



Pursuant to 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: the "Agency")
issues:

Public Invitation

for participation in a public tender
for the sale of 69.96% of the total registered capital of:

**Company for Construction, Overhaul and Maintenance of Railway Lines
"ZGOP" a.d. Novi Sad**

(hereinafter: "Entity undergoing privatization")

Tender Code: ZGOP 30/06

1. Total registered capital of the Entity undergoing privatization consists of 99.94% of the socially owned capital and 0.06% of the share capital.
2. The Agency is offering for sale 69.96% of the total registered capital of the Entity undergoing privatization, which represents 70% of the socially owned capital of the Entity undergoing privatization, a successful construction company specialized in construction, repair and maintenance of railways.
3. Basic Data about the Entity undergoing privatization:

Address: Vase Stajica 2, Novi Sad, Republic of Serbia
Phone: +381(21) 489 01 11
Fax: +381(21) 528 750
Core activity: Construction of roads, runways, etc.

Further information on the Entity undergoing privatization is available at:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_3070.pdf

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

The Tender Documents Fee is EUR 6,000 (Euro six thousand).

The Privatization Agency has appointed Consortium comprising of BPA London Limited, United Kingdom, Tomic and Partners Law Office, Belgrade, and MGI Revizija i racunovodstvo, Belgrade, to act as the advisor in this privatization process (hereinafter: the "Consultant").

4. A bid may be submitted by:

A. An interested bidder that fulfils the following requirements:

- it has purchased the Tender Documents, and
 - It fulfills one of the following conditions:
 - a) it has been engaged in construction and/or maintenance of railways for at least the last 3 operating years in continuity, and generated operating income of at least EUR 10.000.000 (Euro ten million) in 2005
- or**
- b) It is a Financial Investor (a legal entity whose core business is investment of money, which exists for at least the last 3 operating years, and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 50.000.000 (Euro fifty million) in 2005,
- or**
- c) It is an investor that generated operating income in excess of EUR 25.000.000 (Euro twenty five million) in 2005.

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 that fulfills the above stated requirements 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 its subsidiary has purchased the Tender Documents.

B. If a potential bidder is a Consortium it must cumulatively fulfill the following requirements:

- All consortium members made a Decision on forming and entering into Consortium;
- All consortium members have entered into a written Consortium Agreement and such agreement has been duly notarized with the court, or other competent body (in case of foreign legal entities and natural persons);
- Each consortium member assumes unlimited joint and several liability under the Consortium Agreement;
- Consortium Agreement specifies each member's percentage in acquisition of the capital of the Entities 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; and
- Consortium member with at least 51% share in the consortium fulfills one of the following requirements:

- a) it has been engaged in construction and/or maintenance of railways for at least the last 3 operating years in continuity, and generated operating income of at least EUR 10.000.000 (Euro ten million) in 2005
- or**
- b) It is a Financial Investor (a legal entity whose core business is investment of money, which exists for at least the last 3 operating years, and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 50.000.000 (Euro fifty million) in 2005,
- or**
- c) It is an investor that generated operating income in excess of EUR 25.000.000 (Euro twenty five million) in 2005.
5. The Agency hereby invites all parties interested in participating in the tender to submit a written request for purchasing the Tender Documents for the Entity undergoing privatization, **by February 2, 2007.**

The Tender Documents will be available to interested parties from January 8, 2007.

A written request for purchasing the Tender Documents shall be sent to the Consultant by mail, e-mail or facsimile, with clearly displayed reference "Request for purchasing the Tender Documents – Tender Code: **ZGOP 30/06**".

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 applicant's authorized representative by post, e-mail or facsimile. The signed Confidentiality Agreement shall be immediately faxed and mailed back to Consultant at the address stated below.

Upon receipt of the signed Confidentiality Agreement, evidence of the power of attorney for the person signing the Confidentiality Agreement, and evidence of payment of the Tender Documents Fee, the Consultant shall forward the relevant Tender Documents to the 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.

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 69.96% of the total registered capital of the Entity undergoing privatization by interested bidders is **March 2, 2007, by 17:00h (Belgrade time).**

If necessary, the Agency reserves the right to change terms and conditions of this Public Invitation. As a prerequisite for submitting a bid, it is necessary to pay a deposit or submit a Bid Bond in the amount of EUR 50.000 (Euro fifty thousand).

7. All questions relating to this Public Invitation should be directed to contact persons below, in Serbian or English.

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