

CAP CANA, S. A. AND SUBSIDIARIES

Consolidated Statement of Financial Position

<u>Assets</u>	<u>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Cash and cash equivalents	2,155,683	1,698,515
Deposits in escrow	375,587	807,294
Accounts receivable		
Customers	128,977,697	95,983,934
Shareholders and related parties	27,720,423	23,109,154
Employees	48,109	283,195
Other receivables	6,956,324	6,405,652
	163,702,553	125,781,935
Allowance for doubtful accounts	(2,148,882)	(2,786,102)
Total accounts receivable	161,553,671	122,995,833
Prepayments	1,483,798	1,813,327
Construction materials and supplies inventory	24,551,234	30,310,310
Advances to contractors	24,611,357	15,151,914
Real estate project in progress	433,232,083	384,845,910
Deferred direct selling costs, net	46,448,840	34,578,497
Land for future development and sale	135,322,432	144,070,235
Available for sale investment	4,400,069	5,308,718
Investment in associates	122,902	122,902
Property and equipment, net	458,121,030	477,041,016
Other assets	1,981,159	2,591,212
	\$ 1,294,359,845	1,221,335,683

<u>Liabilities and Shareholders' Equity</u>	<u>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Notes payable:		
Banks	\$ 14,750,916	13,844,544
Shareholders and related parties	1,175,803	175,982
Total notes payable	<u>15,926,719</u>	<u>14,020,526</u>
Accounts payable:		
Suppliers	43,585,280	47,963,304
Shareholders and related parties	20,281,780	23,145,013
Other payable	585,037	483,647
Total accounts payable	<u>64,452,097</u>	<u>71,591,964</u>
Commercial papers	32,455,000	8,765,000
Accrued expenses and withholdings	83,346,815	61,960,488
Deferred revenues, net	42,379,660	28,357,209
Customer deposits	214,880,362	231,315,713
Long-term payable	12,301,229	14,199,870
Long-term debt, net	<u>307,473,067</u>	<u>284,149,082</u>
Total liabilities	<u>773,214,949</u>	<u>714,359,852</u>
Shareholders' equity :		
Share capital	269,826,458	269,826,458
Reserves	15,862,269	15,153,815
Retained earnings	235,456,169	221,995,558
Total shareholders' equity	<u>521,144,896</u>	<u>506,975,831</u>
	<u>\$ 1,294,359,845</u>	<u>1,221,335,683</u>

CAP CANA, S. A. AND SUBSIDIARIES

Consolidated Income Statement
For the year ended December 31, 2009 and 2010

	<u>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Revenues:		
Sales of real estate products	\$ 86,199,107	88,690,509
Revenues from other operations	<u>25,609,361</u>	<u>20,957,904</u>
Total revenues from operations	<u>111,808,468</u>	<u>109,648,413</u>
Costs :		
Cost of sales of real estate products	37,471,795	44,927,503
Other operating costs	<u>15,578,533</u>	<u>13,765,364</u>
Total costs	<u>53,050,328</u>	<u>58,692,867</u>
Gross profit	<u>58,758,140</u>	<u>50,955,546</u>
Other income	29,239,362	143,227,171
General and administrative expenses		
Sales commissions	942,542	13,604,769
Personnel expenses	12,810,137	19,740,454
Advertising and public relations	2,069,392	1,753,750
Depreciation	15,839,919	17,665,589
Other general and administrative expenses	<u>28,706,567</u>	<u>59,043,053</u>
Results from operating activities	<u>60,368,557</u>	<u>111,807,615</u>
Results from operating activities	<u>27,628,945</u>	<u>82,375,102</u>
Financing cost, net:		
Finance cost	(15,316,366)	(19,211,310)
Finance income	3,642,074	2,624,567
Foreign currency exchange gain, net	<u>(990,211)</u>	<u>599,136</u>
	<u>(12,664,503)</u>	<u>(15,987,607)</u>
Share of (loss) profit of equity accounted investee	<u>-</u>	<u>(903,103)</u>
Profit before income tax	<u>14,964,442</u>	<u>65,484,392</u>
Income tax	<u>331,065</u>	<u>340,964</u>
Net income	<u>\$ 14,633,377</u>	<u>65,143,428</u>

