

Based upon the Decision on sale of shares made by the Managing Board of Grupa Zastava Vozila no. UO-23-1/05 dated 11 November 2005, consent of the Privatization Agency no. 266-0112-3DS/01 dated 01 December 2005, as well as the Agency Agreement dated 02 December 2005, the Privatization Agency of the Republic of Serbia announces

**PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC BIDDING FOR
PURCHASE OF SHARES OF A.D. ZA HOLDING, KONSALTING I
MENADZMENT POSLOVE OF GRUPA ZASTAVA VOZILA, KRAGUJEVAC –
IN THE ENTERPRISE "ZASTAVA INPRO" d.o.o. KRAGUJEVAC**

Sale code: R-271205-025

1. Subject of sale

Subject of sale are shares of the Joint-stock company za holding, konsalting i menadzment poslove Grupa Zastava Vozila, Kragujevac, WHICH REPRESENTS 100% OF CAPITAL IN THE ENTERPRISE "ZASTAVA INPRO" d.o.o. KRAGUJEVAC.

2. Bidding documentation

Those who are interested can purchase bidding documentation at the price of: CSD 25.000, after receipt of invoice from the Privatization Agency. Purchase of public bidding documentation is obligatory, and on its receipt one is to sign the Confidentiality Agreement. After the payment evidence has been submitted, the public bidding documentation can be taken over at the following address: Privatization Agency, Auction Department, 23 Terazije Str., (5th floor), 11000 Belgrade from 10:00 - 17:00, in period from 02 December 2005 until 21 December 2005.

3. Initial price

The initial sale price at the public bidding, determined for shares in "Zastava Inpro" d.o.o. Kragujevac amounts to: **CSD 35.157.000** (thirtyfivemiliononehundredfiftyseventhousanddinar).

4. Conditions to the Buyer

The declared buyer will have to take over the obligations in accordance with the Sales and Purchase Agreement, which is an integral part of the bidding documentation.

In addition, a participant who submits an application, expresses by that act, that he fully agrees with all of conditions, stated in the Instructions to participants, being an integral part of the documentation to be purchased.

5. Conditions to participants

The right to participate in the sales procedure has any natural person and legal entity, with restrictions stipulated in the Instructions to participants, if she/he effects the deposit payment in amount of: **CSD 3.515.700** (threemilionfivehundredfifteenthousandsevenhundreddinar), i.e. 10% of the initial selling price, or if she/he submits the first class bank guarantee in the same amount, in accordance with the Instructions to participants.

In case that the first class bank guarantee has been submitted as the means of deposit payment, it is to be due within 48 hours after declaration the Buyer at the public bidding.

6. Due Dilligence procedure

After the Agreement on Confidentiality has been signed and the Bidding documents have been purchased, a potential participant shall be enabled to make a survey of assets of "Zastava Inpro" d.o.o. Kragujevac, to hold meetings with persons in charge and to make a review of financial, commercial and legal documentation. Afterwards, if a potential participant makes a decision on participation in the public bidding, it is necessary that she/he effects a deposit payment or to submit the first class (irrevocable) bank guarantee and the Participation application, as shown in the model in the Instructions to participants.

7. Submission of the Participation applications

The deadlines for application submission expire on 21 December 2005, at 17:00. The applications are to be submitted to the Privatization Agency in a sealed envelope with the inscription:

APPLICATION FOR PARTICIPATION IN THE PUBLIC BIDDING R-271205,
PRIVATIZATION AGENCY OF THE REPUBLIC OF SERBIA – AUCTION
DEPARTMENT, 23 TERAZIJE, V FLOOR, BELGRADE 11000

If there is name of the sales subject or full sales code on the envelope, the application can be rejected. Application for participation is to be filled in a particular form, which is an integral part of the documentation to be purchased and has to comprise the data, mentioned in the Instruction to participants, deposit payment evidence and the account number for return of deposit. Incomplete and belated applications shall not be considered. The Commitee for sales implementation shall, at the latest one working day before the public bidding holding, inform all applicants on approval of their applications.

8. Public bidding disposition

Public bidding shall be held on **27 December 2005**, at 11:00, within the premises of the Privatization Agency, 23 Terazije Str., Belgrade, Large Hall on the second floor. Registration of the public bidding participants shall be held at the same address on 27 December 2005, from 09:00 - 10:50.

The manner of the public bidding performance and closing of the Sales-Purchase Agreement is explained into detail in the Instructions to participants, which are an integral part of the documentation.

To all participants not to be declared a buyer, the deposit amount is to be returned within the period established in the Instructions to participants.

The participant to be the first to bid the best offer and to be declared a buyer, the deposit amount is to be calculated into the purchase price, while difference between the deposit amount and the finally bid purchase price, the buyer is obliged to effect in CSD, on the account of the Agency, in accordance with the provisions of the Sales-Purchase Agreement. In case that the buyer desists from the SPA, the deposit is not to be brought back.

Grupa Zastava Vozila a.d.

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