

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

THE PRIVATIZATION AGENCY

(hereinafter: "the Agency")

hereby announces a:

PUBLIC INVITATION

For participation in the Public Tender
for the sale of 98.86% of the total registered capital in:

"Srpska fabrika stakla" a.d. Paracin - in restructuring

(hereinafter "Entity undergoing privatization")

Tender Code: **SFS 10 /06**

1. The total registered capital of the Entity undergoing privatization consists of 98.86% of socially owned capital and 1.14% of the Share Capital.
2. The Agency is offering for sale 100% of socially owned capital of the Entity undergoing privatization, a leading domestic producer of packaging and commercial glass.
3. Details about the Entity undergoing privatization:

Address: **13. oktobra 1-3, Paracin, Republic of Serbia**

Phone: **+381 35 552 900**

Fax: **+381 35 563 257**

Industry: **production of packaging glass**

More details about the Entity undergoing privatization are available at:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_238.pdf

Detailed information on the Entity undergoing privatization, along with the Instructions to Bidders (hereinafter "the 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 **BDO BC Excel**, Belgrade to act as a Consultant in this privatization process ("Consultant").

4. A bid may be submitted by:

- A. A potential bidder that fulfils the following requirements:

- Has purchased the Tender Documents, and
- Fulfills at least one of the following requirements:
 - a) it has **either** been engaged in production and/or trade of glass and glass products for at least the last 3 business years in continuity, and achieved operating revenues of at least EUR 15,000,000 (Euro fifteen million) in 2005;
 - b) **or** is a financial investor (legal entity whose core activity is investment of money, which exists for at least the last 3 years, and includes investment companies, mutual funds, insurance companies, pension funds and investment banks) with total operating assets exceeding EUR 100,000,000 (Euro one hundred million) in 2005;
 - c) **or** is an investor that achieved operating revenues exceeding EUR 30,000,000 (Euro thirty million) in 2005.

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

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

- B. If a potential bidder is a Consortium, it is necessary that it fulfills cumulatively the following requirements:
- All Consortium members have made the decision on organizing and entering into the Consortium;
 - All Consortium members have signed a written Consortium Agreement and duly notarized it at Court or other competent body (in case of foreign legal entities and individuals);
 - Each member of the Consortium assumes an unlimited joint and several liability according to 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 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;
 - The Consortium member with the largest share in the Consortium fulfills at least one of the following requirements:
 - a) it has **either** been engaged in production and/or trade of glass and glass products for at least the last 3 business years in continuity, and achieved operating revenues of at least EUR 15,000,000 (Euro fifteen million) in 2005;
 - b) **or** is a financial investor (legal entity whose core activity is investment of money, which exists for at least the last 3 years, and includes investment companies, mutual funds, insurance companies, pension funds and investment banks) with total operating assets exceeding EUR 100,000,000 (Euro one hundred million) in 2005;
 - c) **or** is an investor that achieved operating revenues exceeding 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 for the Entity undergoing privatization, by **July 3, 2006**.
- The Tender Documents shall be available to the interested parties starting from June 12, 2006.**
- A written request for purchasing the Tender Documents shall be sent by post, e-mail or facsimile to Consultant and the Agency at the address below, and shall clearly display the reference "Request for purchasing the Tender Documents – Tender Code **SFS 10/06**".
- Upon receipt of the request, an invoice for paying the Tender Documents Fee, as well as the Confidentiality Agreement for signature, shall be forwarded to the authorized person of the applicant by post, e-mail or fax. The signed Confidentiality Agreement shall be immediately faxed and mailed back to Consultant to the address below.
- Upon receiving the signed Confidentiality Agreement, evidence of authorization for the person signing the Confidentiality Agreement and evidence of payment of the Tender Documents Fee, Consultant shall forward the relevant Tender Documents to the tender participant by mail/e-mail or hand it to its authorized representative, upon expiry of the deadline set out in paragraph 2 of this Clause 5.
- Consultant 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 the final binding offers for the acquisition of 100% of socially owned capital of the Entity undergoing privatization by interested bidders is **July 31, 2006, at 5 p.m. (Belgrade time)**.
- If necessary, the Agency reserves the right to amend the elements of this Public Invitation. As a prerequisite for submitting a bid, it is required to pay a deposit or submit a Bid Bond in the amount of EUR 50,000 (Euro fifty thousand).
7. All questions relating to this Public Invitation should be directed to contact persons below, in Serbian or English.

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