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(SYNON) which the current MIS staff is not proficient in. The new M&S system is being rewritten in RPG language, a language that is known by the MIS staff.

The lack of a reliable M&S system contributed to a difference between the M&S inventory records and the physical count of approximately \$157M in the month of August, 1995. The difference was resolved in the month of September between M&S and accounting personnel after a significant amount of time and effort was expended. After further review by M&S Management and Accounting, the inventory adjustment was reduced to \$20M and will be recorded in the month of September.

As part of the Synergy Plan it is Management's intention to implement a new M&S system which would effectively improve the overall M&S reconciliation and control process. Management indicated that they are addressing all the existing system problems in the implementation of the new system in order to improve the M&S close process. The new M&S system will use the menu screens and reports of the Santa Marta System, and new development. As part of the future EDP review, Internal Audit will include an application review of this system.

#### F. ... Spare Parts/General Stock Inventory...

Approximately, \$349M of 1-2 years old items with no movement were identified at Turbo's main warehouse. M&S Management should develop a detailed plan, preferably prior to year end, to identify those items that can be potentially transferred to another entity or perhaps sold in the open market. The following is a detail list of items with no movement:

#### Amounts in \$000's:

Class#	Articles description	Net Bal. 8/31/95
60 .	Spare Parts	\$ 331.0M
70 ·	Tools	9.0 <b>M</b>
90	Other Materials	9.9M
	•	\$_349.0M

M&S Management agreed to develop a detail plan and timetable to transfer or dispose of these items and stated that this will be addressed as part of the overall Synergy Plan. This issue has been discussed with CBG Tropical Accounting, but a decision has yet to be made as to whether a reserve is necessary.

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#### G. M&S Purchasing Department

A significant amount of potential efficiencies, such as the overall administration involved in ordering, purchasing of materials, could be obtained by having the Santa Marta purchasing function performed at the Medellin office. At the Turbo division, the purchasing of all linestock materials is coordinated through the Medellin office with only minor purchases made at the division level. The centralization of the

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purchasing function in Medellin would also improve purchasing controls at the Santa Marta division as well as a further reduction in the number of suppliers used by the Colombian Division.

M&S Management agreed and stated that the possibility of centralizing the purchasing function in Medellin is part of the overall M&S Synergy Plan to reduce overhead costs and improve efficiencies.

#### H. Third Party Warehouse-Corrugados del Darien, S.A.

We performed a limited review and evaluation of the effectiveness of both the controls relating to the accountability and custody of all goods placed in Corrugados del Darien, S.A., a third party warehouse. The total inventory maintained at the third party warehouse as of 8/30/95, was \$1,347M, or 31% of the total company's M&S inventory.

We were given a tour of the box plant facility and observed that the BANADEX (company owned) inventory was properly segregated from the other two banana companies inventory (PROBAN and BANACOL), and that controls to ensure the safeguard of inventories and overall inventory management appeared adequate.

#### IV. M&S Internal Control Review - Santa Marta Division-

The review of Santa Marta's M&S function included a visit to the main M&S warehouse, sigatoka control warehouse, two packing station warehouses and the Santa Marta. Administrative Office. The following represent our findings:

#### A. Current List of Vendors

The Santa Marta Purchasing Department is presently using a total of 117 suppliers to fulfill its purchasing requirements. Currently, 14% of the local suppliers account for 80% of the division's purchases. Given that the majority of purchases are handled by a few suppliers, we believe an opportunity exists to significantly reduce the number of suppliers.

Management agreed and stated that they are developing a vendor rating program to evaluate the various suppliers and to reduce the number of programs presently in place. Also, if the centralization of the division's purchasing function occurs as planned, it will further assist in reducing the number of suppliers.

#### B. M&S Bid Process-Santa Marta Division

Divisional Policy requires three written quotes for all expenditures that exceed \$200. The bid procedures are not consistently followed by the M&S Purchasing Department.

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The following represent purchases which were not supported by the three written quotes:

P.O. No. 057489 057816 057942	Description A Truck Tires Truck Tires Truck Tires	6,560.4M 6,667.3M 5,377.8M	<u>Ar</u> \$ \$ \$	7.7M 7.8M 6.3M	Supplier Rodallantas Rodallantas Rodallantas	
058216 058249 058270	Pallets Pallets Pallets	12,000.0M 16,000.0M 12,000.0M	\$ \$ \$	14.1M 18.2M 14.1M	Servi-Embarque Servi-Embarque Servi-Embarque	٠
057900 058170	Pallets Pallets	6,800.0M 7,350.0M	\$ \$	8.0M 8.6M		.b6
057975 . 057904 057682	Organic Fertilizer Organic Fertilizer Organic Fertilizer		\$ \$ \$			
057413	Fertilizer (Mix)	86,840.0M	\$	102.2M	Colinagro S.A.	
057358	Fertilizer (Mix)	32,500.0M	\$	38.2M	Minerales Exclusivos y Cia	:

Management agreed that procedures over the bid process need to be enforced to improve the purchasing controls and to ensure that the best possible price is obtained by the purchasing department. M&S Management stated that various quotes had been obtained for the purchases of tires and organic fertilizer, however, the supporting documents had not been attached to the purchase order.

#### C. Spare Parts/General Stock Inventory

Approximately \$665M of slow moving items were identified by M&S Management at Santa Marta's main warehouse. M&S Management should develop a detailed plan, preferably prior to year end, to identify those items that can be potentially transferred to another entity or perhaps sold in the open market. The following is a detail list of items identified as slow moving:

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Amounts in S	000	<u>s</u> :
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	-	Balance		=	Balance
Class #	Articles description	<u>1/1/95</u>	Receipts	<u>Issues</u>	<u>8/31/95</u>
11	Pipe & Fittings	15.2	10.8	15.2	10.8 *
12	Valves, Tube Fittings	248.4	45.3	49.3	244.4 *
21	Mach. & Appl. Parts	37.1.	3.4	6.2	34.3
22/36	Mach. & Appl. Parts	55.9	79 <b>.5</b>	103.9	131.5
42	Electrical Material	11.0	8.9	9.6	10.3
45	Tools	59.7	29.8	46.8	42.7
54	General Hose-Fittings	75.6	. 0.1	12.3	63.4 *
61	Stationery Wash.	57.5	15.6	27.8	45.3
62	Miscellaneous	<u>88.9</u>	<u>107.1</u>	112.8	<u>83.2</u>
•	•	749.3	300.5	383.9	665.9

These items were recovered from the irrigation systems removed from various farms at the end of 1994. According to M&S Management, a plan to transfer these materials was discussed with the Chiquita Productivity Improvement Team 3 months ago. However, as of today, no resolution has been reached.

M&S Management agreed to develop a detail plan and timetable to transfer or dispose of these items and stated that this will be addressed as part of the overall Synergy Plan. Furthermore, management is working toward reducing the levels of the inventory items identified above. This issue has been discussed with CBG Tropical Accounting, but a decision has yet to be made as to whether a reserve is necessary.

#### D: Safeguard of Diesel Fuel

Diesel storage fiberglass tanks at the farms are not properly secured. The top of the tanks are not secured nor can it be secured with a lock because management wants to avoid damage to the tanks in the event that unauthorized parties, in their effort to take the fuel, break and damage the fiberglass storage tank. The current situation allows easy access to the fuel to unauthorized personnel. We tested two diesel tanks as part of our review and identified a shortage of approximately 45 gallons in one of the tanks when compared to the inventory records maintained by the farm. The M&S farm fuel coordinator was unable to account for the difference and agreed with our concern over the fuel security. Due to the limited amount of electricity in the zone, diesel becomes a highly sought after commodity as it can be easily sold.

M&S Management agreed that they will evaluate which are the best measures to secure the diesel tanks to improve the safeguard and control over fuel inventories.

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#### V. Accounts Receivable

We performed a review of the accounts receivable function which included a review of the procedures used to process receivable information, the methods for analyzing the aging of receivables, and the procedures in place for pursuing payment on outstanding balances (particularly old outstanding balances). During our review of the accounts receivable function, we noted several opportunities for improvement in the areas of analyzing the aging of receivables and management of collections. We also have additional comments regarding procedures which should be added as the new "business development" sales increase.

A. Aging of Trade Accounts Receivable and Processing of Payments

The current accounts receivable system is not producing an aged report and invoices are not always canceled-out against the payments received. This occurs when a payment is entered into the system without being matched against specific invoices. Without the matching, both the invoices and payments continue to be reflected in the detail, making the report unnecessarily complicated.

The MIS Manager believes that it is possible with minor modifications to activate certain fields such as the "due date" so that an aged accounts receivable report can be produced. The system can only age by due date, but a procedure can be established whereby the invoice date (transaction date) is entered in the "due date" field so that the system ages the customer invoices by invoice date, which is more meaningful for purposes of managing collections of receivables. The importance of having a properly aged detail accounts receivable report will become increasingly important as the Division increases its sales to third parties as part of its "business development" efforts.

Management agreed that an aged detail accounts receivable report is a crucial tool and plans to implement the necessary changes to the system before the end of the year. They also agreed that what is required is that procedures be established to ensure that payments are matched with specific invoices. Partial payments would require that the accountant in charge of payment processing indicate such payments as partial when entered into the system so that the remaining portion due can be pursued.

Management has established collection procedures to aggressively pursue collections of balances over 120 days old. Formal procedures in the collection process should be considered such as automatically sending out letters as soon as a balance is over 60 days old, and phone calls and other procedures when the balances are 90 days old or older. Management agrees with the need to establish procedures to improve the monitoring of outstanding receivable balances.

In addition, we recommend and Management agrees that the adequacy of the allowance for doubtful accounts be assessed each quarter, instead of at the end of each year. Monitoring the financial impact of uncollected receivables will serve as an

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incentive to aggressively pursue uncollected amounts. Management informed us that they have booked a reserve amounting to approximately \$100M in October 1995.

#### B. Employee Loans

Until recently, the lack of sufficient documentation on file for employee loans was problematic (approximately \$200M were written off in 1994), particularly for the BANADEX entities. However, efforts have been made to ensure that the basic documentation is maintained in each employee file and that loans are reviewed to ensure that the proper deductions are being made. Also, controls have been improved in documenting and following-up on securing the loans at the time the loans are made. Under Colombian law, the Company is allowed to secure its employee loans with the employee's retirement and severance pay benefits. The loans are limited up to the amount that can be secured by the severance pay.

Prior to 1995, the balances on employee loans per the payroll system were not compared to the balances on employee receivables per the accounting department. Reconciliations of employee loan balances are now completed on a monthly basis for each legal entity within the Division. We noted, however, that there have been large differences between the balances in the accounts receivable subsidiary ledger on employee loans and the balances per the payroll system's report. Management has been reconciling the employee loans each month and identifying differences between the payroll system and accounting. As a result of differences not being investigated until this year, there are substantial reconciling differences between the accounts receivable subsidiary ledger for employee loans and the payroll system's records. Management has increased their employee loans reserve by \$30M during September 1995.

We recommend that the reconciling items be investigated and resolved before the end of the year. Management agreed with the recommendation and has set a goal to investigate and resolve the remaining reconciling items before the end of the year.

#### VI. Cash & Treasury Function

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#### A. Bank Reconciliation Process

Currently, all of the Colombian entities within the division are behind in the completion of the cash reconciliations. As of the end of our audit on September 22, 1995, of the 29 active accounts, one account has been reconciled through February 1995; two accounts have been reconciled through May 1995, two accounts have been reconciled through June 1995, and seventeen have been reconciled through July 1995. Bank reconciliations constitute a valuable tool to exercise control over cash and to provide useful information to management. Management continues its efforts to bring all of the reconciliations up to date and plans to have all the reconciliations current (most recent bank statement date) by the end of November 1995. Local management has made a

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tremendous effort bringing the reconciliations up to date. Prior to 1995, bank reconciliations were not performed each month, making the process of reconciling the accounts more difficult.

As a result of the reconciliation process, numerous unusual reconciling items have been noted. The majority of the reconciling items are comprised of unrecorded checks, unrecorded bank fees, and unrecorded transfers between accounts. The company has established procedures to ensure that checks, bank fees, and transfers between accounts are properly recorded. We have noted that management has begun the process of identifying the unusual items (unposted checks, unposted transfers, etc.). However, the process has just begun and is expected to take several weeks to complete.

Management agrees that the necessary resources be allocated to this effort so that the reconciling items are investigated and resolved before year-end. Management also agreed that before any entries are made to correct the errors and post the unrecorded items, the entries and supporting documentation be carefully reviewed and approved by the adequate level of management to reduce the likelihood of erroneous "correcting" entries being posted, creating compound errors which are more difficult to detect and correct.

To further improve the overall bank reconciliation process, Management has begun reconciling most of the bank accounts using a computer-based bank reconciliation program. However, an individual must manually enter the activity per the bank statement into the program so that the system can perform the reconciliation. The new program allows for automatic data transfer via magnetic tape (which would be sent from the bank) but several banks are unable to provide a machine readable tape. Also for those banks that can provide magnetic tapes, there have been some problems with the Company's system reading the tapes properly. To overcome the inefficiencies and improve the effectiveness of the bank reconciliation process, Management agrees to fully implement the new program and resolve any system problems. As of October 23, 1995, management has prepared a system interface that allows the AS400 to read bank data that was in a different format to fully utilize the bank reconciling software. Furthermore, they have eliminated the bank accounts that banks were unable to provide magnetic media to expedite the reconciliation process.

#### B. Inactive Bank Accounts

There are currently 113 inactive accounts at the Colombian Division. Prior to 1995, there were approximately 240 bank accounts of which Management has reduced to 142, and it is expected to have only 23 active accounts by the end of December 1995. Management's goal is to consolidate the bank accounts to provide a more efficient means of managing the accounts and a reduction in the service costs associated with having multiple accounts.

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C. Cash and Treasury Function

The unopened blank checks stock at the Santa Marta Division (approximately 10 boxes) is kept in a room that is normally locked. However, during our visit we noted that the room was left open, making it easily accessible to unauthorized individuals.

Management stated that normal procedures are to keep the room locked at all times and that our observation was an isolated incident.

Subsequent to our audit, it was brought to our attention that a break-in had occurred at the Santa Marta office. Items stolen included a computer monitor and other office equipment. It was also determined that 160 blank checks were missing from the blank checks stock. It was not known whether these checks were taken as a result of the break-in or if they had been missing previously. Management has discontinued the issuance of checks out of the Santa Marta Division.

In a separate incident prior to the start of our audit, the former Santa Marta Treasurer misappropriated 9 company checks, cashing them for a total of 16.4 million Colombian Pesos or \$18M. Immediate appropriate action was taken by management to recover the funds.

#### VII. Payroll Function

A review of the payroll process at the Turbo and Santa Marta Divisions was performed to obtain an understanding of the payroll function and to provide an overall assessment of the internal controls. We reviewed the entity's ability to record, process, summarize and report payroll information, as well as how payroll checks are prepared and distributed to the employees. With the exception of the segregation of duties weakness identified at Santa Marta and the opportunity to improve the controls over changes to employee payroll data at the Turbo Division, the controls over both payroll processes appear adequate and are functioning as intended.

Payroll Function - Santa Marta

A segregation of duties weakness in the payroll process exists at the Santa Marta Division as follows: the payroll supervisor prepares, processes and maintains personnel files and is responsible for making changes to the farm workers personnel master file (the master file for administrative personnel is controlled at Medellin). Once the changes have been made in the system an independent review is not performed to ensure changes were properly authorized.

According to Management, the procedure is to have all payroll master file changes reviewed by the Human Resource Manager at Santa Marta. However, due to the downsizing of the Santa Marta Division, the review had not been performed for the past six months.

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As part of the overall synergy plan, the payroll process performed at the Santa Marta Division will be transferred to the Medellin office by January 1, 1996, and, thus, eliminate the segregation of duties weakness existing at the division.

Management agreed that for the interim, the Human Resource Manager will perform an independent review of all changes made to the farm workers personnel master file and that the responsibility for maintaining the personnel files will be assigned to the Human Resource Manager.

#### VIII. Administration of Bank Loans

#### A. Term Sheets

A review was performed of the administration of bank loans and the procedures in place to ensure that loans are properly supported by a completed promissory note and an authorized term sheet. In general, the controls over the administration of bank loans appears adequate. However, we noted that opportunities exist to improve the control over term sheets.

Of the 58 loans reviewed, 14 did not have the respective term sheets on file. For those loans missing term sheets, we examined the TR-7 report submitted to CBII Treasury to ensure that these loans were properly approved. In order to ensure that loans have been properly disclosed, it is recommended that management locate and maintain term sheets for all loans. The Latin-American Treasury Department in Guatemala City agreed and also stated that a new term sheet will be prepared for all states a loans which are not supported by such a document.

#### ... B. ... Loan Agreements

Recently a 7 year loan for \$2,500M was called 19 months after entering into the loan agreement. The loan was replaced by a new one with the same financing institution and with the same terms. Thus, the Company's cash flow was not affected. This was an isolated incident in which the bank failed to inform Santa Marta Treasury that they had made a change to the promissory note. Sentences added to the end of the contract revising the dates of intermediate payments were inconsistent with the schedule of payments listed in the main part of the contract. To avoid this from occurring in the future, Treasury Management in Colombia is performing a complete review of all loans to ensure that the final promissory notes received from the banks are consistent with the original terms of the agreement. Note: the Colombian Treasury function at the Santa Marta Division is now being performed at the Medellin office.

#### IX. Fixed Assets

A review of the controls over fixed assets was performed which included evaluating the procedures to record additions, disposals and transfers of assets, depreciation and

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capitalization policies, as well as evaluating the results of the company's physical inventory. The following represents our findings:

- A. The Colombian division has made significant efforts to improve the overall accounting and administration of fixed assets. This has been demonstrated by Management's decision to perform, in August 1995, its first physical inventory in over 10 years and to use the results to reconcile the fixed asset database with the general ledger, which has never been completely reconciled. At the end of our field work, the reconciliation had not been completed and, thus, we are unable to provide an estimate as to the amount of the book-to-physical adjustment. Divisional management has informed us that they finalized their reconciliation in November and that there is no adjustment that would affect profit and loss. Divisional management will inform CBG Tropical Accounting and the Corporate Controller's Department on the results of this reconciliation.
- B. A complete review of the classification of all assets in the Fixed Asset database was also completed in June. Insignificant accounting adjustments were made for these reclassifications.
  - The results of Management's review indicated that the adherence to the Corporate CAR policy is not consistently followed. A CAR was not prepared for 65 expenditures (39%) of the 167 items reviewed and consequently, items were not capitalized but were improperly expensed. This resulted in a total adjustment of approximately \$700M of which \$425M has been booked in September while the remainder will need to be capitalized prior to year end 1995. Management has forwarded a detailed listing supporting the adjustment to CBG Tropical Accounting and have agreed to complete CAR's for future asset purchases.
- D. The Fixed Asset Database (FAD) is not currently interfacing directly with the general ledger, even though it has the capability. The result is a significant amount of time spent at the end of each month reconciling the Fixed Asset Database with the General Ledger and calculating monthly depreciation expenses and accumulated inflation. The interface of these two programs presents an opportunity to significantly improve the efficiency and the accuracy in the area of fixed asset accounting by eliminating the need to update both programs, FAD and the general ledger. This project is included as part of Management's Synergy Plan and is expected to be completed by Spring 1996.

#### X. Internal Audit Function

The Division's Internal Audit Department is responsible for reviewing the company's internal control environment, operating practices, and a number of special projects at the request of Management. Throughout our audit we worked closely with the Division's Internal Audit Manager using previous audit reports to enable us to maximize our time and effort on specific

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areas of concern. The role played by the Division's Internal Audit Department is critical in maintaining the Company's system of internal accounting control and to ensure the compliance with the procedures set forth by Management.

In reviewing the reports issued by the Division's Audit Manager we noted several weaknesses in internal control that were identified in the report but corrective action had not been taken and the problem continued to exist two-three months after issuance of the report. This is primarily due to the lack of formal responses required for the reports issued by the Division's Internal Audit Department. We believe that every Department Head should be required to respond in writing to the internal audit findings and indicate whether they are in agreement or disagreement. If they agree, a specific date as to its implementation should be included. Conversely, if they are in disagreement, they should document the reason why they disagree with the audit finding/recommendation. This response should be completed within 30 days of the issuance of the report and, most importantly, be addressed to the CAO and Controller. Management agreed with our recommendation and will begin monitoring the responses to the audit reports to ensure that any weaknesses in controls are immediately addressed.

#### XI. Corporate Governance - FCPA

#### Statement of Policies and Procedures .

In 1980 CBII issued a policy (F&A 2.0) to monitor compliance with the Foreign Corrupt Practices Act: The procedure included signing an "Affirmation of Compliance" form stating that the management member confirming will comply with the provisions and requirements of the FCPA and the purpose and objectives of the Statement of Policies and Procedures. The policy also requires that 20 days after the end of each quarter a written confirmation be sent to the CBII Law Department stating either that no unlawful payments or contributions have been made, or that such payments were made and details be provided in the statement.

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We performed a review of the following areas of Corporate Governance for the Santa Marta and Turbo Division. For Santa Marta we reviewed the period from January 1, 1994 - June 1995, while for the Turbo Division we reviewed the period from January 1, 1995 - June 1995. The 1994 information was not available for our review because of a change in the accounting system in 1995. Management was in the process of recreating the files to support the 1994 information and will send the necessary information to Cincinnati in order to complete our review of the transactions for 1994.

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#### XII. Conflicts of Interest

The Conflicts of Interest Statements have not been submitted for members of the organization who have recently been transferred to the Medellin office. According to CB Corporate Policy (F&A Policy No. A-3.0) all appropriate personnel should sign and forward to the Corporate Law Department a Conflicts of Interest Statement within the last 12 months. Prior to end of

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our fieldwork, Management had signed and submitted the conflicts of interest statements to the Divisional Human Resource Manager.

#### XIII. The Administration & Accounting for Export License Fees Paid to Producers

We performed a review of both the accounting and administration of the export licenses at the Turbo division. The following represents our findings:

Local in-house counsel informed us that the Colombian Government had made the Colombian exporting companies sole beneficiaries of the European Community banana European license quota system. The licenses were estimated to yield an additional \$5 to \$6 dollars per box to the exporting companies. The banana producers had been originally excluded from this benefit due to an oversight. In an effort to include the producers in this agreement, the Colombian Government established a license fee of \$2.60 per exported box to the EC to be paid by the exporter to the producer. The fees are paid to a government entity called FIDUIFI and later distributed to the producers. The distribution of the fees to the producers is based on "total boxes exported" rather than "total boxes exported into the EC." As a result, those exporters shipping the majority of its fruit to markets outside the EC stand to benefit the most because their producers are entitled to receive money (approximately 80¢ a box) without having to pay for the license fee since they do not export to the EC. FIDUIFI is reimbursing the producing companies 60% of the monies they are entitled to monthly, while the remaining 40% is settled on a quarterly basis.

At present, the entire \$2.60 is recorded by the Turbo accounting department as a deferred asset. Since we are not guaranteed a refund of the entire \$2.60 paid to FIDUIFI, the asset account is overstated. In June 1995, the account was overstated by approx. \$393M. The overstatement exists only for only three months as the difference between the amount received from FIDUIFI (a quarterly payout) and the amount contributed (\$2.60 per box exported to EU) is taken against the P&L at the end of the quarter. The balance was reversed at the end of September 1995, leaving a zero balance in the deferred asset account. This treatment appears reasonable given that the Turbo Division does not receive the information from FIDUIFI for total boxes exported by the other exporting companies and, thus, it is not possible to reasonably estimate the recoverable portion of the license fee to be paid to our producing companies until the quarterly payout is made.

At the request of Turbo Management, the Division's Legal Department has asked for a quarterly export information for all the Colombian exporters from FIDUIFI to verify the fees to be paid to its producers. The export information had not been received as of September 23, 1995. Turbo Management represented to us that the FIDUIFI information was received in October. We agree with Management's decision to obtain the necessary export information from FIDUIFI to ensure the accuracy of the amount received.

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## XIV. Review of Accounting System's Remeasurement Computations Pursuant to SFAS No. 52 Requirements

In 1995, the Company corrected several errors related to translation gains and losses from the prior year. The adjustments related to errors in the computation of translation gains and losses for various accounts during 1994 and 1993, which were corrected in 1995, amounted to approximately \$538,000. We reviewed the items and discussed the nature of the items with local management. Based on our discussions with local management and our review of the items, adjustments were caused by problems in the previous general ledger package such as, but not limited to, incorrect coding of the accounts, which was corrected in the new system in 1995. The Division's new system appears to be functioning properly, as described below.

We reviewed the Company's accounting system methodology used for the gathering, processing, and reporting of the accounting information required for remeasurement computations pursuant to SFAS No. 52. We reviewed the set-up of the account classifications on the general ledger system for each account. We noted that each account has been properly coded in the system in the following categories pursuant to SFAS No. 52 guidelines.

Coding for purposes of computing "translation" gain or loss:

1. Historical rate (such as for property and equipment, prepaids; inventories carried at ... costs)

2. Current rate (cash accounts, accounts receivable, accounts payable)

Coding for purposes of computing "transaction" gains or losses:

- Monetary assets or liabilities (such as accounts receivable and accounts payable) .
- 2. Non-monetary assets or liabilities (such as M&S inventories carried at costs, property and equipment)

Based on our understanding of the system based on our observation and inquiry of a procedures, our review of system documentation including the table of account coding as described above (including an overview of the parameters and computations), we believe that the Company's methodology used for the gathering, processing, and reporting of the accounting information required for remeasurement computations pursuant to SFAS No. 52 appears adequate. Based on our review nothing has come to our attention that causes us to believe that the Company's methodology used for the gathering, processing, and reporting of the accounting information required for remeasurement computations would not fairly present the remeasured financial statements of the Division pursuant to SFAS No. 52 requirements.

#### XV. 1996 Budget Process Review

CBI-V1-001-004200

We performed a limited review of the 1996 budget process with the primary objective being to obtain an understanding of the process. We also included the factors that led to the delays

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in the 1996 budget process for the Colombia Division. The budget process system will be reviewed in greater detail as part of our upcoming Data Center Review.

As part of the ongoing Synergy Project, Management adopted a new approach in the developing the 1996 budget. The new method involves delegation of the budgeting responsibility to each department head throughout the Colombian entities which allows them to take ownership in the budgets they have developed for 1996. The coordination and centralization of the budgeting data is performed by the Financial Analysts and Controller in Medellin with the use of the following systems tools:

- A. AS/400 Budgeting System
- B. Lotus 123 templates
- C. FoxPro budgeting system interface
- D. Lotus Approach Data Base
- E. Lotus Models
- A. Plans for the in-house development of a new AS/400 Budgeting System were initiated in February of this year. An outside computer consultant was contracted to do the design and development under the direction of the MIS Manager in Medellin. The original system was completed in June but additional features were necessary in order for the Financial Analysis Group to use the system for the budget process. This system is meant to be utilized for the consolidation and calculation of the budget data from throughout Colombia and to generate reports which depict the 1996 budgets by farm by week. The data was uploaded to the AS/400 from each of the templates returned from the department heads. The intensive calculations and re-calculations of budget information took the system 3-4 hours each time. This makes it very difficult for the users to quickly respond to managements changes in the budget variables. The AS/400 System offers the computing power and data storage capabilities but it is not flexible.
  - B. The financial analysis group designed various Lotus 123 templates to be distributed to each department head for input of 1996 budget data, as well as to the farm administrators. Once the templates were completed, the diskettes were returned to the Financial Analysis group in Medellin for consolidation and upload to the AS/400 Budgeting system.
  - C. The templates received from the farm administrators were frequently incorrect during the beginning stages of the budget process and the financial analysis group would spend a significant amount of time attempting to upload the data to the AS/400 only to find that it was incorrect once it was uploaded. There were errors in both content and format which caused the analysts to return the templates to the farm administrators for correction. In response to the frustration of the Financial Analysts, the MIS Manager developed a small PC system in FoxPro which would allow the analysts to quickly review the templates prior to upload to ensure that it was accurate

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Schedule B

and properly laid out. This has significantly increased the efficiency in the upload process.

- D. The consolidation of the budget information from the various department heads was taking place in the AS/400 after the templates were properly uploaded from each. There is a separate template for each budget category (i.e., salary, production volume, overhead, etc). and each farm. The Controller was responsible for obtaining and consolidating the information from each department head for the overhead template. In order to expedite the consolidation process, he developed a database using Lotus Approach which would consolidate all overhead information for Colombia prior to uploading it to the AS/400. This method provided the Controller the necessary flexibility in manipulating the data in the database and uploading it one time after the overhead budget was complete. This method was only used for the overhead portion of the budget.
  - The budgeting process as defined above works fine if the number of re-calculations and variable changes are minimal. This is not the case. Every two weeks the production volume variables and others are updated and a re-calculation is required. The budget reports from the AS/400 provide very detailed information on a per farm per week basis. This level of detail is not always required and thus, the amount of calculations could be reduced. The Senior Financial Analyst developed some Lotus models to provide high level budget information on an entity basis by month for 1996. This was done prior to the TCS meetings in August as a response to the immediate need for information when the budget variables are constantly changing. These models are not meant to replace the AS/400 budgets but are used to provide a quick 'guesstimate' when needed. They are currently comparing the numbers which result-from each of the processes to determine how far off the Lotus models are from the more accurate and more detailed AS/400 reports.

We believe the process improvements as planned by Management, specifically the implementation of a LAN based data base system to support the budget process will provide the flexibility needed, data storage, and computing power to perform the budget function more efficiently. As mentioned above, we will perform a more detail review of the budget process as part of our next visit to Colombia in order to provide Management with an overall evaluation and recommendations to improve the existing process.

2CHQ6-000034

## INTERNAL AUDIT: REPORT #95;08 FINANCIAL INTERNAL CONTROL REVIEW MEDELLIN, COLOMBIA STATUS OF FINDINGS RECOMMENDATION

	SCHEDULE		TAROSTED
REPORT REF. NUMBER	AUDIT-FINDINGS/RECOMMENDATIONS	REPLY 1	COMPLETION
I, A.	Establish formal procedures for the administration of New Business .  Development activities, including segregation of duties issues.		•
I. B.	Closely monitor status of paper rollstock inventory intended for 3rd Party sales and consider writing down the inventory to net realizable value if the paper is not sold by year end.		
I. C.	Establish distinct general ledger accounts to improve the financial reporting of the New Business Development activities.		
I.D.	Ensure that recycled paper is presold prior to importing to Colombia.	77	
· II. A.	Implement an 840 computer reporting system to cut down the time needed now to prepare such reports.	N. W. W.	
II. B.	Automate the preparation of F-statements.		
II. C.	Automate the preparation of TCMR.		
II, D.	Implement the PC Consolidation System to make financial reporting more effective.		
II. E.	Ensure F-statements agree prior to submission to Corporate and the submission of Monthly Consolidated F-Statements to Tropical Accounting through the use of F-31 Controller's Checklist.		
III. A.	Implement the M&S Management system in all warehouses of the Turbo division.		
III. B.	Ensure strict adherence to restrictions on personnel entering the Turbo division warehouse.	<u>0</u>	
III. C.	Evaluate whether it is feasable constructing or renting an area specifically for the storage of fertilizer (if it is cost effective) in the Turbo division.	3I-V1	
III. D.	Enforce policy for bid procedures for expenditures exceeding \$200 at the Turbo division.	CBI-V1-001-004203	
III, E.	Implement the new M&S system to improve the control/accounting of inventory at the Turbo division.	-0042	<u> </u>
III. F.	Continue efforts to reduce slow moving inventory levels at the Turbo division.	1 03	
III. G.	Centralize Colombia purchasing function in Medellin.	ļ. <u> </u>	<u> </u>

Confidential Treatment Request by Chiquita Brands

November 16, 1995
For CINCINNATI locations this Schedule can be made avanable on diskette in WordPerfect. Please call ext. 8378 for information.

2CHQ6-000035

:COLOMBIA:501-13

# FINANCIAL INTERNAL CONTROL REVIEW MEDELLIN, COLOMBIA STATUS OF EINDINGSRECOMMENDATION

	NHAMIAN.	MAUDIEU
REPORT REF. NUMBER	AUDIT FINDINGS/RECOMMENDATIONS	REFLY COMPLETION DATE
IV, A.	Develop and implement vendor evaluation program with the objective of reducing the number of suppliers at the Turbo division.	n 111 - 122 -
IV. B.	Enforce the policy for bid procedures for expenditures exceeding \$200 at the Santa Marta division.	
IV. C.	Continue efforts to reduce slow moving inventories at the Santa Marta division.	
IV. D.	Secure the diesel storage tanks to safeguard and control inventory.	
V. A.	Proceed with the minor modifications to the accounts receivable computer system so that an aging report can be generated.	
V. B.	Ensure that reconciliations between the accounts receivable subsidiary ledger for employee loans and the payroll system's records are investigated and	
VI. A.	Complete all bank reconciliations that are in arrears and bring them current by November 1995.	
VI. B.	Ensure that all the inactive bank accounts will be closed before year end.	n.
VII. A.	Ensure that until payroll process in Santa Marta is transferred to Medellin, Human Resources Manager performs independent review of all changes made to the farm workers personnel master file and transfer responsibility for maintaining personnel files from the payroll supervisor to the HR Manager.	
VIII. A.	Locate and maintain term sheets for all loans; for those that are not found coordinate with the Latin American Treasury Department in Guatemala so that new term sheets are prepared.	CB CB
IX. C,	Ensure adherence to Corporate CAR Policy by completing CAR's for future asset purchases.	CBI-V1-001
IX. D.	Connect interface between Fixed Asset Database and General Ledger to reduce the time it now takes to reconcile manually the two systems.	01-0
Х,	Ensure that audit findings reported by Divisional internal audit are properly addressed and solved by the applicable Turbo management.	-00420

Confidential Treatment Request by Chiquita Brands

2CHQ6-000036 ·

November 16, 1995
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:COLOMBIA:501-13



Confidential Treatment Request by Chiquita Brands

Vice President Internal Audit

July 10, 1995

General Manager Turbo Division Edificio Zuñiga Carrera 43A No. 23 Sur 15 Envigado, Antioquia Colombia

Re: Internal Audit Letter #L95.14
Accounts Payable Function Review
Medellin, Colombia

Dear

We have completed an audit of the Accounts Payable Function for the Tutbo Division. Our objective was to evaluate the effectiveness of the accounts payable processing and accounting controls within the accounts payable function. The audit scope included detail testing of fifty judgementally selected payments processed during the period of January 1 to April 30, 1995. In addition, we also performed a high level review (without any testing) of the accounts payable function in Santa Marta.

The Turbo Division has replaced its WCA general ledger for the "Think:and Grow de Colombia" CG general ledger package which was previously used by the ADE legal entities. Within the CG general ledger package, there is a payment processing module. This module is limited and management has identified certain shortfalls. However, the module was designated as the best interim solution for payment processing for the combined Colombian legal entities until an accounts payable system could be implemented.

Based on our review and the results of our limited test sample, we conclude that the processing and accounting controls in the accounts payable function are adequate and are functioning as intended. In addition, the visit to the Santa Marta operations validated previous opinions that the processing and controls over accounts payables appear to be adequate at this location. However, we did note some opportunities where changes and enhancements to existing procedures are needed.

Our principal findings are summarized below and presented in greater detail in Schedule B.

Plantain Producers Liquidation Payments:

One accounting analyst controls the entire \$2.6 million annual accounting and payment processing for plantain producers. This fruit liquidation processing is done from beginning to end without supervision or review prior to issuing the final payments to producers. Therefore, the necessary segregation of duties to have adequate checks and balances to preclude unauthorized transactions or

2CHQ6-000037

#### -Internal Audit Letter #L95.14

detect errors are not in place. Management has agreed to have an accounting supervisor review the liquidation transactions on a global basis calculation for reasonableness prior issuing the payments.

Vendor's Income Tax Withholdings Calculations (Retenciones en la Fuente):

During our review of the accounts payable function in Medellin, we found that the CG payable module has the following limitations in the calculating and reporting of the Colombian Governments' statutory vendors' income tax withholdings: a) the software only allows tracking one specified withholding percentage rate per vendor although it is possible for a vendor to have billings that generate different percentage tax rates (i.e., an engineering company billing for professional services and also for equipment rentals); b) the software computes the payment to the vendor by subtracting the percentage rate for the withholding but it is unable to track the historical vendor income tax withholdings required by the Colombian government.

