

Pursuant to the Decision of Ivo Lola Ribar Sistem a.d. Beograd in restructuring, Jugoslovenska br. 2 (hereinafter: Lola Sistem a.d.) No. 80 dated 25.01.2007, the Decision of Serbia Privatization Agency on accepting Restructuring Program in Lola Sistem no. R-01/OD dated 03.01.2007, Contract of Power of Attorney II/1 Cer. no. 234/07 concluded on 14.02.2007 in Belgrade between Lola Sistem a.d. as a Principal, and the Serbian Privatization Agency, as a Holder of Power of Attorney, the Privatization Agency announces

PUBLIC INVITATION FOR PARTICIPATION IN THE PUBLIC BIDDING FOR PURCHASE OF THE PART OF THE ASSETS OF "LOLA SISTEM AD BEOGRAD" WHICH IS USED BY "PROFITNI CENTAR LOLA MAŠINE ALATKE, ALATI I AUTOMATIZACIJA"

1. Subject of Sale

Sale Code: R- 290307- 032

The subject of sale is the part of real estate and movable property owned by Lola Sistem a.d. which is used by "Profitni centar Lola Mašine alatke, alati i automatizacija", which comprises the following:

- a) Heat treatment – tempering facility comprising the area of 1.141,13 m²
- b) Hall 13B (with old part of the annex) comprising the area of 11.315,00 m²
- v) Additional parts of the annex FAM-a, comprising the area of 3.620,02 m²
- g) Field „M-8“, comprising the area of 2.678,37 m²
- d) Dyeing plant „D-0“, comprising the area of 1.096,00 m²
- đ) Crane field „M-9“ with sheet metal processing facility, comprising the area of 1.400,00 m²
- e) Hall of special tool machines (with an annex and substation TS 6/0.4 KV), comprising the area of 17.985,67 m²
- ž) Shelter 1 i 2, comprising the area of 349,08 m²
- z) Hangar „SOKO“ (Warehouse), comprising the area of 705,30 m²
- i) Workshop for cutting and neutralization, comprising the area of 274,96 m²
- j) Boiler house FAM-a (adapted for a warehouse FAM-a)
- k) A part of the crane field „M-8“, comprising the area of 1.495,00 m²
- l) Phosphate workshop, comprising the area of 75,95 m²
- lj) Equipment, according to the specification from the List of real Estate and Movable Property
- m) Technical-technological documents.

The real estate and movable property are on sale as found, without possibility of further complaints.

2. Mandatory Terms of Sale

- Initial price for the part of real estate and movable property amounts to CSD 382.045.665,00 (three hundred and eighty-two million forty-five thousand six hundred and sixty-five)
- Deposit amounts to CSD 38.204.566,00 (Thirty-eight million two hundred and four thousand five hundred and sixty-six)
- If the buyer is a foreign legal entity or natural person, the deposit is to be paid in EURO according to the average exchange rate of Serbian National Bank on the day of the Public Invitation's announcement, in accordance with the instructions given by the Privatization Agency
- The buyer fully accepts the rights and obligations provided by the final text of the Agreement on sale and purchase of the part of real estate and movable property of "Lola Sistem" which is used by "Profitni centar Lola Mašine alatke, alati i automatizacija" which is given in the Appendix of the Sale Documents.

3. Participation Requirements

The buyer of real estate and movable property cannot be: 1) domestic legal entity with major socially-owned capital; 2) legal entity and natural person having due but unsettled liabilities towards the Seller i 3) subsidiaries of the Seller. Such applications shall be rejected without being taken into consideration.

The bidding participant may also be a consortium of domestic and/or foreign legal entities and/or individuals (hereinafter: Consortium). The Consortium Agreement shall give authorization to one Consortium member to represent the Consortium (hereinafter: Authorized representative of the Consortium) and to act on behalf and for the Consortium.

4. Sale Documents

Interested parties can purchase the sale documents at the price of CSD 40.000,00 after the invoice has been issued by the Privatization Agency. Purchase of the Public Bidding Documents is obligatory, and upon its collecting one is to sign the Confidentiality Agreement.

Upon submitting the payment evidence, the sale documents can be collected at the following address: Privatization Agency, Belgrade, 23 Terazije St., 5th floor, Room 511, from 9:00 to 17:00, from 19.02.2007 to 22.03.2007.

After the purchase of the public bidding documents, the potential buyers can visit "Profitni centar Lola Mašine alatke, alati i automatizacija" and the assets used by this profit center, at the following address: Beograd, Jugoslovenska br. 2, contact person Vladimir Kvrđić, each weekday from 9:00 to 15:00. Contact telephone: 011-2571-486.

5. Submission of applications for participation in the public bidding

The Deadline for submission of applications for participation in the public bidding is 22.03.2007 at 17:00.

The application has to contain the data given in the Instructions to Participants in Public Bidding which are an integral part of the bidding documents, deposit payment evidence and number of account for returning the deposit.

Filled application which is a part of the bidding documents, with signed Draft Sales and Purchase Agreement, signed on each page, and deposit payment evidence are to be submitted in a sealed envelope with inscription:

APPLICATION FOR PARTICIPATION IN PUBLIC BIDDING

R-290307, Privatization Agency, 23 Terazije St., Belgrade

The Committee for conduct of the public bidding will inform the applicants on the approval of their applications no later than one weekday prior to the date of the public bidding.

Prior to submission of application for participation, a participant is obliged to pay deposit, or submit first-class bank guarantee, in the account of and for the Privatization Agency, at the amount of CSD 38.204.566,00 (Thirty-eight million two hundred and four thousand five hundred and sixty-six). The deposit shall be paid in the following way:

- User: Serbian Privatization Agency, 23 Terazije St., Belgrade
- Number of Account: 840-1332721-14
- Transfer Basis: Purchase and sale of real estate and movable property of Lola Sistem a.d. which is used by "Profitni centar Lola Mašine alatke, alati i automatizacija" owned by «Ivo Lola Ribar Sistem» a.d. Beograd in restructuring

6. Public Bidding:

The public bidding will be held on 29.03.2007 at 11:00 at the Privatization Agency, 23 Terazije St., Belgrade, the Large Hall on the second floor.

Registration of participants in the public bidding shall start two hours prior to the public bidding, and shall be finished ten minutes prior to the public bidding, i.e. from 10:00 to 10:50.

The method of a public bidding and conclusion of the Sales and Purchase Agreement are explained in detail in the Instructions to Participants which are an integral part of the documents.

The deposit is to be returned to all the participants which have not been declared buyers within the period provided in the Instructions to Participants which are an integral part of the documents.

The participant with the best offer, which is declared a buyer, will have the deposited sum calculated in the purchase price, and in case of its waiving, the deposit is to be retained.

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