

Based on Articles 28 and 69 Paragraph 3, of the Privatization Law ("Official Gazette RoS", No. 38/2001, 18/2003 and 45/2005), Article 9 of the Privatization Agency Law ("Official Gazette RoS", No. 38/2001 and 135/2004), Article 9 of the Shares Fund Law ("Official Gazette RoS", No. 38/2001 and 45/2005) and the Decision of the Government of the Republic of Serbia No. 023-8503/2006 on 14 September 2006, the Privatization Agency (hereinafter: "Agency") issues this:

PUBLIC INVITATION

for participation in a public tender
for sale of 39,703 shares CFI-code: **ESVUFR** ISIN-number: **CSMVCAE65011** nominal value
3,000 dinars and 28,086 shares CFI-code: **ESVTFR** ISIN-number: **CSMVCAE98954** nominal value
3,000 dinars, jointly representing 51.05439% of the total equity of the company (hereinafter "Block
of Shares"):

"MAJEVICA HOLDING"
Joint Stock Company, Backa Palanka, Severni Salas bb
(hereinafter: "Company")

Tender Code: **MAJ 24/06**

1. Total registered capital of the Company consists of 21.15260% capital owned by the Republic of Serbia, 19.79545% capital owned by the Shares Fund of the Republic of Serbia, 6.56886% capital owned by the PIO Fund, 3.53748% capital owned by the Republic of Serbia Development Fund and 48.94561% capital owned by individual shareholders (legal entities and natural persons).

2. The Agency is offering for sale a Block of Shares consisting of 39,703 shares CFI-code: **ESVUFR** ISIN-No: **CSMVCAE65011** nominal value 3,000 dinars, of which the Shares Fund of the Republic of Srbija owns 26,284 shares, the PIO Fund owns 8,722 shares and the Republic of Serbia Development Fund owns 4,697 shares and 28,086 shares CFI-code: **ESVTFR** ISIN-No: **CSMVCAE98954** nominal value 3,000 dinars owned by the Republic of Serbia, jointly representing 51.05439% of the total equity of the Company.

3. Basic Company Data:

Address: Severni Salas bb, 21400 Backa Palanka, Republic of Serbia

Phone: +381(21) 751-388

Fax: +381(21) 743-015

Core business activity: Wholesale and retail of other material for reproduction

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

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_10504.pdf

More detailed data 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) in dinar countervalue, as per mean rate of the National Bank of Serbia on the day of invoicing.

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

4. A bid may be submitted by:

A. Potential bidder that fulfils the following requirements:

- that it has purchased the Tender Documents and
- that it fulfills at least one of the following conditions:

either

a) that it has either been engaged in production of machines for agriculture and forestry and/or casting of metal for at least the last 3 business years in continuity, and that it has achieved operating revenue of no less than EUR 3,000,000 (Euro three million) in 2005;

or

b) is a financial investor (legal entity whose core activity is investing money, which exists at least the last 3 business years 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 2005;

or

c) is an investor who achieved operating revenue in excess of EUR 5,000,000 (Euro five million) in 2005;

If a potential bidder is a parent company that does not fulfill the requirements set out in this clause of the Public Invitation, its subsidiary may submit a bid if it fulfils these requirements. The subsidiary that fulfils 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 set out in this clause of the Public Invitation, its parent company may submit a bid if it fulfils these requirements. The parent company that fulfils the above stated requirements has the right to submit a bid if its subsidiary has 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 member's percentage in the acquisition of the capital of the Company, provided that at least one Consortium Member has no less than 51% share in the Consortium (hereinafter "Consortium Leader")
- 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,
- The Consortium Leader fulfills at least one of the following conditions:

either

a) that it has either been engaged in production of machines for agriculture and forestry and/or casting of metal for at least the last 3 business years in continuity, and that it has achieved operating revenue of no less than EUR 3,000,000 (Euro three million) in 2005;

or

b) is a financial investor (legal entity whose core activity is investing money, which exists at least the last 3 business years 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 2005;

or

c) is an investor who achieved operating revenue in excess of EUR 5,000,000 (Euro five million) in 2005.

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 than by **24 November 2006**.

Tender Documents will be available to interested parties from 10 November 2006.

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: **MAJ 24/06**".

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 Block of Shares by interested bidders is **22 December 2006 at 5 p.m.** (Belgrade time).

If necessary, the Privatization Agency retains the right to change 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, interested parties may contact persons listed below, in the Serbian or the English language.

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