Because of these limitations, the tax withholding calculations and accounting distributions for the transactions are being prepared manually by the various legal entities accountants. We noted that there are no written guidelines or procedures to ensure consistency for the tax withholding calculations and accounting distribution. Our tests indicated that the tax withholdings were not recorded consistently. In some instances the tax calculation withholding were not written down while in others there was the use of a rubber stamp denoting the withholding and the accounting distribution.

Management in Colombia is aware that there is a need to automate this process where possible. The MIS Manager indicated that the plans for the Accounts Payable System include doing the calculation, recording and historical reporting of all information related to the tax withholding requirements. However, this system is only in the planning stages. Implementation dates have not yet been established. Until there is a system in place, management has agreed to document procedures and will either use a standardized accounting entry form or rubber stamp to ensure consistent and correct calculation and reporting of vendor income tax withholdings.

Compliance with CBII's Capital Appropriation Requests Forms (CAR's):

Three of the fifty sample transactions, totaling approximately \$27M, had been recorded as expense instead of being capitalized as assets and none had the required Capital Appropriation Request (CAR) form. Servicio Bananero Integrado S.A. purchased a Tape Cartridge Unit from IBM de Colombia amounting to \$4M on February 24, 1995; CI Banadex, S.A. bought a mini tractor from COLFE Ltda. for approximately \$6M on March 31, 1995; and Agropecuaria del Este, S.A. built 400 linear meters of additional cableway from Centro Aceros for approximately \$17M on March 21, 1995.

Management has agreed to comply with the CBII Corporate F&A Policy pertaining to Capital Appropriation Requests and will obtain the required approvals prior to the purchase of assets in the future. In addition, management has agreed to review all 1995 transactions in which assets were recorded as expenditures instead of being capitalized to ascertain the amounts involved and based on the results of this review will capitalize the appropriate assets.

Page 2

2CHQ6-000038

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Internal Audit Letter #L95.14

Systems Solutions for Accounts Payable Function:

The CG Payment Processing module is part of an integrated financial software package which had been utilized by the ADE group prior to the reorganization and was designated as the best interim solution for payment processing for the combined Colombian entities until an accounts payable system could be implemented. The CG Payment Processing system could be a valuable tool in performing the check disbursement function. However, the local MIS Manager and Accounts Payable Supervisor identified the following functions as not operating properly or consistently; invoice discounts; invoice due dates are not validated; check printing problem related to the NIT # or payee identification; invoices pending payment report; invoice extraction processing time (system running and segregating those invoices that are due for payment); and exchange rate assignment at time of payment. Management has agreed to have these problems corrected and will be using the services of the Think and Grow software company authorized consultant to resolve these issues.

The above suggestions/observations represent the more significant matters noted during the course of our audit. Other, less significant findings were also noted and discussed with Management. Details of audit findings are being provided only to the addressee in the form of audit memos (Schedule B) attached to the addressee's copy of the report; other individuals on the distribution of this report should contact us for further details on additional information:

We wish to thank you as well as your staff for the courtesy and cooperation extended to us during the course of the audit. Please use the attached Schedule R to advise us of the action taken on all items. Corporate policy requires responses to audit reports to be submitted within sixty (60) days of issuance of the report. We request your reply to by September 11, 1995.

	·	Very truly yours,
	ļ. ·	:
		Audit Manager
Vice President	·	
CHdP/ap		
cc:		· · ·
Attachments:	Schedule A;	Background
	Schedule B:	Listing of Audit Memos (addressee only)
	Schedule R:	Status Findings/Recommendations (addressee only)

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CHIQUITA NSD

Confidential Treatment Request by Chiquita Brands

Internal Audit Letter #L95,14

Schedule A

CFS - Turbo		•
	12/94	12/93
	Actual	Actual
Sales & Services	37,306	45,235
Cost of Sales	43,951	47,378
Total Operating Expenses	. 43,951	47,378
Operating Income / (Loss)	(6,645)	(2,143)
Net Income / (Loss)	(9,674)	(5,429)
Total Assets	48,020	42,769
Total Liabilities	59,643	48,555
Shareholders' Equity	(11,623)	(5,786)

#### AREAS OF AUDIT COVERAGE

Accounts Payable Function

Attendees at the 6/1/95 Audit Closing Conference:

Audit Team Members:

(Lead Auditor)

2CHQ6-000042

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CBI-V1-001-004210

CHIQUITA NSD

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Internal Audit Letter #L95.14

Schedule B

#### LISTING OF AUDIT MEMOS

The following audit memos are being distributed to the addressee only to provide detail information for items addressed in the Executive Summary and Schedule R (Status of Findings/Recommendations). The audit memos were discussed during the audit and should be used as a reference to respond to Schedule R. Management agreed with our audit memo recommendations.

#### 1. Plantain Producers Liquidation Payments:

One accounting analyst controls the entire accounting and payment processing for plantain producers. This fruit liquidation processing is done from beginning to end without supervision or review prior to issuing the final payment. The following procedures are performed by the analyst:

- Review a fruit liquidation report prepared by the Uraba office which contains the amount of plantain boxes shipped by each producer.
- Review the associated materials, transportation and loading costs for the producer and deducts them from the invoice amount for the liquidated plantains.
- Provide the MIS Department with the information to be entered into the fruit liquidation system for payment.
- Approve the payments which are processed on a weekly basis.

The annual disbursements for more than 600 plantain producers are approximately \$2.6 million or \$50M weekly. This is a high dollar amount of transactions to be processed without review by an accounting supervisor or manager.

The integration of the fruit liquidation system with the payment processing system would alleviate this control weakness because the payments would be subject to the same manual review standards and procedures as all other system generated checks. The MIS Manager indicated that the Santa Marta Division has an integrated system and implementation is planned for the Medellín office as well, but it is not considered a high priority.

Until the integrated system is in place, management has agreed to have an accounting supervisor review the liquidation transactions on a global basis calculation prior issuing the payments.

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B-1/5

Schedule B

#### 2. Vendor's Income Tax Withholdings Calculations (Retenciones en la Fuente):

During our review of the accounts payable function in Medellin, we have found the following limitations in the calculations and reporting for the Colombian Governments' statutory vendors' income tax withholdings.

- While there are multiple categories for classifying withholdings calculations, there are
  no written procedures to ensure consistency in the calculations and account
  distribution.
- The detail testing indicates that the tax withholdings are not being recorded on a consistent basis. There were instances where the calculations were either not performed or there was no record of the account distribution on the invoice. The income tax withholdings are presently manually calculated for each invoice and the accounting entry should be included with the other accounting entries recorded on the invoice. Some of the invoices had a standardized stamp for the recording the account distribution on the invoice. Others merely had the distribution written on the invoice.
- The payment processing system currently in place only allows for the tracking one specified withholding percentage per vendor although it is possible for a vendor to have sales in more than one category. Also, the system only assists the user by reducing the payment amount by this percentage. It does not track the historical vendor income tax withholdings required by the Colombian government.

Management in Colombia is aware that there is a need to automate this process where possible. The MIS Manager indicated that the plans for the Accounts Payable System include support for the calculation, recording and historical reporting of all information related to the tax withholding requirements. This system is only in the planning stages. Implementation dates have not yet been established. Until there is a system in place, management has agreed to document procedures and implement the use of a standardized accounting entry form or a stamp to ensure consistent and correct calculation and reporting of vendor income taxes.

#### 3. Compliance with CBII's Capital Appropriation Requests Forms (CAR's):

Based on our limited sample testing of 50 purchases-disbursements transactions from 1995, we found the following transactions which had been recorded as expense instead of being capitalized as assets and none had the required Capital Appropriation Request (CAR) form:

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B-2/5

#### Internal Audit Letter #L95.14

Schedule B

- Company Name:

Servicio Bananero Integrado

Supplier Name:

IBM de Colombia

Amount: .

CP\$3,695,602; approx. \$4,348 @CP850/\$1

Description: Payment Date:

Tape Cartridge Unit Feb. 24, 1995

Company Name:

CI Banadex, S.A.

Supplier Name:

COLFE LTDA.

Amount:

CP\$5,117,100; approx. \$6,020 @CP850/\$1

Description: Payment Date: Mini Tractor 12.5HP

Mar. 31, 1995

Company Name:

Agropecuaria del Este, S.A.

Supplier Name:

Centro Aceros

Amount:

CP\$14,091,051; approx. \$16,578 @CP850/\$1

Description:

Main Cableway Additions - Mora

Payment Date:

Mar. 21, 1995

Management has agreed to comply with the CBII Corporate F&A Policy pertaining to Capital Appropriation Requests and will obtain the required approvals prior to the purchase of assets in the future. In addition, management has agreed to review all 1995 transactions in which assets were treated as expenditures instead of being capitalized to ascertain the amounts involved and based on the results of this review, capitalizing the assets.

#### Systems Solutions for Accounts Payable Function:

The CG Payment Processing module was included in the scope of our review of the accounts payable function in Medellin. This system is part of an integrated financial software package. which had been utilized by the ADE group prior to the reorganization and was designated as the best interim solution for payment processing for the Colombian entities until an accounts payable system could be implemented. The implementation of an integrated M&S and Accounts Payable system has been identified as a top priority by the "Synergy Team" and is included in the MIS Manager's plans for his department. At this moment, the MIS Manager is working in conjunction with MIS in Cincinnati to determine the best approach to implementing a systems solution which will meet the business needs of this organization.

In the meantime, the CG Payment Processing system could be a valuable tool in performing the check disbursement function, but several problems with the system have been documented by the local MIS Manager and Accounts Payable Supervisor. They have also been communicated to the Think & Grow software company in Bogota which is responsible for

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B-3/5

#### Internal Audit Letter #L95.14

Schedule B

the support of these systems in Colombia. The following are the functions identified by local management as not operating properly or consistently:

- Invoice Discounts
- Invoice Due Dates are not validated.
- Check printing problem related to the NIT # or payee identification
- Invoices Pending Payment Report
  - Invoice extraction processing time
- Exchange rate assignment at time of payment

Management has agreed to have these problems corrected and will be using the services of the Think and Grow software company authorized consultant to resolve these issues.

#### 5. Authorized Approval Limits:

As part of our review of the accounts payable - disbursements processes we noted that the adherence to the authorization limits established by management were not being complied with. Our test identified that the recently-hired payroll manager was approving payment forms although he was not one of the authorized individuals per the division's authorization matrix. We also noted that electronic wire transfers from one company account to another:

"company account were being executed although the person authorizing the transaction had exceeded his authorization limit (risk mitigated by the fact that EFT's can only be executed between Company accounts not third parties). Recognizing that the a new "authorization matrix" has recently been introduced, it is understood that these controls may not have been previously in place or enforced.

Another issue pertaining to approval is that many associates use their initials rather than their full signature when providing approval. The initials are not depicted in the signature matrix, thus, it is difficult to ascertain who is actually issuing the approval. It is recommended that the signature matrix be updated with the initials as well or require that approvers sign in full.

Management agreed to:

- ensure that the associates entrusted with authorizing transactions have a good understanding of the authority levels assigned to them.
  - issue a reminder of the authorized amounts each manager/supervisor has and the Accounts Payable Department will enforce those limits by rejecting transactions outside of the matrix authorization levels.
- require that full signatures be used and will eliminate the use of initials for authorizing transactions.

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#### 6. Supporting Documentation for Payment of Invoices:

Ten of the fifty sample payment transactions lacked the adequate documentation for payment. In some cases the required purchase orders were not attached and in some cases purchase orders were not completed properly. Additionally, there were two payments which were paid from the copy of an invoice instead of the original. Local Management recognizes that these control problems exist and the lack of integrated M&S and Accounts Payable systems contribute to the problem. If the systems were integrated, there would be a smooth flow of information pertaining to payment transactions from one functional area to the other. The top priorities for the MIS Department include the implementation of such a system. However, until the system is developed, some manual controls need to be put in place to ensure that all pertinent supporting documentation required for validation of a payment. Therefore, we recommend that standardized forms be used to track all supporting documents through the M&S, Accounting, and Accounts Payable Departments. Such a form is currently being utilized in the Santa Marta Division which ensures the inclusion of all necessary documentation prior to invoice payment.

2CHQ6-000047

# Internal Audn-Letter#L95.14 Accounts Payable Function Review

Medellin; Colombia Status of findings/recommendations scheduer

Report REF NUMBER		AUDIT FINDINGS/RECOMMENDATIONS	REPLY TAROBITED COMPLETION DATE:
1.	•	Have an accounting supervisor review plantain liquidation transactions on a global basis prior to issuing payments.	
2.	•	Document tax withholding procedures and implement the use of a standardized accounting entry form or stamp to ensure consistency.	·
3.	•	Comply with CBII Corporate F&A Policy for CAR's requirement of obtaining the necessary approvals prior to acquiring capital assets.  Capitalize all appropriate items that had been expensed in 1995.	
4.	•	Ensure that the correctable problems and limitations identified in the A/P CG module are fixed by the authorized Think and Grow Consultant.	
5,	•	Reemphasize the authorization limits to associates involved in approving/recording transactions. Implement the use of full signatures to approve transactions instead of initials.	11 (\$\frac{1}{2}\frac{1}{1} \tau \tau \tau \tau \tau \tau \tau \tau
6.	•	Implement the use of a standardized form to track all supporting documents needed to validate a payment through the various departments in the Company.	

Confidential Treatment
Request by Chiquita Brands

CBI-V1-001-00421

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y 10, 1995 I CINCINNATI locations this Schedule can be made available on distette in WordPerfect. Please and est. \$378 for information.

Confidential Treatment Pequest by Chiquita Brands CBII/IAD GENERAL MANAGERS **EXPENSES** COLOMBIA 1993 - 1996 \*\*CONFIDENTIAL\*\* 2CHQ6-000049 CBI-V1-001-004217 CHIQUITA NSD 000024108

Confidential Treatment Request by Chiquita Brands 2CHQ6-000050 CBI-V1-001-004218 000024109 CHIQUITA NSD

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Confidential Treatment-Request by Chiquita Brands

#### Chiquita Banana Group **Colombia Division**

# lemo



From CC: September 7, 1996 Date: Re: Colombia Managers Fund

Attached please find copy of the support documentation for the Colombian Manager Fund for 1993, 1994, 1995 and 1996 as requested.

The following is a summary of the information attached:

#### Exhibit i 1993 Turbo:

The following is the only support documentation we could not find.

July 1, 1993 Travel expenses paid by CFS for:

18Y

\$144

All the other information requested has being included in the enclosed package.

CBI-V1-001-004220

COPED FOR \$ Exercises SEA

#### Exhibit II 1994 Turbo:

100% of the support documentation requested is attached. There are two transactions that deserve the following explanation:

September 1994 Contribution to the Navy in Uraba: amount reported \$900,000 pesos, the amount paid was \$102,240 (or US\$123,93). The amount originally typed was the total amount requested by the Navy, but, the Banadex portion was \$102,240.

December 1994. Payments to the Army: amount reported \$6,500,000pesos. The right amount was \$5,500,000. The variance was due to a typo error.

With respect to your comment about a confidential memo from an individual, we understand that the information was prepared by somebody who do not have access to our accounting record and he does not understand what we should report or not in the GM's fund. The information reported by this individual to Cincinnati is not recognized as official information by the Division.

AUGURA SOMBOR ASSUL BUT NOT SUPPLYET. PER CANTON MIS PROPERT. 10/016 ON MO CHECKS FOR 18 178ms.

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Confidential Treatment Request by Chiquita Brands - NO 1016 4/9 - 2340:88 - 100 000 POR REGIOSS STAY FOR OSONIA PO CANTRIES

#### Exhibit III 1995 Turbo

The information originally reported included only the purchased of Industry Information for \$3,079.42. | 100% if the support documentation is attached.

#### Exhibit IV 1996 Turbo

The information originally reported included only the purchased of Industry Information for \$2,336.35. 100% if the support documentation is attached.

Enclosed please find summaries for the first and second quarter of 1996 for sensitivity payments for \$115,773.57 100% of the support documentation is attached as well.

#### Exhibit V 1993 Santá Marta

OF# 4000 1 F #		
Of the 1993 information	we could not find the to	llowing supports:

February 1993 Donation to DAS for \$ -93.00 SMLOT,

April 1993 Donation to local Police for \$ -59.00 \ 12 12 12

May 1993 Donation to Local Police for \$ -84.00 / Total \$236.00

The attached supports add to \$3,024.06 plus \$236.00 equal \$3,260.06 the amount requested.

#### Exhibit VI 1994 Santa Marta

Attached you will find 100% of the information requested.

FITEMS NO ENDLOW (INPINE)

3 CASH 17EMS WYTH NO

#### Exhibit VII 1995 Santa Marta

Attached you will find 100% of the information requested.

WHO (5)

#### Exhibit VIII 1996 Santa Marta

Attached you will find 100% of the information requested.

) OK THIN JON 11984 - JUNE 30, 16

If you need any additional information, please give me a call

.CBI-V1-001-004221

Page 2

2CHQ6-000053

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Confidential Treatment Request by Chiquita Brands

Chiquita Banana Group Colombia Division

# **Confidential Memo**

		1	•
To:			
From		<b> </b> `	
CC: ·			
Date:	November 27, 1996	_	
Rec	General Manager's account		

Attached please find all Colombian documentation related to the General Manager's account for the years 1993, 1994, 1995 and September 1996 YTD with summaries and support documentation.

For you information, the account has the following categories:

- 1. Sensitive payments to non Government entities.
- 2. Sensitive payments to government entities.
- 3. Purchase of confidential information.
- 4. Payment to Union leaders.

Of those four categories, ye have no incurred in any payment related to the number 4. The information related to group #2, are included in the quarterly FCPA report to Cincinnati.

The payments related to groups 1 and 3, are reported in a quarterly basis to the internal audit department in Cincinnati. As you might understand, the nature of this information is extremely confidential and only the people copied in this memo has access to these files. As today we have reported to Cincinnati 100% of the information required as of September 1996.

If you have any question, please let me know.

CBI-V1-001-004222

• Page 1

2CHQ6-000054

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### MEMORANDUM

Confidential Treatment Request by Chiquita Brands

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•	TO:	Distr	ibution Attached		·	DATE: REVISED:		19, 1990 ary 16, 199	14	
٠	FROM	M:		]		. РНО	NE:	Ext. #837	9	
	SUBJ	Acco	ounting for Sens	itive Payments			•			
	which for sur recipie Exper	We have established the following procedure for recording in the books and records cash or check payments which are sensitive in nature. The intent of this procedure is to provide for adequate books and records or such expenses along with the need of maintaining an appropriate level of confidentiality about the ecipients of such payments. In the past, some locations have used an expense account code "Manager's expenses" to record expenses of this type. These typically are the types of expenditures which would not fall into other account classifications such as Contributions, Donations, Consulting Services, Public Relations, etc. Use of such an account is permissible through the use of the following procedure.								
	1.	to as: recongence gence and supe	erlying details suppo sure compliance w rded as necessary rally accepted acc (II) to maintain ac rvisor (typically a fter-the-fact basis	ith provisions of (I) to permit pre- ounting principle countability for a Region Manager	the Foreign ( paration of  s or any othersets: ". Or	Corrupt Practice financial stater er criteria appli ace each quarte	es Act: " nents in cable to er the Ge	. transactio conformity such staten eneral Mana	ns are with nents. nger's	
		• 7	: The expenditure v	vas properly aut	horized, do	cumented and s	upporte	:d; ·		
:.		• i	Documentation and or the quarter (a	support exists for list of such tran	each transact sactions sho	ion recorded in uld be prepare	the Man d by the	agers Fund a local contr	ccount oller).	
		3	The expenditure wand Procedures if a pother persons or o	inv payments we	e to governm	nent officials or	entities (	or payments	olicies to any	
•	<b>2.</b>	deta	General Manager ( il io Cincinnati af teral Counsel, for	ter the quarterly	gion Manage review and s	r) will accompar ubmit the deta	ny the un	derlying supr	orting the	
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•					•	)	С	BI-V1-001	-004224	
	•					•	·			

The Vice President, Internal Audit, has been requested to review the Managers Fund expenses submitted to the Law Department every six months:

- To assure the General Manager's expenses were reviewed and approved for the previous two
  quarters on an after-the-fact basis and assure compliance with the accounting provisions of
  the FCPA.
- To assure that disbursements have proper underlying support and documentation.
- To assure that payments to government organizations or individuals were reported on the appropriate quarterly report of Statement of Policies and Procedures to the Law Department.
- For the major locations where a Managers Fund is used, Internal Audit will plan to perform a detailed audit of cash and check disbursements on an annual basis at the local organization level to assure that quarterly reviews contained all appropriate transactions and disbursements.
- Once each year, during the preparation of the next years budget (normally October November), the amount budgeted for the Managers Fund expenses will be identified as to amount and as to the various categories of expense:
  - Annual budgeted amounts in major categories of expense should be approved by the appropriate Senior Vice President along with justification and limits of such expense amounts.
  - Overall approval of budgeted amounts should require Senior Executive Vice President's, or his designee's, approval based on substantiation and justification as may be appropriate,

If an organization now uses a "Manager's Expense" account code, reporting expenses into this account is permissible. If an organization does not use this account code now Controller, Chiquita Brands, Inc., should be contacted with an explanation for use of the account, and authorization to open such an account in the division's expense account codes and chart of accounts. We believe this procedure provides a mechanism to insure accurate books and records for sensitive payments made while at the same time maintaining the confidentiality of such payments and disbursements. Details concerning Chiquita. Brands International, Inc. policies relating to this subject can be found in the following Financial & Administrative Policy references:

- Internal Control A-1.0, pp. 1-7
- Quarterly Representation Letter B-3.0, pp. 1-6
- Fiduciary Responsibilities of Local Chief Financial Officers A-6.0, pp. 1-2
- FCPA commentary and the Company's "Statement of Policies and Procedures", A-2.0, pp. 1-3 (and exhibits)

Please contact me if you have questions or if you wish to discuss the subject further.

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DAVISION: Phone #: Prepared By: Date Prepared:	PFI 784 837				CBII INTERN 1995 GENEF	IAL AUDIT DEPARTMENT RAL MANAGERS' EXPENSES	Listing of all transactions to record General Manager's Manage expenses for the period of January 1, 1995 to December 31, 199 Confidential Transaction Request by Chiquita Brands
٠.	Inforn	nation prov	ided is for	account#	,	assigned to	
MONTH	DAYE OF TRANSACTION	ACCT. JV # OR REFERENCE #	ACCOUNT#	AMOUNT OF PAYMENT	AMOUNT OF PAYMENT (US DOLLARS)	DESCRIPTION OF PAYMENT FROM ACCTG RECORDS OR CASH OFFICE RECORDS	COMMENTS
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	<del> </del>	<del> </del>	<del> </del>			on will be reviewed later by the V.P. Internal Audit and	

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Printed: 01/30/96



#### **MEMORANDUM**

Confidential Treatment Request by Chiquita Brands

CBI-V1-001-004227

2CHQ6-000059

TO:	See Attached .	DATE:	January 30, 1997
FROM:		PHONE:	Ext. #8379
SUBJ:	Accounting for Sensitive Payments - Rev	l iew and Appr	val Procedures
and record confidentia expense acc types of exp Donations,	stablished the following procedure for recording thich are sensitive in nature. The intent of this procedure for such expenses along with the need of ality about the recipients of such payments. In sount code "Manager's Expenses" to record expense the enditures which would not fall into other account Consulting Services, Public Relations, etc. Use of the following procedure.	maintaining at the past, some ses of this type.	vide for adequate book an appropriate level of locations have used a These typically are th
in c to s	derlying details supporting Manager's Expenses mager to assure compliance with provisions of transactions are recorded as necessary (I) to peronformity with generally accepted accounting princh statements, and (II) to maintain accountability eral Manager's supervisor will review each transactact basis that:	f the Foreign- mit preparation inciples or any	Corrupt Practices Act of financial statements other criteria applicable
•	The expenditure was properly authorized, do Documentation and support exists for each Expense account for the quarter (a list of such local controller).  The expenditure was reported on the appropr of Policies and Procedures if any payments wor payments to any other persons or entir Department.	transaction rec transactions sho riate quarterly	orded in the Manager's build be prepared by the report of the Statement
C	General Manager's supervisor will accompany innati after the quarterly review and submit the ceral Counsel, for his review:	the underlyin letail to	g supporting detail to the Assistant
3. The subr	Vice President, Internal Audit, has been request nitted to the Law Department every six months:	ed to review th	ie Manager's Expenses

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- To assure the General Manager's expenses were reviewed and approved for the previous two quarters on an after-the-fact basis and assure compliance with the accounting provisions of the FCPA.
- To assure that disbursements have proper underlying support and documentation.
- To assure that payments to government organizations or individuals were reported on the appropriate quarterly report of Statement of Policies and Procedures to the Law Department.
- 4. For the major locations where a Manager's Expense account code is used, Internal Audit will plan to perform a detailed audit of cash and check disbursements on an annual basis at the local organization level to assure that quarterly reviews contained all appropriate transactions and disbursements.
- Once each year, during the preparation of the next years budget (normally October November), the amount budgeted for the Manager's Expenses will be identified as to amount and as to the various categories of expense:
  - Annual budgeted amounts in major categories of expense should be approved by the General Manager's supervisor along with justification and limits of such expense amounts.
  - Overall approval of budgeted amounts should require Senior Executive Vice President's, or his designee's, approval based on substantiation and justification as may be appropriate.

If an organization now uses a "Manager's Expense" account code, reporting expenses into this account is permissible. If an organization does not use this account code now, Controller, Chiquita Brands, Inc., should be contacted with an explanation for use of the account, and authorization to open such an account in the division's expense account codes and chart of accounts. We believe this procedure provides a mechanism to insure accurate books and records for sensitive payments made while at the same time maintaining the confidentiality of such payments and disbursements. Details concerning Chiquita Brands International, Inc. policies relating to this subject can be found in the following Financial & Administrative Policy references:

- Internal Control A-1.0, pp. 1-7
- Quarterly Representation Letter B-3.0, pp. 1-6
- Fiduciary Responsibilities of Local Chief Financial Officers A-6.0, pp. 1-2
- FCPA commentary and the Company's "Statement of Policies & Procedures," A-2.0,
   pp. 1-3 (and exhibits)

Please contact me if you have questions or if you wish to discuss the subject further.

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CBI-V1-001-004228

2CHQ6-000060



MEMORANDUM

Brands International		DATĖ:	January 30, 1997  - Honduras TRR - Ecuador
:	Guatemala/Tapachula COBAL/Costa Rica Farms		- Medellin (Turbo) - Frupaç LTDA
ROM:	]	PHONE:	Ext. #8379
UBJ: Accounting for Sens	itive Payments .		
nanagers' <u>expense</u> items and	should not include capital iter	ns in a Manag al vear 1996. I	I request that you provide a listing
the detailed transactions by a Expense Account. code (see transaction; accounting or poi account number charged; de payment voucher (Form 1016 concerning each item is not a payments will be delivered be Department and by me in Cir Thank you for your assistance the individuals below advice.	form attached). The inform urnal voucher reference numb scription of payment (NOTE or in the accounting records, equired for this form). Detail y the General Manager or Sen cinnati (see items #2 and #3 i in providing this information in any additional locations with s	mis to a Ueffe ation that sho er; amount (los ,- provide des A detailed ex ed decumentat aior Managem in the letter) ar advance. By such expenditu	ral Manager's Expense or Manager and be recorded is: month; date cal currency); amount (U.S. dollars cription only if recorded on the car planation of confidential informati- tion and descriptions to support su- tent and will be reviewed by the Land are not required for this form.
the detailed transactions by a Expense Account. code (see transaction; accounting or account number charged; de payment voucher (Form 1016 concerning each item is not a payments will be delivered be Department and by me in Cir Thank you for your assistance the individuals below advise above. I would appreciate re	form attached). The inform urnal voucher reference numb scription of payment (NOTE or in the accounting records, equired for this form). Detail y the General Manager or Sen cinnati (see items #2 and #3 in in providing this information in	mis to a Ueffe ation that sho er; amount (los ,- provide des A detailed ex ed decumentat aior Managem in the letter) ar advance. By such expenditu	and he recorded is: monin; age cal currency); amount (U.S. dollars caription only if recorded on the ca- planation of confidential informatic tion and descriptions to support su- tent and will be reviewed by the La d are not required for this form.  copy of this memo I request also the tres of the policy to report as outlin
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CHIQUITA NSD 000024121

DIVISION: Phone #:	
Prepared By:	
Date Prepared:	

### CBII INTERNAL AUDIT DEPARTMENT 1996 GENERAL MANAGERS' EXPENSES

Listing of all transactions to record General Manager's Expenses for the period of January 1, 1996 to December 31, 1996

Confidential Treatment Request by Chiquita Brands

	MON	тн	DATE OF TRANSACTION	OR REFERENCE #	ACCOUNT #	AMOUNT OF PAYMENT (LOCAL CURRENCY)	AMOUNT OF PAYMENT (US DOLLARS)	DESCRIPTION OF PAYMENT FROM ACCTG RECORDS	
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Printed: 01/30/97

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## MEMORANDUM

Confidential Treatment Request by Chiquita Brands

2CHQ6-000063

TO:	See Attached	DATE:	January 30, 1997
FROM:		PHONE:	Ext. #8379
SUBJ:	Accounting for Sensitive Payments - Re		•
payments v and record confidenti expense ac types of ex Donations, the use of	stablished the following procedure for recording which are sensitive in nature. The intent of this procedure for such expenses along with the need ality about the recipients of such payments. Incount code "Manager's Expenses" to record expenditures which would not fall into other according Services, Public Relations, etc. Use the following procedure.	of maintaining in the past, sor enses of this typ ount classificati of such an acco	an appropriate level of me locations have used an pe. These typically are the ons such as Contributions, punt is permissible through
M "· · in to G	nderlying details supporting Manager's Expendanager to assure compliance with provisions transactions are recorded as necessary (I) to conformity with generally accepted accounting such statements, and (II) to maintain accountal deneral Manager's supervisor will review each transfer to basis that:	permit prepara principles or a filtry for assets	tion of financial statements any other criteria applicable " Once each quarter the
•	The expenditure was properly authorized Documentation and support exists for expense account for the quarter (a list of second	aco transaciioi	I LECOLUCU III DIO INIMAGALA
•	local controller).  The expenditure was reported on the ap of Policies and Procedures if any payme or payments to any other persons of Department.	entities requi	red to be sent to the Law
	The General Manager's supervisor will accor Cincinnati after the quarterly review and submi General Counsel, for his review.	t the detail tq	
3.	The Vice President, Internal Audit, has been r submitted to the Law Department every six me	equested to rev onths:	new the Manager's Expenses
		•	CBI-V1-001-004231

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- To assure the General Manager's expenses were reviewed and approved for the
  previous two quarters on an after-the-fact basis and assure compliance with the
  accounting provisions of the FCPA.
- To assure that disbursements have proper underlying support and documentation.
- To assure that payments to government organizations or individuals were reported
  on the appropriate quarterly report of Statement of Policies and Procedures to the
  Law Department.
- 4. For the major locations where a Manager's Expense account code is used, Internal Audit will plan to perform a detailed audit of cash and check disbursements on an annual basis at the local organization level to assure that quarterly reviews contained all appropriate transactions and disbursements.
- 5. Once each year, during the preparation of the next years budget (normally October November), the amount budgeted for the Manager's Expenses will be identified as to amount and as to the various categories of expense:
  - Annual budgeted amounts in major categories of expense should be approved by the General Manager's supervisor along with justification and limits of such expense amounts.
  - Overall approval of budgeted amounts should require Senior Executive Vice President's, or his designee's, approval based on substantiation and justification as may be appropriate.

If an organization now uses a "Manager's Expense" account code, reporting expenses into this account is permissible. If an organization does not use this account code now.

Controller, Chiquita Brands, Inc., should be contacted with an explanation for use of the account, and authorization to open such an account in the division's expense account codes and chart of accounts. We believe this procedure provides a mechanism to insure accurate books and records for sensitive payments made while at the same time maintaining the confidentiality of such payments and disbursements. Details concerning Chiquita Brands International, Inc. policies relating to this subject can be found in the following Financial & Administrative Policy references:

- Internal Control A-1.0, pp. 1-7
- Ouarterly Representation Letter B-3:0, pp. 1-6
- Fiduciary Responsibilities of Local Chief Financial Officers A-6.0, pp. 1-2
- FCPA commentary and the Company's "Statement of Policies & Procedures," A-2.0, pp. 1-3 (and exhibits)

Please contact me if you have questions or if you wish to discuss the subject further.

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SUBJ	: Accounting for	Sensi	tive Payments						
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OIVISION: Phone #: Prepared By: Oate Prepared:					CBII INTERI 1996 GENE	NAL AUDIT DEPARTMENT RAL MANAGERS' EXPENSES	Listing of all transactions to record General Manager's Expense for the period of January 1, 1996 to December 31, 1996 Confidential Treatment Request by Chiquita Brands
	Inform	natión prov	vided is for	account#		assigned to	
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#### CONFIDENTIÀL General Manager's Expenses

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# CONFIDENTIAL General Manager's Expenses

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CONFIDENTIAL ' General Manager's Expenses

Period Covered: 1994

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CHIQUITA NSD

CONFIDENTIAL
General Manager's Expenses

Confidential Treatment Request by Chiquita Brands

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Grand Total

Division: TURBO1

Period Covered:

#### CONFIDENTIAL General Manager's Expenses

Period Covered: Military S Travel 6 Expenses Other-Industry 3 Political 4
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## CONFIDENTIAL General Manager's Expenses

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Confidential Treatment Request by Chiquita Brands

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Confidential Treatment Company of the Reducert Presences

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#### CONFIDENTIAL

#### GENERAL MANAGERS' EXPENSES

#### **EXHIBIT I - 1993 TURBO**

#### A. What We Have:

- 1. Exhibit I We received the 1993 General Mangers' Expenses daled March 15, 1994 for January December 1993 (Total \$135,725).
- 2. We have 1016 Forms for January June 1993 and August 1993.

#### B. What We Need:

- 1. We need 1016 Forms for July 1993 (total \$21,894) and for September, October, November, December 1993 (Total \$61,288).
  - · DONT HAVE 1016'S FOR 1993 OR 1994
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Confidential Treatment
Request by Chiquita Brands

#### CONFIDENTIAL

Confidential Treatment Request by Chiquita Brands

## GENERAL MANAGERS' EXPENSES

## EXHIBIT I - 1993 TURBO

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- A. What We Have: .
  - Exhibit I We received the 1993 General Mangers' Expenses dated March 15, 1994 for January - December 1993 (Total \$135,725).
  - 2. We have 1016 Forms for January June 1993 and August 1993.
  - B. What We Need:
    - We need 1016 Forms for July 1993 (total \$21,894) and for September, October, November, December 1993 (Total \$61,288).

