
Contact person: Sabaheta Čongo

CONFIDENTIALITY STATEMENT AND REQUEST FOR DOCUMENTATION

I, as an interested buyer of the shares of the Company „Šipad Export – Import“ d.d. Sarajevo, hereby do request the tender documents, including the full Information Memorandum.

At the same time, and taking full responsibility, I hereby **DECLARE** that all representatives of our organization, including myself, will treat this information as **STRICTLY CONFIDENTIAL** and will treat all undisclosed information and all information not available to the public according to the international standards on confidentiality of information, and that we shall not misuse this information or disclose it to any third parties.

All information made available to us will be used exclusively for the purpose of submitting a Bid to purchase the shares in the mentioned company through the method of the Direct Negotiations.

_____ Company

_____ Signature

_____ Name and position

_____ E-mail

_____ Date.

BOSNA I HERCEGOVINA
FEDERACIJA BOSNE I HERCEGOVINE
AGENCIJA ZA PRIVATIZACIJU U
FEDERACIJI BOSNE I HERCEGOVINE

БОСНА И ХЕРЦЕГОВИНА
ФЕДЕРАЦИЈА БОСНЕ И ХЕРЦЕГОВИНЕ
АГЕНЦИЈА ЗА ПРИВАТИЗАЦИЈУ
У ФЕДЕРАЦИЈИ БОСНЕ И ХЕРЦЕГОВИНЕ

BOSNIA AND HERZEGOVINA
FEDERATION OF BOSNIA AND HERZEGOVINA
AGENCY FOR PRIVATIZATION IN
FEDERATION OF BOSNIA AND HERZEGOVINA

Alipašina 41, Sarajevo, Tel.: +387 33 218 550, 212 884, Fax: +387 33 212 883, e-mail: apfbih@bih.net.ba

**RULES OF DIRECT
NEGOTIATIONS**
for Sale of the State Capital in the Company
“ŠIPAD EXPORT IMPORT”
d.d. SARAJEVO

December 2012

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1. Subject of Sale

Company Name:	"Šipad Export Import" d.d. Sarajevo
Location:	Sarajevo, Maršala Tita St. No. 15
Shares for Sale:	66.5673% of total capital (759,117 shares)
Remaining Shares:	33.4327% is a private capital

2. Definitions

The following definitions will be used in this document:

- **"The Company"** – "Šipad Export Import" d.d. Sarajevo
- **"State Capital"** – 66.5673% of the total Company's capital, i.e. 759,117 Company's shares
- **"The Seller"** – Agency for Privatization in the Federation of Bosnia and Herzegovina
- **"The Sale"** – privatization procedure conducted in accordance with the Regulations on Procedures for Sale through Direct Negotiations ("Official Gazette of the Federation of Bosnia and Herzegovina" No.75/05)
- **"Bidder"** – a Bidder or a Potential Buyer – any physical or legal local or foreign entity taking part in the privatization procedure for purchase of the state capital in the Company that has signed a Confidentiality Statement with the Seller and that has committed, according to the signed Statement, to comply with the Rules of Direct Negotiations
- **"Bid"** – the Bidder's proposal to acquire the Company's capital pursuant to the Rules of Direct Negotiations
- **"Successful Bidder"** – the Bidder with the best Bid achieved in the negotiations and assessed against the criteria set forth in these Rules of Direct Negotiations
- **"Bid Deadline"** – final Bid submission deadline

3. Direct Negotiations Package

In addition to this document (Rules of Direct Negotiations), the full Direct Negotiations Package includes:

- Short Profile of the Company;
- Confidentiality Statement;
- Bid Form;
- Information Memorandum of the Company;
- Draft Share Purchase Agreement.

4. Direct Negotiations Timetable

Procedure	From	To	Duration
Announcement of a Public Invitation to Bid	05.12.2012.	21.01.2013.	47 days
Due Diligence Visits (DDV)	05.12.2012.	21.01.2013.	47 days
Deadline for submission of Bids	21.01.2013.		
Bids submission to the Commission by the authorized person	21.01.2013.	28.01.2013.	5 days after Deadline for submission of Bids
Opening of Bids, Verification of formal bid appropriateness and Beginning of Negotiations	29.01.2013.		
Negotiations	29.01.2013.	29.03.2013.	60 days after opening of Bids
Announcement, upon Director's approval, of a Successful Bidder or proclamation of Direct Negotiations failed	01.04.2013.	05.04.2013.	5 days upon closing Negotiations
Signing of the Share Purchase Agreement	22.04.2013.	29.04.2013.	8 days after enforceability of Decision

NOTE: In the Public Invitation to Bid a date of opening the Bids and beginning of the Negotiations is indicated. The Direct Negotiations may last maximum 60 days and they have to be finalized until 29.03.2013, The Direct Negotiations Commission may complete these activities in a shorter timeframe as well.

5. Seller, Authority, Communication

For purposes of signing the Confidentiality Statement, requesting the Direct Negotiations Package and final submission of a Bid, the bidders should address the Seller, as follows:

Seller: Agency for Privatization in the Federation of Bosnia and Herzegovina
Address: Alipašina 41, 71000 Sarajevo
Phone: +387 33 218 550, 387 33 212 884; Fax: + 387 33 212 883
e-mail: sabaheta.congo@apf.gov.ba
Contact person: Mrs. Sabaheta Congo

For purpose of asking questions and sending the comments in relation to the Direct Negotiations Package (if any) and organization of the Due Diligence Visits (hereinafter: DDV), the Bidders should address the Agency for Privatization in the Federation of Bosnia and Herzegovina using the above contact details.

6. Due Diligence Visits

Each Bidder will have an opportunity to visit the Company, to examine its books and records, to ask questions related to management and to perform such other inspections as the Bidder deems necessary, under the following conditions:

- All Due Diligence Visits (DDVs) shall be undertaken exclusively at the expense of the Bidder;
- Any DDV will be undertaken upon a scheduled meeting solely and only in course of the Public Invitation Procedure;
- DDVs will be scheduled only upon contact with the Agency for Privatization in the Federation BiH;
- All requests for discussion with the Company's management or employees or to obtain copies of documents or for any other actions during or in connection with the DDVs must be submitted to the representative of the Agency for Privatization in the Federation BiH;
- A Bidder will be able to review data of the Company in a Data Room prepared for that purpose;
- Requests for multiple DDVs by a single Bidder will be considered at the sole discretion of the Agency for Privatization in the Federation BiH.

7. The Bid

Bid has to be submitted in a sealed envelope on which a subject of sale title is clearly identified, and which contains the requested documentation enclosed according to the following sequence:

1. Schedule A – Declaration
2. Schedule B – Legal Authorizations and Statement
3. Schedule C – Participation Fee and Deposit
4. Schedule D – Declaration regarding Financial Funds
5. Schedule E – The Bid comprising:
 - Price
 - Investment Plan
 - Employment Plan
 - Business Plan
 - Qualifications of the Bidder
6. Schedule F – Draft Share Purchase Agreement

A formally valid Bid is a Bid submitted within a set deadline in the described manner and containing the documents listed above.

Bid may be submitted personally by the Bidder or sent by registered mail, no later than 16:00 CET (Central European Time) of **21.01.2013**. ("Bid Deadline"), on the Seller's address:

Seller: Agency for Privatization in the Federation of Bosnia and Herzegovina
Address: Alipašina 41, 71000 Sarajevo, Bosnia and Herzegovina
Phone/Fax: +387 33 218 550, 387 33 212 884; Fax: + 387 33 212 883
E-mail: apfbih@bih.net.ba

Bid shall be valid 180 days from the deadline for submission of Bids.

