capital value to be privatized amounts to: **RSD 271.603.000** or ***EUR 2.899.063**, which is **70,63 %** of the total entity capital.

Minimum obligatory investments into the privatization entity amount to: **RSD 11.505.000**

Main assets of the privatization entity **

A) Buildings – main facilities (m²):

1. Machine workshop (4370) 2. Annexe to the hall (1110) 3. Station for testing of aircraft engines (363) 4. Warehouse made of sheet metal (924) 5. Warehouse of semi-products (made of sheet metal) (382) 6. Rotor testing facility (254) 7. Semicircular warehouse (made of metal) (583) 8. Warehouse of lubricants (126)

B) Main equipment:

1) Pedestal drill 2) Control desk (5 items) 3) Hydraulical press 4) Transformer station III

C) Land (m²): *Entire land: (91991); Construction land: (91991) – state-owned, joint use with the enterprise DMB-FMM;*

Balance sheet per year:	2006		2007	
	RSD	***EUR	RSD	***EUR
Shown in:				
Total operating revenues	166.375.000	1.978.182	143.315.000	1.792.244
Total operating expenses	214.418.000	2.549.408	189.512.000	2.369.966

Main products/services: 1) Low litre gasoline engines 2) Low litre diesel engines 3) Irrigation pumps 4) Motor cultivators 5) Motor mowers

Total number of employees: 102; **of which BS/BA:** 8