

Pursuant to Article 28 of the Law on Privatization ("Official Gazette of the Republic of Serbia" nos. 38/2001, 18/2003, and 45/2005),

Privatization Agency
(hereinafter: "the Agency")
hereby announces a:

Public Invitation

For participation in the Public Tender for joint sale of

100% of the registered socially owned capital in the following Companies:

Holding Industrija hemijskih proizvoda Prahovo ad, Prahovo, u restrukturiranju

Industrija hemijskih proizvoda Prahovo – Đubriva doo, Prahovo, u restrukturiranju

Industrija hemijskih proizvoda Prahovo – Soli doo, Prahovo, u restrukturiranju

Industrija hemijskih proizvoda Prahovo – Proizvodnja, remont, montaža opreme, rezervnih delova i energetske fluida doo, Prahovo, u restrukturiranju

Industrija hemijskih proizvoda Prahovo – Prevoz, preovar, skladištenje i pakovanje roba Krajina doo, Prahovo, u restrukturiranju

(hereinafter: "Entities undergoing privatization")

Tender Code: **IHP 27/06**

1. The total registered capital of the Entities undergoing privatization consists of:

a) **Holding Industrija hemijskih proizvoda Prahovo ad, Prahovo, u restrukturiranju**: 99.6% socially owned capital and 0.4% share capital;

b) **Industrija hemijskih proizvoda Prahovo – Đubriva doo, Prahovo, u restrukturiranju**: 80% of the capital is owned by **Holding Industrija hemijskih proizvoda Prahovo ad, Prahovo, u restrukturiranju** and 20% is socially owned capital;

c) **Industrija hemijskih proizvoda Prahovo – Soli doo, Prahovo, u restrukturiranju**: 80% of the capital is owned by **Holding Industrija hemijskih proizvoda Prahovo ad, Prahovo, u restrukturiranju** and 20% is socially owned capital;

d) **Industrija hemijskih proizvoda Prahovo – Proizvodnja, remont, montaža opreme, rezervnih delova i energetske fluida doo, Prahovo, u restrukturiranju**: 80% of the capital is owned by **Holding Industrija hemijskih proizvoda Prahovo ad, Prahovo, u restrukturiranju** and 20% is socially owned capital;

e) **Industrija hemijskih proizvoda Prahovo – Prevoz, preovar, skladištenje i pakovanje roba Krajina doo, Prahovo, u restrukturiranju**: 80% of the share capital is owned by **Holding Industrija hemijskih proizvoda Prahovo ad, Prahovo, u restrukturiranju** and 20% is socially owned capital.

2. The Agency offers for sale 100% of the registered socially owned capital of the Entities undergoing privatization, thereby selling them as a single business entity.

3. Details about the Entities undergoing privatization:

- 3.1 **Holding Industrija hemijskih proizvoda Prahovo ad, Prahovo, u restrukturiranju**
Address: Radujevacki put bb, Prahovo, Republic of Serbia
Web site: www.ihp.co.yu
Phone: +381 19 524 000
Fax: +381 19 524 029
Primary activity: Holding activities
- 3.2 **Industrija hemijskih proizvoda Prahovo – Đubriva doo, Prahovo, u restrukturiranju**
Address: Radujevacki put bb, Prahovo, Republic of Serbia
Phone: +381 19 524 000
Fax: +381 19 524 029
Primary activity: Manufacturing of fertilizers and nitrogen compounds
- 3.3 **Industrija hemijskih proizvoda Prahovo – Soli doo, Prahovo, u restrukturiranju**
Address: Radujevacki put bb, Prahovo, Republic of Serbia
Phone: +381 19 524 000
Fax: +381 19 524 029
Primary activity: Manufacturing of other basic inorganic chemicals
- 3.4 **Industrija hemijskih proizvoda Prahovo – Proizvodnja, remont, montaža opreme, rezervnih delova i energetskih fluida doo, Prahovo, u restrukturiranju**
Address: Radujevacki put bb, Prahovo, Republic of Serbia
Phone: +381 19 524 000
Fax: +381 19 524 029
Primary activity: Manufacturing of bearings, cogwheels, gears and driving mechanisms
- 3.4 **Industrija hemijskih proizvoda Prahovo – Prevoz, pretovar, skladištenje i pakovanje roba Krajina doo, Prahovo, u restrukturiranju**
Address: Radujevacki put bb, Prahovo, Republic of Serbia
Phone: +381 19 524 000
Fax: +381 19 524 029
Primary activity: Reload of cargo

More details on the Entities undergoing privatization are available at:

www.priv.yu/pregled_preduzeca/pdf/e-teaser_376.pdf

Detailed information about the Entities undergoing privatization, along with the Instruction to Bidders (hereinafter: "Tender Documents"), will be made available to all interested tender participants upon signing of the Confidentiality Agreement and payment of the Tender Documents Fee.

The Tender Documents Fee is EUR 6.000,00 (Euro six thousand).

The Agency has appointed Economics Institute JSC, Belgrade, to act as advisor in this privatization procedure (hereinafter: Advisor).

