



The Winterbotham Trust Company Limited



Annual Report & Accounts

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Diego Young

Claudia Tenaglia

Mark Sexton

Leticia Mier



So we can provide services which add value to your business we are constantly developing, innovating and adapting to meet the dynamics of each of our markets and the international financial services sector.

We are also retaining, training, developing and motivating staff with the personal and team skills to deliver the services which contribute to your success. None of this is possible without profitable growth.

We are pleased to report that Winterbotham grew 24% in gross revenue terms during our financial year ending 30th June 1997. Net profits were in excess of 35%, as a return on equity, and represented a return of 17% on total income. This performance enabled the Company to increase its net worth by 36% to US\$1,425,000, thus further strengthening our ability to consolidate the business and achieve our targets for future growth. We will continue to strengthen our capital base as the business develops in order to reaffirm to you, our Customers, our commitment to the continued provision of high quality services.

For a small company, the successful delivery of specialised financial and fiduciary products across borders represents a considerable challenge. Winterbotham operates internationally, placing particular emphasis on developing Latin American Markets where the Company is already well established. We invest the time and money to develop close personal working relationships and forge productive long term partnerships with our principals and their advisors. The continuity of responsibility for a customer's business builds knowledge and therefore our ability to serve your needs more effectively each month and each year.

We would like to take this opportunity to thank our Customers for their continued confidence in our professionalism, and to welcome those Customers who took up the challenge we offered in 1996/7. We believe our partnership with you has progressed during the year which, together with technological advances, has strengthened our ability to contribute to your profitable growth in the future.

In conclusion, this sixth year of solid growth is down to our team. The Winterbotham people, through their teamwork, dedication and their consistent efforts to strive to provide our Customers with greater value and quality, all contributed to achieving another successful year.

Geoffrey Hooper
Geoffrey Hooper, President

The Winterbotham Team



for successful companies

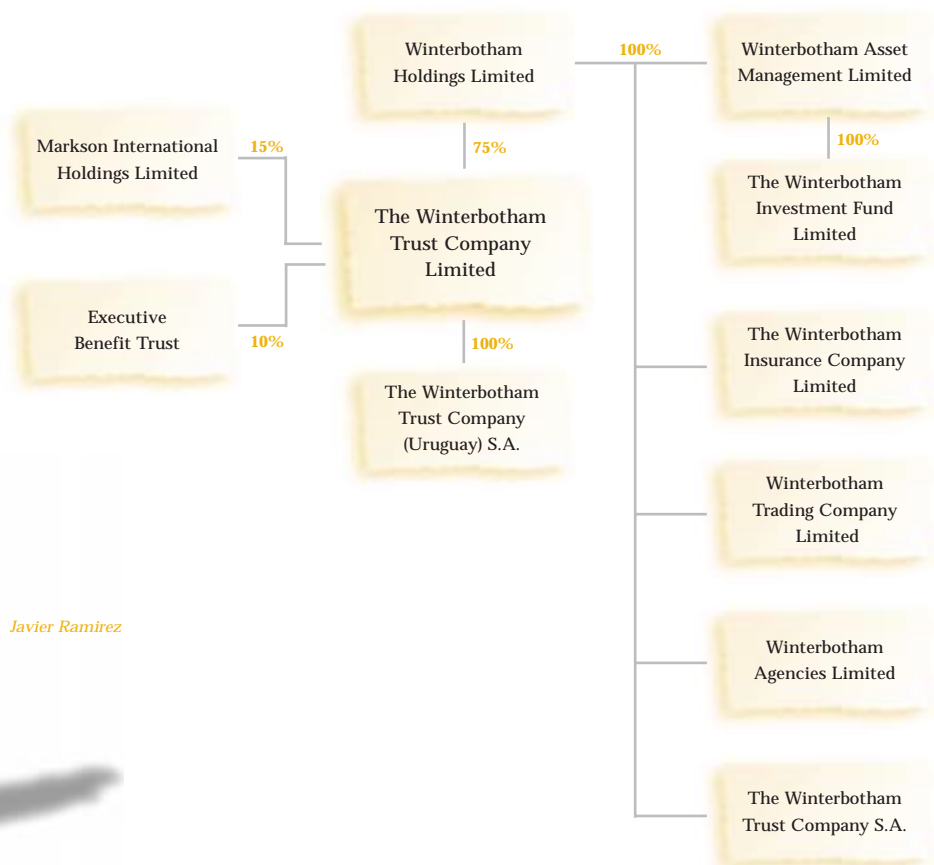
The Winterbotham Group – background and ownership structure

Winterbotham Holdings Limited is an ordinary Bahamian company representing Hooper family interests. Geoffrey Hooper, the President, is a direct descendant of James Batten Winterbotham (1855-1912) of Cheltenham, Gloucestershire. The Winterbothams, a pioneering family at the turn of the last century, participated in local government, East African missions and South American railway engineering. Today The Winterbotham Group upholds that pioneering spirit, the values of honesty and integrity handed down from generation to generation and the strength of character to face the challenges into the next century.

