LAAD

2011 ANNUAL REPORT

Latin American Agribusiness Development Corporation S.A.

Latin American Agribusiness Development Corporation S.A. (LAAD) is a private investment and development company. Its shareholders are 12 leading agribusiness and financial corporations. LAAD finances and develops private agribusiness projects in Latin America and the Caribbean involving all phases of production, processing, storage, services, technology and marketing in the fields of agriculture, livestock, forestry and fishing.

LAAD Financial Highlights Consolidated Data October 31,

FOR THE YEAR	2011	2010	2009	2008	2007
Operating Income ('000)	**$ 12,032**	$ 10,583	$ 9,679	$ 8,684	$ 8,049
Net Income ('000)	**$ 10,412**	$ 9,023	$ 8,179	$ 7,203	$ 6,474
Basic Earnings per Share of Common Stock*	**$ 21,692**	$ 18,798	$ 17,040	$ 15,007	$ 13,487
FINANCIAL RATIOS					
Return on Average Net Worth	**11.3%**	10.8%	10.6%	10.0%	9.5%
Return on Average Total Assets	**2.9%**	2.8%	2.7%	2.8%	2.9%
Total Net Debt to Net Worth	**2.6:1**	2.5:1	2.5:1	2.6:1	2.3:1
Operating Expenses to Gross Profit**	**43.2%**	43.7%	50.4%	50.9%	49.1%
Operating Expenses to Average Total Assets	**2.6%**	2.5%	3.3%	3.5%	3.5%
Reserve to Portfolio	**2.4%**	2.7%	3.1%	3.4%	4.0%
AT YEAR END					
Agribusiness Loans ('000)	**$ 339,077**	$ 305,399	$ 284,427	$ 265,145	$ 219,248
Assets ('000)	**$ 377,249**	$ 338,600	$ 313,026	$ 288,029	$ 232,229
Net Worth ('000)	**$ 96,516**	$ 87,518	$ 80,166	$ 74,236	$ 70,256

**Based on the weighted average number of shares of common stock outstanding during the year.*
***Gross Profit = Total Income – Interest Expense*

Letter to the Shareholders

Following two years of weak and uneven recovery from the global financial crisis, the overall world economy closed the year 2011 tumbling on the brink of another major downturn. This was mainly due to the poor economic performance of the developed world, caused by the sluggish economic recovery in the U.S. and the major financial crisis in Europe. In the midst of all this, Latin America saw and enjoyed a growth performance that stood apart from the global pattern, showing only a small economic slowdown due primarily to the good performance of its commodities exports, more predictable political regimes, and the macroeconomic discipline established in most of the countries in the region. As a result, the agribusiness sector in our region turned in another strong year of growth, driven by continued high prices for most agricultural export products. Within this context, your Company had a record year in terms of net profits, loan disbursements and portfolio quality.

In 2011, the Company disbursed an unprecedented amount of US$120.1 million 16% higher than last year's figures.

By working and supporting our new and existing clients, we were able to disburse a record US$120.1 million or 16% higher than last year's figure; thus increasing our agribusiness portfolio by 11% to US$344.6* million as compared to last year. More importantly, along with the increase in portfolio, we also improved the quality of our portfolio, as non-performing assets (NPAs) as a percentage of our total agribusiness portfolio were reduced significantly by 22% during the year. This combination resulted in net income of US$10.4 million and a solid return of 11.3% on your Company's net worth for fiscal year 2011. Net earnings were 15.4% greater than last year.

Continuing our strategy of the past decades, we loaned mainly to farms serving the global export markets. We financed a total of 202 projects in 14 Latin American countries during the year. We expect that these businesses will generate economic impact by creating over 5,740 new, mostly rural jobs, including 1,325 permanent and 4,415 seasonal positions, and also generating over US$112 million in additional foreign exchange earnings.

Among the more innovative projects this year, we would like to highlight a US$2 million loan to Farmers Elevator do Brasil Agropecuária Ltda., a producer and exporter of papayas of the Formosa and Solo varieties. Papayas are Brazil's sixth most exported fresh fruit, while the country is the world's largest papaya producer, with approximately 1.9 million metric tons being produced annually. The project is located in Luis Eduardo Magalhães, Bahia State. The project exports to the European market and also sells part of its production in the large domestic market. The project brings diversification to our growing Brazilian portfolio.

In Ecuador, we made a US$400,000 loan to an Ecuadorian producer of organic "baby" bananas, named Ms. Carmita Bahamonde, a very dynamic, entrepreneurial and successful businesswoman. Her novel project produces a line of bananas that differs from the conventional banana in that the fruit is small and very nutritious. It is ideal for small children because of its portion size, high fiber content, creamy and silky texture, and sweet taste. Baby bananas are locally called "oritos" and sold as "minis", "manzanos" or "lady fingers" in the export markets. Ms. Bahamonde is the largest producer and exporter of "baby" bananas in Ecuador. She exports all her organic-certified production to foreign markets through Dole and Chiquita.

In Peru, we funded one of the country's pioneers in the organic coffee industry, making Peru a new player in the

**Including real estate owned and equity investments.*

Citrícola Salteña produces citrus fruit for the export market. The project has more than 4,000 hectares of plantations and is located in the northwestern Department of Salto, Uruguay.

gourmet organic coffee market. The US$1 million loan was disbursed to Brack State Coffee S.A.C., a company owned by the Brack family. The company produces and exports organic coffee primarily to the German market. The Brack family has significant experience in coffee cultivation, having grown the crop since 1925, when Mr. Johann Brack Kraus arrived in Peru from Germany and moved to the country's jungle to become a coffee grower. The farm is located in the Oxapampa valley, 600 kilometers from Lima, in the Pasco department. The company has 479 hectares of land, of which 332 hectares are planted with organic coffee. Brack State Coffee has 100% organic certification from The Institute for Marketecology (IMO), which specializes in quality assurance for ecologic products and organic agriculture. Through IMO, the company also obtained the Naturland seal or brand, which is granted by an association of organic farmers in Germany. Through this project, LAAD has expanded its geographical impact in Peru and diversified its portfolio.

In Guatemala, a US$1.35 million loan was granted to Agroindustrias Nucorp, S.A., a producer of natural rubber, a "green" commodity export product that has been performing very well in the last decade. Natural rubber is an eco-friendly industrial material in high demand from the developed and emerging markets as a substitute or complement for synthetic rubber materials. During times of high world oil prices, natural rubber becomes more attractive than oil-based rubber. The higher demand has helped to maintain good market prices for producers of natural rubber and consequently, plantations have expanded worldwide, including in Guatemala. In addition to the positive economic impact of natural rubber plantations, they are also environmentally-friendly, promoting reforestation, the efficient and effective use of scarce land resources, and are a carbon sink, helping to mitigate climate change. Also, rubber plantations in Guatemala create much needed rural jobs. Through this project, LAAD has expanded its mission impact and also diversified its portfolio in the Central American region.

Despite the credit markets' fragility experienced during the second semester of 2011 due to the European financial crisis, our funding efforts during the last fiscal year were very positive, granting LAAD a healthy level of liquidity. In 2011, we primarily focused our efforts in diversifying our funding sources with U.S. banks and European Development Finance Institutions (DFIs), capitalizing on our institutional relations, LAAD's excellent financial performance, the high quality of our loan portfolio, our strong capital position, and LAAD management's track record.

During this fiscal year we obtained US$25 million in term funds from two European Development banks (DFIs), namely, PROPARCO (French Development Agency) and BIO (Belgian Investment Company for Developing Countries), and approximately US$100 million from various U.S.-based financial institutions. In December 2011, subsequent to the closing of our fiscal year, we received approval from the Austrian Development Bank (OeEB) and the OPEC Fund for International Development (OFID) for a US$30 million term facility to finance agribusiness projects throughout Latin America.

