

Pursuant to Article 28 of the Law on Privatization ("Official Gazette of the Republic of Serbia" nos. 38/2001, 18/2003, 45/2005 and 123/2007),),

Privatization Agency Republic of Serbia

(hereinafter: "the Agency")

hereby announces:

PUBLIC INVITATION

For participation in the Public Tender for sale of 100% of the socially owned capital of
HOLDING INDUSTRIJA KABOVA JAGODINA U RESTRUKTURIRANJU
(hereinafter: Entity Undergoing Privatization)
Tender Code: **FKS 41/08**

1. The total registered capital of the Entity Undergoing Privatization consists of 99.35854% of the socially owned capital and 0.64146 % of the share capital.
2. The Agency is offering for sale 100% of the socially owned capital, which represents 99.35854% of the total registered capital of the Entity Undergoing Privatization.
3. Details about the Entity Undergoing Privatization:

Address: Kraljevića Mraka bb, Jagodina, Serbia
Phone: + 381 035 221 521
Fax: ++ 381 035 231 141
Activity: 31 300 - Production of insulated wires and cables

More details on the Entity Undergoing Privatization are available at: http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_342.pdf

Detailed information about the Entity Undergoing Privatization, along with the Instructions to Bidders (hereinafter "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 8,000.00 (Euro eight thousand) in RSD equivalent at median exchange rate of the National Bank of Serbia on the invoicing date.

The Agency has appointed a Consortium comprised by the Institute of Economic Sciences, Belgrade, and CONZIT d.o.o. Belgrade, to act as the advisor in this privatization procedure (hereinafter: Advisor).

4. A bid may be submitted by:

A) Interested bidder that fulfils the following requirements:

- It has purchased the Tender Documents; and
- It fulfils at least one of the following requirements:

a) it has been engaged in production of insulated wires and/or cables at least over the past 3 (three) consecutive business years, and achieved operating revenues of at least EUR 65,000,000.00 (Euro sixty five million) in 2007;

or

b) is a financial investor (a legal entity whose core activity is investing money, existing for at least the last 3 years and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 100,000,000.00 (Euro one hundred million) in 2007;

or

c) is an investor who achieved operating revenue in excess of EUR 80,000,000.00 (Euro eighty million) in 2007;

If the interested bidder is a parent company that does not meet the requirements from this clause of the Public Invitation, its subsidiary has the right to submit a bid, if it fulfils the requirements. The subsidiary that fulfils the above stated requirements also has the right to submit a bid even if the parent company purchased the Tender Documents.

If the interested bidder is a subsidiary that does not meet the requirements from this clause of the Public Invitation, the Parent company has the right to submit a bid, if it fulfils the requirements. The parent company that fulfils the above stated requirements also has the right to submit a bid even if it's Subsidiary purchased the Tender Documents.

B) If an interested 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 the Consortium;
- All Consortium members have concluded a written Consortium Agreement and notarized it in Court or other competent body (in case of foreign legal entities and/or individuals);
- Each member of the Consortium assumes unlimited joint and several liabilities by provisions of the Consortium Agreement;
- The Consortium Agreement specifies each member's percentage in the acquisition of capital of the Entity Undergoing Privatization, provided that one consortium member must have at least 51% of the total share in the Consortium (hereinafter: "Consortium Leader");
- 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;
- The Consortium Leader fulfills at least one of the following requirements:

a) it has been engaged in production of ceramic insulators and/or insulation equipment at least over the past 3 (three) consecutive business years, and achieved operating revenues of at least EUR 65,000,000.00 (Euro sixty five million) in 2007;

or

b) is a financial investor (a legal entity whose core activity is investing money, existing for at least the last 3 years and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 100,000,000.00 (Euro one hundred million) in 2007;

or

c) is an investor who achieved operating revenue in excess of EUR 80,000,000.00 (Euro eighty million) in 2007;

5. The Agency hereby invites all parties interested in participating in the tender to submit a written request for the purchase of the Tender Documents for the Entity Undergoing Privatization by **March 21, 2008**.

Tender Documents will be made available to the interested parties from **February 12, 2008**.

The written request for purchasing the Tender Documents shall be submitted to the Advisor by mail, e-mail or facsimile, clearly marked with "Request for the purchase of Tender Documents – Tender Code **FKS 41/08**".

Upon receiving the request, an invoice for payment of the Tender Documents Fee and the Confidentiality Agreement for signature, shall be forwarded to the applicant's authorized representative by mail, e-mail or facsimile. Signed Confidentiality Agreement shall be immediately faxed and mailed back to the Advisor to the addresses below.

Upon receipt of the signed Confidentiality Agreement, the proof of authorization for the person who signed the Confidentiality Agreement and evidence of payment of the Tender Documents Fee, the Advisor shall immediately send the relevant Tender Documents to the Tender Participant by mail/e-mail or hand it to its authorized representative.

The Advisor 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 binding bids for acquisition of 100% of the socially owned capital of the Entity Undergoing Privatization by interested bidders is **April 25, 2008, at 16:30 hours (Belgrade time)**.

The Agency reserves the right to amend any and all elements, i.e. requirements and deadlines from the Public Invitation, if necessary.

As a prerequisite for bid submission, it is necessary to pay a deposit or to submit a Bid Bond in the amount of **EUR 50,000.00** (Euro fifty thousand).

7. Any questions or inquiries related to this Public Invitation should be directed to the contact persons at the address below, in Serbian or English:

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