

23 Terazije St., 11000 Belgrade, Serbia and Montenegro,
phone: 011/3020-804, 011/3020-803; fax: 011/3020-881

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Privatization Agency, within joint offer, is offering for sale 70,00% of the socially-owned capital of the Društveno preduzeće za proizvodnju ploča ŠPIK-IVERICA, IVANJICA, 70,00% of the socially-owned capital of the Društveno preduzeće za transport i mehanizaciju ŠPIK-MORAVA, IVANJICA and 70,00% of the socially-owned capital of the Društveno preduzeće za primarnu preradu drveta ŠPIK-NAPREDAK, IVANJICA.

Auction Sale Code: 140906-1703p

Deposit for auction participation amounts to: **CSD 27.532.000** or ***EUR 331.145**
Initial auction sale price: **CSD 55.062.000**
Minimum of investments into the subjects undergoing privatization amount to: **CSD 434.189.000**

Basic data on Auction sale

Those who are interested can purchase the auction documents at the price of: **CSD 120.000**, after the receipt of invoice from the Privatization Agency. VAT is not calculated in the price. The 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, 23 Terazije St., on working days from 09:00-17:00, in period from 28.07.2006 until 05.09.2006.

CLOSING DATE FOR THE APPLICATION SUBMISSION is 06.09.2006, until 17:00.

Filled application, which is a part of the auction documents, with the signed draft of the Sales-Purchase Agreement and the deposit payment evidence, is to be submitted in a sealed envelope with inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 140906, Privatization Agency, Belgrade, 23 Terazije Str".

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

THE AUCTION SHALL BE HELD ON 14.09.2006.

at the address: **Privatization Agency**, Belgrade, 23 Terazije St, **2nd floor, Large Hall** at **11:00**. Registration of the auction participants shall take place at the same address on:

14.09.2006, from 09:00 – 10:50.

Means of payment 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 (14.09.2006), 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 may be even the state bonds based on the unpaid foreign currency savings of citizens, which are not to be due until the date of the capital sale (14.09.2006), 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 become 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 those 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 28.07.2006 until 05.09.2006, after previously the timetable with the Privatization Agency has been established, phone: 011/3020-804; 011/3020-803 or by fax: 011/3020-881.

* The entire estimated capital value to be privatized, stated in EUR, was calculated according to the official exchange rate on 28.07.2006.

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

The sale of capital through 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 parties 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, it is declared a buyer and the initial price becomes at the same time 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: Društveno preduzeće za proizvodnju ploča ŠPIK-IVERICA, IVANJICA

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

Field of work: **Production of timber boards and tables**

The entire estimated capital value to be privatized amounts to: **CSD 176.797.000** or ***EUR 2.126.495**, representing **70 %** of the total subject capital.

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. Chipboard production plant (7368) 2. Facility "Iverica" (5078) 3. Production plant FOPI (1479) 4. Machine workshop (848) 5. Furniture show room (376)

B) The most important equipment:

1) Green lumber board line (Simpelkomp) 2) Melamine-surfaced chipboard 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 |
| 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) Green lumber board - chipboard 2) Melamine-surfaced chipboard

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

2) Basic information on the subject undergoing privatization: Društveno preduzeće za transport i mehanizaciju ŠPIK-MORAVA, IVANJICA

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

Field of work: **Transportation of goods by road traffic**

The entire estimated capital value to be privatized amounts to: **CSD 24.561.000** or ***EUR 295.422**, representing **70 %** of the total subject capital.

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. Built boxes and truckport (833) 2. Office building (300) 3. Fire protection department with workshop (138) 4. Porter's lodge and booking office (building) (98) 5. Storage place Ferateks (514)

B) The most important equipment:

1) Special vehicles (5 items, Raba 15t, F26188) 2) Special vehicles (6 items, Fap 15t, 2226B) 3) Special vehicles (10 items, Fap 13t, 2629VB) 4) Truck tractor and trailer (5 items, Fap) 5) Truck tractor and trailer (6 items, Raba)

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

| Balance sheet per year: | 2004 | | 2005 | |
|-------------------------|------------|---------|------------|---------|
| | Shown in: | CSD | **EUR | CSD |
| 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) Goods transportation 2) Maintenance of motor vehicles

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

3) Basic information on the subject undergoing privatization: Društveno preduzeće za primarnu preradu drveta ŠPIK-NAPREDAK, IVANJICA

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

Field of work: **Sawn timber production**

The entire estimated capital value to be privatized amounts to: **CSD 142.783.000** or ***EUR 1.717.384**, representing **70 %** of the total subject capital.

The most important property of the subject undergoing privatization

A) Buildings – main facilities (m²):

1. Planing mill with sorting-room (3107) 2. Sewing hall (1209) 3. Main object at the storage place (960) 4. Sawmill (1005)

B) The most important equipment:

1) Primary conversion line (Brenta,Bratstvo) 2) Sewing line for beech parts (Bansek STL1000-7) 3) Drying-room - 7 canals 4) Approach drying-room, 3 chambers with equipment 5) Steaming-room

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

| Balance sheet per year: | 2004 | | 2005 | |
|-------------------------|------------|---------|------------|---------|
| | Shown in: | CSD | **EUR | CSD |
| 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) Sawn timber: beech, juniper, fir 2) Sawn timber: steamed beech 3) Water vapour 4) Beech parts for prefabricated houses 5) Joinery and other haberdashery

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