

CAP CANA, S. A. AND SUBSIDIARIES

Consolidated Statement of Financial Position

December 31, 2011 and September 30, 2011

<u>Assets</u>	<u>December 31,</u> <u>2011</u>	<u>September 30,</u> <u>2011</u>	<u>Three months</u> <u>4to Q 2011</u>
Cash and cash equivalents	623,324	539,244	84,080
Deposits in escrow	194,632	194,632	-
Accounts receivable			
Customers	145,629,678	148,184,382	(2,554,704)
Shareholders and related parties	10,599,997	11,018,515	(418,518)
Employees	24,809	31,412	(6,603)
Other receivables	5,896,422	9,373,337	(3,476,915)
	<u>162,150,906</u>	<u>168,607,646</u>	<u>(6,456,740)</u>
Allowance for doubtful accounts	(2,867,372)	(3,750,731)	883,359
Total accounts receivable	<u>159,283,534</u>	<u>164,856,915</u>	<u>(5,573,381)</u>
Prepayments	342,912	473,733	(130,821)
Construction materials and supplies inventory	22,799,200	23,590,995	(791,795)
Advances to contractors	20,055,759	19,321,038	734,721
Real estate project in progress	434,764,469	448,965,153	(14,200,684)
Deferred direct selling costs, net	42,289,031	44,745,617	(2,456,586)
Land for future development and sale	135,322,432	135,322,432	-
Available for sale investment	4,400,069	4,400,069	-
Investment in associates	522,902	522,902	-
Property and equipment, net	438,921,618	448,384,374	(9,462,756)
Deferred tax assets	103,151	103,151	-
Other assets	1,374,305	1,685,853	(311,548)
	<u><u>\$ 1,260,997,338</u></u>	<u><u>1,293,106,108</u></u>	<u><u>(32,108,770)</u></u>

<u>Liabilities and Shareholders' Equity</u>	<u>December 31,</u> <u>2011</u>	<u>September 30,</u> <u>2011</u>	<u>Three months</u> <u>4to Q 2011</u>
Notes payable:			
Banks	\$ 5,273,292	6,985,864	(1,712,572)
Shareholders and related parties	1,000,516	985,177	15,339
Total notes payable	<u>6,273,808</u>	<u>7,971,041</u>	<u>(1,697,233)</u>
Accounts payable:			
Suppliers	34,880,426	44,775,860	(9,895,434)
Shareholders and related parties	10,749,816	18,490,507	(7,740,691)
Other payable	4,750,815	1,682,229	3,068,586
Total accounts payable	<u>50,381,057</u>	<u>64,948,596</u>	<u>(14,567,539)</u>
Commercial papers	25,070,000	25,125,000	(55,000)
Accrued expenses and withholdings	96,134,989	102,710,119	(6,575,130)
Deferred revenues, net	58,473,731	44,288,698	14,185,033
Customer deposits	238,783,327	221,137,633	17,645,694
Long-term payable	11,760,021	11,681,874	78,147
Long-term debt, net	<u>243,402,300</u>	<u>274,155,794</u>	<u>(30,753,494)</u>
Total liabilities	<u>730,279,233</u>	<u>752,018,755</u>	<u>(21,739,522)</u>
Shareholders' equity :			
Share capital	269,826,458	269,826,458	-
Traslation reserves	248,007	248,007	-
Reserves	16,092,922	16,611,384	(518,462)
Retained earnings	244,550,718	254,401,504	(9,850,786)
Total shareholders' equity	<u>530,718,105</u>	<u>541,087,353</u>	<u>(10,369,248)</u>
	<u>\$ 1,260,997,338</u>	<u>1,293,106,108</u>	<u>(32,108,770)</u>

CAP CANA, S. A. AND SUBSIDIARIES

Consolidated Income Statement
December 31, 2011 and September 30, 2011

	<u>December 31,</u> <u>2011</u>	<u>September 30,</u> <u>2011</u>	<u>Three months</u> <u>4to Q 2011</u>
Revenues:			
Sales of real estate products	\$ 103,283,540	106,785,963	(3,502,423)
Revenues from other operations	<u>25,284,639</u>	<u>18,947,620</u>	<u>6,337,019</u>
Total revenues from operations	<u>128,568,179</u>	<u>125,733,583</u>	<u>2,834,596</u>
Costs :			
Cost of sales of real estate products	60,541,527	75,393,466	(14,851,939)
Other operating costs	<u>16,099,656</u>	<u>12,168,012</u>	<u>3,931,644</u>
Total costs	<u>76,641,183</u>	<u>87,561,478</u>	<u>(10,920,295)</u>
Gross profit	<u>51,926,996</u>	<u>38,172,105</u>	<u>13,754,891</u>
Other income	33,214,472	37,676,604	(4,462,132)
General and administrative expenses			
Sales commissions	4,217,155	2,401,163	1,815,992
Personnel expenses	7,942,530	6,326,240	1,616,290
Advertising and public relations	601,409	235,144	366,265
Depreciation	13,874,762	10,664,952	3,209,810
Other general and administrative expenses	<u>27,870,969</u>	<u>19,082,196</u>	<u>8,788,773</u>
	<u>54,506,825</u>	<u>38,709,695</u>	<u>15,797,130</u>
Results from operating activities	<u>30,634,643</u>	<u>37,139,014</u>	<u>(6,504,371)</u>
Financing cost, net:			
Finance cost	(15,030,958)	(9,951,260)	(5,079,698)
Finance income	3,383,554	2,812,621	570,933
Foreign currency exchange gain, net	<u>(1,744,234)</u>	<u>(2,595,177)</u>	<u>850,943</u>
	<u>(13,391,638)</u>	<u>(9,733,816)</u>	<u>(3,657,822)</u>
Profit before income tax	<u>17,243,005</u>	<u>27,405,198</u>	<u>(10,162,193)</u>
Income tax	<u>374,420</u>	<u>167,365</u>	<u>207,055</u>
Net income	\$ <u><u>16,868,585</u></u>	<u><u>27,237,833</u></u>	<u><u>(10,369,248)</u></u>

