

In accordance with the Article 28 of the Law on Privatization (“Official Gazette of the Republic of Serbia” nos. 38/2001 and 18/2003),
the Privatization Agency of the Republic of Serbia (hereinafter: “the Agency”) hereby announces a:

PUBLIC INVITATION

For participation at a Public Tender for divestment of 70% of socially owned capital in the entity undergoing privatization:

Preduzeće za puteve “Zajecar”, Zajecar
(hereinafter “entity undergoing privatization”)

Tender Code: PZP Zajecar/05

1. The total registered capital of the entity undergoing privatization is 100% socially owned.
2. The Agency offers for sale 70% of the socially owned capital of Preduzeće za puteve “Zajecar”, Zajecar, an enterprise which is one of the leaders on the Serbian road construction market.
3. Details about the Company:
Address: Generala Gambete 68, 19000 Zajecar, Serbia & Montenegro
Phone: +381 19 422 528
Fax: +381 19 421 709
Industry: Building and maintenance of roads, runways and sports grounds.

More details about the entity undergoing privatization are available at
http://www.priv.vu/pregled_preduzeca/pdf/e-teaser_3323.pdf

Detailed information on the terms and conditions of the Public Tender together with an Information Memorandum on the entity undergoing privatization (hereinafter “the Tender Documents”) will be made available to all interested parties after the signature of a Confidentiality Undertaking and the payment of the fee for the purchase of the Tender Documents. The Tender Documents fee is EUR 5,000.00 (Euro five thousand)

The Agency has appointed Fieldstone Private Capital Group LTD (“Fieldstone”) to act as Consultant in this privatization process.

4. The following parties may submit a bid:
 - (i) A potential bidder that fulfills the following requirements:
 - Has purchased the Tender Documents;
 - Has been engaged in building of roads for at least the last 3 years, and
 - Has achieved a total operating revenue in excess of EUR 10 million (Euro ten million) in 2004 and achieved a net profit in 2004.

If a potential bidder is a subsidiary that does not fulfill the requirements of this Clause of the Public Invitation, its parent company will have the right to submit a bid if it fulfills the stated requirements. The parent company has right to submit a bid even though the subsidiary purchased the Tender Documents.

If a potential bidder is a parent company that does not fulfill the requirements of this Clause of the Public Invitation, its subsidiary will have the right to submit a bid if it fulfills the stated requirements. The subsidiary has the right to submit a bid even though the parent company purchased the Tender Documents.

- (ii) If a potential bidder is a Consortium it must fulfill the following requirements:
 - All Consortium members have made the joint and individual binding decision to organize and enter into the Consortium;
 - All Consortium members have entered into a written Consortium Agreement and, if required for its legality in their country of origin, had it registered at the appropriate Court;

- Each member of the Consortium assumes joint and several, unlimited liability by the provisions of the Consortium Agreement;
 - The Consortium Agreement specifies the percentage share which each member will acquire in the capital of the entity undergoing privatization, should the Consortium's bid be successful;
 - All Consortium members have signed a Notarized Power of Attorney appointing and authorizing one member to act as the representative of the Consortium;
 - All Consortium members have signed a Confidentiality Undertaking;
 - At least one of the Consortium members has purchased the Tender Documents;
 - At least one of the Consortium members with the share in the Consortium of not less than 51% fulfills the following requirements:
 - a) Has been engaged in building of roads for at least the last 3 years, and
 - b) Has achieved a total operating revenue in excess of EUR 10 million (Euro ten million) in 2004 and achieved a net profit in 2004.
- or
- Two Consortium members with the share in the Consortium of not less than 51% , meet one of the criteria each:
 - a) One member has been engaged in building of roads for at least the last 3 years, and
 - b) The other member has achieved a total operating revenue in excess of EUR 10 million (Euro ten million) in 2004 and achieved a net profit in 2004.

5. The Agency hereby invites all interested parties ("Tender Participants") to submit a written request for the Tender Documents for the entity undergoing privatization, by **May 6, 2005** at the latest. The Tender Documents will be available to Tender Participants from **March 25, 2005**.

A written request to purchase the Tender Documents should be sent by post, e-mail or facsimile to Fieldstone at the Belgrade address given below and shall clearly display the reference "Request for Tender Documents – Tender Code PZP Zajecar/05".

Upon receipt of the request, an invoice for payment of the Tender Documents Fee, as well as a Confidentiality Undertaking for signature, will be forwarded to the Tender Participant's authorized representative by post, e-mail or facsimile. The signed Confidentiality Undertaking should be immediately faxed and mailed back to Fieldstone at the Belgrade address below.

Upon receipt of the signed Confidentiality Undertaking and evidence of payment of the Tender Documents Fee, Fieldstone will immediately forward the relevant Tender Documents to the Tender Participant by mail or hand it to their authorized Representative.

Fieldstone 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 by the bidders is **June 24, 2005, at 05:00 p.m.** (Belgrade time). If necessary, the Agency reserves the right to amend the deadlines of this Public Announcement. 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 (Euro fifty thousand).

7. All the questions relating to this Public Invitation should be directed to Fieldstone contact persons below:

Fieldstone Private Capital
Group Ltd.
Malcolm Magee-Brown
Project Director
42 Queen Ann's Gate
London SW1H9AP

Fieldstone Private Capital
Group Ltd.
Ivan Ristić
Local Project Manager
Decanska 7
11000 Belgrade



PRIVATIZATION
AGENCY

Republic of Serbia

FIELDSTONE
PRIVATE CAPITAL GROUP

United Kingdom

Tel: +44 777 8513 421

Fax: +44 207 329 2601

Email:

mimagebrown@fpcg.co.uk

Serbia & Montenegro

Tel: +381 63 274 675

Fax: +381 11 3221 978

Email: ivanristic@eunet.yu