As we move into the new fiscal year, we remain optimistic despite facing a challenging global environment. We also do not want to underestimate regional challenges that LAAD might face in the coming year, such as the continued appreciation of some Latin American currencies and the potential significant competition caused by excess liquidity in the local banks in the region. On the other hand, the Latin American region presents decent stability and a projected growth of 3.5% for 2012.

LAAD's strong financial results allows us to look ahead from a position of strength and we look forward to another very positive year for your Company, as we continue to expand our operations significantly in Chile, Brazil, and Peru by opening new branches in these markets. Next year we are going to be opening our first offices in Bogota, Colombia, and Mexico City, Mexico. This will be our first entry into Mexico. We are confident that both of these countries will offer significant contributions to LAAD's future growth.

Net earnings were
15.4%
greater than last year

As an organization committed to Latin America, LAAD will continue to enthusiastically provide its modest but relevant support to worthwhile projects in a dynamic and growing agricultural sector that supplies a portion of the food needs of a fast growing global population. We anticipate a much greater demand for funding agricultural investments in the region and we look forward to these exciting opportunities.

Finally, we want to express our confidence and appreciation to our clients for giving us the opportunity to serve them, our Directors for their time, support, and leadership, and last but not least, our management and staff for their dedication, talent, hard work, and outstanding performance in carrying out LAAD's mission. We look forward to their continued support in implementing our ambitious growth plans and strategies for the future.

Benjamin Fernandez
President

Frank Ravndal
Chairperson

Agribusiness Operations

Latin America, LAAD's market, remained largely immune to the economic turmoil and performed well during 2011, thanks to strong domestic demand, sound regional macroeconomic policies, and high commodity prices spurred by increased demand from the present global economic engines of emerging markets.

As a result of these developments, the Company disbursed a record US$120.1 million to 202 projects in 14 countries, exceeding last year's disbursement results by 16%, and 7% higher than the budgeted amount. The agribusiness loan portfolio stood at US$339.1 million at the end of fiscal year 2011, 11% greater than in 2010. This was achieved by record-setting disbursements. The projects financed by LAAD in 2011 created a total of 5,740 new jobs, and will generate an additional US$112 million per year in foreign exchange for the region.

LAAD's greatest portfolio growth in absolute terms occurred again this year in South America. The Company's loan portfolio in South America grew by US$21 million in 2011, reaching a total of US$209 million. The region definitely continues to be a growth point for LAAD. Upon closing the year, the South American portfolio consisted 61% of LAAD's total portfolio. The growth in South America was primarily fueled by clients in expansion mode due to the excellent prices obtained by soft commodities such as grains and other agricultural products. Brazil, Peru and Ecuador were the best performers in this region.

The Agribusiness Portfolio stood at US$339.1 million at the end of fiscal year 2011

The Company's loan portfolio in Central America grew by US$11 million in 2011, reaching a total of US$97 million and, at year end, representing 30% of the Company's total portfolio. The Company's loan portfolio in the Caribbean grew slightly, reaching a total of US$33 million, staying basically the same as in 2010, and contributing 9% to the Company's total portfolio.

In **Brazil**, the Company had a record year, disbursing US$22.2 million to 19 projects located in the states of Mato Grosso, Goiás, São Paulo, Minas Gerais, Bahia and Paraná. These projects should generate 13 new full-time job positions, 198 part-time positions, and US$27.8 million in additional exports. LAAD continues to grow aggressively in Brazil, as the Company is finding new areas and products that both incorporate diversity into its portfolio and dilute risks. LAAD will continue to target projects producing coffee, soybeans, cotton, beans, corn, cattle, oranges, and rubber. LAAD has placed a significant part of its growth expectations in Brazil, given that the country is the largest producer of several agricultural products and its agribusiness sector is growing at a fast pace. Management believes LAAD can make valuable contributions to the country by supporting its agribusiness entrepreneurs and companies.

In **Peru**, LAAD continued to finance table grape projects, as well as asparagus, mangoes, and citrus, and had total disbursements of US$18.21 million granted to 26 clients, showing a great performance this year. The asparagus, mango and citrus industries in Peru are well-developed and relatively mature. Although the table grape industry continues to grow, LAAD is trying to diversify its portfolio in order to avoid industry concentration. The office successfully found projects involved in organic banana and coffee production, not only diversifying its portfolio, but also supporting organic production projects that have increasing demand in the U.S. and E.U. markets. LAAD's loans in Peru helped generate US$10.84 million in hard currency, also generating 111 permanent and 1,049 seasonal job positions.

Sociedad Santa Emelina's apple orchard located near the Rancagua mountain range, valley of Cachapoal, Chile.

LAAD's **Ecuador** office disbursed a total of US$13.85 million granted to 25 clients. The office also took measures to diversify its portfolio from bananas, roses, and flowers, which currently make up the bulk of the office's operations. The office searched for new industries to finance throughout the country, with management making weekly trips to Ecuador's coastal areas. As a result, in the country's highlands LAAD financed broccoli, and poultry projects, while in the coastal areas it financed projects involved in food processing, palm oil, and papaya production. These projects will generate US$7.88 million in hard currency, as well as 557 permanent job positions. As a side note, it should be mentioned that LAAD has partially financed a testing laboratory that will be able to test organic products and ensure their compliance with international standards. Thus, LAAD continues to support entrepreneurs who are on the forefront of applying technology to agriculture to ensure improved and healthier products for the international markets.

In **Chile**, LAAD disbursed US$5.96 million to 17 clients and continued to finance apples, cherries, grapes, and citrus. However, we have also increased our operations in blueberries, nuts, and refrigerated storage services. These projects will generate US$6.53 million in hard currency, 55 permanent jobs and 504 seasonal job positions. Since Chile's banking sector actively finances agricultural projects, this is a very competitive market for LAAD. The office there has traditionally countered this competition by establishing close relationships with clients, visiting them frequently. However, given the country's length, this has become increasingly difficult as LAAD's portfolio has grown. To address this issue, LAAD has established a second office in Curicó, 200 kilometers south of Santiago. We expect that this additional presence will help LAAD continue to provide the excellent service our clients in the southern regions have come to expect from us.

In **Uruguay**, LAAD continues to face strong competition from local banks. In addition, the country remains a small market compared to its neighboring markets. Despite that, LAAD was able to disburse US$5.4 million to five projects in the dairy, cattle, soybean and feed processing industries. LAAD-financed projects in Uruguay in 2011 are expected to create 12 full-time and 18 part-time jobs and increase their exports by US$13.3 million per year.

In **Bolivia**, LAAD focuses its activities exclusively on improving the quality of the existing portfolio and lending cautiously to the best existing clients to limit its total exposure in the country. Total disbursements during the year reached US$4.1 million to 12 projects, including the renewal of previously-approved revolving lines. LAAD financing enabled these projects to increase their exports by US$2.69 million, creating 35 permanent and 34 seasonal job positions. LAAD's financing in Bolivia went primarily to the cattle and soybean industries.

This past year our **Colombian** portfolio was managed by our Costa Rica office. Our Colombian operations had a slow start but a good second semester, disbursing US$2.45 million for the year to five clients. LAAD's loans in Colombia helped generate US$1.96 million in hard

Agropecuaria Potosí, S.A. is a 362 hectare banana operation located in Batán, Limón, Costa Rica, an area characterized for having excellent weather for banana production. It is owned by the Samper family group, recognized for its long tradition in the banana business in Costa Rica and Colombia.