8. Deposit, Participation Fee and Direct Negotiations Documentation Fee

a) Deposit

Bidder is required to pay KM 100,000.00 deposit or to provide a bank guarantee for the same amount. The deposit guarantee must be unconditional, irrevocable and payable on the first request of the Agency, valid at least 180 days after the deadline for submission of Bids.

This amount should be transferred to the following account:

For payment of Deposit in KM:

Bank Name: "INTESA SANPAOLO BANKA" Sarajevo
Account Holder: Agency for Privatization in the Federation of Bosnia and Herzegovina, Sarajevo, Alipašina St. No. 41
Account No. 1540012000051021
Purpose of Payment: Deposit for Direct Negotiations Participation

For payment of Deposit in a foreign currency:

Bank Name: "INTESA SANPAOLO BANKA" Sarajevo
Account Holder: Agency for Privatization in the Federation of Bosnia and Herzegovina, Sarajevo, Alipašina 41
Account No. SWIFT: UPBKBA22 ACC.530011204-037800
IBAN BA 39 1540012000051021
Purpose of Payment: Deposit for Direct Negotiations Participation

b) Participation Fee

Bidder is required to pay a non-refundable Participation Fee in amount of KM 5,000.00 for participation in the Direct Negotiations procedure.

This amount should be transferred to the following account:

For payment of Participation Fee in KM:

Bank Name: "INTESA SANPAOLO BANKA" Sarajevo
Account Holder: Agency for Privatization in the Federation of Bosnia and Herzegovina, Sarajevo, Alipašina St. No. 41
Account Number: 1540011100651792
Purpose of Payment: Direct Negotiation Participation Fee

For payment of Participation Fee in foreign currency:

Bank Name: "INTESA SANPAOLO BANKA" Sarajevo
Account Holder: Agency for Privatization in the Federation of Bosnia and Herzegovina, Sarajevo, Alipašina St. No. 41
Account Number: SWIFT UPBKBA22 ACC 530011204-037800
IBAN: BA 39 1540011100651792
Purpose of Payment: Direct Negotiation Participation Fee

c) Direct Negotiations Documentation Fee

Bidder is required to pay documentation fee, amounting KM 3,000.00 for expenses incurred for preparation of Direct Negotiation documentation, including Information Memorandum.

This amount should be transferred to the following account:

For payment of Documentation Fee in KM:

Bank Name: "INTESA SANPAOLO BANK", Sarajevo
Account Holder: Agency for Privatization in the Federation of Bosnia and Herzegovina, Sarajevo, Alipašina St. No. 41
Account Number: 1540011100651792
Purpose of Payment: Documentation Fee

For payment of Documentation Fee in Foreign Currency:

Bank Name: "INTESA SANPAOLO BANK", Sarajevo
Account Holder: Agency for Privatization in the Federation of Bosnia and Herzegovina, Sarajevo, Alipašina St. No. 41
Account Number: SWIFT UPBKBA22 ACC 530011204-037800
IBAN: BA 39 1540011100651792
Purpose of Payment: Documentation Fee

Any bank fees and foreign currency exchange expenses shall be borne by the Bidder.

9. Submission of Documentation

Each Bidder must submit its Bid written in one of the official languages used in Bosnia and Herzegovina.

Bid may be submitted personally by the Bidder or sent by registered mail, not later than 16:00 CET (Central European Time) of the day set forth in the Section 4.

Each Bid must be signed in ink by the Bidder or its authorized representative. The signer of the Bid must initial in ink each page of the Bid and any alterations/corrections made to the text.

Bid must be submitted in a sealed envelope on which a full title of the subject of sale is clearly identified.

10. Recording the Bid Receipt

The Seller will stamp each Bid received and enter the date and time of its receipt.

11. Modification/Withdrawal of a Bid

A Bidder may modify or withdraw its Bid before the Bid Deadline expires by sending a written notice to the Seller thereon at the address and to the attention of the person to whom Bids are submitted.

12. Bidder's Official Representative

Each Bidder shall identify in its Bid a representative who shall serve as the Bidder's official contact through whom all communications with the Seller will be channelled.

Such person shall remain accessible to the Seller for all necessary communications at the Bidder's office.

After the Deadline for Bid submission has expired and until the moment when a Direct Negotiation Successful Bidder is announced, any communication with Bidders for clarification of Bids (when the Seller deems necessary such clarification) will be initiated by the Seller.

13. Conditions and Criteria for Evaluation & Evaluation

13.1 Conditions

- a) Obligation to keep the existing company activity for at least three years since signing the Share Purchase Agreement.
- b) Each Bidder is due to take over permanently employed employees for the period of three years since signing the Share Purchase Agreement.

13.2 Criteria

Each reference of currency in the Bid (e.g. Bid price for shares and investments) must be expressed in Bosnian Convertible Marks (KM)

Bids will be evaluated against the following criteria:

- a) Price**
- b) Investment Plan**
- c) Employment Plan**
- d) Business Plan**
- e) Business reputation/Qualifications**

Within the Business Plan the Bidder should explain its motivation for the Bid and its development strategy of the company "Šipad Export Import" Stock Co. Sarajevo for the next three years, with basic elements of the Business Plan (and particularly with the projected Balance Sheet and Profit and Loss Account for the first three years of operations). The Business Plan is supposed to comprise a plan for expansion and for providing new markets.

Along with the documentation in support to the Bidder's business reputation, there should be submitted also the basic information in regard of the Bidder (annual revenue, other income structure, profit gained, expenditures, number of employees, the level of information system and level of work technology).

Basic evidence in support to the Bidder's business reputation includes:

1. Financial Statements for the last three business years;
2. Financial Auditor's Reports;
3. Evidence of participation in the privatization procedures;
4. Evidence of a sound experience in the global market;
5. Other information and evidence necessary for evaluation of the Bidder's business rating

Should a Bid be submitted by a Consortium, each member of such Consortium shall submit information in support to the above-mentioned reputation evidence.

13.3 Evaluation of Bids

a) Quantitative criteria:

Bids will be evaluated according to the following methodology:

Bids will be evaluated against the offer that received the best grade. This means that the Bidder that was best graded in respect of an individual criterion shall be awarded maximum points for this particular criterion.

Price: 50% points

The offered price has to be paid in money exclusively.

Investments: 15% points

Investments shall be made over a three-year period after signing the Share Purchase Agreement, directly by the Potential Buyer, and those investments shall not be provided from resources of the Company.

The Potential Buyer may make the investments in cash or in tangible/fixed assets (land and buildings, plants and production equipment, furniture and office equipment, vehicles, construction works etc.). Investment in form of the equipment is possible if the condition of such equipment (functionality, usability, expediency, general shape etc.) is acceptable to the Seller.

Investments funded from the retained Company's earnings shall not be deemed "the Investments" in this context.

The value of investments according to the Investment Plan as per the years will be quoted in the following way:

- Year 1 100% of the investments value
- Year 2 80% of the Investments value
- Year 3 60% of the Investments value

The Successful Bidder shall have to provide a Bank Guarantee for the planned investments no later than at the date of signing the Share Purchase Agreement

Employment: 15% points

Maintaining the existing employment level (employees) over a three-year period. The Bids proposing downsizing of number of employees shall not be considered.

The best-ranked Bid according to the above quantitative criteria may be awarded maximum: **80% points**

b) Qualitative criteria:

Business Plan: 10% points:
Business Rating: 10% points

For Qualitative criteria – "Business Plan" and "Bidder's Business Rating" (See Section 13.2) – each Bidder will be awarded one of the below grades:

- "Very good": maximum points, i.e. 100%
- "Good": 75% of maximum points
- "Medium": 50% of maximum points
- "Low": 25% of maximum points
- "Very low": No points

Grades	Max. points in %	Points awarded for Business Plan	Business Rating
Very good	100	10.0	10,0
Good	75	7.5	7,5
Medium	50	5.0	5.0
Low	25	2.5	2.5
Very low	0	0	0

c) Overall rating of qualitative and quantitative criteria

Quantitative criteria: max. 80 % of points
Qualitative criteria: max. 20 % of points

Total: max. 100% of points

14. Negotiations

All Bidders attend the Bid Opening Ceremony.