CAP CANA, S. A. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

December 31, 2011 and September 30, 2011
(Amounts in US Dollar)

	Common Stock					
	Number of Shares	Amount	Legal Reserve	Translation Reserve	Retained Earnings	Total
Balances at December 31, 2010	5,168,947	\$ 269,826,458	15,249,492	248,007	228,525,563	513,849,520
Net income	-	-	-	-	27,237,833	27,237,833
Transfer to legal reserve	-	-	1,361,892	-	(1,361,892)	-
Balances at September 30, 2011	5,168,947	269,826,458	16,611,384	248,007	254,401,504	541,087,353
Net income	-	-	-	-	(10,369,248)	(10,369,248)
Transfer to legal reserve	-	-	(518,462)	-	518,462	-
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
December 31, 2011 and September 30, 2011

	<u>December 31,</u> <u>2011</u>	<u>September 30,</u> <u>2011</u>	<u>Three months</u> <u>4to Q 2011</u>
Cash flows from operating activities:			
Net income	\$ 16,868,585	27,237,833	(10,369,248)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Allowance for doubtful accounts	-	-	-
Amortización of deferred revenue	-	-	-
Depreciation	13,874,762	10,664,952	3,209,810
Impairment loss on real estate project in progress	13,000,000	8,000,000	5,000,000
Gain on disposal of property and equipment	638,749	(3,019,916)	3,658,665
Gain in equity accounted investee	(400,000)	(400,000)	-
Gain on debt extinguishment	(29,782,811)	(31,533,848)	1,751,037
Net finance cost	15,030,958	9,951,260	5,079,698
Income tax expense	374,420	167,365	207,055
Changes in assets and liabilities:			
Decrease (increase) in:			
Deposits in escrow	180,955	180,955	-
Accounts receivable from customers	(36,180,790)	(22,872,116)	(13,308,674)
Accounts receivable from shareholders and related parties	20,985,757	(4,358,653)	25,344,410
Accounts receivable from employees	23,553	16,950	6,603
Other trade receivables	(827,764)	(3,421,320)	2,593,556
Prepayments	1,176,044	1,045,223	130,821
Construction materials and supplies inventory	1,589,646	797,851	791,795
Advances to contractors	3,998,094	4,732,815	(734,721)
Real estate project in progress	(28,473,865)	(34,591,471)	6,117,606
Deferred direct selling costs, net	6,369,518	3,912,932	2,456,586
Other assets	587,357	275,809	311,548
Increase (decrease) in:			
Accounts payable to suppliers	(14,785,662)	3,481,162	(18,266,824)
Accounts payable to shareholders and related parties	(11,036,314)	1,253,703	(12,290,017)
Other accounts payable	297,992	543,157	(245,165)
Accrued expenses and withholdings	43,028	11,904,911	(11,861,883)
Deferred revenues	24,842,981	10,657,948	14,185,033
Customer deposits	3,275,351	6,333,382	(3,058,031)
Cash generated from operating activities	<u>1,670,544</u>	<u>960,884</u>	<u>709,660</u>
Net cash provided by (used in) operating activities	<u>1,670,544</u>	<u>960,884</u>	<u>709,660</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>2011</u>	<u>September 30,</u> <u>2010</u>	<u>Three months</u> <u>4to Q 2011</u>
Cash flows from investing activities:			
Proceeds from disposal of properties and equipment	3,583,156	2,446,686	1,136,470
Acquisition of property and equipment	(118,892)	(51,609)	(67,283)
Net cash used in investing activities	<u>3,464,264</u>	<u>2,395,077</u>	<u>1,069,187</u>
Cash flows from financing activities:			
Debt and notes payable	1,537,930	766,184	771,746
Payment of debt and notes payable	(8,639,652)	(6,228,139)	(2,411,513)
Issuance of commercial paper	860,000	795,000	65,000
Payment of commercial papers	(345,000)	(225,000)	(120,000)
Net cash used in financing activities	<u>(6,586,722)</u>	<u>(4,891,955)</u>	<u>(1,694,767)</u>
Net increase (decrease) in cash and cash equivalents	(1,451,914)	(1,535,994)	84,080
Cash and cash equivalents at beginning of year	<u>2,075,238</u>	<u>2,075,238</u>	<u>-</u>
Cash and cash equivalents at end of period	<u>\$ 623,324</u>	<u>539,244</u>	<u>84,080</u>