

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:

PUBLIC INVITATION

for participation in a public tender
for the joint sale of 100.00% of the registered socially owned capital of the following companies:

Zorka - Holding akcionarsko drustvo u restrukturiranju Sabac

Zorka - Obojena metalurgija akcionarsko drustvo za proizvodnju i preradu cinka, Sabac, u restrukturiranju

and

Zorka - Mineralna đubriva akcionarsko drustvo za proizvodnju mineralnih đubriva, Sabac, u restrukturiranju

(hereinafter collectively: the "Entities undergoing privatization")

Tender Code: ZOR 16/07

1. Total registered capital of **Zorka - Holding a.d. u restrukturiranju Sabac** consists of 99.04% of the socially owned capital and 0.96% of the share capital.

Total registered capital of **Zorka - Obojena metalurgija a.d. u restrukturiranju Sabac** consists of 69.80% of the socially owned capital, 30.00% of the capital owned by Zorka - Holding, and 0.20% of the share capital

Total registered capital of **Zorka - Mineralna đubriva a.d. u restrukturiranju Sabac** consists of 49.26% of the socially owned capital, 49.27% of the capital owned by Zorka - Holding, and 1.47% of the share capital.

2. The Agency is offering for sale 100.00% of the registered socially owned capital of the Entities undergoing privatization.
3. Basic Data about the Entities undergoing privatization:

3.1. Zorka - Holding a.d. u restrukturiranju

Address: Hajduk Veljkova 1, 15000 Sabac, Republic of Serbia
Phone: +381(15) 325 125
Fax: +381(15) 332 744
Core activity: Holding activities

3.2. Zorka - Obojena metalurgija a.d. u restrukturiranju

Address: Narodnih heroja 1, 15000 Sabac, Republic of Serbia
Phone: +381(15) 321 331
Fax: +381(15) 325 605
Core activity: Production of zinc

3.3. Zorka - Mineralna djubriva a.d. u restrukturiranju

Address: Narodnih heroja 1, 15000 Sabac, Republic of Serbia
Phone: +381(15) 324 780
Fax: +381(15) 324 828
Core activity: Production of artificial fertilizers and nitrogen compounds

Further information on the Entities undergoing privatization is available at:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_410.pdf

Detailed information on the Entities undergoing privatization, as well as the Instructions to Bidders (hereinafter: the "Tender Documents") shall be 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 (Euro six thousand).

The Privatization Agency has appointed **BC Consulting 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
- It fulfills at least one of the following conditions:

either

a) it has been engaged in production and/or trade of artificial fertilizers and nitrogen compounds **and/or** production and processing and/or trade of nonferrous metals for at least the last 3 operating years in continuity; **and** in 2006, it generated operating revenues of at least EUR 5,000,000 (Euro five million)

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 in continuity, and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 50.000.000 (Euro fifty million) in 2006,

or

c) It is an investor that generated operating revenues in excess of EUR 15.000.000 (Euro fifteen million) in 2006.

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.

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.

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 Entities 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
- At least one consortium member with at least 30% share in the consortium fulfills one of the following requirements:

either

a) it has been engaged in production and/or trade of artificial fertilizers and nitrogen compounds **and/or** production and processing and/or trade of nonferrous metals for at least the last 3 operating years in continuity; **and** in 2006, it generated operating revenues of at least EUR 5,000,000 (Euro five million)

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 in continuity, and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 50.000.000 (Euro fifty million) in 2006,

or

c) It is an investor that generated operating revenues in excess of EUR 15.000.000 (Euro fifteen million) in 2006.

5. The Agency hereby invites all parties interested in participating in the tender to submit a written request for purchasing the Tender Documents of the Entities undergoing privatization, **by July 20, 2007.**

The Tender Documents will be available to interested parties from July 04, 2007.

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: **ZOR 16/07**".

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 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 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 the final binding offers for acquisition of 100% of the registered socially owned capital of the Entities undergoing privatization by the bidders is **September 7, 2007, by 17:00h (Belgrade time)**.

If necessary, the Agency reserves the right to change any and all elements of 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 250.000 (Euro two hundred and fifty thousand).

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

Nikica Kolundžija

Director

BC Consulting d.o.o.

Knjeginje Zorke 2

11000 Belgrade

Republic of Serbia

Phone: +381 11 308 22 01

Fax: +381 11 308 22 07

E-mail: nikica.koludzija@bcconsulting.co.yu

Jovan Ilijic

Project Manager

Privatization Agency

Terazije 23

11000 Belgrade

Republic of Serbia

Phone: +381 11 30 20 855

Fax: +381 11 30 20 816

E-mail: jilijic@priv.yu