

In accordance with Article 28 of the Law on Privatization ("Official Gazette of the Republic of Serbia" No. 38/2001 and 18/2003), the Privatization Agency of the Republic of Serbia (hereinafter: "Agency") hereby announces a:

PUBLIC INVITATION

For participation in a Tender Process for the sale of socially owned capital of:

AD FRAD za proizvodnju filtera, Aleksinac

Tender Code: **FRA03/03**

1. The Privatization Agency offers for sale 70% of the socially owned capital of AD Frad, Aleksinac (hereinafter: "Entity undergoing privatization").

Total capital of the Entity undergoing privatization, as registered in 1996., in the Companies Court Registry in Nis, amounts YUM 17,444,187.00, representing 100% of the total capital of Entity undergoing privatization. The capital of the Entity undergoing privatization includes:

- Socially owned capital of the Entity undergoing privatization of YUM 17,404,669.00, representing 99.77% of the total registered capital.
- Share capital of the Entity undergoing privatization of YUM 39,518.00, representing 0.23% of the total registered capital.

2. Details about the Entity undergoing privatization:

Address: 38 Petra Zeca, Aleksinac, Serbia and Montenegro
Phone Number: +381 18 804-856; 804-722
Fax Number: + 381 18 804-225
Web page: <http://www.frad.co.yu>
Industry: 34300 Motor vehicles spare parts and equipment production
Tender Code: FRA03/03

Detailed information about the Entity undergoing privatization, along with the Information Memorandum (hereinafter "the Tender Documents"), will be made available to all buyers of the Tender Documents, upon payment of the Tender Documents Fee in the amount of USD 5,000 plus 20% sales tax, representing a total of USD 6,000.

3. The Agency has appointed the Consortium consisting of Central Europe Trust Company Ltd. and Altheimer & Gray, to act as advisor in the privatization process (hereinafter: "Advisor").
4. A bid may be submitted by a potential Buyer that fulfils the following requirements:
 - Has purchased the Tender Documents;
 - Had operating revenues in 2002 of at least EUR 1 (one) million;
 - has been engaged in manufacturing and / or trading parts for automotive industry.

If the potential Buyer is a Parent company that does not meet the requirements set out in this clause of the Public Invitation, its subsidiary has the right to submit a bid, if it fulfills the requirements.
The Subsidiary may submit a bid if the Parent company has purchased the Tender Documents.

If the potential Buyer is a subsidiary that does not meet the requirements referred to by this clause of the Public Invitation, the Parent company has the right to submit a bid, if it fulfills the requirements.
The Parent company may submit a bid if its subsidiary has purchased the Tender Documents.

If the potential Buyer is a consortium, the following requirements should be fulfilled:

- All Consortium members have made the decision on organizing and entering the Consortium;
- The Consortium Agreement specifies unlimited joint and several liability of each Consortium Member;
- The Consortium Agreement specifies each member's percentage in the acquired capital of the Entity undergoing privatization;
- All Consortium members have signed a Notarized Power of Attorney for the representing member of the Consortium;
- All Consortium members have signed a Confidentiality Agreement;

- At least one of the Consortium members has purchased the Tender Documents;
 - At least one of the Consortium members has been engaged in manufacturing and / or trading parts for automotive industry;
 - At least one of the Consortium members had operating revenues in 2002 of at least EUR 1 (one) million;
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 May 19th, 2003.

The request for purchasing the Tender Documents shall be submitted to the Advisor by mail, to the addresses stated below, e-mail or facsimile, clearly marked with "Request for the purchase of Tender Documents – Tender Code FRA03/03".

Upon receiving the request, an invoice for payment of the Tender Documents Fee shall be forwarded by the Privatization Agency to the authorized representative. Upon the payment of the Tender Documents Fee, a Confidentiality Agreement shall be sent by mail, e-mail or facsimile for signature. Signed Confidentiality Agreement shall be immediately faxed and mailed back to the Advisor to the addresses below.

6. Upon receipt of the signed Confidentiality Agreement and evidence of payment of the Tender Documents Fee, The Advisor shall immediately send relevant Tender Documents to the Tender Participant by mail, e-mail, or hand it to the authorized representative.

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

7. The deadline for submission of the bids for acquisition of the capital is May 30th, 2003, at 17:00 hours (Belgrade time).
8. The Privatization Agency reserves the right to amend the requirements and the deadline set out in the Public Invitation, if necessary.
9. The Bid Bond for participating in the Public Tender is EUR 50,000 (fifty thousand EURO).
10. All communications or inquiries relating to this Invitation should be directed to the Advisor at the addresses below:

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