

Based on Articles 28, 69, 70 and 72 of the Law on Privatization ("Official Gazette RoS", No. 38/2001, 18/2003, and 45/2005), Article 9 of the Law on the Privatization Agency ("Official Gazette RoS", No. 38/2001, and 135/2004), and Articles 9 and 10 of the Law on the Share Fund ("Official Gazette RoS", No. 38/2001, and 45/2005), the Privatization Agency (hereinafter: "Agency") issues this:

**PUBLIC INVITATION  
for participation in the public tender  
for sale of 31,066 shares CFI-code: ESVUFR, ISIN-number: RSZAVRE49864, nominal value  
3,000.00 dinars (hereinafter: "Block of Shares") owned by the Share Fund and the PIO Fund,  
amounting to 40.20552% of total capital of the company:**

**Specialized Welding Company "Zavarivac" jsc.  
Vranje, Radnicka 7  
(hereinafter: "Company")**

Tender Code: **ZVR 24/07**

1. Total registered capital of the Company consists of 30.20526% capital owned by the Share Fund of the Republic of Serbia, 10.00026% owned by the PIO Fund, 59.77118% owned by individual shareholders (legal entities and natural persons), and 0.02330% in a custody account.
2. The Agency is offering for sale the Block of Shares CFI-code: ESVUFR, ISIN-number: RSZAVRE49864, which consists of 31,066 shares with nominal value of 3,000.00 dinars, of which 23,339 shares are owned by the Share Fund of the Republic of Serbia, and 7,727 shares are owned by the PIO Fund of the Republic of Serbia, jointly representing 40.20552% of the total capital of the Company.
  - 2a. **The Bidder is obliged to offer the price per share for all Company shares, given that after the ranking of received bids, the Share Fund shall invite individual shareholders to join their shares to the shares in the Share Fund portfolio, i.e. to the Block of Shares, with the goal to form a majority block of shares.**
3. Information about the Company:

Seat: Radnicka St. 7, 17500 Vranje, Republic of Serbia  
Phone: +381(17) 424-049  
Fax: +381(17) 431-140  
Core Activity: Production of metal constructions and parts of constructions

More data about the Company can be found at the Internet address:

[http://www.priv.yu/pregled\\_preduzeca/pdf/e-teaser\\_775.pdf](http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_775.pdf)

More details about the Company, as well as the Instruction to Bidders (hereinafter: "Tender Documents") shall be available to all interested tender participants after the signing of the Confidentiality Agreement and payment of the Tender Documents Fee.

The Tender Documents Fee is EUR 6,000.00 (Euro six thousand).

The Agency has appointed "**Dil Inženjering Konsalting**" d.o.o., Belgrade, as the consultant in this privatization procedure (hereinafter: "Consultant").

4. A bid may be submitted by:

A. An interested bidder who fulfills the following conditions:

- it has purchased the Tender Documents, and
- it has been engaged in production of standard metal products, except machines and devices, it has been engaged in this activity for at least the last 3 consecutive business years, and achieved operating revenues of not less than EUR 10,000,000 (Euro ten million) in 2006;

If the interested bidder is a parent company that does not fulfill conditions from this clause of the Public Invitation, its subsidiary has the right to submit the bid, if it fulfills these conditions. The subsidiary that fulfills above mentioned conditions also has the right to submit the bid if the parent company purchased the Tender Documents.

If the interested bidder is a subsidiary that does not fulfill the conditions from this clause of the Public Invitation, its parent company has the right to submit a bid, if it fulfills these conditions. The parent company that fulfills above mentioned conditions also has the right to submit the bid if the subsidiary purchased the Tender Documents.

B. If the interested bidder is a Consortium, it must cumulatively fulfill the following conditions:

- All Consortium members have passed the Decision on organizing and entering the Consortium,
- All Consortium members have concluded a written Consortium Agreement and certified it with the Court, i.e. other competent body (in the case of foreign legal entities and natural persons),
- Each Consortium member assumed unlimited joint and several liability by the provisions of the Consortium Agreement,
- The Consortium Agreement specifies each Consortium member's percentage in the acquisition of the capital of the Entity undergoing privatization,
- All Consortium members have signed a certified Power of Attorney for the member representing the Consortium,
- All Consortium members have signed the Confidentiality Agreement,
- At least one member of the Consortium has purchased Tender Documents,
- One Consortium member with a minimum share in the Consortium of 51% must fulfill the following condition:
  - it has been engaged in production of standard metal products, except machines and devices, it has been engaged in this activity for at least the last 3 consecutive business years, and achieved operating revenues of not less than EUR 10,000,000 (Euro ten 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 for the Company, no later then by **9 November 2007 by 4.30 p.m.** (Belgrade time).

**Tender Documents will be available to interested parties from 8 October 2007.**

Written requests for purchasing the Tender Documents shall be submitted to the Consultant by mail, e-mail, or fax, clearly marked "Request for Purchasing the Tender Documents – Tender Code: **ZVR 24/07**".

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

Upon receipt of the signed Confidentiality Agreement, the proof of authorization for the person who signed the Confidentiality Agreement, and the proof of payment of the Tender Documents Fee, the

Consultant shall, after the lapse of the deadline from Paragraph 2 of this Clause, deliver the Tender Documents to the tender participant by mail/e-mail or hand it to its authorized representative.

The Consultant and the Agency shall not be liable in case of loss or delay that may occur in delivery of any document.

6. The deadline for submitting final binding offers for purchase of 40.20552% of the total capital of the Company by interested bidders is **7 December 2007 at 4.30 p.m.** (Belgrade time).

If necessary, the Privatization Agency retains the right to change any and all elements (conditions and deadlines) of this Public Invitation.

As a prerequisite for submitting a bid, it is required to pay deposit or to submit a Bid Bond in the amount of EUR 50,000 (Euro fifty thousand).

7. For any questions pertaining to this Public Invitation, please contact persons listed below, in the Serbian or the English language.

**Dil Inzenjering Konsalting d.o.o.**

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