

Based on Decision of the Meeting of shareholders of the Holding company «Prva iskra» a.d. Barič no. 1323 dated 08 June 2006, amendment to the Decision no. 1399 dated 20 June 2006 and the Agreement on the Power of Attorney closed between the Holding company «Prva iskra» a.d. Barič and the Privatization Agency of the Republic of Serbia;

Privatization Agency announces:

PUBLIC INVITATION

FOR PARTICIPATION IN THE PUBLIC AUCTION (BIDDING) FOR PURCHASE OF PROPERTY of the Holding company «Prva iskra – Barič» a.d. in Barič,

namely

PROPERTY WHICH IS USED BY THE ENTERPRISE «PRVA ISKRA – SILIKONI I ADHEZIVI»
DOO
(Package 8)

Sale Code: 140906p-1740

Subject of the Public Sale:

Subject of Sale is the property which is used by the enterprise «Prva iskra – Silikoni i adhezivi» d.o.o. Barič, which is located in Barič, the owner of which is the Holding company «Prva iskra» a.d. Barič. Buildings and facilities of the subject are located on land, the total area of which is 10,000 m² (Land Register item no. 149 in the Cadastre Municipality of Barič). The subject land comprises the area covered by the buildings and around the buildings, containing, among other things:

- Production plant, 240 m²;
- Production plant for silicon, 104 m²;
- Office space within administration building, 107 m².

Property used by the enterprise «Prva iskra – Silikoni i adhezivi» d.o.o. Barič, which is located in Barič, the owner of which is the Holding company «Prva iskra» a.d. Barič is offered for sale "as is" with all the equipment-fixed assets, which is/are in function of performing the business activity, without possibility for further claims.

Mandatory sale conditions:

Initial price of the Subject of Public sale amounts to CSD 8.900.000.

Deposit for participation in the Public auction (bidding) amounts to CSD 890.000, i.e. EUR 10.722. The Sales-Purchase price is to be paid off AT ONCE.

Means of payment for the Sales-Purchase price may be SOLELY in local currency or foreign convertible currency.

If a declared buyer is a foreign legal entity or natural person, it may pay the Sales-Purchase price in foreign currency calculated according to the official selling exchange rate of the NBS (National Bank of Serbia) on the date of payment.

Participation requirements:

The right to participate in the Public bidding have domestic and foreign legal entities and natural persons which:

- have purchased sales documents;
- have closed the Agreement on Keeping the Confidential Information;
- have submitted the Application for participation in the bidding;
- have submitted the deposit payment evidence along with the Application for participation, i.e. the Bid bond for participation in the bidding; and
- have registered for participation in the Public bidding.

As a Bidder may also apply a consortium consisting of domestic and/or foreign legal entities and/or natural persons (hereinafter: Consortium). In the Agreement on Consortium, members of a Consortium must authorize one of their members to represent a Consortium (hereinafter: authorized representative of the Consortium), who shall act on behalf of and for the Consortium. The Agreement on Consortium must envisage the unlimited joint and several liability of all members of a Consortium.

The Agreement on Consortium is to be submitted along with the Application for participation in the Public bidding.

Sales documents:

Sales documents contain:

- Draft Sales-Purchase Agreement;
- Rules of the Public bidding procedure – Instructions to Bidders;
- Duplicate of the Public Invitation for participation in the Public auction (bidding);
- Bid bond;
- Data on the Subject of Public bidding.

Those who are interested may purchase sale documents at the price of CSD 40.000, without VAT, following the issue of invoice by the Privatization Agency.

After the payment evidence has been submitted and the Agreement on Keeping the Confidential Information has been signed, the sales documents may be collected at the following address:

Privatization Agency, Belgrade, 23 Terazije St, 5th floor, office 511.

Funds paid for purchase of the Bidding documents are not to be returned.

Sales documents are available to interested parties as of 15 August 2006. Deadline for collection of the sales documents expires on 05 September 2006, at 17:00.

The parties, which have purchased the sales documents and signed the Agreement on Keeping the Confidential Information shall be enabled a site visit to the Subject of sale.

