

Pursuant to the Decision of the Assembly of the Holding Corporation for metal processing, foundation, financing and management «KRUŠIK» AD, Valjevo, No. 31 dated 24.07.2006, the Decision of the Government of the Republic of Serbia 05 No: 023-1310/2005-2 dated 10.03.2006 and the Contract of Power of Attorney between the Holding Corporation for metal processing, foundation, financing and management «KRUŠIK» AD, Valjevo, as an instructing party, and the Privatization Agency of the Republic of Serbia II/1 Cer. No. 1548/06 dated 07.09.2006, as an agent, the Privatization Agency of the Republic of Serbia announces:

PUBLIC INVITATION FOR PARTICIPATION IN THE PUBLIC BIDDING FOR THE PURCHASE OF THE SHARE OF HOLDING CORPORATION FOR METAL PROCESSING, FOUNDATION, FINANCING AND MANAGEMENT «KRUŠIK» AD, VALJEVO, IN D.O.O. «KRUŠIK-SPRINGS», VALJEVO, WHICH COMPRISES 100% OF TOTAL CAPITAL OF THE ENTERPRISE

Sale Code: 261006-R-1764

1. Subject of the Sale

The subject of the sale is the share of the Holding Corporation for metal processing, foundation, financing and management «KRUŠIK» AD, Valjevo, amounting to 100% of the capital in the limited liability company «Krušik – Springs», Valjevo, 59 Vladike Nikolja St., ID number 06993672, whose value assessed by LV on 31.12.2005 is CSD 4.887.000,00.

MANDATORY TERMS OF THE PUBLIC SALE:

Initial price in the public bidding is **CSD 2.932.200,00**.

Kupoprodajna cena se isplaćuje ODJEDNOM.

Purchase and sale price shall be paid AT ONE TIME.

Means of payment can be ONLY local currency or foreign convertible currency.

If the selected buyer is a foreign legal entity or a natural person, the purchase price can be paid in equivalent amount of foreign convertible currency, at the official exchange rate of the National Bank of Serbia valid on the payment date.

Terms of Participation:

Participation in the public bidding is open to all domestic and foreign legal entities and individuals that have:

- purchased the bidding documents,
- signed the Confidentiality Agreement,
- submitted the application for participation in the public bidding;
- paid the public bidding deposit amounting to CSD **879.660,00**, or to the equivalent amount of foreign convertible currency, at the official exchange rate of the National Bank of Serbia valid on the day of the public invitation's announcement or if they have submitted, along with application for participation in the public bidding, the bid bond amounting to CSD **879.660,00**, or to the equivalent amount of foreign convertible currency, at the official exchange rate of the National Bank of Serbia valid on the day of the public invitation's announcement, and that
- have been registered for participation in the public bidding.

The bidding participant may also be a consortium of domestic and/or foreign legal entities and/or individuals (hereinafter: Consortium). The Consortium Agreement shall give authorization to one Consortium member to represent the Consortium (hereinafter: Authorized representative of the Consortium) and to act on behalf and for the Consortium. The Consortium Agreement must stipulate unlimited joint and several liabilities of all Consortium members.

The Consortium Agreement has to be submitted together with the application for participation in the public bidding.

Sale (Bidding) Documents:

Sale Documents include:

- Confidentiality Agreement,
- Application form for participation in the public bidding;
- Draft Share Sale Agreement,
- Rules of the public bidding procedure – Instructions to Participants in the public bidding,
- Relevant property–legal documents,
- A copy of the Public Invitation for participation in the public bidding.

Interested parties can purchase the sale documents at the price of **CSD 40.000** without VAT, after the invoice has been issued by the Privatization Agency.

Upon submitting the payment evidence, the sale documents can be collected at the following address: Privatization Agency, Belgrade, 23 Terazije St., 5th floor, Room 511.

The funds paid for the purchase of the sale documents are not refundable.

Sale Documents shall be available to the interested parties starting from 19.09.2006. Deadline for collection of the sale documents is 18.10.2006 until 17:00.

Visits to the subject of sale shall be available to the parties that have purchased the sale documents and signed the Confidentiality Agreement.

The periods of the visits to the subject of the public sale shall be determined in accordance with the Rules of Public Bidding Procedure – Instructions to Participants in Public Bidding.

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Submission of Applications for Participation in the Public Bidding:

The applications shall be submitted directly to the Privatization Agency Belgrade, Terazije 23, 5th Floor, office 511, in a sealed envelope marked with:

Auction Sale Code: **261006-R-1764**
APPLICATION FOR PARTICIPATION IN THE PUBLIC BIDDING
Privatization Agency of the Republic of Serbia
Terazije 23/V, Belgrade

The Deadline for submission of application for participation in the public bidding is 19.10.2006 at 17:00.

The application for participation in the public bidding shall be completed in a separate form, which is an integral part of the Bidding Documents. Along with the application for participation in the public bidding, it is mandatory to submit Draft Purchase and Sale Agreement and the deposit payment receipt, that is, the bid bond.

Incomplete and late applications will not be taken into consideration.

The Commission for conduct of the public bidding will inform the applicants on the approval of their applications no later than one day prior to the date of the public bidding.

The participants whose applications for participation in the public bidding have been approved, but who have not been registered, lose the right to be returned the deposit, i.e. the bid bond. Even the participants who have been registered for the public bidding, but who have not attended the bidding, lose the right to be returned the deposit, i.e. the bid bond.

Public Bidding:

The public bidding for the purpose of public sale will be held on 26.10.2006, at 13:00, at the address: the Privatization Agency, Belgrade, 23 Terazije St., 2nd floor, Large Hall.

Registration of the participants in the public bidding will be held at the same address, starting two hours prior to the public bidding, and finishing ten minutes prior to the public bidding, that is, from 12:00 to 12:50.

The method of public bidding is described in detail in the Rules of Public Bidding Procedure.

The deposit, i.e. the bid bond, is to be returned to the participants not having been declared a buyer within the period of 10 working days after the conclusion of the public sale, except for the participant having bid the second best offer at the public bidding.

Conclusion of the Share Sale Agreement:

The text of the Draft Share Sale Agreement and the text of the Share Sale Agreement cannot be changed.

The participant having been the first to bid the highest offer at the public bidding and having been declared a buyer, shall sign the Share Sale Agreement with the Seller.

The participant having been the first to bid the highest offer at the public bidding, and having submitted the bid bond to the Agency, along with the application for participation in the public bidding, is obliged to pay the amount of the deposit into the account of the Agency not later than two days after the public bidding has been held.

If the declared buyer refuses to sign the public bidding minute or the Share Sale Agreement, or does not pay the purchase price within the stipulated period, it loses the right to be returned the deposit, i.e. the bid bond is to be cashed.

If the declared buyer refuses to sign the public bidding minute or the Share Sale Agreement, or does not pay the purchase price within the stipulated period, and there were other offers, the Share Sale Agreement is to be concluded with the participant having bid the second best offer at the price offered by that participant.

If the participant having bid the second best offer at the public bidding refuses to sign the public bidding minute or the Share Sale Agreement, or does not pay the purchase price within the stipulated period, it loses the right to be returned the deposit, i.e. the bid bond is to be cashed.

Right to Amend the Public Invitation:

The Privatization Agency and the Holding Corporation for metal processing, foundation, financing and management «KRUŠIK» AD, Valjevo Beograd reserve the right to change the dates, deadlines and/or terms of this public invitation, and shall bear no liability for potential costs or damages suffered by potential participants in the public bidding as a result of such amendments.

Potential participants will be informed on the amendments to the Public Invitation no later than by the date of the public bidding.

