

In accordance with the Article 28 of the Law on Privatization ("Official Gazette of the Republic of Serbia", numbers 38/2001, 18/2003 and 45/2005),

The Privatization Agency
(Hereinafter: the "Agency")
Hereby announces:

PUBLIC INVITATION

For participation in the Public Tender
for sale of 70% of socially owned capital of the company:

DP «Pekarska industrija», Pančevo
(Hereinafter: the "Entity Undergoing Privatization")

Tender Code: **PIP 10/05**

1. The total registered capital of the Entity Undergoing Privatization consists of 100% socially owned capital.
2. The Agency offers for sale 70% of the socially owned capital of the Entity Undergoing Privatization, which is one of the most successful Serbian companies in the area of bread and pastry products.
3. Data about the Entity Undergoing Privatization:
Seat: Miloša Obrenovića no.39, Pančevo, Serbia and Montenegro
Phone: +381 13 518 336
Fax: +381 13 523 967
Operating activity: Bread and pastry production

More details about the Entity Undergoing Privatization are available at Internet address
http://www.pa-serbia.co.yu/pregled_preduzeca/pdf/e-teaser_6028.pdf

Detailed information on the Entity Undergoing Privatization along with the Information Memorandum (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 Documentation fee is EUR 5,000.00 (five thousand Euros).

The Agency has appointed CES Mecon d.o.o. Beograd, to act as its Consultant in this privatization process (hereinafter: the "Consultant").

4. A bid may be submitted by:

A. Potential bidder that fulfills the following requirements:

- It has purchased the Tender Documents, **and**

a) It has been engaged in production and/or processing and/or trade of food industry products for at least the last 3 (three) operating years continually **and**

b) It achieved operating revenue of at least EUR 10,000,000.00 (ten million Euros) in 2004 and generated net profit in 2004.

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 fulfills the stated requirements. The subsidiary 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 of 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 has the right to submit a bid if the subsidiary has purchased the Tender Documents.

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

- All consortium members have made a valid decision to form a and enter into Consortium;
- All consortium members have entered into a written Consortium Agreement and such agreement has been duly notarized with the Court, or other competent body, under the law applicable to such consortium agreement;
- 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 Entity undergoing privatization, whereas at least one Consortium member has no less than 51% share in the Consortium (hereinafter "The Consortium Leader");
- 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 Consortium Leader fulfills the following requirements:

a) It has been engaged in production and/or processing and/or trade of food industry products for at least the last 3 (three) operating years continually **and**

b) It achieved operating revenue of at least EUR 10,000,000.00 (ten million Euros) in 2004 and generated net profit in 2004;

5. The Agency hereby invites all interested parties to submit a written request for the purchase of the Tender Documents for the Entity Undergoing Privatization, by November 25, 2005.

The Tender Documents will be available to Tender Participants from October 31, 2005.

A written request for purchasing the Tender Documents should be sent to Consultant by post, e-mail or facsimile with clearly displayed reference "Request for purchasing the Tender Documents – Tender Code: **PIP 10/05**".

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 the Tender Participant's authorized representative by post, e-mail or facsimile. The signed Confidentiality Agreement should be immediately faxed and mailed back to Consultant at the address stated below.

Upon receipt of the signed Confidentiality Agreement and evidence of payment of the Tender Documents Fee, the Consultant will immediately forward the relevant Tender Documents to the Tender Participant by mail or hand it to its authorized representative.

The Consultant 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 the final binding offers for sale of 70% of socially-owned capital of the Entity Undergoing Privatization by interested bidders is **December 16, 2005 by 17:00h (Belgrade time)**.

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

As a prerequisite for submitting a bid, each bidder must pay a deposit or submit a Bid Bond in the amount of EUR 50,000.00 (fifty thousand Euros).

7. All the questions relating to this Public Invitation should be directed to the persons listed below, in Serbian or English.

CES Mecon d.o.o	Privatization Agency, Republic of Serbia
Danijelova 12-16 11000 Belgrade Serbia and Montenegro	Terazije 23 11000 Belgrade Serbia and Montenegro
Attn.: Mr. Dušan Nikezić Director Phone: +381 11 3090 800 Email: dusan.nikezic@cesmecon.com	Attn: Mr. Danijel Šušnjar Project manager Public Tender Center Email: dsusnjar@priv.yu Phone: +381 11 30 29 966 Fax: +381 11 30 20 816
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