

Pursuant to Article 28 of the Law on Privatization (Official Gazette of the Republic of Serbia No. 38/2001, 18/2003, and 45/2005),

PRIVATIZATION AGENCY
(hereinafter: the "Agency")
issues this:

Public Invitation

for participation in a public tender
for the sale of 70% of the total registered capital of the company:

Akcionarsko drustvo "Vencac", rudnici i industrija mermera i granita, Arandjelovac
(hereinafter: the "Entity undergoing privatization")

Tender Code: VEN 21/06

1. Total registered capital of the Entity undergoing privatization consists of 70% of share capital, property of the Share Fund of the Republic of Serbia, and 30% of share capital owned by minority shareholders.
2. The Agency is offering for sale 70% of the total registered capital of the Entity undergoing privatization, a leading domestic producer of marble and granite.
3. Basic Data about the Entity undergoing privatization:

Address: Venčački put bb, 34400 Arandjelovac, Republic of Serbia
Phone: +381(34) 727-622
Fax: +381(34) 727-359
Operating activity: extraction of stone for construction industry

Further information on the Entity undergoing privatization is available at:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_30.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 **BDO BC Excel** 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
- It fulfills at least one of the following conditions:

either

a) its core activity is extraction of stone for construction industry, or manufacturing concrete, cement or plaster products, or cutting, shaping and processing of stone, and it has been engaged in this activity for at least the last 3 operating years in continuity,

or

b) It is a Financial Investor (a legal entity whose core business is investment of money, which exists for at least the last 3 operating years, and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 100.000.000 (Euro one hundred million) in 2005,

or

c) It is an investor that achieved operating revenues in excess of EUR 30.000.000 (Euro thirty million) in 2005.

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 fulfills the stated requirements. The subsidiary that fulfills the above stated requirements 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 fulfills the stated requirements. The Parent company that fulfills the above stated requirements 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 cumulatively fulfill the following requirements:

- All consortium members made a Decision on forming 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
- Consortium fulfills at least one of the following requirements:

either

a) one or more consortium members whose total cumulative share in consortium is at least 51%, have been engaged in extraction of stone for construction industry, or manufacturing concrete, cement or plaster products, or cutting, shaping and processing of stone for at least the last 3 operating years in continuity,

or

b) one consortium member has more than 51% of total share in consortium (majority consortium member) and such member is a Financial Investor (a legal entity whose core business is investment of money, which exists for at least the last 3 operating years, and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 100.000.000 (Euro one hundred million) in 2005,

or

- c) one consortium member has more than 51% of total share in consortium (majority consortium member) and such member is an investor that achieved operating revenues in excess of EUR 30.000.000 (Euro thirty million) in 2005.

5. The Agency hereby invites all interested parties to submit a written request for purchasing the Tender Documents of the Entity undergoing privatization, **by October 11, 2006**.

The Tender Documents will be available to interested parties from September 22, 2006.

A written request for purchasing the Tender Documents shall be sent to the Consultant by mail, e-mail or facsimile, with clearly displayed reference „Request for purchasing the Tender Documents – Tender Code: **VEN 21/06**“.

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 post, e-mail or facsimile. The signed Confidentiality Agreement shall be immediately faxed and mailed back to Consultant at the address stated below.

Upon receipt of the signed Confidentiality Agreement, evidence of the power of attorney for the person signing 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 upon the expiry of the deadline set out in paragraph 2 of this Clause.

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 acquisition 70% of the total registered capital of the Entity undergoing privatization by interested bidders is **November 1, 2006, by 17:00h (Belgrade time)**.

If necessary, the Agency reserves the right to change terms and conditions from this Public Invitation. As a prerequisite for submitting a bid, it is necessary 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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