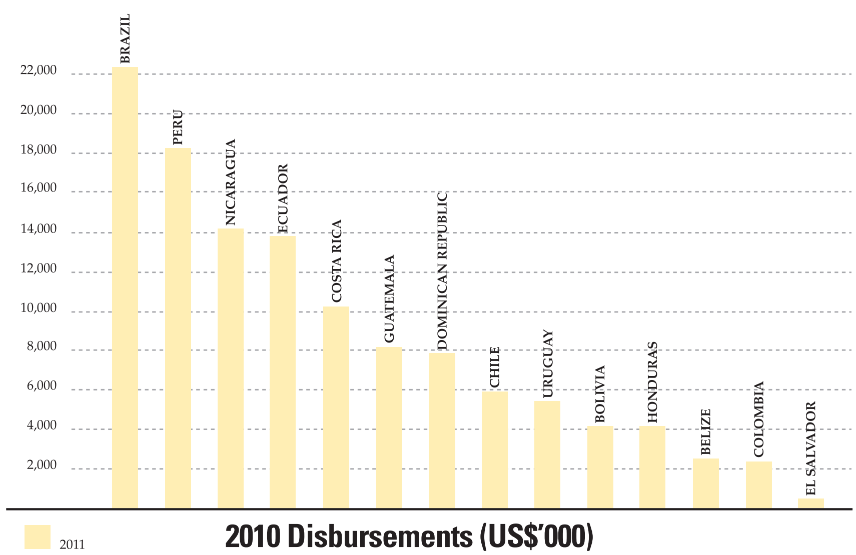
currency, also generating 130 seasonal job positions. The country ended the year with a US$12.3 million portfolio and loan commitments of US$2.3 million in new projects. Our main focus in Colombia during the year was to recruit a capable and experienced investment manager to open and run our new office in Bogota. This was successfully completed by year-end, and our expectations for this market are very encouraging, as the country is transforming politically and economically at a fast pace.

In **Nicaragua**, LAAD had an excellent year which included record disbursements of US$14.4 million to 26 projects, increasing the portfolio in that Central American country by 23%, to US$24.3 million. The disbursements were distributed mostly between cattle, coffee, and peanut projects. In addition to the remarkable growth, the quality of the portfolio was improved, as zero delinquencies were reported by year-end. LAAD's loans in Nicaragua helped generate US$4.32 million in hard currency, also generating 85 permanent and 1,132 seasonal job positions.

Our Nicaragua office also manages **Honduras**, where LAAD was able to disburse a total of US$3.8 million to eight projects during 2011, maintaining a loan portfolio of US$23.6 million at year-end. There was no significant portfolio growth in Honduras compared to the previous year, as our strategy at this time is primarily focused on improving the quality of our existing portfolio. LAAD-financed projects in Honduras in 2011 are expected to create 40 full-time and 150 part-time jobs and increase their exports by US$2.8 million per year.

In **Costa Rica**, LAAD disbursed a total of US$10.4 million to 15 projects, the highest ever, reaching a total record portfolio of US$25.9 million despite the prepayment of two large loans. The portfolio is divided among 33 projects, including pineapple, coffee, and fern producers as the main participants in this portfolio. The country's results were favored by an appropriate distribution of

Combifruit Cia. Ltda. is an Ecuadorian company dedicated to producing and exporting papayas. The company owns three farms with a total production area of 80 hectares located in Quevedo, Los Ríos Province, in the coastal region of Ecuador. The company generates 120 full time jobs.



2010 Disbursements (US$'000)

Mr. Mariano Castillo Herrera, a very well known coffee grower, produces Strictly Hard Bean coffee on his coffee plantation located at Finca Santa Cecilia, located in San Pedro Necta, Huehuetenango, Guatemala.

disbursements during the year and additional income from penalties collected, including the prepayment penalties of two major loans. The projects financed by LAAD in Costa Rica will generate US$20.7 million in hard currency, 166 permanent jobs and 40 seasonal job positions.

Fiscal year 2011 was a very good year for our **Guatemala** Office. Guatemala was able to increase the total portfolio by 35%, exceeding US$21 million. LAAD disbursed a total of US$8.26 million last year in agribusiness loans, which represented a 28% increase over the prior year. Our loans supported 20 projects, which will generate 77 permanent and 411 seasonal jobs and US$4.82 million in annual exports, bringing much sought hard currency to Guatemala.

Belize and **El Salvador** were managed by our Guatemala Office. Total disbursements in these countries reached US$3.27 million. The disbursements were distributed to four well diversified projects — three in Belize and one in El Salvador — producing bananas, shrimp, citrus, and tilapia. The disbursement level in Belize helped fuel a 45% increase in the portfolio from US$4.3 million in fiscal year 2010 to US$6.2 million in 2011. LAAD's loans in Belize and El Salvador will generate US$4.07 million in hard currency, also generating 34 permanent and seven seasonal job positions.

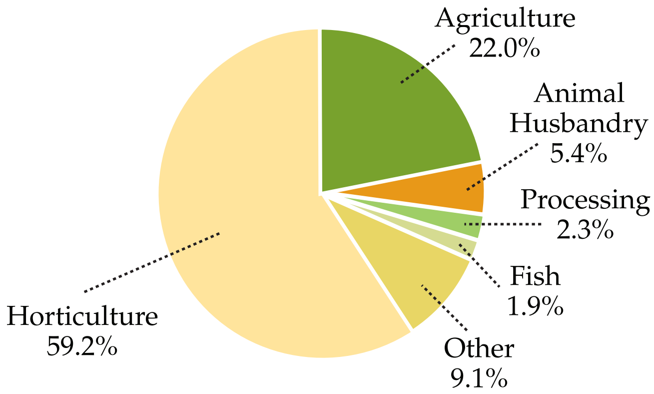
The **Dominican Republic** is an established market for LAAD and continues to maintain a significant portfolio for the Company, US$29.8 million, distributed among 63 clients. During the fiscal year, a total of US$7.8 million was disbursed to 20 projects producing organic and conventional bananas, coffee, hogs, and vegetables. Thanks to LAAD's support, our Dominican clients will generate close to US$3.86 million in annual exports and also create 140 permanent and 742 seasonal jobs.

A worker at Finca San Jerónimo El Ingenio (Agroindustrias Nucorp) in the process of harvesting natural rubber. Suchitepequez, Guatemala.

Agribusiness Portfolio by Industry
US$'000

Purpose of Loan	No. of Projects	Disbursed	Present Holding	Percentage of Holding
Fruits and Vegetables	984	410,740	152,290	44.2%
Cut Flowers	386	162,253	51,793	15.0%
Grains	408	173,410	42,616	12.4%
Agriculture	205	84,811	33,291	9.7%
Cattle	189	60,462	18,592	5.4%
Miscellaneous	114	39,039	11,984	3.5%
Wood Products	101	31,508	8,502	2.5%
Food Processing	285	122,508	7,780	2.3%
Fishing	83	35,596	6,699	1.9%
Vegetable Oils	39	20,312	4,483	1.3%
Dairy	22	8,729	4,183	1.2%
Hogs and Poultry	49	19,913	1,285	0.4%
Agro-technology	10	3,069	954	0.3%
Farm Equipment	23	7,581	50	0.0%
Marketing Services	31	5,502	0	0.0%
Overall Result	2,929	1,185,433	344,505	100%

Industrial Distribution

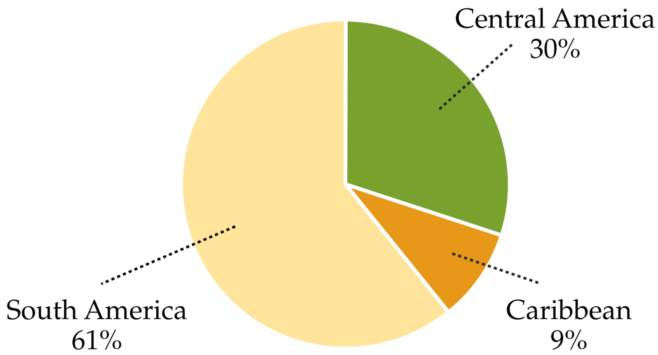


Agroindustria La Argentina AgroArgentina Cia. Ltda. is a well-integrated Ecuadorian broccoli company that owns 66 hectares of broccoli in full production and a food processing plant, where the client uses raw material from the field to produce ready to serve broccoli florets. The company exports its entire production using IQF (individually quick frozen) technology.

