

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Privatization Agency of RS offers, within the joint offer, 70,00% of socially-owned capital of socially-owned enterprise for production of panels ŠPIK-IVERICA, IVANJICA, 70,00% of socially-owned capital of socially-owned enterprise for transport and mechanization ŠPIK-MORAVA, IVANJICA and 70,00% of socially-owned capital of socially-owned enterprise for primary wood processing ŠPIK-NAPREDAK, IVANJICA.

Auction Sale Code: 270706-1703
Deposit for auction participation: CSD 41.958.000 or 485.622 *EUR
Initial price at auction sale: CSD 83.915.000
Minimum of obligatory investments into the subject to be privatized amounts to: CSD 441.136.000

Basic Data on Auction Sale

Those who are interested can purchase auction documentation at the price of: **CSD 120000**, 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, 23 Terazije St, from 09:00 – 17:00 on working days, from 23.06.2006 to 18.07.2006.

CLOSING DATE FOR THE APPLICATION SUBMISSION is 19.07.2006 until DO 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 sealed envelope with inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 270706, Privatization Agency, Belgrade, 23 Terazije St".

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

THE AUCTION WILL BE HELD ON: 27.07.2006.

at the address: **Privatization Agency, Belgrade, 23 Terazije St, 2nd floor, Large Hall**, at **11:00**. The registration of the auction participants is going to take place at the same address on: **27.07.2006. from 09:00 to 10:50.**

Means of payment can be in domestic currency, foreign convertible currency, state bonds based upon the unpaid foreign currency savings of citizens, which are due not later than the date of the capital sale (27.07.2006.) 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 date of the capital sale (27.07.2006.) issued to the natural persons, who are citizens of the Republic of Serbia.

In case that 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 has been 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 the interested parties on such changes, if any, until the auction date at the latest.

The site visit shall be carried out after the signing the Agreement on Confidentiality in period from 23.06.2006 to 18.07.2006, at the time previously established by the Privatization Agency, tel: 011/3020-804;011/3020-803 or fax: 011/3020-881.

* The entire estimated capital value to be privatized, stated in EUR, was calculated according to the official exchange rate on 23.06.2006.

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

The sale of capital by the method of 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 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, the 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 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, 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: Socially-owned Enterprise for production of panels ŠPIK-IVERICA, IVANJICA

Official ID number of the Subject: **17466364**

Field of work: **Production of wooden panels and boards**

The entire estimated capital value to be privatized amounts to: **CSD 179.626.000 or 2.078.999 *EUR** which is **70 %** of the total capital of the subject.

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. Production hall of raw chip-board (7368) 2. Facility "Iverica" (5078) 3. Production hall FOPI (1479) 4. Mechanic's workshop (848) 5. Building of furniture store (376)

B) The most important equipment:

1) Raw panel line (Simpelkomp) 2) Refined panel line (Simpelkomp)

C Land (m²): *Construction land: (48499) ((44564) – socially owned, (3935) – state owned)*

Balance sheet per year	2004		2005		
	Shown in:	CSD	**EUR	CSD	**EUR
Total business revenues		58.509.000	801.471	158.662.000	1.913.735
Total business expenses		104.987.000	1.438.139	226.192.000	2.728.262

Main products/ services: 1) Raw panel – chip-board 2) Refined panel – chip-board

Total number of employees: 237; **of which BS/ BA:** 7

2) Basic information on the subject undergoing privatization: Socially-owned Enterprise for transport i mechanization ŠPIK-MORAVA, IVANJICA

Official ID number of the Subject: **17466356**

Field of work: **Road traffic transport of goods**

The entire estimated capital value to be privatized amounts to: **CSD 24.954.000 or 288.823 *EUR** which is **70 %** of the total capital of the subject.

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. Boxes and truck eaves (833) 2. Office building (300) 3. Firefighting building with a workshop (138) 4. Doorman's booth and building of treasury (98) 5. Stoehouse Ferateks (514)

B) The most important equipment:

1) Specialized vehicles (5) (Raba 15t,F26188) 2) Specialized vehicles (6) (Fap 15t, 2226B) 3) Specialized vehicles (10) (Fap 13t,2629VB) 4) Transporter and trailer (5) (Fap) 5) Transporter and trailer (6) (Raba)

C Land (m²): *Construction land: (21332) – socially owned, gravel pit (9183) – state owned*

Balance sheet per year	2004		2005		
	Shown in:	CSD	**EUR	CSD	**EUR
Total business revenues		2.012.000	27.561	930.000	11.217
Total business expenses		14.133.000	193.597	10.629.000	128.204

Main products/ services: 1) Transport of goods 2) Upkeep of vehicles

Total number of employees: 111; **of which BS/ BA:** 2

3) Basic information on the subject undergoing privatization: Socially-owned Enterprise for primary wood processing ŠPIK-NAPREDAK, IVANJICA

Official ID number of the Subject: **17466372**

Field of work: **Production of timber**

The entire estimated capital value to be privatized amounts to: **CSD 145.068.000 or 1.679.026 *EUR** which is **70 %** of the total capital of the subject.

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. Saw mill with selection room (3107) 2. Hall of tailor's (1209) 3. Main facility in the storehouse (960) 4. Building of saw mill (1005)

B) The most important equipment:

1) Primary wood processing line (Brenta,Bratstvo) 2) Beech cutting line (Bansek STL1000-7) 3) Kiln-7 canals 4) Initial kiln, 3 chambers with equipment 5) Steaming room

C Land (m²): *Construction land: (65683) ((63430) socially owned, (2253) – state owned)*

Balance sheet per year	2004		2005		
	Shown in:	CSD	**EUR	CSD	**EUR
Total business revenues		15.646.000	214.323	33.564.000	404.839
Total business expenses		50.460.000	691.214	73.808.000	890.251

Main products/ services: 1) Timber of beech, spruce, fir-tree 2) Steamed beech timber 3) Steam 4) Beech components for prefabricated houses 5) Construction carpentry and other goods

Total number of employees: 131; **of which BS/ BA:** 4