4. A Bid may be submitted by:

A. An interested bidder that fulfils the following requirements:

- It has purchased the Tender Documents **and**
- It fulfils at least one of the following requirements:

either

a) it has been engaged in production and/or trade of artificial fertilizers and nitrogen compounds, **and/or** production and/or trade of other basic inorganic chemicals for at least the last 3 operating years in continuity, **and** achieved operating revenues of not less than EUR 10.000.000 (Euro ten million) in 2005;

or

b) it is a financial investor (a legal entity whose core activity is investing money, which has existed for at least the last 3 operating years in continuity, and includes investment companies, mutual funds, insurance companies, pension funds and investment banks), with total assets in excess of EUR 100.000.000 (Euro one hundred million) in 2005;

or

c) it is an investor that achieved operating revenues of not less than EUR 30.000.000 (Euro thirty million) in 2005.

If the interested buyer is a Parent company that does not meet the requirements from this clause of the Public Invitation, its subsidiary has the right to submit a bid, if it fulfils these requirements. The Subsidiary may submit a bid if the Parent company has purchased the Tender Documents.

If the interested bidder is a Subsidiary that does not meet the requirements referred to in this clause of the Public Invitation, the Parent company has the right to submit a bid, if it fulfils these requirements. The Parent company may submit a bid if it's Subsidiary has purchased the Tender Documents.

B. If an interested bidder is a Consortium, it is necessary that it fulfils cumulatively the following requirements:

- All Consortium members have made the decision on organizing and entering the Consortium;
- All Consortium members have concluded a written Consortium Agreement and notarized it in Court or other competent body (in case of foreign legal entities and individuals);
- Each member of the Consortium assumes unlimited joint and several liability by provisions of the Consortium Agreement;
- The Consortium Agreement specifies each member's percentage in the acquisition of capital of the Entities undergoing privatization;
- All Consortium members have signed a Notarized Power of Attorney for the representing member of the Consortium;
- All Consortium members have signed the Confidentiality Agreement;
- At least one of the Consortium members has purchased the Tender Documents;
- At least one Consortium members, with at least 30% of the total share in Consortium, fulfils at least one of the following requirements:

either

a) it has been engaged in production and/or trade of artificial fertilizers and nitrogen compounds, **and/or** production and/or trade of other basic inorganic chemicals for at least the last 3 operating years in continuity, **and** achieved operating revenues of not less than EUR 10.000.000 (Euro ten million) in 2005;

or

b) it is a financial investor (a legal entity whose core activity is investing money, which has existed for at least the last 3 operating years in continuity, and includes investment companies, mutual funds, insurance companies, pension funds and investment banks), with total assets in excess of EUR 100.000.000 (Euro one hundred million) in 2005;

or

c) it is an investor that achieved operating revenues of not less than EUR 30.000.000 (Euro thirty million) in 2005.

5. The Agency hereby invites all parties interested in participating in the tender to submit a **written request for purchasing the Tender Documents by January 19, 2007.**

Tender Documents will be made available to the interested parties **from December 25, 2006.**

The written request for purchasing the Tender Documents shall be submitted to the Advisor by mail, e-mail or facsimile, clearly marked with "Request for purchasing the Tender Documents – Tender Code **"IHP 27/06"**.

Upon receiving the request, an invoice for payment of the Tender Documents Fee and the Confidentiality Agreement for signature, shall be forwarded to the applicant's authorized representative by mail, e-mail or facsimile. Signed Confidentiality Agreement shall be immediately faxed and mailed back to the Advisor at the addresses below.

Upon receipt of the signed Confidentiality Agreement, evidence of the authorization for the representative that signed the Confidentiality Agreement and evidence of payment of the Tender Documents Fee, the Advisor shall without delay, upon expiry of the deadline set out in with paragraph 2 of this Clause, send the relevant Tender Documents to the Tender Participant by mail/e-mail or hand it to its authorized representative.

The Advisor and the Agency shall not be held liable for any loss or delay that may occur in the delivery of any document.

6. The deadline for submission of final binding bids for acquisition of 100% of the socially owned capital of the Entities undergoing privatization is **February 16, 2007, at 17:00 hours (Belgrade time)**.

The Agency reserves the right to amend all or any of the elements from this Public Invitation, if necessary. As a prerequisite for bid submission, it is necessary to pay a deposit or to submit the Bid Bond in the amount of EUR 250.000 (Euro two hundred fifty thousand).

7. All communications or inquiries relating to this Public Invitation should be directed to the contact persons at the address below:

Milan Mekić
Project Director
Economics institute
Kralja Milana street 16
11000 Belgrade
Republic of Serbia
Phone: +381 11 3613 417
Fax: + 381 11 3613 448
E-mail: mmekic@ecinst.org.yu

Nataša Savić
Project manager
Economics institute
Kralja Milana street 16
11000 Belgrade
Republic of Serbia
Phone: + 381 11 3613 417
Fax: + 381 11 3613 448
E-mail: natsavic@ecinst.org.yu