To negotiations are invited all Bidders that have met all formal requirements.

At the beginning of Negotiations, the Bidders' names together with Bids' elements will be announced.

Negotiations will be conducted in the presence of all Bidders.

One Union representative of the Company for sale and a representative of the relevant Ministry may also be present, provided that they have signed a Statement on Confidentiality.

During Direct Negotiations, all Bidders will have the opportunity to improve their Bids' elements through Auction competition.

Negotiations may go through several rounds.

After each round of negotiations, the Commission will perform Bids' evaluation, what is the basis for the next round negotiations. The Commission will conduct final Bids evaluation after all the Bidders have confirmed definitiveness of their respective Bids

(definitiveness of a Bid can be initiated by the Seller, too) no later than 60 days as from the date indicated in the Public Invitation for Bids as the date of opening the Bids and start of Negotiations.

After Direct Negotiations are over, the Bid awarded the maximum points according to the Rules of Direct Negotiations will be proclaimed the best Bid.

Commission for Direct Negotiations will continue negotiations with the best Bidder in order to define the elements of the Share Purchase Agreement.

15. Notification to Bidders

The Commission will within five (5) days as from the day the Negotiations were completed, obtain a written approval from the Director of the Agency, in order to be able to make a Decision proclaiming the Winner of the Direct Negotiations.

If the Share Purchase Agreement fails to be signed with the best-ranked Bidder within the Bid Validity Period, the Seller will contact other Bidders according to their Bids rankings in order to sign the Share Purchase Agreement.

16. No Agreement until Share Purchase Agreement Signed

No agreement will be deemed reached concerning the sale of the Shares until the Seller and the Successful Bidder have signed the Share Purchase Agreement. Until such time, the Seller has no obligations towards the Successful Bidder with respect to the Subject of the sale.

Prior to the signature of the Share Purchase Agreement, the Winner-Buyer is required to provide evidence issued by the competent authorities proving that no hindrances exist in terms of the provisions referred to in Article 12, Paragraph, Lines 2, 3, 4, and 5 of the Law on Privatization of Enterprises ("Official Gazette of the Federation of Bosnia and Herzegovina" No. 27/97, 8/99, 32/00, 45/00, 61/01, 27/02, 33/02, 28/04, 44/04, 42/06 and 4/09).

The Buyer is obliged to sign the Share Purchase Agreement within 8 (eight) days as from the enforceability of the Commission's Decision proclaiming the Winner.

Mutual obligations of the Seller and of the Buyer shall be those expressly set forth in the Share Purchase Agreement.

17. Disclaimer of Representations and Warranties

The Seller does not make any representations or warranties with respect to the Subject of sale other than those set forth in the Share Purchase Agreement.

Potential Bidders are supposed to undertake their own independent due diligence inspection concerning the Company and to submit their Bids based solely on their own

independent investigation and findings, not relying on any information provided by the Seller.

The Seller also expressly disclaims any warranty or assumption, whether oral or written, expressed or implied, concerning the Subject of sale.

The Bidders have submitted their Bids based solely on their own independent investigation and findings, not relying on any information provided by the Seller.

18. Seller's Right to Negotiate, Alter Rules of Sale, or Cancel the Sale

The Seller reserves the right to alter, without prior notice, the timetable of these Direct Negotiations – including but not limited to any or all deadlines – at any time prior to expiry of the Bid Deadline. The Seller shall notify all Bidders thereon in a timely manner.

The Seller reserves the right to cancel the Sale at any time and for any reason before or after the Bid Deadline and the public/Bidders shall be notified in timely manner thereon.

The Seller shall not bear any expenses or responsibility for the cancelled sale.

SHORT PROFILE OF THE COMPANY
ŠIPAD EXPORT- IMPORT D.D.
SARAJEVO

Basic information

Name of the Company:	“ŠIPAD EXPORT-IMPORT” Joint-stock company in the mixed ownership for foreign and local trade and engineering, Sarajevo
Shortened form:	“ŠIPAD EXPORT-IMPORT” d.d. Sarajevo
Seat:	Sarajevo, Maršala Tita St. No. 15
I.D. No.:	4200664150003
With the Indirect Taxation Administration Registered Under No.	200664150003
Code of the company’s activity pursuant to Classification of Business Activities:	51.470
Company’s Basic Business Activity:	Wholesale of other wide consumption products
Decision of the Commission for Securities of F BiH:	03/1-19-231/05 dated June 9, 2005, Registration No. of the Issuer: 01-706-2061
Director of the Company:	Milan Duka, Ilidža, Ahmeta Ljubunčića 38, Sarajevo, Personal Citizen’s Number: 0112348170003
Supervisory Board President and Members:	Dževad Drino (President), Sadik Begić (Member), Peljto Muamer (Member)
Ownership:	66.5673 % state ownership 33.4327 % private ownership
No. of Employees:	25 (as of May 31, 2012)
Phone:	033/226-621 (Director),
Fax:	033/226-956

Description of Business Activities

Šipad Export-Import d.d. is the company registered for wholesale of wide consumption products as its basic activity. The Company is registered as the company for foreign trade with food and other products, port services, cross-border trade, construction works abroad, export of goods, mediation, forwarding of goods and other services in foreign trade

Currently, the major part of income is generated from renting the Company owned business premises. On the day when Opening Balance and Program of Privatization were prepared there were no substantial operations within the registered basic business activity. At the present moment there are not visible indications suggesting that the Company would restart its basic activity significantly i.e. that it would perform those tasks again to considerable levels.