Agribusiness Portfolio by Country
US$'000

Country	No. of Projects	Disbursed	Present Holding	Percentage of Holding
Brazil	93	98,052	68,274	19.8%
Ecuador	268	142,148	45,468	13.2%
Peru	144	94,374	31,655	9.2%
Dominican Republic	380	108,478	29,821	8.7%
Chile	245	88,257	28,258	8.2%
Costa Rica	265	99,883	25,925	7.5%
Nicaragua	171	96,020	24,280	7.0%
Honduras	216	87,345	23,580	6.8%
Guatemala	373	118,077	21,089	6.1%
Uruguay	46	30,936	14,562	4.2%
Colombia	51	28,777	12,332	3.6%
Bolivia	343	100,844	8,513	2.5%
Belize	69	27,808	6,206	1.8%
El Salvador	65	18,945	3,030	0.9%
Venezuela	34	13,648	1,506	0.4%
Other	166	31,841	0	0.0%
Overall Result	2,929	1,185,433	344,505	100%

Geographic Distribution



Financial Results

The Company reported a net income of US$10.4 million for the fiscal year ended October 31, 2011, which is 15.4% above last year. The return on average net worth was 11.3% and earnings per share were US$21,692. The return on average total assets increased to 2.9% from 2.8% last year.

Interest income from agribusiness loans was up by 10.8%, to US$30.9 million. The Company disbursed US$120.1 million in loans during the year, increasing the agribusiness loan portfolio by 11% to US$339 million. Interest expenses of US$10.5 million were 9% higher than the previous period, primarily due to the expansion of the loan portfolio.

Salaries and employee benefits increased slightly to US$4.3 million from the previous 2010 figure of US$3.9 million, reflecting new hires as well as increased costs, particularly in Brazil. General and administrative expenses increased by approximately 9.6% from the previous year mainly due to professional fees paid to third parties, as well as internal traveling expenses in the countries where the local currency significantly appreciated when compared with the United States dollar. Operating expenses represented 28.9% of total revenue in 2011, compared to 29.1% in 2010.

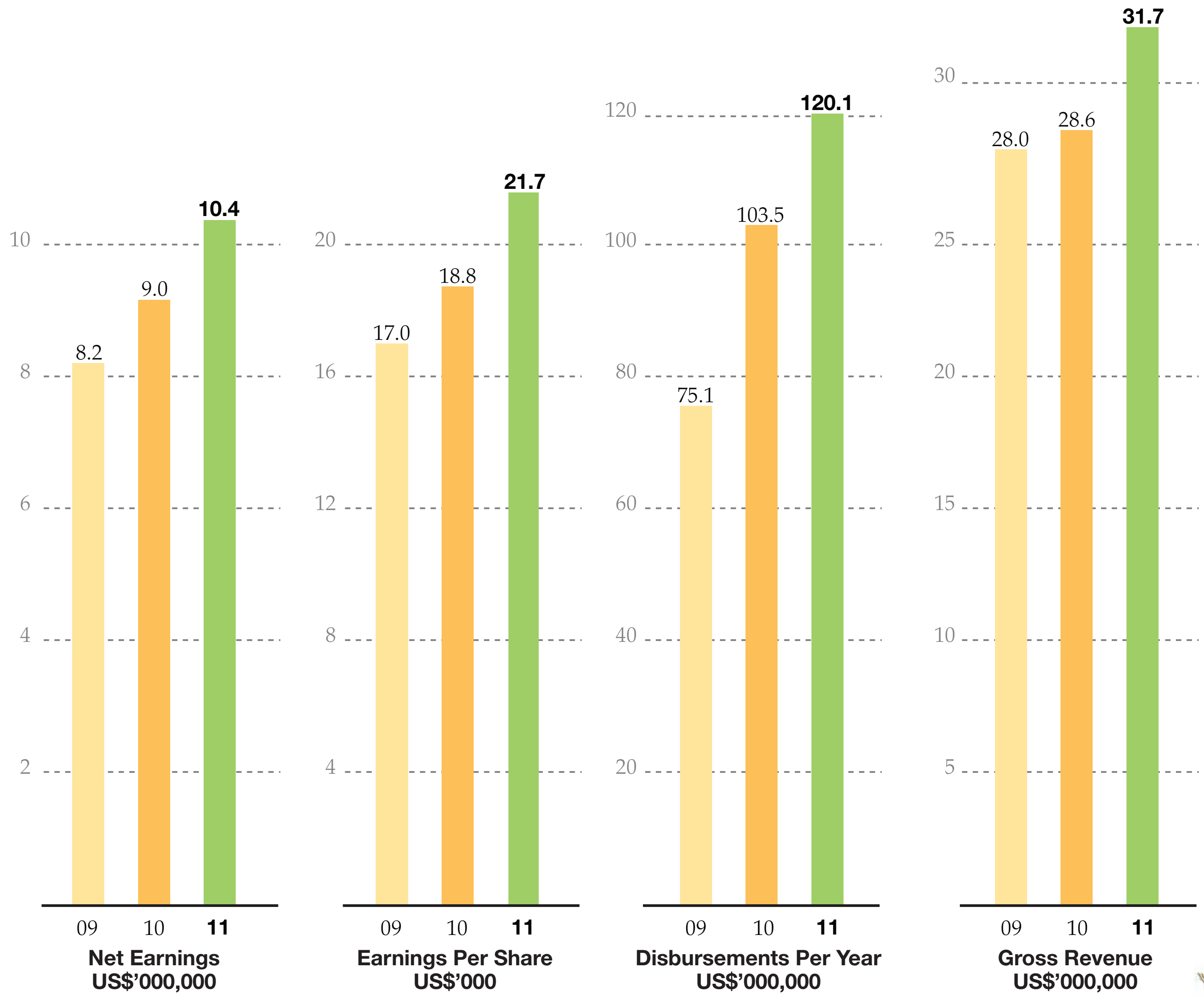
Total assets at fiscal year-end October 31, 2011, net of loan loss reserves, reached US$377 million — 11.4% higher than the previous year, mainly due to the growth of the agribusiness portfolio. Non-performing loans of US$10.2 million represented 3.5% of the portfolio, down from 4.8% last year. The Company wrote off US$1.5 million in loans to 15 clients in ten countries during the year, or 0.4% of the total portfolio. This figure includes equity investments and OREOs (Other Real Estate Owned), and is lower than the figure of 0.7% that was written off last year. The reserve for possible losses is 2.5% of the agribusiness loan portfolio.

The Company secured loans and lines of credit from several sources during the year in the amount of US$124 million. Despite the Company's consolidated debt increase of US$30.5 million, the net debt-to-equity ratio increased slightly to 2.6:1 from 2.5:1 in 2010.

The Company paid cash dividends on common stock of US$2.3 million, or US$4,699.39 per share, which represented 25% of fiscal year 2010 net earnings.

Inversiones del Magdalena S.A.S. is an African palm production company located in Santa Marta, Colombia, with a total extension of 515 hectares. It is owned by the Serrano Maestre brothers, the second generation of a well-known African palm producing family group.

Campos del Sur S.A., located in the Ica Valley, 350 kilometers south of Lima, is dedicated to the production of 120 hectares of green asparagus and 20 hectares of crimson seedless table grapes for export to the U.S. and European markets.



