



Chantrey Vellacott DFK

TO ALL KNOWN CREDITORS
Address per envelope

15 April 2011

Dear Sir/Madam

Marrache & Co ("the firm") - In Compulsory Liquidation

The purpose of this letter is to provide you with a brief update of our work over the past 12 months since our appointment as Provisional Joint Liquidators of the firm on 15 February 2010 and later as Joint Liquidators on 17 March 2010.

The first meeting of creditors was held on 13 April 2010 at which the following were appointed to the Committee of Inspection.

- T & T Trustees Limited- represented by Charles Simpson of Messrs Triay & Triay
- Mr Jim Magner - represented by himself
- Portino Comercio International SA - represented by Mr Charles Salter from Messrs Phillips & Co
- Ms Adela Abrines & Ms Maria Abrines - represented by Mr Stephen Bossino from Messrs Bullock & Co
- Gibland Secretarial Services Limited ("in Liquidation") & Cabor Trustees Limited ("in Administration") - represented by Mr Freddie White from Grant Thornton

The role of the Committee of Inspection is to assist the Joint Liquidators who will consult with the committee and report progress whenever required. The Committee also has the power to question any matter of relevance and provide specific or general advice on certain areas and thus reduces the need of the Joint Liquidators having to revert to the general body of creditors every time there is an important matter at hand.

Shortly after the order appointing the Provisional Liquidators to the firm bankruptcy proceedings were commenced against Isaac Marrache, Benjamin Marrache and Solomon Marrache ("the Marrache brothers"). Ultimately this resulted in the Marrache brothers being adjudged bankrupt by the Supreme Court on 26 November 2010 and Edgar Lavarello being appointed Trustee in Bankruptcy and Adrian Hyde being appointed Special Manager to their respective estates. In practical terms this means that all of their personal assets now vest with the Trustee in Bankruptcy and the Special Manager and these can be realised in accordance with the provisions of Gibraltar law. However, at the current time, Isaac Marrache continues to appeal one of the interim orders, which is awaiting a hearing date before the Privy Council, and all 3 of the Marrache Brothers claim to be appealing the bankruptcy orders. With regard to the appeals against the bankruptcy orders, whilst they have served notices upon us and the petitioners, their appeals have not been accepted by the Court as having been properly issued.

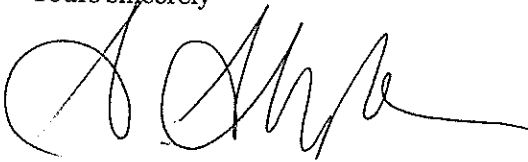
Our initial findings revealed that the firm itself had substantial liabilities and very few assets. However, our investigations have identified a number of assets as belonging to the partners of the firm. We have concentrated our efforts on the recovery of these assets, which has not been easy as we have had to

contend with claims from family members and other business partners all of whom seemed to be claiming the same assets. Nevertheless on a number of these we have made good progress and are close to the realisation of some major assets but this has come at a huge cost in litigation fees and related expenses. It has to be noted that most of the issues we are facing are substantially complex and have involved many counter claims and appeals from other parties, which have resulted in additional complications and further delays.

At this moment in time a number of the claims are at a sensitive stage and it would not be appropriate for us to provide detailed information. However, we will do so in a future report in relation to any claims that are settled or otherwise concluded. It is also difficult to provide you with an estimate at this time of the level of recoveries which we can expect to achieve from the liquidation and bankruptcy proceedings. This will very much depend on the actions that are currently underway, and others that are contemplated.

We will continue to work towards the recovery of the assets we have identified and hope to be in a position to provide you with further information as progress is made.

Yours sincerely



Adrian Hyde
Joint Liquidator
Chantrey Vellacott (Gibraltar) Limited
85 Main Street
Gibraltar



Edgar Lavarello
Joint Liquidator
PricewaterhouseCoopers Limited
10th Floor, International Commercial Centre
Casemates Square
Gibraltar