

Based on Article 28 of the Law on Privatization (Official Gazette of the Republic of Serbia No. 38/2001, 18/2003, 45/2005 and 123/07) and Article 9 of the Law on the Privatization Agency (Official Gazette of the Republic of Serbia No. 38/2001 and 135/04),

PRIVATIZATION AGENCY
(hereinafter: "the Agency")
hereby issues:

PUBLIC INVITATION

for participation in the public tender
for sale of 70% of the registered socially owned capital
of the Company:

"Fabrika kotrljajućih ležajeva i kardana FKL" a.d. Temerin
(hereinafter: the "Entity Undergoing Privatization")

Tender Code: FKL 19/08

1. Total registered capital of the Entity Undergoing Privatization consists of 89.92976% of socially owned capital, 8.86342% of share capital, comprised of 10,385 shares owned by individual shareholders, and 1.20682% of capital, consisting of 1,414 equity shares owned by Entity Undergoing Privatization.

2. Agency is offering for sale 70% of registered socially owned capital.

3. Basic Data about the Company:

Fabrika kotrljajućih ležajeva i kardana FKL a.d. Temerin
Address: Industrijska zona bb, Temerin, Republic of Serbia
Phone: +381(21) 684 1100
Fax: +381(21) 842 808

Operating activity: production of bearings, cogs, cogged belts and driving mechanisms.

Further information about the Entity Undergoing Privatization is available at:

http://www.priv.rs/pregled_preduzeca/pdf/e-teaser_821.pdf

Detailed information about the Entity Undergoing Privatization, as well as the Instructions to Bidders (hereinafter: the "Tender Documents") shall be 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 (Euro eight thousand).

The Privatization Agency has appointed **BDO BC Excel** Belgrade to act as the advisor in this privatization process (hereinafter: the "Consultant").

4. A bid may be submitted by:

A. An interested bidder that fulfils the following requirements:

- it has purchased the Tender Documents, and
- It fulfills the following condition:

- it has been engaged in the production of ball bearings and/or agriculture machines for at least the last 3 operating years in continuity, and achieved operating revenues of at least EUR 14,000,000 (Euro fourteen million) in 2007.

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 has the right to submit a bid if it fulfills the stated requirements. The parent company also has the right to submit a bid if its subsidiary has purchased the Tender Documents.

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 has the right to submit a bid if it fulfills the stated requirements. The subsidiary company also has the right to submit a bid if the parent company has purchased the Tender Documents.

B. If a potential bidder is a Consortium it must cumulatively fulfill the following requirements:

- All consortium members made a Decision on forming and entering into Consortium;
- All consortium members have entered into a written Consortium Agreement and such agreement has been duly certified by court, or other competent body (in case of foreign legal entities and natural persons);
- Each consortium member assumes unlimited joint and several liability under the Consortium Agreement;
- Consortium Agreement specifies each member's percentage in acquisition of the capital of the Company, provided that one of the consortium members must have at least 51% share in consortium (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; and
- Consortium Leader fulfills the following requirement:

- it has been engaged in the production of ball bearings and/or agriculture machines for at least the last 3 operating years in continuity, and achieved operating revenues of at least EUR 14,000,000 (Euro fourteen million) in 2007.

5. The Agency is hereby inviting all interested parties to submit a written request for purchasing the Tender Documents for the Entity Undergoing Privatization by **September 19, 2008.**

The Tender Documents will be available to interested parties from **August 11, 2008.**

A written request for purchasing the Tender Documents shall be sent to the Consultant by mail, e-mail or facsimile, with clearly displayed reference "Request for purchasing the Tender Documents – Tender Code: **FKL 19/08**".

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

Upon receipt of the signed Confidentiality Agreement, evidence of the power of attorney for the person that signed the Confidentiality Agreement, and evidence of payment of the Tender Documents Fee, the Consultant shall forward the relevant Tender Documents to the Tender Participant by mail/e-mail, or hand it to its authorized representative, upon expiry of the deadline set out in paragraph 2 of this Clause.

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

- The deadline for submission of the final binding offers for acquisition of 70% of the socially owned capital of the Entity Undergoing Privatization by interested bidders is **October 13, 2008** by 16:30 (Belgrade time).

If necessary, the Agency reserves the right to change the terms and conditions of this Public Invitation.

As a prerequisite for submitting a bid, it is necessary to pay a deposit or submit a Bid Bond in the amount of EUR 200,000 (Euro two hundred thousand).

- All questions relating to this Public Invitation should be directed to contact persons below, in Serbian or English.

BDO BC Excel

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