Consolidated Balance Sheets

Latin American Agribusiness Development Corporation S.A. and subsidiaries

	October 31, 2011	October 31, 2010
	(in thousands, except per share data)	
Assets		
Cash and cash equivalents	$ 28,691	$ 26,486
Loans, including $74,319 and $67,297 maturing within one year in 2011 and 2010, respectively	339,077	305,399
Less: Allowance for loan losses	(8,697)	(8,570)
Net loans	330,380	296,829
Accrued interest receivable	9,123	8,003
Fixed assets, net	1,042	1,041
Other assets	8,013	6,241
	18,178	15,285
	$ 377,249	$ 338,600
Liabilities and Stockholders' Equity		
Accrued interest payable and other liabilities	$ 3,448	$ 3,213
Interest rate swap agreements	1,050	2,157
Borrowings	276,235	245,712
Total liabilities	280,733	251,082
Commitments (Notes 5 and 9)		
Stockholders' equity		
Common stock, $5,000 par value, 2,000 shares authorized, 640 shares issued, 480 shares outstanding	3,200	3,200
Treasury stock, 160 shares, at cost	(2,422)	(2,422)
Capital in excess of par value	39	39
Retained earnings	96,477	88,320
Accumulated other comprehensive loss	(778)	(1,619)
Total stockholders' equity	96,516	87,518
	$ 377,249	$ 338,600

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations

Latin American Agribusiness Development Corporation S.A. and subsidiaries

	For the years ended October 31, 2011	2010
	(in thousands, except per share data)	
Interest income		
Loans	**$ 30,856**	$ 27,885
Other	**17**	32
Total interest income	**30,873**	27,917
Interest expense	**10,485**	9,620
Net interest income	**20,388**	18,297
Provision for loan losses	**1,620**	1,560
Net interest income after provision for loan losses	**18,768**	16,737
Other income (expenses)		
General and administrative	**(4,804)**	(4,383)
Salaries and employee benefits	**(4,342)**	(3,918)
Other income, net	**830**	567
Gain (loss) on sale of assets	**(40)**	20
Total other income (expense)	**(8,356)**	(7,714)
Net income	**$10,412**	$9,023
Basic and fully diluted earnings per share	**$ 21,692.11**	$ 18,797.54

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

Latin American Agribusiness Development Corporation S.A. and subsidiaries

	For the years ended October 31, 2011	2010
	(in thousands)	
Net income	**$ 10,412**	$ 9,023
Changes in fair value of derivative instruments	**841**	374
Comprehensive income	**$ 11,253**	$ 9,397

Consolidated Statements of Stockholders' Equity

Latin American Agribusiness Development Corporation S.A. and subsidiaries

(in thousands, except per share data)

	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance, October 31, 2009	640	$ 3,200	160	$ (2,422)	$ 39	$ 81,342	$ (1,993)	$ 80,166
Dividends	-	-	-	-	-	(2,045)	-	(2,045)
Net income	-	-	-	-	-	9,023	-	9,023
Change in fair value of derivative instruments	-	-	-	-	-	-	374	374
Balance, October 31, 2010	640	3,200	160	(2,422)	39	88,320	(1,619)	87,518
Dividends	-	-	-	-	-	(2,255)	-	(2,255)
Net income	-	-	-	-	-	10,412	-	10,412
Change in fair value of derivative instruments	-	-	-	-	-	-	841	841
Balance, October 31, 2011	**640**	**$ 3,200**	**160**	**$ (2,422)**	**$ 39**	**$ 96,477**	**$ (778)**	**$ 96,516**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

Latin American Agribusiness Development Corporation S.A. and subsidiaries

	For the years ended October 31, 2011	2010
	(in thousands)	
Cash flows from operating activities		
Net income	$ 10,412	$ 9,023
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	1,620	1,560
Amortization, depreciation and accretion, net	1,699	1,396
Change in fair value of derivatives recognized in earnings	(266)	(223)
Net loss on sale of assets and on equity investment	40	75
Changes in assets and liabilities:		
Accrued interest receivable	(1,120)	(830)
Other assets	(77)	(232)
Accrued interest payable and other liabilities	235	624
Net cash provided by operating activities	12,543	11,393
Cash flows from investing activities		
Loan disbursements	(120,055)	(103,528)
Principal collected on loans	83,157	80,289
Proceeds from sale of real estate and other	58	58
Contributions to equity investment and other	(112)	(383)
Purchases of fixed assets	(390)	(139)
Net cash used in investing activities	(37,342)	(23,703)
Cash flows from financing activities		
Proceeds from multilateral institution debt	26,700	42,500
Repayments of multilateral institution debt	(17,500)	(10,000)
Proceeds from bank term debt	79,000	45,000
Repayments of bank term debt	(36,450)	(29,943)
Net repayments under bank revolving lines of credit	(21,500)	(28,925)
Payment of borrowing costs to lenders	(991)	(1,460)
Cash dividends paid	(2,255)	(2,045)
Net cash provided by financing activities	27,004	15,127
Net increase in cash and cash equivalents	2,205	2,817
Cash and cash equivalents		
Beginning of the year	26,486	23,669
End of the year	$ 28,691	$ 26,486
Supplemental disclosure of cash activity		
Interest paid	$ 9,612	$ 8,258
Supplemental disclosure of non-cash transactions		
Loans charged-off	$ 1,578	$ 2,345
Unrealized gain on derivative instruments	$ 1,107	$ 597
Real estate and equity investment received as payment in-kind	$ 1,681	$ -

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Latin American Agribusiness Development Corporation S.A. and its wholly-owned subsidiaries (the "Company") principally extend medium-term loans to agribusiness private enterprises located in Central and South America, and the Caribbean. The objective of the Company's loan portfolio is to improve the production, distribution, and marketing of agricultural-based products and encourage the development of private enterprise in the region.

The following is a description of the significant accounting policies and practices followed by the Company in the preparation of the accompanying consolidated financial statements. These policies conform with accounting principles generally accepted in the United States of America (US GAAP).

Consolidation

The consolidated financial statements include the accounts of Latin American Agribusiness Development Corporation S.A. (LAAD) and its wholly-owned subsidiaries, LAAD Americas N.V., LAAD Americas S.A., LAAD de Centroamerica S.A., LAAD Caribe S.A., LAAD Panama S.A. and LAAD Agro Services Inc. All the above entities are incorporated in the Republic of Panama, except for LAAD Americas N.V. which is incorporated in Curacao, formerly the Netherlands Antilles. All material intercompany balances and transactions have been eliminated in consolidation.

The Company reviews the structure and activities of its unconsolidated related entities for possible required consolidation under US GAAP. A variable interest entity (VIE) is a legal entity used to conduct activities or hold assets that either: (1) does not have investors with sufficient equity at risk for the entity to finance its activities without additional investor subordinated financial support, or 2) as a group, the investors lack any of the following: a) power, through voting or similar rights, to direct the entity's activities which significantly impact its economic performance, b) obligation to absorb the majority of any expected entity losses or c) right to receive expected residual entity returns. A VIE often holds financial assets, including loans or receivables, real estate or other property. The Company would consolidate a VIE if management concluded that the Company is the primary beneficiary of the VIE's operations and activities. A VIE's primary beneficiary is the party that both: (1) has the power to direct the VIE's activities that most significantly impact its economic performance and (2) has the obligation to absorb any significant loses or the right to receive any significant benefits of the VIE.

As indicated in Note 4, at October 31, 2011, the Company had investments in three unconsolidated related entities totaling approximately $2,955,000. The Company has reviewed the structure and activities of these entities as of October 31, 2011 and determined that consolidation is not required.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are susceptible to change in the short-term relate mostly to the allowance for loan losses and the valuation of equity investments and real estate owned.

Income recognition

Interest income on loans is recognized on the accrual basis using the interest method. Consideration is given to accrued but unpaid interest in the determination of the allowance for loan losses.

Loan origination fees and direct loan origination costs are deferred and recognized in interest income over the estimated life of the loans using the interest method, adjusted for actual prepayments.

Cash and cash equivalents

Cash and cash equivalents consists primarily of cash and deposits with banks, all of which have original maturities of 90 days or less.

Loans

Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Accrual of interest is discontinued on a loan when management believes, after considering economic and business conditions and collection efforts, that the borrower's financial condition is such that collection of principal and/or interest is doubtful. Generally, loans are placed in non-accrual status when past due 180 days, at which time, any interest accrued during the period is reversed against interest income. Collection of interest while the loan is on non-accrual status is recognized as income on a cash basis, unless collection of principal is doubtful, in which case cash collections are applied to unpaid principal. All loans made by the Company are payable in United States dollars.

