

**Republic of Serbia**

**SOLICITATION OF EXPRESSIONS OF INTEREST  
FOR A**

**FINANCIAL ADVISOR TO PRIVATIZE  
COMPANY "STARI TAMIS" A.D., PANCEVO**

The Government of Serbia (hereinafter: the GoS), has received a Grant from European Agency for Reconstruction (hereinafter: the EAR), to be administered by the World Bank (hereinafter: the WB), to facilitate and accelerate the privatization, restructuring and bankruptcy of the socially- and state-owned enterprises (SOEs) in accordance with the provisions of the Privatization Law as well as the Bankruptcy Law.

The GoS now intends to apply part of this Grant for services to be provided by a Financial Advisor to undertake the privatization of a Company "STARI TAMIS" AD, PANCEVO

Company "STARI TAMIS" A.D. for agricultural production was founded in 1952. It is located in Pancevo. On 16.04.2007, the Company employed 222 workers.

Company's core activity is primary agricultural production. Main products are farming crops (wheat) and fattened pigs.

At this moment, the Company is using 4,351 ha 72 a 56 m<sup>2</sup> of land, of which 1,174 ha 20 a 57 m<sup>2</sup> of land is socially owned, comprised mainly of arable fields, and 3,177 ha 51 a 99 m<sup>2</sup> of land is state owned, of which 2,590 ha is being cultivated. Main buildings are: pig farm (22,566 m<sup>2</sup>), cattle farm (8,456 m<sup>2</sup>), yard with workshop (5,202 m<sup>2</sup>), mixer building with warehouse (7,731 m<sup>2</sup>). Total surface of buildings is 45,377 m<sup>2</sup>.

Main equipment consists of: various types of wheat combines, in particular two combines CLAAS LEXION 480, two combines CLAAS LEXION 450, loader Caterpillar 950g II, tracked tractor Class and tracked tractor CLASS CHALLENGER, hydrostatic dredger, pneumatic sowing machines II 12-row, inter-row cultivators for corn and sugar beet, press Krone, sprinkler UG 2000, airplane DROMADER M-18, mixer equipment, and livestock farming equipment.

The Company employs sufficient number of skilled staff for performing its operations.

The Company generates income mostly in local market. In the years 2004, 2005 and 2006 share of sale in the local market in comparison to total sales was 100%. Distribution channels: direct sale 98%, wholesale 0%, retail 2%.

Advantages: historically, the land is achieving high performance results - crops are 2-3 times higher than country average; the company is a role-model for other companies in the industry; homogenous human resources; own tested technology.

In 2004, the Company generated sales revenues in the amount of EUR 5.98 million, and net profit of EUR 809,000. Total assets at the end of the year was EUR 9 million while total equity was EUR 8.2 million. During 2005, the Company generated sales revenues in the amount of EUR 5.98 million, and net profit of EUR 931,000. Total assets at the end of the year was EUR 11 million, and total equity of the Company was EUR 10.6 million.

In 2006, the Company generated sales revenues in the amount of EUR 7.4 million, and net profit of EUR 794,000. Total assets at the end of the year was EUR 12.5 million while total equity was EUR 12 million.

Company's capital structure: Socially owned capital 83,02%, state capital 12,92% and private capital 4,04%.

Privatization Agency offers for sale 70% of the socially owned capital.

Remaining 30% of the socially owned capital will be distributed in accordance with the Law on Privatization.

**Further details concerning Company "STARI TAMIS" AD, PANCEVO its current operations and its financial situation, are available on the web site of the Privatization Agency, Republic of Serbia ([www.priv.yu](http://www.priv.yu)), or from the Assistant to Project Manager in charge, Ms. Dragana Puzic ([dpuzic@priv.yu](mailto:dpuzic@priv.yu)).**

The objective of the GoS in this privatization is to attract reputable domestic or foreign strategic investors or consortia of investors with industry expertise, management know-how and financial strength necessary to improve the companies' performance and fulfill the necessary investment program in order to utilize and secure the long term development potential.

To achieve this goal, the Privatization Agency, Republic of Serbia intends to hire a Financial Advisor to: (i) undertake the a legal, financial and operational Due Diligence as well as an environmental review and suggest the in necessary pre-privatization measures and the envisaged privatization strategy in a Diagnostic Report; (ii) conduct an investors search and actively market the investment opportunity to a wide group of potential purchasers and present a market assessment report comprising the feedback from potential purchasers; (iii) prepare the required tender documentation; (iv) conduct a valuation; and (vi) implement the privatization of the companies through a competitive tender process and manage the sales process until closing of the privatization transaction. All of these activities will be funded by a combination of a **Retainer Fee** to be financed under the Grant, and a **Success Fee** to be funded out of the proceeds of the actual sales.

The Privatization Agency, Republic of Serbia, now invites Expressions of Interest (EOIs) from eligible firms / consortia of firms.

EOIs from eligible firms/consortia should specify the following relevant information in order to be considered for the preparation of a short list of firms to whom Requests for Proposals will be sent: (i) short introduction of the firm/consortium; (ii) evidence of the track record in this type of assignment and the relevant industry, with a maximum of 15 most comparable projects best documenting the required experience (in case of a "joint venture", such evidence is required for all members of the "joint venture", while in case of a sub consultancy, it is required only for the leading firm); and (iii) names and curricula vitae for proposed professional staff only (project manager, privatization expert, financial expert, industry expert, and legal counsel).

The references of the firm shall clearly line out the experience of the firm / consortium in:

- 1) Tender privatization projects in CEE and in Serbia
- 2) Experience in the industry and in comparable transactions
- 3) General Privatization Experience in CEE and in Serbia

The CVs shall clearly line out the most relevant and recent projects, which the eligible firm considers to be most relevant and which best document the teams experience in accordance with the following requirements:

Project manager: Experience in managing and successful implementation of tender privatization transactions or comparable transactions in the industry and experience in Serbia and in CEE

Privatization Expert: Experience in privatization in CEE and in Serbia

Financial Expert: Experience in financial due diligence and valuations in CEE and in Serbia

Industry Expert: Experience in the relevant industry

Legal Counsel: Experience as legal counsel in tender privatization transactions in CEE and in Serbia.

EOIs should be submitted in English and should not exceed 50 pages.

**In order to avoid possible over commitment, in addition to the above, firms will be short listed based on their capacity and current commitments.**

A Financial Advisor will be selected in accordance with procedures set out in the World Bank's **Guidelines: Selection and Employment of Consultants by World Bank Borrowers, May 2004**. The method of evaluation will be in accordance to clause 3.19 of above mentioned Guidelines (i.e. selection will be based on cost alone, among those firms securing the minimum passing mark for the quality of their proposals).

Interested and eligible firms / consortia who wish to participate should mail or e-mail their EOIs by **June 26<sup>th</sup>, 2007 (Tuesday), and not later than 03:00 p.m. (local time).**

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