

NOTICE FOR DIVESTITURE OF SHARES BY THE IRANIAN PRIVATIZATION ORGANIZATION "THROUGH THE NEGOTIATION"

In the execution of the Law on Amendment of Articles of 4th Economic, Social and Cultural Development Plan of the Islamic Republic of Iran and the regulations related to General Policies of Principle (44) of the Constitution, Iranian Privatization Organization is considering divesting the shares of the following firms to nongovernmental real and legal persons, observing other conditions stated hereunder through the negotiation:

Row	Name of the firm	Firm's Size	No. of Divestible Shares				Company's Capital (million Rials)	Total Base Value of Shares in the Latest Ads (Rials)	Guarantee fee to participate in negotiations	Ownerships & Percentage	Company's type of activity	Address	Name of the Newspapers & Previous Ads Date
			Divestible Shares as Block	Preferred & Installment Shares	Total	Total Percentage							
1	Neka Choob Company	Large	1,692,473	89,077	1,781,550	100	178,155	248,419,332,000	2,484,193,320	•Production of agricultural, livestock and natural resources products Co. 100%	Operation of forests, preparation & implementation of forestry projects, establishment of wood industries factories & operation of them, & production of wood products such as particle board, melamine particle board, multiple board, & various boards	Dasht-e Naz Rd., Km. 12th of Sari-Neka Rd., Sari	Iran & JameJam 2010/08/08 2010/08/16 2011/01/12 2011/01/19
2	Frame Operation & Wood Industry Corporation	Large	584,494	30,762	615,256	100	61525.679	130,818,807,000	1,308,188,070	•Production of agricultural, livestock and natural resources products Co. 100%	Implementation of forestry projects, establishment & management of wood industries factories, production & distribution of wood products, & other trade operations to do the mentioned tasks	Near Sangdeh Village, Dodangeh, Sari	

1. Conditions of Divesting & Manner of Participating in Negotiation:

- 1.1. The applicants must submit their offers regarding the whole divestible shares.
- 1.2. Number of the allocated preferred shares shall be deducted from the divestible shares through the negotiation. The remained shares, then, shall form the basis of the transaction price.

1.3. It is permitted to buy in cash. In installment transactions, individuals must pay the cash part and the installments according to the information in the above table.

* **Note:** In installment transactions, the interval among installments is 6 months and the interest rate of sales is equal to 50 percent (50%) of the bank system interest at industry and mine sector - 6% -.

1.4. The applicants may receive the agreement forms of prohibiting revealing the information, requesting to participate in negotiation, the company's financial information and the letter of introduction to visit the firm (until 17, Apr. 2011) from IPO main office, located in Room No. 502, 5th floor, No. 75, North Zarafshan St., Ivanak Ave., Phase 4, Shahrake Qods, Tehran.

1.5. The applicants must complete and deliver the application form along with the necessary documents (until 18, Apr. 2011) through the PO Box No. 14665-516 or room No. 402 located at IPO.

1.6. If negotiations result in agreement and after approval of Divesting Board, transfer of the shares shall be carried out according to the mutual contract. The agreement model, the power of attorney and the guideline of monitoring mode after divesting are available at the IPO. The purchasers are required to adhere to the provisions of these documents and as far as the IPO is concerned, the participation in the negotiation means enjoying the necessary knowledge and acceptance to adhere to the contents of the same.

1.7. According to Note 4, Article 20 of the Amendment Law of the Fourth Development and Implementation plan regarding the General Policies of Article 44 of the Constitution of Islamic Republic of Iran, under similar conditions, the priority of conclusion of the contract is bestowed upon the cooperative companies.

1.8. In installment transactions, the shares certificates equivalent the remained installment of traded shares will be kept by the IPO as collateral, until the payment of the shares' price is completed.

1.9. The previous purchasers of installment block shares from IPO, who have not paid their installment based upon their contract, are not allowed to purchase the shares again or to attend in the negotiation, till settling the previous debt.