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-00430 1 FAX 200-CBI-V1-001 500,5 DIVISION: TURBO - COLONBIA Lis 331 - 7174 Phone #: **CBILINTERNAL AUDIT DEPARTMENT** for Propered By: Chief Accountant 1904 GENERAL MANAGERS' EXPENSES Date Prepared: APRIL 28 /95 . 00/4V .; halormetion provided is for account number: 8686207496712 Assigned.lo: ACC. JV # DESCRIPTION OF PAYMET AMOUNT OF **AMOUNT OF** ACCOUNT # OR FROM ACCTS RECORDS . DATE OF PAYMENT PAYMENT (NB DOTTWER MONTH TRANSACTION REFERENCE# CHANGED (LOCAL CURRENCY) OR CASH OFFICE RECORDS Let Conster Jun = 64 / Jun = 64 / Jen - M V 728,787 V \$34.49 Cash V (5) Jan - 94 464 RO2 -\$70.00 Cast >70 Feb - 94 811,011 (7 Feb - P4 2nd Quarter <u>Adl-M</u> 11,049.48 Cash (2) May - 64 May -M and Chearing July - 94 1,200.00 Cash MQ. 867 / 42.00 Cash 11949 -87,770 6 102,202 211.00 Cash 15459-187:00 Cast 1209 188.00 Cash 214,726 43 AMERICA - M 896.06 Cash L. 822,978 V 7777 2,984,826 / / 2,666,00 Cash (2) mbet - 84 1654 4001 8.454,945 / / 8,478.58 Cash September - 84 August - 84 10,528.14 Cash 18,010,040// September - \$4 September - \$4 v \$1.710V V 80.48 Cash (57 MD - 10000 DASI RIT 5.545 (O) All Quarter
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266-DIVISION: TURBO - COLONBIA 5005 Lis Confidential Treatment 331 - 7174 COILINTERNAL AUDIT DEPARTMENT for Request by Chiquita Brands Prepared By: - Chief Accountant 1994 GENERAL MANAGERS' EXPENSES Date Prepared: APHIL 20 /95 ,0014V 65B6207496712 Assigned to: Information provided is for account number: ACC, JV # AMOUNT OF AMOUNT OF \*DESCRIPTION OF PAYMET DATEOF ACCOUNT # PAYMENT (US DOLLARS) PAYMENT FROM ACCTS RECORDS MONTH TRANSACTION REFERENCE # CHARGED (LOCAL CURRENCY) OR CASH OFFICE PECORDS 1st Quarter Jan - 84 V jen – 94 √ 728,787 Jan - 94 Jen - 04. 688,202 838.48 Cash V Feb - 04 y Feb - 94 v 311,011 Feb - 94 / 1,377.94 Cash 2nd Quarter April - 94 V April - 84 293,59 Cash 11,949,43 Cast May -94 May -94 10,000,000 May -94 May -94 13,000,000 15,459.00 Cash (2) SEE 1/1/197 HADELOUS **3rd Quarter** 143,00 Cesh 1,209,00 Cash 83,00 Cash 211,00 Cash 117,162 July - D4 992,397 67,770 4 172,282 July - 94 August - 94 187.00 Cush ----152,219 / 214,726 263,00 Cush -August - 94 V 322,370 L/V 390,00 Cash L 1,000.00 Cash'123.55 z,994,326 // 3,666,00 Cash (2) 5,454,945 // 0,478 sal September - 94 September - 94 August - 94 J 13,910,040 / 10,520,24 Cash September - 94 September - 94 v 67,770 September - 94 4th Quarter October - 94 October - 94 / , 8,500,000 / / 7,737.63 Cash October - 94 October - 94 / . 13,910,000 / , /, 16,558,54 Cash October - 94 October - 94 V √ 5,500,000 / √, 6,657.22 Cash
-10,250,000 / √ (12,569.57 Cash Hovember - 84 | November - 94 √ November - 94 November - 94 y 4 5,400,000 / V/10,138,85 Cash November - 94 November - 94 18,910,000 /, / 16,788.14 Cash November - 94 | November - 94 | 18,910,000 / / 18,753.43 Cash December - 94 December - 94 OL 6,500,000 -7,817.50 Cash December - 94 01 95,349.75 81,880,000 133,347,202 150,874.51 2CHQ6-000142A TOTAL 1994 such information will be reviewed later NOTE - A civilial explanation of confidential information conces - 976

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Confidential Treatment DIVISION : MEDILLIN COL MILL CHI INTERNAL AUDIT DEPARTMENT Request by Chiquita Brands 574 94 26C MS 1916 GENERAL MANAGER'S ESPENSES Properted by Date Prepared: SPEDATOV- 1997 Reviewed by enigned to censis (3B-45-4344-AMOUNT UF AMOUNT OF ACCT. JV PAYMENT PAYMENT ACCOUNT # OR DATE OF (US DOLLARS) (LOCAL CURRENCY) CHARGED TRANSACTION REFERENCE HONTH 2,474.46 2,500,000 30-00287 65B-45-4340-478-216 09/10/96 10/96 384.49 385,000 34-05)16. 65B-45-4340-478-216 24/11/96 10/96 5,909.93 (2)6,000,000 65B-15-4340-496-070 02-07114 19/10/96 10% 984,98 1,000,000 65B-45-4340-496-070 30 00237 04/10/96 - 10/96 4918.92 2)-3,000,000 65B-45-4340-496-070 30-00285 09/10/96 .10/96 294.68 (2)100,000 65B-15-4340-196-070 30-00479 21/10/96 .10/96 296.31 300,000 65B-45-4340-496-070 10-00036 29/10/96 11/96 5,302,70 -3,300,000 65B-15-1340-196-070 30-00135 11/96 05/11/96 3,500,000 1501,71 65B-15-1340-196-070 30-00137 11/56 05/11/96 5002.55 2 3,000,000 63B-45-4340-496-070 30-00131 05/11/96 11/56 6001.92 (2) 1,000,000 63B-45-4340-496-070 30-00361 11/11/96 11/56 6001.92 (2) 6,000,000 63B-45-4340-496-070 30-00362 W11/96 11/34 3514,19 3,500,600 65B-45-4340-496-070 30-00364 11/11/96 11/96 25,291.78 (<u>2</u>) <u>11213,000 [3</u> 65B-15-4340-496-070 02-07162 05/12/96 12/96 1,915.10 9,000,000 65B-45-4340-496-070 02-07178 16/12/96 12/96 599.34 (2),600,000 63B-43-4340-496-070 29-00173 12/96 20/12/96 24,997.75 -25,000,000 30-00130 65B-45-4340-496-070 03/12/96 12/96 1,996.36 (2)~ 2,000,000 63B-45-4340-496-070 30-00254 065/12/96 12/96 499.89 500,000 63B-43-4340-496-070 30-00256 06/12/96 2,955.26 12/96 (2) (3,000,000 65B-45-4340-496-070 30-00431 16/12/96 7)100,000 12/36 100.49 65B-45-4340-496-070 34-05017 CBI-V1-001-004313 27/11/96 12/96 110.091.70 110,211,000 SACLE: V verrifen externation of configurate information concention betty to tool teaching to this form—but information will be taken 2CHQ6-000142B

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CONFIDENTIAL

Confidential Treatment Request by Chiquita Brands

GENERAL MANAGERS' EXPENSES

EXHIBIT II - 1994 TURBO

#### A. What We Have:

- 1. Exhibit II We received the 1994 General Mangers' Expenses dated May 2, 1995 for January December 1994 (Total \$159,874.51).
- We have a confidential memo from an individual summarizing \$134,319.00; please call to determine how the relates to the \$159,874.51.

#### B. What We Need:

- 1. We need 1016 Forms for 1994 documenting expenses of \$159,874.51.
- We need documentation to support \$159,874.51 [if the \$134,319 applies then, such amounts should be identified on the May 2, 1995 listing attached and documentation provided for the remaining difference (\$25,555.51).

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12369 = COOR WHORT 1517

MO 1016 FOR PANY - 187800 Memoris

:EXHIBITS WAVA

2CHQ6-000144

CBI-V1-001-004314

000024205

CHIQUITA NSD

## COMPAÑIA FRUTERA DE SEVILLA

MEDELLIN - COLOMBIA

TO: CC: Medellin

FROM: General Manager Expenses

Per your request, attached we are including a listing with all payments realized during 1994, that were recorded under account 65B 6207 496 712 assigned to accumulate sensitive payments.

Please let us know if you need additional information.

CARRERA 43 A No. 23 SUR 15 - EDIFICIO ZURIGA ENVIGADO - ANTICOUIA : TEL: 331 74 74 - FAX: 270 88 11 - TELEX: 66746

2CHQ6-000145

EXHBOTIL 1994 TURBO

CBI-V1-001-004315

CHIQUITA NSD



### **MEMORANDUM**

DATE: March 20, 1995

TO:	-	•	
	- Tela RR - Armuelles - Bocas - Guatemala - COBAL/Costa Rica Farms		- Santa Marta - Ecuador - Medellin (Turbo) - Tapachula
FROM:		PHONE:	Ext. #8379

### SUBJ: ACCOUNTING FOR SENSITIVE PAYMENTS

In April 1990 we established certain procedures for recording sensitive payments (a copy of the April 19, 1990 memo is attached for your reference). Item #4 of the letter indicates that Internal Audit will perform a detailed review of eash and check payments for General Managers' expense disbursements on an annual basis at the local organizational level to assure that quarterly reviews by Senior Management to whom the respective divisions report contain all appropriate transactions and disbursements. (Please note that items to be reported are managers' expense items and should not include capital items in a Manager's Fund of capital dollars - typically \$25M/year).

We plan to continue these detailed reviews in 1995 for fiscal year 1994. I request that you provide a listing of the detailed transactions by month of each or check payments to a General Manager's Expense or Manager's Expense Account code (see form attached). The information that should be recorded is: month; date of transaction; accounting or journal voucher reference number; amount (local currency); amount (U.S. dollars); account number charged; description of payment (NOTE - provide description only if recorded on the cash payment voucher {Form 1016} or in the accounting records. A detailed explanation of confidential information concerning each item is not required for this form). Detailed documentation and descriptions to support such payments will be delivered by the General Manager or Senior Management and will be reviewed by the Law Department and me in Cincinnati (see items #2 and #3 in the letter) and are not required for this form.

Thank you for your assistance in providing this information in advance. By copy of this memo I request also that the individuals below advise any additional locations with such expenditures of the policy to report as outlined below. I would appreciate receipt of the information for fiscal 1994 by April 15, 1995.

WWW/cas	
Attachment	
cc;	4CHQ1-000002

LAW DEPARTMENT

MAR 23 1995



SUBJ:

### MEMORANDUM

Confidential Treatment Request by Chiquita Brands

TO:	Distribution Attached		DATE: REVISED:	April 19, 1990 February 16, 1994
	•	•		
FROM:			PHONE:	Ext. #8379

Accounting for Sensitive Payments

We have established the following procedure for recording in the books and records cash or check payments which are sensitive in nature. The intent of this procedure is to provide for adequate books and records for such expenses along with the need of maintaining an appropriate level of confidentiality about the recipients of such payments. In the past, some locations have used an expense account code "Manager's Expenses" to record expenses of this type. These typically are the types of expenditures which would not fall into other account classifications such as Contributions, Donations, Consulting Services, Public Relations, etc. Use of such an account is permissible through the use of the following procedure.

- 1. Underlying details supporting Managers Fund expenses should be maintained by the General Manager to assure compliance with provisions of the Foreign Corrupt Practices Act; ". . transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets;". Once each quarter the General Manager's supervisor (typically a Region Manager) will review each transaction in detail and approve on an after-the-fact basis that:
  - The expenditure was properly authorized, documented and supported;
  - Documentation and support exists for each transaction recorded in the Managers Fund account for the quarter (a list of such transactions should be prepared by the local controller).
  - The expenditure was reported on the appropriate quarterly report of the Statement of
    Policies and Procedures if any payments were to government officials or entities or
    payments to any other persons or entities required to be sent to the Law Department.
- The General Manager (or appropriate Region Manager) will accompany the underlying supporting detail to Cincinnati after the quarterly review and submit the detail to Charles Morgan, the General Counsel, for his review.

4CHQ1-000003

- The Vice President, Internal Audit, has been requested to review the Managers Fund expenses submitted to the Law Department every six months:
  - To assure the General Manager's expenses were reviewed and approved for the previous two quarters on an after-the-fact basis and assure compliance with the accounting provisions of the FCPA.
  - To assure that disbursements have proper underlying support and documentation.
  - To assure that payments to government organizations or individuals were reported on the appropriate quarterly report of Statement of Policies and Procedures to the Law Department.
- 4: For the major locations where a Managers Fund is used, Internal Audit will plan to perform a detailed audit of cash and check disbursements on an annual basis at the local organization level to assure that quarterly reviews contained all appropriate transactions and disbursements.
- Once each year, during the preparation of the next years budget (normally October November), the amount budgeted for the Managers Fund expenses will be identified as to amount and as to the various categories of expense:
  - Annual budgeted amounts in major categories of expense should be approved by the appropriate Senior Vice President along with justification and limits of such expense amounts.
  - Overall approval of budgeted amounts should require Senior Executive Vice President's, or his designee's, approval based on substantiation and justification as may be appropriate.

If an organization now uses a "Manager's Expense" account code, reporting expenses into this account is permissible. If an organization does not use this account code now, Jim McLaughlin, Controller, Chiquita Brands, Inc., should be contacted with an explanation for use of the account, and authorization to open such an account in the division's expense account codes and chart of accounts. We believe this procedure provides a mechanism to insure accurate books and records for sensitive payments made while at the same time maintaining the confidentiality of such payments and disbursements. Details concerning Chiquita Brands International, Inc. policies relating to this subject can be found in the following Financial & Administrative Policy references:

- Internal Control A-1.0, pp. 1-7
- Quarterly Representation Letter B-3.0, pp. 1-6
- Fiduciary Responsibilities of Local Chief Financial Officers A-6.0, pp. 1-2

4CHQ1-000004

• FCPA commentary and the Company's "Statement of Policies and Procedures", A-2.0, pp. 1-3 (and exhibits)

Please contact me if you have questions or if you wish to discuss the subject further.

WWW/cas

:SENSITIV.WPS

4CHQ1-000005

CBI-V1-001-003853

CHIQUITA NSD

Chiquita Brands Internationa	1
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# RECEIVED FEB 2 3 1994

# MEMORANDUMLAW DEFAUTIMENT

DATE: February 16, 1994

Confidential Treatment Request by Chiquita Brands

TO;	_		The same of the chiquita
	- Tela RR - Armuelles - Bocas - Guatemala - COBAL /Costa Rica Farms		- Santa Marta - Ecuador - Medellin - Dominican Republic - Tapachula
FROM:	. Costa rada rams	PHONE;	- Dominican Republic  Ext. #8379

## SUBJ: ACCOUNTING FOR SENSITIVE PAYMENTS

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We plan to continue these detailed reviews in 1994 for fiscal year 1993. I request that you provide a listing of the detailed transactions by month of cash or check payments to a General Manager's Expense or Manager's Expense Account code (see form attached). The information that should be recorded is: month; date of transaction; accounting or journal voucher reference number; amount (local currency); amount (U.S. dollars); account number charged; description of payment (NOTE - provide description only if recorded on the eash payment voucher {Form 1016} or in the accounting records. A detailed explanation of confidential information concerning each item is not required for this form). Detailed documentation and descriptions to support such payments will be delivered by the General Manager or Region Manager and will be reviewed by the Law Department and me in Cincinnati (see items #2 and #3 in the letter) and are not required for this form.

Thank you for your assistance in providing this information in advance. By copy of this memo I request also that the individuals below advise any additional locations with such expenditures of the policy to report as outlined below. I would appreciate receipt of the information for fiscal 1993 by March 15, 1994.

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co:	
Attachment	
WWW/cas	



SUBJ:

### MEMORANDUM

Confidential Treatment Request by Chiquita Brands

TO:	Distribution Attached	DATE: REVISED:	April 19, 1990 February 16, 1994
FROM:		PHONE:	Ext. #8379

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- Underlying details supporting Managers Fund expenses should be maintained by the General Manager to assure compliance with provisions of the Foreign Corrupt Practices Act: ". . transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets;".
   Once each quarter the General Manager's supervisor (typically a Region Manager) will review each transaction in detail and approve on an after-the-fact basis that:
  - The expenditure was properly authorized, documented and supported;
  - Documentation and support exists for each transaction recorded in the Managers Fund account for the quarter (a list of such transactions should be prepared by the local controller).
  - The expenditure was reported on the appropriate quarterly report of the Statement of
    Policies and Procedures if any payments were to government officials or entities or
    payments to any other persons or entities required to be sent to the Law Department.
- The General Manager (or appropriate Region Manager) will accompany the underlying supporting detail to Cincinnati after the quarterly review and submit the detail to Charles Morgan, the General Counsel, for his review.

4CHQ1-000008

- The Vice President, Internal Audit, has been requested to review the Managers Fund expenses submitted to the Law Department every six months:
  - To assure the General Manager's expenses were reviewed and approved for the previous two quarters on an after-the-fact basis and assure compliance with the accounting provisions of the FCPA.
  - To assure that disbursements have proper underlying support and documentation.
  - To assure that payments to government organizations or individuals were reported on the appropriate quarterly report of Statement of Policies and Procedures to the Law Department.
- 4. For the major locations where a Managers Fund is used, Internal Audit will plan to perform a detailed audit of cash and check disbursements on an annual basis at the local organization level to assure that quarterly reviews contained all appropriate transactions and disbursements.
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  - Overall approval of budgeted amounts should require Senior Executive Vice President's, or his designee's, approval based on substantiation and justification as may be appropriate.

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- Quarterly Representation Letter B-3.0, pp. 1-6
- Fiduciary Responsibilities of Local Chief Financial Officers A-6.0, pp. 1-2

4CHQ1-000009

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Request by Chiquita Brands

	W		<u>,</u>				Listing of all transactions to record General Manager's/Manag
red By:	(1) (1) (1) (1) (1) (1) (1) (1) (1) (1)			CBII INTERNA			expenses for the period of January 1, 1993 to December 31, 1
red Rv:				1993 GENERAL	_ MANAGERS	EXPENSES	
Prepared:							
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IITNO	DATE OF . TRANSACTION	ACCT. JV # OR // REFERENCE #	account / Charced	PAYMENT (LOCAL CURRENCY)	PAYMENT (US DOLLARS)	FROM ACCTG RECORDS OR CASH OFFICE RECORDS	COMMENTS
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General Manager's Fund - General

4CHQ1-000001

FCPA - GENERAL MANAGERS EXPENSES 1992 Reports

4CHQ1-000012

CBI-V1-001-003859

CHIQUITA NSD

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	•	P01	Confidential Request by Chic			00000-1
,	PAGE:		FAX TRANSMITTAL MEMO  TO:  CONFIDENTIA.  CONFIDENTIA.		4CHQ	CBI-V1-00
	7848030		PHONE #: PHONE #: (809) 562-1550			000023751
	10: 513	TO COMP	CC: # of pages (including cover):  FOR PICKUP	6		0000
	ALLFAX	Y.	A MONTHLY PAYMENT OF HID PESOS 1,230 (GOOTHOON RECEIPT OF YOUR	Shugening		NSD
	1	OK OK	NATURE OF PAYMENT: SAME AS LAST FETTI TO CONTY			 CHIQUITA
· ·	J	02				5
•	,	-11-03-	, mr. 1 - 11 - 11 - 11 - 11 - 11 - 11 - 11			
		96 10: 5137848030 PAGE: 1	10: 5137848030 PAGE: 1 137 PM FROM JDOCA TO COMA CENTI	FAX TRANSMITTAL MEMO  TO: FROM: CO.: FRUDOCA  PHONE #: (800) SE2-1550  FAX #: 513-784-8090  FAX #: 513-784-8090  FAX #: 600) SE7-5208  CC: # of pages (including cover):  RUSH - PLEASE CALL FOR PICKUP  PER YOUR REQUEST, MANAGER'S FUNDS MOVEMENT THIS YEAR HAS BEEN A MONTHLY PAYMENT OF RD PESOS 1,250 (US\$100.00) DURING JANUARY THRU AUGUST INCLUSIVE. THIS WAS STOPPED UPON RECEIPT OF YOUR RISTRUCTIONS.  NATURE OF PAYMENT: SAME AS LAST YEAR. — Compatitive: Information  THE PAYMENT SAME AS LAST YEAR. — Compatitive: Information	FAX TRANSMITTAL MEMO  DATE 03-Non-92  FROM:  CO.: FRUDOGA  PHONE #: [000] 582-1550  FAX #: \$13-784-8030  FAX #: \$1	FAX TRANSMITTAL MEMO  TO:    CONFIDENTIA    CONFIDE



From	11/4/92
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1992 Managers For payments were me	ele only
to competetare sheppon	for
competetive shippon,	ufor -
Please call	J you
need details se	ach as
· morces	

4CHQ1-000014

VOICE MAIL TRANSCRIPTION 11/5/92 1030AM	
this is I heard your voice mail regarding your meeting with to review capital expenditures under the manager fund for '91 and '92. Regarding the information for year '91, for our Polymer Plastics Division we had an approved manager's fund of \$60,000 of which \$51,400 was spent. For Cobal Conexpo, the banana operations, we had \$100,000 approved managers' fund, of which \$82,300 was spent. This year, as of September, '92, for Polymer of a total \$25,000 approved managers' fund, we had spent \$19,200. For Cobal Conexpo for containers of a managers' fund of \$55,000 we had spent \$20,300. I hope this information is of use. Bye.	; ;

4CHQ1-000015

VOICE MAIL TRANSCRIPTION NOVEMBER 8, 1992
As far as the Managers' Funds for '92, to be frank with you I wasn't even aware of the existence of such a fund, but, after investigating we have not used any of those funds either in '91 or '92 and I don't think we're planning on using it in the future anyway. So, this confirms what you have heard from COBAL and probably who might have responded to you already. So, this is to reaffirm that no Managers' Fund has been spent. Thanks.

4CHQ1-000016

CBI-V1-001-003863

CHIQUITA NSD

# VOICE MAIL TRANSCRIPTION -- 359PM -- NOVEMBER 17, 1992

as far as I know we don't have Manager's Fund in Ecuador either. But, I would appreciate it if you could give a call in Guayaquil to make sure of that. He's the one that supposedly keeps control of that. But, I never heard of such a fund for Ecuador either, but, let's make sure of that. Thanks.

(7913) rm "117/92

4CHQ1-000017

VOICE MAIL TRANSCRIPTION -- NOVEMBER 19, 1992 -- 703AM --

Okay. This is to confirm that we have no disbursements for 1992 just like we had none for 1991 regarding the Managers' Fund. Thank you.

Ce: 11-79-92

4CHQ1-000018







11/23/72

From Extension 8144 1992
saw Department
Do you Hunk has
the same confusion on this
issue us
Not sure - could be this is \$10,000 in capital dollars instead
For Your Signature For Your Information  Please Return For Your Files  Please Handle As Requested  Action Append Append Approximation  For Your Signature For Your Information  For Your Signature For Your Commence and Suggestions
leut probably wollder kust

CBI-V1-001-003866

4CHQ1-000019

# this is \_\_\_\_\_ calling from Ecuador regarding your message asking for general management fund. For 1922 budget that we had was \$10,000 for management fund that was not used and its projected not being used. I don't know if that's all the information you need. Confirming we had \$10,000 with no use and no projected use. You need something else please call me or leave me a voice mail. Thank you.

4CHQ1-000020

VOICE MAIL TRANSCRIPTION -- 128PM -- NOVEMBER 20, 1992

this is \_\_\_\_\_ We didn't have any Managers' Fund expenses in '92. So we don't have any documentation. Thank you.

4CHQ1-000021

# VOICE MAIL TRANSCRIPTION - 759AM - NOVEMBER 21, 1992 this is I'm sorry I didn't get your first message. I did get it, but is was not readable, I could not hear what is was. Too bad that I did not bring...that I almost sure I have given that to some time ago, but, I will check out as soon as I get to Armuelles and send it via DHL to you. So, I'm sorry for the delay and misleading of this action. Bye.

4CHQ1-000022

VOICE MAIL TRANSCRIPTION -	906AM	NOVEM	BER 21,	1992
----------------------------	-------	-------	---------	------

This is a message to from I'm forwaring a message from who indicates there were no Managers' expenses in 91/92. Thanks.
<u> </u>
this is I got your voice mail and I'm confirming that in 91/92 there were no Managers' Fund expenses in Costa Rica. Bye.

4CHQ1-000023

VOICE MAIL TRANSCRIPTION 1031AM NOVEMBER 23, 1992
this is Sorry it took me a day or so to get back to vou on this question regarding managers' expenses. As far as I know in checking with there is, has been, and we don't anticipate any managers' expenses either '91, '92, or probably in '93. It would probably helpful if you could DHL a package down just in case the condition does arise in the future where we may need a managers' expense as for certain reasons. Anyway, thanks a lot.

4CHQ1-000024

# GENERAL MANAGERS' FUND BACK-UP DOCUMENTATION

(Status as of 10/21/92)

Armuelles: need 2nd quarter (02 Vm (1/2) Vm (1/1)
(CF. Bocas: need 2nd quarter '92.  7170 have May 20,92 - Aug 31,92
Tela: need all of '92. The 113; will bring as much as the 142.
Santa Marta: need all of '92. VM "[3]
Turbo: need all of '92. Vm 4 1/2; Vm 4/17;
\( \frac{\text{Frudoca: need all of '92. 7(6. \$6 00)}}{\text{\$600}}\)
Cobigua: nothing to report in '91; confirm for '92. Vm/11/3; Vm (17
OF COBAL nothing to report in '91; confirm for '92. Vm "/3";
Ecuador: nothing to report in '91; confirm for '92. **
genægr.1
Tapachula: vm 10 (8429) "(18;

4CHQ1-000025

TRANSCRIPTION OF CMX	MESSAGE
FROM	Ext. 7056
A message for	this is surprising to me what you said about the 1992
	quarter of '93 and it sounds like you don't have it. It's surprising
to me because when	went to Honduras to a meeting with the tropical group he.
had planned at that time to	take with him the documentation we had for '92 and '93. Well, as
	nat back, I will take that back, He was going to leave a voice
mail indicating that for '92 r	eally we didn't have any payments falling into that category and I
	schedule, it would be the letter itself for 1992, specifying that
	think that was one of questions, whether there were
any in for '92. There were	none. In '93 first quarter there are definitely some, not that many,
but there are three items ar	
documentation to take with	him to Honduras to give to somebody from Cincinnati to be taken
to Cincinnati. We are going	g to Miami next week, the 21st. I am going to talk to
and I am going to make it	a point that we take the documentation and one person I know will
be at the meetings is	I will make it a point that we give that information to
I'll talk to	and ask him to, you know, put the information together so that,
well, to get it out in an enve	elope and I'll take, we'll take it with us when we go to Miami next
week. Thank you.	•
•	

VRPT/CMXJM.001

4CHQ1-000026

TRANSCRIPTION OF CMX MESSAGE
FROM Ext. 7123

Hello Thank you. Yes I have that documentation here and I had thought that I had forwarded that through our regional office, in this case but I will make sure that you get a copy of it and I'll send it probably via DHL this same week, and I'll prepare the first quarter for '93. Thank you.

VRPT/CMXAP.001

4CHQ1-000027

CBI-V1-001-003874

CHIQUITA NSD



### **MEMORANDUM**

	/
TÓ:	
FROM:	
DATE:	June 16, 1993

Post-It™ brand fax transmittal a	memo 7671 # of pages >
T -	From
d	Co.
Dept.	Phone #
Fax # 504-65-2435	Fax #

I spoke with regarding our conversation last Saturday. mentioned that he will be in Miami next week for the MBO meetings and that you would probably also be there. If you are going to be there, it may be convenient for you to deliver to him the materials we discussed on Saturday. I appreciate you help in this matter.

4CHQ1-000028



MEMORANDUM

DATE: February 9, 1993

Tela RR

Armuelles

Bocas

Guatemala

COBAL

/Costa Rica Farms°

Santa Marta Ecuador

Colombia

Dom. Rep. Tapachula

FROM:

PHONE: Ext. #8379

SUBJ:

ACCOUNTING FOR SENSITIVE PAYMENTS

In the meetings in San Jose, Costa Rica in April 1990 we discussed the . procedures for recording sensitive payments (a copy of my April 19, 1990 memo is attached for your reference). Over the last three weeks I had an opportunity to discuss these procedures with many of you during the meetings on FCPA and Statement of Policies and Procedures.

Item #4 of the letter indicates that Internal Audit will perform a detailed review of cash and check payments for General Managers' expense disbursements on an annual basis at the local organizational level to assure that quarterly reviews by the Country Manager contain all appropriate transactions and disbursements. (Please note that items to be reported are managers' expense items and should not include capital items in a Manager's Fund of capital dollars - typically \$25M/year).

We plan to continue these detailed reviews in 1993 for fiscal year 1992. I request that you provide a listing of the detailed transactions by month of cash or check payments to a General Manager's Expense or Manager's Expense Account code (see form attached). The information that should be recorded is: month; date of transaction; accounting or journal voucher reference number; amount (local currency); amount (U.S. dollars); account number charged; description of payment (NOTE - provide description only if recorded on the cash payment voucher {Form 1016} or in the accounting records. A detailed explanation of confidential information concerning each item is not required for this form). Detailed documentation and descriptions to support such payments will be delivered by the Country Manager and will be reviewed by the Law Department and me in Cincinnati (see items #2 and #3 in the letter) and are not required for this form.

March	you for your appreciate 15, 1993.	assistance in receipt of	providing the info	this informat	ion in admince 992	. I
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FCPA - GENERAL MANAGERS EXPENSES 1993 Reports

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CHIQUITA NSD

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Chiquita Brands International	MEMORANDUM DATE: February 16, 1994
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FROM:  SUBJ: ACCOUNTING FOR SENSITIVE PAYMENTS	PHONE: Ext. #8379 Confidential Treatment

SUBJ: ACCOUNTING FOR SENSITIVE PAYMENTS

In April 1990 we established certain procedures for recording sensitive payments (a copy of the April 19, 1990 memo is attached for your reference). Item #4 of the letter indicates that Internal Audit will perform a detailed review of cash and check payments for General Managers' expense disbursements on an annual basis at the local organizational level to assure that quarterly reviews by the Region Manager contain all appropriate transactions and disbursements. (Please note that items to be reported are managers' expense items and should not include capital items in a Manager's Fund of capital dollars - typically \$25M/year).

We plan to continue these detailed reviews in 1994 for fiscal year 1993. I request that you provide a listing of the detailed transactions by month of cash or check payments to a General Manager's Expense or Manager's Expense Account code (see form attached). The information that should be recorded is: month; date of transaction; accounting or journal voucher reference number; amount (local currency); amount (U.S. dollars); account number charged; description of payment (NOTE - provide description only if recorded on the cash payment voucher (Form 1016) or in the accounting records. A detailed explanation of confidential information concerning each item is not required for this form). Detailed documentation and descriptions to support such payments will be delivered by the General Manager or Region Manager and will be reviewed by the Law Department and me in Cincinnati (see items #2 and #3 in the letter) and are not required for this form.

Thank you for your assistance in providing this information in advance. By copy of this memo I request also that the individuals below advise any additional locations with such expenditures of the policy to report as outlined below. I would appreciate receipt of the information for fiscal 1993 by March 15, 1994.

WWW/cas Attachment	4CHQ1-000036
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- The Vice President, Internal Audit, has been requested to review the Managers Fund expenses submitted to the Law Department every six months:
  - To assure the General Manager's expenses were reviewed and approved for the previous two quarters on an after-the-fact basis and assure compliance with the accounting provisions of the FCPA.
  - To assure that disbursements have proper underlying support and documentation.
  - To assure that payments to government organizations or individuals were reported on the appropriate quarterly report of Statement of Policies and Procedures to the Law Department.
- 4. For the major locations where a Managers Fund is used, Internal Audit will plan to perform a detailed audit of cash and check disbursements on an annual basis at the local organization level to assure that quarterly reviews contained all appropriate transactions and disbursements.
- 5. Once each year, during the preparation of the next years budget (normally October November), the amount budgeted for the Managers Fund expenses will be identified as to amount and as to the various categories of expense:
  - Annual budgeted amounts in major categories of expense should be approved by the appropriate Senior Vice President along with justification and limits of such expense amounts.
  - Overall approval of budgeted amounts should require Senior Executive Vice President's, or his designee's, approval based on substantiation and justification as may be appropriate.

If an organization now uses a "Manager's Expense" account code, reporting expenses into this account is permissible. If an organization does not use this account code now, Jim McLaughlin, Controller, Chiquita Brands, Inc., should be contacted with an explanation for use of the account, and authorization to open such an account in the division's expense account codes and chart of accounts. We believe this procedure provides a mechanism to insure accurate books and records for sensitive payments made while at the same time maintaining the confidentiality of such payments and disbursements. Details concerning Chiquita Brands International, Inc. policies relating to this subject can be found in the following Financial & Administrative Policy references:

- Internal Control A-1.0, pp. 1-7
- Quarterly Representation Letter B-3.0, pp. 1-6
- Fiduciary Responsibilities of Local Chief Financial Officers A-6.0, pp. 1-2

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DIVISION:		•				Listing of all transactions to record General Manager's/Manager's		
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Confidential Treatment Request by Chiquita Brands

FAX: 251 85 44 - 261 58 35

FAX COVER LETTER

PATE XII -	CONTROLLER'S ASSISTANT.
COMMENTS:	ATTACHED YOU WILL SIND 1992 & 1993 (JAN-NOV.)  GENERAL MANAGER'S EXPENSES FOR THERE  DIVISION.  EF YOU HAVE ANY QUESTION PLEASE LET HE KNOW
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Confidential Treatment Request by Chiquita Brand

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Confidential Treatment Request by Chiquita Brands

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Confidential Treatment Request by Chiquita Brands

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Confidential Treatment Request by Chiquita Brands

January 28, 1994

General Manager

Compañía Frutera de Sevilla, Santa Marta Division

Carrera 3a. No. 15-34, Piso 3o.
Santa Marta, Magdalena
Colombia, S.A.

Dear

Re: Internal Audit Report #L94.02

Compañía Frutera de Sevilla.

Santa Marta Division Disbursements Review

Santa Marta, Colombia

We have completed a limited disbursements review of the Compañía Frutera de Sevilla, Santa Marta Division (CFS-Santa Marta) entities for the ten months ended October 31, 1993. The legal entities included in the review are: CFS-Santa Marta, Banadex-Santa Marta, Inversiones Agricolas, La Aguja, Banamayal, Buenavista, La Ceiba, Cobara, Colinas, Estrellas, Manatial, Reten, and Samarex. We did not review disbursements for CR Investment and Land & Realty which are dormant and are not significant to CFS-Santa Marta, as a whole.

We limited the scope of our testing and the related procedures performed to disbursements and certain corporate compliance areas. Our audit was performed in conjunction with an Ernst & Young statutory audit of year-end 1993 which was in progress during the course of our review. Our work primarily consisted of a disbursement sample, review of policies and procedures, and discussions with management. The level of work was limited by the one week of fieldwork we performed at this location. Detailed substantive testing of balance sheet amounts and compliance testing beyond the disbursement-related systems were not performed.

Based on the results of the limited disbursements review procedures performed, our testing did not disclose any material weakness in the disbursements system or any adjustments which should be made to the related financial statements of CFS-Santa Marta as of October 31, 1993, or for the ten months then ended, other than the possible adjustments and reclassifications resulting from \$500M in net unresolved bank reconciling items (Management believes the maximum P&L impact to be \$300M). Many of these reconciling items are old, dating back to 1991. Our limited review indicated that disbursement controls are generally adequate and effective. However, we have identified several areas where improvements to existing practices and procedures could strengthen existing controls.

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250 East Fifth Street, Cincinnati, Ohio 45202 (513) 784-8000 Telex 177 669 UB UT

Internal Audit Report #L94.02

Our principal suggestions and observations are summarized below:

#### UNRESOLVED BANK ACCOUNT RECONCILING ITEMS

The Division has 86 bank accounts for its thirteen legal entities, which creates added work and effort to timely reconcile and analyze this number of bank accounts. Management stated that they need to have two bank accounts per legal entity; one account for payroll and the other for general disbursements. Of these eighty-six bank accounts, thirty-three were opened in the last six months of 1993. This was done to leave other accounts inactive and facilitate the reconciliation of the old and new accounts. Management started their reconciliation task in April 1993 and they have fully analyzed the majority of cash accounts as of October 1993 or November 1993. However, five accounts remained to be analyzed, with net unrecorded and other reconciling items totaling \$500M. These reconciling items are unrecorded debit and credit notes, off-setting amounts mistakenly entered into the wrong cash account, and other reconciling items. Management estimated that the maximum P&L impact of these reconciling items would be less than \$300M.

It is advisable to close down all the necessary bank accounts, trying to reach maximum of 26 accounts, to minimize the reconciliation and analysis work. Management will: close a number of bank accounts by year-end; evaluate the need for the remaining bank accounts; clear the remaining outstanding reconciling items; record the resulting reclassifications and P&L adjustments; continue to perform the monthly analysis of the bank reconciliations; and clear the reconciling items on a timely basis.

#### DISBURSEMENTS

In our disbursements sample of ninety-six items that covered the period January through November 1993, we encountered several minor exceptions to corporate disbursement policies in the following areas: omitted payment support, such as purchase orders, work orders, and receiving reports (6 occurrences); and support, such as purchase orders and work orders, that were prepared after the transactions (7 occurrences).

Management agreed to require that Purchase Orders, Work Orders, or other supporting document be prepared before Management authorizes payment or legally committing the Company to the transactions, because these documents substantiate that the Company requested, authorized, and received the goods or services.

