

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic Data on Auction Sale

The Privatization Agency of RS offers, within joint offer, 70,00 % of the socially-owned capital of the subject undergoing privatization, amounting to 23,09 % of the total capital and 100,00 % share of the LOLA SISTEM, BELGRADE, amounting to 66,99 % of the total capital value. Totally is offered 90,08 % of the subject capital. The share of the LOLA SISTEM, BELGRADE, in the subject capital is offered for sale based upon the Power of Attorney delivered to the Privatization Agency.

Those who are interested can purchase auction documentation at the price of: **CSD 40.000**, after the receipt of invoice from the Privatization Agency. VAT is not calculated in the price. The purchase of the auction documentation is obligatory and on its receipt one is to sign the Confidentiality Agreement. After the payment evidence has been submitted, the auction documentation can be collected at the following address: 10 Bulevar Mihaila Pupina (5th floor), Novi Sad, from 09:00 – 17:00 on weekdays, in period from 20.03.2006 until 17.04.2006.

CLOSING DATE FOR THE APPLICATION SUBMISSION is 18.04.2006, until 17:00.

Filled application, which is a part of the auction documentation with the signed draft of the SPA and the deposit payment evidence, is to be submitted in a sealed envelope with inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 260406, 10 Bulevar Mihaila Pupina (5th floor), Novi Sad".

IF THERE IS NAME OF THE SUBJECT UNDERGOING PRIVATIZATION ON THE ENVELOPE, OR FULL AUCTION CODE, THE APPLICATION CAN BE REJECTED.

THE AUCTION WILL BE HELD ON 26.04.2006.

at the address: **Novi Sad, JP Sportsko poslovni centar Vojvodina-SPENS, at 11:00**. The registration of the auction participants is going to take place at the same address on: **26.04.2006, from 09:00 – 10:50**.

Means of payment for the share of the socially-owned capital to be sold within the joint offer (23,09 %), can be in domestic currency, foreign convertible currency, state bonds based upon the unpaid foreign currency savings of citizens, which are due not later than the date of sale of the capital (26.04.2006), issued to the natural persons, who are citizens of the Republic of Serbia. If the participant applies only for the second bidding, the means of payment can be even the state bonds based upon the unpaid foreign currency savings of citizens, which are not to be due until the capital sale date (26.04.2006), issued to the natural persons, who are citizens of the Republic of Serbia.

Means of payment in share of the LOLA SISTEM, BELGRADE, (66,99 %) in the entire capital of the subject undergoing privatization, can be SOLELY in local currency, as well as in the foreign convertible currency, on which occasion the part of the selling price (selling price achieved at the auction), in accordance with the share of the Holding in the subject undergoing privatization, is to be paid off AT ONE TIME, regardless of the fact, whether the participant applied for the first or second bidding.

In case the first class bank guarantee has been submitted as the means of deposit payment, it is to be due within 48 hours after the declaration a buyer.

Deposit for participation is to be brought back 15 days after the public auction is held.

The Privatization Agency keeps the right to change the auction date, as well as the closing date for the application submission if necessary, but also to inform the interested parties on it, until the auction date at the latest.

The visit to the subject undergoing privatization shall be carried out after the signing the Agreement on Confidentiality, in period from 20.03.2006 until 17.04.2006, after previously time-table with the Privatization Agency has been established, phone: 021/452-959, or fax: 021/452-967.

* The entire estimated capital value to be privatized, stated in EUR, was calculated according to the official exchange rate on 20.03.2006.

** The total business income and expense data, stated in EUR, were calculated according to the average annual real exchange rates.

The sale of capital by method of the public auction is carried out by the Auction Commission, which is established by the Privatization Agency. The commission supervises the capital sale by the auction, registers the auction participants, pronounces the auction for unsuccessful, signs the minutes and performs other activities of importance for the auction performance in accordance with the Law. The conditions for the auction to be carried out are met, if at least one person has obtained the status of the auction participant and if it is presented personally or by an authorized representative. At the time ordered for the PUBLIC AUCTION opening, the auctioneer shall open the first bidding, on which occasion the means of payment can be in cash or due bonds. If there is more than one person at the first bidding, the auctioneer announces the initial price as well as each further increase. In case that none of the interested buyers reacts after the third call for acceptance the newly established price, the auctioneer

declares the auction finished by hammering. The selling price becomes the highest offered value, and the participant who has been the first to offer the highest price is declared a buyer. If there have not been interested parties after the announcement of the initial price, even after the third call, the auctioneer declares the first bidding unsuccessful by hammering and immediately afterwards opens the second bidding, on which occasion even undue state bonds can be the means of payment. Those who have applied for the second bidding can participate in, as well as the participants in the first bidding, in case it has been declared unsuccessful. If in the second bidding participate more than one person, the auctioneer announces the initial price, as well as each further increase. If none of the interested buyers reacts after the third call for acceptance the newly established price, the auctioneer, by hammering, declares the auction closed. The selling price becomes the highest offered value, and

the participant who has been the first to offer the highest price, is declared a buyer. If after the announcement of the initial price there have not been any interested persons even after the third call, the auction is declared unsuccessful, and the participants lose the right to be brought back the deposit. If only one party who has been given the auction participant status attends the second bidding, that party is invited three times to accept the initial price. If party accepts the initial price, she/he is declared a buyer and the initial price becomes the selling price. If the participant does not accept the initial price, the auction is declared unsuccessful, and party loses the right to be brought back the deposit.

1) Basic information on the subject undergoing privatization: LOLA KORPORACIJA AD BEOGRAD, LOLA FABRIKA OPREME DOO VRDNIK, VRDNIK

Auction sale code: 260406-1549p

Official ID number of the Subject: **08218099**

Field of work: **Diverse machines with general functions**

The entire estimated capital value to be privatized amounts to: **CSD 165.628.000 or *EUR 1.897.669**, representing **90,083 %** of the total capital value of the enterprise.

Deposit for auction participation: **CSD 33.982.000 or *EUR 389.345**

The initial auction sale price: **CSD 67.964.000**

Minimum of investments into the subject to be privatized: **CSD 11.399.000**

The most important property of the subject undergoing privatization

A) Buildings – the most important facilities (m²):

1. Production plant A (4185) 2. Production plant II (2722) 3. Garage with workshop (400) 4. Gas station (86)

B) The most important equipment:

1) Horizontal boring/ milling machine (BH-150) 2) Press 3) Gas-powered cutting device for sheet metal 4) Hydraulical press 5) Universal lathe (PA900) 6) Lathe (9 items) (16k)

V) Land capacities (m²): *Construction land: (53529) – in state ownership*

Balance sheet per year:	2003		2004	
	CSD	**EUR	CSD	**EUR
Shown in:				
Total business revenues	21.196.000	325.807	8.229.000	112.723
Total business expenses	25.884.000	397.866	17.301.000	236.994

Main products/services: 1) Equipment manufacture 2) Rotating tractor mowers 3) Machine for nail manufacture 4) Coffee roaster 5) Machine for parquet polishing

Total number of employees: 65; **of whom BS/ BA:** 2