Winterbotham Holdings Limited holds 75% of the voting stock of The Winterbotham Trust Company Limited, incorporating The Winterbotham Merchant Bank, and its wholly owned subsidiary in Montevideo, Uruguay. The remainder of the voting stock is held by minority interests represented by Markson International Holdings Limited and an Executive Benefit Trust which hold 15% and 10% respectively, both registered in The Bahamas. The consolidated financial statements of The Winterbotham Trust Company Limited are presented on pages 12 & 13 of this report.

Winterbotham Holdings Limited also controls 100% of The Winterbotham Insurance Company Limited, a company licensed in The Bahamas to undertake general and life insurance and reinsurance business; Winterbotham Asset Management Limited which holds the management shares of The Winterbotham Investment Fund Limited, an umbrella fund regulated by the Securities Board in The Bahamas; Winterbotham Agencies Limited, a Bahamas IBC which maintains agency agreements with leading investment managers; Winterbotham Trading Company Limited, a Bahamas IBC which provides trade related services, including import/export agency and management services; The Winterbotham Trust Company S.A., a Uruguayan "sociedad anonima" providing complementary services to The Winterbotham Group.

The Winterbotham Group



Javier Ramirez

Financial services – designed to your specific requirements, personally delivered by professionals

Winterbotham provides corporations and individuals with consultancy, structuring, implementation and administration for projects and transactions, both of a commercial and financial nature, which can legitimately utilise offshore and onshore legal forms and instruments to promote the efficiency and profitability of their businesses.

Winterbotham does not provide a standardised product; it rather strives to design, produce and implement a service which directly satisfies specific requirements and makes a tangible contribution to the achievement of its principals' objectives. Winterbotham meets needs which often complement the services provided by major and regional financial institutions around the world.

Banking – corporate and individual services to meet unexpected needs

The Winterbotham Merchant Bank is skilled and creative at developing problem solving ideas. Winterbotham is responsive to varying circumstances and has the ability to act as principal or arranger, syndicating larger transactions with other [offshore] banks. In the role of fiduciary agent Winterbotham specialises in providing consultancy, structuring and implementation for fiduciary loans, placements and securities transactions principally for other banks, but also for corporate customers and individuals. The Winterbotham Trust Company has gained experience in the use of the trust as a commercially viable instrument, particularly in transactions involving the acquisition of shares of private companies and in joint ventures.

Winterbotham's offshore bank team – a full service portfolio for your bank

Winterbotham is the offshore resource to regional banks and increasingly handles business which is no longer viable or profitable to major international financial institutions. Winterbotham provides expert advice with respect to the establishment and implementation of offshore banks and can undertake all back-office administrative and accounting functions. In addition to providing statutory domiciliary services, authorised agents and resident directors, Winterbotham offers a comprehensive banking system designed for on-line multi-currency operations from remote stations which contains a degree of flexibility for personalisation.

Winterbotham provides consultancy in respect of compliance issues and usually undertakes to ensure that regulatory requirements are adhered to in a timely manner.



Gustavo Magariños



Carmen Forcella



Offshore investment fund administration – services made to measure

Winterbotham provides a full range of administrative services to offshore investment funds. Typically Winterbotham works closely with the fund promoter, often a bank or established fund manager, and their legal advisors to develop the structure, prospectus and the systems required for the fund's administration. Winterbotham provides full back-office administrative and accounting services to net asset valuation. In fulfilling the requirements of fund promoters and managers internationally, Winterbotham provides all the necessary infrastructure and technology and will also provide directors and officers. Winterbotham offers custody and banking services, operating on-line with The Bank of New York in New York, and Barclays Bank in Nassau, and will also establish the necessary infrastructure and incorporate any technology required to ensure the efficient operation of bank and custody accounts.



Flavia Banchieri
Carlos Grana
Andrea Sasson

Risk management – combining new ideas with proven strategies

The Winterbotham Insurance Company provides consultancy and implementation in respect of risk management solutions. Winterbotham is experienced at combining the benefits of intelligent structuring of commercial and financial transactions together with the application of sound risk management techniques in order to maximise the efficiency of a business. Winterbotham is licensed to undertake both general and long term insurance and reinsurance business. As a part of The Winterbotham Group, The Winterbotham Insurance Company can take advantage of established and operating structures while integrating them with other vehicles specific to the principals' requirements. Winterbotham also provides consultancy, implementation and administration with respect to captive insurance companies to be established to meet the particular needs of any customer.



