

Based on Article 28 of the Law on Privatization ("Official Gazette of the Republic of Serbia", No. 38/2001, 18/2003, and 45/2005),

PRIVATIZATION AGENCY

(hereinafter: "Agency")

issues a:

PUBLIC INVITATION

for participation in the public tender
for sale of 95.16% of the total registered capital of:

**Kompanija «HISSAR» - akcionarsko društvo za proizvodnju konditorskih proizvoda,
kandiranog voća i proizvoda od voća i povrća, Prokuplje - u restrukturiranju**

(hereinafter: Entity undergoing privatization")

Tender Code: HISSAR 12/06

1. Total registered capital of the Entity undergoing privatization consists of 95.16% socially owned capital and 4.84% share capital.
2. The Agency is offering for sale 100% of the total socially owned capital of the Entity undergoing privatization.
3. Information about the Entity undergoing privatization:

Address: Maloplanska 24, 18400 Prokuplje, Republika Srbija

Tel: +381 27 320 122

Fax: +381 27 351 927

Core activity: Production of other confectionary products (industry code 15842)

More details on the Entity undergoing privatization are available at the internet address:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_323.pdf

Detailed information on the Entity undergoing privatization, as well as the Instruction to Bidders (hereinafter: "Tender Documents") shall be available to all interested tender participants after signing the Confidentiality Agreement and payment of the Tender Documents Fee.

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

Entity undergoing privatization has appointed „**BDO BC Excel**«, Beograd, 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
- fulfills at least one of the following conditions:
 - a) it has **either** been engaged in production and/or trade of cocoa and/or chocolate and/or confectionery products for at least the last 3 business years in continuity, and that it achieved operating revenue of minimum EUR 5,000,000 (Euro five million) in 2005;
 - b) **or** is a financial investor (whose core activity is investing money, that exists for at least the last 3 business years in continuity and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 100,000,000 (Euro one hundred 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 the conditions. The subsidiary also 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 a bid, if it fulfills the conditions. The parent company also 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 to organize and enter 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 Entity undergoing privatization, whereas at least one member of the Consortium has at least 51% of the total 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 a Confidentiality Agreement
- At least one Consortium member has purchased Tender Documents; and
- The Consortium Leader fulfills at least one of the following conditions:
 - a) it has **either** been engaged in production and/or trade of cocoa and/or chocolate and/or confectionery for at least the last 3 business years in continuity and that it achieved operating revenue of minimum EUR 5,000,000 (Euro five million) in 2005.;
 - b) or is a financial investor (whose core activity is investing money, that exists for at least the last 3 business years in continuity and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 100,000,000 (Euro one hundred million) in 2005.

5. The Agency hereby invites all parties interested to participate in the tender to submit a written request for purchasing the Tender Documents for the Entity undergoing privatization, no later than **by July 03, 2006.**

Tender Documents will be available to interested parties from June 19, 2006.

Written requests for purchasing the Tender Documents shall be submitted to the Consultant by mail, e-mail, or fax, to the address listed below, clearly marked "Request for Purchasing the Tender Documents – Tender Code: **HISSAR 12/06**".

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 deliver the Tender Documents to the public 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.

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 acquisition of 100% of total socially owned capital of the Entity undergoing privatization by interested bidders is **August 04, 2006 at 5 p.m. Belgrade time.**

If necessary, the Privatization Agency retains the right to change elements 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 persons may contact representatives of the Consultant listed below, in Serbian or English language.

<p>BDO BC Excel</p> <p>Knez Mihailova 10 / III 11000 Beograd Srbija</p> <p>Miloš Radivojević</p> <p>Konsultant</p> <p>email: milos.radivojevic@bdo.co.yu Tel: +381 11 32 81 411 Faks: +381 11 32 81 808</p>	<p>Agencija za privatizaciju Republike Srbije</p> <p>Terazije 23 11000 Beograd Srbija i Crna Gora</p> <p>Aleksandar Pravica, Centar za tendere, Direktor</p> <p>e-mail: apravica@priv.yu tel: +381 11 30 20 855 faks: +381 11 30 20 816</p>
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