# <u>UNREPORTED STATEMENT OF POLICIES AND PROCEDURES - RELATED PAYMENTS</u>

In 1980 CBII issued a policy (F&A 2.0) to monitor compliance with the Foreign Corrupt Practices Act. The procedure included signing an "Affirmation of Compliance" form stating that

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Confidential Treatment Request by Chiquita Brands

## Internal Audit Report #L94.02

the management member confirming will comply with the provisions and requirements of the FCPA and the purpose and objectives of the Statement of Policies and Procedures. The policy also requires that 20 days after the end of each quarter a written confirmation be sent to the CBII Law Department stating either that no unlawful payments or contributions have been made, or that such payments were made and details be provided in the statement. We noted seven reportable contributions (mostly small donations of vehicle parts, etc.), totalling less than \$1M, that were not included in the 1993 quarterly reports. Management clarified their understanding of reportable transactions during the year and they recognized the oversight when we brought these items to their attention. Management agreed to include these in the fourth quarter 1993 reports.

The above suggestions and observations represent the more significant matters noted during the course of our audit. Other, less significant findings were also noted and discussed with Management. Details of audit findings are being provided only to the addressee in the form of audit memos (Schedule B) attached to the addressee's copy of the report; other individuals on the distribution of this report should contact us for further details or additional information.

We wish to thank you as well as your staff for the courtesy and cooperation extended to us

taken on all items.	Corporate policy	ase use the attached Schedule R to advise us of the average requires responses to audit reports to be submitted wo bort. We request your reply to by March	/ithi
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Vice President		Audit Manager	
cc:		,	
Attachments:	Schedule A:	Background	
	Schedule B:	Listing of Audit Memos (addressee only)	
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Internal Audit Report #L94.02

Schedule A

#### **BACKGROUND**

#### **GENERAL**

CFS-Santa Marta is one of CBII's two banana-producing divisions in Colombia. The division exports fruit from company farms, joint venture farms, and associate producers.

#### FINANCE AND ORGANIZATION

Financial reporting and accounting are centralized at the division Headquarters in Santa Marta, located approximately 30 kilometers from the production region. Financial reporting to Cincinnati is done directly to CBI.

#### **CHANGES IN THE BUSINESS**

Our discussions with management indicated that there are no anticipated changes in the business, or to sell the business or any segment. Management stated that they intend to concentrate on reducing production and overhead costs.

#### **FINANCIAL**

Key financial and statistical projections through year-end are as follows (comprising Company farms and joint ventures only):

Amounts in thousands (except for cost per box)

Total Shipped Costs	<u>Budget (Plan</u> \$29,20		<u>3</u>
Total Produced Boxes Shipped	4,93	3,873	
Cost per box	. \$5.9	2*- \$6.44	

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Confidential Treatment Request by Chiquita Brands

Internal Audit Report #L94.02

Schedule A

#### AREAS OF AUDIT COVERAGE

Since the fieldwork at each location was limited to one week, the depth and breadth of the work performed that is listed below was more limited than our typical audits.

Expenditures Review as of Oct. 1993 Consulting Fees Cash Manager's Expenses Statement of Policies & Procedures Contracts Unusual Payments

Attendees at the 12/17/93 Audit Closing Conference	e:
Audit Team Members:	
(Lead Auditor)	

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Schedule B

#### LISTING OF AUDIT MEMOS

The following audit memos are being distributed to the addressee only to provide detail information for items addressed in the Executive Summary and Schedule R (Status of Findings/Recommendations). The audit memos were discussed during the audit and should be used as a reference to respond to Schedule R. Management agreed with our audit memo recommendations.

## 1. Statement of Policy and Procedure Reportable Payments

We noted that the Division did not report in the quarterly Statement of Policy and Procedures Report (SPPR) several donations to Governmental Agencies which CFS made during the first three quarters of 1993. We understand that the Division misunderstood which items needed to be disclosed in these quarterly reports.

The Policy requires that all payments made to governments or governmental employees, other than for tax payment or specific assessments or services outlined by law. These payments include payments-in-kind, gifts, donations, facilitating payments, etc. Management must be aware of these payments to avoid legal and/or negative publicity problems.

We recommend that Management prepare an amended the 1993 SPPR's for the attached list of reportable transactions (total \$444 U.S.).

Month	Payee	Purpose	Pesos	Payment Form
SEP	Departamento Administrativo de Seguridad	Sports Trophies	45,800	In-kind
SEP	Batallon Cordoba (Army)	Appliances .	68,874	In-kind
JUL	Batallon Cordobs (Army)	Appliances	39,945	In-kind
MAY	Policia Nacional	Donation for Posters	20,000	Petty Cash
MAY	Policia CAI	2 Tires	65,388	In-kind
APR	Departamento Policia Magdelena	Motorcycle Parts	45,090	In-kind .
FEB	Departamento Administrativo de Seguridad	A/C Repair	70,000	In-kind

#### 2. Bank Accounts and Reconciliations

We noted that the majority of the cash accounts were fully analyzed in October or November 1993 for the first time since December 1992. The majority of the reclassifications and adjusting entries for these accounts will be recorded in the December accounting period. We noted that Data Entry Department miskeyed many of the stale reconciling items, which required that Accounting record a reclassification entry among the entities' bank accounts. Net division reconciling items, for which Management had not identified the accounting treatment, was approximately \$500,000.

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Internal Audit Report #L94.02

Schedule B

Management estimated the maximum P&L exposure from these reconciling items was \$300,000.

Management stated in the June quarterly Management Letter to Cincinnati that "[the] major bank accounts, comprising 25 accounts, have been reconciled through the first quarter of 1993, [and] all reconciling items that should have been charged to profit and loss for the period were. There are four other minor accounts at various levels of reconciliation between January and June 1993. We do not expect any significant adjustment to operations arising from the bank accounts reconciliation. Previous quarters' representation letters have similar wording.

We noted that the Division currently has 86 bank accounts; Management opened 33 of these within the last six months of 1993. Management plans to close a similar number of accounts by year-end. The large number of bank accounts also complicated the timely reconciliation and analysis of the accounts:

We recommend that Management completely clear the remaining outstanding reconciling items and record the resulting reclassifications and P&L adjustments. Furthermore, we recommend that Management perform monthly analysis of the bank reconciliations and clear the reconciling items on a timely basis. Also, Management should scrutinize the need for each of the bank accounts, even after the closing of the anticipated accounts, as a means to reduce the administrative work related to the bank accounts.

#### 3. Disbursement Exceptions

In our disbursements review, which included a sample of ninety-six items and covered the period January through November 1993, we encountered several exceptions to corporate disbursement approval policies. The most significant of which were the following:

- Six items (6.3% total) for a total of C\$15.4MM, (\$19M U.S.) did not include either purchase orders, work orders, or receiving reports.
- Seven items (7.3% of total tested) for a total of C\$16.2MM, (\$20M U.S.) included purchase orders, work orders, or other supporting documentation that were dated after the work had been completed, materials had been purchased or services had been rendered.

Although the exceptions cited above are not significant, to ensure continued control over the disbursements activities, we recommend the following:

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B - 2/3

#### Internal Audit Report #L94.02

Schedule B

- Purchase Orders, Work Orders, or any other proper supporting document be required before any payment is authorized, as the inclusion of these documents is the only way to ensure that goods or services have been received.
- Purchase Orders, Work Orders, or any other supporting documentation be prepared and authorized prior to the actual purchase or work they intended to justify.

#### 4. Blank Check Stock for Inactive and Closed Bank Accounts

We noted a secured filing cabinet drawer which held numerous check books with blank checks for inactive and closed checking accounts. The Treasurer stated that he planned to void the blank checks and then destroy them under the direction of the Division's Controls Supervisor. Management plans to close approximately thirty accounts around year-end. It appeared that Treasury held the blank checks for these thirty accounts in the file drawer we observed.

We concur with Management's plan to destroy the blank checks for these unused accounts to prevent unauthorized use of the Company's negotiable instruments.

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## INTERNAL AUDIT REPORT #L94:02 COMPAÑÍA FRUTERA DE SEVILLA, SANTA MARTA DIVISION DISBURSEMENTS REVIEW SANTA MARTA, COLOMBIA

# STATUS OF FINDINGS/RECOMMENDATIONS

REPORT' REF. NUMBER	AUDIT: FPIDMINATE CONDICTIONS	REPLY	TARGETED COMPLETION DATE
1.	Include unreported 1993 Statement of Policies and Procedures in fourth quarter disclosure to the Logal Department.		
2.	Completely reconcile all bank accounts and record related reclassification and adjusting entries. Review bank accounts to maintain an appropriate number of checking accounts.		
3.	Prepare and include approval documentation (eg. purchase order and work orders) in the payment support voucher. Also, prepare the approval documentation prior to effecting the transaction.	0	
4,	Destroy blank check stock on inactive and closed accounts.		
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Confidential Treatment Request by Chiquita Brands

FCPA - GENERAL MANAGERS FUND 1995 Reports

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CHIQUITA NSD



SUBJECT:

## **MEMORANDUM**

Confidential Treatment Request by Chiquita Brands

	CONFIDENTIA	AL	
TO:		DATE:	July 19, 1996
FROM:		PHONE:	ext 8379

As you know, we periodically review the Law Department and Internal Audit records to verify that we have received summary reports of, and supporting documentation for, General Managers' expenses. As a result of these reviews over the last two years we have, on a number of occasions, requested reports and documentation for Turbo and Santa Marta. At this point, we have not received all the information needed for 1993-1996.

COLOMBIA GENERAL MANAGERS' EXPENSES 1993 - 1996

The information we need is described in the attached Exhibits I through VIII. These exhibits describe by year "What We Have" and "What We Need." In most cases, we need the 1016's or other appropriate documentation for the expenses listed in the summary reports. In one case (1994 Santa Marta), we need the summary report and the supporting documentation.

helping u	If you have questions, call (8144), or
(x8379).	
ce:	 Exhibits I-VIII attached Exhibits I-VIII attached (without Division listings) Exhibits I-VIII attached Exhibits I-VIII attached

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#### CONFIDENTIAL

Confidential Treatment Request by Chiquita Brands

#### GENERAL MANAGERS' EXPENSES

#### EXHIBIT I - 1993 TURBO

## A. What We Have:

- 1. Exhibit I We received the 1993 General Mangers' Expenses dated March 15, 1994 for January December 1993 (Total \$135,725).
- 2. We have 1016 Forms for January June 1993 and August 1993.

#### B. What We Need:

 We need 1016 Forms for July 1993 (total \$21,894) and for September, October, November, December 1993 (Total \$61,288).

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:EXHIBITS.WWW

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EXHIBIT I. 1993 TURBO.

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#### **CONFIDENTIAL**

Confidential Treatment Request by Chiquita Brands

#### **GENERAL MANAGERS' EXPENSES**

#### EXHIBIT VI - 1994 SANTA MARTA

#### A. What We Have:

- 1. We received 1994 General Managers' Expenses reports dated July 1994 for only 2nd Quarter (Total \$100.60).
- 2. We have 1016's for \$100.60.

#### B. What We Need:

- 1. 1994 General Managers' Expenses listed by transaction for 1st, 3rd, and 4th Quarters.
- 2. We need 1016's for these expenses.

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EXHIBIT VI SANTAMANTA 1994

#### CONFIDENTIAL

Confidential Treatment Request by Chiquita Brands

#### **GENERAL MANAGERS' EXPENSES**

#### EXHIBIT VII - 1995 SANTA MARTA

#### A. What We Have:

- 1. 1995 General Managers' Expenses reports dated July 11, 1996 (Total \$407.25).
- 2. We have 1016's for \$77.65 in May/June.

#### B. What We Need:

1. We need 1016's for the balance (\$329.60).

:EXHIBITS:WWW

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## CONFIDENTIAL

Confidential Treatment Request by Chiquita Brands

## GENERAL MANAGERS' EXPENSES

#### EXHIBIT VIII - 1996 SANTA MARTA

#### A. What We Have:

1. We received 1996 General Managers' Expenses report dated July 10, 1996 for January - May 1996 (Total \$156.08).

#### B. What We Need:

1. We need 1016's for \$156.08.

4CHQ1-000079

CBI-V1-001-003919

CHIQUITA NSD

Listing all transactions to record General Manager's Manuger's expenses for the period of January 1, 1996 to March 31, 1996. DIVISION: SANTA MARTA - COLOMBIA CBU INTERNAL AUDIT DEPARTMENT 574 94 2665005 1996 GENERAL MANAGER'S ESPENSES Prepared by Date Prepared: JULY 10, 199 assigned to 65B-41-3510-496-045 DESCRIPTION OF PAYMENT ded is for account # AMOUNT OF AMOUNT OF FROM ACCTG RECORDS ACCT.JY# PAYMENT PAYMENT OR CASH OFFICE RECORDS COMMENTS ACCOUNT # OR (US DOLLARS) DATE OF (LOCAL CURRENCY) CHARGED HEFERENCE # TRANSACTION MONTE 39.06 Confidential Information - February/96 40,000 65B-41-3510-496-045 02-04910 10/02/96 02/96 CBI-V1-001-003920 Confidential Treatment Request by Chiquita Brands 4CHQ1-000080 7671 Page H Fax Note Phone II Fext 166011 NOTE: A detailed explanation of confidential information concerning each is not required for this form—such information will be reviewed later by the Y.P. Internal Audit and the Law Department. 40,000 EXMBIT VIII SONTO MANTA 1996 (JAN-MAY)

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DATE OF ANSACTION 22/04/96 03/05/96	ACCT. JV # OR REFERENCE #  04-00061  04-00023  04-00030	1996 GENERAL M	AUDIT DEPARTMENT ANAGER'S ESPENSES  65B-41-3510-494-045 AMOUNT OF PAYMENT (LOCAL CURRENCY)  42,000 42,000	AMOUNT OF PAYMENT (US DOLLARS)  39.86 37.95	expenses for the period of April 1, 19  DESCRIPTION OF PAYMENT FROM ACCTG RECORDS OR CASH OFFICE RECORDS Confidential information - March/96 Confidential information - April/96	
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Confidential Treatment
Request by Chiquita Brands

#### CONFIDENTIAL

#### GENERAL MANAGERS' EXPENSES

#### EXHIBIT II - 1994 TURBO

#### A. What We Have:

- Exhibit II We received the 1994 General Mangers' Expenses dated May 2, 1995 for January - December 1994 (Total \$159,874.51).
- 2. We have a confidential memo from an individual summarizing \$134,319.00; please call to determine how the relates to the \$159,874.51.

#### B. What We Need:

- 1. We need 1016 Forms for 1994 documenting expenses of \$159,874.51.
- We need documentation to support \$159,874.51 [if the \$134,319 applies then, such amounts should be identified on the May 2, 1995 listing attached and documentation provided for the remaining difference (\$25,555.51).

4CHQ1-000082

:EXHIBITS.WWW

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## CONFIDENTIAL

Confidential Treatment Request by Chiquita Brands

## GENERAL MANAGERS' EXPENSES

## EXHIBIT III - 1995 TURBO

#### A. What We Have:

 We received the 1995 General Managers' Expenses dated July 12, 1996 (Total \$3,079.42).

## B. What We Need:

- 1. We need 1016's to document \$3,079.42 in expenses.
- We also request an explanation of the major reduction in the level of expenses (\$3,079.42) for 1995 -vs- \$159,894.51 for 1994. (Have we determined that <u>all</u> expenses are included in the \$3,079.42?)

4CHQ1-000085

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CBI-V1-001-003924

DIVISION	: MEDELLIN - COI	LOMBIA				Listing all transactions to record General Manager's Manager's			
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## CONFIDENTIAL

Confidential Treatment Request by Chiquita Brands

# GENERAL MANAGERS' EXPENSES

## EXHIBIT IV - 1996 TURBO

### A. What We Have:

 We received the 1996 General Managers' Expenses reports dated July 10, 1996 for January - July 1996 (Total \$2,336.35).

## B. What We Need:

EXHIBITS.WWW

1. We need 1016's for \$2,336.35.

4CHQ1-000090

CBI-V1-001-003929

Phone	574 94-2665005	4	CBII INTERNAL	AUDIT DEPARTMENT		expenses for the period of January 1, 1	
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02/96	31/01/96	19-00088	65B-41-3510-496-045	350,000		Confidential Information - February/95	Cut
03/96	26/02/96	70-00006	65B-41-3510-496-045	350,000		Confidential Information - March/95	Cush
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CONFIDENTIAL

Confidential Treatment Request by Chiquita Brands

## GENERAL MANAGERS' EXPENSES

### EXHIBIT V - 1993 SANTA MARTA

### A. What We Have:

- 1. Exhibit V We received the 1993 General Mangers' Expenses report (Total \$4,688.70).
- 2. We have 1016's for three (3) payments: August 10th \$104.70; January 27th \$185.29; and February 15th \$1,138.65 (Total \$1,428.64).

### B. What We Need:

1. We need 1016's for \$4,688.70 - \$1,428.64 = \$3,260,06.

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EXHIBITS.WWW

CBI-V1-001-003932

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EXHBIT I 1993 SANDAMARINA

RCV SV:

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Confidential Treatment Request by Chiquita Brands

## TELEFAX TRANSMISSION

DATE:	MARCH 11/1994	No. PAGES:
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FROM:	_	
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ATTACHED YOU WILL FIND REPORT FOR FISCAL 1993

COPY 70 5/24/94

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CARRERA 3 No. 15-34 - TELEFONO CONMUTADOR: 212909 - A.A. 541 - CFS.CO. FAX: 211273 - SANTA MARTA D.T., COLOMBIA

CBI-V1-001-003934

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## MEMORANDUM

Chiquital Brands International	DATE:	January 30, 1996	
- Ai	ocas mueiles uatemala/Tapachula OBAL/Costa Rica Farms		Honduras TRR Ecuador Medellin (Turbo)
FROM:		PHONE: E	Ext. #8379
SUBJ: ACCOUNTING FOR SE	NSITIVE PAYMENTS		
In April 1990 we established certain pro- is attached for your reference). Item #4 and check payments for General Manag to assure that quarterly reviews by Senic transactions and disbursements. (Please n- capital items in a Manager's Fund of cap We plan to continue these detailed reviews transactions by month of cash or check p (see form attached). The information of voucher reference number; amount (loc payment (NOTE - provide description or records. A detailed explanation of confide documentation and descriptions to sup Management and will be reviewed by th are not required for this form.	of the letter indicates that Internal A jers' expense disbursements on an ar or Management to whom the respect ote that items to be reported are mana poital dollars - typically \$25M/year). In 1996 for fiscal year 1995. I reque ayments to a General Manager's Expense that should be recorded is: month; all currency); amount (U.S. dollars) inly if recorded on the cash payment that is information concerning each it poport such payments will be delived.	audit will perform a det anual basis at the local ive divisions report con gers' expense items and est that you provide a li- pense or Manager's Ex- date of transaction; ac g; account number chai woucher (Form 1016) em is not required for tered by the General	ailed review of cash organizational level ntain all appropriate d should not include sting of the detailed pense Account code counting or journal rged; description of or in the accounting his form). Detailed Manager or Senior
Thank you for your assistance in provid individuals below advise any additional loc			
appreciate receipt of the information for	fiscal 1995 by February 29, 1996.		
WWW/jkp Attachment			
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F-SENSITY.WP3		4CHQ1-0	00096



## MEMORANDUM

Confidential Treatment Request by Chiquita Brands

TO: Distribution Attached	DATE: April 19, 1990 REVISED: February 16, 1994
FROM:	<b>PHONE:</b> Ext. #8379
SUBJ: Accounting for Sensitive Payments	i
which are sensitive in nature. The intent of this for such expenses along with the need of main recipients of such payments. In the past, some le Expenses" to record expenses of this type. The not fall into other account classifications such	recording in the books and records cash or check payments procedure is to provide for adequate books and records taining an appropriate level of confidentiality about the ocations have used an expense account code "Manager's ese typically are the types of expenditures which would a as Contributions, Donations, Consulting Services, permissible through the use of the following procedure.
to assure compliance with provisions of recorded as necessary (I) to permit pr generally accepted accounting principle and (II) to maintain accountability for	und expenses should be maintained by the General Manager the Foreign Corrupt Practices Act: " transactions are eparation of financial statements in conformity with es or any other criteria applicable to such statements, assets;". Once each quarter the General Manager's r) will review each transaction in detail and approve on
• The expenditure was properly au	thorized, documented and supported;
	r each transaction recorded in the Managers Fund account sactions should be prepared by the local controller).
and Procedures if any payments we	appropriate quarterly report of the Statement of Policies re to government officials or entities or payments to any to be sent to the Law Department.
<ol> <li>The General Manager (or appropriate Redetail to Cincinnati after the quarterly General Counsel, for his review.</li> </ol>	gion Manager) will accompany the underlying supporting review and submit the detail to he
	4CHQ1-000097
	CBI-V1-001-003936

The Vice President, Internal Audit, has been requested to review the Managers Fund expenses' submitted to the Law Department every six months:

- To assure the General Manager's expenses were reviewed and approved for the previous two
  quarters on an after-the-fact basis and assure compliance with the accounting provisions of
  the FCPA.
- To assure that disbursements have proper underlying support and documentation.
- To assure that payments to government organizations or individuals were reported on the appropriate quarterly report of Statement of Policies and Procedures to the Law Department,
- 4. For the major locations where a Managers Fund is used, Internal Audit will plan to perform a detailed audit of cash and check disbursements on an annual basis at the local organization level to assure that quarterly reviews contained all appropriate transactions and disbursements.
- Once each year, during the preparation of the next years budget (normally October November), the amount budgeted for the Managers Fund expenses will be identified as to amount and as to the various categories of expense:
  - Annual budgeted amounts in major categories of expense should be approved by the appropriate Senior Vice President along with justification and limits of such expense amounts.
  - Overall approval of budgeted amounts should require Senior Executive Vice President's, or his designee's, approval based on substantiation and justification as may be appropriate.

If an organization now uses a "Manager's Expense" account code, reporting expenses into this account is permissible. If an organization does not use this account code now. Controller, Chiquita Brands, Inc., should be contacted with an explanation for use of the account, and authorization to open such an account in the division's expense account codes and chart of accounts. We believe this procedure provides a mechanism to insure accurate books and records for sensitive payments made while at the same time maintaining the confidentiality of such payments and disbursements. Details concerning Chiquita Brands International, Inc. policies relating to this subject can be found in the following Financial & Administrative Policy references:

Confidential Treatment Request by Chiquita Brands

- Internal Control A-1.0, pp. 1-7
- Quarterly Representation Letter B-3.0, pp. 1-6
- Fiduciary Responsibilities of Local Chief Financial Officers A-6.0, pp. 1-2
- FCPA commentary and the Company's "Statement of Policies and Procedures", A-2.0, pp. 1-3 (and exhibits)

Please contact me if you have questions or if you wish to discuss the subject further.

WWW/cas

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*Holle #;					CBII INTER 1995 GENE	NAL AUDIT DEPARTMENT ERAL MANAGERS' EXPENSES	Listing of all transactions to record Gene expenses for the period of January 1, 19			
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Printed: 01/30/96

FCPA

General Managers Expense Fund - 1996 Reports

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## **MEMORANDUM**

January 30, 1997

Confidential Treatment Request by Chiquita Branc

то:	-	Bocas Armuelles Guatemala/Tapachula COBAL/Costa Rica Farms			Honduras TRR Ecuador Medellin (Turbo) Frupac LTDA
FDΩM•		] PI	HONE:	Ext. #837	9

DATE:

SUBJ: Accounting for Sensitive Payments

We established certain procedures for recording sensitive payments (a copy of the January 30, 1997 memo is attached for your reference). Item #4 of the letter indicates that Internal Audit will perform a detailed review of cash and check payments for General Managers' expense disbursements on an annual basis at the local organizational level to assure that quarterly reviews by Senior Management to whom the respective divisions report contain all appropriate transactions and disbursements. (Please note that items to be reported are managers' expense items and should not include capital items in a Manager's Fund of capital dollars).

We plan to continue these detailed reviews in 1997 for fiscal year 1996. I request that you provide a listing of the detailed transactions by month of cash or check payments to a General Manager's Expense or Manager's Expense Account code (see form attached). The information that should be recorded is: month; date of transaction; accounting or journal voucher reference number; amount (local currency); amount (U.S. dollars); account number charged; description of payment (NOTE - provide description only if recorded on the cash payment voucher {Form 1016} or in the accounting records. A detailed explanation of confidential information concerning each item is not required for this form). Detailed documentation and descriptions to support such payments will be delivered by the General Manager or Senior Management and will be reviewed by the Law Department and by me in Cincinnati (see items #2 and #3 in the letter) and are not required for this form.

Thank you for your assistance in providing this information in advance. By copy of this memo I request also that the individuals below advise any additional locations with such expenditures of the policy to report as outlined above. I would appreciate receipt of the information for fiscal 1996 by February 28, 1997.

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LAW DEPARTMENT

Chiquita Brands International

### **MEMORANDUM**

Confidential Treatment Request by Chiquita Brands

TO:	See Attached	1	DATE:	January 30, 1997
FROM:			PHONE:	Ext. #8379
SUBJ:	Accounting for	r Sensitive Payments - Rey	view and App	roval Procedures

We have established the following procedure for recording in the books and records cash or check payments which are sensitive in nature. The intent of this procedure is to provide for adequate books and records for such expenses along with the need of maintaining an appropriate level of confidentiality about the recipients of such payments. In the past, some locations have used an expense account code "Manager's Expenses" to record expenses of this type. These typically are the types of expenditures which would not fall into other account classifications such as Contributions, Donations, Consulting Services, Public Relations, etc. Use of such an account is permissible through the use of the following procedure.

- 1. Underlying details supporting Manager's Expenses should be maintained by the General Manager to assure compliance with provisions of the Foreign Corrupt Practices Act: "... transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets. .." Once each quarter the General Manager's supervisor will review each transaction in detail and approve on an after-the-fact basis that:
  - The expenditure was properly authorized, documented and supported;
  - Documentation and support exists for each transaction recorded in the Manager's Expense account for the quarter (a list of such transactions should be prepared by the local controller).
  - The expenditure was reported on the appropriate quarterly report of the Statement of Policies and Procedures if any payments were to government officials or entities or payments to any other persons or entities required to be sent to the Law Department.
- 2. The General Manager's supervisor will accompany the underlying supporting detail to Cincinnati after the quarterly review and submit the detail to General Counsel, for his review.
- 3. The Vice President, Internal Audit, has been requested to review the Manager's Expenses submitted to the Law Department every six months:

CBI-V1-001-003941

4CHQ1-000102

CHIQUITA NSD

- To assure the General Manager's expenses were reviewed and approved for the previous two quarters on an after-the-fact basis and assure compliance with the accounting provisions of the FCPA.
- To assure that disbursements have proper underlying support and documentation.
- To assure that payments to government organizations or individuals were reported on the appropriate quarterly report of Statement of Policies and Procedures to the Law Department.
- 4. For the major locations where a Manager's Expense account code is used, Internal Audit will plan to perform a detailed audit of cash and check disbursements on an annual basis at the local organization level to assure that quarterly reviews contained all appropriate transactions and disbursements.
- Once each year, during the preparation of the next years budget (normally October November), the amount budgeted for the Manager's Expenses will be identified as to amount and as to the various categories of expense:
  - Annual budgeted amounts in major categories of expense should be approved by the General Manager's supervisor along with justification and limits of such expense amounts.
  - Overall approval of budgeted amounts should require Senior Executive Vice President's, or his designee's, approval based on substantiation and justification as may be appropriate.

If an organization now uses a "Manager's Expense" account code, reporting expenses into this account is permissible. If an organization does not use this account code now, Controller, Chiquita Brands, Inc., should be contacted with an explanation for use of the account, and authorization to open such an account in the division's expense account codes and chart of accounts. We believe this procedure provides a mechanism to insure accurate books and records for sensitive payments made while at the same time maintaining the confidentiality of such payments and disbursements. Details concerning Chiquita Brands International, Inc. policies relating to this subject can be found in the following Financial & Administrative Policy references:

- Internal Control A-1.0, pp. 1-7
- Quarterly Representation Letter B-3.0, pp. 1-6
- Fiduciary Responsibilities of Local Chief Financial Officers A-6.0, pp. 1-2
- FCPA commentary and the Company's "Statement of Policies & Procedures," A-2.0,
   pp. 1-3 (and exhibits)

Please contact me if you have questions or if you wish to discuss the subject further.

WWW/ap

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SANTA MARTA - 1992

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CBI-V1-001-003943

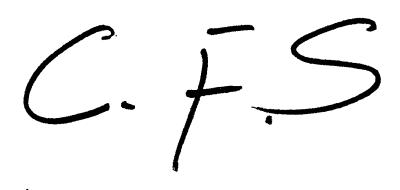
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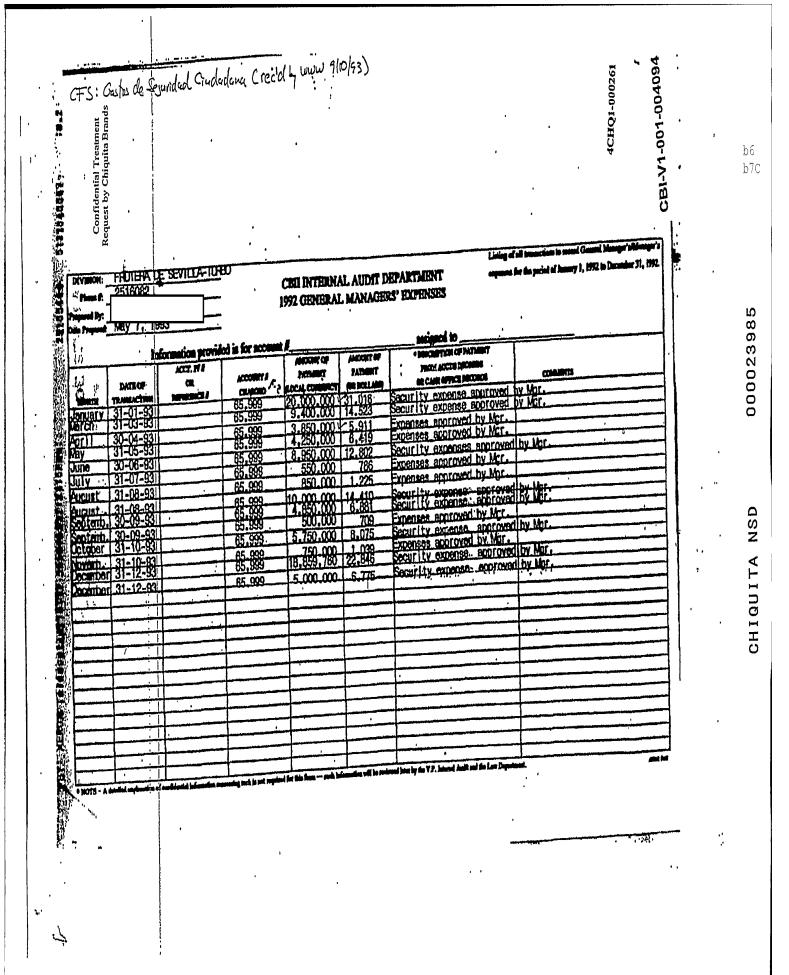
Confidential Treatment Request by Chiquita Brands



Attached is the Report for 1992 General Manageria expenses. COMMENTS:

CARRERA 47 No. 50 - 24 EDIF, FURATENA - PISO 14 TEL: 251 60 82 A.A. 50309 TELEX: 85 746 SEVFRCO MED

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SANTA MARTA - 1993

. 4CHQ1-000262

CBI-V1-001-004095

CHIQUITA NSD

this is \_\_\_\_\_ concerning the 1016's that you're requiring. I don't have any of that with me. I'm in Costa Rica. I left everything in the, anything that I had I left in the safe in \_\_\_\_\_ office. He has a combination to that safe and can go through it if your looking for past, the old ones should be, anything that you don't have should be there.

Anything that's not there has been sent to you. My memory is not real good. \_\_\_\_\_ does have a pretty good memory and he might be able to help you out on some of it, but what they should do is go through the file, they should go through the safe and I'll copy \_\_\_\_\_ on this message. Thank you.

RPT/CMX/LB002.CMX

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Confidential Treatment Request by Chiquita Brands

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### Confidential Treatment Request by Chiquita Brands

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VI		of the followin	g instances in which		CBI-V1-001-004098
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CHIQUITA NSD

Appendix A

TO:

Vice President, General Counsel and Secretary Chiquita Brands International, Inc. 250 East Fifth Street Cincinnati, Ohio 45202

#### RE: FOREIGN CORRUPT PRACTICES ACT COMPLIANCE

Please be advised of the following:

- I. I have read and understand the letter sent to me by the Office of the General Counsel re: U.S. Foreign Corrupt Practices Act, S.E.C. Consent Decree and the Statement of Policies and Procedures.
- II. I have been given the opportunity to ask any questions regarding the Foreign Corrupt Practices Act, the S.E.C. Consent Decree and the Board Policy (the "Law"). I understand the nature of the payments and contributions that I need to report on a quarterly basis in order to be in compliance with Company policy and the Law. I also understand the requirements of Company policy and the Law for accurate books and records.
- III. Except for any payments detailed in Section V. of this form, by my signature below I confirm the following:
  - A. I have not made, for or on behalf of the Company or any of its subsidiaries or affiliates, either directly or indirectly, any payment, contribution, donation, bartering transaction, gift or any other transfer of anything of value, whether by cash, check or otherwise, to or for the benefit of:
    - Any candidate or political party.
    - 2. Any government official or employee of any government.
    - Any government official or employee of any entity owned or controlled by a foreign government.
    - Any private person or firm with knowledge or reason to know that such payment will be
      offered, given or promised, directly or indirectly to a person described in Section III. A. 1, 2
      or 3 above.
  - B. I have not caused to be made any payment, contribution, donation, bartering transaction, gift or other transfer of anything of value, whether by cash, check or otherwise, described in Section III. A. 1, 2, 3 or 4 above.
  - C. I am not aware of any payment, contribution, donation, bartering transaction, gift or other transfer of anything of value, whether by cash, check or otherwise, described in Section III. A. 1, 2, 3 or 4 above.
- IV. Except for any inaccurate books, records and accounts detailed in Section VI of this form, by my signature below I confirm that I am not aware of any instances in which the Company's books, records and accounts are inaccurate.

4CHO1-000266

listing all transctions to record General Maneger's lispense for the periodo of July through September, 1993

Request by Chiquita Brands

1114	ioare of	ACCULAV # OR REPERENCE #	ACCOUNT #	VWORLL OL	AMOUNT OF PAYMENT (US DOLLARS)	DESCRIPTION OF PAYMENT FROM ACCITO RECORDS OR CASH OFFICE RECORDS	COMMENIS	4CHQ1-000267
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## CHIQUITA BRANDS INTERNATIONAL

### Telefax Transmittal Cover Sheet

DATE:

June 3, 1994

TO:

General Manager

FIRM:

Samarex (Compania Frutera de Sevilla)

TELECOPIER NO:

011-57-54-211273 / 214160

TELEPHONE NO.:

011-57-54-212909

FROM:

513-784-8144

TELEPHONE NO.: TELECOPIER NO.:

513-784-6691

NO. OF PAGES (INCL. COVER): 2.

IF THERE IS ANY PROBLEM WITH THIS TRANSMISSION, please contact:

IMMEDIATELY AT: (513) 784-8359.

COMMENTS:

Per my voice mail yesterday. The items I have checked are the items

we have back-up for. I need back-up for the others. Thanks.