Veronica Magariños

Winterbotham – creativity, professionalism and reliability

The Winterbotham Group is structured in order to provide its principals with an established operational structure – a licensed bank, a licensed trust company, a licensed fund administrator, a licensed insurance company, a trading company, an agency company – with which to design viable solutions to current objectives and problems within an acceptable regulatory framework. Additionally, Winterbotham provides the know how to establish the requisite legal forms and instruments utilising existing and new structures to meet specific needs. Thus Winterbotham has the infrastructure and the people who can provide operational and administrative services in order to achieve the required objectives.



Sandra Diaz

The Winterbotham Group



international business



interbotham – Taking advantage of sound

government and progress in The Bahamas

The Bahamas is the oldest financial centre in the Caribbean with a proven track record and infrastructure. As a result of forward thinking and sound government, The Bahamas is once again becoming the world's premier jurisdiction for corporate and individual financial planning. By maintaining a careful balance between regulation and flexibility, The Bahamas has attracted substantial foreign investment over the last four to five years. This is a continuing trend.

The introduction of investment fund legislation, the tightening of bank supervision and the creation of a stock exchange are critical factors which are all adding value to The Bahamas jurisdiction. This added value is producing a growth in the location of "Mind and Management", convincing a growing number of financial operators to locate physically in The Bahamas enhancing the further development of a thriving financial and business centre.

The Winterbotham Group is based in the Bahamas and is involved in the provision of banking, trust, offshore bank and investment fund management, insurance and other fiduciary and administrative services. The Group focuses on corporate business and specialises in the provision of services to other financial institutions.

Winterbotham – in the heart of Mercosur

With a regional base in Montevideo, Winterbotham provides a developed infrastructure for operations in the Southern Cone of South America, both for regional customers and for foreign investors. Ideally located for business throughout Mercosur, Montevideo is a financial centre and a proven jurisdiction from which to organise investments and trade in the region.



*From left to right
Jacqueline Townend, Brent Haines, Joneka Wright*



resentation of Management Team and the Directors

The Winterbotham Trust Company Limited Nassau

Geoffrey Hooper

Group President & Managing Director

Brent Haines CA CFA

General Manager (Designate)

Jacqueline Townend BSc

Assistant Manager – Managed Banks & Trust Companies

Ian McConnell CPA

Assistant Manager – Accounts

Alrena Moxey

Executive Officer – Managed Companies



*From left to right
Pablo Colman, Josefina Saavedra,
Georg Kessler, Karina Sas.*

The Winterbotham Trust Company (Uruguay) S.A. Montevideo

Carmen Forcella CPA

Vice President & General Manager

Claudia Prato CPA

Senior Manager

Pablo Colman CPA

Manager – Accounts & Treasury

Mary Novoa CPA

Manager – Managed Banks

Claudia Tenaglia

Assistant Manager – Managed Companies



Ian McConnell



Monica Bazzurro

Board of Directors

Geoffrey Hooper – President and Managing Director



Prior to establishing Winterbotham in 1991, Mr Hooper was Vice President & Senior Area Representative for Lloyds Bank International Private Banking, a part of Lloyds Bank Plc, and a director of Lloyds (IPB) Americas S.A. Mr Hooper has 22 years experience in international banking and financial services gained in the UK, Spain and Latin America with Lloyds Bank Plc, Coutts & Co., the Arab Latin American Bank (Arlabank) and Tradition International S.A.

Gerald Mulrine – Director



Mr Mulrine retired from his post as Vice Chairman, Coutts & Co. Trust Holdings Limited in 1990. Previously he had occupied various senior management posts including those of Managing Director and Deputy Chairman Trust Corporation Bahamas and RoyWest Trust Corporation, and Vice President and CEO, and President of Coutts & Co. (Americas) Limited.

David Hudson – Director



David Hudson & Co. Limited, Mr Hudson's own consultancy, specialises in forensic work, giving expert evidence on merchant and commercial banking procedures and on company valuations. A corporate finance professional, Mr Hudson held senior management posts in financial institutions such as Samuel Montagu & Co., the Arab Latin American Bank, Ansbacher, James Capel and was until this year a director of MacArthur & Co.

