

Based on Articles 28 and 69 of the Law on Privatization ("Official Gazette of the RoS", Nos. 38/2001, 18/2003 and 45/2005), and Articles 8 and 9 of the Law on the Share Fund ("Official Gazette of the RoS", Nos. 38/2001 and 45/2005), the Privatization Agency (hereinafter: "Agency") issues this:

### **PUBLIC INVITATION**

For participation in the Public Tender for  
sale of 100% of the total socially owned capital and  
100% of the capital owned by Development Fund of the Republic of Serbia in the Company:

«Novosadska fabrika kabela»  
Akcionarsko društvo za proizvodnju kablova i provodnika, Novi Sad  
- in restructuring  
(hereinafter: "Entity undergoing privatization")

Tender Code: NOV 14/07

1. The total registered capital of the Entity undergoing privatization consists of: 87.29% of the socially owned capital; 5.78% of the capital owned by Development Fund of the Republic of Serbia; 5.78% of the capital owned by Erste Bank AD, Novi Sad, and 1.15% of the capital owned by DDOR AD, Novi Sad (insurance company).
2. The Agency is offering for sale 100% of the socially owned capital of the Entity undergoing privatization and 100% of the capital owned by Development Fund of the Republic of Serbia (consisting of 150 shares with CFI code: ESVUFR ISIN number: RSNVKE 15032), aggregately representing 93.07% of the total capital of the Entity undergoing privatization.
3. Details about the Entity undergoing privatization:

Address: Industrijska bb, 21 000 Novi Sad, Republic of Serbia  
Tel: +381(21) 442 852  
Fax: +381(21) 443 371  
Industry: production of insulated wires and cables.

More details about the Entity undergoing privatization are available at

[http://www.priv.yu/pregled\\_preduzeca/pdf/e-teaser\\_3271.pdf](http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_3271.pdf)

Detailed information on the Entity undergoing privatization along with the Instructions to Bidders (hereinafter: the "Tender Documents") will be made 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 (six thousand Euro)

The Agency has appointed Deloitte d.o.o. Belgrade to act as the advisor in this privatization procedure (hereinafter: the Advisor).

4. A bid may be submitted by:

A. A potential bidder that fulfils the following requirements:

- it has purchased the Tender Documents, and
- it fulfills at least one of the following requirements

**either**

a) it has been engaged in production and trade of cables and conductors for at least the last 3 business years in continuity, and achieved operating revenues in excess of EUR 30,000,000 (Euro thirty million) in the last fiscal year (according to the latest available audited/official financial statements),

**or**

b) is a financial investor (a 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 assets in excess of EUR 100,000,000 (Euro one hundred million) in 2006;

**or**

c) is an investor who achieved operating revenues in excess of EUR 50,000,000 (Euro fifty 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 fulfils the stated requirements. The parent company has the right to submit the bid if the 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 fulfils the stated requirements. The subsidiary has the right to submit the bid if the parent company has purchased the Tender Documents.

B. If a potential bidder is a Consortium, it is necessary that it fulfils cumulatively the following requirements:

- all Consortium members have made the decision on organizing and entering into the Consortium;
- all Consortium members have signed a written Consortium Agreement and duly notarized it at Court or other relevant authority (in case of foreign legal entities and individuals);
- each member of the consortium assumes unlimited joint and several liability according to the provisions of the Consortium Agreement;
- the Consortium Agreement specifies each member's percentage in the 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 the Confidentiality Agreement;
- at least one of the Consortium members has purchased the Tender Documents;
- the Majority Member of Consortium (with minimum 51% share) fulfils at least one of the following requirements:

**either**

a) it has been engaged in production and trade of cables and conductors for at least the last 3 business years in continuity, and achieved operating revenues in excess of EUR 30,000,000 (Euro thirty million) in the last fiscal year (according to the latest available audited/official financial statements),

or

b) is a financial investor (a 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 assets in excess of EUR 100,000,000 (Euro one hundred million) in 2006;

or

c) is an investor who achieved operating revenues in excess of EUR 50,000,000 (Euro fifty 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 Entity undergoing privatization, by **June 22, 2007**;

**The Tender Documents will be available to the interested parties starting from June 4, 2007.**

A written request for purchasing the Tender Documents shall be sent by post, e-mail or facsimile to the Agency, and shall clearly display the reference "Request for purchasing the Tender Documents – Tender Code NOV 14/07".

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

Upon receiving the signed Confidentiality Agreement, evidence of authorization for the person that signed the Confidentiality Agreement, and evidence of payment of the Tender Documents Fee, the Advisor shall without delay forward the relevant Tender Documents to the tender participant by mail/e-mail or hand it to its authorized representative.

The Agency and the Advisor 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 93.07% of the total capital of the Entity undergoing privatization (which consists of 100% of the socially owned capital of the Entity undergoing privatization and 100% of the capital owned by Development Fund of the Republic of Serbia) by interested bidders is **July 13, 2007, at 05:00 p.m. (Belgrade time)**.

If necessary, the Agency reserves the right to amend the terms and deadlines of this Public Invitation. As a prerequisite for submitting a bid, it is required 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 the persons listed below, in Serbian or English:

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