RPT

4CHQ1-000273

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Listing all transactions to record Coneral Manager's Manager's

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1993 GENERAL MANAGERS ESPENSES

DIVISION: SANTA MARTA - COLOMBIA

Phone # 57 54 212416

Prepared by: Date Prepared: APRIL 12, 1993

DIVISIO	N : SANTA M	arta – colom	BIA			Using all transactions to record G	ceeral Manager's Munager's
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Prepared	by		1993 GENER	AL MANAGERS EXPENSES			
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DIVINION: KANTA MARTA - COLOMBIA

Listing all transctions to record Ceneral Manager's Exponent for the periods of July through September, 1993

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DIVISION: SANTA MARTA ~ COLOMBIA

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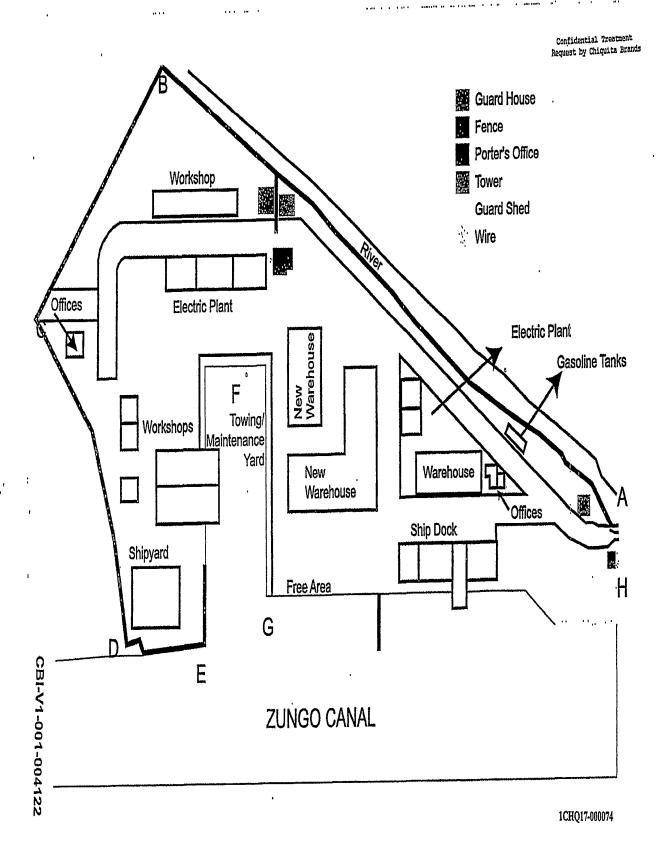
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	I am aware inaccurate.	of the followi	ng instances in whic	Period Covered	period)
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DIVISION	:SANTA MARTA	- COLOMBIA			Listing all transaction	s to record General Manager's M	Massanerie
Phone #	57 54 212486		CBII INTERNA	L AUDIT DEPARTMENT		d of january 1, 1992 December 31	-
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MONTH	TRANSACTION	PAYMENT	PAYMENT	FROM ACCTG RECORDS			
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0473	02/01/93	70,000	93.21	EXPENSES-GRAL, MGR. OFFICE	INK	(N)	
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Transition	TOTAL	. 231,070	306.33				

NOTE: A detailed explanation of confidential information concerning each is not required for this form—-such information will be reviewed later by the V.P. Internal Audit and the Law Department,

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-1 BALANCE SHEET (1 of 8)	DATA CONTROL						
COMPANY NAME	SYSTEM	COMPANY No.	MONTH/YEAR/TYPE				
C.I. BANADEX S.A TURBO		0733	12-95				
ACCOUNT		LONG FORM					
DESCRIPTION	ACCOUNT		AMOUNT				
	NUMBER	NUMBER	(WHOLE DOLLARS				
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CASH	01	0001	779,77				
CASH EQUIVALENTS	02	0002	53.05				
MARKETABLE SECURITIES	04	0004					
ACCOUNT &NOTES RECEIVABLE	<del> </del>	10001	<del> </del>				
TRADE OR CUSTOMERS	05A	0050	213,78				
CLAIMS	1	10000	213,70				
BALANCE AT BEGINNING OF YEAR	05B1000	0011	<del></del>				
ADDITIONS .	05B2000	0022	<del></del>				
REDUCTIONS	05B3000	0013	<del></del>				
FOREIGN EXCHANGE	° 05B4000	0014					
	05B5000	0015					
OTHER BALANCE AT END OF PERIOD	05B						
J.S GOVERNMENT	05C	0019					
		0020	<del> </del>				
OTHER GOVTS., INCLUDING STATES, ETC.	05D	0030	515,9				
PLANTERS ACCOUNTS	05E	0040					
EMPLOYEES	05F	0050	137,3				
DEPOSITS ON IMPORTS	05G	0060	,				
FREIGHT AND PASSENGER	05H	0070					
PROPERTY SALES	05)	0800					
ACCRUED INTEREST	05J	0090					
NOTES RECEIVABLE	05K	0100					
OTHER .	05X	0110	2,542,5				
TOTAL ACCOUNTS & NOTES RECEIVABLES	05	0130	3,409,6				
BALANCE AT BEGINNING OF YEAR	07A1000	0131					
PROVISION	07A2000	0132	. (246,9				
REDUCTIONS	07A3000	0133	100.0				
FOREIGN EXCHANGE	07A4000	· 0134	6,3				
OTHER	.07A5000	0135	1 0,0				
BALANCE AT END OF PRIOD	07A	0139	(140,5				
OTHER-ALLOWANCE DOUBTFUL ACCOUNTS			1.70,0				
BALANCE AT BEGINNING OF YEAR	07B1000	0141					
PROVISION	07B2000	0142					
REDUCTIONS	07B3000	0143					
FOREING EXCHANGE	07B4000	0144 .					
OTHER .	07B5000	0145					
BALANCE AT END OF PERIOD	07B	0149	<del></del>				
TOTAL ALLOWANCE DOUBTFUL ACCOUNTS	07	0150	(140,				
INVENTORIES		-	(140,				
MEAT	08A	0160					
BANANAS &RELATED PRODUCTS	08B	0170					
OTHER FOOD PRODUCTS	08C	0180					
GROWING CROPS	08D	0190					
MATERIAL & SUPPLIES	08E	0200	4000				
OTHER	08X	0210	4,263,				
~ + + + + + + + + + + + + + + + + + + +	IVVA	10210	i				

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DATA CONTROL F1 BALANCE SHEET (2 of 8) COMPANY No. MONTH/YEAR/TYPE SYSTEM COMPANY NAME 0733 12-95 C.I. BANADEX S.A. - TURBO LONG FORM ACCOUNT **AMOUNT** ACCOUNT LINE DESCRIPTION NUMBER NUMBER (WHOLE DOLLARS) MEAT INVENTORY RESERVE 08F1000 0211 BEGINNING BALANCE 0 08F2000 0212 CHARGE/(CREDIT) P&L 08F3000 0213 ō REDUCTIONS ō 08F5000 0215 OTHER ō BALANCE AL END OF PERIOD OBF 0219 BANANA INVENTORY RESERVE 08G1000 0231 ō BALANCE AT BEGINNING OF YEAR ō 08G2000 0232 CHARGE/(CREDIT) P&L 08G3000 0233 ō REDUCTIONS 08G5000 0235 0 OTHER 0 0239 **BALANCE AT END PERIOD** 08G OTHER FOOD PRODUCTS INVENTORY RESERVE ō 08H1000 0251 BALANCE AT BEGINNING OF YEAR 0 08H2000 0252 CHARGE/(CREDIT) P&L ō 08H3000 0253 REDUCTIONS 08H5000 0255 0 OTHER 0 BALANCE AT END OF PERIOD 08H 0259 **GROWING CROPS INVENTORY RESERVE** 0811000 0271 0 BALANCE AT BEGINNING OF YEAR 0 0812000 0272 CHARGE/(CREDIT) P&L ō 0273 0813000 REDUCTIONS 0815000 0275 0 OTHER 0279 0 BALANCE AT END OF PERIOD 180 OBSOLETE MATL AND SUPPLY INV RESERVE 0291 08J1000 O BALANCE AT BEGINNING OF YEAR 08J2000 0292 (329,600)CHARGE/(CREDIT) P&L 0008180 0293 196,000 REDUCTIONS 08J5000 0295 OTHER (133,600) 08J 0299 BALANCE AT END OF PERIOD OTHER INVENTORY RESERVE 08Y1000 0311 BALANCE AT BEGINNING OF YEAR CHARGE/(CREDIT) P&L 08Y2000 0312 0 08Y3000 0313 ō REDUCTIONS 08Y5000 0315 ō OTHER 08Y 0319 0 **BALANCE AT END OF PERIOD** TOTAL INVENTORIES 08 0320 4,130,052

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F1 BALANCE SHEET (3 of 8)	DATA CONTROL							
COMPANY NAME	SYSTEM		PANY No. MONTH/YEAR/TYPE					
C.I. BANADEX S.A. – TURBO		0733	12-95					
C.I. BANADEX S.A TOTIBE			_					
ACCOUNT		LONG FORM						
DESCRIPTION	ACCOUNT	LINE	AMOUNT					
DESCRIPTION	NUMBER	NUMBER	(WHOLE DOLLARS					
PREPAID EXPENSES	1404	0330						
RENTALS	10A	0340	<del></del>					
TAXES & LICENSES	10B	0350						
INTEREST	10C		78,05					
INSURANCE .	10D	0360	70,00					
CHARTER HIRE	10E	0370						
ADVERTISING	10F	0380						
SHORT-TERM DEPOSITS	10G	0390						
LTYE DEFERRED COSTS	10H	0400						
OTHER .	10X	0410	25,12					
TOTAL PREPAID EXPENSES	10 .	0420	103,17					
PREPAID U.S & FOREING INCOME TAXES	<u> </u>							
BALANCE AT BEGINNING OF YEAR	11A	0421	783,5					
ADDITIONS	11B	0422	654,3					
REDUCTIONS	11C	0423	(1,201,3					
*EXCHANGE*	11D	0424	(1,8					
BALANCE AT END OF PERIOD	11	0429.	234,7					
TOTAL CURRENT ASSETS	00T0111	0430	8,569,8					
PLANTERS ACCOUNTS	12A	0440						
PROPERTY SALES RECEIVABLES	12B	0450						
GOV'T SHIPBUILDING SUBSIDES	12C	0460						
GOV'T LOANS AND ADVANCES	12D	0470						
FRANCHISEE RECEIVABLES	12E	0480						
EMPLOYEE LOANS	12F	0490						
DEPOSITS DEPOSITS	12G	0500	87,8					
NOTES RECEIVABLE	12H	0510						
LIVESTOCK	121	0520	. 4,					
INVESTMENTS IN UNAFFILIATED COMPANIES	12J	0530						
INVESTMENTS IN AFFILIATED COMPANIES	12K	0540						
LONG-TERM RECEIVABLES-OTHER	12X	0550						
TOTAL INVESTMENTS & LONG-TERM RECEIV	12	0560	91,					
ALLOW FOR DOUBTFUL ACCOUNTS LONG-TER	M							
BALANCE AT BEGINNING OF YEAR	141000	0561						
PROVISION	142000	0562						
REDUCTIONS	143000	0563						
FOREING EXCHANGE	144000	0564						
	145000	0565						
OTHER BLANCE AT END OF PERIOD	14	0569						
PROPERTY, PLANT AND EQUIPMENT	15	2500	21,452					
ACCUMULATED DEPRECIATION	16	2700	(7,074					
OTHER NON-CURRENT ASSETS								
ASSETS HELD FOR DISPOSAL	18A .	0585						
RESERVE FOR ASSETS HELD FOR DISPOSAL	L 18B	0590						
TOTAL OTHER NON-CURRENT ASSETS	18	0595						
TOTAL OTHER NON-OUNIER ACCES								
		CI	BI-V1-001-004126					
			<del></del>					
	l	l						

F-1 BALANCE SHEET (4 of 8)		DATA CONTRO	<u>L</u>		
COMPANY NAME	SYSTEM	COMPANY No. MONTH/YEAR/TYPE			
C.I. BANADEX S.A. – TURBO		0733	12-95		
			•		
ACCOUNT		LONG FORM			
DESCRIPTION	ACCOUNT	LINE	AMOUNT		
	NUMBER	NUMBER	(WHOLE DOLLARS		
DEFERRED CHARGES			·		
	20A	0600	<del></del>		
EMPLOYEE HOUSING BOXING STATION COSTS	20B	0610	<del></del>		
	20C		<del> </del>		
PROJET START-UP COSTS		0620	<del></del>		
PROPERTY CEDED TO GOVERNMENTS	20D	0630	<del></del>		
SALE AND LEASEBACK CONSTS	20E	0640			
UNAMORTIZED DEBT ISSUE EXPENSE	20G	0650			
UNAMORTIZED LEGAL FEES FOR BORROWIN		0660	<u> </u>		
PERIOD CLEARING-EXCHANGE	20J	0670			
PERIOD CLEARING-OTEHR	20K	0680			
OTHER	20X	0690	226,1		
TOTAL DEFERRED CHARGE	20	0710	226,1		
DEFERRED INCOME TAX BENEFITS					
BALANCE AT BEGINNING OF YEAR	22A	. 0711			
ADDITIONS	22B	0712			
REDUCTIONS	22C	0713	<del></del>		
BALANCE AT END OF PERIOD	22	0719			
TRADEMARKS .			<del>                                     </del>		
BALANCE AT BEGINNING OF YEAR	23A1000	0721	<del></del>		
ADDITIONS	23A2000	0722	<del></del>		
REDUCTIONS	23A3000	0723	<del></del>		
OTHER	23A5000	0725	<del> </del>		
BALANCE AT END OF PERIOD	23A	0729			
BALANCE AT BEGINNIG OF YEAR	23B1000	0731			
AMORTIZATION	23B2000	0732	<del></del>		
REDUCTIONS	23B3000	0733			
OTHER	23B5000	0735	<del></del>		
BALANCE AT END OF PERIOD	23B	0739	<del></del>		
TOTAL TRADEMRKS	23	0739	<del> </del>		
GOODWILL	20	0740			
BALANCE AT BEGINNING OF YEAR	25A1000	0741			
<u> </u>	25A2000	0742			
ADDITIONS					
REDUCTIONS .	25A3000	0743			
OTHER .	25A5000	0745			
BALANCE AT END OF PERIOD	25A	0749			
AMOTIZATION OF GOODWILL	0504000				
BALANCE AT BEGINNING OF YEAR	25B1000	0751			
AMOTIZATION	25B2000	0752			
REDUCTIONS	25B3000	0753			
OTHER	25B5000	0755			
BALANCE AT END OF PERIOD	25B	0759			
TOTAL GOODWILL	25	0760			

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F-1 BALANCE SHEET (5 of 8)	DATA CONTROL						
COMPANY NAME	SYSTEM	COMPANY No	MONTH/YEAR/TYPE				
C.I. BANADEX S.A TURBO		0733	12-95				
·			-				
ACCOUNT		LONG FORM					
DESCRIPTION	ACCOUNT	LINE	AMOUNT				
	NUMBER	NUMBER	(WHOLE DOLLARS)				
INVEST IN CONSOLID SUBSIDIARIES-U.S.	27	0765	0				
INVEST IN CONS. SUBSIDIARIES-NON-U.S. INC.	28	0770	26,521				
INTERCO RECEIVABLE (PAYABLE) - TRADE	29	0775	27,231,979				
INTERCOMPANY LOANS	32	0780	0				
IN-TRANSIT RECEIVABLE	31	0790	0				
TOTAL ASSETS	00T0131	0799	50,523,920				
CURRENT LIABILITIES	-						
NOTES AND LOANS PAYABLE			<del> </del>				
LOANS IN U.S. DOLLARS-BANKS	33A	0800	2,707,000				
LOANS IN EURO DOLLARS-BANKS	33B	0810	2,707,000				
	33C	0820	1				
LOANS IN OTHER CURRENCIES—BANKS LOANS—OTHER	33X	0830	0				
TOTAL NOTES AND LOANS PAYABLE	33	0840	2,707,000				
LONG-TERM DEBT DUE WITHIN ONE YEAR	00	0040	2,707,000				
LOANS IN U.S. DOLAARS-BANKS	35A	0850	<del></del>				
LOANS IN EURO DOLLARS-BANKS	35B	0860	0				
	35C		0				
LOANS IN OTHER CURRIENCIES—BANKS	35D	0870	0				
INDUTRIAL REVENUE BONDS		0880	0				
DEFERRED ACQUISITION PAYMENTS	35E	0890	, 0				
OBLIGATIONS UNDER CAPITALIZED LEASES	35L  35X	0900	0				
OTHER	35	0910 0920	0				
TOTAL L/TERM DEBT DUE WITHIN ONE YEAR ACCOUNTS PAYABLE	33	0920	ļ0				
TRADE CREDITORS	37A	. 0930	0.400.070				
DUTIES, EXCISE AND OTHER TAXES	37B	- 0930 0940	2,190,678				
CUSTOMER AND OTHER DEPOSITS	37C	0950	0				
\	37D		46,336				
LOCAL & FOREING GOVERNMENTS BANK OVERDRAFTS	37E	0960 0970	224,825				
EMPLOYEE WITHHOLDING ACCOUNTS	37F	0980	0 000				
	37H		20,633				
PAYROLL TAXES WITHHELD	37J	0990					
BALANCE AT BEGINNING OF YEAR	37K1000	1000	163,344				
		1011					
PROVISION REDUCTIONS	37K2000	1012					
	37K3000	1013					
FOREING EXCHANGE	37K4000 37K5000	1014					
OTHER		1015					
BALANCE AT END OF PERIOD OTHER	37K	1019					
	37X	1020	553,139				
TOTAL ACCOUNTS PAYABLE	37	1030	3,198,950				
DIVIDENDS PAYABLE	38	1040					
ACCRUED LIABILITIES	004	4000					
PAYROLLS	39A	1050	(				
INTEREST	39B	1060	476,50				
TAXES—OTHER THAN INCOME TAXES	39C	1070					
HEALTH INSURANCE	39D	1080					
INSURANCE-OTHER	39E	1090					

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DATA CONTROL F-1 BALANCE SHEET (6 of 8) COMPANY No. MONTH/YEAR/TYPE SYSTEM COMPANY NAME 0733 12-95 C.I. BANADEX S.A. - TURBO LONG FORM ACCOUNT **AMOUNT** LINE ACCOUNT DESCRIPTION (WHOLE DOLLARS) NUMBER NUMBER PENSION AND SEVERANCE (368,882) 1101 39F1000 BALANCE AT BEGINNING OF YEAR 852,773 39F2000 1102 PROVISION 3,404 39F3000 1103 REDUCTIONS (6,037)39F4000 1104 FOREIGN EXCHANGE O 1105 39F5000 OTHER 481,257 1109 39F BALANCE AT END OF PERIOD 1110 39G LTYE ACCRUED COSTS RESERVES 0 1131 3911000 **BALANCE AT BEGINNING** O 1132 3912000 PROVISION ō 1133 3913000 REDUCTIONS 0 1134 3914000 FOREIGN EXCHANGE ō 3915000 1135 OTHER 0 1139 391 BALANCE AT END OF PERIOD EMPLOYER DISABILITY & UNEMPLOYMENT TAX 39J 1140 LEGAL FEES 0 1151 39K1000 BALANCE AT BEGINNING OF YEAR ō 39K2000 1152 **PROVISION** 0 39K3000 1153 PRODUCTIONS 0 1154 39K4000 FOREIGN EXCHANGE 0 39K5000 1155 OTHER 0 1159 39K BALANCE AT END OF PERIOD 2,434 1160 39X OTHER 960,200 1170 39 TOTAL ACCRUED LIABILITIES U.S. DEFERRED INCOME TAXES-CURRENT 0 41D1000 1181 BALANCE AT BEGINNING OF YEAR 0 41D2000 1182 **PROVISIONS** ō 1183 41D3000 REDUCTIONS 0 41D4000 1185 OTHER 0 1189 41D BALANCE AT END OF PERIOD FOREIGN DEFERRED INCOME TAXES-CURRENT Ō 41E1000 1191 BALANCE AT BEGINNING OF YEAR 0 1192 41E2000 **PROVISIONS** 0 1193 41E3000 REDUCTIONS 0 41E4000 1194 FOREIGN EXCHANGE 0 1195 41E5000 OTHER 0 1199 41E BALANCE AT END OF PERIOD 0 41 1200 TOTAL DEFERRED INCOME TAXES U.S. FEDERAL INCOME TAXES-CURRENT YEAR 0 1212 42A2000 PROVISION O 1213 42A3000 REDUCTIONS 0 42A5000 1215 OTHER 0 1219 42A BALANCE AT END OF PERIOD

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DATA CONTROL F-1 BALANCE SHEET (7 of 8) COMPANY No. MONTH/YEAR/TYPE SYSTEM 12-95 COMPANY NAME 0733 C.I. BANADEX S.A. - TURBO LONG FORM ACCOUNT AMOUNT LINE ACCOUNT (WHOLE DOLLARS) DESCRIPTION NUMBER NUMBER U.S. FEDERAL INCOME TAXES—PRIOR YEAR 0 1221 BALANCE AT BEGINNING OF YEAR 42B1000 ō 1222 42B2000 ō PROVISION 1223 42B3000 ō REDUCTIONS 42B5000 1225 0 OTHER 1229 42B BALANCE AT END OF PERIOD FOREIGN INCOME TAXES-CURRENT YEAR 120,305 1242 42C2000 (115,001) **PROVISION** 1243 42C3000 (242)REDUCTIONS 1244 42C4000 FOREIGN EXCHANGE 1245 42C5000 5,063 OTHER 1249 42C BALANCE AT EN OF PERIOD FOREIGN INCOME TAXES-PRIOR YEAR 204,837 1251 42D1000 BALANCE AT BEGINNING OF YEAR 42D2000 1252 (195,483) PROVISION 1253 42D3000 (9,354)REDUCTIONS 1254 42D4000 FOREIGN EXCHANGE 0 1255 42D5000 (0)OTHER 1259 42D BALANCE AT END OF PERIOD U.S. STATE INCOME TAXES—CURRENT YEAR 0 1272 42E2000 0 PROVISION 1273 42E3000 REDUCTIONS 0 42E5000 1274 0 OTHER 42E 1279 BALANCE AT END OF PERIOD U.S. STATE INCOME TAXES-PRIOR YEAR O 1281 42F1000 BALANCE AT BEGINNING OF YEAR 0 42F2000 1282 0 PROVISION 1283 42F3000 0 REDUCTIONS 1285 42F5000 ō OTHER 1289 42F BALANCE AR END OF PERIOD 5,063 1290 42 TOTAL INCOME TAXES 6,871,219 1300 00T3342 TOTAL CURRENT LIABILITIES 17,479,092 1310 43A LOANS IN U.S. DOLLARS-BANKS 1320 43B LOANS IN EURO DOLLARS-BANKS 791,359 1330 43C LOANS IN OTHER CURRENCIES-BANKS O 1340 43D INDUSTRIAL REVENUE BONDS ō 43E 1350 DEFERRED ACQUISITON PAYMENTS o 1360 OBLIGATIONS UNDER CAPITALIZED LEASES 43L 0 1370 43X 18,270,451 OTHER 1380 43 TOTAL LONG-TERM DEBT ACCRUED PENSION & SEVERANCE LIABILITIES 387,927 1381 44A BALANCE AT BEGINNING OF YEAR 1382 44B (325,730)**PROVISIONS** 1383 44C (62,197)**PAYMENTS** 44D4000 1384 FOREIGN EXCHANGE 1389 44 BALANCE AT END OF PERIOD

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F-1 BALANCE SHEET (8 of 8)		DATA CONTRO	<u> </u>		
COMPANY NAME	SYSTEM	COMPANY No	ANY No. MONTH/YEAR/TYPE		
C.I. BANADEX S.A TURBO		0733	12-95		
		1000 5000			
ACCOUNT	40000	LONG FORM			
DESCRIPTION	ACCOUNT	LINE	AMOUNT		
	NUMBER	NUMBER	(WHOLE DOLLARS		
OTHER LIABILITIES AND DEFERRED CREDITS	T	T	7		
DEFERRED INCOME			<del> </del>		
BALANCE AT BEGINNING OF YEAR	45A1000	1401			
ADDITIONS	45A2000	1402	<del> </del>		
REDUCTIONS	45A3000	1403	<del></del>		
FOREING EXCHANGE	45A4000	1404	<del> </del>		
OTHER	45A5000	1405	<del> </del>		
BALANCE AT END OF PERIOD	45A	1409	<del></del>		
MINORITY INTERESTS	45C	1420			
U.S. DEFERRED INCOME TAXES-MON-CURRE			<del></del>		
BALANCE AT BEGINNING OF YEAR	45D1000	1421	<del> </del>		
PROVISIONS	45D2000	1422	<del>- </del>		
REDUCTIONS	45D3000	1423	<del></del>		
OTHER	45D5000	1425	<del> </del>		
BALANCE AT END OF PERIOD	45D	1429	<del></del>		
FOREIGN DEFERRED INC TAXES-NON-CURRI		17720	<del> </del>		
BALANCE AT BEGINNING OF YEAR	45E1000	1441	<del></del>		
PROVISIONS	· 45E2000	1442	<del></del>		
REDUCTIONS	45E3000	1443	<del></del>		
FOREIGN EXCHANGE	45E4000	1444	<del>                                     </del>		
OTHER	45E5000	1445	<del></del>		
BALANCE AT END OF PERIOD	45E	1449	<del></del>		
TOTAL OTHER LIABILITIES & DEFER CREDIT		1450	<del></del>		
ACCOUNTS PAYABLE GENERAL OFFICIE	48	1480	<del></del>		
TOTAL LIABILITIES	00T3348	1499	25,141,6		
SHAREHOLDERS EQUITY		1	20,17,0		
CAPITAL STOCK	54	1510	5,001,5		
CAPITAL SURPLUS	55	1520	27.294.1		
INCOME RETAINED IN THE BUSINESS			23,407,1		
BALANCE BEG. YEAR	56A	·	(1,378,8		
CURRENT YEAR S INCOME	56B		(5,534,6		
DIVIDENDS DECLARED	56C		10,007,0		
DIVIDENDS DECLARED	56D		<del> </del>		
BALANCE EN PERIOD	. 56		(6,913,4		
TOTAL SHAREHOLDER'S EQ.	00T5056		25,382,2		
TOTAL LIAB & SHAREHOLDER S	00T3356		50,523,9		
		1			

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F-2 STATEMENT OF INCOME AND EXPENSES (1 of 2) DATA CONTROL COMPANY No. MONTH/YEAR/TYPI SYSTEM **COMPANY NAME** C.I. BANADEX S.A. - TURBO 12-95 0733 AMOUNT ACCOUNT LINE (WHOLE DOLLARS NUMBER NUMBER **ACCOUNT DESCRIPTION** 60110 1610 7,893,25 SALES AND SERVICES-OUTSIDERS 1620 19,850,37 60120 SALES AND SERVICES-INTERCOMPANY 27,743,63 1629 TOTAL SALES AND SERVICES OPERATING COSTS AND EXPENSES: COST OF SALES AND SERVICES: 65415 1665 1,194,52 DEPRECIATION 65418 1670 **AMORTIZACION** 28,461,76 65999 1775 OTHER TOTAL COST OF SALES AND SERVICES 65 1779 29,656,28 ELLING: 66415 1865 DEPRECIATION 66418 1870 **AMORTIZATION** 66999 1975 OTHER 66 · 1979 TOTAL SELLING GENERAL AND ADMINISTRATIVE 67415 2065 DEPRECIATION 67418 2070 **AMORTIZATION** 67479 2145 LEGAL FEES 67999 OTHER 2175 2179 TOTAL GENERAL AND ADMINISTRATIVE 67 290,75 68 2180 PROVISION FOR BAD DEBTS **GENERAL OFFICE ALLOCATIONS:** 71560 2185 DIREC 71561 2190 INDIRECT TOTAL GENERAL OFFICE ALLOCATIONS 2199 TOTAL OPERATING COSTS AND EXPENSES 00T6571 2209 29,947,04 00T6071 2219 (2,203,41 INCOME (LOSS) FROM OPERATIONS INTERCOMPANY ITEMS: 73570 2220 Ø INTEREST INCOME (SEE F−3) 73571 2225 INTEREST EXPENSE (SEE F-3) 2230 73572 DIVIDEND INCOME TOTAL INTERCOMPANY ITEMS 2239 73 74580 2240 INTEREST EXPENSE (2,958,48 AMORTIZATION OF BAD DEBT EXPENSE 75590 2245 INTEREST INCOME AND OTHER INCOME (EXPENSE): INTEREST INCOME-PLANTERS' ACCOUNTS 76600 2250 59,20 INTEREST INCOME-OTHER 76605 2255 (809,19) 76610 RENT. 2260 2265 76615 DIVIDEND INCOME PROFIT (LOSS) ON SALE OF SECURITIES 76620 2270 (2,47 OTHER (SEE F-2A) 76625 2275 TOTAL INTEREST INCOME & OTHER INCOME (EXPENSE) 2279 76 (752,46)PROPERTY GAINS OR (LOSSES) 80640 2280 37,78

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F-2 STATEMENT OF INCOME AND EXPENSES (2 of 2)		DATA CON	TROI
		DAIN OUR	INOL
COMPANY NAME	SYSTEM	COMPANY No.	MONTH/YEAR/TYPE
C.I. BANADEX S.A TURBO			
		0733	1295
	ACCOUNT	LINE	TAUOMA
ACCOUNT DESCRIPTION	NUMBER	NUMBER	(WHOLE DOLLARS
EXCHANGE GAINS OR (LOSSES):			
TRANSLATIONS	81650	2285	595,72
TRANSACTIONS	81652	2290	(248,46
FORWARD CONTRACTS	81655	2295	
TOTAL EXCHANGE GAINS OR (LOSSES)	81	2299	347,25
NON-RECURRING ITEMS (SEE F-2A)	84660	2300	
MINORITY INTERESTS	85670	2305	
NET INC (LOSS) B/4 INCOME TAXES-CURRENT YEAR	00T6085	2309	(5,529,31
PROV FOR FEDERAL INCOME TAXES—CURRENT YEAR	88A	2310	(5,30
PROV FOR FEDERAL INCOME TAXES-PRIOR YEAR	88B	2320	1
PROV FOR FOREING INCOME TAXES-YEAR .	88D	2325	ı
PROV FOR STATE INCOME TAXES-CURRENT YEAR	88E .	2330	1
PROV FOR STATE INCOME TAXES-PRIO YEAR	88F	2335	
PROV FOR FEDERAL INCOME TAXES DEFERRED	88G	2340	1
PROV FOR FOREIGN INOCME TAXES DEFERRED	88H ·	2345	1
PROV FOR TAXES ON GOX EXPENSES	881	2350	i
PROV FOR TAXES ON DIVIDENDS AND OTHER INCOME	88J	2355	
TOTAL PROVISION FOR U.S. & FOREIGN INCOME TAXES	88	2359	, (5,30-
NET INCOME (LOSS)	00T6088	2399	(5,534,62)
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RUH DATE:01/13/97

RUN TIME: 09:42:10

BALANCE SHEET BY COMPANY

TOTAL ALLOWANCE

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•		•	•	•			PAGE: '52	
RUN DATE:01/13/97 RUN TIME: 09:42:10 RPT ID: HBFL	BALANCE SHEET BY COMPANY PERIOD ENDED:9612A1Y MANGLAR CS0720	AGROESTE CS0722	AGROESTE G.O. CSO723	AGROBAN "CSO724 DERENDERE	AGRICOLA COLOMBIA CSO729	BAHADEX TURBO C50733	٠.	
1HVENTORIES  0160 HEAT	. BAL. RG/(CR) UCTIONS	***************************************	08A 08F	***************************************		************	P	Confidential Treatment Lequest by Chiquita Brands
0170 BAHAHAS AND RELATE BAHAHA RESERVE: 0231 0801000 BAHAHA-0 0232 0862000 BAHAHA-0 0233 0863000 BAHAHA-0 0235 0865000 BAHAHA-0 0239 BAHAHA INVENT	EG BAL HR/(CR) HEDUCT. TOTHER TORY RESERVES - END BAL	······································	088 08G	0	***********	***********		8
0180 OTHER FOOD PRODUCT OTHER FOOD PRODUCT OTHER FOOD PRODUCT OZ51 08H1000 OTH FD-10253 08H2000 OTH FD-10255 08H5000 OTH FD-10255 08H5000 OTH FD-10255 ORH FD-102	IS RESERVE; BEG BAL CHR/(CR) REDUCT.	,	08C	/ 				
TOTAL OTHER  0190 GROWING CROPS GROWING CROPS RES  0271 0811000 GR CROP  0272 0812000 GR CROP  0273 0813000 GR CROP  0275 0815000 GR CROP	FOOD PRODUCTS  ERVE: -BEG BAL -CH/(CR) -REDUCTOTHER  S INV RESRV END BALANCE	CBI-V1-001-004135	08D 08I			***********	,	
		135						2CHQ3-000169

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						•			PAGE:	53	1
RUN DA RUN TI RPT ID	TE:01/13/97 HE: 09:42:10 : HBFL	BALANCE Per	SHEET BY COMPANY 100 ENDED:9612A1Y0  MANGLAR  CS0720  DEFENDED:	AGROESTE CSO722	AGROESTE G.O. CSO723	AGROBAH CSO724 MARRIMUM	AGRICOLÁ COLOMBIA CS0729	BAHADEX TURBO CS0733			
0200 0291 0292 0293 0295	OBSOL. HA 08J1000 08J2000 0BJ5000	AND SUPPLIES TERIALS & SUPPLY RE OBS MES-BEG BAL OBS MES-CH/(CR) OBS MES-CH/CR) OBS MES-CH/CR L. HAT & SUPPLY INV	**********	******************************	08E	**************	*************	(427,200) (68,197) 333,600		Confide Request b	ential Treatment y Chiquita Brands
0299											
0210 0311 0312 0313	OTHER RESERVE I 08Y1000 08Y2000 08Y3000	OR OTHER INVENTORY: RES OTH-BEG BAL RES OTH-CH/(CR) RES OTH-REDUCT.			08X.	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,				·
0315	08Y5000	RES OTH-OTHER	חזעכס זעערען	**********	08Y	**********	*****	•••			\$
0319	,	ENTORY RESERVES FOR	Oluck tutent			0	,,,,,,,,				
0320	08	AL OTHER INVENTORY TOTAL INVENT	DRI		424,906	*******	**********	3,088,910			1
0330 0340 0350 0360 0370 0380 0390 0400 0410	PREPAID EXP 10A 10B 10C 10D 10E 10F 10G 10H 10X	ENSES  PPD-TAXES  PPD-TAXES  PPD-INSURANCE  PPD-CHARTER  PPD-ADVERTING  PPD-EPOSITS  PPD-OTHER  TOTAL PREPAI		***********	******************************			65,762 88,172 18,647			
0420 0421 0422 0423 0429 0430	11A 11B 11C	A FOREIGH INCOME PPD I/TAX-START PPD I/TAX-ADD PPD I/TAX-DEDUC PREPAID INCO TOTAL CURREN  1014 CURREN	1,855 4,565 (1,279) HE 5,141	1,410 5,770 (610) 6,570 2,055,953	(304,968)	41,616 1,975 43,591 / ,32,999	(409)	234,732 361,008 (169,303) 426,437 8,971,372	)	26	CHQ3-000170