John Morgan – Director



After a distinguished career in the [offshore] financial services industry with several major international banks, such as The Royal Bank of Canada and Westpac, Mr Morgan retired as Director and Senior Trust Manager, Lloyds Bank International (Bahamas) Limited in June 1994. He is now working as an independent financial consultant.

Khalif David – Director



A banking professional, Mr David held senior management posts with several international banks in Brazil and was N.M. Rothschild's Representative there for 12 years. Mr David is the Representative of the Torrey Foundation, a substantial investment fund with significant holdings in Brazil, and an independent consultant specialising in Brazilian corporate finance and capital markets.

I

ndependent Auditors' Report

To the Shareholders and Directors of The Winterbotham Trust Company Limited:

We have audited the accompanying consolidated balance sheet of The Winterbotham Trust Company Limited (the "Company") as of June 30, 1997, and the related consolidated statements of income and retained earnings and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 1997, and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.



Mariana Gonzalez

**Deloitte &
Touche**



Ricardo Barros



Consolidated Balance Sheet

As of June 30, 1997 (Expressed in United States Dollars)

Assets	1997	1996
Current assets:		
Cash and short-term deposits (note 3)	1,025,942	570,269
Accounts receivable – Net (note 4)	498,484	412,845
Advances to parent company (note 5)	126,970	–
Other	65,097	78,310
Total current assets	1,716,493	1,061,424
Fixed assets (note 6)	334,648	332,476
Total	2,051,141	1,393,900
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	362,796	208,415
Advances from clients	151,141	101,911
Fees received in advance	112,204	33,658
Total	626,141	343,984
Shareholders' equity		
Share capital:		
Authorized, issued and fully paid:		
1,000,000 shares of \$1.00 each	1,000,000	1,000,000
Retained earnings	425,000	49,916
Total shareholders' equity	1,425,000	1,049,916
Total	2,051,141	1,393,900

See notes to consolidated financial statements.

Geoffrey Hooper,
President

Gerald Mulrine,
Director

Mary Novoa



Consolidated Statement of Income and Retained Earnings

As of June 30, 1997 (Expressed in United States Dollars)

	1997	1996
Income:		
Fees for administration services	1,287,638	945,133
Commissions	395,111	351,648
Fees for company incorporation services	345,492	318,367
Other	95,022	137,923
Financial income	64,387	56,732
Total income	2,187,650	1,809,803
Expenses:		
Salaries and benefits	994,707	767,772
Administrative and general expenses	632,147	452,405
Depreciation (note 6)	81,549	59,968
Commissions	48,156	44,717
Costs related to company incorporation services	38,859	39,260
Financial expenses	17,148	26,483
Total expenses	1,812,566	1,390,605
Net income	375,084	419,198
Retained earnings, beginning of year	49,916	32,138
Capitalization of earnings	–	(401,420)
Retained earnings, end of year	425,000	49,916

See notes to consolidated financial statements.

Claudia Prato



Consolidated Statement of Cash Flows

As of June 30, 1997 (Expressed in United States Dollars)

	1997	1996
Cash flows from operating activities		
Net income	375,084	419,198
Adjustment for:		
Depreciation	81,549	59,968
Loss on disposal of fixed assets	2,748	31,207
Net cash from operations before working capital changes	459,381	510,373
Increase in accounts receivable – Net	(85,639)	(222,613)
Increase in advances to parent company	(126,970)	–
Decrease (increase) in other receivables	13,213	(21,248)
Increase in accounts payable and accrued liabilities	154,381	78,120
Increase in advances from clients	49,230	8,378
Increase in fees collected in advance	78,546	22,366
Net cash provided by operating activities	<u>542,142</u>	<u>375,376</u>
Cash flows from investing activity		
Purchase of fixed assets	(86,469)	(108,560)
Net increase in cash and short-term deposits	455,673	266,816
Cash and short-term deposits, beginning of year	570,269	303,453
Cash and short-term deposits, end of year	<u>1,025,942</u>	<u>570,269</u>

See notes to consolidated financial statements.



Luis Marmissolle

Notes to Consolidated Financial Statements

Year ended June 30, 1997

General

The Winterbotham Trust Company Limited (the “Company”) is incorporated in the Commonwealth of The Bahamas under the Bank & Trust Companies’ Regulation Act of 1965 (the “Act”) (as amended). The Company is a 75% subsidiary of Winterbotham Holdings Limited. As from December 1996 the Company has been granted a licence to carry on unrestricted banking and trust business subject to the terms and conditions specified in chapter 287, section 4 and chapter 285 of the Act.

