

Republic of Serbia

**SOLICITATION OF EXPRESSIONS OF INTEREST
FOR A
FINANCIAL ADVISOR TO PRIVATIZE
POLJOPRIVREDNA KORPORACIJA "BEOGRAD" JSC PADINSKA SKELA**

The Government of Serbia (hereinafter: the GoS), through Serbia and Montenegro, has received a Grant from European Agency for Reconstruction, administered by the World Bank, to support the privatization, restructuring and bankruptcy of the socially-and state-owned enterprises (SOEs) in accordance with the provisions of the Law on Privatization as amended in 2005.

The GoS now intends to apply part of this Grant for services to be provided by a Financial Advisor to undertake the privatization through international tender privatization of a Company POLJOPRIVREDNA KORPORACIJA "BEOGRAD" JSC Padinska Skela.

Company Poljoprivredna korporacija "Beograd" was founded in 1945. It is located in Padinska Skela, some 15 km from Belgrade, capital of the Republic of Serbia. In December 2005, the Company employed 2.927 workers.

The core activity of the Company is breeding and production of milk. Among other products, Company produced around 58 million liters of milk and around 89 tons of sugar beet in 2005.

The Company currently uses 19.917 ha of state-owned and 5.033 ha of socially-owned agricultural land, as well as 5.523 ha of forests and other land.

The Company generates 100% of income in domestic markets. Company's only distribution channel is direct sale.

In fiscal 2005, the Company generated operating revenues of around EUR 47,7 million. Total operating assets at the end of 2005 were EUR 111,7 million, and total equity of the Company was EUR 84,6 million.

The Company has following six subsidiaries: "PKB Inshra", "PKB Agroekonomik", "Eko lab", "Poljoprivredna avijacija PKB", "PKB Sirpak" and "Veterinarska stanica PKB".

The Company consists of 64,98% of socially owned capital, 34,70% state owned capital and 0,32% private capital. The Privatization Agency is planning to offer for sale 70% of the socially owned capital and 100% of the state owned capital of the Company and its six subsidiaries in order to attract a reputable, international or domestic strategic investor with industry expertise and financial strength necessary to execute investment and marketing plan, which would increase operating volume and strengthen market position.

Further details concerning POLJOPRIVREDNA KORPORACIJA "BEOGRAD" JSC Padinska Skela, its current operations and its financial situation, are available on the web site of the Privatization Agency, Republic of Serbia (www.priv.yu), or from the Project Manager in charge, Mr. Vladimir Surla (vsurla@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 (PA) intends to hire a Financial Advisor to: (i) undertake the necessary vendors due diligence and prepare a Diagnostic Report suggesting necessary pre-privatization measures and the envisaged privatization strategy; (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) prepare an environmental audit; (v) 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 from eligible financial advisors for the preparation of a short list of firms to whom Requests for Proposals will be sent. Eligible firms must have strong experience in the field of privatization in general and more specifically in the relevant industry as well as in the preparation of socially-owned enterprises for privatization. The financial advisor must be able to field a team of experienced experts or otherwise provide a team of relevant experts on the ground with strong knowledge of the industry. Preferably eligible firms shall have successfully completed on one or more comparable assignments. If the firm can not provide the complete expertise it may wish to form a consortium of specialists, either through subcontracting or a joint venture.

EOIs from eligible firms/consortia should specify the following relevant information in order to be considered for short-listing: (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, leading privatization expert, financial expert, relevant industry expert, and the leader of the legal counsel).

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 requirements lined out hereinbefore.

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 used to select the Financial Advisor will be **Quality and Cost Based Selection (QCBS)**.

Interested and eligible firms / consortia who wish to participate should mail or e-mail their EOIs by **13th November, 2006, and not later than 03:00 p.m. (local time)**.

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