

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

PRIVATIZATION AGENCY
(hereinafter: "the Agency")
hereby announces:

PUBLIC INVITATION

For participation in the Public Tender
for sale of 70% of the registered socially-owned capital of:
**Kompanija «Novi dom» akcionarsko drustvo za proizvodnju, spoljnu i untrasnju trgovinu i
inzenjering, Beograd, Cara Dusana 58**
(hereinafter: Entity undergoing privatization)
Tender Code: **ND 08/06**

1. The total registered capital of the Entity undergoing privatization consists of 98.51% socially-owned capital and 1.49 shareholders' capital.
2. The Agency offers for sale 70% of the registered socially owned capital of the Entity undergoing privatization.
3. Data about the Entity undergoing privatization:

Address: 58 Cara Dusana St, 11000 Belgrade, Republic of Serbia, Serbia and Montenegro
Phone: + 381 11 634 137 and + 381 11 26 51 553
Fax: + 381 11 185 537

The main activities: Production and retailing of furniture.

More details about the Entity undergoing privatization are available at Internet address:

www.priv.yu/pregled_preduzeca/pdf/e-teaser_1329.pdf

Detailed information on the Entity undergoing privatization along with the Information Memorandum (hereinafter: Tender Documents) will be made available to all interested tender participants upon signing of the Confidentiality Agreement and payment of the Tender Documents Fee.

The Tender Documents Fee is EUR 6.000 (Euro Six thousand).

The Agency has appointed BC Consulting d.o.o. Belgrade to act as its Advisor in this privatization process (hereinafter: Consultant).

4. A bid may be submitted by:
 - A. A potential 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 production and/or trading of furniture for at least the last 3 years continually, and it achieved operating revenues of at least EUR 10.000.000 (Euro ten million) in 2005;
- b) **or** it is a Financial Investor (a legal entity whose core business is investment of money that exists at least the last 3 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;
- c) **or** is an investor that achieved operating revenues in excess of EUR 30.000.000 (Euro thirty 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 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 the 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 valid decision to form a and enter 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 joint and several liability under the Consortium Agreement;
 - Consortium Agreement specifies each member's percentage in acquisition of the capital of the Entity undergoing privatization.
 - All consortium members have signed a notarized power of attorney for the person representing the consortium;
 - At least one of the consortium members has purchased the Tender Documents;
 - Majority Consortium Member, with at least 30% share in the consortium, fulfills one of the following requirements:
 - a) It has been engaged in production and/or trading of furniture for at least the last 3 years continually, and it achieved operating revenues of at least EUR 10.000.000 (Euro ten million) in 2005;
 - b) **or** it is a Financial Investor (a legal entity whose core business is investment of money that exists at least the last 3 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 five million) in 2005;
 - c) **or** is an investor that achieved operating revenues in excess of EUR 30.000.000 (Euro thirty 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, by **June 15th 2006**.

The Tender Documents will be available to interested parties from May 22nd 2006.

A written request for purchasing the Tender Documents should be sent to Consultant by mail, e-mail or facsimile to the address below, with clearly displayed reference „Request for purchasing the Tender Documents – Tender Code: **ND 08/06**“.

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

Upon receipt of the signed Confidentiality Agreement, evidence of authority for the person that signed the Confidentiality Agreement and evidence of payment of the Tender Documents Fee, the Consultant will immediately forward the relevant Tender Documents to the Tender Participant by mail/e-mail or hand it to its authorized representative.

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 70% of the registered socially owned capital of the Entity undergoing privatization by the bidders is **July 15th 2005, by 17:00h (Belgrade time)**.

If necessary, the Agency reserves the right to amend or change the deadlines and conditions of the 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 200.000 (Euro two hundred thousand).

7. All the questions relating to this Public Invitation should be directed to Consultant's representatives at the below address, in the Serbian or English.

Marinko Zeljkovic, senior manager

BC Consulting d.o.o

Bulevar Kralja Aleksandra 24/V
11000 Belgrade
Serbia and Montenegro

Phone/Fax: + 381 11 32 35 612
Phone/Fax: + 381 11 32 35 616

E-mail: marinko.zeljkovic@bccconsulting.co.yu

Natasa Bucevac, manager

BC Consulting d.o.o

Bulevar Kralja Aleksandra 24/V
11000 Belgrade
Serbia and Montenegro

Phone/Fax: + 381 11 32 35 612
Phone/Fax: + 381 11 32 35 616

E-mail: natasa.bucevac@bccconsulting.co.yu