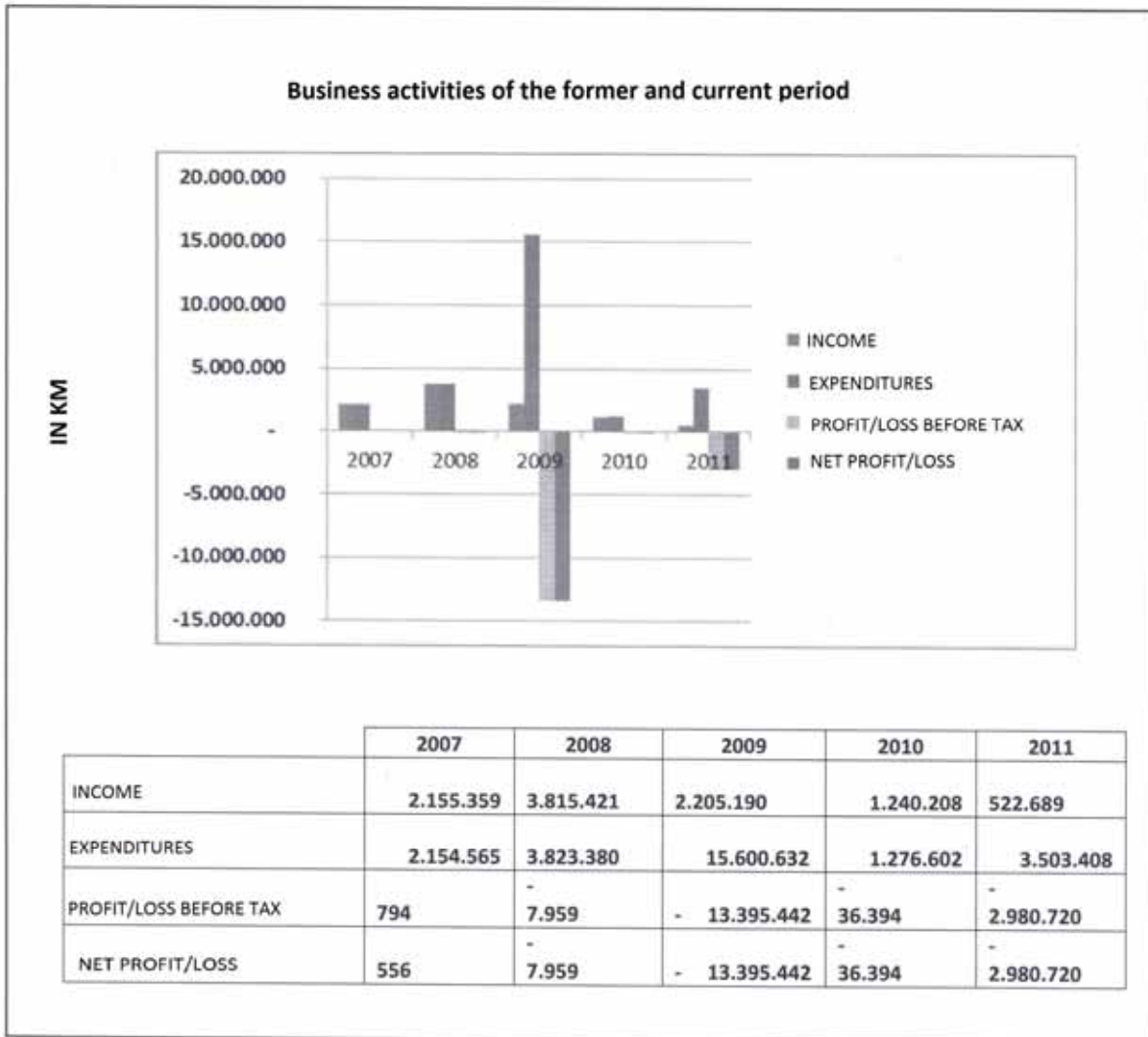
Šipad Export-Import d.d. used to be active in foreign trade and engineering activities. The Company has a very long tradition in this field, particularly in the sector of forestry and wood-processing. The Company used to export beech-tree and conifer-tree cut wood of all dimensions and quantity, semi-products such as boards, panel lamelled boards of solid wood and plywood, veneer parquet, decking, packing materials, palettes, pressings, latoflex, furniture and furniture elements.

The Company used to provide engineering services abroad, from design of material and equipment, consulting and conducting building of objects, through execution of the construction works to procurement of required elements and their installation and fixing into the premises. With a very high-quality level and complying with highly aesthetic standards, the Company furnished the facilities for various purposes: catering, tourism, education, healthcare and recreation, office and sports. Šipad Export-Import d.d. used to do representation of foreign firms on the market of Bosnia and Herzegovina.

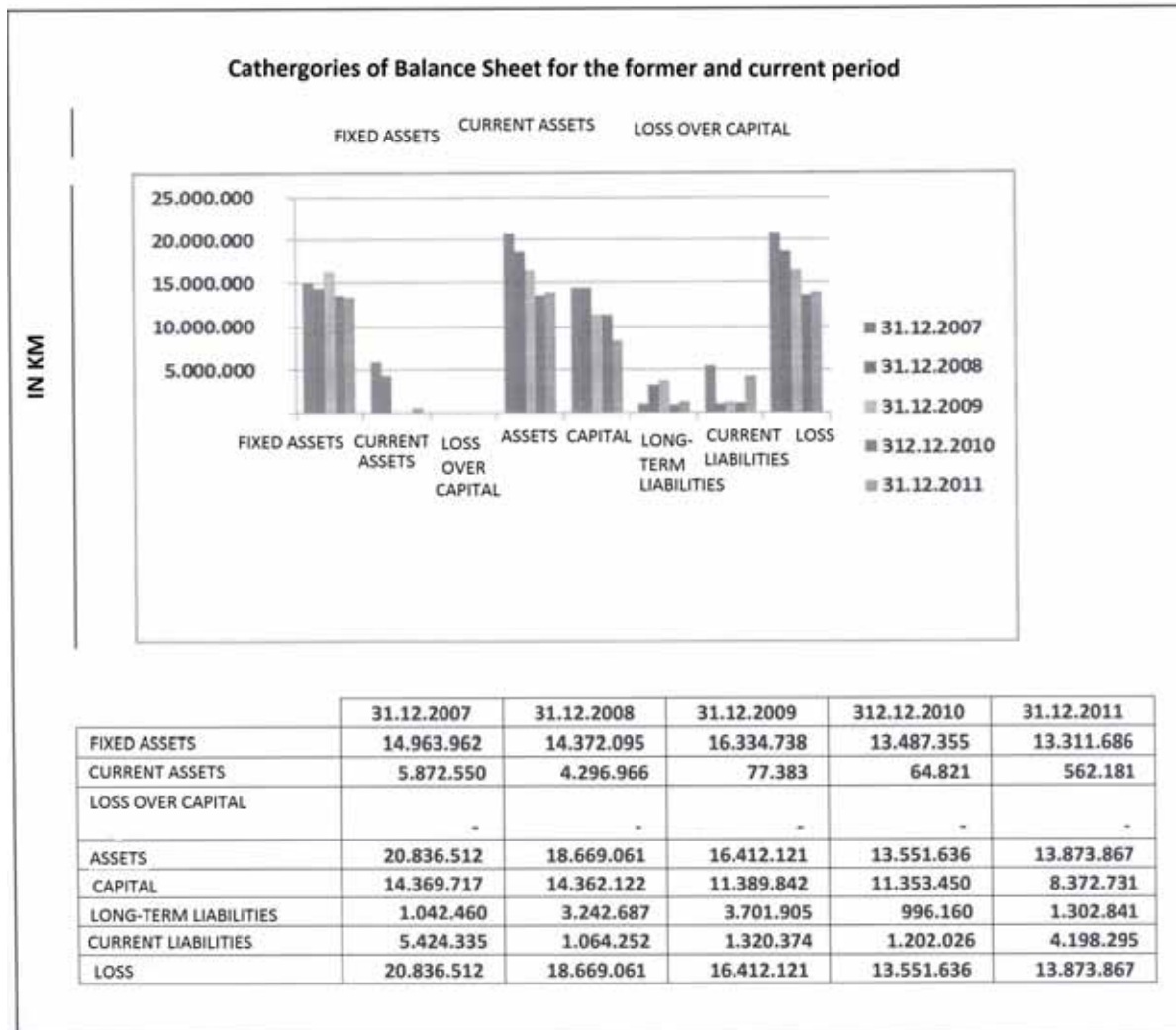
Šipad Export-Import d.d. had also been the co-founder and major owner of the following companies: Šipad "Fojnica" Fojnica, Šipad "Nova Pilana" Konjic, Šipad "Nova Pilana" Turbe, "Euromebel" d.o.o. Sarajevo and "Walter Enterprises" d.o.o. Sarajevo. Through these companies in its ownership, "Šipad Export Import" d.d. used to import equipment, spare-parts, raw-materials, repro-materials for forestry and wood industry, beauty products and high fashion products.

