

CAP CANA, S. A.

Unconsolidated Statement of Financial Position

December 31, 2011 and 2010

<u>Assets</u>	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Cash and cash equivalents	520,754	1,992,703
Deposits in escrow	194,632	375,587
Accounts receivable		
Customers	141,414,153	118,259,407
Shareholders and related parties	26,450,126	37,294,650
Employees	4,805	37,056
Other receivables	7,757,854	5,671,314
	<u>175,626,938</u>	<u>161,262,427</u>
Allowance for doubtful accounts	(2,473,413)	(3,623,004)
Total accounts receivable	<u>173,153,525</u>	<u>157,639,423</u>
Prepayments	329,657	1,483,429
Construction materials and supplies inventory	21,799,215	23,484,624
Advances to contractors	19,657,543	23,772,254
Real estate project in progress	416,086,184	408,193,491
Deferred direct selling costs, net	42,289,031	48,658,549
Land for future development and sale	135,322,432	135,322,432
Investment in subsidiaries	44,974,066	42,446,821
Available for sale investment	4,400,069	4,400,069
Investment in associates	401,027	1,027
Property and equipment, net	415,222,716	433,577,845
Other assets	1,175,108	1,839,004
	<u>\$ <u>1,275,525,959</u></u>	<u><u>1,283,187,258</u></u>

<u>Liabilities and Shareholders' Equity</u>	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Notes payable:		
Banks	\$ 5,144,821	14,750,916
Shareholders and related parties	1,128,987	1,175,803
Total notes payable	<u>6,273,808</u>	<u>15,926,719</u>
Accounts payable:		
Suppliers	30,994,244	42,013,325
Shareholders and related parties	20,593,926	21,750,354
Other payable	4,611,800	464,460
Total accounts payable	<u>56,199,970</u>	<u>64,228,139</u>
Commercial papers	25,070,000	32,455,000
Accrued expenses and withholdings	94,822,526	80,001,114
Deferred revenues, net	58,473,731	33,630,750
Customer deposits	238,388,694	214,700,990
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>734,391,050</u>	<u>760,293,165</u>
Shareholders' equity :		
Share capital	269,826,458	269,826,458
Traslation reserve	248,007	248,007
Legal reserve	16,613,762	15,701,721
Retained earnings	<u>254,446,682</u>	<u>237,117,907</u>
Total shareholders' equity	<u>541,134,909</u>	<u>522,894,093</u>
	 <u>\$ 1,275,525,959</u>	 <u>1,283,187,258</u>

CAP CANA, S. A.Unconsolidated 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>6,814,763</u>	<u>14,421,282</u>
Total revenues from operations	<u>110,098,303</u>	<u>97,713,539</u>
Costs :		
Cost of sales of real estate products	60,541,527	42,744,090
Other operating costs	<u>3,356,432</u>	<u>6,862,470</u>
Total costs	<u>63,897,959</u>	<u>49,606,560</u>
Gross profit	<u>46,200,344</u>	<u>48,106,979</u>
Other income	33,090,917	32,255,236
General and administrative expenses		
Sales commissions	4,217,155	950,355
Personnel expenses	5,122,848	11,498,903
Advertising and public relations	584,444	1,181,790
Depreciation	13,769,797	15,720,057
Other general and administrative expenses	<u>24,172,203</u>	<u>32,008,073</u>
Results from operating activities	<u>47,866,447</u>	<u>61,359,178</u>
Results from operating activities	<u>31,424,814</u>	<u>19,003,037</u>
Financing cost, net:		
Finance cost	(14,956,570)	(16,739,575)
Finance income	3,382,732	3,641,967
Foreign currency exchange gain, net	<u>(1,610,160)</u>	<u>1,659,753</u>
Net income	<u>(13,183,998)</u>	<u>(11,437,855)</u>
Net income	<u>\$ 18,240,816</u>	<u>7,565,182</u>

CAP CANA, S. A.

Unconsolidated Statements of Changes in Equity

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

	Common Stock		<u>Legal Reserve</u>	<u>Translation Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>				
Balances at December 31, 2009	5,168,947	\$ 269,826,458	15,323,462	248,007	229,930,984	515,328,911
Net income	-	-	-		7,565,182	7,565,182
Transfer to legal reserve	-	-	378,259	-	(378,259)	-
Balances at December 31, 2010	5,168,947	269,826,458	15,701,721	248,007	237,117,907	522,894,093
Net income	-	-	-	-	18,240,816	18,240,816
Transfer to legal reserve	-	-	912,041	-	(912,041)	-
Balances at December 31, 2011	<u>5,168,947</u>	<u>\$ 269,826,458</u>	<u>16,613,762</u>	<u>248,007</u>	<u>254,446,682</u>	<u>541,134,909</u>

CAP CANA, S. A.

Unconsolidated 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	\$ 18,240,816	7,565,182
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Allowance for doubtful accounts	-	1,635,827
Amortización of deferred revenue	-	(7,815,400)
Depreciation	13,769,797	15,720,057
Impairment loss on real estate project in progress	13,000,000	26,986,734
Gain on disposal of property and equipment	638,095	446,935
Gain in equity accounted investee	(400,000)	-
Gain on debt extinguishment	(29,782,811)	(25,694,876)
Finance cost	14,956,570	16,739,575
Changes in assets and liabilities:		
Decrease (increase) in:		
Deposits in escrow	180,955	431,707
Accounts receivable from customers	(37,522,627)	(25,184,483)
Accounts receivable from shareholders and related parties	14,786,685	(5,668,610)
Accounts receivable from employees	32,251	241,075
Other trade receivables	(3,236,131)	636,020
Prepayments	1,153,772	268,345
Construction materials and supplies inventory	1,685,409	6,008,812
Advances to contractors	4,114,711	(5,286,475)
Real estate project in progress	(26,801,943)	(49,366,148)
Deferred direct selling costs, net	6,369,518	(2,780,123)
Other assets	663,896	652,912
Increase (decrease) in:		
Accounts payable to suppliers	(16,521,081)	21,482,726
Accounts payable to shareholders and related parties	(1,763,593)	11,605,018
Other accounts payable	277,849	(1,877,613)
Accrued expenses and withholdings	(135,203)	(9,342,486)
Deferred revenues	24,842,981	13,088,941
Customer deposits	2,983,979	(16,560,811)
Net cash provided by (used in) operating activities	1,533,895	(26,067,159)

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CAP CANA, S. A.

Unconsolidated 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	3,580,878	1,928,750
Acquisition of property and equipment	-	(8,609,540)
Net cash used in investing activities	<u>3,580,878</u>	<u>(6,680,790)</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	(345,000)	(2,280,000)
Net cash used in financing activities	<u>(6,586,722)</u>	<u>33,070,195</u>
Net increase (decrease) in cash and cash equivalents	(1,471,949)	322,246
Cash and cash equivalents at beginning of year	<u>1,992,703</u>	<u>1,670,457</u>
Cash and cash equivalents at end of period	<u>\$ 520,754</u>	<u>1,992,703</u>