

Pursuant to the Restructuring Program approved on 26 February 2010 by Hydro engineering Company "Ivan Milutinović" – PIM, in restructuring, Gavrića Principa street no. 22a Belgrade (hereinafter: « the Company») and the Ruling of the Privatization Agency on Adoption of the Restructuring Program for the subject of privatization dated 05 March 2010, and in accordance to Article 28 of the Law on Privatization («Official Gazette of the Republic of Serbia » No. 38/2001, 18/2003, 45/2005 and 123/2007) and Article 9 of the Law on the Privatization Agency (« Official Gazette of the Republic of Serbia » No. 38/2001, 135/2004), the Privatization Agency (hereinafter: the Agency) together with the Company, hereby announces:

PUBLIC INVITATION

for participation in the Public Tender for the sale
of functional assets of the Company in the state as it is

Tender code: PIM 03/10

1. Subject of sale and transfer of exploitation license

Subject of the sale are functional assets of Hydro engineering Company "Ivan Milutinović" – PIM, in restructuring, Belgrade. The Company's detailed list of assets will be presented to the participants in the tender (hereinafter: "the Participant or Participants") as part of the Tender documentation.

Transfer of exploitation license will be carried out in accordance to Article 25 of the Law on Amendments to the Law on Mining (« Official Gazette of the Republic of Serbia » No. 34/2006).

Buyer will be obliged to purchase finished and semi-finished products as well as the raw material supplies (hereinafter: « Supplies and Inventory ») in accordance with the Supply and inventory specifications in the Tender documentation.

2. Information about the Company and Subject of sale

Headquarters: Gavrića Principa 22a, 11000 Belgrade, Republic of Serbia

Phone: +381 11 628-455; 3282-175

Fax: +381 11 2627-035; 2627-032

Core activity: Hydro engineering construction

More details about the Company and its assets which are subject of sale as well as Instructions for Bidders (hereinafter: Tender Documents) will be available to all interested tender participants following the signing of the Confidentiality Agreement and the payment of the Tender documentation fee.

The Tender documentation fee is EUR 10,000 (ten thousand Euros) payable in RSD at middle exchange rate of National Bank of Serbia on the date of invoice.

Agency has appointed Deloitte d.o.o. Belgrade (hereinafter: the Advisor) as its advisor in this sale process.

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

3. Minimum Price

The minimum price for the functional assets of the Company is set at: EUR 16,550,000 (sixteen million five hundred fifty thousand Euros).

4. Continuation of business activity

The Buyer must fully accept to continue the same business activities, specifically the Buyer will be obliged to engage in the following business activities in the period of 5 (five) consecutive years:

- 45240 - Construction of hydro engineering objects
- 61200 – Water traffic
- 14120 – Excavation of stone
- 14210 – Excavation of gravel and sand
(hereinafter: Core activity)

5. Minimum Social Program

Minimum social program is a mandatory requirement that each Bidder must fully accept.

Minimum social program consists of individual Collective Agreement and a list of all 442 employees (412 full time employees) in the Company and its dependant companies. This list will contain full name of the employees, qualification structure, working positions in the Company, and number of years of service. The Bidder will be obliged not to lay off any workers on the grounds of technological surplus in the period of 3 (three) consecutive years.

6. Minimum investment program

Minimum investment program is set at: EUR 10,000,000 (ten million Euros).

The Buyer will be obliged to invest the amount required by Minimum investment program into fixed assets employed in Company's core activities in the period of 5 (five) consecutive years.

7. The bids can be submitted by:

A. A potential bidder that fulfills the following requirements:

- Purchased the Tender Documentation ,
- Met the following two conditions:
 - a. the potential bidder is engaged in construction of water-works structures and hydro engineering works and/or water traffic and/or stone excavation and/or gravel and sand excavation,
 - and
 - b. that a potential bidder made a minimum of EUR 30,000,000 (thirty million Euros) of sales revenue in 2008.

If an interested Bidder is a mother company that does not meet all the conditions set forth in this paragraph of Public Invitation, its dependant company has the right to submit the final Bid, if it meets all the conditions set hereby. In this case, the dependant company has the right to submit the final Bid even if the Tender documentation was purchased by the mother company.

If an interested Bidder is a dependant company that does not meet the conditions set in this paragraph of Public Invitation, its mother company has the right to submit the final Bid, if it meets all the conditions set hereby. The mother company has the right to submit the final Bid even if the Tender documentation was purchased by the dependant company.

B. If a Bidder is a Consortium of Companies, it is necessary that such a Consortium meets all the conditions set as follows:

- That all members of Consortium agreed to a Decision on Organization and Accession to Consortium;
- That all members of Consortium entered into a written Agreement on Consortium and certified it with competent Court, or other competent authority (if members of consortium are foreign natural and legal persons);
- That every member of Consortium undertakes to assume full joint liability in accordance with Agreement on Consortium;
- That all members of Consortium signed a certified power of attorney authorizing one of members to represent the Consortium;
- That all members of Consortium signed the Confidentiality Agreement;
- That authorized representative of Consortium purchased the Tender Documents; and
- That Agreement on Consortium specifies the percentage of share for every member of Consortium in the purchase of Subject of sale, with an additional requirement that a member of Consortium who has a majority of shares in Consortium has at least 51% of total share in Consortium (hereinafter: the Leader of Consortium).
- That the Leader of Consortium meets the following two requirements:

a. that business activity performed by the Leader of Consortium is construction of water-works structures and hydro engineering works and/or inland water traffic and/or extraction of stone and/or extraction of gravel and sand,

and

b. that a Leader of Consortium made a sales revenue of minimum EUR 30.000.000 (thirty million Euros) in 2008.

8. Submission of final written Bids

The deadline for submission of final written Bids for acquisition of the assets of the Company by interested Tender Bidders is May 14, 2010 by 16:30 hours CET (Central European Time).

Tender Documents will be made available to the interested parties starting from March 19, 2010 until April 16, 2010.

A written request for purchasing the Tender Documents shall be submitted to the Agency by mail, e-mail or fascimile, clearly marked with „Request for purchasing the Tender Documents – Tender Code: **PIM 03/10**“.

Upon the request, Tender Participant's authorized representative will receive an Invoice for payment of the Tender documentation fee and the Confidentiality Agreement for signature via mail, e-mail or fascimile. Signed Confidentiality Agreement shall be immediately faxed or mailed back to the Agency to the address stated in paragraph 9 of this Public Invitation.

Upon receipt of the signed Confidentiality Agreement, evidence of the authorization for the person who signed Confidentiality Agreement, and evidence of payment of the Tender Documents Fee, the Agency shall, upon expiration of deadline stated in item 2 of this paragraph, send the relevant Tender Documents to the Tender Participant by mail/e-mail, or hand it to its 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.

The deadline for submission of final binding bids for the acquisition of the functional assets subject to sale is May 14, 2010 CET (Central European Time).

The Agency reserves the right to amend the Terms and Conditions of this Public Invitation, if necessary. As a prerequisite for bid submission, it is necessary to pay a Deposit or submit the Bid Bond in the amount EUR 1,000,000 (one million Euros).

9. Questions and additional clarifications

All inquiries relating to this Public Invitation should be directed by any interested parties to the Advisor and the Agency at the addresses as stated below:

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