Equity Investments

The Company's investments in common stock of privately held companies are included in other assets and initially carried at cost. Carrying amounts are subsequently adjusted to recognize the Company's share of investee earnings or losses and reduced by any distributions received and impairment charges.

Allowance for loan losses

The Company provides for probable loan losses through charges to current operations sufficient to maintain the allowance for loan losses at an adequate level based on factors which, in management's judgment, deserve current recognition in estimating probable loan losses. Such factors include changes in prevailing economic conditions, historical experience, current delinquency data, changes in the character and size of the loan portfolio, the overall credit worthiness of the borrowers and subjective management qualitative or environmental factors likely to cause estimated credit losses different from historical loss experience. Changes in these factors could result in material adjustments to the allowance for loan losses and provision for loan losses. The losses the Company may ultimately incur could differ materially in the near term from the amounts assumed in arriving at the allowance for loan losses.

Loans are charged against the allowance for loan losses at such time as management considers them uncollectible in the normal course of business. Recoveries of amounts previously charged off are credited to the allowance for loan losses.

Management, considering current information and events regarding the borrowers' ability to repay their obligations, considers a loan to be impaired when it is probable that the Company will be unable to collect all amounts due according to the original contractual terms of the loan. When a loan is considered to be impaired, the amount of the impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. Impairment losses are included in the allowance for loan losses through a charge to the provision.

Disclosure of significant concentrations of credit risk

Concentrations of credit risk arise when a number of customers are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Substantially all of the Company's business activity is conducted with customers located in Latin America. Loans outstanding represent transactions with Latin American customers secured by assets located in the customers'country of origin.

Fixed assets

Fixed assets at October 31, 2011 and 2010 consisted primarily of computer software and are carried at cost, less accumulated depreciation and amortization. Depreciation expense is calculated using the straight line method over the estimated useful lives of the assets (ranging from 3 to 15 years). Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the improvements. During the years ended October 31, 2011 and 2010, the Company recorded approximately $389,000 and $391,000, respectively, in related depreciation and amortization expense.

Other real estate owned

Other real estate owned consists of real estate acquired through foreclosure or as payment in-kind, and is initially recorded at the lower of the fair value of the property less estimated selling costs or the balance of the loan at the date of foreclosure, with impairments at the time of foreclosure recorded through the allowance for loan losses. Subsequent impairments are recorded in general and administrative expenses. Upon the Company's disposition of the property, realized gains or losses are recorded based on the difference between the net proceeds received and the net carrying value of the assets.

Interest rate swap agreements

Interest rate swap agreements are recognized on the balance sheet at fair value. On the date the derivative contract is entered into, the Company designates the derivative as a hedge of the variability of cash flows to be paid on certain variable rate debt ("cash flow hedge"). Changes in the fair value of those derivatives that are designated and qualify as cash flow hedges are recorded in accumulated other comprehensive income (loss). Management considers that the derivatives are highly effective in offsetting the variability in cash flows on the variable rate debt that they hedge. Amounts recognized in accumulated other comprehensive income (loss) are indirectly recognized in earnings as periodic settlements of the interest rate swap agreements occur over the period of hedged cash flows and the fair value of the derivative declines to zero.

Income taxes

The Company is a foreign corporation for income tax purposes in the United States of America. Under the provisions of the Internal Revenue Code, the Company is subject to Federal income tax solely on income derived from sources in the United States of America and on that portion of its foreign income attributable to the conduct of its business in the United States of America. During the years ended October 31, 2011 and 2010, the Company had no taxable income in the United States of America. The Company also provides, where applicable, for income taxes of the foreign countries in which it operates. When applicable, the Company records income taxes using the liability method.

Basic and fully diluted earnings per share

Basic and fully diluted earnings per share are based on the weighted average number of shares of common stock outstanding during the year (480 shares in 2011 and 2010).

Reclassifications

Certain reclassifications have been made to the Company's October 31, 2010 financial statements to conform to current year presentation.

New Accounting Pronouncements

Effective for the Company's fiscal year ending October 31, 2011, the Company adopted new accounting guidance which amended guidance for the transfers of financial assets and the consolidation of variable interest entities. The new guidance eliminated the concept of qualified special purpose entities and provides additional guidance with regard to accounting for transfers of financial assets. The new guidance also changed the approach for determining the primary beneficiary of a variable interest entity from a quantitative risk and reward model to a qualitative model, based on control and economics. The Company's adoption of this guidance had no significant impact on its consolidated financial statements.

Effective for the Company's fiscal year ending October 31, 2011, the Company adopted new disclosure guidance which requires additional disclosure regarding fair value measurements as follows: (1) transfers in and out of Level 1 and 2 measurements and the reasons for the transfers, and (2) a presentation of gross activity within the Level 3 roll forward. The guidance also provides clarifications to existing disclosure requirements on the level of disaggregation and disclosures regarding inputs and valuation techniques. The guidance is applicable to all disclosures about recurring and nonrecurring fair value measurements. The Company's adoption of this guidance had no significant impact on its consolidated financial statements.

Effective for the Company's fiscal year ending October 31, 2012, the Company is required to adopt new disclosure guidance about the"Credit Quality of Financing Receivables and the Allowance for Credit Losses."The new guidance provides enhanced disclosures related to the credit quality of financing receivables which includes the Company's loans receivable and the allowance for credit losses, and provides that new and existing disclosures should be disaggregated based on how an entity develops its allowance for credit losses and how it manages credit exposures. Under the new guidance, additional disclosures required for loans receivable include information regarding the aging of past due receivables, credit quality indicators, and modifications of financing receivables. Management anticipates adoption of this guidance will have no significant impact on its consolidated financial statements.

Effective for the Company's fiscal year ending October 31, 2012, the Company is required to adopt new accounting guidance about"Receivables."The new guidance amends existing guidance for assisting a creditor in determining whether a restructuring is a troubled debt restructuring. The amendments clarify the guidance for a creditor's evaluation of whether it has granted a concession and whether a debtor is experiencing financial difficulties. Management is currently evaluating the impact this new guidance will have on its consolidated financial statements.

Effective for the Company's fiscal year ending October 31, 2013, the Company is required to adopt new accounting guidance about the"Presentation of Comprehensive Income." The new guidance amends current guidance by (i) eliminating the option to present components of other comprehensive income (OCI) as part of the statement of changes in shareholders'equity, (ii) requiring the presentation of each component of the net income and each components of OCI either in a single continuous statement or in two separate but consecutive statements, and (iii) requiring the presentation of reclassification adjustments on the face of the statement. The amendments do not change the option to present components of OCI either before or after related income tax effects, the items that must be reported in OCI, when an item of OCI should be reclassified to net income, or the computation of earnings per share (which continues to be based on net income). Management anticipates adoption of this guidance will have no significant impact on its consolidated financial statements but will alter disclosures.

NOTE 2 – LOANS

Loans by country are as follows (dollars in thousands):

	October 31, 2011	October 31, 2010
Brazil	**$ 68,274**	$ 53,111
Ecuador	**45,168**	42,742
Peru	**31,656**	26,475
Chile	**27,460**	29,342
Dominican Republic	**27,287**	27,656
Costa Rica	**25,518**	23,542
Nicaragua	**24,281**	19,763
Honduras	**23,581**	24,180
Guatemala	**20,385**	14,933
Uruguay	**14,563**	11,262
Colombia	**11,907**	11,303
Bolivia	**8,514**	11,271
Other	**10,483**	9,819
	$ 339,077	$ 305,399

Loans by industry are as follows (dollars in thousands):

	October 31, 2011	October 31, 2010
Fruits and vegetables	**$ 149,037**	$ 136,385
Cut flowers	**50,821**	51,952
Grains	**42,505**	36,852
Agriculture	**33,292**	18,703
Cattle	**18,588**	16,169
Wood products	**7,803**	7,444
Food processing	**7,700**	9,497
Fishing	**6,699**	8,253
Other	**22,632**	20,144
	$ 339,077	$ 305,399

Approximately 88.0% of the outstanding principal loan balances will mature within five years based on current terms. At October 31, 2011 and 2010, net unamortized loan origination fees totaled approximately $184,000 and $32,000, respectively.