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	24 14 187						•	'PAGE:	54	
RUN (	DATE: 01/13/97	nataure cu	IEET BY COMPANY	•						
KUN I	TIME: 09:42:10 ID: HBFL	DALANCE SI	DEHDED:9612A1Y	C				***************************************		
KP1	ID: UBLL	LEUI	W CHOCOSTOSICS		AGROESTE		AGRICOLA	BAHADEX		•
			MANGLAR	AGROESTE	G.O.	AGROBAN	COLOHBIA	TURBO		
			CS0720	CS0722	CS0723	CS0724	CS0729	cs0733		
			HHIRKKY	REDUCTED	BERRERE	EXHEREN	MINESTER	HRKEDCHE		
	THUESTHENTS	AND LONG-TERM RECEIVA	RLES					/	•	
0440	124	PL'TRS LT REC						47 704		
0450	12B	PPE/SLS LT REC				•		17,296		1
0460	12C	SHIP/SUB LT REC						•		
0470	120	GOV/LOAN LT REC								
0480	12E	FRANCHEE LY REC								
0490	12F	EMP/LOAN LT REC						57,283.		)
0500	126	DEPOSITS LT REC .						3115031		· · ·
0510	12H	HOTES LT REC	2,995,498	4,312,832		1,156,340			_D7	· ·
, 0520	121	LIVESTOCK						4,710 4		i i
0530	12J	INVEST-UNAFF CO						. 4,710 €		•
0540	12K	INVEST-AFFIL CO						√		
051:0	12X	LT REC-OTH						48,420 Y		
4344	IEA	fi the ain	*********		*********	.,		4		
0560	12	TOTAL INVESTHEN	2,995,498	4,312,832		1,156,340		130,891		,
UDQU	14	INIUS SUITAINED	*********	**********	*********	*********	**********	*********		- Cal Treatment
	HI MINNE T	OR DOUBTFUL ACTS. LONG	LTEDU	•						Confidential Treatment
0561	141000	D/A L/T-BEG BAL	1 1 1 1 1 1 1 1 1		·				•	Request by Chiquita Brands
		D/A L/T-PROVIS.								***1
0562	142000	D/A L/T-REDUCT			8					٥
0563	143600	D/A L/T-EXCH								
0564	144000									
0565	145000	D/A L/T-OTHER .	~~~~~~	**********	*********		*******	*********		
42/4	47	ALLMIANCE FOR P	1							
0569	14	ALLOWANCE FOR D	,		*******	**********	********	*********		
8500	**	nnon ni t Eniilh	3,661,445	3,792,298	4,172,633			23,231,444		
2500	15	PROP PLT EQUIP	(371,008)	(482,385)	(1,201,313)			(8,752,320)		
2700	16	ACCUM DEPRITION	(311,000)	(400)3007	41140110			•		
		IRRENT ASSETS								
0585	184 .	ASSETS-DISPOSAL			•					
0590	188	RESERVE-A.H.D.			*********		******	******		
-	10	TATEL OTHER HOL	1							
0595	18	TOTAL OTHER NON	; 	**********	*********		**********	********		
		nore								
- 148	DEFERRED CH	IRGES								
0600	20A	D/CHG-EHP HOUSE								
0610	20B	D/CHG-BOX .STA'H								
0620	20C	D/CHG-PROJ COST								
0630	200	D/CHG-PROP CEDE					_			
0640	ZOE	D/CHG-SALE/LEAS			Ω					
0650	20G	D/CHG-UNAH DEBT			ä					
0660	201	D/CHG-UNAM FEES			Ť					
0670	20J	D/CHG-PER-EXCHG			<					
0670	20X	D/CHG-OTHER			<b>∸</b> 7			(19)		2CHQ3-000171
0700	20Z	G/L INTERFACE	(12)	(4)	6			\177		11 (1000-17)
			**********	*********	; ; CBI-V1-001-004137	٠٠٠,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	**********	(19)		
0710	20	, TOTAL DEFERRED	(12)	(4)	1			\ 17 <i> </i>		
			**********	*********	· • • ·	***********	*********	*********		
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						142			PAGE:	55	
RUH T	ATE:01/13/97 IME: 09:42:10 D: HBFL	RALANCE SHE	ET BY COMPANY ENDED:9612A1	YC	L SDOFFOY!		AGRICOLA	BAHADEX	,,,,,,,	•	•
Kri i	U. 1101 E	,	MANGLAR CSO720 *******	AGROESTE CS0722	AGROESTE G.O. CSO723	AGROBAN CS0724	COLOMBIA CSO729	TURBO CSO733	ı		
	DEFERRED INC	COHE TAXES .			•						
0711	22A	D.I.TSTART									
0712 0713	22B 22C	D.I.TADD D.I.TREDUCT					**********	********			
VI IJ	HPA		*********	*********		•••••		•			
0719	22	D.I.TEND	~~~~~	*********	**********	*********	*********	********			·
0721 0722 0723	TRADEHARKS 23A1000 23A2000 23A3000	T/HARKS-BEG BAL T/HARKS-ADD T/HARKS-REDUCT									
0725	23A5000	T/HARKS-OTHER				*********	********	**********			
0729	23A	TRADEHARKS- END	*******		********	**********	*********	******			
0731	23B1000	AH T/H-BEG BAL									Confidential Treatment
0732	2382000 2383000	AH T/H-AHORT AH T/H-REDUCT	•								Request by Chiquita Brands
0733 0735	2385000	AN T/H-OTHER					********	*********			<b>6</b>
	•		44000000000	*********	•••						
0739	238	AHORTIZATION OF	***********	*********	**********	*********	******	,			
0740		TOTAL TRADEHARK		<u></u>	************	*********	********	*********			
4414	GOOONILL	GOOOWIL-BEG BAL	Ì								
0741 0742		COODMIT-YDD	I	<b>.</b>			•				
0743	25A3000	GOODWLL-REDUCT	5		•	•					1
0745	25Å5000	GOODWIL-OTHER .			4000000000	**********	**********	***************************************			
0749	25A	GOODWILL-END.BA	·		**********	*********		********	•		
0751	25B1000	AH G/W-BEG BAL AH G/W-AHORT	ī	ม							
0752 0753		AH G/W-REDUCT	(	Ď							
0755		AH G/W-OTHER			**********	*********	*********	********	•		
		AMORTIZATION OF	*********	•••••							
0759	25B	WHORITENITOR OF		*********	*********			••••			
076J	25	TOTAL GOODWILL	**********	*********	**********	**********	**********	********	•		
0765	27	INVEST-US SUBS	190,934	359,002	15,068	188,808	74,406	50,613			
0770	28	INVEST-NON U.S. AFFIL COSU.S.	(5, 158, 354)		(972,022)	(281,996)	(300,068)	28,692,063			
0775 0790	29 31	IN TRANSIT	tel males is	• •		<b>v</b>		•			2CHQ3-000172
0780	32	I/C LOANS			,,,,,,,,	*********					
		TOTAL ASSETS	1,884,984	3,656,310	. 1,709,398	1,096,151	(225,662)	52,324,044	,		1
0799	0010131	INING MODELS		*********	*********	*********	444444444				

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		ELS					•			PAGE:	54	
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aint A	ATE:01/13/	שר										
KOK D	412:01/13/1	71 -40	DALLANCE SHE	EET BY COMPANY				•				
RUN T	IHE: 09:42:	10	DALAMOS OM	EHDED:9612A1Y	2			A fortest	BANADEX			
RPT II	: HBFL		PERIO	h EURCASSALM		AGROESTE		AGRICOLA	TURBO			
					14547675	G.O.	AGROBAN	COLOHBIY				
				MANGLAR	AGROESTE	200777	CS0724	C50729 ·	CS0733			
				CS0720	cs0722	CS0723		DECEMBERS	MUNICER			
				RENDEREZ	DESERVED	はモバスにはては	MARGERRA	•				
				•								
C	URRENT LIA	BILITIES							4 400 000			
•	UNTER 1	DANS PAYABLE							1,600,000			
		BAHK LOAN	2 216.5									
0800	33A	BANK LUAN	Ailuva 3.00 A									
0810.	338	BANKLOANS	*FUKO>									
0820	33C	BK LOANS-	others									
		OTHER LOA	us '					********	**********			Confidential Treatment
0830	33X	DINEN FOR		*********	********	********			1,600,000			Request by Chiquita Brands
												wedgest by Cliffills Blands
0840	33	TOTA	L HOTES & L					*********	••••			
40.14				*********	*********							
	LOUG-YESN	DEBT DUE W/I	u 1 YR.		•				3,032,954			
		. IN 204 103Q	ve-liek						•			
0850	35A	C/LTD-BAN	K3*U3J	•					48,220			
0860	35B	C/LTD-BAN	ks-eur						401550			
08.70	35C	C/LTD-BAH	KS-OTH									
0000		C/LTD-1/R	RONDS									
0880	35D	0/610 1/1	00.100									
0890	35E	C/LTD-DEF	NU NUM									•
0900	35L	C/LTD-CAP	LEASE									
0910	35X	C/LTD-OTH	ER				*********	*********	**********			
UYIU	374	0,210 01		*********	**********	911444			3,081,174			
		1	LAUG-TEDS	1								
0920	35	1014	L LONG-TERM			*********	*********	5				
**			3					•				1
	ACCOUNTS	DAYAR! F							1,979,092			
		IN THINE		(8,146)	32,059				•			
0930	37A	A/P TRADE			11,769				12,998			
0940	37B <sup>.</sup>	A/P DUTTE	S TAXS	21,627	1111.21							
0950	37C	A/P DEPOS	ITS				1		352,101			
		A/P LOC/F	OR GOV				•					
0960	370	M/P LOU/I	owner.	15,317	6,708				16,230			•
0970	37E	A/P BANK	UVKUFI	10,017	744				IOJAN			
0980	37F	A/P EHPL!	EE W/H	815	177							
	37H	ESTIHATED	BILLS						152,537			
0990		PAY TAX I	ITTU	67,173	66,821	•		•				
1000	37J	PAT IAN	1410 ,	21,111	•							
	COUPON RE	DEHPTION										
1011	37K1000	COUPON-BE	G BAL									
		COUPON-CH										
1012	37K2000	COUPON-RE										
1013	37K3000											
1014	37X4000	COUPON-E)	(CH				•					
1015	37K5000	COUPON-OT	HER				*********		**********	•		
1017	ALMANA	<b>900</b> ( <b>9</b> )		*********	*********							
		A6418	AU BENEUNT	1					*********			i
1019	37K	COUP	ON REDEMPT			*******	*********	***************************************	4/0 240			·
				***********	16 170				. 160,519			
4050	770	A/P OTHER	1	40,290	46,430			*********	*********	•		
1020	37X	W. Atten		*********	********	**********	4		2,673,477			
				177 076	164,531		1		ajuluj			
1030	37	TOTA	L ACCOUNTS	. 137,076	14.12.	**********	**********	*********	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	•		
1000	••	()		*********	***************************************							
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RUN DATE:01/13/97 RUN TIME: 09:42:10 BALANCE SHEET BY COMPANY RPT ID: HBFL PERIOD ENDED:9612A1YC  MANGLAR AGROESTE AGRICOLA BANADEX CS0720 CS0722 CS0723 CS0724 CS0729 CS0733 CS0720 CS0722 CS0723 CS0724 CS0729 CS0733 CS0720 CS0720 CS0720 CS0723 CS0724 CS0729 CS0733 CS0720 CS0720 CS0720 CS0723 CS0724 CS0729 CS0733 CS0720 CS0	nent 3rands
RUN TIME: 09:42:10 BALANCE SHEET BY COMPANY RPT ID: HBFL PERIOD ENDED:9612A1YC  AGROESTE AGRICOLA BANADEX  MANGLAR AGROESTE G.O. AGROBAN COLOMBIA TURBO  CS0720 CS0722 CS0723 CS0724 CS0729 CS0723  CS0720 CS0722 CS0723 CS0724 CS0729 CS0723  DEBERGER REFERENT ENDERHELD	nent 3rands
RPT ID: HBFL PERIOD ENDED:9612A1YC AGROESTE AGRICOLA BANADEX  MANGLAR AGROESTE G.O. AGROBAN COLOMBIA TURBO CSO720 CSO722 CSO723 CSO724 CSO729 CSO733 USERERSE MUNEUPER PERENE EDECRMES EDECRMES USERERSE  1040 38 DIV/DS PAYABLE ACCRUED LIABILITIES	nent 3rands
AGROESTE G.O. AGROBAN COLOMBIA TURBO CS0720 CS0722 CS0723 CS0724 CS0729 CS0733 UNRECHAR REVELLER REVELLER EXPERIENCE EXPERIENCE EXPERIENCE UNRECHAR  1040 38 DIV/DS PAYABLE ACCRUED LIABILITIES	nent 3rands
CSO720 CSO72Z CSO723 CSO724 CSO729 CSO733  USBERGAR MUNICIPAL ENGINEER CENTRE C	nent 3rands
1040 38 DIV/DS PAYABLE ACCRUED LIABILITIES  ACRUED LIABILITIES	nent 3rands
1040 38 DIV/DS PAYABLE ACCRUED LIABILITIES 480 570	nent 3rands
ACCRUED LIABILITIES 480 570	nent 3rands
	nent 3rands
1050 39A A/L PAIRULL 510,467 257,275 181,996	nent 3rands
1000 398 A/L INIEKESI	nent 3rands
1070 39C A/L OTHER TAXES 1080 39D A/L HEALTH INS	nent 3rands
1090 39E A/L INS OTHER	nent 3rands
PENSION & SEVERANCE Confidential Trans	arands
THE DEFINE FOR ME TO THE TOTAL PROPERTY OF THE	Spuric
(755 84/)	
1103 39F3000 PEN-SEY-KEDULI (131,5317 (137,5017)	
1104 39F4000 PEH-SEV-EXCH (8,068) (8,306) 1105 39F5000 PEH-SEV-OTHER	
escoperation escoperation approximately appr	
1109 39F PENSION & SEVER 369,264 / 362,710 / 208,584	
***************************************	
1110 39G A/L LTYE COSTS	
RESERVES 1131 3911000 RESERVE-BEG BAL	
1131 3911000 RESERVE-BEG BAL 1132 3912000 RESERVE-GH/(CR) 852 3 32,556	
1177 TOTTONO DECEDUE-DEDILIT	•
1134 3914000 RESERVE-EXCH 28 (28,147)	
1135 3915000 RESERVE-OTHER	
000 4.400	
1139 391 RESERVES-END.BA 880 4,409	
OPPORTUDE T	
1140 39J EMP DIS-UNEN T	
LEGAL FEES	
1151 39K1000 LEG FEE-BEG BAL	
11F2 39K2000 LEG FEE-CH/(CR) .	
1153 39K3000 LEG FEE-REDUCT	
1154 39K4000 LEG FEE-EXCH	
1155 39K5000 LEG FEE-OTHER	
1159 39K LEGAL FEES-EHD.	
######################################	
1160 39X A/L OTHER 44,352 41,612 362 139,051	
4 ANY (10	
1170 39 TOTAL ACCURED L 730,045 663,617 1,242 1,023,619	
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RUN YI	ATE:01/13/97 IME: 09:42:10 D: HBFL	BALANCE SHE Perico	ET BY COMPANY ENDED:9612A1YC  MANGLAR CS0720 EXECUTER	AGROESTE CS0722	AGROESTE G.O. CSO723	AGROBAN CSO724	AGRICOLA COLOMBIA CSO729	BANADEX TURBO CSO733		
1181 1182 1183 1185	41D1000 41D2000	. INCOME TAXES CURRENT DEF US C-BG BAL DEF US C-PROV DEF US C-REDUCT DEF US C-OTHÉR U.S. DEFERRED I	**********	***********		***********	***********	***********		Confidential Treatment Request by Chiquita Brands
1191 1192 1193 1194 1195	DEFERRED FOR 41E1000 41E2000 41E3000 41E4000 41E5000	EIGN INCOME TAXES CURR DEF FG C-BG BAL DEF FG C-PROV DEF FG C-REDUCT DEF FG C-EXCH DEF FG C-OTHER	ENT	**********	40000000000	*********		***************************************		
1199	41E	FGN DEFERRED IN	******	*********	***********	*********	********	**********		
1200	41	TOTAL DEFERRED	*******	********	*********	0	*********	******		
1212 1213 1215	U.S. FEDERAL 42A2000 42A3000 42A5000	INCOME TAXES-CURRENT US FED C-PROV US FED C-REDUCT US FED C-OTHER	YEAR	>======++	***********	**********	*********	***********		·
1219	42A	U.S. FEDERAL IN			*********	*********	444444444	***********		
1221 1224 1223 1225 1229	U.S. FEDERAL 4281000 4282000 4283000 4285000 428	. INCOME YAXES-PRIOR YI US FED P-BG BAL US FED P-PROV US FED P-REDUCT US FED P-OTHER U.S. FEDERAL IN	EARS	***************************************	***********		/	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,	
1242 1243 1244 1245	42C2000 42C3000 42C4000 42C5000	ME TAXES-CURRENT FG TX C-PROV FG TX C-REDUCT FG TX C-EXCH FG TX C-OTHER FOREIGN INCOME	22,860 (114)	39,293 (14,381) (181) 24,731	74.9122	17,493 (87) (87)		137,245 / 5,098 1,107		ı
		CBI.V1-001-004141								2CHQ3-000175

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RUN D	ATE:01/13/97										
RUN T	IHE: 09:42:1	n BALANCE SH	EET BY COMPANY								
PPT 11	D: HBFL	PERIO	D ENDED:9612A1Y	C			AGRICOLA	BAHADEX			
AFT 41	)   1101 <b>4</b>				AGROESTE			TURBO .			
			MATTER AD	AGROESTE	G.O.	AGROBAN	COLOHBIA				
			MANGLAR	, MUNUSUIL	C\$0723	cs0724	CS0729	CS0733			
			CS0720	CS0722			FRECHER	FRESERVE			
			#ERKKARE	<b>基金基本的</b>	DIRRRRY	#CHURERA			•		
	FOREIGN INC	OHE TAXES - PRIOR			•			5,062			
1251	42D1000	FG TX P-BEG BAL				///		•			
						97,466		41 0771			
1252	4202000	FG TX P-PROV				(97,466)		(4,973)			
1253	4203000	FG TX P-REDUCT				****		(88)			
1254	4204000	FG TX P-EXCH						•			
1224						•		_			
1255	4205000	FG TX P-OTHER			***********	**********	*********	*********			
			********	***********	••••			1			_
1259	420	FOREIGN INCOME									Confidential
1637	460	I Gildean tuanim	******	*********	*********	*******		***************************************			Confidential Treatment Request by Chiquita Brands
			***************************************								Chiquest by Chiquita D.
	U.S. STATE	INCOME TAXES - CURRENT									and brands
1272	42E2000	US STX C-C/(CR)									
1273	42E3000	US STX C-REDUCT									
1275	42E5000	US STX C-OTHER						*********			
1213	4555000	••••	********	*********	********	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,					
1279	42E	U.S. STATE INCO						********			
1011			********	*********		**********	••••				
	U.S. STA	NTE INCOME TAXES - PRIO	К								
1281	42F1000	US STX P-BG-BAL									
1282	42F2000	US STX P-PROV				5					
1283	42F3000	US STX P-REDUCT									
1285	42F5000	US STX P-OTHER									
1603	4213000	DO GIV I ALIMII		*********	**********	*********	**********	***********			
1289	42F	U.S. STATE INCO					*********	**********			
,			**********	*********	**********		*****	4/7 /54			
		PARL TURBUT TE	22,746	24,731		17,406		143,451			
1290	42	TOTAL INCOME TA		CALINI			********	*********			
			**********	**********	••••	40 4/0		8,521,721			
1700	0013342	TOTAL CURRENT L	889,867	852,879		18,649		012011101			
1300	2012246	INIUM COUNTIL E		**********	*********	********	*********	*********			
			000000000								
	LONG-TERM I	IFRY '						23,460,580			
4845		I TO BEILD IND	600,000	600,000				23,4001300			
1310	43A	LTD-BANKS-US\$	0001000	000,000							•
1320	438	LTD-BAHKS-EUROS						240,978			
1770		LTD-BANKS-OTHER						6101110			
1330	43C										
1340	430	LTD-IHV REV BDS									
1350	43E	LID-DEFER'D ACQ									
1360	43Ľ	LTD-CAP LEASES									
1370	43X	LTD-OTHER						**********			
,0.0			**********	*********		***********	***************************************	AT TAL EED			
		***** 1 4UA 9FRI	400.000	000 004				23,701,558			
1380	43	TOTAL LONG-TERM	600,000	600,000			**********	*********			
			********	**********	**********						
		e a courn liantilitic	e								
		IS. & SEVER. LIABILITIE	v								
1381	444	PENSION-START									
1201		PENSION-PROV'NS	138,037								•
1382	448		120,000				•				
1383	44C	PENSION-PAYH'TS	(44,172)					*********			000177
1505			*********	**********	*********	***********	***************************************				2CHQ3-000176
•	(	) hrii	93,865								
1389	44	TOTAL ACCR. PEN	73,003				**********	*********			
	<u>~</u>	{	*********	*********	**********	*****		•			
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RUN C	ATE:01/13/97								LVAC.	QU.	
RUN 1	TIHE: 09:42:1		HEET BY COMPANY OD ENDED:9612A1Y	/r							
RPT I	ID: HBFL	PERIO	A CHUCUITOICHII	10	AGROESTE		AGRICOLA	BANADEX			
			MANGLAR	AGROESTE	G.O.	AGROBAN	COLOMBIA	TURRO			
			CS0720	CS0722	CS0723	CS0724	CS0729	CS0733			
			SECRETAL	SHEHRIER COALCO	SCHOOKER	ESSERSEE	FERFRE	STERRETE			
		ivies & Affenneh Phen									
		LITIES & DEFERRED CRED	/113								
****	DEFERRED !	NCUNC			3,154,957						
1401	45A1000	DEF INC-BEG BAL		(264,594)	125,230						
1402	45A2000	DEF INC-ADDIT			(668,651)	(537,461)		(60,337)			
1403	45A3000	DEF INC-REDUCT		75,505	(00010317	(201)1011					
1404	45A4000	DEF INC-EXCH									
1405	45 <b>A</b> 5000	def inc-other			**********		*********	******			
			. ************	4400 000	2 411 574	(537,461)		(60,337)			Confidential Treatment
1409	45A	DEFERRED INCOME		(189,089)	2,611,536	(104)166)		**********			Request by Chiquita Brands
			***********	***********	************	***************************************					
: 1420	45C	HINOR INTEREST						*********			
			********		*********	***************************************					
	U.S. DEFERR	ED INCOHE TAXES COC-CU	JRRENT .								
1421	45D1000	DEF US H-BG, BAL									
1422	45D2000	DEF US N-PROV						•			
1423	45b3000	DEF US N-REDUCT			•						
1425	4505000	DEF US N-OTHER									
			********	*********	,:	*********		***************************************			
1479	450	U.S. DEFERRED I									
****			********	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	**********	3	***********	**********			\$
	FOREIGN DEF	ERRED INCOME TAXES NOW	I-CURR								
1441	45E1000	DEF FG N-BG BAL									
1442	45E2000	DEF FG N-PROV					•				
1443	45E3000	DEF FG N-REDUCT									
1444	45E4000	DEF FG H-EXCH									
1445	45E5000	DEF FG H-OTHER									
1775	4963880	941 14 II - III	.,,	**********	**********	*********	*********	**********			
1449	45E	FGN DEFERRED IN	i								
1447	174	,	********	*********	*********	**********	*********	***********			,
1450	45	TOTAL OTHER LIA	l	(189,089)	2,611,536	(537,461)		(60,337)			
1400	10	75			**********	,,,,,,,,,,,,	*********	**********			
1480	48	ACCTS PAY-G.O.									
1400	70	VANIA IVI ALAL	4		**********	**********		*********			
1499	0013348	TOTAL LIABILITI	1,583,732	1,263,790	2,611,536	(518,812)		32,162,942			
1477	0400100	INING PROPERTY	1,502,100	11001	********		**********	*********			
	AHARRIA) BERA	PAULTY	•••••								
4540	SHAREHOLDERS		407 707	790,995		322,670	1,000,000	5,001,511			
1510	54	CAPITAL STOCK	687,397	3,675,428	748,751	-4-1-1-	44	27,462,368			
1520	55	CAPITAL SURPLUS	3,487,460	*******	******	*******	******	******			
			***********	******							
		HED IN THE BUSINESS		45 F7/ ///\	/4 7/9 0061	1,222,765	(1,224,458)	(7,992,447)	_		·
1541	56A	R/E-START YEAR	(4,251,607)	(2,576,664)	(1,348,096)	69,528	(1,204)	(4,310,330)	Ω		
1542	56B	R/E-CURR P&L	378,002	502,761	(302,793)	034,70	(1)604)	(4)0 (0)000)	<u>w</u>		
1543	56C	R/E-DIV DECL'D							ュ		
1544	560	INTER DIV DECL							Ş		
			*********	**********	***************	4 400 007	14 MMF //M	442 702 7771	ī		
1549	56	INCOME RETAINED	(3,873,605)	(2,073,903)	(1,650,889)	1,292,293	(1,225,662)	(12,302,777)	9		701103 ***
	•		*********	*********	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	***********	**********	************	7		2CHQ3-000177
1598	0015056	TOTAL SHAREHOLD	301,252	2,392,520	(902, 138)	1,614,963	(225,662)	20,161,102	CBI-V1-001-004143		
				*********	**********	***********	**********	**********	0		
1509	0013356	TTL LIAB&S/EQUT	1,884,984	3,656,310	1,709,398	1,096,151	(225,662)	52,324,044	Ž	•	
	,			**nuces***	CCHERRENER	*********	Mindiana	experienchic	7		•
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	TIME: 14:36:32		HEET BY COMPANY	الها			فصفا	الأسا	PAGE:	11		F	3)
(PT	ID: HBFL		DO ENDED:9612A1YC HANGLAR CSO720	AGROESTE CS0722	AGROESTE G.O. CSO723	AGROBAN CS0724	AGRICOLA COLOMBIA CSO729	BANADÉX Turbo CS0733					
			#35##### C20150	BREKEER	DESERTER COOLCO	SENSESSES	******	*****					
1610		OUTSIDE SALES						2,192,681					
1620	60120	INTERCO SALES	7,621,769	6,882,306			********	57,336,850		•	•		
1629	60	TOTAL SALES & S	7,621,769	6,882,306	**********	**********	**********	59,529,531					
	OPERATING COST							٠,					
.,,,	COST OF SALES		00 400	125 01/	169,788			1,325,028					
1665 1670		COS-DEPREC'TION COS-AMORT	98,182	125,914	107,100			114201022					
1775		C.O.S. OTHER	7,294,310	6,608,358	136,818	15,467	1,672	59,841,017		4	onfidential	Treatmen	nt
1 <b>779</b> !	65	TOTAL COST OF S	7,392,492	6,734,272	306,606	15,467	1,672	61,166,045		Req	onfidential uest by Ch	iquita Bra	ands
	SELLING							1					
1865 1870		SELL-DEPRC'TION SELL-AMORT								1			
1975		SELLING OTHER						,					
	•		**********	*******	**********	**********	**********						
1979	66	TOTAL SELLING		•			•	•					
.065	6 61+10	gun altaco com				\$							3
2070		G&A-AHORT		•									:
?145	67479	LEGAL FEE EXP											
1175	67999	G&A-OTHER			**********		**********	, {					
2179	67	TOTAL GENERAL &	************		***************************************								
•117	VI	Tarrie advanta		••••••	*********	**********	**********	********					
?180	68	PROV BAD DEBTS				,		617,541					
	APUPAN APPA	r attocations				1							
1185	GENERAL OFFIC 71560	G.O.ADIRECT						•				•	
190		G.O.AINDIRECT						' ':					
				*******	,,,,,,,,,,,,		.,	*************					
:199	71	TOTAL GENERAL O			***********	*********	.,	*********					
209	0016571	TOTAL OPERATING	7,392,492	6,734,272	. 306,606	15,467	1,672	61,783,586					
219	0016071	INC(LOSS) OPER	229,277	148,034	(306,606)	(15,467)	(1,672)	(2,254,055)		•			
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	CBI-V1-001-004144							<i>:</i> :				•	
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RUN T	IHE: 14:36:3 D: HBFL	BALANCE SP • PERIC	EET BY COMPANY TO ENDED:9612A1Y	C	AGROESTE	·	AGRICOLA	BANADEX Turbo	
, ,,,,,,	0016071	INC(LOSS) OPER	MANGLAR CSO720 HHRHHEFF 229,277	AGROESTE CS0722 nxxxxxxx . 148,034	G.O. CS0723 WYETHERE (306,606)	AGROBAN CS0724 ******* (15,467)	COLOMBIA CS0729 ************************************	(2,254,055)	
. 2219	0010071	tuntingal area	*****	**********	**********	*********		,	
2220 2225 2220	1HTERCOMPAN 73570 73571 73572	Y ITEMS INTERCO INT INC INTERCO INT EXP DIV. INC.	************	*********	4**************************************	***************************************	*********		
2239	73	. TOTAL INTERCOMP	)			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	********		Confidential Treatment
2240 2245	74580 75590	INT(EXP) AMORT DEBT EXP	(97,504)	(108,182)	•	(7,932)		(2,091,352)	Request by Chiquita Brands
2250 2255 2260	76600 76605 76610	C. & OTHER INC. & EXP( INT INC-PLANTER INT INC-OTHER RENT INCOME DIVIDEND INCOME	(LOSS) 319,507	443,839	•	104,716		411,742	
2265 2270 22 <b>7</b> 5	76615 76620 76625	PAL SEC SALES OTHER INC(EXP)		, ,	**********	**********	*********		1
27.79	76 ·	TOTAL INTEREST	319,507	443,839	*********	104,716	*******	:411,742	۵
2280	80640	PROP GAINS/LOSS	,	, , , , , , , , , , , , , , , , , , ,					•
2285 2290	81650 81652	INS OR (LOSSES)  EXCH-TRANSLATE  EXCH-TRANSACT  EXCH-TRANSACT	276,924 (327,342)	71,788 (27,806)	2,447 1,366	7,651 (1,947)	415 53	87,010 (331,403)	
2295	81655	EXCH-FUD CONTRY	*********	*********	3,813	5,704	468	(244,393)	•
2299	81 .	TOTAL EXCHANGE	(50,418)	43,982	3,013	***********	**********		•
2300 2305	84660 85670	NON-RECUR TEMS		**********	********			**************************************	,
2309	0076085	HET PEL B.I.T.	400,862	527,673	(302,793)	87,021	(1,204)	(4,178,058)	
2359	88	TOT TAX PROV	(22,860)	(24,912)	*********	(17,493)	*********	(132,272)	•
2399	0016088	NET INCOME/LOSS	378,002	502,761	(302,793)	69,528 , ************	(1,204)	(4,310,330) ***********************************	

CBI-V1-001-004145

RUN TIME: 14:36:32

BALANCE SHEET BY COMPANY
PERIOD ENDED:9612A1YC

	PAGE: 51				
	RUN TIME: 08:14:2	B BALANCE S	HEET BY COMPANY		
	RPT ID: HBFL	PER)	OD ENDED:9712A1YC		
			AGROESTE	AGRICOLA	Banadex
			G.O.	COLOMBIA	TURBO
			CS0723	CS0729	CS0733
			********	ARMGRAN	*****
	· · · CURRENT ASSET	S		•	
	0001 01	CASH			1,372,936
	0002 02	CASH EQUIV.			571,775
	0004 04	MRKTABLE SECUR			
	***************************************	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
	ACCOUNTS & 1	NOTES RECEIVABLE			
	0010 05A	TRADE REC'VBLS			6,985
	CLAIMS				
	0011 05B100Ô	CLAIMS-BEG. BAL			
	0012 05B2000	CLAIMS-ADDITION			
۵	0013 05B3000	CLAIMS-REDUCT.			
iii	0014 05B4000	CLAIMS-EXCHANGE			
¥	0015 05B5000	CLAIMS-OTHER			
خ			**********		44.14.44
3	0019 05B	CLAIMS - END BA	1		
<u>_</u>			*********	*********	********
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CBI-V1-001-004146			1		
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0020	05C	US GOV RECIVELS			
0030	05D	O. GOV REC'VBLS			
0040	05E	PLANTERS REC'BL			
0050	057	EMPL'S REC'VBLS			119,957
0060	05G	IMPORT DEPOSITS			
0070	05H	FRT/PAS REC'VBL			
0080	05I	PPE/SLS REC'VBL			
0090	05J	INTRST REC'VBLS			
0100	05K	NOTES REC'VELS,			
0110	05X	OTHER REC'VBLS	(528,645)		2,623,576
0120	05Z	OPEN I/C ITEMS			
		,	********	*********	*********
0130	05	TOTAL ACCOUNTS	(528,645)		2,750,518
		•			
	ALLOWANCE	FOR DOUBTFUL ACCOUNTS			
0131	07A1000	TRADE-BEG. BAL.			
0132	0732000	TRADE-PROVISION			
0133	07λ3000	TRADE-REDUCT.			
0134	07A4000	TRADE-EXCHANGE			
0135	07A5000	TRADE-OTHER			
		***************************************		**********	*********
0139	07 <b>X</b>	TRADE - ALLOWAN			
	•	•	********	*********	******
0141	0781000	OTHER-BEG, BAL,			(551,659)
0142	0782000	OTHER-PROVISION			(10,656)
0143	07B3000	OTHER-REDUCT.			409,729
0144	0784000	OTHER-EXCHANGE			70,807
0145	07B5000	OTHER-OTHER		5	58,657
4113	0103000	OTUBA-ATUBA			**********
0149	07B	OTHER - ALLOWAN			(23,122)
LLTA	VID	Attitu - Utinalium			**********
0150	07	TOTAL ALLOWANCE			(23,122)
4134	VI	TOTAD VAROUVICE			**********

2CHQ3-000181

Confidential Treatment Request by Chiquita Brands

1-001-004

RUN I	01/09/98 IME: 08:14:28 D: HBFL		HEET BY COMPANY DD ENDED;9712A1YC AGROESTE G.O. CS0723	AGRICOLA COLOMBIA CS0729	BANADEX TURBO CS07,33		PAGE;	52
	INVENTORIES		***************************************	********	**********			
0160	MEAT				08A			
	meat rese	RVE:						
0211	08F1000	MEAT-BEG, BAL,						
0212	08F2000	MEAT-CHARG/(CR)					•	
0213	08F3000	MEAT-REDUCTIONS						
0215	08F5000	MEAT-OTHER						
				.,,,,,,,,,	*******			
0219	Meat	INVENTORY RESERVES-EN	D BALANCE		08F			
			.'					
	TOTAL	MEAT						
						***********	1011	٥
0170	bananas an	D RELATED PRODUCTS			08B		2CH	Q3-000182
					V			
					•			

0231 0232 0233 0235 0239	DANANA RESERVE:  08G1000 BANANA-BEG BAL 08G2000 BANANA-CHR/(CR) 08G3000 BANANA REDUCT. 08G5000 BANANA TRUETTER  DANANA INVENTORY RESERVES - END BAL TOTAL BANANAS & RELATED PRODUCTS		 08G		
		-			
0180	OTHER FOOD PRODUCTS		OBC		Confidential Treatment
	OTHER FOOD PRODUCTS RESERVE:				
0251	08H1000 OTH FD-BEG BAL				Request by Chiquita Brands
0252	08H2000 OTH FD-CHR/(CR)				
0253	08H3DCO OTH FD-REDUCT.	•			
0255	OBHSOCO OTH FD-OTHER.				
0259	OTHER FOOD PRODUCTS INVENTORY RESRV	*******	08H	******	
	TOTAL OTHER FOOD PRODUCTS				
	SASIM ASIMI SASA			404 406	
0190	GROWING CROPS		08D	424,906	
0270	GROWING CROPS RESERVE:				
0271	0811000 GR CROP-BEG BAL				
0272	OBIZODO GR CROP-CH/(CR)				
0273	0813000 GR CROP-REDUCT.		•		•
0275	0815000 GR CROP-OTHER	0			4
••••	*********		~~~~~~~~		
0279	GROWING CROPS INV RESRV END BALANCE		180		
,	********		,	424,906	
	TOTAL GROWING CROPS			747,700	
	•				

2CHQ3-000183

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Confidential Treatment Request by Chiquita Brands

BALANCE SHEET BY COMPANY RUN TIME: 08:14:28 PERIOD ENDED:9712A1YC
AGROESTE RPT ID: HBFL AGRICOLA BANADEX COLOMBIA CS0729 TURBO G.O. CS0733 CS0723 ZZHZZZZZ . 0200 MATERIALS AND SUPPLIES OBSOL. MATERIALS & SUPPLY RESERVE: (332,697) 0291 08J1000 OBS MAS-BEG BAL (402,089) 08J2000 OBS M&S-CH/(CR) 0292 335,494 OBS M&S-REDUCT. 0293 08J3000 OBS MAS-OTHER 0295 08J5000 08J 0299 OBSOL. MAT & SUPPLY INVENTORY RESRV TOTAL MATERIAL & SUPPLY 08X 0210 OTHER 2CHQ3-000184 RESERVE FOR OTHER INVENTORY: RES OTH-BEG BAL 08Y1000

DATE:01/09/98

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0312 0313 0315	08Y2000 08Y3000 08Y5000	RES OTH-REDUCT. RES OTH-OTHER		*****			•
0319		INVENTORY RESERVES FOR OTHER	RINVENT		08Y		
		TOTAL OTHER INVENTORY			•	*****	
0320	80	TOTAL INVENTORI	424,906	*****	4,963,424		
0330 0340 0350 0360 0370	PREPAID 10A 10B 10C 10D 10E	expenses  ppd-rentals  ppd-taxes  ppd-taxes  ppd-interest  ppd-insurance  ppd-charter			29,559		Confidential Treatment Request by Chiquita Brand
0380 0390 0400 0410	10F 10G 10H 10X	PPD-ADVERT'NG PPD-DEPOSITS PPD-LYTE COSTS PPD-OTHER		**********	131,664		
0420	10	TOTAL PREPAID E	********	*********	********		
0421 0422 0423 0429	PREPAID 11A 11B . 11C 11	PPD I/TAX-START PPD I/TAX-ADD PPD I/TAX-DEDUC PREPAID INCOME	(103,739)		629,014 295,521 (674,272) 250,263 10,047,017		5

