

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic Data on Auction Sale

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 offered 85,98 % of the subject capital subject . The share of ZASTAVA VOZILA GROUP, KRAGUJEVAC, in the subject capital is offered for sale based upon the Power of attorney delivered 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, 23 Terazije, 09:00 – 17:00 on weekdays, from 02.12. – 16.12.2005.

CLOSING DATE FOR THE APPLICATION SUBMISSION is 19.12.2005, 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 a closed envelope with the inscription: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 271205, Privatization Agency, Belgrade, 23 Terazije".

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

THE AUCTION IS GOING TO BE HELD: 27.12.2005

at the address: **Privatization Agency, Belgrade, 23 Terazije, 2nd floor, Large Hall**, at **11:00**. The registration of the auction participants is going to take place at the same address on: **27.12.2005 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 in domestic currency, foreign convertible currency, state bonds issued upon the unpaid foreign currency savings of citizens, which are to due not later than the date of sale of capital (27.12.2005), issued to the natural 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 state bonds based upon the unpaid foreign currency savings of citizens, which are not due until the date of the sale of capita (27.12.2005), issued to the natural persons, who are citizens of the Republic of Serbia.

Means of payment in the share percentage of GRUPA ZASTAVA VOZILA, KRAGUJEVAC (53,27 %) in the total capital of the subject undergoing privatization can be SOLELY in domestic currency as well as in foreign convertible currency, on which occasion the part of the selling price (realized selling price at the auction), according to the share of holding in the subject to be privatized, is to be paid in AT ONE TIME, regardless of the fact whether the participant has applied for the first or the second bidding. The initial price for the stock of "ZASTAVA VOZILA" GROUP, KRAGUJEVAC amounts to CSD 288.726.601.

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 has been 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 parties on such changes, if any, 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 02.12.2005 until 16.12.2005, 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, was calculated according to the official exchange rate on 02.12.2005.

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

Brief 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: Društvo sa ograničenom odgovornošću za promet i održavanje vozila, lovackog i sportskog oružja ZASTAVA PROMET BEOGRAD, BEOGRAD

The auction sale code: 271205-1368p

ID number of the subject: **07032994**

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

The entire estimated value of the capital to be privatized: **CSD 854.900.000** or ***EUR 9.897.999**, which is **85,981 %** of the total subject capital to be privatized.

Deposit for participation in the auction amounts to: **CSD 170.382.000** or ***EUR 1.972.676**.

The initial auction price amounts to: **CSD 340.764.000**.

The investments' minimum into the subject undergoing privatization: **CSD 34.460.000**

The most important property of the subject undergoing privatization:

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

1. Hall for goods vehicles, Mije Kovacevica 6 (5515) 2. Hall for reparation and overhaul of partly goods vehicles, 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/spray chamber for vehicles 2) Painting/spray 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: (62.928) – state owned; (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

Main products/ services: 1) Sale of engine vehicles 2) Sale of spare parts and equipment/accessories for engine vehicles 3) Maintenance and overhaul of engine vehicles

Total number of employees: 451; of which **BS/ BA:** 22