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LATIN AMERICAN AGRIBUSINESS
DEVELOPMENT CORPORATION S.A. AND
LAAD CARIBE S.A.

(Republic of Panama Corporations)

AGENCY FOR INTERNATIONAL DEVELOPMENT

LOAN NUMBER 538-T-014

OCTOBER 31, 1997

Price Waterhouse LLP



December 5, 1997

To the Board of Directors of
Latin American Agribusiness Development
Corporation S.A.

We have audited the consolidated financial statements of Latin American Agribusiness Development Corporation S.A. (LAAD) and its wholly-owned subsidiaries, LAAD Americas S.A., LAAD de Centroamerica S.A., LAAD Panama S.A., LAAD Agro Services, Inc. and LAAD Caribe S.A. (the Companies) as of and for the year ended October 31, 1997, and have issued our report thereon dated December 5, 1997. The following comments are furnished in accordance with the requirements of loan agreement 538-T-014 between LAAD and the United States of America, acting through the Agency for International Development (A.I.D.). Compliance with the requirements of the A.I.D. loan agreements is the responsibility of management.

As a result of our audit referred to above, our report dated December 5, 1997, expresses our opinion that the consolidated financial statements present fairly, in all material respects, the financial position of LAAD and its subsidiaries at October 31, 1997, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

The objective of our audit was to express an opinion on the fairness of the consolidated financial statements. In expressing that opinion, we are responsible for conducting an audit in accordance with standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

No restrictions were imposed on the method or extent of our audit and we were given access to all records, documents and other supporting data and were furnished with all information and explanations which we required. Full cooperation was received from the officers and employees of the Companies.

In planning and performing our audit of LAAD, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the



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internal control structure. Our consideration of the Companies' internal control structure was more limited than would be necessary to express an opinion on the internal control structure taken as a whole.

The management of LAAD and its subsidiaries is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Under standards established by the American Institute of Certified Public Accountants we are required to report certain matters involving the internal control structure and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Companies' ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

In conducting our audit, nothing came to our attention that caused us to believe that LAAD was not in compliance with any of the provisions of Sections 6.3, 6.4(a)(vi), and (viii) of loan No. 538-T-014 with A.I.D. insofar as they relate to accounting matters. It should be noted, however, that our audit was not directed primarily toward obtaining knowledge of such noncompliance.



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During the year ended October 31, 1997, no additional funding was received from A.I.D. for lending to sub-borrowers. As a result, no procedures were performed in conjunction with A.I.D. Audit Requirement Number II 2.g.

This report is intended solely for the use of management and the Board of Directors in order to comply with the requirements of the A.I.D. loan agreements and should not be used for any other purpose.

Yours very truly,

Steve Waterhouse *UP*