1.10. Monitoring mode after divesting the shares shall be according to the guideline of "monitoring mode after divesting the shares" by the divesting Board (dated 1&8 of May 2010).

1.11. The purchasers are obliged to replace the governmental guarantee issuant in proportion with the purchased shares and to pay the company's debt to the Mother Specialized Company and governmental and nongovernmental bank system, which is registered on pricing report or divestible firm's offices. Releasing the shares is based on disburse of all the subject matters and liabilities.

1.12. The purchaser is responsible for any deficit on headings of assets and debt deficit such as the fraction of certain or uncertain tax reserves, social securities insurance, personnel's service redemption and the years of services, accrued interest and fines towards the bank and financial facilities, except the adjustments applied in the evaluation report of the company's shares and IPO is not responsible for it at all. Meanwhile the purchaser and the seller adapted all the information and the contract of each headings of article of association and they don't have any claim about the deficit or excess of the numbers.

***Attention:** The necessary documents to participate in negotiation include: a) Bank guarantee in the benefit of IPO as the security of participating in negotiation. b) To be signed agreement containing applicant's commitment to not reveal the information. c) The completed form to participate in the negotiation.

Noticeable for the applicants of Frame Operation & Wood Industry Corporation:

- 1- Its land is known as "Haft Dastgah". The registered number is 4/157/839 from Sari section 28, in 21,100 m² areas, which is not registered at the company's registered offices but it is belonged to the company. According to the agreement with Social Securities Organization on some of the company's debts, 10 milliard Rials of debts are paid to the mentioned organization. Therefore the above amount is deducted from the company's debts to the Social Securities Organization.
- 2- Four pieces of land belonged to the company, in 94,842 m² area, with manual document which its official document is preparing based on Article 147.
- 3- Two pieces of lands of the company which are known as "Rescue and Gendarmerie Lands", whole in 10,050 m² area, have no book value and are not registered at the company's registered offices but they are under possession and ownership of the company and also they are assessed by Justice Official Expert and its price is the shares' base price.

Noticeable for the applicants of Neka Choob Company:

Via the letter No. 88/301/6/2150 dated 2, Nov. 2009, Production of agricultural, livestock and natural resources products company, "the mother specialized company" announced the company that according to the report dated 7, Oct. 2009, by Operational Audit Committee of the mother specialized company that represents lack of liquidity and inclusion of Article 141 of Commercial Law, and according to the company's status; returning the amount of 10,320,869,830 Rials for adjust staffing to Moghan Agro-industrial & Livestock Company (100% belongs to the mother specialized company) is cancelled. Subsequently via the document no. 1183 dated 3, Dec. 2009, the company has transferred the mentioned amount from the accrual payable to the charges account convertible to the capital on equity headlines that is considered in pricing.

2. Preferred and Installment Shares' Conditions (if someone be eligible for it):

By virtue of the bylaw of Note3, Article 20 of the Amendment Law of the Fourth Development and Implementation Plan regarding the General Policies of Article 44 of the Constitution of Islamic Republic of Iran; It shall be transferred maximum five percent (5%) of the preferred and installment shares of firms to the directors, the staff and the retired individuals of the same firm, observing other conditions stated hereunder:

- a. The employed directors and staff or the officers (the official or contract personnel) of divestible firms, and also directors and staff of divestible firms who are officers in other firms and they have at least one year of experience in the related field and also the divestible firm have paid their insurance premium (even non-continued) in that period, possess the qualifications to receive the preferred shares. The directors and the officers, whom payment of the insurance premium or their superannuation payment are deducted from the source of mission, are not entitled to divest the shares. Each qualified individuals who are employed on those investee firms where more than 50 % of their investment belongs to the divestible firm can enjoy the preferred shares.

* **Note1:** Divesting the shares to the employed directors and staff has higher priority; after divesting the shares to them, in case there were divestible shares of firm, the above-mentioned shares will be sold to the of the same firm. The retired individuals are not permitted to use the benefits of justice shares and preferred shares simultaneously.

