

Pursuant to Article 6 and Article 11e of the Law on Privatization («Official Gazette of RoS», no. 38/01, 135/04 and 30/10), and the Restructuring Program for the Joint Stock Company «HIPOL» in restructuring Odzaci rendered by the General Meeting «HIPOL» in restructuring Odzaci Decision no. X-7/11-6 Ad 8 as of December 16, 2011, Decision no. X-20/12-1 Ad.8 as of January 16, 2012, and accepted by the Privatization Agency's Decision no.10-98-12-10/01 as of January 17, 2012, Decision of the General Meeting «HIPOL» in restructuring Odzaci on the sale of asset unit NPJ Hipoplast no. H-7/11-6 Ad.9 as of December 16, 2011 with amended Decision no. X-20/12-1 Ad.2 as of January 16, 2012, as well as the Proxy Agreement II Cert. no. 115/2012 as of January 18, 2012, concluded by and between «HIPOL» AD in restructuring Odzaci as the Principal, and the Privatization Agency as the Proxy, the Privatization Agency is hereby issuing the following:

PUBLIC INVITATION FOR PARTICIPATION IN SECOND PUBLIC BIDDING FOR SALE OF THE ASSET UNIT OF THE COMPANY HIPOL AD ODZACI – IN RESTRUCTURING

NPJ HIPOPLAST

Sale Code: R-120312-3419

1. Subject of Sale:

Subject of sale includes movable and immovable assets defined as NPJ HIPOPLAST of the company «HIPOL» a.d. Odzaci in restructuring (hereinafter: the Company), organized as a single sales package, in the following manner:

1.1. Facilities located in cadastre lots no. **6069/47 and 6069/48**, registered in the real estate proprietary sheet no 2460 KO Odzaci:

1. Building no. 6 – Chemical industry building, Business Club, in cadastre lot no. 6069/47. Given the Cadastre of Immovable Property figures, the land surface under the building is 467m². The building has the usage license with the Company as the property rightful claimant. The building is registered as “Business Club with Reception Desk” in the Company’s books;

2. Part of the chemical industry Building, Production Hall in cadastre lot no. 6069/47. Given the Cadastre of immovables figures, the land surface under the building is 1001m². The building has the usage license with the Company as the property rightful claimant. The building is registered in the Company’s books as “Building I for Processing and Finishing of Polypropylene – unit”;

3. Building no. 22 – Chemical industry building, Production Hall, in cadastre lot no. 6069/48. Given the Cadastre of immovables figures, the land surface under the building is 3125m². The building has the usage license with the Company as the property rightful claimant. The building is registered in the Company’s books as “Building I for Processing and Finishing of Polypropylene – unit”;

4. Building no. 23 – Chemical industry building, Production Hall in cadastre lot no. 6069/48. Given the Cadastre of immovables figures, the land surface under the building is 4265m². The building has the usage license with the Company as the property rightful claimant. The building is registered in the Company’s books as “Building II for Processing and Finishing of Polypropylene”;

5. Building no. 24 – Chemical industry building, Final Products Warehouse, in cadastre lot no. 6069/48. Given the Cadastre of immovables figures, the land surface under the building is 2095m². The building has the usage license with the Company as the property rightful claimant. The building is registered in the Company’s books as “Building III for Processing and Finishing of Polypropylene”;

6. Building no. 25 – Transformer Station, in cadastre lot no. 6069/48. Given the Cadastre of

immovables figures, the land surface under the building is 22m². The building has the usage license with the Company as the property rightful claimant. The building is registered in the Company's books as «Transformer Station TS 6/04 kW»;

7. Building no. 26 – Transformer Station, in cadastre lot no. 6069/48. Given the Cadastre of immovables figures, the land surface under the building is 23m². The building has the usage license with the Company as the property rightful claimant. The building is registered in the Company's books as «Transformer Station TS 6/04 kW»;

1.2. Facilities that are neither registered in public records nor in the Company's books, and which are located in cadastre lot no. 6069/48, including the following:

- 1. Cooling water Reservoir VPL-1**
- 2. Dye Container, mobile facility VPL-2**
- 3. Booster Station VPL-3**
- 4. Chiller Stand VPL-4**
- 5. Cooling water Reservoir VPL-5**

The cadastre lots 6069/47 and 6069/48 also include accompanying infrastructure facilities that are not entered in Cadastre of Immovable Property but which nevertheless have been assessed and are subject to sale.

1.3. Equipment for performing of activities, according to specification given in the List of Movables in sales documentation.

The property is offered for sale "as is", additional claims excluded.

Detailed description and specification of the property offered for sale are both given in public bidding documentation (Sales Documents)

2. Public Bidding Documentation

Sales Documentation Fee is RSD 150.000,00 (one hundred fifty thousand dinars) in case of domestic legal entity or an individual. If the participant is a foreign legal entity or an individual, the Sales Documentation Fee shall be RSD 150.000,00 (one hundred fifty thousand dinars) payable in EUR equivalent according to the median official exchange rate of the National Bank of Serbia on the invoicing date.

