

Based on Decision of the Management Board of KMG "Trudbenik" a.d. Beograd u restrukturiranju, 79/2 Kralja Aleksandra St. (hereinafter: «KMG Trudbenik») no. 1365 dated 14 July 2006, Decision of the Privatization Agency of the Republic of Serbia on acceptance of the Restructuring Program, no. P-132/06 dated 27 June 2006, and the Agreement on the Power of Attorney II/1, Cert. no. 1348/06, closed on 03 August 2006, in Belgrade, between KMG Trudbenik, as the Procuring Authority, on one side and the Privatization Agency of the Republic of Serbia, as the Agent, Privatization Agency announces

**PUBLIC INVITATION FOR PARTICIPATION IN THE PUBLIC AUCTION FOR
PURCHASE OF SHARE OF THE KMG «TRUDBENIK» IN THE FGM
«TRUDBENIK» d.o.o., UB AND PROPERTY OF THE KMG «TRUDBENIK»,
WHICH IS USED BY THE FGM «TRUDBENIK» d.o.o., UB**

Sale Code: P-310806-027

1. Subject of Sale

Subject of Sale is:

- 1) Share of the „KMG TRUDBENIK“a.d., to the amount of 51% of the founding capital, in the Fabrika građevinskog materijala „Trudbenik“ d.o.o., Ub, Obrenovački put, the capital value of which, entered with the Business Registers Agency, amounts to CSD 152.262.738.368,00, as of 30 December 1993.
- 2) Property of the KMG Trudbenik, which is in use by the FGM «Trudbenik» d.o.o., Ub, i.e:
 - a) Main production plant, at the area of 8.323,56 m²,
 - b) Clay processing plant, at the area of 2.563,81 m²
 - c) Porter's lodge, at the area of 25,00 m²,
 - d) Building part of the drying-room, at the area of 1.997,52 m²,
 - e) Building part of the furnace tunnel, at the area of 1.357,55 m²,
 - f) Concrete path for storage of goods, at the area of 12.500,00 m²,
 - g) Car-park, at the area of 400,00 m²,
 - h) Concrete part of the black oil station, at the area of 1,00 m²
 - i) Tracks for excavator, at the area of 200,00 m²,
 - j) Retail shop, at the area of 18,00 m²
 - k) Bicycle shed, at the area of 1,00 m²
 - l) Machine workshop for cars, at the area of 33,00m²
 - m) Warehouse for fuel and lubrication oil, at the area of 13,00 m²

Stated facilities have been registered in the Land register as property of the KMG Trudbenik, what has been entered in the Land register item 2504 of the Cadastre

Municipality of Ub, being placed on the Cadastre Lot no.14/11, on which the KMG Trudbenik has registered right of use.

The stipulated property is offered for sale »as is«, without further claims.

2. Mandatory sale conditions

- Share and property are offered for sale as a whole;
- Initial price for share and property amounts to CSD 207.250.553,95 (in letters: twohundredandsevenmillion twohundredfiftythousand fivehundredfiftythree dinar and 95/100)
- Deposit amounts to CSD 20.725.055,00 (in letters: twentymillion sevenhundredtwentyfivethousand fiftyfive dinar and 00/100)
- IGM «Trudbenik» a.d., as a co-proprietor of the founding capital in the FGM «Trudbenik» d.o.o., Ub, has the pre-emption right on share of the KMG Trudbenik, the sale of which is being offered by this Public Invitation. IGM «Trudbenik» a.d., Belgrade, may achieve the right of pre-emption, if, within 10 days following the Public Auction date, it declares, in writing, that it accepts the highest bid price.
- The Buyer accepts, in their totality, rights and obligations, established through the final text of the Sales-Purchase Agreement for share and property, stipulated in the Appendix to the Sales documents.

3. Participation requirements

Buyer of share and property cannot be: 1) domestic legal entity with the majority socially-owned capital; 2) legal and natural person, which has, toward the Seller, due, but unpaid obligations, and 3) related companies of the Seller. Such applications shall be rejected without taking into consideration.

As a participant may apply a legal entity, a natural person and a consortium consisted of legal entities and/or natural persons ("Consortium"). One of members of the Consortium, i.e. a person authorized by the Consortium, must be determined to represent the Consortium ("authorized representative of the Consortium") and to act on behalf of and for the account of the Consortium.

4. Sales documents

Those who are interested may purchase documents for the Public Auction, at the price of CSD 40.000,00, after delivering of invoice by the Privatization Agency. Purchase of the auction documents is obligatory, and on their receipt one is to sign the Agreement on Keeping the Confidential Information.

After the payment evidence has been submitted, the public auction documents may be collected at the address: Privatization Agency of the Republic of Serbia, Public Auction Center, 23 Terazije St., V floor, room 511, from 09:00-17:00, in period from 07 August 2006 until 25 August 2006.

After the auction documents have been collected, those who are interested may carry out the site visit of the Property, which is the subject of sale at the address Ub, Obrenovacki put, contact person Stojan Milićević, from 07 August 2006 until 25 August 2006, on working days, from 09:00-13:00. Contact number: 014-411-811.

5. Submission of applications for participation in the Public auction

Deadline for the application submission expires on 25 August 2006, by 17:00.

Applications must contain data given in the Instructions to Bidders, which are an integral part of the documents, deposit payment evidence and the account number for return of deposit.

Filled application, which is a part of the public auction documents, with the signed draft of the Sales-Purchase Agreement, initialed on each page and the deposit payment evidence, are to be submitted in a sealed envelope with the inscription:

APPLICATION FOR PARTICIPATION IN THE PUBLIC AUCTION P-310806

Privatization Agency, 23 Terazije St, Belgrade

The Commission for sale of shares and the Immovable and Movable Property shall inform all applicants on approval of their applications, at the latest until one working day before the Public Auction date.

Prior to the submission of Application for participation, a participant is obliged to pay in the deposit, or submit the first-class bank guarantee, to the account and in favour of the Privatization Agency, to the amount of CSD 20.725.055,00 (in letters: twenty million seven hundred twenty five thousand and fifty five and 00/100) dinar.

6. Public Auction Performance:

Public Auction shall be held on 31 August 2006, at 14:00, within premises of the Privatization Agency, 23 Terazije St, Belgrade, Large Hall on the 2nd floor.

Registration of the Public Auction participants shall start one hour before the Public Auction, and shall end 10 minutes before the beginning of the Auction, i.e. in period from 13:00 until 13:50.

The manner of performance of the Public Auction and signing of the Sales-Purchase Agreement has been described into detail in the Instructions to Bidders, which are an integral part of the documents.

All the participants, who have not been declared buyers, are to be returned the deposit amounts, within deadline, prescribed by the Instructions to Bidders, which are an integral part of the documents.

The participant, to bid the highest offer and be declared a Buyer, the deposit amount is to be calculated into the Sales-Purchase price, and in case of withdrawal this amount is not to be returned.

Privatization Agency of the Republic of Serbia

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