

According to the Article 349 of the Law on Enterprises and the Agency Contract I/3 Cert.No. 1221/05, concluded on 31.03.2005 in Belgrade between "FAP korporacija" a.d. Priboj (Enterprise) and the Privatization Agency of the Republic of Serbia (Agency), the Agency and the Enterprise announce:

**PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTION FOR  
PURCHASE OF THE SHARE OF SOCIALLY-OWNED ENTERPRISE "FAP  
korporacija" a.d., Priboj "in restructuring"- IN THE ENTERPRISE «FAP Livnica  
sa nadgradnjom» Ltd. PRIJEPOLJE  
Sale Code: R-260405-017**

**Object of sale**

The object of sale is the share of the enterprise "FAP korporacija" a.d., Priboj "in restructuring", WHICH IS 100% OF THE CAPITAL IN THE ENTERPRISE «FAP Livnica sa nadgradnjom» Ltd., Prijepolje and comprises the whole of equipment and a building owned by the enterprise as well as the right of land use.

**2. Auction documentation**

Those who are interested can buy the public auction documentation at the price of **25.000 dinars**, after the invoice is received from the Privatization Agency. The purchase of the public auction documentation is obligatory, and on its receipt one is to sign the Agreement on Keeping the Confidential Information. After the payment evidence is submitted, the public auction documentation can be collected at the following address: The Privatization Agency, Auction Center, 23 Terazije St. (5th floor), 11000 Belgrade, 10:00 - 17:00 from 04.04.2005 to 18.04.2005.

**3. Initial price**

**Initial selling price** at the public auction ordered for the share in "FAP Livnica sa nadgradnjom" Ltd. Prijepolje is: **514.524.529,98 dinars**.

**4. Conditions for buyers**

Declared buyer will have to meet the obligations in terms of regulating the rights of the workers whose employments are terminated on account of manpower redundancy, maintenance of the continuity of production volume in a certain period and maintenance of basic field of work in a certain period.

Besides, the submission of application by the participant means that he accepts all the conditions expressed in the Instructions for Participants which are integral part of the documentation that is purchased, as well as the obligations and rights prescribed in the Draft Contract of Sale (appendix in the Instructions for Participants).

**5. Conditions for participants**

All physical and legal persons have the right to participate in the sale process, with limitations stated in the Instructions for Participants, if they pay **deposit which is: 51.452.453,00 dinars**, that is, 10% of the initial selling price, or submit first-class bank guarantee at the first call for the same sum. In case that the participant is foreign legal or physical person, the deposit should be paid in EUR, in accordance with the average rate of NBS on the day of deposit payment.

In case that the first-class bank guarantee is submitted as the means of payment for the deposit, it has to be payable within the period of 48 hours after a buyer is declared at the public auction.

## **6. Due diligence procedure**

After the Agreement on Keeping the Confidential Information is signed and the sale documentation is purchased, a potential participant will be able to have insight into the assets of "FAP Livnica sa nadgradnjom" Ltd. Prijepolje, have meetings with persons in charge and have insight into financial, commercial and legal data. After that, if the potential participant decides to participate in the public auction, it is necessary to pay the deposit or submit first-class (irrevocable) bank guarantee and submit Application, as it is shown in the model in the Instructions for Participants.

## **7. Submission of Applications**

The closing date for applying is 19.04.2005 at 17:00. The applications are to be submitted to the Privatization Agency in a sealed envelope, with auction sale code and the following inscription:

APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION R-260405  
THE PRIVATIZATION AGENCY OF THE REPUBLIC OF SERBIA  
AUCTION CENTER  
23 TERAZIJE ST., 5TH FLOOR, 11000 BELGRADE

If there is the name of subject of sale on the envelope, or full auction code, the application can be rejected. A special form is to be filled in for the registration, which is integral part of the documentation to be purchased and has to comprise data stated in Instructions for Participants, deposit payment evidence and the number of account for returning the deposit. The application is to be submitted by registered mail, via courier or personally at the following address:

**The Privatization Agency of the Republic of Serbia**  
Auction Center  
23/V Terazije St.  
11000 Belgrade  
Serbia and Montenegro

Incomplete and late applications will not be taken into consideration. The Commission for Implementation of Sale will inform all the applicants about the approval of their applications two weekdays before the public auction is held at the latest.

## **8. Organization of Public Auction**

The Public Auction will be held on 26.04.2005, starting at 11:00 at the Privatization Agency, 23 Terazije St., Belgrade, Large Hall on the second floor. The registration of the participants in the public auction will be held at the same address on 26.04.2005, from 09:00 to 10:50.

The way of public auction implementation and conclusion of the Sales Contract have been explained in detail in the Instructions for Participants which are integral part of the documentation.

The deposit is to be returned to all the participants who have not been declared buyers, in the period ordered in the Instructions for Participants.

The participant who is the first to make the highest offer and who is declared a buyer, will be able to have his deposited sum calculated into the sales price, whereas the declared buyer is to pay the margin between deposited sum and final auction sales price into the account of the Agency within the period of 8 days after the Sales Contract signing day. If one does not sign the Sales Contract, the deposit will be retained.

### **“FAP korporacija”, a.d., Priboj**

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### **The Privatization Agency of the Republic of Serbia**

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