

According to the Decision of Ivo Lola Ribar Sistem a.d. Belgrade, in restructuring, Jugoslovenska br. 2 (further in the text: Lola Sistem) No. 219/1 dated 05.04.2005, the Decision of the Privatization Agency of the Republic of Serbia No. 344-3105-ZDS/01-3 dated 31.05.2005 and the Agency Contract concluded on 31.05.2005 in Belgrade between «Lola Sistem» as a Principal and the Privatization Agency of the Republic of Serbia, as an Agent, the Privatization Agency announces

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTION FOR PURCHASE OF THE SHARE OF LOLA SISTEM IN THE ENTERPRISE LOLA AUDIO LTD. BELGRADE

1. Object of sale

Sale code: R-300605-020

The object of sale is the share of the enterprise Lola Sistem in LOLA AUDIO plant of professional audio devices Ltd. Belgrade, from Belgrade, Lička 1 b, the value of which has been registered in court register of the Commercial Court in Belgrade in reg. item 1-76712-00 and amounts to 798.451,00 dinars with status on 25.1.1996, which is 10.000,00 USD as dinar equivalent, of which the amount of 5.015,20 USD, that is, 350.000,00 dinars as the equivalent, was paid on 5.4.2002.

2. Obligatory conditions of sale

- Initial price for the share is 9.186.000,00 dinars (in letters: nine million one hundred and eighty six thousand) dinars
- Deposit is 918.600,00 (in letters: nine hundred and eighteen thousand six hundred) dinars.
- The buyer fully accepts rights and obligations stipulated in the final text of the Sales Contract of the share which is integral part of the sale documentation.

3. Conditions for buyers

The buyer of the share cannot be: 1) domestic legal person in business with major socially-owned capital; 2) legal and physical persons who have due but unsettled obligations towards the Seller and 3) dependent enterprises of the Seller. Such applications will be rejected..

The participant can be an enterprise, individual investor, consortium comprising enterprises and/or individual investors ("Consortium"). One of the members of the Consortium, that is, person given the authority by the Consortium, has to be appointed to represent the Consortium ("accredited representative of the Consortium") and to work on behalf of and for the benefit of the Consortium.

3. Sale Documentation

Those who are interested can buy the public auction documentation at the price of **25.000 dinars**, after the invoice is received from the Privatization Agency. The purchase

of the public auction documentation is obligatory, and on its receipt one is to sign the Agreement on Keeping the Confidential Information.

After the payment evidence is submitted, the public auction documentation can be collected at the following address: The Privatization Agency, Auction Center, 23 Terazije St. (5th floor), 11000 Belgrade, 10:00 - 17:00 from 03.06.2005 to 27.06.2005.

Having collected public auction documentation, the interested buyers can view the enterprise Lola Audio and its assets at the address: Belgrade, Lička 1 b, contact person Zoran Kecojević, every weekday 9:00-13:00. Contact telephone: 011-361-22-88.

4. Submission of applications for participation in public auction

The closing date for applying is 27.06.2005 at 17:00.

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

Filled application which is a part of public auction documentation, with draft sales contract signed on each page and deposit payment evidence, are to be submitted in closed envelope with inscription APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION R-300605, The Privatization Agency, Belgrade, 23 Terazije St.

The Commission for the Sale of Assets will inform all the applicants about the approval of their applications one weekday before the public auction is held at the latest.

Before submission of applications for participation, the participant is obliged to pay deposit, or submit first-class bank guarantee, in the account and for the benefit of the Privatization Agency, for the sum of 918.600,00 (in letters: nine hundred and eighteen thousand six hundred) dinars.

Deposit is to be paid in the following way:

User: the Privatization Agency of the Republic of Serbia, 23 Terazije St., Belgrade

- Number of Account: 840-871621-94
- Basis of Transfer: Purchase and Sale of the share «Ivo Lola Ribar Sistem» a.d. Beograd in restructuring, in the enterprise Lola Audio Ltd. Belgrade,

6. Organization of Public Auction:

The public auction will be held on 30.06.2005 at 11:00 at Privatization Agency, Terazije 23, Belgrade, at the large Hall on the second floor.

Registration of participants in public auction will begin two hours before the start of the public auction, and will finish ten minutes before the start of the public auction, that is, from 9:00 to 10:50.

The implementation of public auction and conclusion of the Sales Contract are described in detail in the Instructions for Participants which are integral part of the documentation

All the participants who have not been declared buyers are to be returned the deposit in the period prescribed in the Instructions for Participants, which are integral part of the documentation.

For the participant who bids the highest offer and is declared a buyer, the deposited sum is to be included in the sale price, and in case of desisting the deposit is to be retained.

The Privatization Agency of the Republic of Serbia

Auction Center

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