The site visit timetable shall be determined in accordance with the Instructions to Bidders.

Contact Person:

Ivana Blažević

Project Manager

Public Auction Center, Privatization Agency

23 Terazije St.

Phone number: +381-11-3020-803

Fax: +381-11-3029-985
E-mail: iblazevic@priv.yu

Or:

Vuk Perić
Project Manager Assistant
Public Auction Center, Privatization Agency
23 Terazije St.
Phone: +381-11-3020-895; +381-11-3020-842
Fax: +381-11-3029-985
E-mail: vperic@priv.yu

Submission of Applications for participation in the Public bidding:

Applications are to be submitted directly to the Privatization Agency, 23 Terazije St, Belgrade, 5th floor, office 511, in a sealed envelope, with inscription:

Auction Sale code: 140906p-1740
APPLICATION FOR PARTICIPATION IN THE PUBLIC BIDDING
Privatization Agency of the Republic of Serbia
23/V Terazije St, Belgrade

Deadline for submission of applications for participation in the Public bidding expires on 06 September 2006, at 17:00.

An application for participation in the Public bidding is to be filled in a separate form, which is an integral part of the sales documents – Instructions to Bidders. In addition to application for participation in the Public bidding, there must be submitted the signed and on each page initialed Draft SPA and the deposit payment evidence, i.e. Bid bond.

Incomplete and untimely applications shall not be taken into consideration.

Commission for implementation of the Public sale shall inform Applicants for participation in the Public bidding on approval of applications at the latest until one working day before the Public bidding date.

Public bidding performance:

Public bidding for the purpose of Public sale shall be held on 14 September 2006, with the beginning at 15:00, at the address: Privatization Agency, 23 Terazije St, 2nd floor, Belgrade.

Registration of the Bidders shall be held at the same address and shall begin two hours before the Public bidding, and is to end ten minutes before the Public bidding, i.e. in period from 13:00 until 14:50.

The interested parties, whose applications for participation in the Public bidding have been approved, but have failed to register for the Bidding, lose right to be brought back the deposit, i.e. the Bid bond. Right to be brought back the deposit, i.e. Bid bond, lose also those persons who have registered for the Public bidding, but have failed to participate in the Public bidding.

Manner of performance of the Public bidding has been described into detail in the Instructions to Bidders.

Participants who have not been declared a buyer, the deposit, i.e. the Bid bond is to be returned within 10 working days, following the date of the Public Sale completion.

Closing of the Sales-Purchase Agreement:

Draft SPA is not subject to change.

The participant, who has been the first to offer the highest bid at the Public Bidding procedure and has been declared a buyer, shall sign with the Seller the Sales-Purchase Agreement within 7 days after the Public Sale has been concluded.

If a declared buyer refuses to sign the minutes on the Public bidding or the Sales-Purchase Agreement or fails to pay in the Sales-Purchase price within the envisaged deadline, it shall lose the right to be brought back the deposit, i.e. the Bid bond.

In case that a declared buyer refuses to sign the minutes on the Public bidding or the Sales-Purchase Agreement or fails to pay the Sales-Purchase price within the envisaged deadline, and there have been other offers, the Sales-Purchase Agreement is to be concluded with the participant, who has bid the second-ranked offer, at the price offered by that participant.

If a participant, who has bid the second-ranked offer at the Public bidding procedure, refuses to sign the Sales-Purchase Agreement or fails to pay the Sales-Purchase price within the envisaged deadline, it shall lose the right to be brought back the deposit, i.e. the Bid bond.

Right of change of the Public invitation:

Privatization Agency of the Republic of Serbia and the Holding enterprise «Prva iskra» a.d. Barič keep the right to change dates, closing dates and/or conditions from this Public Invitation, and do not bear any responsibility for possible costs or damages, which such changes may have caused to potential participants in the Public bidding.

Privatization Agency shall inform potential participants on changes of the Public Invitation at the latest until the Public Bidding date.

** Deposit amount stated in EUR, was calculated according to the official median exchange rate as of 11 August 2006.*