

In accordance with Article 28 of the Law on Privatization (as published in the Official Gazette of the Republic of Serbia Nos. 38/2001 and 18/2003), the **Privatization Agency of the Republic of Serbia** (hereinafter "Agency") hereby announces a:

PUBLIC INVITATION

For participation in a public tender process
for the acquisition of a controlling interest in:

Porcelan, Zajecar

Tender Code: POR10/03

1. Total registered capital of the Company is 38,748,000.00 Yugoslav Dinars, of which 100% is socially owned capital.

The Agency is offering for sale 70% of socially owned capital of Porcelan, Zajecar (hereinafter: "Company").

2. Details about the Entity undergoing privatization:

Address:	Zeleznicka 13, Zajecar, Serbia and Montenegro
Phone Number:	+381 19 425 622/+381 19 422 998
Fax Number:	+381 19 425 103
Industry:	Manufacture of commercial and decorative porcelain
Tender Code:	POR10/03

Basic data about the Entity undergoing privatization is available at

http://www.pa-serbia.co.yu/pregled_preduzeca/pdf/teaser_145.pdf

Detailed information about the Entity undergoing privatization, along with the Information Memorandum and Instructions to Bidders (hereinafter "the Tender Documents"), will be made available to all buyers of the Tender Documents, upon payment of the Tender Documents Fee in the amount of USD 5.000 (US Dollars five thousand), plus USD 1.000 (US Dollars one thousand), for sales tax;

3. The PA has appointed **N Más Uno Proyectos Internacionales SA ("Nmás1")** to act as the advisor in the privatization procedure (hereinafter: "Advisor").
4. A bid may be submitted by the potential Buyer that fulfils the following requirements:
 - Has purchased the Tender Documents;
 - Has been engaged in manufacturing and/or distribution of **commercial and/or decorative porcelain** for at least 3 (three) years;
 - Had minimum total revenues in 2002. according to the latest available audited accounts of **5 (five) Million USD**; or had minimum total assets according to the latest available audited accounts of **10 (ten) Million USD**;

If the potential 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 the requirements.

The Subsidiary may submit a bid if the Parent company has purchased the Tender Documents.

If the potential Buyer is a subsidiary that does not meet the requirements referred to by this clause of the Public Invitation, the Parent company has the right to submit a bid, if it fulfils the requirements.

The Parent company may submit a bid if its Subsidiary has purchased the Tender Documents.

If the potential Buyer is a consortium, the following requirements should be fulfilled:

- All Consortium members have made the decision on organizing and entering the Consortium;
- Each member of the Consortium assumes an unlimited joint and several liability;
- The Consortium Agreement specifies each member's percentage in the acquired company's capital;
- All Consortium members have signed Notarised Power of Attorney for the representing member of the Consortium;
- All Consortium members have signed a Confidentiality Agreement;
- At least one of the Consortium members has purchased the Tender Documents;
- At least one of the Consortium members has been engaged in production and/or distribution of **commercial and/or decorative porcelain** for at least 3 years;
- At least one of the Consortium members had minimum total revenues in 2002., according to the latest available audited accounts, of **5 (five) Million USD**; or had minimum total assets according to the latest available audited accounts of **10 (ten) Million USD**;

5. The Agency hereby invites all interested parties to submit a written request for the purchase of the Tender Documents for the entity undergoing privatization by **May 26, 2003**. Tender Documents will be made available to interested parties from **May 05, 2003**.

The request for purchasing the Tender Documents shall be submitted to the Advisor by mail, to the addresses stated below, or by e-mail or facsimile, clearly marked with "Request for the purchase of Tender Documents – Tender Code POR10/03".

Upon receiving the request, an invoice for payment of the Tender Documents Fee shall be forwarded to the authorized representative by the Privatization Agency.

Upon the payment of the Tender Documents Fee, the Confidentiality Agreement shall be sent to duly authorized representative for signature, by mail, e-mail or facsimile. Signed Confidentiality Agreement shall be immediately faxed and mailed back to the Advisor to the addresses below.

6. Upon receipt of the signed Confidentiality Agreement and evidence of payment of the Tender Documents Fee, The Advisor shall immediately send the relevant Tender Documents to the Tender Participant by mail, or hand it to the authorized representative.

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

7. The deadline for submission of the bids for acquisition of the capital is **June 27th, 2003, at 17:00 hours (Belgrade time)**.
8. The Agency reserves the right to amend the requirements and the deadline from the Public Invitation, if necessary.
9. The Bid bond for participating in the Public Tender will be **USD 50,000 (US Dollar fifty thousand)**.
10. All communications or inquiries relating to this Invitation should be directed to the Advisor at the address bellow:

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