PAGE:	54

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RUN '	:01/09/98 PIME: 08:14:28 ID: HBPL	BALANCE SHEET PERIOD E	BY COMPANY NDED:9712A1Y AGROESTE G.O. CSO723	AGRICOLA COLOMBIA CS0729	BANADEX TURBO CS0733	·		
	INVESTMENTS	AND LONG-TERM RECEIVABLES						
0440		PL'TRS LT REC			**1			
0450	12B	PPE/SLS LT REC			(1)			
0460	12C	SHIP/SUB LT REC			407 707			
0470	12D	GOY/LOAN LT REC			107,797			
0480	12B	Franchee LT REC						
0490	12F	emp/loan LT REC			62,705			
0500	12G	DEPOSITS LT REC			021100	,		
0510	12H	NOTES LT REC						
0520	12 I	LIVESTOCK			26,763			
0530	12J	invest-unaff co			20,703			
0540	12K	invest-affil co			40.000			
0550	12X	LT REC-OTH			40,820		2CHQ3-000	186
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0560	12	TOTAL INVESTME	n.		238,084
4200	**	101/10 21/1001/10			
	ALLOUANCE	FOR DOUBTFUL ACTS. LONG	-TERM		
0561	141000	D/A L/T-BEG BAL	*****		
0562	142000	D/A L/T-PROVIS.			
0563	143000	D/A L/T-REDUCT			·
0564	144000	D/A L/T-EXCH			2,133
0565	145000	D/A L/T-OTHER			(42,325)
	•	#/// =/ · · · · · · · · · · · · · · · · ·		**********	*********
0569	14	ALLOHANCE FOR	מ		(40,192)
				*********	
2500	15	PROP PLT EQUIP	4,187,701		28,117,781
2700	16	ACCUM DEPR'TION	(1,398,389)		(12,203,522)
	OTHER NON	-CURRENT ASSETS			
0585	18A	assets-disposal			
0590	18B	reserve-a.H.D.			
			*********		*********
0595	18	TOTAL OTHER NO	H		•
					**********
	DEPERRED	CHARGES			
0600	20A	D/CHG-EMP HOUSE			
0610	208	D/CHG-BOX STA'N			
0620	20C	D/CHG-PROJ COST			•
0630	20D	D/CHG-PROP CEDE			
0640	20E	D/CHG-SALE/LEAS			
0650	20G	D/CHG-UNAM DEBT	8		
0660	201	D/CHG-UNAM FEES	•		
0670	20J	D/CHG-PER-EXCHG			
0690	20X	D/CHG-OTHER			46,912
0700	202	G/L INTERFACE	(2)	(1)	
		•	*********	**********	
					44 445
0710	20	TOTAL DEFERRED	(2)	(1)	46,912

DATE	:01/09/98				
RUN !	CIME: 08:14:2	8 BALANCE	SHEET BY COMPANY		
RPT :	ID: HBFL	PE	RIOD ENDED:9712A11 AGROESTE G.O. CS0723	AGRICOLA COLOMBIA CS0729	BANADEX TURBO CS0733
	DEFERRED IN	COME TAXES			
0711	22A	D.I.TSTART			
0712	22B	D.I.TADD			
0713	22C	D.I.TREDUCT			
			**********		********
0719	22	D.I.TEND			
			*********	**********	**********
	TRADEMARKS				
0721	23A1000	T/MARKS-BEG BAL			
0722	23A2000	T/MARKS-ADD			
0723	2373000	T/MARKS-REDUCT			
0725	23\5000	T/MARKS-OTHER			
					*********

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0729	23A	trademarks- end			
	~***			**********	
0731	23B1000	AM T/M-BEG BAL			
0732	23B2000	AM T/M-AMORT			
0733	23B3000	AM T/M-REDUCT			
0735	23B5000	AM T/M-OTHER			
4145			*********		*********
0739	23B	AMORTIZATION OF			
	**;	•		*********	*****
0740	23	TOTAL TRADEMARK			
• • • • •	••	•		**********	
	COODWILL				
0741	25A1000	GOODWIL-BEG BAL			
0742	25A2000	GOODMIT-YDD			
0743	25A3000	GOODWLL-REDUCT			
0745	2535000	GOODWIL-OTHER			
			*********	**********	*********
0749	25A	GOODWILL-END.BA			
		•		*********	*********
0751	25B1000	AM G/H-BEG BAL			
0752	25B2000	am g/H-amort			
0753	25B3000	AM G/H-REDUCT			
0755	25B5000	am g/H-other			
-,				*********	
0759	25B	. AMORTIZATION OF			•
*		,		**********	********
0760	25	TOTAL GOODWILL :			
• • • • • • • • • • • • • • • • • • • •		•	*********		
0765	27	invest-us subs			
0770	28	INVEST-NON U.S.			101,376
0775	29	AFFIL COSU.S.	(1,680,116)		23,421,249
0790	31	IN TRANSIT			1
0780	32	I/C LOANS			
7170	7.	-,	*********		
0799	0070131	TOTAL ASSETS	1,005,455	(1)	49,728,705
V.27	******		*********		

Confidential Treatment Request by Chiquita Brands

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DATE:01/09/98 RUN TIME: 08:14:28 BALANCE SHEET BY COMPANY PERIOD ENDED:9712A1YC RPT ID: HBPL BANADEX AGROESTE AGRICOLA COLOMBIA TURBO G,0. CS0733 CS0729 CS0723 \*\*\*\*\*\* CURRENT LIABILITIES NOTES & LOANS PAYABLE 33A BANK LOANS-US \$ 0800 BANKLOANS-EURO\$ 0810 33B BK LOANS-OTHERS 0820 33C OTHER LOANS 0830 33X

TOTAL NOTES & L

LONG-TERM DEBT DUE H/IN 1 YR.

.0850	35A	c/LTD-Banks-US\$			
.0860	35B	C/LTD-BANKS-EUR			
0870	35C	C/LTD-BANKS-OTH			
0880	35D	C/LTD-I/R BONDS			
0890	35E	C/LTD-DEFRD ACQ			•
0900	35L	. C/LTD-CAP LEASE			
0910	35X	C/LTD-OTHER			
		,	***********		*********
0920	35	TOTAL LONG-TERM			
•••		•			
	ACCOUNTS	Payable			4 000 040
0930	37A	A/P TRADE			4,278,942
0940	37B	A/P DUTIES TAXS			19,018
0950	37C	A/P DEPOSITS			30,599
0960	370	A/P LOC/FOR GOV		(1)	197,980
0970	378	A/P BANK OVRDET			
0980	37F	A/P EMPLIEE W/H			32,363
0990	37H	ESTIMATED BILLS			
1000	370	PAY TAX HITH			193,855
1000	COUPON RE	****			
1011	37K1000	COUPON-BEG BAL			
1012	37K2000	COUPON-CHR/(CR)			
1012	37K2000	COUPON-REDUCT			
1014	37K4000	COUPON-EXCH			
1015	37K5000	COUPON-OTHER			
1012	3173000	COCCU-011100	**********		********
****	37K	COUPON REDEMPTI			
1019	) ik	Contatt Warmer			
	200	A/P OTHER			279,842
1020	37X	N/T VIRER		**********	**********
1070	37	TOTAL ACCOUNTS		(1)	5,032,599
1030	31	101VIII verganita			

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Confidential Treatment Request by Chiquita Brands

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RUN TI	1/09/98 ME: 08:14:28 ): HBFL	BALANCE SI PERI	HEET BY COMPANY OD ENDED:9712ALYC AGROESTE G.O. CS0723	AGRICOLA COLOMBIA CS0729	BANADEX TURBO CS0733	
1040 1050 1060 1070 1080	38 ACCRUED LIAB 39A 39B 39C 39D	A/L PAYROLL A/L INTEREST A/L OTHER TAXES A/L HEALTH INS			697,808	
1090	39E PENSION & SE 39F1000 39F2000 39F3000 39F5000	A/L INS OTHER			796,196 1,288,581 (618,468) (21,933)	2CHQ3:000192

A. C.

-11 <b>0</b>	2 00	019	3

1109	39F	PENSION & SEVER	**********	***************************************	1,444,376
1110	39G Reserves	A/L LTYE COSTS			
1131	3911000	RESERVE-BEG BAL			4,410
1132	3912000	RESERVE-CH/(CR)			32,985
1133	3913000	RESERVE-REDUCT			(6,116)
1134	3914000	RESERVE-EXCH			(5,626)
1135	3915000	RESERVE-OTHER			
	*******				**********
1139	391	RESERVES-END.BA			25,653
****	***	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			*********
1140	39J	EMP DIS+UNEM T			
	•••	2,10 222 21.21.			*****
	LEGAL FEES				
1151	39K1000	LEG PEE-BEG BAL			
1152	39K2000	LEG FEE-CH/(CR)			
1153	39K3000	LEG FEE-REDUCT			
1154	39X4000	LEG FEE-EXCH			
1155	39K5000	LEG FEE-OTHER			
1133	3303000	DEG TEG-VITAR			~~~~~~~
1159	39K	LEGAL FEES-END.	***************************************		
			*********	**********	100 600
1160	39X	a/l other	63,417		179,600
			**********	**********	
1170	39	TOTAL ACCURED L	63,417		2,347,437

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2CHQ3-000193

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DATE:01/09/98 RUN TIME: 08:14:28 BALANCE SHEET BY COMPANY PERIOD ENDED: 9712A1YC RPT ID: HBFL BANADEX AGRICOLA AGROESTE G.O. COLOMBIA TURBO CS0729 CS0733 CS0723 \*\*\*\*\*\*\* \*\*\*\*\* DEFERRED U.S. INCOME TAXES CURRENT 41D1000 41D2000 DEF US C-BG BAL DEF US C-PROV 1181 1182 1103 41D3000 DEF US C-REDUCT 1185 41D\$000 DEP US C-OTHER 1189 41D U.S. DEFERRED I DEFERRED FOREIGN INCOME TAXES CURRENT 41E1000 DEF FG C-BG BAL 1192 4182000 DEF FG C-PROV DEF FG C-REDUCT 1193 41E3000 1194 41E4000 DEF FG C-EXCH DEF FG C-OTHER 1195 41E5000 1199 FGN DEFERRED IN TOTAL DEFERRED 1200 41

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2CHQ3-000195	

1212 1213 1215	U.S. FEDERAL 42A2000 42A3000 42A5000	INCOME TAXES-CURRENT YEAR US FED C-PROV US FED C-REDUCT US FED C-OTHER	•••
1219	42A	U.S. FEDERAL IN	•
****	180	, horasonana annasiandus abdessos	• •
	II.S. PEDERAL	INCOME TAXES-PRIOR YEARS	Confidential Treatment
1221	42B1000	US FED P-BG BAL	Paguatt and I realment
1222	42B2000	US FED P-PROV	Request by Chiquita Brands
1223	42B3000	US FED P-REDUCT	
1225	42B5000	US FED P-OTHER	
1229	42B	U.S. PEDERAL IN	
****		**********************	•
	FOREIGN INCO	HE TAXES-CURRENT	
1242	42C2000	FG TX C-PROV 40,	725
1243	42C3000	FG TX C-REDUCT	
1244	42C4000	FG TX C-EXCH (9,	763)
1245	42C5000	FG TX C-OTHER	
		Appendanta evendabinense postigates	w#
1249	42C	FOREIGN INCOME 30,	962

DATE:01/09/98

Confidential Treatment Request by Chiquita Brands

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RUN T	TIMB: OB:14:	28 Balance she	et by company							
RPT I	D: HBPL	PERIO	ENDED:9712A1YC							
		•	agroeste	agricola	BANADEX					
•		8	G.O.	COLOMBIA	TURBO	5				
		•	CS0723	CS0729	CS0733					
			*****	******	*******					
	FOREIGN IN	COME TAXES - PRIOR					•			
1251	42D1000	FG TX P-BEG BAL			143,450					
1252	42D2000	FG TX P-PROV			(a.a. mma)					
1253	42D3000	FG TX P-REDUCT			(143,539)					
1254	42D4000	FG TX P-EXCH			89					
1255	42D5000	FG TX P-OTHER								
			**********	**********	*********	•				
1259	42D	FOREIGN INCOME								
		• • •	*********		*********	•		•		•
	U.S. STATE	INCOME TAXES - CURRENT			•					
1272	42E2000	US STX C-C/(CR)								
1273	42E3000	US STX C-REDUCT								
1275	4265000	US STX C-OTHER								
••••	1000	•• •• •• •• •• •• •• •• •• •• •• •• ••	**********		*******					
1279	42E	U.S. STATE INCO								
••••	,			*******	*******					
	11. S. ST.	ATE INCOME TAXES - PRIOR			•					
1281	42F1000	US STX P-BG BAL								
1282	42F2000	US STX P-PROV					•		•	
1283	42F3000	US STX P-REDUCT								
1285	42F5000	US STX P-OTHER								
1000	1213000	An Atti . Astinii	***********	*********	*********					
1289	427	U.S. STATE INCO							2CHQ3-	100196
****	181	B. B		*******	*********				Lings	

1290	42	TOTAL INCOME TA			30,962
1300	00T3342	TOTAL CURRENT L	63,417	(1)	7,410,998
	Long-Term I	DEBT			27,138,000
1310	43A	LTD-Banks-US\$			
1320	43B	LTD-BANKS-EUROS			
1330	43C	ltd-banks-other			
1340	43D	LTD-INV REV BDS			
1350	43E	LTD-DEFER'D ACO			
1360	43L	LTD-CAP LEASES			
1370	43X	LTD-OTHER			******
		salama	*********	••••	27,138,000
1380	43	TOTAL LONG-TERM	**********	*********	*******
	ACCRUED PE	NS. & SEVER. LIABILITIES	•	•	
1381	44A	PENSION-START			65,147
1382	44B	PENSION-PROVINS			
1383	44C	Pension-Paym'ts			
	• • • •		**********		65,147
1389	44	TOTAL ACCR. PEN			V0/
-507	• •		********		***************************************

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RUN TIME: 08:14:28  RPT ID: HBFL  PERIOD ENDED:9712A1YC  AGROESTE  AGRICOLA  G.O.  CS0723  CS0729  CS0733  OTHER LIABILITIES & DEFERRED CREDITS  DEFERRED INCOME  1401 45A1000  DEF INC-ADDIT  1402 45A2000  DEF INC-ADDIT  1403 45A3000  DEF INC-CEDUCT  1405 45A5000  DEF INC-CEDUCT  1405 45A5000  DEF INC-CEDUCT  1405 45A5000  DEF INC-CECH  1407 45A  U.S. DEFERRED INCOME  1420 45C  MINOR INTEREST  U.S. DEFERRED INCOME TAXES COC-CURRENT  1421 45D1000  DEF US N-BG BAL  1422 45D2000  DEF US N-FROV  1423 45D3000  DEF US N-FROV  1424 45D3000  DEF US N-CHER  1425 45D5000  DEF US N-CHER  1427 45D1000  DEF US N-CHER  1428 45D  U.S. DEFERRED INCOME TAXES NON-CURR  1429 45D  U.S. DEFERRED INCOME TAXES NON-CURR  1441 45E1000  DEF FG N-BG BAL  1442 45E2000  DEF FG N-REDUCT  1441 45E1000  DEF FG N-REDUCT  1443 45E3000  DEF FG N-REDUCT		01/09/98				
AGROESTE AGRICOLA BANADEX G.O. COLOMBIA TURBO CS0723 CS0729 CS0723  OTHER LIABILITIES & DEFERRED CREDITS DEFERRED INCOME 1401 45A1000 DEF INC-BEG BAL 2,611,535 (60,337) 1402 45A2000 DEF INC-REDUCT (381,543) 1404 45A4000 DEF INC-REDUCT (381,543) 1404 45A4000 DEF INC-CHCH 1405 45A5000 DEF INC-OTHER 1409 45A DEFERRED INCOME 1,745,436 (65,357) 1420 45C MINOR INTEREST  U.S. DEFERRED INCOME TAXES COC-CURRENT 1421 45D1000 DEF US N-BG BAL 1422 45D2000 DEF US N-FROV 1423 45D3000 DEF US N-FROV 1424 45D3000 DEF US N-CTHER 1425 45D5000 DEF US N-OTHER 1429 45D U.S. DEFERRED I 1421 45E1000 DEF GN-PROV 1423 45E1000 DEF FG N-BG BAL 1424 45E1000 DEF FG N-BG BAL 1425 45D000 DEF FG N-BG BAL	RUN T	'IME: 08:14:	28 BALANCE SH	EET BY COMPANY		
G.O. COLOMBIA TURBO CS0723 CS0729 CS0733  OTHER LIABILITIES & DEFERRED CREDITS DEFERRED INCOME 1401 45A1000 DEF INC-BEG BAL 2,611,535 (60,337) 1402 45A2000 DEF INC-ADDIT (483,556) (5,020) 1403 45A3000 DEF INC-REDUCT (381,543) 1404 45A4000 DEF INC-REDUCT (381,543) 1405 45A5000 DEF INC-OTHER  1409 45A DEFERRED INCOME 1,745,436 (65,357) 1420 45C MINOR INTEREST  U.S. DEFERRED INCOME TAXES COC-CURRENT 1421 45D1000 DEF US N-BG BAL 1422 45D2000 DEF US N-REDUCT 1423 45D3000 DEF US N-REDUCT 1424 45D5000 DEF US N-OTHER  1429 45D U.S. DEFERRED I 1429 45D DEFERRED INCOME TAXES NON-CURR 1441 45E1000 DEF FG N-BG BAL 1442 45E2000 DEF FG N-BG BAL	RPT I	D: HBFL	PERIC			DAMADEV
OTHER LIABILITIES & DEFERRED CREDITS  DEFERRED INCOME  1401						
OTHER LIABILITIES & DEFERRED CREDITS  DEFERRED INCOME  1401					*****	
OTHER LIABILITIES & DEFERRED CREDITS  DEFERRED INCOME  1401		8		CS0723		9
DEFERRED INCOME  1401				*****	******	MAAAAAA
1401 45A1000 DEF INC-BEG BAL 2,611,535 (60,337) 1402 45A2000 DEF INC-ADDIT (483,556) (5,020) 1403 45A3000 DEF INC-REDUCT (381,543) 1404 45A4000 DEF INC-OTHER 1409 45A DEFERRED INCOME 1,746,436 (65,357) 1420 45C MINOR INTEREST  U.S. DEFERRED INCOME TAXES COC-CURRENT 1421 45D1000 DEF US N-BG BAL 1422 45D2000 DEF US N-FROV . 1423 45D3000 DEF US N-FROV . 1424 45D3000 DEF US N-FROV . 1425 45D5000 DEF US N-OTHER  1429 45D U.S. DEFERRED I 1421 45D1000 DEF US N-OTHER .		OTHER LIAB	ILITIES & DEFERRED CREDI	ts		
1401 45A1000 DEF INC-ADDIT (483,556) (5,020) 1402 45A2000 DEF INC-ADDIT (483,556) (5,020) 1403 45A3000 DEF INC-EXCH 1405 45A5000 DEF INC-OTHER  1409 45A DEFERRED INCOME 1,746,436 (65,357) 1420 45C MINOR INTEREST  U.S. DEFERRED INCOME TAXES COC-CURRENT 1421 45D1000 DEF US N-BG BAL 1422 45D2000 DEF US N-REDUCT 1423 45D3000 DEF US N-REDUCT 1424 45D5000 DEF US N-OTHER  1429 45D U.S. DEFERRED I  FOREIGN DEFERRED INCOME TAXES NON-CURR 1441 45E1000 DEF FG N-BG BAL 1442 45E2000 DEF FG N-BC BAL 1442 45E2000 DEF FG N-BC BAL		DEFERRED	income			//0 5351
1402 45A3000 DEF INC-REDUCT (381,543) 1403 45A3000 DEF INC-REDUCT (381,543) 1404 45A4000 DEF INC-OTHER 1409 45A	1401	45A1000	def inc-beg bal			
1403 45A3000 DEF INC-REDUCT (381,543) 1404 45A4000 DEF INC-EXCH 1405 45A5000 DEF INC-EXCH 1409 45A . DEFERRED INCOME 1,745,436 (65,357) 1420 45C MINOR INTEREST  U.S. DEFERRED INCOME TAXES COC-CURRENT 1421 45D1000 DEF US N-BG BAL 1422 45D2000 DEF US N-REDUCT 1423 45D3000 DEF US N-REDUCT 1424 45D5000 DEF US N-OTHER  1429 45D U.S. DEFERRED I 1429 45D U.S. DEFERRED I 1429 45D DEF FG N-BG BAL 1441 45E1000 DEF FG N-BG BAL 1442 45E2000 DEF FG N-BG BAL	1402	45A2000	DEF INC-ADDIT			(5,020)
1404 45A4000 DEF INC-EXCH 1405 45A5000 DEF INC-CTHER  1409 45A . DEFERRED INCOME 1,745,436 (65,357)  1420 45C MINOR INTEREST  U.S. DEFERRED INCOME TAXES COC-CURRENT  1421 45D1000 DEF US N-BG BAL  1422 45D2000 DEF US N-REDUCT  1423 45D3000 DEF US N-REDUCT  1424 45D U.S. DEFERRED I  FOREIGN DEFERRED INCOME TAXES NON-CURR  1441 45E1000 DEF FG N-BG BAL  1442 45E2000 DEF FG N-BC BAL  1442 45E2000 DEF FG N-BC BAL				(381,543)		
1405 45A5000 DEF INC-OTHER  1409 45A . DEFERRED INCOME 1,746,436 (65,357)  1420 45C MINOR INTEREST  U.S. DEFERRED INCOME TAXES COC-CURRENT  1421 45D1000 DEF US N-BG BAL  1422 45D2000 DEF US N-REDUCT  1423 45D3000 DEF US N-REDUCT  1425 45D5000 DEF US N-OTHER  1429 45D U.S. DEFERRED I  FOREIGN DEFERRED INCOME TAXES NON-CURR  1441 45E1000 DEF FG N-BG BAL  1442 45E2000 DEF FG N-BC BAL			DEF INC-EXCH			
1409 45A . DEFERRED INCOME 1,745,436 (65,357)  1420 45C MINOR INTEREST  U.S. DEFERRED INCOME TAXES COC-CURRENT  1421 45D1000 DEF US N-BG BAL  1422 45D2000 DEF US N-PROV  1423 45D3000 DEF US N-REDUCT  1425 45D5000 DEF US N-OTHER  1429 45D U.S. DEFERRED I  FOREIGN DEFERRED INCOME TAXES NON-CURR  1441 45E1000 DEF FG N-BG BAL  1442 45E2000 DEF FG N-BG BAL						
1420 45C MINOR INTEREST  U.S. DEFERRED INCOME TAXES COC-CURRENT  1421 45D1000 DEF US N-BG BAL  1422 45D2000 DEF US N-REDUCT  1423 45D3000 DEF US N-REDUCT  1425 45D5000 DEF US N-OTHER  1429 45D U.S. DEFERRED I  FOREIGN DEFERRED INCOME TAXES NON-CURR  1441 45E1000 DEF FG N-BG BAL  1442 45E2000 DEF FG N-BG BAL		******			*********	
1420 45C MINOR INTEREST  U.S. DEFERRED INCOME TAXES COC-CURRENT  1421 45D1000 DEF US N-BG BAL  1422 45D2000 DEF US N-PROV  1423 45D3000 DEF US N-REDUCT  1425 45D5000 DEF US N-OTHER  1429 45D U.S. DEFERRED I  FOREIGN DEFERRED INCOME TAXES NON-CURR  1441 45E1000 DEF FG N-BG BAL  1442 45E2000 DEF FG N-PROV	1409	45A	DEFERRED INCOME	1,746,436		(65,357)
U.S. DEFERRED INCOME TAXES COC-CURRENT  1421 45D1000 DEF US N-BG BAL  1422 45D2000 DEF US N-PROV  1423 45D3000 DEF US N-REDUCT  1425 45D5000 DEF US N-OTHER  1429 45D U.S. DEFERRED I  FOREIGN DEFERRED INCOME TAXES NON-CURR  1441 45E1000 DEF FG N-BG BAL  1442 45E2000 DEF FG N-PROV	2102	1011 ,	<b>****</b>	**********		
U.S. DEFERRED INCOME TAXES COC-CURRENT  1421 45D1000 DEF US N-BG BAL  1422 45D2000 DEF US N-PROV  1423 45D3000 DEF US N-REDUCT  1425 45D5000 DEF US N-OTHER  1429 45D U.S. DEFERRED I  FOREIGN DEFERRED INCOME TAXES NON-CURR  1441 45E1000 DEF FG N-BG BAL  1442 45E2000 DEF FG N-PROV	1420	450	MINOR INTEREST			
1421 45D1000 DEF US N-BG BAL 1422 45D2000 DEF US N-FROV 1423 45D3000 DEF US N-REDUCT 1425 45D5000 DEF US N-CHER  1429 45D U.S. DEFERRED I  FOREIGN DEFERRED INCOME TAXES NON-CURR 1441 45E1000 DEF FG N-BG BAL 1442 45E2000 DEF FG N-PROV	*144	100	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	*********	******	**********
1421 45D1000 DEF US N-BG BAL 1422 45D2000 DEF US N-PROV 1423 45D3000 DEF US N-REDUCT 1425 45D5000 DEF US N-CHER  1429 45D U.S. DEFERRED I  FOREIGN DEFERRED INCOME TAXES NON-CURR 1441 45E1000 DEF FG N-BG BAL 1442 45E2000 DEF FG N-PROV		H.S. DEFER	RED INCOME TAXES COC-CUR	RENT		
1422 45D2000 DEF US N-PROV .  1423 45D3000 DEF US N-REDUCT .  1425 45D5000 DEF US N-OTHER .  1429 45D U.S. DEFERRED I .  FOREIGN DEFERRED INCOME TAXES NON-CURR .  1441 45E1000 DEF FG N-BG BAL .  1442 45E2000 DEF FG N-PROV	1421					
1423 4503000 DEF US N-REDUCT 1425 4505000 DEF US N-OTHER  1429 45D U.S. DEFERRED I  FOREIGN DEFERRED INCOME TAXES NON-CURR 1441 45E1000 DEF FG N-BG BAL 1442 45E2000 DEF FG N-PROV						
1425 4505000 DEF US N-OTHER  1429 45D U.S. DEFERRED I  FORBIGN DEFERRED INCOME TAXES NON-CURR  1441 45E1000 DEF FG N-BG BAL  1442 45E2000 DEF FG N-PROV						
FOREIGN DEFERRED INCOME TAXES NON-CURR  45E1000 DEF FG N-BG BAL  4422 45E2000 DEF FG N-PROV				_		
FOREIGN DEFERRED INCOME TAXES NON-CURR 1441 45E1000 DEF FG N-BG BAL 1442 45E2000 DEF FG N-PROV	1473	1303000	hat Ag M. Attinu		*********	********
FOREIGN DEFERRED INCOME TAXES NON-CURR 1441 45E1000 DEF FG N-BG BAL 1442 45E2000 DEF FG N-PROV	1166	irn	n o hanganan t			
1441 45E1000 DEF FG N-BG BAL 1442 45E2000 DEF FG N-PROV	1429	400	U.S. DEFERRED I			44444
1441 45E1000 DEF FG N-BG BAL 1442 45E2000 DEF FG N-PROV		-		יס מור		
1442 45E2000 DEF FO N-PROV				.vna		
1443 45E3000 DEF FG N-REDUCT						
	1443	45B3000	DEF FO N-REDUCT			

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1444 1445	45E4000 45E5000	def FG N-exch def FG N-other			
1449	45E	FGN DEFERRED IN			
		•		*****	******
1450	45	TOTAL OTHER LIA	1,746,436	*********	(65,357)
1480	48	ACCTS PAY-G.O.			
			*********	***********	
1499	00T3348	TOTAL LIABILITY	1,809,853	(1)	34,548,788
			**********	********	*********
	SHAREHOLDER	S EQUITY			
1510	54	CAPITAL STOCK			9,575,587
1520	55	CAPITAL SURPLUS	748,751		40,038,777
			*********	*********	*********
	INCOME RETA	INED IN THE BUSINESS			
1541	56A	R/E-START YEAR	(1,650,889)	(1,225,662)	(22,131,422)
1542	56B	R/B-CURR P&L	97,740	1,225,662	(12,303,025)
1543	56C	R/E-DIV DECL'D	•		
1544	56D	INTER DIV DECL			
			*********	*********	*********
1549	56	INCOME RETAINED	(1,553,149)		(34,434,447)
	•		*********	*********	*********
1598	0075056	TOTAL SHAREHOLD	(804,398)		15,179,917
****	0.000.300	mmr / VIDeo/Hotes	* ************************************	(1)	49,728,705
1599	00T3356	TTL LIABES/EQUT	1,005,455	(1)	., .,
			*****	<b>EXERCIZES</b>	*******

2CHQ3-000199

Confidential Treatment Request by Chiquita Brands

P&L

Confidential Treatment Request by Chiquita Brands

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2CHQ3-000200

RUN TI RPT IC	HB: 08:15:20	FERTON	T BY COMPANY ENDED:9712A1YO AGROESTE G.O. CS0723	AGRICOLA COLOMBIA CS0729	BANADEX TURBO CS0733 1,937,037
1610	60110	OUTSIDE SALES			76,459,915
1620	60120	INTERCO SALES			**********
	44	TOTAL SALES & 8	•		78,396,952
1629	60	TOWN CITTER IT		********	
01	PERATING COS	TS & EXPENSES			
•	COST OF SAL	RS & SERVICES	197,076		1,774,015
1665	65415	COS-DEPRECITION .	197,070		
1670	65418	COS-AMORT	(161,474)	(1,225,662)	84,611,560
1775	65999	C.O.SOTHER	(101/4/4)	*********	*********
•			35,602	(1,225,662)	96,385,575
1779	65	total cost of s	32,000	*******	***********
			***************************************		
	Belling	amanaiment			
1865	66415	BELL-DEPRC'TION			
1870	66418	SELL-AMORT			
1975	66999	SELLING OTHER		*******	**********
1979	66	TOTAL SELLING	********	*********	************
	GENERAL &	administrative			
2065	67415	GLA-DEPREC'TION			
2070	57418	GEA-AMORT			
2145	67479	LEGAL FEE EXP			
2175	67999	GLA-OTHER			
		•	*********		
2179	67	TOTAL GENERAL &			******
					10,663
2180	68	PROV BAD DEBTS			•
		FICE ALLOCATIONS			
		G.O.ADIRECT			
2105	71560	G.O.A INDIRECT			
2190	71561		*********	*********	***************************************
2199	71	TOTAL GENERAL O			*********
6437	1.		,	(1,225,662)	86,396,238
2209	0016571	TOTAL OPERATING	35,602	[Tivaliant	*********
4443	4010912		***********		(7,999,286)
2213	0076071	INC (LOSS) OPER	(35,602)	1,225,662	filterland.

THE REPORT OF THE PROPERTY OF

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	•		1
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			*******	********	*******	
2219	0016071	INC(LOSS) OPER	(35,602)	1,225,662	(7,999,286)	
				*********	*********	
	INTERCOMPANY	items				
2220	73570	INTERCO INT INC				
2225	73571	INTERCO INT EXP				•
2230	73572	DIV. INC.				
			**********	*********		,
2239	73	TOTAL INTERCOMP				•
****		nim (mun)		*********	4 400 0001	
2240	74580	INT (EXP)			(2,558,777)	
2245	75590	AMORT DEBT EXP				
	INTEREST INC	. & OTHER INC. & EXP(LA	0881			
2250	76600	INT INC-PLANTER	,			
2255	76605	INT INC-OTHER	133,342		374,568	
2260	76610	RENT INCOME	•		,	
2265.	76615	DIAIDEND INCOME			i	
2270	76620	PAL SEC SALES				
2275	76625	OTHER INC(EXP)			° (68,457)	
				*********		
2275	76	TOTAL INTEREST	133,342		306,111	
			********	*********	********	
2260	<b>80640</b>	Prop Cains/Loss			•	
	EXCHANGE GAIN				•	
	11650	exch-translate			(1,400,518)	
2290	81652	exch-transact			(57,241)	
2295,	81655	exch-phd contrt			•	
				**********	**********	
2255	11	TOTAL EXCHANGE			(1,457,759)	
		New power service		,,,,,,,,,	***** **** / b.f	
2300	84660	NON-RECUR ITEMS			(175,184) - ( 679	
2305	85670	MIHOR INTERESTS				
****	******	1100 Det 0 0 0	***********	1 000 000	/11 444 AGEL	n 1111 63
2309	0016085	HET PAL B.I.T.	97,740	1,225,662	(11,884,895)	377 404.71
****	**	500 014 hadi	**********	**********	3600	377 404.97 40724.49
2359	86	TOT TAX PROV	,		(418,130)	UA324.49
2228	COMPRES	time supposed /s and	07.740	1 225 662	(12 202 025)	4,,,,,
2399	0016088	NET INCOME/LOSS	97,740		(2012021022)	
			*********	*********	IRM BREWENSER	

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000024059

CHIQUITA NSD

	117:16:34 . CS0733 BANADEX TUR PCCS-CTS0 PERIOD ENDED: 97:1231			•		¥
RPT NO:	PCCS-C750 PERIOD ENDED: 3712A1	<u></u>		*		
LINE HO	ACCOUNT DESCRIPTION	account h	0.	AMOUNT		
MAN NA	•	******	••			Confidential Treatment
1630	еволино тихнотокт	65210		44 240 440		Page 1 Confidence 1 realment
1635	ADD PURCHASES	65310		36,542,319		Request by Chiquita Brands
1645	EALARIES AND MAGES	65103		6,076,372		
1650	RENTALS	65406		340,350		
1655	REPAIRS	65409		875,607		
1660	TAXES	65412		1,779,665		
16#0	PENSIONS	65424		71,237		
1685	OTHER EMPLOYEE BENEFITS	65427		1,118,345		•
1690	FUEL, LIGHT AND POHER	65430		720,059		
1695	PREIGHT AND CARTAGE	65433		2,138,744		•
1700	MATERIAL AND SUPPLIES	65436	1 '	23,451,840		
1705	TRAVEL AND ENTERTAINMENT	65439		439,407		
1710	RELOCATION	, 65442	•	10,367		
4715	INSURANCE	s 65460		172,091	100 511	' 1 ' 5
1720	TELEPHONE, TELEGRAPH, RADIO AND CABLE		65463	4 493	429,541	
1725	MEMBERSHIP DUBS AND SUBSCRIPTIONS	65469		9, 673		
1730	CONTRIBUTIONS AND NELFARE	65472		295,046	4 444	
1735	DAMAGE TO PROPERTY-CLAIMS-INJURIES TO PERSONS		65475		9,868	
1740 .	COMMISSIONS, FEES AND SERVICES	65478		4,745,134	•	
1750	ROYALTIES	65481				
1760	INTERCOMPANY CHARGES AND CREDITS	65487		(225,887)		
1765	MYSCELLANEOUS	65426		3,460,363	' <b>^</b>	
1770	LESS ENDING INVENTORY	65510				
,			****	i parkanakanak La	,611,560	•
1775	COST OF SALES & SERVICES - OTHER		65999	••,	18Y1'30A	
		66403				
1845	ealaries and kages	66406				•
1850	RENTALS .	66409				
1855	REPAIRS	66412				
1860	Taxes	66421		•		•
1075	ADVERTISING	66424				
1880	PENSIONS	66427				
1885	OTHER EMPLOYEE BENEFITS	66430			-	
1890	FUEL, LIGHT AND PONER	66433				6113.57 4340
1835	FREIGHT AND CARTAGE	66436				(13.574370
1900	MATERIAL AND SUPPLIES	66439		•		641
1905	TRAVEL AND ENTERTAINMENT	66442				
1910	RELOCATION	66460				
1915	INSURANCE	04400	66463			
1920	TELEPHONE, TELEGRAPH, RADIO AND CABLE	66469	40403			
1925	MEMBERSHIP DUBS AND SUBSCRIPTIONS .				000107	
1930	CONTRIBUTIONS AND WELFARE	66472	****		2CHQ3-000202	
1935	DAMAGE TO PROPERTY-CLAIMS-INJURIES TO PERSONS	, •	66475	•		
1940	COMMISSIONS, PEES AND SERVICES		66478			
1355	RESEARCH & DEVELOPMENT	./ 66484				
1960	INTERCOMPANY CHARGES AND CREDITS	66487				1
****	<del></del>	11				•

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ADF

November 16, 1995

Internal Audit Report #95.08

# FINANCIAL INTERNAL CONTROL REVIEW MEDELLIN, COLOMBIA

October 1995

DISTRIBUTION		•
	: & Young - New York ast & Young - Cincinnati	

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CBI-V1-001-004169

CHIQUITA NSD

000024060



Vice President, Internal Audit

November 16, 1995

General Manager - Turbo Division Edificio Zuniga Carrera 43A No. 23 Sur 15 Envigado, Antioquia, Colombia

Re: Internal Audit Report #95.08

<u>Financial Internal Control Review</u>

Medellin, Colombia

Dear

We have completed an internal control review for the Turbo, Santa Marta and ADE Colombian Divisions which also included performing the necessary tests and procedures to determine compliance with the Company's Statement of Policies and Procedures for FCPA compliance.

