

In accordance with Article 28 of the Law on Privatization (as published in the Official Gazette of the Republic of Serbia Nos. 38/2001 and 18/2003), **the Privatization Agency of the Republic of Serbia** (hereinafter “**Agency**”) hereby issues a:

PUBLIC INVITATION

for participation in a Tender Process for the acquisition of a controlling interest in:

Akcionarsko društvo Livnica “Kikinda” Kikinda in restructuring

Tender Code: LK01/04

1. Total registered capital of the Company consists of CSD (YUM) 2.021.510.979,46 (or USD 34.371.079,46) with the following structure:
 1. Socially owned capital – 67.71% (188.824 shares)
 2. Shareholders’ capital (employees) – 22.99% (64.113 shares)
 3. Development Fund of the Republic of Serbia - 3.57% (10.000 shares)
 4. Continental banka a.d. – 3.57% (10.000 shares)
 5. Republic of Serbia – 2.16% (6.017 shares).

The Agency is offering for sale 100% of the socially owned capital of Akcionarsko društvo Livnica “Kikinda” Kikinda in Restructuring, Miloševački put 34, Kikinda (hereinafter: “**Company**”).

2. Details about the Company:

Address:	Miloševački put 34, Kikinda
Phone Number:	0230 – 22-860, 0230 – 22/178
Fax Number:	0230 – 21-544
Industry:	foundry, production of machine parts, including the parts for automotive industry, grinding machines and special tools
Tender Code:	LK01/04

Basic data about the Company is available at:

http://www.priv.yu/pregled_preduzeca/zip/cp_381.zip or www.mpriv.sr.gov.yu/scp/livnica.pdf

Detailed information about the Company, along with the Information Memorandum (hereinafter "the Tender Documents"), will be made available to all buyers of the Tender Documents, upon payment of the Tender Documents Fee in the amount of EUR 5,000 (Euros five thousand), plus EUR 1,000 (Euros one thousand) of sales tax.

3. The Agency has appointed the Société Générale to act as the advisor in the privatization procedure (hereinafter: “**Advisor**”).

4. A bid may be submitted by the potential Buyer that fulfils the following requirements:

- Has purchased the Tender Documents;
- Has been engaged **in production and/or processing and /or trade in the metallurgy sector or production and/or processing and /or trade of machine parts, or grinding machines or tools for at least 5 years;**
- Had minimum operating income of **35 (thirty five) million EUR** in 2002 and 2003 according to the latest available audited/official financial statements.

If the potential Buyer 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 may submit a bid if the Parent company has purchased the Tender Documents.

If the potential Buyer is a subsidiary that does not meet the requirements referred to by this clause of the Public Invitation, the Parent company has the right to submit a bid, if it fulfils the requirements.

The Parent company may also submit a bid if its Subsidiary has purchased the Tender Documents.

If the potential Buyer is a Consortium, the following requirements have to be fulfilled:

- All Consortium members have made the decision on organizing and entering the Consortium;
- All Consortium members have signed the Consortium Agreement and such Agreement has been court authenticated;
- Each member of the Consortium assumes an unlimited joint and several liability;
- The Consortium Agreement specifies each member's percentage in the acquired company's capital;
- All Consortium members have signed Power of Attorney for the representing member of the Consortium, and such Power of Attorney has been court authenticated;
- All Consortium members have signed a Confidentiality Agreement;
- At least one of the Consortium members has purchased the Tender Documents;
- At least one of the Consortium members has been engaged in **production and/or processing and /or trade in the metallurgy sector or production and/or processing and /or trade of machine parts, or grinding machines or tools for at least 5 years;**
- The Consortium members taken together had minimum operating income of **35 (thirty five) million EUR** in 2002 and 2003 according to the latest available audited/official financial statements.

5. The Agency hereby invites all interested parties to submit a written request for the purchase of the Tender Documents for the Company by 26th March 2004. Tender Documents will be made available to interested parties starting from 09th February 2004.

The request for purchasing the Tender Documents shall be submitted to the Advisor by mail, to the addresses stated below, or by e-mail or facsimile, and shall clearly display the reference "Request for the purchase of Tender Documents - Tender Code LK01/04".

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

6. Upon receipt of the signed Confidentiality Agreement and confirmation 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 the 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.

7. The deadline for submission of the bids for acquisition of the capital is 16th April 2004, at **17:00 hours (Belgrade time)**.

8. The Agency reserves the right to amend the requirements and the deadline from the Public Invitation, if necessary.

9. The Bid bond for participation in the Public Tender will be **EUR 50,000** (Euros fifty thousand).

10. All communications or inquiries relating to this Invitation should be directed to the Advisor in Serbian or English language at the address below:

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