The purchase of Sales Documentation is obligatory as well as signing of the Confidentiality Agreement which is to be performed upon collecting of Sales Documentation.

The Agency hereby invites all interested parties to file a written request for purchasing the Sales Documentation for the Subject of Sale by mail, e-mail or fax, to the address stated below and with clear reference:

«Request for purchasing the Sales Documentation – Sale Code **R-120312-3419**».

Upon receiving the evidence on payment, the sales documentation is to be collected at the address: Privatization Agency, Centre for Privatization, Terazije23 (7th floor), 11000 Belgrade from 09:00 to 16:30 in the period between February 13, 2012 and March 1, 2012.

The Agency is not responsible for any loss or delay that may occur in the delivery of any document.

By submitting the application for participation in public bidding the Participant declares willingness to fully accept all conditions stated in Instruction to Bidders and Sale and Purchase Agreement which both make an integral part of the Sales Documents.

3. Initial price and sales conditions

Initial price for the Subject of Sale in second public bidding is **EUR 1.300.515,76** (one million three hundred thousand five hundred and fifteen euros and 76/100).

The Deposit for participation in Public Bidding is **EUR 130.000,00** (one hundred thirty thousand euros) in RSD equivalent calculated at the median official exchange rate of the National Bank of Serbia on the invoicing date.

4. Obligations by the Buyer

Obligations of the buyer of the subject of sale are stipulated by the Draft Sale and Purchase Agreement which is an integral part of the Sales Documents:

- The Buyer is committed to maintain the core production continuity in NPJ Hipoplast in the period of three years after signing the Sale and Purchase Agreement: production of plates and sheets, pipes, profiles (activity code 22.21), production of plastic packaging (activity code 22.22) and production of other plastic products (activity code 22.29), or such similar activity;
- The Buyer is obliged to invest at least EUR 2.000.000,00 (two million euros) in first year of business operations and in accordance with mandatory investment program for the purpose of maintaining production continuity;
- The Buyer is obliged to permanently employ 60 people from Hipol AD in restructuring, within the deadline determined in the Sale and Purchase Agreement and according to list given in Sales Documents as its integral part;
- The Buyer shall take all necessary actions, obtain all the required documents and statements by competent bodies referring the purchase of the Subject of Sale and in line with positive regulations of the RoS.

By submitting the application for participation in public bidding the Participant declares willingness to fully accept all conditions stated in Instruction to Bidders and Sale and Purchase Agreement which both make an integral part of the Sales Documents.

5. Eligibility

Participation in public bidding is open to any domestic or foreign legal entity or an individual that cumulatively fulfils the following conditions:

- a) It has purchased the sales documents,
- b) It has paid the Deposit and submitted the Bid Bond
- c) It has signed the Confidentiality Agreement,
- d) It has submitted the Application for participation in Public Bidding
- e) It cumulatively fulfils the following conditions:
 - its registered core activity includes the production of plates, sheets, profiles and/or plastic packaging and/or similar activities and that it has achieved the total operating revenues in the amount of EUR 50.000.000,00 (fifty million euros) in last finalized business year.

If the interested bidder is a parent company which does not meet the requirements from this clause of the Public Invitation, its subsidiary has the right to submit a bid, if it fulfils the stated requirements. The subsidiary also has the right to submit a bid if the parent company has

purchased the Sales Documents.

If the interested bidder is a subsidiary that does not meet the requirements from this clause of the Public Invitation, the parent company has the right to submit a bid, if it fulfils the stated requirements. The parent company also has the right to submit a bid if its subsidiary has purchased the Sales Documents.

The right to participate in Public Bidding is also entitled to Consortium which consists of legal entities and/or individuals ("Consortium") provided it cumulatively fulfils the following conditions:

- All members of the Consortium have made a Decision on Organizing and Entering the Consortium;
- Consortium members have signed a written Consortium Agreement, certified by the Court or any other competent body (in the case of foreign legal entities and individuals);
- Each Consortium member has assumed unlimited joint and several liability for obligations arising from or related to public bidding, and in line with the Consortium Agreement;
- Consortium Agreement specifies each member's percentage in the acquisition of the subject of sale which shall in case of SPA conclusion signify the percentage of co-ownership share of each consortium member, provided that at least one consortium member must have no less than 51% share in the consortium (hereinafter: Consortium Leader);
- A member representing the Consortium has been determined by the Consortium Agreement;
- Each member of the Consortium has signed the Confidentiality Agreement;
- At least one consortium member has purchased the Sales Documents and
- Consortium Leader is a legal entity that cumulatively fulfils the following conditions:
 - its registered core activity includes the production of plates, sheets, profiles and/or plastic packaging and/or similar activities and that it has achieved the total operating revenues in the amount of EUR 50.000.000,00 (fifty million euros) in last finalized business year.

One of the consortium members authorized by the Consortium shall be determined to represent the Consortium («Authorized Consortium Representative») and shall act in the name and for the account of the Consortium in all activities related to Public Bidding.