CAP CANA, S. A. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the year ended December 31, 2009 and 2010
(Amounts in US Dollar)

	Number of <u>Shares</u>	Common <u>Stock</u> <u>Amount</u>	<u>Legal Reserve</u>	<u>Translation Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
Balances at December 31, 2008	5,168,947	\$ 269,826,458	11,648,637	248,007	160,109,301	441,832,403
Net income	-	-	-	-	64,679,116	64,679,116
Transfer to legal reserve	-	-	3,233,956	-	(3,233,956)	-
Balances at December 31, 2009	5,168,947	269,826,458	14,882,593	248,007	221,554,461	506,511,519
Net income	-	-	-	-	14,633,377	14,633,377
Transfer to legal reserve	-	-	731,668.85	-	(731,668.85)	-
Balances at December 31, 2010	<u>5,168,947</u>	<u>\$ 269,826,458</u>	<u>15,614,262</u>	<u>248,007</u>	<u>235,456,169</u>	<u>521,144,896</u>

CAP CANA, S. A. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the year ended December 31, 2009 and 2010

	<u>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Cash flows from operating activities:		
Net income	\$ 14,633,377	65,143,428
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Allowance for doubtful accounts	(637,220)	1,160,044
Amortization of deferred revenue	-	(708,893)
Depreciation	15,839,919	17,665,589
Loss (gain) in equity accounted investee	-	903,103
Loss in exchange of Senior Secured Notes	-	8,360,600
Gain on disposal of investments		
Gain on disposal of property and equipment	447,117	(1,231,463)
Gain on debt extinguishment	(24,858,545)	(106,697,888)
Changes in assets and liabilities:		
Decrease (increase) in:		
Deposits in escrow	431,707	4,293,293
Accounts receivable from customers	(32,993,763)	(32,774,876)
Accounts receivable from shareholders and related parties	(4,611,269)	19,509,397
Accounts receivable from employees	235,086	142,224
Other trade receivables	(550,672)	1,733,366
Prepayments	329,529	(150,528)
Construction materials and supplies inventory	5,759,076	6,650,005
Advances to contractors	(6,372,343)	40,937,787
Real estate project in progress	(30,889,975)	(18,659,520)
Land for future development and sale	-	-
Deferred direct selling costs, net	(11,870,343)	(2,806,763)
Other assets	609,589	(655,246)
Increase (decrease) in:		
Accounts payable to suppliers	20,480,521	17,661,937
Accounts payable to shareholders and related parties	10,376,767	9,315,412
Other accounts payable	(1,797,251)	(1,663,737)
Accrued expenses and withholdings	21,386,791	3,383,900
Deferred revenues	14,022,451	13,337,274
Customer deposits	(16,435,351)	(9,819,132)
Net cash provided by (used in) operating activities	<u>(26,464,802)</u>	<u>35,029,313</u>

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CAP CANA, S. A. AND SUBSIDIARIES

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

	<u>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Cash flows from investing activities:		
Available for sale investment	-	(1,016,670)
Proceeds from disposal of investments in associates	-	-
Proceeds from disposal of properties and equipment	2,220,541	18,559,062
Acquisition of property and equipment	<u>(8,728,994)</u>	<u>(35,279,687)</u>
Net cash used in investing activities	<u>(6,508,453)</u>	<u>(17,737,295)</u>
Cash flows from financing activities:		
Debt and notes payable	37,475,384	25,370,261
Payment of debt and notes payable	(7,994,961)	(24,310,418)
Issuance of commercial paper	6,230,000	9,380,000
Payment of commercial papers	<u>(2,280,000)</u>	<u>(27,560,000)</u>
Net cash used in financing activities	<u>33,430,423</u>	<u>(17,120,157)</u>
Net increase (decrease) in cash and cash equivalents	457,168	171,861
Cash and cash equivalents at beginning of year	<u>1,698,515</u>	<u>1,526,654</u>
Cash and cash equivalents at end of period	<u><u>\$ 2,155,683</u></u>	<u><u>1,698,515</u></u>