A Summary of the Company's Operations for the Period 2007 – 2011

Basic data on business operations i.e. the Company's Profit and Loss Accounts for the period between 2007 and 2011 are given in the Chart below:



Trends of balance positions within the Balance Sheets for the period between 2007 and 2011 are given in the Chart below:



BOSNA I HERCEGOVINA
FEDERACIJA BOSNE I HERCEGOVINE
AGENCIJA ZA PRIVATIZACIJU U
FEDERACIJI BOSNE I HERCEGOVINE

БОСНА И ХЕРЦЕГОВИНА
ФЕДЕРАЦИЈА БОСНЕ И ХЕРЦЕГОВИНЕ
АГЕНЦИЈА ЗА ПРИВАТИЗАЦИЈУ
У ФЕДЕРАЦИЈИ БОСНЕ И ХЕРЦЕГОВИНЕ

BOSNIA AND HERZEGOVINA
FEDERATION OF BOSNIA AND HERZEGOVINA
AGENCY FOR PRIVATIZATION IN
FEDERATION OF BOSNIA AND HERZEGOVINA

Alipašina 41, Sarajevo, Phones: +387 33 212 884, 218 550 Fax: + 387 33 212 883, e-mail: apfbih@bih.net.ba

BID FORM

for purchase of the state capital of the company

Šipad Export-Import d.d.
Sarajevo

December, 2012

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Schedule A – Declaration

To: Agency for Privatization in the Federation of Bosnia and Herzegovina

We, the undersigned hereby certify, acknowledge and agree as follows:

1. The undersigned is a legal entity duly organized, validly existing and in a good standing under the relevant law and has the full power and authority to submit this Bid and to perform its obligations hereunder. Submission of this Bid and performance by the buyer of the obligations set forth herein have been duly authorized by all corporate action on the part of the undersigned. The obligations contained in this Bid are legal, valid and binding obligations of the undersigned. No authorization, consent, approval, license, exemption or other action by or notice to or registration or filing with any governmental authority or administrative or regulatory body is required for submission of this Bid or performance of the obligations hereunder. Submission of this Bid and performance of the obligations hereunder does not conflict with any law, regulation or other restriction binding upon the buyer. The undersigned has been duly authorized to individually execute this Bid.
2. The undersigned has reviewed and understands the Direct Negotiations Rules. The undersigned has abided by and will continue to abide by the Tender Rules in all respects.
3. The undersigned has performed or has had an opportunity to perform all the due diligence on the Enterprise deemed necessary. For this purpose the services of professionals have been engaged that were deemed necessary in order to assist in performing such due diligence visit. The undersigned is submitting this sealed Bid based solely on its own independent investigations and findings and not relying upon any information provided by the Agency for Privatization in the Federation of Bosnia and Herzegovina, or by the latter's Advisers.
4. The undersigned has reviewed the Draft Share Purchase Agreement (SPA) contained in the Direct Negotiations Package. While amendments to SPA may be negotiated, the undersigned declares that such amendments will not affect the material elements of the Bid, i.e. the Bid price, future investments or employment commitments under the SPA.
5. Should the undersigned be selected as the Successful Bidder, the undersigned will promptly execute the SPA without alterations or modifications (except for those which shall be included into the SPA by the mutual agreement of the undersigned and the Seller).
6. The undersigned will abide the Confidentiality Statement signed during our Bid preparation.

7. The undersigned submits this sealed Bid with the understanding that it is irrevocable, and can not be withdrawn or cancelled by the undersigned for any reason, after 16.00 hours of Central European Time on January 21st 2013.
8. The undersigned confirms that its Bid will remain valid 180 (one hundred and eighty) days after the Bid Deadline.

Schedule A – Declaration	
Name and Surname	
Position (Title)	
Company name and address	
Signature	
Place and date	

Schedule B – Legal Authority

Attached to this Bid is evidence that:

- The Bidder is a legal entity, duly organized, validly existing and in a good standing under applicable law.
- The Bidder is legally registered in its country of origin.
- The Bidder meets all the conditions set forth in Art. 12 of the Law on Privatization of Enterprises (“Official Gazette of FBiH” Nos. 27/97, 8/99, 32/00, 45/00, 54/00, 61/01, 27/02, 33/02, 28/04, 44/04, 42/06 and 4/09), this being evidenced with the certified Declaration. If the Bidder is a Consortium, a notarized declaration by each member of the Consortium is required (text of declaration is provided as Exhibit to Schedule B).
- The Bidder has duly authorized submission of the Bid and performance of the obligations set forth therein by all company departments.
- The individual submitting the Bid on behalf of the Bidder has been duly authorized to do so.
- If the Bidder is a Consortium, a notarized Agreement on Establishment of the Consortium is required and the authority of the undersigned to act on behalf of Consortium.

Schedule B – Legal Authority	
Name and Surname	
Position (Title)	
Company name and address	
Signature	
Place and date	

To be attached:

1. *Court Register Excerpt*
2. *Evidence of legal authority*
3. *Certified declaration of meeting the conditions set forth in Art. 12 of the Law on Privatization of Enterprises*
4. *Consortium Agreement (in case a Bidder is a Consortium)*

Schedule C – The Participation Fee and the Deposit

The undersigned confirms a wire transfer from the bank account of the Bidder to the bank account of the Agency for Privatization in the Federation of Bosnia and Herzegovina in the amount of KM 5,000.00 as the Direct Negotiations Participation Fee, as well as KM 100,000.00 as the Bid Deposit pursuant to the provisions of the Section 8 of the Direct Negotiations Rules.

Schedule C – The Participation Fee and the Deposit	
Name and surname	
Position and (Title)	
Company name and address	
Signature	
Place and date	

(The evidence of wire transfer or bank guarantee to be attached)

Schedule D – Declaration of Funds

The undersigned encloses a declaration or another evidence of the source of funds for this Bid.

The Bidder further acknowledges and agrees that the Seller is entitled to make a full investigation into each and all of the proposed sources of funds for this Bid. The Bidder will provide full cooperation in such investigative activities.

Schedule D – Declaration of Funds	
Name and Surname	
Position (Title)	
Company name and address	
Signature	
Place and date	

(The Declaration of Funds to be attached)

Schedule E – The Bid

Note: Terms used in this document have the same meaning as defined in the Rules of Direct Negotiations. All amounts presented in the Bid shall be expressed in Bosnian Convertible Mark (KM) currency.

I) Price

The undersigned offers

_____ KM

(in words) _____ KM

For purchase of 66.5673% of total capital of the company “Šipad Export-Import” d.d. Sarajevo, i.e. 759,117 shares of the Company

II) Investment Commitment Plan

The undersigned offers to make Investments into the company “Šipad Export-Import” d.d. Sarajevo in the amount of

_____ KM

(in words) _____ KM

over the next three years according to its Investment Plan attached as the Exhibit 1 to the Schedule E.

(Investment Plan as Exhibit 1 to the Schedule E to be attached)

III) Employment Plan

The undersigned shall take over permanent employees of the Company for a three-year period as from the day the Share Purchase Agreement was executed and shall offer additional employment over the next three 3 (three) years according to the Employment Plan as detailed in the Exhibit 2 to the Schedule E.

(Employment Plan as Exhibit 2 to the Schedule E to be attached)

IV) Business Plan

The undersigned undertakes to implement its three-year Business Plan for the Company (based on the Investment Plan and Employment Plan – Exhibit 1 and Exhibit 2 to this Schedule E), including the projected Balance Sheets, projected Profit

and Loss Accounts and use of the sources of funds declared as presented in the Exhibit 3 to this Schedule.

(Business Plan according to Exhibit 3 to the Schedule E to be attached)

V) Qualifications of the Bidder

The undersigned presents supporting evidence (see Direct Negotiations Rules for more details) as Exhibit 4 to the Schedule E in regard of its qualifications for this Bid.

(Relevant documentation as Exhibit 4 to the Schedule E to be attached)

Schedule E – The Bid	
Name and surname	
Position (Title)	
Company name and address	
Signature	
Place and date	

Schedule F – The Share Purchase Agreement

The undersigned encloses the proposed changes to Draft Share Purchase Agreement.

