

Pursuant to Article 28 of the Law on Privatization (Official Gazette of the Republic of Serbia No. 38/2001, 18/2003, and 45/2005), Government Resolution on establishing Public Enterprise for publishing textbooks and teaching material 05 No. 023-3215/2006 dated May 25, 2006 (Official Gazette of the Republic of Serbia No. 44/2006), and Government Resolution on Amendments to the Resolution on establishing Public Enterprise for publishing textbooks and teaching material 05 No. 023-3215/2006-3 dated December 21, 2006 (Official Gazette of the Republic of Serbia No. 114/2006), Privatization Agency, Republic of Serbia (hereinafter: the "Agency") hereby issues:

PUBLIC INVITATION

for participation in a public tender for sale of 25% of the total registered capital in

JAVNO PREDUZECE "ZAVOD ZA UDBENIKE"

Belgrade, Obilicev venac 5

(hereinafter: "Entity undergoing privatization")

Tender Code: **ZU 09/07**

1. Total registered capital of the Entity undergoing privatization consists of 100% state owned capital.
2. The Agency is offering for sale 25% of the total registered capital of the Entity undergoing privatization.
3. Basic Data about the Entity undergoing privatization:

Address: Obilicev venac 5, Belgrade, Republic of Serbia

Phone: 381-11-328 1143; 381-11-328 1822; 381-11-328 2124

Fax: 381-11-637 426

Core activity: 22110 Publishing books, brochures, musical books and other publications

Further information on the Entity undergoing privatization is available at:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_24583.pdf

Detailed information on the Entity undergoing privatization, as well as the Instructions to Bidders (hereinafter: the "Tender Documents") shall be available to all interested tender participants upon signing the Confidentiality Agreement and payment of the Tender Documents Fee.

The Tender Documents Fee is EUR 6,000 (Euro six thousand).

The Privatization Agency has appointed Beoconex d.o.o. Belgrade, to act as the advisor in this privatization process (hereinafter: the "Consultant").

4. A bid may be submitted by:

A. An interested bidder that fulfils the following requirements:

- it has purchased the Tender Documents, and
- as at the Bid Submission Date, it fulfils at least one of the following conditions:

either

- a) it has been engaged in publishing and/or printing of books, brochures, etc. for the last 3 operating years in continuity and generated total revenues of at least EUR 5,000,000 (Euro five million) in 2006.

or

- b) Is a Financial Investor (a legal entity whose core business is investment of money that exists at least 3 years, and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 20,000,000 (Euro twenty million) in 2006;

or

- c) Is an investor that achieved operating revenues in excess of EUR 10,000,000 (Euro ten million) in 2006;

or

- d) The investor is a natural person that owns assets to the value of at least EUR 10,000,000 (Euro ten million)

If a potential 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 a bid if it fulfils the stated requirements. The subsidiary has the right to submit a bid if the parent company has purchased the Tender Documents.

If a potential 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 a bid if it fulfils the stated requirements. The Parent company has the right to submit a bid if its subsidiary has purchased the Tender Documents.

B. If a potential bidder is a Consortium it must fulfill the following requirements:

- All consortium members made a Decision on organizing and entering into Consortium;
- All consortium members have entered into a written Consortium Agreement and such agreement has been duly notarized with the court, or other competent body (in case of foreign legal entities and natural persons);
- Each consortium member assumes unlimited joint and several liability under the Consortium Agreement;
- Consortium Agreement specifies each member's percentage in 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 a Confidentiality Agreement;
- At least one of the consortium members has purchased the Tender Documents; and
- One consortium member has over 50% stake in the Consortium (hereinafter: "Consortium Leader") and fulfils at least one of the following requirements:

either

- a) it has been engaged in publishing and/or printing of books, brochures, etc. in the last 3 operating years in continuity and generated total revenues of at least EUR 5,000,000 (Euro five million) in 2006.

or

- b) Is a Financial Investor (a legal entity whose core business is investment of money that exists at least 3 years, and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 20,000,000 (Euro twenty million) in 2006;

or

- c) Is an investor that achieved operating revenues in excess of EUR 10,000,000 (Euro ten million) in 2006;

or

- d) The investor is a natural person that owns assets to the value of at least EUR 10,000,000 (Euro ten million)
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 **April 27, 2007**.

The Tender Documents will be available to interested parties from April 20, 2007.

A written request for purchasing the Tender Documents shall be sent to the Consultant and the Agency by mail, e-mail or facsimile, to the address stated below, with clearly displayed reference "Request for purchasing the Tender Documents – Tender Code: **ZU 09/07**".

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

Upon receiving the signed Confidentiality Agreement, evidence of the power of attorney for the person that signed the Confidentiality Agreement, and evidence of payment of the Tender Documents Fee, the Consultant shall forward the relevant Tender Documents to the Tender Participant by mail/e-mail, or hand it to its authorized representative.

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 binding offers for acquisition of 25% of the total registered capital of the Entity undergoing privatization by interested bidders is **May 25, 2007, by 17:00h** (Belgrade time).

As a prerequisite for submitting a bid, it is necessary to pay a deposit or submit a Bid Bond in the amount of EUR 3,000,000 (Euro three million).

If necessary, the Privatization Agency reserves the right to change any and all elements of this Public Invitation.

7. All questions relating to this Public Invitation should be directed to contact persons listed below, in Serbian or English.

Beoconex d.o.o
Zahumska 71
11000 Belgrade
Republic of Serbia

Miodrag Tatarevic, Director
e-mail: office@beoconex.com
Phone: +381 11 3088103
Fax: +381 11 3088105

Privatization Agency, Republic of Serbia
Terazije 23
11000 Belgrade
Republic of Serbia

Jovan Ilijic, Project Manager
e-mail: jilijic@priv.yu
Phone: +381 11 30 20 855
Fax: +381 11 30 20 816