

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:

AD DANUBIUS, Novi Sad
(Hereinafter: the "Entity Undergoing Privatization")

Tender Code: **DAN09/05**

1. The total registered capital of the Entity Undergoing Privatization consists of 91.03% socially owned capital and 8.97% shareholders' 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 milling products.
3. Data about the Entity Undergoing Privatization:
Seat: 1 Kanalska Street, Novi Sad, Serbia and Montenegro
Phone: +381 21 422 355
Fax: +381 21 522 834
Operating activity: production of milling products

More details about the Entity Undergoing Privatization are available at Internet address:
http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_3441.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 Documents Fee is EUR 5,000.00 (fivethousand Euro).

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 5 (five) operating years continually **and**

b) It achieved operating revenue of at least EUR 20,000,000.00 (twentymillion Euro) 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 and enter into consortium;
- All consortium members have entered into a written Consortium Agreement and such agreement has been duly notarized with the Court under the law applicable to such an agreement;
- Each Consortium member assumes 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 5 (five) operating years continually **and**

b) It achieved operating revenue of at least EUR 20,000,000.00 (twenty million Euro) in 2004 and generated net profit in 2004.

The interested bidder, which shall sign the Agreement on Sale and Purchase of the Capital of the Entity Undergoing Privatization with the Privatization Agency, undertakes the contractual obligation to offer to purchase the shares of all remaining shareholders at the price that is at least equal (in EUR) to the price per share it has paid for the Capital described in the Clause 2 of this Public Invitation, no later than within 12 months from the SPA Closing Date.

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 October 21, 2005.

The Tender Documents will be available to Tender Participants from September 21, 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: DAN09/05".

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 acquisition of 70% of socially-owned capital of the Entity Undergoing Privatization by interested bidders is **November 25, 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 (fiftythousand Euro).

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

CES Mecon d.o.o

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