The Buyer cannot be:

- 1) domestic legal entity operating with majority socially owned capital;
- 2) Individual, legal entity or a legal entity's founder with due but unsettled liabilities towards the Company until the Bid submission date;
- 3) Individual, legal entity or a legal entity's founder with whom the agreement on sale of capital and/or assets was terminated due to non fulfillment of contractual obligations;
- 4) a person who was convicted or against whom proceedings have been brought for criminal offences defined by Article 12 of the Law on Privatization (Official Gazette of the RoS no. 38/2001, 18/2003, 45/2005, 123/2007 – oth law and 30/2010-oth. law).
- 5) company from which the person under the abovementioned items 2), 3) and 4) of this clause is appointed a controlling member or controlling shareholder, in terms of legislation for company regulation.
- 6) The Buyer of the Company may not be its subsidiary or the parent company.
- 7) Person who was declared a temporary buyer while participating the public bidding or who offered second best bid and who failed to sign the minutes and make the payment within determined deadline;
- 8) Person deprived of the title of Buyer along with its family members shall not be allowed to participate in future public biddings, according to the previous item, for any entity undergoing privatization in the period of six months from the public bidding date in which it lost its title of the Buyer;
- 9) if, upon expiry of deadline from item 8, the person is re deprived of the Buyer title, it entirely loses its right to participate in future public biddings organized for any entity undergoing privatization.

Applications that are not submitted in line with the abovementioned limitations shall be rejected without further consideration.

The Participant shall pay the deposit in the amount determined for the subject of sale or submit the Bid Bond for the same amount, at the latest by **March 02, 2012**.

In case of a Bank Guarantee as the means of deposit payment, such Guarantee must be collectible within 48 hours from declaring the successful Buyer in respective public bidding.

6. Due Diligence procedure

Upon signing the Confidentiality Agreement and purchase of the Sales Documents, in the period between February 13, 2012. – March 1, 2012, the Participant will have the opportunity to review the property in order to acquaint itself with the Subject of Sale and the Company, to hold meetings with responsible persons and review financial, commercial and legal data related to the Company.

7. Application for participating in the public bidding

Deadline for submitting application for participation in public bidding is **March 2, 2012 by 16:30 hours (Belgrade time)**. Applications shall be submitted to the Privatisation Agency in closed envelope and marked as follows:

«APPLICATION FOR PARTICIPATION IN PUBLIC BIDDING **R-120312**
PRIVATIZATION AGENCY
CENTER FOR PRIVATIZATION
TERAZIJE 23, 7TH FLOOR, 11000 BELGRADE»

If the name of the Subject of Sale or the complete sale code is marked on the envelope, the bid will be rejected. The application is to be completed in a special form, which is an integral part of the Sales Documents and has to contain data given in Instruction to Bidders, evidence on deposit payment and the number of account for return of deposit. Incomplete and late applications shall not be considered. The respective Sales Committee will inform all bidders on the approval of their bids at the latest two days before the public bidding.

8. Public Bidding

Public Bidding shall be held on March 12, 2012 at 14:00 hours in Privatization Agency premises, Terazije 23, Belgrade, Great Hall at the second floor. The registration of Participants in Public Bidding shall be held at the same address, on **March 12, 2012 from 13:00 - 13:50 hours**.

The method of conducting the public bidding and concluding the Sale and Purchase Agreement is explained in detail in Instructions to Bidders.

Deposit is to be returned to all participants that were not declared buyers within the notice determined in Instructions to Bidders.

For the Participant who makes the highest bid first and is declared the buyer, the deposited amount is included in the purchase price, while it is obliged to pay the difference between the deposited amount and the purchase price to the account of the Privatisation Agency, in accordance with the provisions of the Sale and Purchase Agreement. If the participant whose bid was declared the highest fails to sign the Sale and Purchase Agreement, the deposit is to be retained.

All inquiries related to this Public Invitation should be directed to the contact persons at the address below, in English or in Serbian:

<p>Jelena Kapisoda Project Manager Privatization Agency Center for Privatization Terazije 23, 11000 Belgrade Republic of Serbia Phone: +381 11 3020 855 Fax: +381 11 3020 816 E-mail: jkapisoda@priv.rs</p> <p>Danijela Slavkovic Assistant to Project Manager Центар за приватизацију Privatization Agency Center for Privatization Terazije 23, 11000 Belgrade phone: +381 11 302 08 55 fax: +381 11 302 08 16 e-mail: dslavkovic@priv.rs</p>	<p>Miodrag Tatarevic Project Manager BEOCONEX d.o.o. Zahumska 71, 11000 Belgrade, Republic of Serbia phone: +381 11 30 88 103 fax: +381 11 30 88 105 e-mail: office@beoconex.com</p> <p>Rahila Brocic – Milicevic Privatization Team Member BEOCONEX d.o.o. Zahumska 71, 11000 Belgrade, Republic of Serbia phone: +381 11 30 88 103 fax: +381 11 30 88 105 e-mail:rahila@beoconex.com</p>
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The Agency reserves the right to change dates, deadlines and/or conditions from this Public Invitation, and shall bear no liability for possible costs or damages to the Participants, which such changes might have caused to participants.