

In accordance with the Article 28 of the Law on Privatization ("Official Gazette of the Republic of Serbia" nos. 38/2001, 18/2003, and 45/2005),

PRIVATIZATION AGENCY

(hereinafter: "the Agency")
hereby announces a:

PUBLIC INVITATION

For participation in the Public Tender for sale of 100% of the total registered capital in:

Društveno preduzece "Industrija tepiha Ivanjica - u restrukturiranju", Ivanjica

(hereinafter "Entity undergoing privatization")

Tender Code: **ITI 14/06**

1. The total registered capital of the Entity undergoing privatization consists of 100% of socially-owned capital.
2. The Agency offers for sale 100% of the total registered capital of the Entity undergoing privatization.
3. Details about the Entity undergoing privatization:

Address:	Bukovica bb, Ivanjica, Serbia and Montenegro
Web address:	itivanjica@ptt.yu
Phone:	+318 32 641 925
Fax:	+318 32 641 925
Activity:	Manufacturing of carpets and floor coverings

More information on the Entity undergoing privatization is available on the web address:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_252.pdf

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

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

The Agency has appointed **Economics institute jsc**, Belgrade to act as advisor in this privatization procedure (hereinafter: "Advisor").

4. A bid may be submitted by:
 - A. A potential Bidder who fulfils the following requirements:
 - it has purchased the Tender Documents **and**
 - fulfils at least one of the following requirements:

either

a) it has been engaged in production and/or the sale of carpets and floor coverings and/or synthetic fur for at least the last 3 (three) operating years in continuity;

or

b) is the financial investor (a legal entity whose core activity is monetary investment, which exist for at least 3 preceding operating years, and includes investment companies, mutual funds, insurance companies, pension funds and investment banks), with total assets in excess of EUR 35,000,000 (Euro thirty five million) in 2005;

or

c) is an investor who realized operating revenues exceeding EUR 5,000,000 (Euro five million) in 2005.

If the interested buyer is a parent company that does not meet the requirements from this clause of the Public Invitation, its subsidiary has the right to submit a bid, if it fulfils the stated requirements. The subsidiary has the right to submit a bid if the parent company has purchased the Tender Documents.

If the interested bidder is a subsidiary that does not meet the requirements from this clause of the Public Invitation, the parent company has the right to submit a bid, if it fulfils the stated requirements. The parent company has the right to submit a bid if its subsidiary has purchased the Tender Documents.

B. If an interested bidder is a Consortium, it is necessary that it fulfils cumulatively the following requirements:

- All Consortium members have made a decision on organizing and entering the Consortium;
- All Consortium members have signed a written Consortium Agreement and notarized it in the Court or any other competent body (in the case of foreign legal entities and individuals);
- Each Consortium member assumes unlimited joint and several liability by the provisions of the Consortium Agreement;
- The Consortium Agreement specifies each member's percentage in the acquisition of the 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 the Confidentiality Agreement;
- At least one of the Consortium members has purchased the Tender Documents; and
- Members of the Consortium (one or several) with aggregate share of at least 51% in the Consortium, individually fulfill at least one of the following requirements:

either

a) they have been engaged in production and/or the sale of carpets and floor coverings and/or synthetic fur for the minimum of 3 (three) operating years in continuity;

or

b) is a financial investor (a legal entity whose core activity is monetary investment, which exist for at least 3 preceding operating years, and includes investment companies, mutual funds, insurance companies, pension funds and investment banks), with total assets in excess of EUR 35,000,000 (Euro thirty five million) in 2005;

or

c) is an investor who realized operating revenues exceeding EUR 5,000,000 (Euros five million) in 2005.

5. The Agency hereby invites all parties interested in participation in the tender to submit a written request for purchasing the Tender Documents for the Entity undergoing privatization by **July 21st 2006**.

Tender Documents will be available to the interested parties from June 23rd 2006.

Written requests for purchasing the Tender Documents shall be delivered to the Advisor by mail, email or fax, clearly marked as "Request for purchasing the Tender Documents – Tender Code: **ITI 14/06**".

Upon the receipt of the request, an invoice for payment of the Tender Documents Fee and Confidentiality Agreement for signature shall be forwarded to the authorized representative of the applicant by mail, email or fax. Signed Confidentiality Agreement shall immediately be sent by fax and mail to the Advisor to the address stated below.

Upon the receipt of the signed Confidentiality Agreement, proof of authorization for the person that has signed the Confidentiality Agreement and the evidence of payment of the Tender Documents Fee, the Advisor shall, upon the expiration of the deadline stated in paragraph 2 of this clause, without any delay, send the Tender Documents to the tender participant by mail or email, or hand it to the authorized representative of the tender participant.

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

6. The deadline for the submission of the final binding bids for acquisition of 100% of the total registered capital of the Entity undergoing privatization is **August 25th 2006, by 17:00 hours (Belgrade time)**.

The Agency reserves the right to amend the elements from this Public Invitation, if necessary. As a prerequisite for bid submission, it is necessary to pay a deposit or to submit the Bid Bond in the amount of EUR 50,000 (Euro fifty thousand).

7. All inquiries related to this Public Invitation should be directed to the contact persons at the addresses below:

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