

The Privatization Agency of the Republic of Serbia (further in the text: the Privatization Agency), in accordance with the Restructuring Program of the Agricultural Machine Industry »Zmaj« a.d. Zemun-Beograd, in restructuring (further in the text: the Seller) adopted by the organs in charge of the Seller according to the Decision No. 8/05 dated 22.02.2005 and the Privatization Agency according to the Decision on Acceptance of the Restructuring Program No. R-17/05-02 dated 28.03.2005 and the Agency Contract concluded on 31 March 2005 between the Seller and the Privatization Agency, announces

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTION
Sale Code: R-190505-018

Object of Sale: part of the assets comprising real estate of the Main Part of the complex of assets of IPM "ZMAJ" AD Zemun-Beograd, in restructuring, but it is sold as one whole in the following way:

01. Processing equipment warehouse on the barrier, net usable area 880 m²;
02. Electroplating facility and laboratory, net usable area 590 m²;
03. Warehouse of subcontracting, net usable area od 2.342 m²;
04. Upkeep and overhaul of the machines, net usable area 882 m²;
05. Loading dock of the hall »E«, net usable area 3.500 m²;
06. Warehouse of components, net usable area 2.342 m²;
07. Warehouse of finished products – main warehouse, net usable area of ground floor and 2nd floor 4.392 m²;
08. Doorman's booth (1), net usable area along with shed 59,73 m²;
09. Doorman's booth (2), net usable area 69,46 m²;
10. Health station, net usable area 400 m²;
11. Warehouse of flammable liquids, net usable area 1.062 m²;
12. Canteen, net usable area 1.584 m²;
13. Prototype department, 6.432 m² - net usable area on the ground floor, 133 m² - on the first floor, which is 6.565 m² in total;
14. Administrative building , net usable area is 1.400 m² on the ground floor, and 2.268 m² on the floors which is in total 3.668 m²;
15. Mobile facilities, in total area of 483 m².

Real estate the total area of which is 28.336,21 m² was built on the construction land state-owned with right of use of the Seller in the total area of 7ha 08a 00 m² with possible standard exceptions, and it has been registered in the land register on behalf of the Seller.

The real estate is on sale as it was seen, without later complaints.

1. Obligatory conditions of sale:

- a) Payment of sales price bid at the auction; **initial price at the public auction is 224.886.000,00 dinars**, that is, **2.776.000,00 Eur**. The sales price can be paid in domestic currency, if the buyer is a domestic physical or legal person, or in EUR if the buyer is a foreign physical or legal person;
 - b) The buyer is to provide permanent employment for 200 workers who are stipulated by the Seller's Program as redundant due to technological, economic and organizational changes;
 - c) The buyer is to accept rights and obligations stipulated in the final text of the Sales Contract which is integral part of the documentation.
2. **Conditions for participation:** All physical and legal persons who submit participation deposit have the right to participate in the public auction. **Deposit** can be paid in domestic currency amounting to **33.733.000,00 dinars** for domestic physical or legal persons, or in EUR amounting to **416.400,00 EUR** for foreign physical and legal persons, or by submitting first-class bank guarantee amounting to the same sum.

The participant can be an enterprise, individual investor, consortium comprising enterprises and/or individual investors ("Consortium"). One of the members of the Consortium, that is, person given the authority by the Consortium, has to be appointed to represent the Consortium ("accredited representative of the Consortium") and to work on behalf of and for the benefit of the Consortium.

The buyer of immovable assets of the Seller cannot be: 1) domestic legal person in business with major socially-owned capital; and 2) dependent enterprises of the Seller. Such applications will be rejected.

Deposit payment in dinars is to be made in dinar account of the Privatization Agency of the Republic of Serbia No. 840-1208721-19.

Deposit payment in foreign currency account will be done in accordance with the instructions of the Privatization Agency.

In case that the 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 after a buyer is declared at the public auction.

3. **Insight into documentation and its collection:** Those who are interested can buy public auction documentation at the price of 25.000,00 dinars after the invoice is received from the Privatization Agency. Interested participants can collect the sale documentation at the Privatization Agency, 23 Terazije St., Belgrade, 5th floor, room 511, starting from 21 April 2005 at 9:00.

The closing date for collecting the sale documentation is 10 May 2005 at 17:00.

Paid means are not to be returned.

Having collected public auction documentation, the interested buyers can view the assets on sale at the address Highway 18, Zemun - Beograd, room 108, at the secretary of the Commission for Assets Sale, contact person Zlata Bajić, every weekday from 9:00 to 13:00. Contact telephone: 011/693 - 055.

4. **Submission of applications for participation in public auction:** Closing date for submission of registration is 11 May 2005 at 17:00.

The applications are to be submitted at the Privatization Agency, 23 Terazije St., Belgrade, 5th floor, room 511, in sealed envelope, with auction code R-190505 and inscription:

REGISTRATION FOR PARTICIPATION IN PUBLIC AUCTION R-190505
The Privatization Agency of the Republic of Serbia
23/V Terazije St., 5 floor, Belgrade

The application is to be filled in a particular application form, which is the integral part of the purchased sale documentation and has to contain data given in the Instructions for Participants in Public Auction which are also integral part of the documentation, signed Sales Contract Draft, deposit payment evidence and the number of account for returning the deposit. Incomplete and late registrations will not be taken into consideration.

The Commission for the Assets Sale will inform all the applicants about the approval of their applications two weekdays before the public auction is held at the latest.

5. **Organization of Public Auction:** The public auction for the purpose of sale of the assets will be held on 19 May 2005 at 11:00 at the Privatization Agency, 23 Terazije St., Belgrade, Large Hall on 2nd floor.

Registration of participants in public auction will begin two hours before the start of the public auction, and will finish ten minutes before the start of the public auction, that is, from 9:00 to 10:50.

The implementation of public auction and conclusion of the Sales Contract are described in detail in the Instructions for Participants which are integral part of the documentation.

All the participants who have not been declared buyers are to be returned the deposit in the period prescribed in the Instructions for Participants, which are integral part of the documentation.

For the participant who bids the highest offer and is declared a buyer, the deposited sum is to be included in the sale price, and in case of desisiting the deposit is to be retained.

In case that the participant who wins the auction refuses to sign the minute or contract, or does not make the payment within the prescribed period, the Agency will call the participant who bid the second highest offer to sign the contract, that is, it will declare him a buyer. If he does not sign the contract, that is, does not make the payment within the prescribed period, he loses the right to be returned the deposit.