

Based on Articles 28 and 69 paragraph 3 of the Law on Privatization ("Official Gazette of the RoS", Nos. 38/2001, 18/2003 and 45/2005), Article 9 of the Law on the Privatization Agency ("Official Gazette of the RoS", Nos. 38/2001 and 135/2004), Articles 9 and 10 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 1,817,714 shares with CFI code: ESVUFR, ISIN number: RSSECZE24396, with nominal value of 60.00 dinars (hereinafter "Block of Shares"), representing 60.54203% of the total capital of the company:

AKCIONARSKO DRUSTVO FABRIKA SECERA "ZRENJANIN" ZRENJANIN,
with registered seat at Petra Drapsina Street No. 1

(hereinafter: "Company")

Tender Code: **FSZ 31/06**

1. Total registered capital of the Company consists of 50.70783% of the capital owned by the Share Fund of the Republic of Serbia, 9.83420% of the capital owned by the PIO Fund of the Republic of Serbia, and 39.45797% of the capital owned by individual shareholders (natural persons).
2. The Agency is offering for sale the Block of Shares consisting of 1,817,714 shares with CFI code: **ESVUFR**, ISIN number: **RSSECZE24396**, with nominal value of 60.00 dinars, of which 1,522,452 shares are owned by the Share Fund of the Republic of Serbia, and 295,262 shares are owned by the PIO Fund of the Republic of Serbia, jointly representing 60.54203% of the total capital of the Company.
3. Information about the Company:

Seat: Petra Drapsina 1, 23000 Zrenjanin, Republic of Serbia
Phone: +381(23) 522-805
Fax: +381(23) 525-082
Core Activity: Production of sugar

More details about the Enterprise are available at:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_10696.pdf

Detailed information about the Company, as well as the Instructions to Bidders (hereinafter: "Tender Documents") shall be available to all interested tender participants after signing of the Confidentiality Agreement and payment of the Tender Documents Fee.

The Tender Documents Fee is EUR 6,000.00 (Euro six thousand).

Enterprise has appointed **Dil Inženjering Konsalting d.o.o.**, Belgrade, as the consultant in this privatization procedure (hereinafter: "Consultant").

4. A bid may be submitted by:
 - A. An interested bidder that fulfills the following conditions:
 - it has purchased the Tender Documents, and
 - it fulfills at least one of the following conditions:

either

a) it has been engaged in production and/or wholesale of sugar for at least the last 3 business years in continuity, and achieved operating revenues of not less than EUR 1,000,000 (Euro one million) in 2005;

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 operating assets in excess of EUR 40,000,000 (Euro forty million) in 2005;

or

c) is an investor who achieved operating revenue in excess of EUR 3,000,000 (Euro three million) in 2005;

If the interested bidder is a parent company that does not fulfill conditions from this clause of the Public Invitation, its subsidiary has the right to submit the bid, if it fulfills these conditions. The subsidiary that fulfills above mentioned conditions has the right to submit the bid if the parent company purchased the Tender Documents.

If the interested bidder is a subsidiary that does not fulfill the conditions from this clause of the Public Invitation, its parent company has the right to submit the bid, if it fulfills these conditions. The parent company that fulfills above mentioned conditions has the right to submit the bid if the subsidiary purchased the Tender Documents.

B. If the interested bidder is a Consortium, it must cumulatively fulfill the following conditions:

- All Consortium members have passed the Decision on organizing and entering the Consortium,
- All Consortium members have concluded a written Consortium Agreement and certified it with the Court, i.e. other competent body (in the case of foreign legal entities and natural persons),
- Each Consortium member assumed unlimited joint and several liability by the provisions of the Consortium Agreement,
- The Consortium Agreement specifies each member's percentage in the acquisition of the capital of the Enterprise, provided that at least one Consortium Member has no less than 51% of share in the Consortium (hereinafter "Consortium Leader")
- All Consortium members have signed a certified Power of Attorney for the member representing the Consortium,
- All Consortium members have signed the Confidentiality Agreement,
- At least one member of the Consortium has purchased Tender Documents,
- The Consortium Leader fulfills at least one of the following conditions:

either

a) it has been engaged in production and/or wholesale of sugar for at least the last 3 business years in continuity, and achieved operating revenues of not less than EUR 1,000,000 (Euro one million) in 2005;

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 operating assets in excess of EUR 40,000,000 (Euro forty million) in 2005;

or

c) is an investor who achieved operating revenue in excess of EUR 3,000,000 (Euro three million) in 2005;

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 Enterprise, no later than by **16 February 2007**.

Tender Documents will be available to interested parties from 10 January 2007.

Written requests for purchasing the Tender Documents shall be submitted to the Consultant by mail, e-mail, or fax, clearly marked with "Request for Purchasing the Tender Documents – Tender Code: **FSZ 31/06**".

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

Upon receipt of the signed Confidentiality Agreement, the proof of authorization for the person who signed the Confidentiality Agreement, and the proof of payment of the Tender Documents Fee, the Consultant shall, after the lapse of the deadline from Paragraph 2 of this Clause, deliver the Tender Documents to the tender participant by mail/e-mail or hand it to its authorized representative.

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

6. The deadline for submitting final binding offers for purchase of the Block of Shares by interested bidders is **16 March 2007 at 5 p.m.** (Belgrade time).

If necessary, the Privatization Agency retains the right to change the terms and conditions of this Public Invitation. As a prerequisite for submitting a bid, it is required to pay deposit or to submit a Bid Bond in the amount of EUR 50,000 (Euro fifty thousand).

7. For any questions pertaining to this Public Invitation, interested parties may contact persons listed below, in the Serbian or the English language.

Dil Inzenjering Konsalting d.o.o.
Mirocka 1
11000 Belgrade
Republic of Serbia

Goran Lukovic, Director
Phone: +381 11 32 31 534
Fax: +381 11 32 31 534
E-mail: dil@eunet.yu

Privatization Agency of the Republic of Serbia
Terazije 23
11000 Belgrade
Republic of Serbia

Ivana Karaulic, Project Manager
Public Tender Center
Phone: +381 11 30 20 855
Fax: +381 11 30 20 816
E-mail: ikaraulic@priv.yu