

Based on Articles 28 and 69, Paragraph 3 of the Law on Privatization ("Official Gazette RoS", No. 38/2001, 18/2003, and 45/2005, and 123/2007), Article 9 of the Law on the Privatization Agency ("Official Gazette RoS", No. 38/2001, and 135/2004), and Articles 9 and 10 of the Law on the Share Fund ("Official Gazette RoS", No. 38/2001, and 45/2005), the Privatization Agency (hereinafter: "Agency") issues this:

PUBLIC INVITATION
for participation in the public tender
for sale of 272,249 shares CFI-code: ESVUFR, ISIN-number: RSFRACE56002 nominal value RSD 600.00 (hereinafter "Block of Shares") owned by the Share Fund and PIO fund, representing 50.11597% of the total capital of the commercial enterprise:

"Fabrika reznog alata"
Joint Stock Company, Cacak, 37 Hajduk Veljkova Street
(hereinafter: "Enterprise")

Tender Code: **FRA 16/08**

1. Total registered capital of the Enterprise consists of 40.32505% capital owned by Share Fund of the Republic of Serbia, 9.79092% capital owned by the PIO Fund, and 49.88403% capital owned by individual shareholders (natural persons).

2. The Agency is offering for sale the Block of Shares CFI-code: ESVUFR ISIN-No: RSFRACE56002 nominal value RSD 600.00, of which the Share Fund of the Republic of Serbia owns 219,061 shares, i.e. 40.32505% of the capital, and the PIO Fund owns 53,188 shares, i.e. 9.79092% of the capital, amounting to a total of 272,249 shares, i.e. 50.11597% of the total capital of the Enterprise.

2.a. The Bidder is obliged to offer the price per share for all shares of the Enterprise, considering that upon signing of the Agreement for Sale and Purchase of the Block of Shares, the Share Fund shall invite all remaining individual shareholders to join their shares with the shares in the portfolio of the Share Fund, and the PIO Fund, i.e. the Block of Shares, for the purpose of sale.

3. Information about the Entity Undergoing Privatization:
Registered seat: 37 Hajduk Veljkova Street, 32000 Cacak, Republic of Serbia
Telephone: +381 (32) 222-780
Telefax: +381 (32) 224-442
Core business activity: Production of tools

More data about the Entity Undergoing Privatization can be found at the Internet address:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_10129.pdf

More detailed data about the Enterprise, as well as the Information Memorandum (hereinafter: "Tender Documents") shall be available to all interested tender participants after the signing of the Confidentiality Agreement and payment of the Tender Documents Fee.

The Tender Documents Fee is EUR 8,000 (Euro eight thousand).

Privatization Agency has appointed **Dil Inzenjering Konsalting d.o.o.** Beograd, as the consultant in this privatization procedure (hereinafter: "Consultant").

4. A bid may be submitted by:

A. An interested bidder who fulfills the following conditions:

- it has purchased the Tender Documents, and
- it fulfills the following condition:

a) Its core operating activity is production and/or trade of tool machines and/or tools, and it has been engaged in this activity for at least the last 3 (three) consecutive business years, and generated operating income of at least EUR 5,000,000 (Euro five million) in 2007.

If an interested bidder is a parent company that does not fulfill the requirements of this Clause of the Public Invitation, its subsidiary has the right to submit the bid if it fulfills the stated requirements. The subsidiary that fulfills the above stated requirements also has the right to submit the bid if the parent company has purchased the Tender Documents.

If an interested bidder is a subsidiary that does not fulfill the requirements of this Clause of the Public Invitation, its parent company has the right to submit the bid if it fulfills the stated requirements. The Parent company that fulfills the above stated requirements also has the right to submit the bid if the subsidiary has purchased the Tender Documents.

B. If the interested bidder is a Consortium, it must cumulatively fulfill the following conditions:

- All Consortium members have passed the Decision on organizing and entering the Consortium,
- All Consortium members have concluded a written Consortium Agreement and certified it with the court, i.e. other competent body (in the case of foreign legal entities and natural persons),
- Each Consortium member assumed unlimited joint and several liability by the provisions of the Consortium Agreement,
- The Consortium Agreement specifies each member's percentage in the acquisition of the capital of the Entity Undergoing Privatization,
- All Consortium members have signed a certified Power of Attorney for the member representing the Consortium,
- All Consortium members have signed the Confidentiality Agreement,
- At least one member of the Consortium has purchased Tender Documents,
- At least one Consortium Member that has no less than 30% of the total share in the Consortium fulfills the following condition:

a) Its core operating activity is production and/or trade of tool machines and/or tools, and it has been engaged in this activity for at least the last 3 consecutive business years, and generated operating income of at least EUR 5,000,000 (Euro five million) in 2007.

5. The Agency hereby invites all parties interested in participating in the tender to submit a written request for purchasing the Tender Documents for the Enterprise, no later then by **June 11, 2008 at 4.30 pm** (Belgrade time).

Tender Documents will be available to interested parties from May 12, 2008.

Written requests for purchasing the Tender Documents shall be submitted to the Consultant by mail, e-mail, or fax, clearly marked "Request for Purchasing the Tender Documents – Tender Code: **FRA 16/08**".

Upon receipt of this request, an invoice for payment of the Tender Documents Fee, as well as the Confidentiality Agreement for signature, shall be forwarded to the applicant's authorized representative by mail, e-mail, or fax. The signed Confidentiality Agreement must be immediately faxed and mailed back to the Consultant at the address below.

Upon receipt of the signed Confidentiality Agreement, the proof of authorization for the person who signed the Confidentiality Agreement, and the proof of payment of the Tender Documents Fee, the Consultant shall deliver the Tender Documents to the tender participant by mail/e-mail or hand it to its authorized representative, after the lapse of the deadline from Paragraph 2 of this Clause.

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

6. The deadline for submitting final binding offers for purchase of 50.11597% of the total capital of the Enterprise by interested bidders is **20 June 2008 at 4.30 p.m.** (Belgrade time).

If necessary, the Privatization Agency retains the right to change conditions and deadlines of this Public Invitation. As a prerequisite for submitting the bid, it is required to pay deposit or to submit a Bid Bond in the amount of EUR 50,000 (Euro fifty thousand).

7. For any questions pertaining to this Public Invitation, interested parties may contact persons listed below, in Serbian or English language.

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