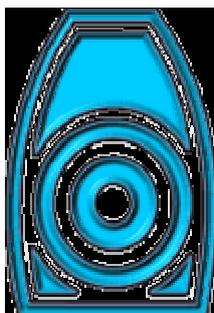


Investment in Macedonia

An opportunity to invest in the Automotive Components Industry in Macedonia



RUEN

A.D., Kocani



Ruen

Ruen is principally a manufacturer of spare parts for motor vehicles. Its current production is geared towards supplying heavy commercial vehicles and to a lesser extent, passenger vehicles. It produces and markets three broad product groups:

1. clutches and clutch components;
2. gear components and other gear parts; and
3. springs and special fastenings.

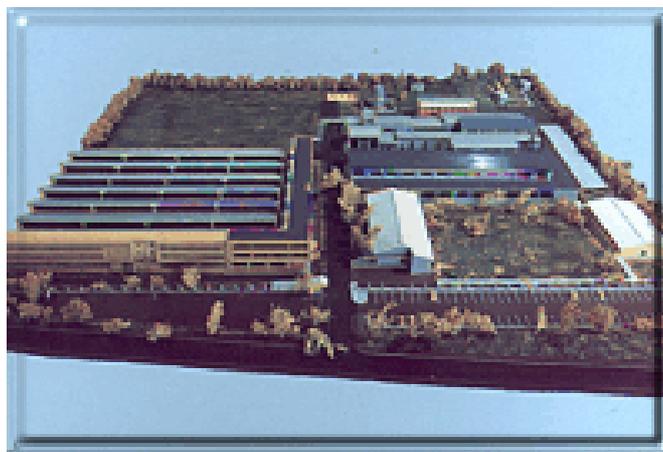
The Company's annual production capacity is set out in the table below.

Product group	Units ('000)
Clutch covers	500
Clutch discs	860
Facings	1,200
Gear components	382
Springs	12,800

Source: Ruen Management

Location and facilities

Ruen operates from three sites in and around the city of Kocani in Eastern Macedonia, occupying a total area of approximately 163,000 square metres.



Ruen's main complex

Location of Ruen



Ruen has a significant amount of plant and machinery on its site, most of which has not been upgraded in recent years due to the Company's financial and operational constraints. However, Ruen has maintained its plant and machinery in good working order.

Products and markets

Ruen's commercial strength lies in its wide product list of parts for heavy commercial and agricultural vehicles. It offers a more modest range for passenger vehicles. Historically, its product range and expertise have been developed through commercial co-operation agreements with other major manufacturers, such as Fichtel & Sachs of Germany and Valeo of France.

Its products are sold to numerous countries in the Balkans and elsewhere in Europe, the Middle East, Africa and India. Within the region, there is a strong brand loyalty to Ruen's products and it has been able to command higher prices here relative to other regions.

The Company has both the capability and facilities to expand its product range, particularly by vehicle type. However, due to past difficulties product development has been limited.

Additional information on Ruen's products is available at www.ruen.com.mk

The Republic of Macedonia ('Macedonia')

Since gaining independence in 1991, in spite of the difficulties posed by political and social unrest in the region, Macedonia has implemented a reform programme designed to develop a free market economy and achieve closer integration with international trading partners. Priority has been placed on economic reform and, in this; the Government has worked closely with both the World Bank and the IMF. Macedonia has started working towards membership of the EU and has recently been granted full membership to the WTO.

The achievements of the ongoing programme of economic reform include:

- widespread privatisation of state and socially-owned enterprises;
- regional, European and worldwide trade liberalisation; and
- promotion of foreign direct investment (including major foreign capital backing in the banking and insurance industries).

Macedonia took major steps towards integration with the EU with the signing of the Stabilization and Association Agreement in April 2001 and a Free Trade Agreement with the European Free Trade Association (EFTA) whose implementation starts this year. Goods exported from Macedonia to the EU are now free of any customs duties or quantity limitations. Duties on goods imported from the EU into Macedonia will be progressively reduced to zero duty by the end of 2010.

