

23 Terazije St., 11000 Belgrade, Serbia and Montenegro

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According to the Article 38 of the Privatization Law ("Official Gazette RS", No. 38/2001 and 18/2003), and the Article 5 of the Decree on Capital and Estate Selling by Public Auction ("Official Gazette RS " No. 45/01, 45/02, 19/03, 59/04 and 98/04), the Privatization Agency announces:

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic information about auction sale

Those who are interested can buy auction documentation at the price of 25,000 dinars, after the invoice is received from the Privatization Agency. VAT has not been included in the price. The purchase of the 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 auction documentation can be collected at the following address:

The Privatization Agency, Belgrade, 23 Terazije St., 9:00 - 17:00, from 01.03.2005. to 05.04.2005.

CLOSING DATE FOR APPLYING IS 06.04.2005. UNTIL 17:00

Filled application form which is a part of the auction documentation, with signed draft of sales contract and deposit payment evidence, is to be submitted in closed envelope with inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 140405, the Privatization Agency, Belgrade, 23 Terazije St."

* *Total evaluation of the capital to be privatized, expressed in EURO, has been calculated in accordance with the official rate on 01.03.2005.*

** *Total business income and expense, expressed in EURO, have been calculated in accordance with average annual real rates.*

IF THERE IS THE NAME OF ENTERPRISE TO BE PRIVATIZED ON THE ENVELOPE, OR FULL AUCTION CODE, THE APPLICATION CAN BE REJECTED.

THE AUCTION IS GOING TO TAKE PLACE ON: 14.04.2005.

at the address: **The Privatization Agency, Belgrade, 23 Terazije St., 2nd floor, Large Hall at 11:00.** The registration of the auction participants is going to take place at the same address on: **14.04.2005. 09:00 – 10:50:**

Means of payment can be in domestic currency, foreign convertible currency, bonds based on the outstanding foreign exchange saving which is to become due not later than the capital selling day (14.04.2005.) issued to physical 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 bonds based on the outstanding foreign exchange saving which are not to be due until the capital selling day (14.04.2005.) issued to physical persons who are citizens of the Republic of Serbia.

In case that first-class bank guarantee is submitted as the means of payment for the deposit, it has to be payable within the period of 48 hours from the declaration of a buyer at the auction.

The participation deposit is to be returned 15 days after the auction is held

The Privatization Agency keeps the right to change the date of the auction and the closing date for applying as well as to inform the interested until the auction day at the latest.

Enterprise to be privatized will be visited, after the Agreement on Keeping the Confidential Information is signed, from 01.03.2005 to 05.04.2005, at the previously established time by the Privatization Agency, tel: 011/3020-804;011/3020-803 or fax: 011/3020-881.

Short description of PUBLIC AUCTION PROCEDURE

Capital sale by public auction is carried out by Auction Commission established by the Privatization Agency. The Commission monitors auction sale, registers auction participants, announces auction unsuccessful, signs the minute and does other important jobs for auction process according to the law. The conditions for auction implementation are fulfilled if at least one person is given the auction participant status, if he is personally present or through his official accredited representative. At time ordered for the start of PUBLIC AUCTION, auctioneer will open the first bidding where the

means of payment can be in cash or due bonds. If there are many persons at the first bidding, the auctioneer announces initial price as well as each further increase. In case that none of the interested buyers react after the third call for accepting newly established price, the auctioneer, by hammering, declares the auction finished. 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 nobody is interested even after the third call, the auctioneer declares the first bidding unsuccessful and

immediately opens the second bidding where even immature bonds can be the means of payment. Those who have applied for the second bidding can participate in it, as well as the participants in the first bidding if it has been declared unsuccessful. If there are many participants in the second bidding the auctioneer announces initial price as well as each further increase. If none of the interested buyers react after the third call for accepting newly established price, the auctioneer, by hammering, declares the auction finished. 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 nobody is interested 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 person who has been given auction participant status attends the second bidding, that person is called three times to accept initial price. If he accepts the initial price, he is declared a buyer, and the initial price becomes selling price. If the

participant doesn't accept the initial price, the auction is declared unsuccessful, and he loses the right to be returned the deposit.

1) Basic data on enterprise to be privatized: Socially-owned enterprise for production and trade of castings ZASTAVA LIVNICA, TOPOLA

Auction code : 140405-1361

Official Registration Number: **07631618**

Field of work: **Iron casting**

Total estimated value of the capital to be privatized: **425.045.000 Din** or 5.278.787 ***EUR** which is **70 %** of the total capital of the enterprise.

Deposit for participation in the auction: **51.005.000 Din** or **633.449 *EUR**

Initial auction price: 102.011.000 Din

Minimum investment in the enterprise to be privatized 72.461.000 Din

The most important assets of the enterprise

A) Buildings – the most important facilities (?²):

1. Hall for casting, melting and moulding (5216) 2. Hall of grinding and cleaning workshop (1824) 3. Finished goods warehouse (1838) 4. Hall of modelling workshop, tools warehouse and mechanical processing facility (1140) 5. Building of technical preparation workshop (678)

B) The most important equipment:

1) Automatic line (Z-103) 2) Truck (Turbo Zeta 85.14 BD) 3) Quantum meter 4) Electric fork-lift truck (LE-20-XB) 5) Electric fork-lift truck (W-20)

C) Land (m²): Construction land: (114340 – state owned)

Statement of income and expense per year :

Shown in:	2002		2003	
	Din	**EUR	Din	**EUR
Total business income	130.829.000	2.167.658	127.642.000	1.962.003
Total business expense	211.070.000	3.497.142	185.164.000	2.846.181

The most important products/services: 1) Drum brakes, discs and cylinders for passenger vehicles, delivery vans and transporters 2) Clutch pressure plates for all types of vehicles 3) Housings for bearings 4) Flywheels, pulleys and carts 5) All kinds of castings

Total number of employees: 263; employees with university qualifications: 17

2) Basic data on enterprise to be privatized: Joint-stock company ZASTAVA ELEKTRO, RACA

Auction code : 140405-1362

Official Registration Number: **07630832**

Field of work: **Production of electric equipment for motors**

Total estimated value of the capital to be privatized: **131.587.000 Din** or 1.634.220 ***EUR** which is **69,28 %** of the total capital of the enterprise.

Deposit for participation in the auction: **15.790.000 Din** or **196.102 *EUR**

Initial auction price: 31.581.000 Din

Minimum investment in the enterprise to be privatized 20.217.000 Din

The most important assets of the enterprise

A) Buildings – the most important facilities (?²):

1. Hall with annex(7052) 2. Building of warehouse (2133) 3. Boiler-house (215) 4. Building of marine oil facility (tank) (183)

B) The most important equipment:

1) Machine for insulation tape cutting (MT - 100) 2) Automobile (Florida 1.3 CV business) 3) Switchboard (Panasonic) 4) Computer system

C) Land (m²): Construction land: (41421 – state owned)

Statement of income and expense per year :

Shown in:	2002		2003	
	Din	**EUR	Din	**EUR
Total business income	62.372.000	1.033.419	48.256.000	741.750
Total business expense	90.563.000	1.500.505	83.063.000	1.276.773

The most important products/services: 1) Wiring installations for all kinds of motor vehicles 2) Wiring installations for agricultural machines 3) Wiring installations for construction machines 4) Wiring installations for household apparatuses

Total number of employees: 276; employees with university qualifications: 4