Schedule F – The Share Purchase Agreement	
Name and surname	
Position (Title)	
Company name and address	
Signature	
Place and date	

(Draft Share Purchase Agreement with highlighted proposed changes to be attached to the Schedule F)

Exhibit to Schedule B

DECLARATION

I, the undersigned _____, duly authorized for representation of the entity subject of registration _____ (Legal Entity-Bidder) pursuant to the Decision on the registration of the company with the Court Register No. : _____ dated _____

do declare under the full moral, material and penal responsibility as follows:

- that _____ (The Bidder as a legal entity) is neither a company with unsettled liabilities toward Public Revenues for the previous reporting period, nor the Bidder is either the owner, or is being majorly owned by such a company.
- that I, _____, (The Bidder as a physical entity) have no unsettled liabilities set out in the Art. 12 of the Law on Privatization of Enterprises, and that I am neither an owner nor am I having major ownership of such a company.

Purpose of this Declaration is to serve as an evidence of the aforesaid and it is enclosed to the Offer for participation in the Public Invitation for Sale of 66.5673% state capital of the company "Šipad Export Import" d.d. Sarajevo, announced/ published in mass media on December 05th 2012, and it can not be used for any other purposes. Therefore I do sign this Declaration in person.

Place and date:

_____, _____/2012

Declaration signed by:

DRAFT

**SHARE PURCHASE AGREEMENT
ON SALE OF THE STATE CAPITAL
IN THE COMPANY
“ŠIPAD EXPORT IMPORT” d.d.
SARAJEVO**

between

**Agency for Privatization in the
Federation of Bosnia and Herzegovina**

and

(The Buyer)

Sarajevo,

AGREEMENT PARTIES

Agency for Privatization in the Federation of Bosnia and Herzegovina, with its seat in Sarajevo, Street Alipašina 41, represented by its Director Šuhret Fazlić (hereinafter referred to as **the Seller**)

and

registered in the Register _____, represented by a legally and validly empowered _____ (hereinafter referred to as **the Buyer**).

PART I

1. DEFINITIONS

For the purposes of this Agreement, the following terms shall have the meanings ascribed to them:

1.1 **"Party"** or **"Parties"** – shall mean the Buyer and the Seller, as "the agreement party or the agreement parties" as the context may require.

1.2 **"Company"** – the company subject of the privatization.

1.3 **"Shares/Stakes"** – the capital of the Company, owned by the Federation of Bosnia and Herzegovina being transferred to the Buyer pursuant to the terms of this Agreement.

1.4 **"Closing"** – a cumulative fulfillment of the following conditions: signing of the Agreement, payment of the purchase price, a submission of the guarantee for the Buyer's obligation arising from this Agreement, and a validity of the Decision on approval of registration of the executed privatization into the Court Register.

1.5 **"Purchase Price"** – a total amount which Buyer shall pay for the capital referred to under Item 1.3 of this Part I.

1.6 **"Investments"** – investments into the company by the Buyer not sourced out of the accounts of the company (Company) which is the subject of privatization, which will be realized through equipment and technology, working capital, adaptation of the existing and building new objects and other obligations determined by the Business Plan.

1.7 **"Investment Guarantee"** – a bank guarantee to be obtained by the Buyer by which the bank is obliged towards the Seller in case the Buyer failed to fulfill its

obligations arising from this Agreement, upon the Seller's request, to pay the amount of the guarantee.

1.8 **"Employment Plan"** – shall mean the obligation of the Buyer to maintain the specific level (number) of permanent employees in the Company, and/or to keep the existing number of employees, and/or to employ new employees according to provisions of this Agreement pursuant to the Employment Plan.

1.9 **"Financial Sources Statement"** – shall mean the Statement made and submitted according to Direct Negotiations Rules

1.10 **"Force Majeure"** – shall mean any event that the parties hereunder could not foresee and prevent and which makes the fulfillment of the obligations hereunder impossible. Such events might be wars, international embargo, civil riots, acts of nature, large scale fire, terrorist acts and similar events as provided by law.

1.11 **"Agreement Penalties"** – shall mean the agreed fine payable by the Buyer to the Seller in case of the Buyer's failure or delay in fulfillment of the Buyer's obligations toward the Seller.

2. THE OBJECTIVE OF THE AGREEMENT, INTENTIONS OF THE AGREEMENT PARTIES, DUE DILIGENCE AND CONTROL

2.1 **The Objective of the Agreement.** The objective of this Agreement is to provide efficient business activities and the growth of the Company through the sale of the Company's shares according to the regulations applicable to privatization and according to the obligations assumed by the Buyer pursuant to this Agreement.

2.2 **Intention of the Seller.** The Seller intends to sell the Company's capital and transfer it to the Buyer according to the provisions of this Agreement.

2.3 **Intention of the Buyer.** The Buyer intends to achieve ownership on the Company by buying the Company's capital and to create the conditions for the Company's successful operations and employment by fulfilling its obligations arising from this Agreement.

2.4 **Due Diligence.** The Buyer has performed, i.e. has been provided the opportunity for its own due diligence of the Company's legal status, property and business operations and other relevant documents, in order to get knowledge of the Company.

Accordingly, the Seller hereby states it has no knowledge of any impediments and/or latent risks that have not been mentioned in the documents presented to it.

2.5 **Compliance Review.** Compliance review i.e. control of the performed liabilities will be carried out according to the *Rules on Control of the Fulfilled*

Obligations arising from SPAs in Privatization Process in the Federation BiH (“Official Gazette of F BiH”, No. 52/09 and 5/11).

3. SUBJECT OF THE SALE AND TRANSFER OF THE OWNERSHIP RIGHTS

3.1. **Subject of Sale.** The subject of sale is the state capital making 66.5673% of the total stock capital of the Company “ŠIPAD EXPORT IMPORT” Stock Co. SARAJEVO, i.e. 759,117 Company shares.

The state capital referred to in the previous paragraph was determined on the basis of the Company’s Revised Opening Balance Sheet as of December 31, 2010. (Exhibit No.1)

3.2 **Transfer of the Ownership Rights.** Upon the Report on the executed privatization procedure the Seller shall issue the Decision on approval for registration of the conducted privatization in the Court Registry upon which the Buyer shall gain the right to register its ownership over the subject of sale.

3.3 **Right to withdraw from the Agreement** – Should the Buyer fail to pay the purchase price according to the provisions of this Agreement, it shall be deemed that the Buyer dropped the purchase of the subject of the sale and its deposit shall not be refunded.

Should the Seller exercise the right referred to in the previous paragraph, this shall not preclude its right to demand the compensation.

4. PURCHASE PRICE, DEADLINE AND PAYMENT

4.1 **Purchase price.** A total price of the capital offered for sale according to the Chapter 3. Item 3.1 (“**Purchase price**”) amounts toKM (in word.....).

The Buyer shall bear the bank fees.

4.2 **Deadline of Payment.** The Buyer shall pay the Seller a purchase price within 15 days as of the date on which this Agreement was signed.

4.3 **Payment.** The agreed amount referred to in the Item 4.1 hereof shall be paid by the Buyer through the remittance-form to the account of the Seller, at:

Bank: “INTESA SANPAOLO BANKA” d.d. Bosnia and Herzegovina

Account title: Agencija za privatizaciju u Federaciji BiH

For payment in KM

Account number: 154-001-2000050827.

For payment in EUR

IBAN: BA 39 154-001-2000050827.

ACC 53011204-037800

A money transfer document shall bear the Company name (the Company which is a subject of privatization), the name of the Buyer and the identification number/reference No. of the Seller (if any).

Along with the remittance form, the Buyer shall provide a notification (*avizo*) to the Seller indicating the amount, purpose, date of this Agreement and the aforementioned identification/reference number.

The payment shall be considered effected and received on the day when "INTESA SANPAOLO BANKA" d.d. Bosnia and Herzegovina had confirmed the receipt of the paid amount.