The Country also has some very important trading partners in the Balkan region. Trade with Slovenia, Yugoslavia, Romania, Croatia, Bulgaria, Turkey, Ukraine and Albania accounted for approximately 35% of total imports and exports in 2000. Macedonia has now signed free trade agreements with all of these countries and has begun negotiations with the Russian Federation.

Macedonia's recent entry into the WTO will help the Country's further integration into the world trading system. It will help facilitate foreign trade and investment and expand the market for Macedonian goods and services.

In order to attract foreign direct investment, the Government of Macedonia has implemented various reforms to encourage investment. Incentives for overseas investors include:

- A relatively low rate of corporate income tax (15%);
- Corporate income tax relief investors are allowed a tax break of up to 3 years, after which, if the investor decides to invest profit back into the company then an additional 3 years tax break may be granted;
- Customs duty exemptions on imports of equipment and other capital assets; and
- Creation of Free Economic Zones with offering various exemptions from customs duties and income, sales and property taxes.

Macedonia offers excellent logistical advantages to investors. The country is crossed by two major transport corridors: the E65 which runs east to west from Durres to Varna, and the E75 running north to south from Munich to Thessaloniki.

- The benefits of producing in Macedonia include:
- Low labour costs;
- Highly skilled workforce;
- Strong industrial tradition;
- Stable macroeconomic situation;
- Easy access to export markets in both the EU and other Balkan states; and
- Development of Macedonia's relationship with the EU and the WTO.

Sale process

The only criterion for the selection of a purchaser will be the price offered for the assets. Full details of the sales process, further information Ruen and lists of the assets included in the one asset package is set out in an Information Document, which is available to all interested parties on payment of EUR 200 (or Macedonian Denar equivalent). To receive an Information Document and Tender Rules Document, please contact either the Bankruptcy Trustee or the Liquidation Advisor (details below). Payment should be made to one of the following bank accounts:

Payments made domestically in <i>Macedonian Denar</i>	Payments from abroad in <i>Euro</i>
Ruen AD Kocani, in Bankruptcy Bank: Komercijalna Bank AD Skopje	Ruen AD Kocani, in Bankruptcy Bank: Komercijalna Bank AD Skopje Kocani branch
Acc. Number: 300050000049067 Tax Number: 4030993262472	Acc. Number: 25730522-473 SWIFT: KOBSMK 2XKOB

In order to participate in the liquidation, bidders will be required to purchase an Information Document and comply with the Tender Rules attached to the Information Document. The deadline for the receipt of bids will be **12.00 on 5 April 2004**.

Contact details

For further information see http://www.mpa.org.mk/action_plan.htm or contact:

Bankruptcy Trustee	Liquidation Advisor
Mr. Aco Tancev Ruen in Bankruptcy No. 32, 29 th November Str. 2300 Kocani, Macedonia Tel: +389 (0)33 279 597 Fax: +389 (0)33 279 599 Mob: +389 (0)70 730 042 Email: info@ruen.com.mk	Simon Beamish Lion's Bridge C/o Grant Thornton Consulting Dame Gruev, 14a 1000 Skopje, Macedonia Tel: +389 2 3214 700 Mob: +389 70 827 744 Fax: +389 2 3214 710 Email: simon.beamish@lionsbridge.com

Purpose and Contents of this Document

This document (the 'Document') contains proprietary and confidential information Ruen, in bankruptcy, Kocani. It has been prepared from information provided by the Bankruptcy Trustee and the Company, solely to enable those selected persons receiving the Document ('Interested Persons') to gain some initial familiarity with the business and the assets of Ruen. The information in this Document has not been verified by the Bankruptcy Trustee, the Company or by Lion's Bridge and Grant Thornton (together, the 'Liquidation Advisor'). Interested Persons must undertake such investigations as they see fit before entering into any contract.

The Bankruptcy Trustee, the Company and the Liquidation Advisor do not make any express or implied representation or warranty and no responsibility or liability is accepted by any of them with respect to the adequacy, accuracy, completeness or reasonableness of the facts, opinions, estimates, forecasts or other information set out in this Document. The Bankruptcy Trustee, the Company and the Liquidation Advisor do not owe a duty of care to any Interested Person or any recipient of this Document, either in relation to this Document or any other information that any Interested Person or potential bidder is provided with at any time.

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Joint Privatization Advisors

