

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Основни подаци о аукцијској продаји

The Privatization Agency, offers 70,00 % of the socially-owned capital of the subject undergoing privatization, within the joint offer, which amounts to 32,71% of the total capital and 100,00% of stock of ZASTAVA VOZILA GROUP, KRAGUJEVAC, which amounts to 53,27% of the total capital. Totally is being offered 85,98% of capital of subject undergoing privatization. The participation of ZASTAVA VOZILA GROUP, KRAGUJEVAC, in the subject capital is offered for sale based upon the power of attorney to the Privatization Agency.

Those who are interested can purchase auction documentation at the price of: CSD 25.000, 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 Agreement on Keeping the Confidential Information. After the payment evidence is submitted, the auction documentation can be collected at the following address: Privatization Agency, Belgrade, Terazije 23, 09:00 – 17:00 on weekdays, from 21.09. – 27.09.2005.

CLOSING DATE FOR THE APPLICATION SUBMISSION is 28.09.2005, until 17:00

The filled in application, as a part of the auction documentation with signed draft of the SPA and the deposit payment evidence, is to be submitted in closed envelope with the inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 061005, Privatization Agency, Belgrade, Terazije 23".

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

THE AUCTION IS GOING TO BE HELD: 06.10.2005

at the address: **Dom Sindikata, Belgrade, Trg Nikole Pašića, Hall no. 4**, at 11:00. The registration of the auction participants is going to take place at the same address on: **06.10.2005 from 09:00 – 10:50**.

The means of payment for the stock of the socially-owned capital which is offered for sale within the joint offer (32,71%), can be domestic currency, foreign convertible currency, state bonds issued upon the unpaid foreign currency savings of citizens, which are to become due not later than the date of sale of capital (06.10.2005), issued to the natural persons, who are the 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 due until the date of the sale of capita (06.10.2005), issued to the natural persons, who are the citizens of the Republic of Serbia.

Means of payment in the percentage of participation GRUPA ZASTAVA VOZILA, KRAGUJEVAC (53,27%) in the total capital of the subject undergoing privatization can be SOLELY in domestic currency as well as foreign convertible currency, on which occasion the part of selling price (realized selling price at the auction) according to the participation of holding, which is offered for sale in subject undergoing privatization, is going to be paid in three rates, in accordance with the provisions of the SPA. The initial price for the stock of "ZASTAVA VOZILA" GROUP, KRAGUJEVAC amounts to EUR 3.882.464 expressed in CSD, according to the official average exchange rate of NBS on the public announcement date.

In case the first class bank guarantee is submitted as the means of deposit payment, it is to be due within 48 hours after 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 natural persons or legal entities, until the auction day at the latest.

The visit to the subject undergoing privatization shall be carried out after the Agreement on Confidentiality is signed, in period from 21.09.2005 until 27.09.2005, after previously the time-table with the Privatization Agency has been established, phone numbers: 011/3020-804; 011/3020-803 or by fax: 011/3020-881.

* The entire estimated value of the capital to be privatized, stated in EUR, is calculated according to the official exchange rate on 21.09.2005.

** The entire business income and expense data, stated in EUR, are calculated according to the average annual real rates in 2000 and 2001.

Short description of the PUBLIC AUCTION PROCEDURE

The sale of the 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, records 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 present personally or by an authorized representative. At the time ordered for the PUBLIC AUCTION opening, 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. 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 finished. 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 parties 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 the 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 the party loses the right to be brought back the deposit.

1) Basic information on the subject undergoing privatization: Limited liability enterprise for trade and maintenance of vehicles, sports and hunting weapon ZASTAVA PROMET BEOGRAD, BEOGRAD

The auction sale code: **061005-1368p**

Official identification number of the subject: **07032994**

Field of work: **Maintenance and overhaul of engine vehicles**

The entire estimated value of the capital to be privatized: **CSD 833.916.000** or ***EUR 9.920.406**, which is **85,981 %** of the total subject capital to be privatized.

Deposit for participation in the auction, for the stock of the socially-owned capital, that is to be sold within the joint offer (32,71%) amounts to: **CSD 25.381.000** or **300.788 *EUR**.

Deposit for participation in the auction, for the share in ownership of ZASTAVA VOZILA GROUP, KRAGUJEVAC, amounts to: **CSD 42.191.000** or ***EUR 500.002**.

The initial auction price for the share of the socially-owned capital which is to be sold within the joint offer (32,71%) amounts to: **CSD 50.761.000**.

The initial auction price for the share of ZASTAVA VOZILA GROUP, KRAGUJEVAC amounts to: **CSD 327.609.000** which is equivalent to ***EUR 3.882.464** according to the official average rate of the NBS on the public announcement date.

The initial auction price for the total capital to be offered for sale (85,98%) amounts to: **CSD 378.370.000**.

The investments' minimum into the subject undergoing privatization: **CSD 33.614.000**

The most important property of the subject undergoing privatization:

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

1. Hall – trucks, Mije Kovacevica 6 (5515) 2. Hall for reparation and overhaul of halftrorries, Mije Kovacevica 6 (2541) 3. Hall for reparation and overhaul of passenger vehicles, Mije Kovacevica 6 (2541) 4. Reparation and overhaul plant, Sabac (1760) 5. Reparation and overhaul plant, Smederevo (1282)

B) The most important equipment:

1) Painting chamber for vehicles 2) Painting and drying chamber for passenger vehicles 3) Device for the diagnosis of vehicles 4) Automatised line for the car wash 5) Power unit, 17 kW

V) Land facilities (m²): *Construction land: 80370 thereof 62.928 – state owne, and 17.442 – socially-owned*

Balance sheet per year:	2003		2004	
	CSD	**EUR	CSD	**EUR
Shown in:				
Total business revenues	417.172.000	6.412.408	480.689.000	6.584.600
Total business expenses	465.248.000	7.151.390	546.947.000	7.492.219

The most important products/ services: 1) Sale of engine vehicles 2) Sale of spare parts and equipment for engine vehicles 3) Maintenance and overhaul of engine vehicles

Total number of employees: 451; of whom **BC/ BA:** 22