

<u>Liabilities and Shareholders' Equity</u>	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Notes payable:		
Banks	\$ 5,273,292	14,750,916
Shareholders and related parties	1,000,516	1,175,803
Total notes payable	<u>6,273,808</u>	<u>15,926,719</u>
Accounts payable:		
Suppliers	34,880,426	44,164,088
Shareholders and related parties	10,749,816	21,178,965
Other payable	4,750,815	583,332
Total accounts payable	<u>50,381,057</u>	<u>65,926,385</u>
Commercial papers	25,070,000	32,455,000
Accrued expenses and withholdings	96,134,989	80,686,583
Deferred revenues, net	58,473,731	33,630,750
Customer deposits	238,783,327	214,804,251
Long-term payable	11,760,021	12,237,614
Long-term debt, net	<u>243,402,300</u>	<u>307,112,839</u>
Total liabilities	<u>730,279,233</u>	<u>762,780,141</u>
Shareholders' equity :		
Share capital	269,826,458	269,826,458
Traslation reserves	248,007	248,007
Reserves	16,092,922	15,249,492
Retained earnings	244,550,718	228,525,563
Total shareholders' equity	<u>530,718,105</u>	<u>513,849,520</u>
	<u>\$ 1,260,997,338</u>	<u>1,276,629,661</u>

CAP CANA, S. A. AND SUBSIDIARIES

Consolidated Income Statement Years ended December 31, 2011 and 2010

	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Revenues:		
Sales of real estate products	\$ 103,283,540	83,292,257
Revenues from other operations	<u>25,284,639</u>	<u>25,359,361</u>
Total revenues from operations	<u>128,568,179</u>	<u>108,651,618</u>
Costs :		
Cost of sales of real estate products	60,541,527	42,744,090
Other operating costs	<u>16,099,656</u>	<u>15,509,780</u>
Total costs	<u>76,641,183</u>	<u>58,253,870</u>
Gross profit	<u>51,926,996</u>	<u>50,397,748</u>
Other income	33,214,472	32,505,822
General and administrative expenses		
Sales commissions	4,217,155	950,355
Personnel expenses	7,942,530	12,781,325
Advertising and public relations	601,409	1,248,979
Depreciation	13,874,762	15,839,919
Other general and administrative expenses	<u>27,870,969</u>	<u>33,538,398</u>
	<u>54,506,825</u>	<u>64,358,976</u>
Results from operating activities	<u>30,634,643</u>	<u>18,544,594</u>
Financing cost, net:		
Finance cost	(15,030,958)	(16,805,891)
Finance income	3,383,554	3,642,182
Foreign currency exchange gain, net	<u>(1,744,234)</u>	<u>1,656,919</u>
	<u>(13,391,638)</u>	<u>(11,506,790)</u>
Profit before income tax	<u>17,243,005</u>	<u>7,037,804</u>
Income tax	<u>374,420</u>	<u>164,115</u>
Net income	<u>\$ 16,868,585</u>	<u>6,873,689</u>

CAP CANA, S. A. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

Years ended December 31, 2011 and 2010
(Amounts in US Dollar)

	Number of <u>Shares</u>	Common <u>Stock</u> Amount	<u>Legal Reserve</u>	<u>Translation Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
Balances at December 31, 2009	5,168,947	\$ 269,826,458	14,905,808	248,007	221,995,558	506,975,831
Net income	-	-	-	-	6,873,689	6,873,689
Transfer to legal reserve	-	-	343,684	-	(343,684)	-
Balances at December 31, 2010	5,168,947	269,826,458	15,249,492	248,007	228,525,563	513,849,520
Net income	-	-	-	-	16,868,585	16,868,585
Transfer to legal reserve	-	-	843,429	-	(843,429)	-
Balances at December 31, 2011	<u>5,168,947</u>	<u>\$ 269,826,458</u>	<u>16,092,922</u>	<u>248,007</u>	<u>244,550,718</u>	<u>530,718,105</u>

CAP CANA, S. A. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
Years ended December 31, 2011 and 2010

	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Cash flows from operating activities:		
Net income	\$ 16,868,585	6,873,689
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Allowance for doubtful accounts	-	1,931,767
Amortización of deferred revenue	-	(7,815,400)
Depreciation	13,874,762	15,839,919
Impairment loss on real estate project in progress	13,000,000	26,986,734
Gain on disposal of property and equipment	638,749	447,117
Gain in equity accounted investee	(400,000)	-
Gain on debt extinguishment	(29,782,811)	(25,694,876)
Net finance cost	15,030,958	16,805,891
Income tax expense	374,420	164,115
Changes in assets and liabilities:		
Decrease (increase) in:		
Deposits in escrow	180,955	431,707
Accounts receivable from customers	(36,180,790)	(26,101,480)
Accounts receivable from shareholders and related parties	20,985,757	(4,534,439)
Accounts receivable from employees	23,553	234,833
Other trade receivables	(827,764)	282,342
Prepayments	1,176,044	294,371
Construction materials and supplies inventory	1,589,646	5,921,464
Advances to contractors	3,998,094	(5,568,074)
Real estate project in progress	(28,473,865)	(48,479,869)
Deferred direct selling costs, net	6,369,518	(14,080,052)
Other assets	587,357	525,935
Increase (decrease) in:		
Accounts payable to suppliers	(14,785,662)	21,895,660
Accounts payable to shareholders and related parties	(11,036,314)	11,273,952
Other accounts payable	297,992	(1,862,571)
Accrued expenses and withholdings	43,028	1,756,553
Deferred revenues	24,842,981	13,088,941
Customer deposits	3,275,351	(16,511,462)
Cash generated from operating activities	<u>1,670,544</u>	<u>(25,893,233)</u>
Net cash provided by (used in) operating activities	<u>1,670,544</u>	<u>(25,893,233)</u>

(cont)

CAP CANA, S. A. AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued (Amounts in US Dollar)

	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Cash flows from investing activities:		
Proceeds from disposal of properties and equipment	3,583,156	1,928,755
Adquisition of property and equipment	<u>(118,892)</u>	<u>(8,728,994)</u>
Net cash used in investing activities	<u>3,464,264</u>	<u>(6,800,239)</u>
Cash flows from financing activities:		
Debt and notes payable	1,537,930	37,475,384
Payment of debt and notes payable	(8,639,652)	(8,355,189)
Issuance of commercial paper	860,000	6,230,000
Payment of commercial papers	<u>(345,000)</u>	<u>(2,280,000)</u>
Net cash used in financing activities	<u>(6,586,722)</u>	<u>33,070,195</u>
Net increase (decrease) in cash and cash equivalents	(1,451,914)	376,723
Cash and cash equivalents at beginning of year	<u>2,075,238</u>	<u>1,698,515</u>
Cash and cash equivalents at end of period	<u>\$ <u>623,324</u></u>	<u>2,075,238</u>