- b. The amount of the allottable preferred shares to each qualified individuals is (maximum) tenfold of the six-month average of the applicants' last wages and benefits (based upon the legal ordinances) which will be sold at the base shares price.
- c. Preferred share will be divested only by written request of the applicants. The qualified individuals must submit within 30 days after the publication of the first notice or sending a declaration letter of the conditions of purchasing the preferred shares from IPO to the divestible firm, their request to use the preferred shares along with the complete list of applicants' qualifications which certified by the related firm, the Justice Shares Secretariat and the corresponding branch of the Social Security Organization, as well as the contract sheets to the firms' divesting affairs office. In case there is received no application to purchase the preferred shares or after allocation of all of the requested shares up to the determined ceiling; observing the regulations, the remained shares will be added to the blocked divestible shares.

* **Note2:** The managing director's and the board of directors of the divestible firm are responsible for confirming the names and the amount of price cited in the Legal Ordinances of the personnel.

3. Financial or Non-financial Incentives and Discounts in the Block Controlled Shares:

- 3.1. The purchaser of the controlled shares (the least amount of the shares to determine the majority of the board of directors' members) who increase number of the staff of the firm to the extent more than what is recorded in the divesting document during the period of installment, or resort to train and recruitment of extra workforces of other privatized firms in their units, shall enjoy the financial or non-financial incentives as mentioned in the guideline number 63/2/206295 (dated 7, Apr. 2009) and the guideline of "monitoring mode after divesting the shares" by the divesting Board (dated 1st & 8th of May 2010), if they are qualified.
- 3.2. The qualified purchasers shall enjoy of three types of financial incentives separately: discount in the original transaction price, minimization of the benefit of sale by installment or time discount (it means reviewing on the contract time resulting from lengthening of during the repayment of the installments).

*** Note:** Granting the financial or non-financial incentives depends upon the presenting the written plan of the purchaser to maintain and increase the level of the current occupation and retraining the firm's staff. Also, using the financial incentives in paragraph (3-2) is possible provided that after divesting, the average annual of the firm's staff numbers increases with regard to the recorded number in the divesting document, considering the alternative people in lieu of the retired and severance compensations during the years after divesting, on condition that reducing the number of employees during the studied period does not never exceed ten percent 10%.

3.3. If the qualified purchasers of the controlled shares conclude the measures like the new investment, promotion of efficiency and productivity, production continuity and promotion of its level, promotion of technology and fixing the occupation level in the divestible firm shall be enjoyed the discounts of the guideline of " obtaining manner of commitments, inserting provisions and granting discounts" (until 11th , Mar. 2009) and "the guideline of monitoring mode after divesting"(until 1st & 8th of May 2010) by Divesting Board.

4. Other Cases:

- 4.1. Sending the documents doesn't bind the IPO to divest the shares and conclude the contract. IPO preserves the right to accept or reject all or any of the bids.
- 4.2. IPO will consider the applicant's offers up to 7 days after the last deadline to send the documents. Then, IPO will invite the qualified applicants to negotiate, through the written notification.
- 4.3. In case the winner of the negotiation fails to pay the cash part of the transaction price and conclude the contract, during 30 working days of the notification, IPO has the right to confiscated of warranty in the benefit of itself.
- 4.4. After submission of signed agreement of prohibiting revealing the information, applicants for purchase may visit the firm through the introduction and coordination of IPO.
- 4.5. IPO will conclude the contract of divesting the shares with the winner, during 1 month after announcing the result of the negotiation and introduction of the winner.
- 4.6. The applicants undertake, not to be barred for transactions and they must not include in the Article 24 of Law on Amendment of Articles of 4th Economic, Social and Cultural Development Plan of the Islamic Republic of Iran and Implementation of General Policies of Principle (44) of the constitution (ratified 21, July 2008).

IPO Website: www.ipo.ir