The work performed at the Colombia Division included a review of the entity's business activities in terms of business cycles (cash & treasury, revenue and receivable cycle, purchases & disbursements cycle, M&S and the payroll process). The cycle concept allowed us to focus on whether appropriate control procedures were applied to transactions as they flowed through the Division's accounting system. The local Ernst & Young office plans to audit financial statement balances beginning in November 1995 for statutory purposes, and as a result, this work was not performed during our audit. We plan to perform a follow-up review of the combined divisions in early 1996.

Based on our review, we found operations and internal controls to have improved significantly from the prior year and that Management is committed to continually improve the overall control environment. While we noted the improvement in the control environment, we identified additional opportunities to further improve and strengthen the internal control system and to bring controls to satisfactory levels.

# I. Synergy (Restructuring) Project

Throughout its recent history, the Turbo Division has gone through rapid changes in the business from a purchased fruit operation to a farm producing operation and has been required to operate in a difficult environment stemming from extreme violence in the Uraba region (the area where the banana plantations are located). Due to these changes, management has faced many major challenges over the past few years balancing the effectiveness of the operation and the protection of its employees and assets. In 1995, the Colombia Division implemented the restructuring (Synergy Project) plan for its operations in Santa Marta, Turbo and the ADE group.

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The restructuring includes the merging of the Turbo, Santa Marta and ADE Divisions into one Colombian Division by the end of 1995. Major challenges of the plan are the restructuring and lowering of overhead costs, integration of computer systems, the reduction of legal entities and improvement in controls over the consolidated operation. The first step leading to the successful implementation of the restructuring project was the decision to replace the former ADE group General Manager. The fact that he reported directly to the former owner and was unaware of the "relationship" with CBII made it very difficult for members of the "Chiquita Team" to effectively manage the day-to-day operations of the business.

The planning stage of the restructuring project began in September 1994, with a newly appointed CAO and controller, two assistant controllers and the transfer of key employees from the Santa Marta Division to the Medellin offices. This resulted in a strengthened management team which would assume the responsibility for both implementing and overseeing the implementation of Colombia's restructuring project.

#### II. Conclusions and Recommendations

The more significant control issues noted during our review are summarized below and presented in greater detail in Schedule B.

## New-Business Development Department

The Colombia division has established a New Business Development department to develop and take advantage of profit opportunities in backhaul, local sales of fruit, paper and agrichemicals to third parties to reduce overall costs. Management expects tremendous growth in this business. The 1995 TCS revenues of this department were \$2.5 million, while in 1996, the TCS revenues are expected to be \$6.5 million for backhaul and \$3.9 million for local sales of bananas and other materials. We identified the following control weaknesses with the New Business Development department.

## Administration and Segregation of Duties

A significant weakness in the segregation of duties (one individual orders, prices, sells, invoices and collects payments) and a lack of formal procedures over the administration of the new business development department (sales of materials to third parties and marketing of bananas in the local market) contributed to sales of materials (approximately \$135M) to third parties during 1995 which had not been billed to customers on a timely basis. These sales were not invoiced until 1-2 months after the sale had occurred. Prior to the end of our field work (September 22, 1995), approximately thirty-five percent of these sales had not been invoiced. As of October 2, 1995, we were told all sales of paper had been properly invoiced to the customers.

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#### Internal Audit Report #95.08

Management agrees that formal procedures are needed to improve the administration of the new business development department and the weakness in the segregation of duties. Management has since prepared formal written procedures for the accounting and administration for the sale of materials to third parties and sales of bananas to local markets. These procedures became effective September 25, 1995, and will eliminate the existing segregation of duties weakness by removing all the accounting and administrative responsibilities from the new business development manager into the Accounting Department.

#### Paper Rollstock Inventory Valuation

Paper rollstock received from Eastern Europe, totaling 1,127 tons, has been stored at an outside warehouse without any movement in the last three months. The total value of this inventory is estimated at \$902M, of which approximately \$56M is damaged. The paper stock order was coordinated between Maritrop and the New Business Development Manager for immediate sales to third parties and use in production. The remaining paper can only be used for third party sales because it does not meet the size specifications of the Chiquita box. Management informed us that the reason for not being able to move the paper was that the originally quoted price by Maritrop increased and was not competitive anymore. They also expressed their concern that in order to manage the operation they need fixed prices which are not subject to fluctuations. As of October 23, 1995, 60% of the paper had been sold at a price below cost. The loss on the transaction for Turbo Division was approximately \$50M. Assuming the remaining paper is sold at a similar price, the projected loss at time of sale is an additional \$33M. Ξ.

The New Business Development Manager is in the process of seeking potential customers for the remaining paper stock and expects to sell the paper, by November. Management will consider establishing a reserve to properly record the inventory at its net realizable value if not sold by year end.

#### Financial and Management Reporting

. . .

The financial and management reports did not appear adequate to provide management with the necessary level of detail to adequately assess the profitability of the sale of bananas in the local market and materials to third parties. The importance of improved reporting will increase in 1996 when projected revenues for the backhaul and local banana sales are expected to reach \$6.5 million and \$3.9 million. respectively. Prior to the end of our fieldwork, Management developed, for the interim, a more detailed P&L for the sales to third parties. Management's plan for 1996, is to generate separate financial statements for each business activity directly from the AS400. These reports will provide Management with the level of detail necessary to better analyze the profitability of the various types of sales as separate business units.

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Financial Reporting Process - Banana Operations

Management has made significant progress in improving the financial and management reporting process when compared to 1994. However, specific concerns were identified in areas of further automating the financial reporting process, the lack of quality integrated computer systems and the quality control of financial/management reports prior to being sent to CBG Tropical Accounting in Cincinnati. The timeliness and quality of the reporting is expected to improve assuming that the system/reporting changes mentioned below are implemented.

840 Reporting

Lack of an 840 report at the Turbo Division increases the amount of time expended in preparing variance analyses to evaluate production costs and statistics at the farm level, while the 840 report at Santa Marta is completed 1-2 months late because it is generated manually based on data from the general ledger system. Implementation of an automated 840 report for both Division's is included as part of Colombia's Synergy Plan and is expected to be completed during the first quarter 1996.

F-Statement Reporting

Local preparation of the F-Statements for the Santa Marta Division is delayed 1-2 days because of the lack of proper interfacing between the two separate system 36s used to maintain ledgers of the company's 11 entities and the AS400 system that generates the reports. Improvement of this process is being addressed as part of the. Synergy Plan through the integration of both the Santa Marta and Turbo Divisions.

TCMR Reporting Process

The completion of the TCMR for Turbo is delayed by 1-2 days because modifications to the report generated from the AS400 are needed to present the information in the required format. Meanwhile, delays of up to 4 days is not uncommon for the Santa Marta Division to complete its TCMR since it is a manual process. These types of inefficiencies contribute to the delays in submitting information to CBG Tropical Accounting. These concerns are being addressed by Management as part of its Synergy Plan through the installation of an effective report generator which will significantly improve the efficiency and effectiveness of the reporting process.

Reconciliation Process of Financial and Management Reports

Inconsistencies were reported between the F-Statements, Profit-Telex and the TCMR information submitted to CBG Tropical Accounting. In an effort to improve the reporting process of both financial and managerial reporting we worked with CBG Tropical Accounting to develop a checklist for monthly reporting which will be used by the Division in the reconciling of the various reports.

M&S System - Closing and Reconciliation Process

The lack of a reliable and effective M&S system at the Turbo Division is a primary cause of continued inventory differences that arise during the monthly M&S close process. Difficulties

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with the current computer system are due to a lack of programming language knowledge (SYNON) and lack of system documentation which has made it very difficult to support the system.

Management's intention is to implement a new M&S system as part of their Synergy project which would effectively improve the overall M&S reconciliation and control process. The new system uses the menu screens and reports of the Santa Marta system, and new development. The new system is currently being developed using RPG programming language. Implementation is scheduled for November 1995.

#### Spare Parts/General Stock Inventory

A total of \$665M and \$349M of slow moving/excess inventory items such spare parts and other general stock inventory were identified at the Santa Marta and Turbo Divisions, respectively. Management agreed to develop a detail plan and timetable to transfer or dispose of these items as part of the Synergy Project. The need for a reserve will be addressed at year end with CBG Tropical Accounting.

#### Other Internal Control Issues

- Bank Reconciliations: bank reconciliations for the 29 bank accounts have been in arrears from one to six months. Management has put the additional resources necessary to catch-up and bring the reconciliations current (the effort required is: substantial since bank accounts were not reconciled during 1994 for the Turbo Division). They expect to finalize reconciling all accounts by the end of November 1995 at which time adjustments will be made as necessary.
- Number of Bank Accounts: inactive bank accounts 113 in total, will be closed during 1995 (prior to 1994 there were 240 bank accounts which have been reduced to 142). A goal of 23 active bank accounts by year-end has been established by management.
- Physical Inventory of Fixed Assets: a physical count of all fixed assets at the Division was performed for the first time in 10 years. Currently, the book to physical reconciliation is taking place and is expected to be completed by the end of November. Management will keep CBG Tropical Accounting informed of the results of this reconciliation so that any necessary adjustments can be made at the November close.
- Approval for Capital Expenditures: a CAR was not prepared for 65 (39%) of the 167 items reviewed and as a result, items were expensed and not capitalized. The Division plans to make an adjustment of \$700M of which \$425M has been booked in September.
- Accounts Receivable Aging: the accounts receivable balances for third party customers are not being aged. The lack of an aging report precludes the effectiveness of managing receivables. Management has agreed to produce the necessary system generated aging reports by November 1995; a reserve of \$100M for doubtful accounts was booked in October 1995 to cover both third party and other receivables.

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## Internal Audit Report #95.08

- Employee Loans: employee loan balances were not reconciled timely (General Ledger versus Payroll System) prior to 1995 and supporting documentation for the loans were not adequately supported. This resulted in write-offs in 1994 of approximately \$200M and an additional \$30M in September 1995. Management will complete their reconciliation prior to 1995 year-end.
- Payroll Function: a loss of segregation of duties in the payroll function in Santa
  Marta has occurred due to the downsizing/restructuring of this business unit.
  Management has implemented the suggested controls to have the Human Resources
  Manager review payroll master file changes to mitigate any potential exposure to the
  Division.
- Warehouse Access: at present, warehouse access needs to be restricted only to
  authorized personnel in Turbo. Management will physically restrict the access by
  fencing the area.

The above suggestions/observations represent the more significant matters noted during the course of our audit. Other, less significant findings were also noted and discussed with Management. Details of audit findings are being provided only to the addressee in the form of audit memos (Schedule B) attached to the addressee's copy of the report; other individuals on the distribution of this report should contact us for further details or additional information.

We wish to thank you as well as your staff for the courtesy and cooperation extended to us during the course of the audit. Please use the attached Schedule R to advise us of the action taken on all items. Corporate policy requires responses to audit reports to be submitted within sixty (60) days.... of issuance of the report. We request your reply to W. W. White by January 16, 1996.

entrale de la composition della composition dell	Sincerely,
Vice President	Audit Manager
CHdP/ap	
Attachments:	Schedule A: Background Schedule B: Listing of Audit Memos (addressee only) Schedule R: Status Findings/Recommendations (addressee only)
:COLOMBIA.501-13	

2CHQ6-000007

Page 6

## BACKGROUND

The Colombian Division of Chiquita consists of the operating and legal entities of BANADEX, SAMAREX, and ADE, banana producing and exporting operations with administrative headquarters in Medellin, the 3rd largest city in Colombia. The division owns and operates farms in two regions of the country. The Santa Marta farms are located on the Caribbean coast approximately 500 miles north of Medellin and utilize the port of Santa Marta for loading fruit. The Turbo and ADE farms are located in the Uraba region on the Caribbean coast approximately 400 miles to the east northeast of Medellin utilize the port of Turbo for loading fruit.

Key statistical and financial data for the division (\$000's) is as follows:

			Turbo Sar	ita Marta		
<b>!</b>	Hist W-I	TCS	W-I	Hist W-I	TCS	W-1
·	1994	• 1995	1995	1994	1995	1995
Hectare Variable Costs	\$17,795	\$16,488	<b>\$</b> 16,038	\$10,226	\$9,238	<b>\$</b> 9,404
Volume-Variable Costs	36,863 -	*40,693	26,102	10,789	11,952	10,039
Committed/Other Costs	,	11,255	10,165	6,991	5,403	- 5,314
Total Costs	\$69.658	\$68.436	\$52,305	\$28,006	\$26,593	\$24,757
		, .	. •			
Boxes Shipped:	9,060	9.271	- 6,896	3,830	3,838	-3,897
Company Farms (incl. JV's) Purchased Fruit	2,828		. : 852	628	441 -	444
Total	11.888-	11.151	7 748	. 4.458	4,279	4,341
	:			:		•
Hectares in bearing: Company Farms (incl. JV's)	4,052	3,818	-3,955	1.867	1,658	1,761
Associate Producers	1.071	na na	0	330	232	232
Total	• 5 123		3 955	2 197	1,890	1,993
1 Viai						•
Cost per box (Local FOB)	\$5.86	- \$6.14	\$6.75	. \$6.38	\$6.21	\$6.83
Cost per box (Total Shipped)	\$6.66	\$6.99	\$7.53		\$7.76	\$8.18
Cost per box (Total onlipped)	55.00		na = not a			

Headcount (Colombia Division)	Hist. W-I	W-I
Treatestin (Colombia Division)	1994	1995
	·	
Division Manager	25	17
Division CAO	200	· 146
Agriculture	4,404	4,157
Engineering	. 86	。 68
Other Services	206	235
Total	4,921	4,623

<sup>\*</sup> includes fruit purchased from Restrepo Farms (\$9,838)

Turbo History (1987-1995)

The Turbo division's recent history is characterized by rapid growth from a purchased fruit operation to a produced fruit operation of approximately 4,000 hectares through land purchases and mergers with other banana companies. Furthermore, it is important to note that Turbo's management have

A-1/4

2CHQ6-000008

Schedule A

encountered difficulties arising from managing an operation located in an extremely violent region of Colombia (Uraba) where banana workers have been consistently massacred by right and left wing guerrillas.

Up to 1987, Turbo was a purchased fruit operation. All fruit was purchased by CIL from Proban, a Colombian producer and exporter. Between 1987 to 1991, Chiquita purchased approximately 4,000 hectares in the Turbo region to begin a produced fruit operation. C.I. BANADEX was established as the exporting company for fruit from 6 production entities, Gurita, Zungo, Marfranca, La Finca, Porvenir, and Retiro.

In 1992, Chiquita began negotiations to obtain management control of the ADE banana producing companies. These companies consisted of the exporting company Eurolatina, S.A., an administrative company SBI, S.A., and 3 production companies called Manglar, Agroeste, and Agroban that had approximately 2,000 banana producing hectares. Effective January 1, 1995, management control was passed to BANADEX, but certain legal issues to transfer complete ownership still needed to be resolved at the time of writing of this report.

In 1995, the Turbo division is made up of C.I. BANADEX, the administrative company SBI, and 9 production entities. The 1995 TCS shipped volumes for the Turbo division were 9.2 million boxes from 3,818 producing hectares and 1.8 million boxes of purchased fruit. The primary market for the fruit is the Southern Service, although major allocation changes, typically to the Northern Service, are not uncommon. Minor volumes are co-loaded on a third-party ship and sold in the North America.

East market.

Santa Marta History (1987-1994)

The Santa Marta division's recent history is characterized by rapid expansion from a purchased fruit operation to a produced fruit operation.

Up to 1987, Santa Marta was a purchased fruit operation, with CIL purchasing fruit from Colombian companies Proban, Banamar, and Fruban. Between 1990 and 1992, Chiquita purchased approximately 1,000 banana producing hectares, agreed to 4 joint ventures with local companies for approximately 500 hectares in production, and purchased approximately 4,000 hectares for future development. SAMAREX was created as the exporting company, Compania Frutera de Sevilla (CFS) became the administrative company, and 9 production companies were established.

In 1995, the Santa Marta division consists of the exporting company C.I. SAMAREX, an administrative company named Compania Frutera de Sevilla, and 10 production entities. The 1995 TCS shipped volume for the operation is 3.8 million produced boxes from 1,658 producing hectares and 400,000 boxes of purchased fruit. The main market for the fruit is the Northern Service.

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· 2CHQ6-000009

Schedule A

Internal Audit Report #95.08

Synergy	Plan	1995
SAMERA	LIGIT	1777

In 1994, a plan was developed to merge the Turbo, Santa Marta and ADE Divisions into one Colombian Division by the end of 1995. Major challenges of the plan are the restructuring and lowering of overhead costs, integration of computer systems, and the reduction of legal entities.

Beginning in January 1995, all Colombian entities have been managed by one organization, led l	by.						
General Manager, CAO, and Controller. The administrative	ve						
headcount of the division has been reduced since the beginning of 1995. Key employees have been							
transferred to the Medellin offices to reduce overhead costs and strengthen the management team.							
The consolidation of all entities, particularly the ADE companies, under one management team, will							
make it much easier for the division to maximize the efficiency and lower the cost of the operation	15.						

To properly monitor the progress of the restructuring project Management is using a project manager software which includes a time line showing the monthly status of the project by area. Weekly meetings are also held to discuss the status of the projects and any new developments or changes that have occurred. A separate report used to measure the monthly performance by department includes the monthly report cards prepared by Management. The report card is a monthly analysis of the various departmental expenses (i.e., M&S, MIS, Controller's Dept) which include explanations for differences between actual and budgeted amounts. Altogether, Management has committed its resources to ensure that projects are properly prioritized and effectively completed.

At present, the excess number of legal entities for which the division must prepare financial. statements and track costs limits the efficiency of the Controller's department. Management has established plans to reduce the number from 11 to 3-5 companies under the BANADEX group and from 11 to approximately 3 companies under the SAMAREX group by the end of 1996.

As of January 1995, Santa Marta, Turbo, and ADE were using three distinct General Ledger systems. Santa Marta's System 36 and ADE's Think and Grow AS400 were relatively intact systems, but they used different account codes. Turbo's AS400 system had technical problems during 1994 which limited the efficiency of financial reporting. A decision was made to convert all financial systems in Colombia to the Think and Grow, AS400 General Ledger system by the end of 1995. In integrating its computer systems, management has established the following three priorities:

- Consolidate all three systems into Think and Grow AS400.
- Implement a modified payroll system
- Implement a new M&S system

Once these three basic goals have been reached, the division can then concentrate on developing other programs and systems, such as 840 reporting and an interfacing fixed asset database, that will make the financial reporting process more efficient. The division has set forth a detail and time line of systems development activities in the Synergy Plan.

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Schedule A

Internal Audit Report #95.08

Framework Agreement/EC Regulations

In the last two years, the operating environment has become more complicated due to the Framework Agreement, the licensing requirements for banana exports and more recently with the WTO case against Colombia and Costa Rica relating to bananas exported to the EU. As a result, we were told that Colombia governmental regulatory agencies, and financial institutions have increased their scrutiny of our activities in Colombia.

#### AREAS OF AUDIT COVERAGE

Attendees at the 9/22/95 Closing Conference - Medellin, Colombia:

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## LISTING OF AUDIT MEMOS

The following audit memos are being distributed to the addressee only to provide detail information for items addressed in the Executive Summary and Schedule R (Status of Findings/Recommendations). The audit memos were discussed during the audit and should be used as a reference to respond to Schedule R. Management agreed with our audit memo recommendations.

## I. New Business Development Department

The Colombia division has established a New Business Development department to develop and take advantage of profit opportunities in backhaul, local sales of fruit, paper and agrichemicals to third parties to reduce overall costs. Management expects tremendous growth in this business. The 1995 TCS revenues of this department were \$2.5 million, while in 1996, the TCS revenues are expected to be \$6.5 million for backhaul and \$3.9 million for local sales of bananas and other materials. We identified the following control weaknesses with the New Business Development department.

A. Administration and Segregation of Duties

Included in our review were the controls over the administration of the company's new business department, particularly the sale of materials to third parties (agrichemicals, paper, etc.). At the time of our audit, we noted a lack of formal procedures over the administration of the new business activities and a significant weakness in the segregation of duties. One individual was primarily responsible for ordering, pricing, selling, invoicing and collecting payments. In addition, warehouse personnel stated that materials for sale to third parties are often dispatched upon receiving oral instructions from the New Business Manager, circumventing the normal shipping procedures.

This concentration of duties resulted in unbilled shipments during March - April which were identified by the Division's Audit Manager and the accounting department. The following is a detail list of those paper sales:

Description	Quantity (Kg)	Paper Cost (\$)	Total Sale (\$)	Dispatch Date	Invoice Date
				******	
205 x 190.5 Liner	39,317	\$25,683	\$32,976	4/10/95	5/09/95
205 x 190.5 Liner	15,734	10,278	13,015	3/21/95	5/11/95
205 x 190.5 Liner	5,567	3,637	4,633	4/17/95	5/09/95
205 x 190:5 Liner	38,886	25,402	35,698	4/17/95	5/09/95
TOTAL	99,504	\$65,000	\$82,785	•	

The following are other examples of sales to third parties which had not been invoiced and communicated to accounting on a timely basis. These uninvoiced sales, totaling approximately \$135M, were detected by the accounting department through their

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monthly inventory reconciliation process. According to Management, these paper sales were properly invoiced in the week of October 2, 1995.

- In July 1995, 32,632 Kgs. of paper was dispatched but not invoiced as of September 30, 1995;
- In July 1995, 63,307 Kgs. of paper was dispatched, but only 51,236 Kgs. was invoiced as of September 30, 1995;
- In July of 1995, 51,208 Kgs. of paper was dispatched, but only 30,647 Kgs. was invoiced as of September 30, 1995;

Management agrees that formal procedures are needed to improve the administration of the new business development department and the weakness in the segregation of duties. Management has prepared formal written procedures for the accounting and administration for the sale of materials to third parties, as well as sales of bananas to local markets. These procedures, which became effective as of September 25, 1995, will essentially move all the accounting and administrative responsibilities from the New Business Development Manager to the Accounting Department, with the exception of coordinating the sales between the company and the prospective customer.

We reviewed the procedures prepared by Divisional Management and, in our opinion; the procedures appear to be adequate to improve the overall controls in the area of "New Business Development." In order to ensure that new procedures are being properly executed, we recommend and Management agrees that the Division's Internal. Audit Department should perform a follow-up review of this area prior to year end to determine the effectiveness of the newly implemented controls.

B. Paper Rollstock Inventory Valuation

At Corrugados del Darien, the third party warehouse used by the Turbo Division, we identified 1,127 tons of paper rollstock inventory without any movement in the last three months. The total value of this inventory is estimated at \$902M, of which approximately \$56M is damaged. A claim has been submitted to Maritrop. The shipment of paper rollstock was coordinated between Maritrop and the New Business Development Manager for immediate sales to third parties and to be used in production. The remaining paper stock can only be used for third party sales because it does not meet the size specifications for the production of Chiquita boxes.

According to Divisional Management, the paper was received two months late and the appearance of the paper was poor. The initial tests received from the lab at the box plant facility indicated that the paper was of poor quality. The customer that had expressed an initial interest in the paper would not accept it because of the poor quality and the late arrival of the paper. Management informed us that the reason for not being able to move the paper was that the originally quoted price by Maritrop increased and was not competitive anymore. They also expressed their concern that

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in order to manage the operation they need fixed prices which are not subject to fluctuations. Subsequent tests found the paper quality was satisfactory. According to Management, as of October 23, 1995, 275 tons, or 60% of the total inventory, had been sold for an amount below cost. The loss on the transaction for BANADEX was approximately \$50M. Assuming the remaining paper is sold at a similar price, the projected loss would be an additional \$33M.

The New Business Development Manager is in the process of seeking potential customers for the remaining paper stock and expects to sell the paper by November. Management agreed to closely monitor the status of the inventory and, if not sold prior to year end, they will consider establishing a reserve to properly record the inventory balance at its net realizable value.

C. Financial and Management Reporting - New Business Development

In our review of the financial reporting process we noted that the financial and management reports did not appear adequate to provide management with the necessary level of detail to adequately assess the overall profitability of the sale of bananas in the local market and materials to third parties, particularly in 1996 when projected revenues for the backhaul and the local sales of bananas and other products are expected to reach \$6.5MM and \$3.9MM, respectively. The financial reports; for example, consisted of a line for total revenues and total costs, combining revenues and costs relating to the various third-party sales:

Prior to the end of our field work, Management had developed; for the interim, a more detailed P&L specifically for the activity relating to third-party sales. Managements ultimate goal for 1996 is to assign distinct general ledger accounts, to include the level of cost detail necessary, for the separate businesses (local banana sales and sales of materials to third parties) and program these accounts into the AS400 in such a way that the system would generate financial statements for each business activity.

We believe that the recently developed P&L report provides Management with an adequate level of detail, particularly the breakdown of costs, to better assess the overall profitability of the business.

D. Recycled Paper in the TLO Area

As part of the New Business Development Department, the Division began selling recycled paper in the Colombian Market with shipments coordinated through Maritrop on Sunisa vessels. When visiting the main warehouse, we noted that a significant amount of recycled paper inventory, approximately 600 packs (one pack is equivalent to 800Kg.), with an approximate value of \$384M had been built-up. According to warehouse personnel, the paper supply had not been moved in approximately 5 weeks and that continued shipments were being received at the time of our audit. It came to our attention that Sunisa, a banana producer in Colombia, is

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Schedule B

also selling recycled paper but is preselling all paper prior to its shipment so as to minimize inventory levels on hand and carrying costs. By pre-selling the paper prior to shipment as done by Sunisa, we believe this would reduce the risk of having excessive inventory on hand and, thus, improve the Division's overall management of working capital.

The New Business Development Manager stated that he is in the process of negotiating the sale of the recycled paper. As of October 2, 1995, he stated that an offer was received for approximately 90% of the paper. Turbo Management agreed that the pre-sale of the materials, will be the only way in which sales of recycled paper will be managed.

#### II. Financial Reporting Process - Banana Operations

We performed a review of the financial reporting process to evaluate the overall reporting process and to identify potential opportunities for process efficiency improvements. The review included the preparation of the F-statements, Profit-Telex, TCMR (for Turbo and Santa Marta) and the financial reports used to manage both the Turbo Loading Operations (TLO) and the Company's New Business Development Unit. Concerns were noted in areas of further automating the financial reporting process, the lack of quality integrated computer systems, financial reporting for third-party sales and quality control of outgoing financial statements. The following comments represent our-findings:

#### A. 840 Reporting

The lack of an 840 report at the Turbo Division increases the amount of time expended in preparing variance analyses to evaluate production costs and statistics at the farm level. The current reporting at Turbo, for example, does not include a detail of materials, labor and statistical information used in production which is part of the 840 reporting.

In Santa Marta, an 840 report is generated manually based on data from the general ledger system, but not until 1-2 months late. Consequently, the 840 report becomes a less meaningful tool for Management to use in managing its operations.

The implementation of an automated 840 reporting similar to other Tropical Divisions will allow for the preparation of more timely and detailed variance analyses, as well as provide Management with a more enhanced tool for managing its operations. Management agreed and stated that implementation of an automated 840 report for both Divisions had been included as part of its Synergy Plan for the first quarter 1996.

#### B. F - Statement Reporting

The preparation of the F-statements for the Santa Marta entities is a manual process due to the lack of proper interfacing between the two separate system 36s used to maintain the ledgers of the company's 11 entities and the AS400 system that generates

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the reports. As a result, it takes an additional 1-2 days to prepare these statements. According to Management, the improvement of this process is being addressed as part of the synergy plan through the integration of both the Santa Marta and Turbo divisions.

C. TCMR Reporting Process

The Turbo TCMR is generated from the AS400 general ledger system, but still requires I-2 days to present it in the required format. Unlike Turbo's TCMR process, the Santa Marta TCMR is entirely a manual process and takes approximately 3-4 days to prepare. These types of inefficiencies in the process contribute to the delays in submitting information to CBG Tropical Accounting. The installation of the report generator (INFOC) already purchased (requires additional hardware that will allow it to run) will allow this process to run more efficiently and is being addressed as part of the Synergy Plan. Implementation is expected to take place by the first quarter of 1996 after the integration of the Divisions' systems.

D. PC Consolidation Project :

The Turbo and Santa Marta division's lack of ability to download financial information from the general ledger into a PC limits the effectiveness and timeliness of variance analyses. The installation of a software program, such as Essbase, that can extract information from the AS400 into a PC will improve the division's ability to perform variance analyses on a timely basis.

Management has begun the development of a PC Consolidation System that will allow the retrieval of F-statements directly from the AS-400 into a PC, allowing for a direct transmittal of the statements to CBG Tropical Accounting. This should also improve the accuracy of F-statements submitted to CBG Tropical Accounting by eliminating the chance of human error. Management agreed and stated that they have plans to implement the PC Consolidation System in 1996.

E. Reconciliation Process of Financial and Management Reports

In August 1995, the Accounting Department began using the F-31 statement (a checklist used in preparing the F-statements) as a quality control tool to address any inconsistencies reported among the various F-schedules, as was to ensure that a completed set of financial are being sent to Corpor

To further improve the reporting process of both financial and reporting, we worked with CBG Tropical Accounting to devfor monthly reporting which will be used by the Division in \* process.

Consolidated F-statements are prepared at the submitted to CBG Tropical Accounting as package. The consonnated reports would

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Schedule B

in understanding how the Profit-Telex and TCMR agree with the F-statements for comparison/analysis purposes. Management agreed to begin submitting this information as part of the reporting package sent to CBG Tropical Accounting.

# F. Maritrop Intercompany Accounts

According to Accounting Management, discrepancies consistently occur with Maritrop requiring an inordinate amount of time to resolve. This is mainly because of the high number of corrected invoices Maritrop sends after the materials have been nationalized or passed through customs. It is very difficult to nationalize corrected invoices and therefore require a significant amount of time to process.

In an effort to resolve this issue, we coordinated a meeting between the Divisional Management and Maritrop. The resolution; corrected invoices would no longer be sent to the division after the original invoices had been nationalized and all errors will now be corrected in future shipments of the same material, eliminating the inefficiencies in the reconciliation process. The accruals of these errors will be managed by Maritrop accounting in close coordination with the Colombia M&S and Controller departments.

# G. Colombian Intercompany Accounts

CBG Tropical Accounting has commented that over the past several months, the Colombian division has presented F-statements with intercompany accounts out-of-balances between entities within Colombia (National Intercompany Accounts). In discussions with Management, it was noted that most of the differences are due to human error as the reconciliation is a manual process.

Divisional Accounting Management stated that, effective September 1995, the F-31 statement, a checklist of key financial reconciliations, will be used by each reporting entity to ensure that all accounts are properly reconciled before the reports are forwarded to Corporate.

The use of the F-31 statement coupled with the improved communication between Maritrop and Divisional Management should improve the overall intercompany reconciliation process.

Management has made significant progress in improving the financial and management reporting process when compared to 1994. Both the timeliness and quality of the statements are expected to improve assuming that all the system and reporting changes mentioned above are implemented.

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# III. M&S Internal Control Review - Turbo Division

The review of Turbo's M&S function included a visit to the main M&S warehouse in Uraba, the Turbo Loading Operations (TLO), sigatoka control warehouse, box plant facility (Corrugados del Darien, S.A. - third party), a packing station warehouse and the Turbo Administrative Offices.

The Division's Internal Audit Department had identified the following three comments as control weaknesses in their report dated April 1995, but they have not been addressed by the respective Departmental Managers as of the end of our fieldwork (see comments at X-Internal Audit Function).

A. Turbo and Santa Marta - Warehouse Management and Layout

The lack of organization of the main warehouse is a major concern. The warehouse layout does not allow for adequate control of inventory, accurate physical inventory counts, maximization of the available space and accessibility of materials for proper rotation.

M&S Management stated that they are waiting for the new M&S system before organizing the warehouse. Once the system is implemented, all materials will be reorganized according to an assigned "unit identification code." To avoid organizing the warehouse twice, a decision was made to postpone the clean-up process until November 1995, when the system is expected to be implemented. As part of the new M&S system, a PC will be placed at the warehouse to maintain a perpetual inventory of the materials, improving the control/management of inventory.

Although we understand that organizing the warehouse at this time may be inefficient due to the upcoming system changes, we recommend and Management agrees that for the interim period, M&S personnel increase the frequency of testing its kardex records maintained at the warehouse with the separate inventory records maintained by the M&S administrative office. Thus, if any differences exist, immediate attention can be provided to resolve the differences.

B. Access to the Main Warehouse

Access to the warehouse is not restricted to authorized warehouse personnel as required by the Division's procedures. Approximately 20 people were in the warehouse waiting to pick-up materials on the day we visited the facility. Warehouse access should be limited to only those employees whose duties require it.

Management agreed and stated that plans are in place to fence the area used for distributing materials which should prevent unauthorized individuals from entering the warehouse. Since current procedures are not being enforced we believe that M&S Management should improve the supervision of warehouse personnel to ensure that procedures are followed.

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## C. Safeguarding & Storage of Inventory

Company owned fertilizer is placed in an area that is not properly secured and is subject to weather damage. The fertilizer is placed outside of the warehouse (a plastic cover is used to safeguard materials but offers limited protection) and near the canal, making it easily accessible. Furthermore, the fertilizer was exposed to water damage from rain which can affect its quality. Also, we noted that fertilizer and other inventory belonging to a third party, (Sunisa) is well secured in the TLO warehouse because the contract with Sunisa requires up to 15 days of free storage. Because we are contractually obligated to store Sunisa's materials, we believe that Management should, at the minimum, seek an alternative area to store materials belonging to BANADEX.

M&S Management agreed with our concern over possible damage to the fertilizer and stated that a proposal to construct an area specifically for the storage of fertilizer was presented to Local Senior Management. Approval is still pending. As an alternative, management informed us that they are negotiating a new agreement with Sunisa in which Sunisa will be charged a storage fee. Management also informed us that there is a reasonable possibility that Sunisa will build their own materials warehouse thus, vacating space in the Turbo warehouse that would allow the Division to store its own inventory inside a secured structure.

#### D. M&S Bid Process-Turbo Division

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Divisional Policy requires three written quotes for all expenditures that exceed \$200. These procedures are not consistently followed by the M&S Purchasing Department. We noted three of the ten bids tested were obtained by phone but no written evidence of the quotes were filed, and one case where only one bid had been obtained for the purchase of approximately \$40M of pallets. Management agreed that procedures over the bid process need to be enforced to improve the purchasing controls and to ensure that the best possible price is obtained by the purchasing department.

## E. M&S System -Closing and Reconciliation Process

The August inventory close process required a significant number of manual inventory adjustments. The lack of a reliable and effective M&S system to provide accurate inventory balances is the primary cause of differences during the monthly M&S closing process. For example, we were informed that the ending inventory balance does not match to the current beginning inventory balance because of system problems. Management stated that the problems with the current M&S system are expected to be solved in November 1995, when the new M&S system scheduled to be implemented.

The EDP Manager indicated that the difficulties with the current system are due to a lack of system knowledge and documentation which has made it very difficult to support the application. In addition, the system was developed in a language

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