The principal lines of business are the provision of consultancy, structuring and implementation in respect of financial and commercial transactions including the provision of financial and fiduciary services, bank, investment fund and insurance company licensing, company incorporation and administration for corporate and individual customers world-wide with a strong presence in Latin American markets.

Summary of Significant Accounting Policies

a. Basis of consolidation – The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, The Winterbotham Trust Company (Uruguay) S.A., a company incorporated in Uruguay. Assets and liabilities under administration on behalf of clients are not included in the consolidated balance sheet.

b. Fixed assets – Fixed assets are stated at cost less accumulated depreciation. Depreciation is being provided by the straight-line method at the following rates:

Building improvements	25%	Office equipment	20%
Vehicles	25%	Furniture and Fittings	10%
Software	25%		

c. Foreign currency translation – These financial statements are expressed in United States dollars. Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction. Assets and liabilities denominated in currencies other than the United States are translated into United States dollars at the applicable exchange rates prevailing at the balance sheet date.

d. Affiliates – Affiliates include companies controlled by the majority shareholders.

e. Bad debts – It is the Company’s policy to provide fully for fees and expenses invoiced but unpaid for any period in excess of 120 days.

f. Shares in investment fund – Shares in investment fund are valued at estimated fair value which approximates the market value.

Cash and Short-Term Deposits

Cash and short-term deposits are comprised of:	1997	1996
Cash on hand	20,055	12,864
Time and demand deposits	849,957	402,272
Shares in investment fund	155,930	155,133
	<u>1,025,942</u>	<u>570,269</u>

Accounts receivable – Net

Accounts receivable are recorded net of a provision for doubtful debts of \$50,083 (1996: \$64,638).

Advances to Parent Company

This balance is unsecured interest-free with no fixed terms of repayment.

Notes to Consolidated Financial Statements

As of June 30, 1997 (Expressed in United States Dollars)

Fixed Assets

Fixed assets consist of the following:

	1997			
	Beginning Balance	Additions	Disposals	Ending Balance
Cost				
Building improvements	24,187	-	-	24,187
Vehicles	63,081	28,626	-	91,707
Software	29,313	7,062	-	36,375
Office equipment	199,573	35,284	79	234,778
Furniture and fittings	176,075	15,497	5,959	185,613
Total	492,229	86,469	6,038	572,660
	1996			
	Beginning Balance	Depreciation Expense	Disposals	Ending Balance
Accumulated depreciation				
Building improvements	16,628	3,971	-	20,599
Vehicles	42,356	8,040	-	50,396
Software	10,258	8,402	-	18,660
Office equipment	50,315	42,816	22	93,109
Furniture and fittings	40,196	18,320	3,268	55,248
Total	159,753	81,549	3,290	238,012
1997 Net Movement	332,476	4,920	2,748	334,648
1996 Net Movement	315,091	48,592	31,207	332,476

Notes to Consolidated Financial Statements

As of June 30, 1997 (Expressed in United States Dollars)

Accounts Payable and Accrued Liabilities

	1997	1996
Local suppliers	23,896	9,563
Foreign creditors	36,545	31,492
Commissions payable	63,430	20,397
Social security	8,009	5,762
Taxes and other payable	56,515	74,882
Affiliated company	59,202	35,420
Provision for staff and training expenses	82,445	-
Provisions - other	30,958	24,068
Other liabilities	1,796	6,831
	362,796	208,415

Balances with Affiliates

	1997	1996
Balances with affiliates as of June 30, 1997 are as follows:		
Cash and short-term deposits	155,930	155,133
Other current assets	8,565	4,471
Accounts payable and accrued liabilities	59,202	34,718

Fiduciary Operations

The Winterbotham Merchant Bank, a division of The Winterbotham Trust Company Limited had entered into fiduciary agreements for an aggregate amount of US\$113,195,850 (1996: US\$36,094,807). Under these agreements the Company acts on behalf of its clients at their sole risk and responsibility. The depositors agree to indemnify and hold harmless The Winterbotham Trust Company Limited, its directors, employees, agents and representatives against all liability, losses or damages arising out of or in connection with the fiduciary agreement. The major portion of the fiduciary transactions comprise funds received by The Winterbotham Trust Company Limited from corporate depositors which are subsequently lent on to corporate borrowers or deposited with banks in time deposit accounts. Fiduciary services yield fees equivalent to the difference between the lending and deposit rates and are recognized as income upon collection at the time of maturity, or flat commissions paid on implementation of the transactions.

Vanessa Castrillon, left
and Andrea Pallas

The Winterbotham team



Along term commitment

to building success





The Winterbotham Trust Company Limited
(incorporating The Winterbotham Merchant Bank)

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