

Based on 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: "Agency")
issues a:

PUBLIC INVITATION

for participation in public tender
for sale of 100% of total registered capital of:

**Drustveno preduzece Niska industrija tekstila «Ratko Pavlovic»-
Niteks, in restructuring, Nis**
(hereinafter: Entity undergoing privatization")

Tender Code: *NIT 06/06*

1. Total registered capital of the Entity undergoing privatization consists of 89.86% socially owned capital and 10.14% state owned capital.
2. The Agency is offering for sale 100% of the total registered capital of the Entity undergoing privatization.
3. Information about the Entity undergoing privatization:

Address: Ratka Pavlovića St., No. 58, 18000 Nis, State Union Serbia and Montenegro

Tel: +381(18) 714-411, +381(18) 715-968

Fax: +381(18) 713-026

Core activity: Preparation and spinning of cotton type yarns

More details on the Entity undergoing privatization are available at the internet address:

http://www.pa-serbia.co.yu/pregled_preduzeca/pdf/e-teaser_365.pdf

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

The Tender Documents fee is EUR 6,000.00 (Euro six thousand).

The Agency has appointed «Dil Inzenjering Konsalting» d.o.o. Belgrade as the consultant in this privatization procedure (hereinafter: «Consultant»).

4. A bid may be submitted by:
 - A. An interested bidder who fulfills the following conditions:
 - has purchased the Tender Documents, and
 - fulfills one of the following conditions:

- a) it has either been engaged in production and/or trade of textile or textile products for at least the last 3 business years in continuity and that it achieved operating revenue of minimum of EUR 1,000,000 (Euro one million);
- b) or is a financial investor (whose core activity is investing money, that exists at least the last 3 business years in continuity and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 40,000,000 (Euro forty million) in 2005;
- c) or is an investor who achieved operating revenue in excess of EUR 3,000,000 (Euro three million) in 2005;

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

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

B. If the interested bidder is a Consortium, it must cumulatively fulfill the following conditions:

- That all members of the Consortium have passed the Decision to organize and join the Consortium;
- That all members of the Consortium have concluded a written Consortium Agreement and certified it with the Court, i.e. other competent body (in the case of foreign legal entities and natural persons);
- That each member of the Consortium assumed unlimited joint and several liability by the provisions of the Consortium Agreement;
- That the Consortium Agreement specifies each member's percentage in the purchase of the capital of the Entity undergoing privatization;
- That all members of the Consortium have signed a certified Power of Attorney for the member representing the Consortium;
- That all members of the Consortium have signed a Confidentiality Agreement
- That at least one member of the Consortium has purchased Tender Documents; and
- That at least one member of the Consortium fulfill at least one of the following conditions:

- d) it has either been engaged in production and/or trade of textile or textile products for at least the last 3 business years in continuity and that it achieved operating revenue of minimum of EUR 1,000,000 (Euro one million);
 - e) or is a financial investor (whose core activity is investing money, that exists at least the last 3 business years in continuity and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 40,000,000 (Euro forty million) in 2005;
 - f) or is an investor who achieved operating revenue in excess of EUR 3,000,000 (Euro three million) in 2005;
5. The Agency hereby invites all parties interested to participate in the tender to submit a written request for purchasing the Tender Documents for the Entity undergoing privatization, no later than **by May 26, 2006.**

Tender Documents will be available to interested parties from May 8, 2006.

Written requests for purchasing the Tender Documents shall be submitted to the Consultant by mail, e-mail, or fax, to the address listed below, clearly marked "Request for Purchasing the Tender Documents – Tender Code: **NIT 06/06**".

Upon receipt of this request, an invoice for payment of the Tender Documents Fee, as well as the Confidentiality Agreement for signature, shall be forwarded to the tender participant's authorized representative by mail, e-mail, or fax. The signed Confidentiality Agreement must be immediately faxed and mailed back to the Consultant at the address below.

Upon receipt of the signed Confidentiality Agreement, the proof of authorization for the person who signed the Confidentiality Agreement, and the proof of payment of the Tender Documents fee, the Consultant shall deliver the Tender Documents to the public tender participant by mail/e-mail or hand it to its authorized representative.

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

6. The deadline for submitting final binding offers for purchase of 100% of total registered capital of the Entity undergoing privatization by bidders is **June 23, 2006 at 5 p.m. Belgrade time.**

If necessary, the Privatization Agency retains the right to change conditions and deadlines from this Public Invitation. As a prerequisite for submitting bid, it is required to pay deposit or to submit a Bid Bond in the amount of EUR 50,000.00 (fifty thousand Euro).

7. For any questions pertaining to this Public Invitation, interested persons may contact representatives of the Consultant listed below, in the Serbian or the English language.

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Founder

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