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March 13, 2002

Mr. Vladimir Cupic
Privatization Agency
Ministry of Economy and Privatization
Srpskih Vladara 16
11,000 Belgrade, Serbia
Yugoslavia

REPUBLIKA SRBIJA
AGENCIJA ZA PRIVATIZACIJU

Br. _____
2003 / 3162 / 111
BELGRADE

Sent by fax: 011-381-11-361-7640

Subject: Privatization of Kovin Sugar Factory

Mr. Cupic:

We are writing to formally notify you of Schaffer & Associates International Limited (SAIL) interest in the privatization of the Kovin Sugar Factory, which we understand your Agency has recently launched and officially announced in the Journal "Politika".

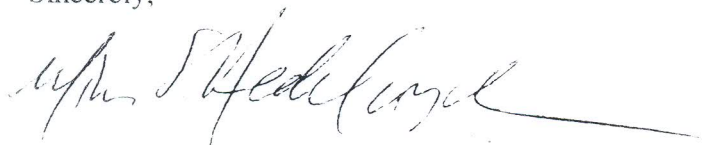
Schaffer & Associates has a worldwide reputation as one of the top sugar engineering and technology companies, and is presently operating sugar factories throughout North and Central America, and Africa. We have over 40 years experience in the sugar industry throughout the world, and have completed projects in some 70 countries on five continents. For a complete description of our experience, corporate capabilities and bonafides, we invite you to visit our web site (www.fcschaffer.com).

As you might be aware, SAIL sent a technical team for several weeks to Serbia last summer to make an initial and perfunctory review and analysis of a number of sugar factories, including Kovin. Following that review, we settled on Kovin as our first potential partner in the sugar industry, and started discussions with their management about the need for a full feasibility study to determine the best course of action.

The rehabilitation, modernization, start up and expansion of Kovin Sugar Factory to put it into a state of maximal efficiency is no small task requiring substantial capital input, but

one which we are prepared and keen to do. We look forward to hearing from you as to what the next steps are to proceed with our interest in the privatization of the factory, and have instructed our representatives in Belgrade to personally deliver this message in addition to the fax version which you now have available.

Sincerely,



Mima S. Nedelcovich
Vice President, International

2002

Mima Nedelcovich

20.3.2002