NOTE 3 – ALLOWANCE FOR LOAN LOSSES

The table below summarizes the changes in the Company's allowance for loan losses during 2011 and 2010 (dollars in thousands):

Balance, October 31, 2009	$ 9,295
Provision for losses	1,560
Charge-offs, net	(2,285)
Balance, October 31, 2010	8,570
Provision for losses	1,620
Charge-offs, net	(1,493)
Balance, October 31, 2011	$ 8,697

The following is a summary of the Company's investment in impaired and non-accrual loans as of and for the years ended October 31, 2011 and 2010 (dollars in thousands):

	October 31, 2011	October 31, 2010
Total recorded investment in impaired loans with no allowance	**$ 10,142**	$ 13,547
Total recorded investment in impaired loans with allowance	**$ 45**	$ 1,120
Total allowance related to impaired loans	**$ 6**	$ 72
Average recorded investment in impaired loans	**$ 12,427**	$ 14,840
Interest income recognized on impaired loans	**$ -**	$ -
Interest income foregone on impaired loans	**$ 1,314**	$ 1,564
Non-accrual loans	**$ 10,187**	$ 14,667

Due to the unpredictability of weather and other circumstances surrounding the agribusiness industry, a borrower may experience insignificant temporary payment delays. In such situations, the Company may agree on a case-by-case basis to assist the borrower by providing the sole movement of principal payments while maintaining the tenor of the loan. Such changes are considered reschedules. In other situations, a borrower may experience financial difficulties and the Company may agree to further modify existing loan principal and/or interest payment terms. Such changes are considered restructures. Typically, terms for restructures are considered comparable to market. The granting of a reschedule or a restructure comparable to market is not considered indicative of overall credit deterioration of the borrower.

In situations where the borrower is experiencing significant financial difficulties, the Company may further agree to a restructure where the borrower is granted concessions which the Company would not otherwise consider. The concessions granted may include rate reduction, principal forgiveness, payment forbearance and other actions intended to minimize economic loss. Such changes are considered troubled-debt restructurings ("TDRs") and their granting considered indicative of overall credit deterioration of the borrower. At October 31, 2011 and 2010, the Company had no TDRs.

NOTE 4 – OTHER ASSETS

Included in other assets is approximately $2,955,000 and $2,618,000 in equity investments, representing ownership in three and two operating farms at October 31, 2011 and 2010 respectively. At October 31, 2011, these farms were located in Dominican Republic, Guatemala and Ecuador and at October 31, 2010 in Dominican Republic and Guatemala. During fiscal 2011 and 2010, the Company contributed approximately $37,500 and $383,000, respectively, to its equity investee in Dominican Republic and recorded $-0- and $95,000, respectively, in related losses.

As indicated in Note 1, as of October 31, 2011, the Company has reviewed the structure and activities of its equity investees and determined that consolidation is not required. Of these investees, the Company's most significant investment is approximately $1,955,000 resulting from a 50% ownership in Managu, a mango farm in Dominican Republic consisting of Managu Frutos Del Sol, S.A, Rancho Cayman, S.A. and Frusol Packing Services, S.A. Managu's other 50% owner is an unrelated third party.

In its review relative to whether Managu should be consolidated, the Company considered the significance of: (1) its overall involvement in Managu, (2) its role as an investor, (3) its decision-making powers and (4) the rights of other shareholder. The Company has concluded that Managu is jointly controlled with neither investor its primary beneficiary.

Also included in other assets is approximately $2,166,000 and $1,138,000 at October 31, 2011 and 2010, respectively, in other real estate owned, consisting of properties foreclosed or received as payment in-kind which are held for sale. Properties held at October 31, 2011 are located in Colombia, Chile, Costa Rica, Dominican Republic, Guatemala and Venezuela. Management estimates that the net carrying amounts of these properties do not exceed their fair value less estimated selling costs. During 2011, the Company sold a foreclosed property for $375,000, resulting in an approximate $40,000 loss. Cash proceeds from the sale are being held in escrow with release expected in early 2012.

NOTE 5 – BORROWINGS

Borrowings are summarized as follows (dollars in thousands):

	October 31, 2011		2010
Banks:			
Unsecured variable rate term loans including $3,000 and $7,800 with stockholders, respectively. Interest ranging from .40% to 3.35% over LIBOR payable from 2010 to 2017. (2.40% to 3.78% at October 31, 2011)	**$ 113,250**	(1)	$ 84,200
Unsecured fixed rate term loan payable in semiannual equal principal installments through 2016. Interest at 4.15%.	**13,500**		-
Unsecured revolving lines of credit including $38,500 and $60,000 with stockholders, respectively. Interest ranging from 2.00% to 2.25% over LIBOR payable from 2012 to 2013. (2.30% to 2.45% at October 31, 2011)	**45,500**		67,000
	172,250		151,200

(1) Includes $10,000 in loans with 4.0% floor and $4,500 in loans with 3.50% floor and 5.65% cap on interest.

	October 31, 2011	2010
	(Continued)	
Multilateral Institutions:		
Unsecured term loans with International Finance Corporation payable in semiannual equal principal installments through 2015. Interest on $22,500 at 1.50% over LIBOR and on $16,500 at 2.00% over LIBOR. (1.95% to 2.42% at October 31, 2011)	**39,000**	44,800
Unsecured term loan with Bladex payable in semiannual equal principal installments through 2015. Interest at 2.65% over LIBOR. (3.04% at October 31, 2011)	**25,000**	-
Unsecured syndicated term loan with Deutche Investitions - und Entwicklungsgesellschaft mbH, a stockholder, payable in semiannual equal principal installments through 2014. Interest on $3,333 at 5.95% fixed and on $10,000 at 5.81% fixed.	**13,333**	20,000
Unsecured term loan with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V payable in semiannual equal principal installments through 2014. Interest at 5.73% fixed.	**10,000**	13,333
Unsecured term loan with NOR FUND payable in semiannual equal principal installments through 2016. Interest at 2.00% over LIBOR with 4.50% floor. (4.50% at October 31, 2011)	**10,000**	10,000
Unsecured term loan with FINN FUND payable in semiannual equal principal installments through 2016. Interest at 2.00% over LIBOR. (2.55% at October 31, 2011)	**8,000**	8,000
	105,333	96,133
	277,583	247,33
Unamortized borrowing costs	**(1,348)**	(1,621)
	$ 276,235	$ 245,712

Principal maturities of borrowings are as follows (dollars in thousands):

Year ending October 31,	**Amount**
2012	$ 75,416
2013	86,530
2014	64,580
2015	31,600
2016	16,730
Thereafter	2,727
	$ 277,583

At October 31, 2011, the Company had $122,000,000 in unsecured revolving lines of credit, including $105,000,000 from two stockholder banks, of which $66,500,000 was unused and available.

The Company incurred interest expense of approximately $3,713,000 and $3,148,000 in 2011 and 2010, respectively, on loans from stockholders.

No one creditor of the Company holds a superior position to any other under current terms of the borrowing agreements.

Certain borrowing agreements require the Company to comply with stated financial covenants and contain restrictions on uses of loan proceeds. At October 31, 2011, the Company was in compliance with these covenants.

NOTE 6 – DERIVATIVE INSTRUMENTS

The Company uses derivative instruments solely as cash flow hedges to manage exposure to interest rate risk. Through this cash flow hedging strategy, periodic cash payments for interest on the linked floating rate debt are effectively fixed at each derivative's agreed upon rate. Accordingly, the Company limits its risk related to future rate increases on this debt as a result of changes in the benchmark interest rates. These derivative transactions are measured in terms of notional, which are used only as a basis on which interest payments are made, and are not recorded in the balance sheet and not exchanged. When viewed in isolation, these amounts are not a meaningful measure of the risk profile of the instruments. As determined at inception, the notional amounts on the contracts are reduced periodically to match the principal reductions of the variable rate debt to which these contracts hedge.

