

Pursuant to Articles 28, 69 paragraph 3 of the Law on Privatization (Official Gazette of the Republic of Serbia No. 38/2001, 18/2003, 45/2005 and 123/2007), Article 9 of the Law on Privatization Agency (Official Gazette of the Republic of Serbia No. 38/2001 and 135/2004) and Article 9 of the Law on Share Fund (Official Gazette of the Republic of Serbia No. 38/2001 and 45/2005)

PRIVATIZATION AGENCY
(hereinafter: the "Agency")
issues:

PUBLIC INVITATION

for participation in a public tender of sale of 58,159 shares marked CFI-code: ESVUFR, ISIN-no: **RSSLVHE94947** nominal value of RSD 1,000 (hereinafter «Block of shares») owned by the Share Fund, which represents 69.999398% of the total share capital of the Company.

Drvna industrija »Sloga« a.d. Vladičin Han

(hereinafter collectively: the "Entity undergoing privatization")

Tender Code: SLO 13/08

1. Total registered capital of **Drvna industrija "Sloga" a.d. Vladičin Han** consists of 69.999398% of share capital owned by the Share Fund, 15.058073% of the share capital owned by the Privatization Register and 14.942529% of share capital owned by individual shareholders.
2. Pursuant to Article 9 of the Law on Share Fund (Official Gazette of the Republic of Serbia No. 38/2001 and 45/2005) the Agency is offering for sale the Block of shares which represents 69.999398% of the total share capital of the Entity undergoing privatization.
3. Basic Data about the Entity undergoing privatization:

Address: Industrijska zona bb, Vladičin Han, Serbia,
Phone: +381 17 473 005
Fax: +381 17 472 783
Core activity: Production of other furniture, except chairs and seats

Further information on the Entity undergoing privatization is available at:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_133.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 of the Confidentiality Agreement and payment of the Tender Documents Fee.

The Tender Documents Fee is EUR 8,000 (Euro eight thousand).

The Privatization Agency has appointed BDO BC Excel d.o.o. 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 at least one of the following conditions:
 - a) it has been engaged in production and/or trade of furniture for at least the last 3 operating years in continuity; **and** in 2007, it generated operating revenues of at least EUR 1,000,000 (Euro one million)

or

- b) it is a financial investor (legal entity with a core activity of investing, it exists for at least the last 3 years and consists of investment companies, mutual funds, insurance companies, pension funds and investment banks), with total business assets more than EUR 5,000,000 (Euro five million) in 2007

or

- c) it is an investor and it generated operating revenues of more than EUR 2,000,000 (Euro two million) in 2007

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 that fulfills the above stated requirements has the right to submit a bid if its subsidiary has purchased the Tender Documents.

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.

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 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 a Confidentiality Agreement;
- At least one of the consortium members has purchased the Tender Documents; and
- A member of the consortium fulfills at least one of the following requirements:

- a) it has been engaged in production and/or trade of furniture for at least the last 3 operating years in continuity; and in 2007, it generated operating revenues of at least EUR 1,000,000 (Euro one million)

or

- b) it is a financial investor (legal entity with a core activity of investing, it exists for at least the last 3 years and consists of investment companies, mutual funds, insurance companies, pension funds and investment banks), with total business assets more than EUR 5,000,000 (Euro five million) in 2007

or

- c) it is an investor and it generated operating revenues of more than EUR 2,000,000 (Euro two million) in 2007

- 5. The Agency hereby invites all parties interested in participating in the tender to submit a written request for purchasing the Tender Documents of the Entity undergoing privatization, **by May 30, 2008.**

The Tender Documents will be available to interested parties from April 28, 2008.

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: **SLO 13/08**".

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 that signed the Confidentiality Agreement, and evidence of payment of the Tender Documents Fee, the Consultant shall, upon expiration of the deadline stated in paragraph 2 of this Section, 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 block of shares of the share capital of the Entity undergoing privatization by the bidders is **June 16, 2008**, by 16:30h (Belgrade time).

If necessary, the Agency reserves the right to change any and all elements 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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