PART II

5. BUSINESS OBLIGATIONS

5.1 Business Plan. The Buyer shall manage the Company according to the attached Business Plan making integral part of the present Agreement (hereinafter: "Business Plan"), (Exhibit No. 2).

The Buyer shall maintain the existing business activity of the Company and manage its operations according to a good business practice and following the Business Plan covering 3 (three) years as from the date of execution of the present Agreement ("Business Plan Period").

The Buyer reserves the right to increase and/or modify the range of business activities within the Company and to manage the business operations in the best possible way so as to achieve a sound performance of the Company.

5.2 Disposal of Assets. During the period of this Agreement, the Buyer shall not cause nor enable, without prior approval from the Seller, that:

- a) the assets of the Company are sold, pledged, ceded, bestowed or swapped, except in cases when this would be reasonable in terms of business and in the interest of the Company.
- b) any other measures are taken leading to the same economic results mentioned under line a), apart from those consistent with reasonable economic judgment used to implement the Business Plan.

5.3 Plan Review and Modification. The Buyer shall meet with the Seller at least once a year, or more if necessary, during the Business Plan Period in order to assess the Business Plan progress.

If the Buyer proposes modification of the Business Plan, such modification may be made only upon a prior written consent of the Seller based on assessed justifiability of the proposed modification.

The Buyer shall further provide, for each meeting with the Seller, the documentation to the Seller in support to fulfillment of the Business Plan. The meetings will be organized upon invitation from the Seller and if required, upon invitation from the Buyer as well.

5.4 Sale and Transfer of the Company Shares-Stakes. The Buyer is not entitled to sell, pledge, cede, swap or bestow the Company’s shares/stakes referred to in the Chapter 3, Item 3.1 hereof to third parties until the Seller’s Confirmation is issued stating that all the obligations from this Agreement were fulfilled.

6. INVESTMENT OBLIGATION

6.1 Investment Obligation. The Buyer commits hereunder to make investments into the Company in total amount of ----- KM (in words.....) within years as from the date on which this Agreement is executed:

- Year 1:KM
- Year 2.....:KM
- Year 3..... KM

6.2 Financial Sources for Investments. Financial sources for investments shall be ensured by the Buyer.

Financial sources for investments shall be earmarked and used according to the Business Plan.

6.3 Proof of Investments. The Buyer shall for each meeting, i.e. after investment commitment becomes due, produce to the Seller a valid proof on the investments performed, as determined by the provisions of the *Rules on Control of the Fulfilled Obligations arising from SPAs in Privatization Process in the Federation BiH* (“Official Gazette of F BiH”, Nos. 52/09 and 5/11).

6.4 Delayed Fulfillment. Should the Buyer be in delay with fulfillment of any of its investment obligations, and should it in this regard it be allowed to execute an annex to the present Agreement, the Seller shall request fulfillment of such obligation(s) and payment of an Agreement Penalty by the Buyer.

The Agreement Penalty is agreed to amount 10% (in words: ten percent) of the investment that Buyer failed to make in due time.

The Agreement Penalty set out with these provisions the Seller may recuperate from the Guarantee for performance of buyer’s obligations.

Payment of the Agreement Penalties shall not relieve the Buyer from its obligation to make investments.

7. EMPLOYMENT OBLIGATION

7.1 Employment. The Buyer commits to maintain a specific level (number) of permanent employees in the Company and/or to retain the Company's existing employees and/or to hire the new employees in accordance with the provisions of this Agreement based upon the Employment Plan which makes the integral part of the Business Plan at least for a 3 (three) - year period as from the date this Agreement is executed, and to regulate the legal working status in compliance with the labor regulations.

7.2 Proof of Employment. The Buyer shall ensure upon any request from the Seller a valid proof of employed workers in accordance with provisions of the *Rules on Control of the Fulfilled Obligations arising from SPAs in Privatization Process in the Federation BiH* ("Official Gazette of F BiH", Nos: 52/09 and 5/11).

7.3 Delayed Fulfillment. Should the Buyer be in delay with employment obligations and in this regard be allowed to execute an Annex to this Agreement, the Seller shall claim the fulfillment of obligation(s) and the Agreement Penalty payable by the Buyer.

The Buyer is obliged for any delay of employment obligation according to the Employment Plan to pay the Seller the Agreement Penalty in the amount calculated by the following formula:

Number of employees x (multiplied) by a number of months x (multiply) the average paid monthly gross salary of the employees in the Federation BiH according to the last published data.

*Number of employees: Number of employees for whom the employment obligation was not fulfilled according to the Employment Plan.

*Number of months: The total number of months as from the first next day when the Employment Plan was supposed to be fulfilled for a specified period until the day determined by the Annex to the Agreement executed for fulfillment of this obligation.

The Seller may recuperate the Agreement Penalty set out pursuant to these provisions from the Guarantee for performance of buyer's obligations.

Payment of penalties shall not relieve the Buyer from its obligation to perform employment obligations.

8. GUARANTEE FOR PERFORMANCE OF BUYER'S OBLIGATIONS

For performance of its obligations arising from this Agreement, the Buyer shall provide the Seller with a bank guarantee, which must be unconditional, irrevocable and payable upon the first request from the Seller for the amount of.....KM (35% of the offered investments) and issued by the Bank acceptable to the Seller.

The bank guarantee shall cover the period at least 45 days beyond the deadline for performance of the Buyer's obligation(s) in respect of the period it refers to.

The authenticity of the bank guarantee shall be certified by the bank of the Seller. Obligations of the Buyer towards the Seller arising from this Agreement are in no way limited i.e. restricted by Guarantees for performance of buyer's obligations i.e. by the amount guaranteed therein.

9. OBLIGATION TO INFORM

9.1 Obligation of the Buyer to Inform the Seller. The Buyer shall inform the Seller in timely manner and not later than 15 days before expiry of a deadline for fulfillment of Buyer's obligation(s), in writing, on each failure to fulfill any of its obligations arising from this Agreement

The Buyer shall also inform the Seller, in writing, within 7 (seven) days at latest, of any facts and circumstances referring to the any of the events bellow:

- (a) change of the address of the Buyer, i.e. the Company
- (b) change of the main telephone number, fax number, e-mail address of the Buyer, i.e. the Company
- (c) buyout, takeover or purchase of all or substantially all previously privatized shares/stakes of the Company.
- (d) any bankruptcy or liquidation procedure launched against the Buyer, i.e. the Company
- (e) any other change relevant for realization of this Agreement.

9.2 Obligation of the Seller to Inform the Buyer. The Seller shall inform the Buyer, in writing, within 7 days at latest, on the following changes:

- (a) Change of the address of the Seller,
- (b) Change of the main telephone number, fax number, e-mail address of the Seller,
- (c) Any other changes relevant for realization of this Agreement.

PART III

10. REPRESENTATIONS AND GUARANTEES BY PARTIES

10.1 Representations and Guarantees of the Seller. The Seller hereby confirms and guarantees to the Buyer as stated hereunder, the following:

10.1.1 Organization. The Seller is duly organized and validly exists in accordance with the laws of the Federation of Bosnia and Herzegovina, having all legal authority to sell the subject of sale as per this Agreement.

10.1.2 Validity of the Agreement. This Agreement shall make the Seller's obligation valid and binding. The execution and implementation of this Agreement does not require a consent, approval or authorization from any other entity, public authority, therefore it is not in violation of, or in conflict with, nor it make any omission pursuant any law, rule or regulations of any authority upon which the subject of sale cannot be privatized.

10.1.3 Ownership Rights over the Shares/Stakes. The Seller has the right and authority to transfer the ownership right over the shares of the Company onto the Buyer on the date stipulated in the Part. 3, Item 3.2 hereunder.

