

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

The Privatization Agency, within the joint offer, offers 70,00% of socially-owned capital of the enterprise to be privatized, which is 32,71% of the total capital and 100,00% of the share of GRUPA ZASTAVA VOZILA, KRAGUJEVAC, which is 53,27% of the total capital. It is offered in total 85,98% of the capital of the enterprise to be privatized. The share of GRUPA ZASTAVA VOZILA, KRAGUJEVAC in the capital of the enterprise is on sale according to the authority given to the Privatization Agency.

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 01.04.2005 – 10.05.2005.

CLOSING DATE FOR APPLYING IS 11.05.2005. 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 190505, the Privatization Agency, Belgrade, 23 Terazije St."

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

* Total evaluation of the capital to be privatized, expressed in EURO, has been calculated in accordance with the official rate on 30.03.2005.

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

THE AUCTION IS GOING TO TAKE PLACE ON: 19.05.2005.

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: **19.05.2005 – 09:00 do 10:50.**

Means of payment for a part of socially-owned capital on sale within the joint offer (32,71%) 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 (19.05.2005.) 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 (19.05.2005.) issued to physical persons who are citizens of the Republic of Serbia.

Means of payment in the share percentage of GRUPA ZASTAVA VOZILA, KRAGUJEVAC (53,27%) in total capital of the enterprise to be privatized can be ONLY in domestic currency and foreign convertible currency, but a part of sales price (achieved auction selling price) is to be paid IN FULL commensurate with the share of GRUPA ZASTAVA VOZILA in the enterprise to be privatized which is offered on sale, regardless of whether the participant has applied for the first or the second bidding.
Initial price for the share of GRUPA ZASTAVA VOZILA, KRAGUJEVAC is 484.825.041 dinars.

In case that the 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 after the declaration of a buyer at the auction. The participation deposit is to be returned 15 days after the public auction is held.

The Privatization Agency keeps the right to change the day 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 01.04.2005 to 10.05.2005, 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: Enterprise with limited liability for trade and upkeep of vehicles, weapons for hunting and sport ZASTAVA PROMET BEOGRAD, BEOGRAD

Auction Code: 190505-1386

Official Registration Number: 07032994

Field of Work: **Upkeep and repair of motor vehicles**

Total estimated value of the capital to be privatized: **782.567.000 Din** or **9.666.397 *EUR** which is **85,981 %** of the total capital of the economic entity.

Deposit for participation in the auction: **278.138.500 Din** or **3.435.616 *EUR**

Initial auction price: 556.277.000 Din

Minimum investment in the enterprise to be privatized: **31.544.000 Din**

The most important assets of the enterprise

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

1. Hall – transporters, Mije Kovačevića 6 (5515) 2. Service hall for semi-transporters, Mije Kovačevića 6 (2541) 3. Service hall for motor vehicles, Mije Kovačevića 6 (2541) 4. Service hall, Šabac (1760) 5. Service hall, Smederevo (1282)

B) The most important equipment:

1) Chamber for car painting 2) Chamber for painting and drying of passenger vehicles 3) Device for diagnostics of vehicles 4) Automatic line for car washing 5) Generator, 17 kW

C) Land (m²): *Construction land: (80370 (62.928) – state owned, (17.442) – socially owned)*

Statement of income and expense per year:

Shown in:	2003		2004	
	Din	**EUR	Din	**EUR
Total business income	417.172.000	6.412.408	480.689.000	7.388.736
Total business expense	465.248.000	7.151.390	546.947.000	8.407.197

The most important products/services: 1) Sale of motor vehicles 2) Sale of components and equipment for motor vehicles 3) Upkeep and repair of motor vehicles

Total number of employees: 451; **employees with university qualifications:** 22