At October 31, 2011 and 2010, the Company's derivative instruments consisted of interest rate swap agreements with two stockholders, resulting in the Company paying a fixed rate of interest on notional amounts in exchange for a floating rate, determined as the six-month LIBOR (.60 and .46% in October 2011 and 2010, respectively). These contracts are considered 100% effective hedges of the underlying debt based on the short-cut method prescribed by the Derivative and Hedging accounting guidance. Each of the Company's derivatives at October 31, 2011 and 2010 is in a liability position. Therefore, the fair values of these derivatives are reported as interest rate swap agreement liabilities on the balance sheet at each respective year end. Other required qualitative disclosures regarding the Company's derivative strategies and policies are included in Note 1.

Interest rate swap agreements held are as follows (dollars in thousands):

Maturity	Notional Amount	Fixed Interest Rate	Fair Value
As of October 31, 2011			
December 2011	$ 3,750	4.99%	$ (88)
December 2011	3,750	4.95%	(87)
December 2011	3,750	2.71%	(44)
August 2014	22,500	2.27%	(646)
April 2016	13,500	1.47%	(185)
	$ 47,250		$ (1,050)
As of October 31, 2010			
December 2011	$ 9,750	4.99%	$ (467)
December 2011	9,750	4.95%	(461)
December 2011	9,750	2.71%	(223)
August 2014	30,000	2.27%	(1,006)
	$ 59,250		$ (2,157)

The effect of derivative instruments on the Company's statements of operations is as follows (dollars in thousands):

Description	Amount
Year ended October 31, 2011	
Gains recognized in OCI	$ 1,107
Gains reclassified from	
OCI to interest expense	266
Net gains in OCI	$ 841
Year ended October 31, 2010	
Gains recognized in OCI	$ 597
Gains reclassified from	
OCI to interest expense	223
Net gains in OCI	$ 374

As of October 31, 2011, approximately $309,000 of the deferred losses on derivative instruments accumulated in other comprehensive income (loss) are expected to be charged to interest expense during the next 12 months. During 2011 and 2010, the Company's interest expense was increased by approximately $1,230,000 and $1,854,000, respectively, as a result of the interest rate swap agreements.

NOTE 7 – STOCKHOLDERS' EQUITY

The Company declared and paid cash dividends of $4,699 and $4,260 per share of common stock in 2011 and 2010, respectively.

NOTE 8 – EMPLOYEE BENEFIT PLANS

The Company has a defined contribution plan covering substantially all employees. Annual plan costs are accrued in the fiscal year incurred and funded in the subsequent fiscal year. During the years ended October 31, 2011 and 2010, plan costs totaled approximately $520,000 and $451,000, respectively.

In addition, certain key employees of the Company participate in a deferred compensation plan (the Plan). During the years ended October 31, 2011 and 2010, expenses in connection with the Plan aggregated approximately $550,000 and $600,000, respectively.

NOTE 9 – COMMITMENTS

The Company is committed through September 2021 under a non-cancelable operating lease for its principal office in the United States of America. The Company is also committed under leases for branch offices in Brazil and Curacao. Minimum total rental payments under these leases are as follows (dollars in thousands):

Year ending October 31,	Amount
2012	$ 356
2013	346
2014	305
2015	308
2016	313
Thereafter	1,678
	$ 3,306

During the years ended October 31, 2011 and 2010, rental expense related to operating leases amounted to approximately $617,000 and $462,000, respectively.

At October 31, 2011, the Company had loan commitments of approximately $18,593,000. This amount is not recorded on the balance sheet and represents the maximum credit loss from these commitments. Management believes that no significant losses will be sustained as a result of these loan commitments.

NOTE 10 – FAIR VALUE MEASUREMENT

The accounting guidance defines fair value as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance also defines valuation techniques and a fair value hierarchy to prioritize the inputs used in valuation techniques. There are three main valuation techniques to measuring fair value of assets and liabilities: the market approach, the income approach and the cost approach. The input fair value hierarchy has three broad levels and gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The valuation techniques are summarized below:

The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The income approach uses financial models to convert future amounts to a single present amount. These valuation techniques include present value and option-pricing models.

The cost approach is based on the amount that currently would be required to replace the service capacity of an asset. This technique is often referred to as current replacement cost approach.

The input fair value hierarchy is summarized below:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at each reporting date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal-to-principal market); and inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are only used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The following table presents major categories of the Company's financial liabilities measured at fair value on a recurring basis (in thousands):

	Carrying	Fair Value		
October 31, 2011	**Amount**	**Level 1**	**Level 2**	**Level 3**
Interest rate swap agreements	$ 1,050	$ -	$ 1,050	$ -
October 31, 2010				
Interest rate swap agreements	$ 2,157	$ -	$ 2,157	$ -

Interest Rate Swap Agreements

The valuation of the swap agreements is based on estimates provided by the issuer for the current replacement cost of similar agreements based on observable market inputs and represents the amount by which the liability could be settled in a current transaction with the issuer.

The following table presents major categories of the Company's financial assets measured at fair value on a non-recurring basis at October 31, 2011 and 2010 and total related impairments recorded during the years then ended (in thousands):

	Carrying	Fair Value			Total
October 31, 2011	**Amount**	**Level 1**	**Level 2**	**Level 3**	**Impairments**
Loans measured for impairment using fair value of collateral	$ 3,416	$ -	$ -	$ 3,416	$ 1,578
October 31, 2010					
Loans measured for impairment using fair value of collateral	$ 3,993	$ -	$ -	$ 3,993	$ 925
Impaired real estate owned	191	-	-	191	-

Loans Measured for Impairment and Impaired Real Estate Owned

The Company's impaired loans and real estate owned are generally valued using third party appraisals of the underlying real estate. These appraisals generally use the market or income approach valuation technique and use market observable data to formulate an opinion of the fair value. However, the appraiser uses professional judgment in determining the fair value and, when current appraisals are not available, the Company adjusts previous values for subsequent changes in market conditions based on Management's judgment. As a consequence, the fair value of these investments is considered a Level 3 valuation.

There were no financial assets measured at fair value on a recurring basis and no financial or non-financial liabilities measured at fair value on a non-recurring basis in the Company's financial statements.

Fair Value Disclosures About Financial Instruments Not Carried At Fair Value

The estimated fair values of the Company's financial instruments not carried at fair value are as follows (dollars in thousands):

October 31, 2011	**Book Value**	**Estimated Fair Value**
Cash and cash equivalents	$ 28,691	$ 28,691
Net loans	330,380	334,078
Borrowings	276,235	276,863
October 31, 2010		
Cash and cash equivalents	$ 26,486	$ 26,486
Net loans	296,829	297,903
Borrowings	245,712	245,928

The following methods and assumptions were used to estimate fair value of each class of financial instrument for which it is practicable to estimate fair value:

- The carrying value of cash and cash equivalents is deemed to approximate fair value because of the short maturity of those instruments.
- The carrying value of loans with floating interest rates is deemed to approximate fair value. Fair values of fixed rate loans are estimated by discounting the expected future cash flows using current rates at which loans with comparable credit ratings and terms would be issued. Fair values of impaired loans are estimated through reducing principal amounts outstanding by the estimated haircut third parties would require in purchasing loans with comparable risk profiles.
- The carrying value of borrowings with floating interest rates is deemed to approximate fair value. Fair values of fixed rate borrowings are estimated by discounting the future cash flows at the Company's incremental rate of borrowing for similar debt.

NOTE 11 – SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events through December 16, 2011, the date the financial statements were available for issuance. No events have occurred subsequent to October 31, 2011 that have materially impacted the Company's financial position or that would require disclosure.

Report of Independent Certified Public Accountants

To the Board of Directors and Stockholders of
Latin American Agribusiness Development Corporation S.A.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of comprehensive income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Latin American Agribusiness Development Corporation S.A. and its subsidiaries at October 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

December 16, 2011

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