10.1.4 Ownership Rights over the Real-Estate. In the Annex No. as Exhibit attached to this Agreement, is provided a list of all the real property with all pertaining rights in favor of the Company.

10.1.5 Organization and Goodwill of the Company. The Company is duly organized and validly exists in accordance with the laws of the Federation and Bosnia and Herzegovina, and, to the best of the Seller's knowledge, has the legal power, licenses and powers to carry out its business operations. The evidence of the Company registration is attached to this Agreement as the Exhibit No.

10.1.6 Information Provided by the Seller. All information provided by the Seller to the Buyer during negotiations is based on documentation and information disclosed by the Company.

10.1.7 Litigation. Litigations, based on the record kept by the Company, are listed in the Exhibit No.....attached to this Agreement.

10.1.8 Financial Statements. The financial statements of the Company for the period from.....to..... are attached to this Agreement as Exhibit No...

10.2 Representations and Guarantees of the Buyer. The Buyer hereby confirms and guarantees to the Seller as stated hereunder, the following:

10.2.1 Organizational-legal status. The Buyer is duly organized and validly existing according to laws of....., having all required legal authority to purchase the

subject of sale of this Agreement. The evidence of the Buyer's registration is attached to this Agreement as the Exhibit No.

10.2.2 Legal Validity of the Agreement. This Agreement represents a valid, binding and lawful obligation of the Buyer. The Buyer guarantees that the execution and implementation of this Agreement and the execution of transactions arising from this Agreement have been properly approved by an authorized body of the Buyer and no other agreement, approval, or authorization from any other person, any other Company body, public authority or legal entity is required.

10.2.3 Failures. The execution and implementation of this Agreement by the Buyer and execution of its obligations arising from this Agreement do not represent a breach or violation, nor are they in conflict with, or make omission pursuant any law, rule or regulations of any government authority or court, i.e. the conditions or provisions stipulating partnership, or the Statutes of the Buyer, i.e. any agreement, license, or any other instrument, written or oral, in which the Buyer is one of the parties involved.

10.2.4 Court disputes. As on the date of this Agreement, there are no cases, disputes, litigations or governmental investigation i.e. interrogation ongoing or which as to the best knowledge of the Buyer are threatening the Buyer or any of its subsidiaries i.e. their pertaining property, assets, operations and business activities, which may prevent the Buyer from fulfilling its obligations and/or implementation of any transactions envisaged by this Agreement.

10.2.5 Financing. The Buyer hereby gives assurances it has sufficient funds, i.e. ensured credit lines, to effect payment of the purchase price, to fulfill its investment obligations and carry out other transactions envisaged by this Agreement, including but not limited to execution of the intended activities. The statement of the Buyer's financial availability is attached to this Agreement as the Exhibit No.....

PART IV

11. ECOLOGY

11.1 Indemnity for Environmental Damage. The Seller shall not under any conditions be held responsible for any environmental damage. Any such responsibility is the responsibility of the Buyer and of the Company.

11.2 Responsibility of the Buyer. The Buyer shall be fully responsible for managing the Company assets pursuant to the laws and other regulations applied to protection of the environment. The Buyer shall be responsible for all environmental damages resulting from managing the assets owned by the Company and its subsidiaries.

12. RESPONSIBILITY AND *FORCE MAJEURE*

12.1 **Responsibility.** The Buyer and the Seller are responsible for fulfillment of the obligations arising from this Agreement and from the appropriate regulations.

12.2. ***Force Majeure.*** Implies any event that could not have been foreseen and prevented by the contractual parties, and which impedes the execution of obligations arising from this Agreement. Such events can include wars, international embargoes, civil uprisings, natural disasters, large-scale fires, acts of terrorism, etc. as envisaged by law.

Strikes shall not be deemed *Force Majeure* situations.

In case of failure to perform obligations caused by these events, there is no responsibility of the contractual parties.

13. CESSATION OF THE AGREEMENT

13.1 **Cessation of the Agreement by Fulfillment.** This Agreement shall cease with fulfillment of the agreed obligations i.e. after the period envisaged for fulfillment of the contractual obligations of and by both parties expires.

After the Buyer fulfils all its obligations arising from this Agreement, the Seller shall issue the Buyer an appropriate certificate.

13.2 Termination of the Agreement.

(a) Termination of the Agreement by the Seller

The Seller is entitled to terminate this Agreement if the Buyer failed to fulfill its obligations, in which case the Seller is also entitled to retain all the payments received from the Buyer, including the receipts arising from guarantees, and to claim indemnification for incurred damage;

(b) Termination of the Agreement by the Buyer:

The Buyer is entitled to terminate this Agreement if the Seller failed to fulfill its obligations

PART V

14. JURISDICTION

14.1 Litigations. The parties agree to make maximum effort in order to solve any disagreement, i.e. dispute related to this Agreement through discussion and mutual compromise.

14.2 Court of Jurisdiction. Any dispute or disagreement, including but not limiting to anything that refers to or is connected to interpretation of this Agreement, its validity, its termination or to whether a contractual Party has fulfilled its obligations arising from the Agreement, that cannot be solved through negotiations in good faith between the parties, shall be solved by the court of jurisdiction in the place where this Agreement is executed.

15. CLOSING PROVISIONS

15.1 Confidentiality. Prior to transfer of shares/stakes, the Buyer shall keep strictly confidential all the information and documents received from the Seller and the Company, and the Buyer is obliged not to disclose such information to any other person (apart from its employees, agents, and representatives in order to perform "due diligence" in connection with the subject of this Agreement). In case the purchase foreseen by this Agreement does not materialize, the Buyer shall return to the Seller and the Company all received documents including copies thereof.

15.2 Entire Agreement. This Agreement and all enclosures, indicators, maps, addendums, exhibits and annexes, if indicated as such herein, constitute the Entire Agreement.

15.3 Modifications and Amendments to the Agreement. Modifications and amendments to this Agreement shall not be valid unless made as the Annex to the Agreement, in writing, and signed by the contractual parties.

With an Annex to the Agreement are stipulated also the elements referring to Guarantees and the Agreement Penalties.

Modifications and amendments to the Agreement can in no case be made so that the contractual parties give up any crucial element of the Agreement related to the amount of funds earmarked for investments, or to the number of employees agreed by the Buyer pursuant to the Employment Plan.

15.4 Severability. Should any of the provisions of this Agreement be or will become invalid, the validity of other provisions of this Agreement will remain uncompromised. In such case, the invalid provision should be replaced with a legally valid provision which would be as close as possible to the economic effect of the invalid provision.

15.5 **Applicable Law.** This Agreement shall be interpreted in accordance with the laws and regulations applicable on the territory of Bosnia and Herzegovina.

15.6 **Costs and Fees.** All costs and fees arising from execution and implementation of this Agreement, particularly without limitation, public notary costs and registration fees, shall go at expense of the Buyer. Each Party shall bear its own costs related to its respective consultancy services received.

15.7 **Communication.** All notifications, requests and information that one party needs to send to the other as per this Agreement shall be in written form and shall be delivered through courier or by mail with certified receipt on the following addresses:

Seller: **Agencija za privatizaciju u Federaciji Bosne i Hercegovine**
Address: Alipašina 41, Sarajevo, Bosna i Hercegovina
E-mail: apfbih@bih.net.ba
Phones: ++387 33 212 884, 212 885
Fax: ++387 33 212 883

Buyer: ""
Address:
E-mail:
Phones:
Fax: :

Contact person:

15.8 **Copies.** This Agreement is made in four identical copies (in Bosnian and English language). Each party shall receive two copies of the Entire Agreement with each page initialed.

AGREED AND ACCEPTED

No.
Sarajevo,

SELLER

BUYER

LIST OF ENCLOSURES: