LAAD

2012 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	**2012**	2011	2010	2009	2008
Operating Income ('000)	**$ 14,477**	$ 12,032	$ 10,583	$ 9,679	$ 8,684
Net Income ('000)	**$ 12,327**	$ 10,412	$ 9,023	$ 8,179	$ 7,203
Basic Earnings per Share of Common Stock*	**$ 25,682**	$ 21,692	$ 18,798	$ 17,040	$ 15,007

FINANCIAL RATIOS					
Return on Average Net Worth	**12.2%**	11.3%	10.8%	10.6%	10.0%
Return on Average Total Assets	**3.0%**	2.9%	2.8%	2.7%	2.8%
Total Net Debt to Net Worth	**2.7:1**	2.6:1	2.5:1	2.5:1	2.6:1
Operating Expenses to Gross Profit**	**40.4%**	43.2%	43.7%	50.4%	50.9%
Operating Expenses to Average Total Assets	**2.4%**	2.6%	2.5%	3.3%	3.5%
Reserve to Portfolio	**2.4%**	2.4%	2.7%	3.1%	3.4%

AT YEAR END					
Agribusiness Loans ('000)	**$ 387,266**	$ 339,077	$ 305,399	$ 284,427	$ 265,145
Assets ('000)	**$ 438,363**	$ 377,249	$ 338,600	$ 313,026	$ 288,029
Net Worth ('000)	**$ 105,922**	$ 96,516	$ 87,518	$ 80,166	$ 74,236

**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

We are pleased to report that your Company achieved its fifth consecutive year of record earnings per share, disbursements and gross revenue. Our net worth passed the US$100 million mark and our key financial ratios all remained well within conservative levels. This success was achieved during a period of slow economic environment marked by a European debt crisis, slow American economy and a slowing growth rate in China. Although these are the main markets for Latin American agricultural products, Latin American farmers were able to secure markets for their increasing production at attractive prices.

As detailed later in this report, earnings per share rose by more than 18% compared to 2011; disbursements to Latin American agricultural projects rose to a record US$135 million, while gross revenue rose in tandem with the agribusiness portfolio by over 18%. These positive results reflect a sustained increase in agricultural investments throughout the countries in which we operate.

Our disbursements rose by 12% over those of 2011 and were made to 196 agribusiness projects in 15 countries. We anticipate that these projects will generate US$170 million in additional hard currency earnings per year. They are also expected to create some 5,700 new jobs, mostly in rural areas. To accommodate this growth and develop new business, we significantly expanded our network of offices in Latin America. This year, we opened three new offices and have hired an investment officer for a fourth.

As in the past few years, our main market was Brazil, where we lent US$28.1 million to 19 agricultural projects. Our portfolio there has increased rapidly to US$84 million, our highest single country exposure. Many of the projects in Brazil introduced innovative technologies this year, often improving the efficient use of water for irrigation. In view of the high demand for our services there, this year we opened a branch office in Cuiaba, in the state of Mato Grosso.

Colombia showed the greatest percentage increase in disbursements. Our agribusiness portfolio there surged 67%, reaching US$20 million during the year. The growing demand for funding in Colombia has led us to open our first office in Bogota. Although LAAD has operated in Colombia for over 30 years, we had been reluctant to open an office there due to security concerns. However, the situation has improved in recent years.

We are expanding our operations in Peru with its growing and diversified agriculture. This year our Peruvian portfolio expanded by 24%, to US$39 million. Many of these new projects are located in Peru's northern valleys far from Lima. This year, we hired a new investment analyst in the northern coastal city of Trujillo, where we intend to open an office in 2013.

Earnings per share rose by more than 18% compared to 2011.

We resumed modest operations in Paraguay for the first time in over a decade. Agriculture is the foundation of the Paraguayan economy and has traditionally provided the bulk of the country's exports. We are planning to open an office in Ciudad del Este, located near the border with Brazil and Argentina. This is a well-known area that is the heart of agribusiness development in this country. Our expectations in Paraguay are very promising as the country is growing significantly in terms of agribusiness.

We have also decided to reopen an office in Mexico City after nearly four decades of absence. In the past, we found it difficult to compete with subsidized government agricultural financing and the inability to secure farm mortgages due to land tenancy issues. Today, new laws have made it possible for us to secure our loans with mortgages as collateral. We are working on our first projects, primarily in the state of Chiapas along the border with Guatemala, and in the gulf state of Veracruz. We are optimistic that we will be able to build a meaningful portfolio there in the near term.

Our outlook for Latin American agriculture in 2013 is favorable. Although the region's economy grew at a relatively slow rate this year, around 3%, the World Bank forecasts an improvement to 3.5% for next year and projects an average growth of 3.9% in 2014 and 2015. While the region produces the bulk of its own food, its fastest growing markets for its agricultural products are overseas and the outlook for those countries is one of continued growth. China's remarkable transformation from a poor agricultural rural society to an urban industrial power is changing food consumption patterns there as urban development occupies growing swaths of farmland. China is a new, dynamic market opportunity for Latin American farm products.

We are watching, with great interest, the negotiations to create a Pacific-wide free trade zone known as the Trans Pacific Partnership. Although the United States is taking the lead in forging this new trading alliance, Latin America's agriculture will certainly benefit when it goes into effect. While China is currently excluded, the agreement is expected to include the many prosperous nations in the Far East, including Japan, Korea, and Indonesia, as well as the Southeast Asia region. This trading bloc would benefit all of the Latin American nations along the Pacific coast.

This year, we again financed a broad range of agricultural projects. A few of them are highlighted below:

Our largest single loan this year was made to Nazario Rizek C por A, in San Francisco de Macoris in the Dominican Republic. The company is the country's largest producer and exporter of organic cacao beans. LAAD's US$4 million loan will be used to complete a processing facility that will allow the company to export processed organic cacao in the form of cocoa liquor, butter, and powder. Nazario Rizek will ship its production to international markets that are already familiar with the quality of its organic cacao. The new processing facilities will employ an additional 85 workers.

Mr. Everaldo Peres in the middle of his new coffee plantation on Fazenda Paraiso.

Also in the Dominican Republic, we disbursed a US$600,000 loan to Café Toral S.A. to refurbish and renovate a 110-hectare Arabica coffee farm in Barahona. The company will plant new disease-resistant varieties, which will produce high quality coffee for the European market. The company is a joint venture between a Dominican entrepreneur and a Spanish specialty coffee company. We expect that the company will hire an additional 60 full-time and 20 part-time workers once the refurbishment has been completed.

Disbursements rose by 12% over those of 2011

In Uruguay, we provided a US$1.8 million loan to Margaritas S.A., a family-owned dairy farm near La Estanzuela in the Department of Colonia. The company will use LAAD's loan primarily to triple the size of its herd to 660 head. The owner has designed his own simpler, but efficient milking room. He sells fluid milk to a local processing plant, but most of his production goes to making mozzarella cheese for the pasta and pizza markets. The company will export its entire production of mozzarella cheese to Mexico and to several countries in Eastern Europe. The farm operates a novel closed-sanitation system, whereby all solid and liquid animal waste is removed and piped for processing into organic fertilizer, which is then spread over its pastures. In addition, the company has a very sophisticated management system in which the basic source of information is a chip attached to the leg of every single cow.

In Peru, we provided a US$500,000 working capital loan to Fruto del Monte S.A.C., an 80-hectare cacao farm near Oxapampa in the Department of Pasco, on the eastern slope of the Andes. The town was founded by German settlers in the 19th century. The company produces a high quality cocoa that is sold to an exporter. The farm is one of the few commercial operations located in this undeveloped jungle region. This is LAAD's first cocoa project in Peru and the second one located in the remote valleys of the Department of Pasco.

In Honduras, we lent US$500,000 in working capital to MABO Plants, S.A., near El Progreso. The company has 56 hectares in production and is one of the country's largest producers of ornamental plants, primarily Arica palms and Cycas. The company operates its own packing plant capable of shipping three million plants per year. MABO Plants exports its entire production to Europe. We project that the company will hire 50 additional workers.

LAAD's financial results for 2012 showed steady growth and profitability as our assets exceeded US$400 million for the first time. Net income rose to US$12.3 million for a 12% return on average net worth. This is the highest percentage in five years. Our only source of income comes from our agribusiness loan portfolio, which grew by 14% this year.

As always, we continue to control the quality of our portfolio. The percentage of our portfolio on non-accrual status grew slightly from last year, but remains well below 4%. This year we took a net charge-off of US$1.4 million, equal to 0.38% of our agribusiness portfolio, one of the lowest percentage charge-offs in our history.

As we continue to grow our operations, it becomes increasingly challenging to borrow the funds to cover our disbursements. However, we continue to have very robust liquidity commitments from an ever increasing list of banking relationships. At year-end, we had outstanding borrowings of US$327 million, from 20 financial institutions, of which US$209 million were provided by commercial banks and US$119 by multilateral development agencies. The higher borrowings this year caused our net debt to equity ratio to increase marginally to 2.7:1, still within our normal conservative range.

We are pleased to report that Rabobank, a LAAD shareholder, renewed our revolving line of credit and doubled it from US$35 million to US$70 million. Bank of America, also a LAAD shareholder, approved a new term loan of US$15 million, bringing its total commitment to US$75 million.

We are also pleased to have initiated a new financial relationship with two multilateral institutions. The Österreichische Entwicklungsbank (ÖEB) and the OPEC Fund for International Development (OFID), both located in Vienna, each signed seven-year US$15 million loans with LAAD.

Within this context, we remain optimistic and expect your Company to continue growing its operational and financial results for the new fiscal year while achieving its corporate mission of helping our clients grow and prosper, creating jobs and alleviating poverty. We would like to thank our clients for their hard work and performance; our Board Members for their time, active role and leadership; and last but not least, our management team and staff who together enabled your Company to achieve this year's accomplishments through their continued dedication and outstanding performance. It is this collaborative effort that has made LAAD's continued success possible.

Benjamin Fernandez
President

Claudia Helguero
Chairperson

Mr. Everaldo Peres planted this coffee field with LAAD's support. This Brazilian coffee plantation optimizes the use of water by matching the plantation layout with the application of cutting edge center-pivot irrigation technology.

Agribusiness Operations

Despite a weakened global economy, Latin America, LAAD's operating market, had a positive year and showed good figures for most macroeconomic variables. Taking advantage of the overall good business environment in our operating region, LAAD achieved very good operational results with record profitability for the fiscal year ending October 31, 2012.

Throughout the year, a total of US$134.7 million was disbursed to 196 projects in 15 countries. Total disbursements were 12% higher than last year's amount of US$120.1 million, and represent the highest level of disbursements in LAAD's history. In addition, the Company achieved this exceptional level of disbursements, while at the same time maintaining delinquencies and non-performing assets at a healthy level, below LAAD's corporate targets.

The projects that LAAD financed in 2012 created over 5,700 new jobs and should generate an additional US$168.8 million in foreign exchange to Latin America per year, given that we emphasize export-oriented projects. The total agribusiness loan portfolio grew significantly to US$395.4 million, up by 14.7% in comparison to last year, and it remained basically the same as projected. Our largest portfolio growth in absolute numbers was in South America, where our portfolio increased by US$40.18 million: a 19.1% gain over last year. The Central American and Caribbean regional portfolios increased by 6.73% and 11.54%, respectively.

In South America, LAAD continued its upward trend and did very well, disbursing US$86.6 million to 103 projects in the region. This number represents 63% of LAAD's total agribusiness portfolio. Brazil was the major contributor to this growth, followed by Peru and Ecuador.

The total agribusiness loan portfolio grew significantly by **14.7%**

Mr. Everaldo Peres' new plantation and irrigation system on Fazenda Paraiso.

The projects financed in South America will generate an average of US$136 million per year in foreign exchange during the upcoming years, as well as more than 1,293 new full-time jobs and 2,043 seasonal positions.

In **Brazil**, the Company had another record year in disbursements, lending a total of US$28.2 million to 19 projects located in the states of Mato Grosso, Goias, Sao Paulo, and Bahia. These projects should generate 205 new full-time jobs and 295 part-time positions, for a total of 500 new jobs, and US$6.7 million per year in foreign exchange. LAAD continues to grow in this country, capitalizing on the competitive advantage in grain production that Brazil has at a world level. As we expand in Brazil, LAAD is finding new areas and products that incorporate diversity into its portfolio and dilute overall risks.

In preparation for an expected increase in demand for our services, LAAD has also opened its third Brazilian branch office in Cuiaba, the capital of Mato Grosso. LAAD will continue to target projects that produce coffee, soybeans, cotton, beans, corn, cattle, poultry and edible oils, as our growth in this large South American country continues.

In **Uruguay**, the smallest agribusiness market when compared to its neighboring Mercosur countries, LAAD was able to finance US$2.9 million to four projects in the dairy, cattle, hog, and animal feed industries. The projects financed in Uruguay in 2012 should create 19 full-time and 14 part-time jobs and increase their exports by US$2.6 million per year.

In **Bolivia**, LAAD continues to limit its operations until the country's uncertain political situation improves. Instead, the Company currently focuses its efforts on improving portfolio quality and limiting new loans to selective operations with existing clients. Disbursements were made to 13 projects, most of them related to renewing previously-approved revolving lines. Total disbursements for the year reached US$6.2 million. LAAD financing (primarily in the cattle and soybean industries), enabled these projects to increase their exports by US$2.7 million per year and to generate 29 permanent jobs.

In 2012, after a long process of trying to penetrate this market, LAAD restarted operations in **Paraguay**. This country presents great expansion potential for LAAD. The Company financed two projects during the year for a total of US$2.2 million in the cattle and soybean industries. LAAD foresees a promising business future in this country since Paraguay is an important player in soybean, corn and beef production. The country's agribusiness sector is growing in a significant and attractive way and LAAD will actively participate to support this interesting growth in agribusiness. The projects financed in 2012 will generate 20 full-time and 10 part time jobs and close to US$68.3 million per year in foreign exchange.

In **Peru**, LAAD was very active with total disbursements amounting to US$17.4 million made to 25 projects located not only along the Peruvian coastline, but also in the "sierra" and "selva" regions where the Company has not worked until now. For many years, development of these areas has lagged behind and they are in dire need of employment opportunities for their inhabitants. LAAD-financed projects should generate 99 new full-time job positions, 1,030 part-time positions and US$9.7 million in additional exports throughout the Peruvian regions. LAAD will continue to target projects producing asparagus, avocados, citrus, cocoa, coffee, mangoes, and table grapes in Peru.

Workers on the Icapacific farm, classifying asparagus according to its caliber.

Agrícola Coigüe's covered cherry grove in the Curico Valley, Chile. The covered areas protect the trees from rain and hail.

In 2012, despite the international perception of an uncertain political situation in **Ecuador**, LAAD found a vibrant and optimistic group of entrepreneurs in the country that continued to generate excellent opportunities to finance business. In addition, the Ecuador office was able to find projects involved in relatively new industries, diluting the Company's industry exposure in Ecuador's more traditional agribusinesses (bananas and flowers). Disbursements were made to 19 projects for a total of US$12.2 million. LAAD financing enabled these projects to increase their exports by US$25 million per year, with 343 permanent jobs created.

In **Chile**, the Company disbursed a total of US$8.5 million to 12 projects in the country. These projects are primarily involved in apple, blueberry, cherry, grape, and pear production, with others in fruit packing and freezing services. The projects should generate 33 new full-time jobs and over 606 new seasonal jobs. Furthermore, the projects financed by LAAD should increase their annual exports by US$5.1 million. Despite being a highly competitive and lower-margin market, LAAD intends to push for growth in Chile as the country could contribute further to LAAD's growth strategy for upcoming years.

Our portfolio in South America increased by 19.1% over last year

In **Colombia**, LAAD's recently-established office performed very well despite having a new country manager who was learning LAAD's method of operation. LAAD focused on projects producing bananas, dairy products and dairy cattle, flower bouquets, palm oil and wood products. Following this strategy, we successfully disbursed nine loans for a total of US$9.1 million. LAAD-financed projects in Colombia in 2012 are expected to create 565 full-time and 69 part-time jobs and increase their exports by US$15.3 million per year.

The Central American region (**Costa Rica**, **El Salvador**, **Guatemala**, **Honduras** and **Nicaragua**) remained second in loan concentration, with 27% of LAAD's total portfolio. The Company disbursed US$33.7 million to 69 different projects in Central America, reporting a healthy portfolio growth of 6.7% on a year-to-year basis and reaching US$105 million. Thanks to LAAD's support, these 69

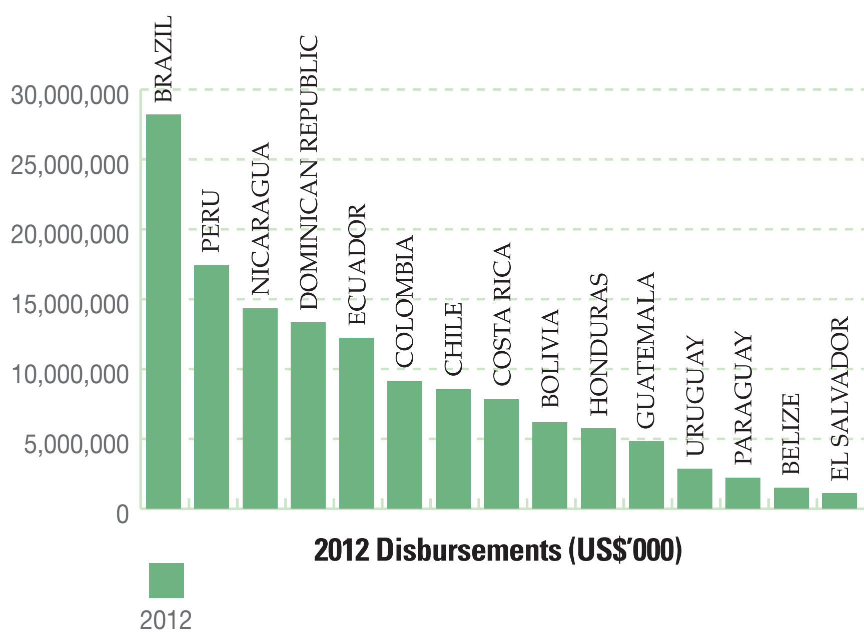
Valleflor Cia. Ltda. (Valleflor) is one of the leading producers of summer flowers in Ecuador. LAAD helped Valleflor to acquire the entire Delphinium hybridization protocol from the Dutch company Bartels Stek; this allows Valleflor to develop its own varieties in order to become a leader in the production and export of this product.

Valleflor Cia. Ltda. (Valleflor) is an Ecuadorian company dedicated to producing and exporting summer flowers, such as delphinium, eryngium, statice, limonium, and bouvardias. The company owns several farms in the Pifo area, 25 kilometers east of Quito. It employs close to 300 employees, mostly women.

projects in Central America will generate over US$20.5 million in annual exports alone, 311 permanent jobs, and over 1,387 seasonal jobs.

In **Nicaragua**, LAAD disbursed a total of US$14.3 million to 30 diversified projects that should generate US$5.1 million in additional exports per year, as well as 94 permanent jobs and 843 seasonal positions. The Nicaraguan portfolio has experienced an impressive and steady growth over the years, from US$4 million in 2007 to US$30 million at the end of FY2012. LAAD's portfolio in Nicaragua is well diversified, including a wide variety of products such as peanuts, coffee, cattle, fishing, plantains, sorghum, peppers, rice, and more recently, watermelons. Management foresees Nicaragua continuing to yield feasible export projects in the agribusiness sector, especially due to the free trade agreement between Central America and the U.S. There is at present a highly competitive banking industry in Nicaragua with very high liquidity. However, LAAD has been able to finance new industries such as cattle, where interest rates are not as competitive. As a result, LAAD has been able to attract top quality clients and generate new business in this country.

In line with LAAD's strategy of focusing on quality rather than growth, in **Honduras**, our loan portfolio there decreased by 10% from US$23.6 million in 2011 to US$21.3 million at the end of 2012. Repayments and prepayments were higher than the US$5.7 million in new loans disbursed to 12 projects throughout the past fiscal year. The projects that LAAD has financed in Honduras, though, should generate US$3.24 million in additional exports per year, as well as 78 permanent jobs and 213 seasonal positions.



In **Costa Rica**, LAAD disbursed a total of US$7.8 million to 11 projects involving African palm oil, bananas, sugarcane, coffee, ornamental plants, yuca, pineapple, and leather leaf. The portfolio reached a total of US$27.9 million, almost 8% higher than the previous year. LAAD-financed projects in Costa Rica should generate US$5.85 million in additional exports per year, as well as 49 permanent jobs and 50 seasonal positions. The Company will continue to focus on building a healthy, diversified portfolio by targeting existing industries such as specialty coffee, pineapples, and African palm.

Our Central American operations suffered a setback during 2012 as the Guatemalan portfolio's non-performing assets exceeded corporate targets throughout the year. As the Guatemala office focused its efforts on portfolio quality, this field office was only able to disburse a total of US$4.8 million to 15 agribusiness loans, showing minimal growth in our loan portfolio and ending the year at just US$22 million. As a result of this poor performance, a new management team was installed and we are confident that, under proper guidance and supervision, the new field office management will turn the situation around.

In **El Salvador**, with a current agribusiness portfolio of US$3.4 million, only one disbursement was made during 2012: a major tilapia project received US$1 million. LAAD's financed project in El Salvador should generate US$3.45 million in additional exports per year as well as 10 permanent jobs.

ECOFAIR S.A. owns this modern packing plant that generates over 120 full time jobs. The company is a partnership between former DOLE employees and the Davila Abondano family, which has a long tradition in organic fruit production in Colombia.

The Caribbean region includes **Belize** and the **Dominican Republic** and ended the year with a portfolio of just over US$40 million. This is an increase of 11.5% over the previous year and represents 10% of LAAD's total agribusiness portfolio. The Company disbursed a record US$14.4 million to 21 projects in the Dominican Republic and three projects in Belize, in various industries such as cocoa, bananas, shrimp, and coffee. These projects will have a direct economic impact on the Caribbean economy, with US$12.85 million in annual exports, and will generate 195 permanent jobs and 485 seasonal jobs.

In South America, LAAD continued its upward trend and did very well, disbursing US$86.6 million to 103 projects in the region

In 1971, LAAD opened its **Mexico City** office, the first outside the United States. At that time we invested in short-term commercial paper from agribusiness companies. However, that office was closed in 1973, due to land tenancy issues.

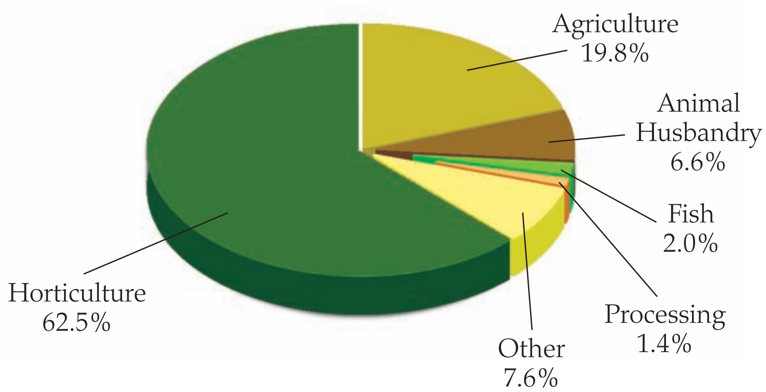
This year, LAAD decided to reopen an office in Mexico City, Mexico, to expand our lending business in that large Latin American country. Our focus during the year was on recruiting a capable, experienced investment manager to open and run our new office, and establishing the proper operating structure and procedures. This was successfully done and our expectations for this new market are very encouraging. Mexico is the second largest economy with the second largest GDP per capita in Latin America, and should become one of the key drivers of LAAD's future growth. Annual food production in Mexico is growing, at nearly US$50 billion, and food exports reached US$22 billion in 2011. By comparison, food exports in 2001 were only US$8 billion. Our goal for the upcoming year is to develop specific markets in the southern part of Mexico, with opportunities for lending already identified in the coffee, grains, pineapple, and berries sectors.

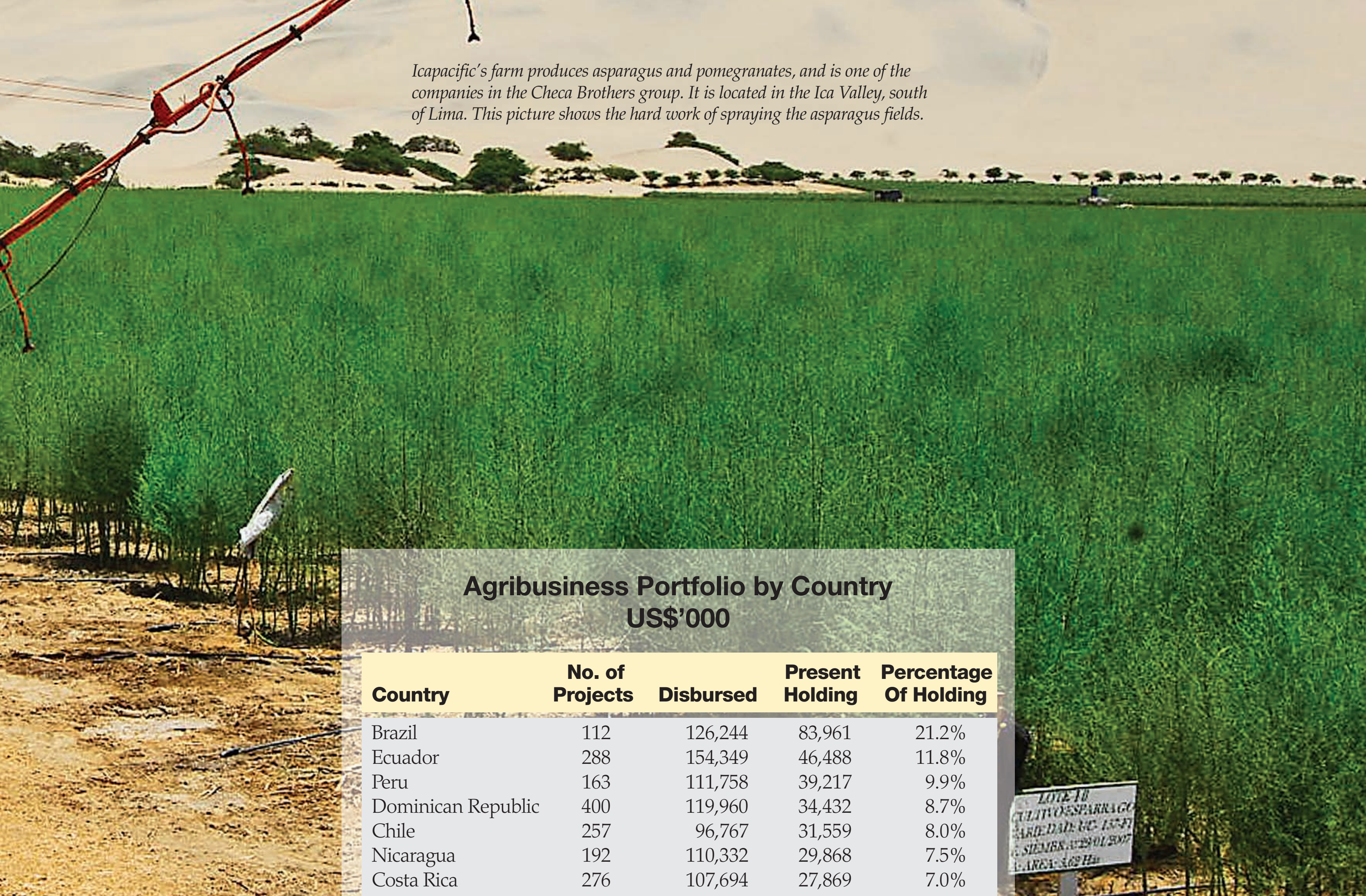
ECOFAIR S.A. is a 240-hectare banana operation located in the Guajira region in northeastern Colombia. The area has excellent weather for banana production, as well as the logistical advantage of being located on the Atlantic Coast.

Agribusiness Portfolio by Industry
US$'000

Purpose of Loan	No. of Projects	Disbursed	Present Holding	Percentage of Holding
Fruits and Vegetables	1,206	528,348	196,652	49.7%
Cut Flowers	404	172,625	50,329	12.7%
Grains	343	163,820	43,987	11.1%
Agriculture	170	83,223	34,437	8.7%
Cattle	207	73,853	26,275	6.7%
Wood Products	105	33,307	8,967	2.3%
Fishing	87	39,001	7,938	2.0%
Dairy	25	12,230	6,599	1.7%
Food Processing	284	122,258	5,686	1.4%
Miscellaneous	109	30,725	5,705	1.4%
Vegetable Oils	44	22,752	5,643	1.4%
Agro-technology	11	3,819	1,619	0.4%
Hogs and Poultry	50	20,313	1,380	0.4%
Marketing Services	32	5,701	200	0.1%
Farm Equipment	23	7,581	10	0.0%
Overall Result	3,100	$1,319,556	395,427	100%

Industrial Distribution



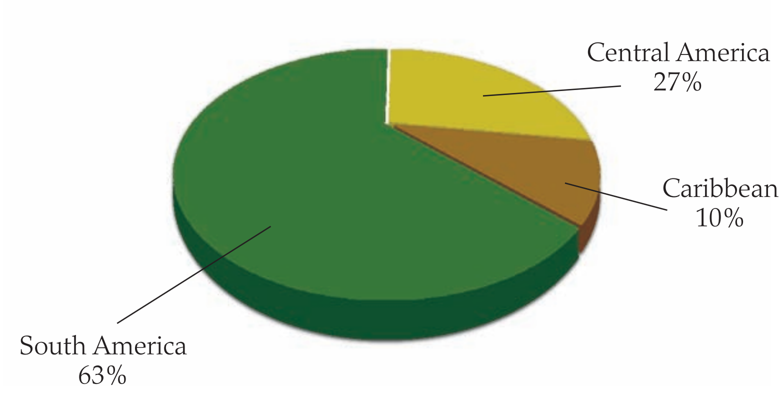


Icapacific's farm produces asparagus and pomegranates, and is one of the companies in the Checa Brothers group. It is located in the Ica Valley, south of Lima. This picture shows the hard work of spraying the asparagus fields.

Agribusiness Portfolio by Country
US$'000

Country	No. of Projects	Disbursed	Present Holding	Percentage Of Holding
Brazil	112	126,244	83,961	21.2%
Ecuador	288	154,349	46,488	11.8%
Peru	163	111,758	39,217	9.9%
Dominican Republic	400	119,960	34,432	8.7%
Chile	257	96,767	31,559	8.0%
Nicaragua	192	110,332	29,868	7.5%
Costa Rica	276	107,694	27,869	7.0%
Guatemala	386	122,888	22,024	5.6%
Honduras	225	93,069	21,280	5.4%
Colombia	59	38,116	20,587	5.2%
Uruguay	51	33,786	15,480	3.9%
Bolivia	353	108,051	10,266	2.6%
Belize	70	28,908	5,752	1.5%
El Salvador	66	19,945	3,453	0.9%
Paraguay	3	2,700	2,200	0.6%
Venezuela	34	13,648	991	0.2%
Other	165	31,341	-	0.0%
Overall Result	3,100	1,319,556	$395,427	100%

Geographic Distribution



Financial Results

The Company reported a net income of US$12.3 million for the fiscal year ended October 31, 2012, which is 18.4% above last year. The return on average net worth was 12.2% and earnings per share were US$25,682. The return on average total assets increased slightly to 3% from last year's 2.9%.

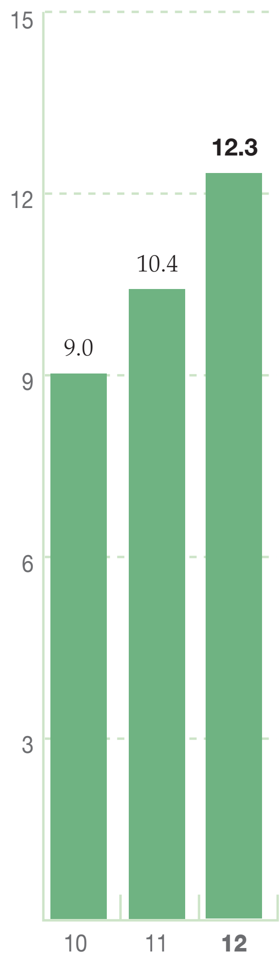
Interest income from agribusiness loans was up by 16.6%, to US$36 million. The Company disbursed US$134.7 million in loans during the year, increasing the agribusiness loan portfolio by 14.2% to US$387 million. Interest expenses of US$12.1 million were 16% higher than the previous period, primarily due to the expansion of the loan portfolio.

Salaries and employee benefits increased to US$4.8 million from the previous figure of US$4.3 million in 2011; this reflects new hires as well as increased costs, in particular for the new offices. General and administrative expenses increased by approximately 4.7% over the previous year. The increase was mainly due to professional fees paid to third parties and the additional travel and office expenses related to the new offices opened in Colombia and Mexico. Operating expenses represented 29.4% of total revenue in 2012, compared to 28.9% in 2011. This is still below our goal of 30%.

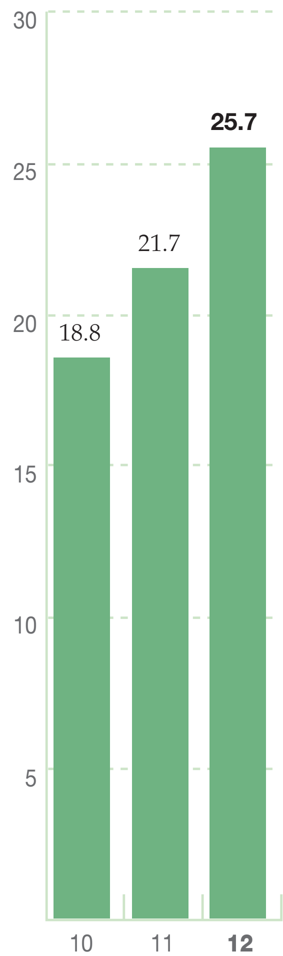
At fiscal year-end, October 31, 2012, total assets net of loan loss reserves reached US$438 million — 16.2% higher than the previous year, mainly due to the growth of the agribusiness portfolio. Non-performing loans of US$11.6 million represented 3.7% of the portfolio, increasing slightly from 3.5% last year. The Company wrote off US$1.5 million during the year in loans to 18 clients in nine countries, representing 0.38% of the total portfolio. This figure includes equity investments and OREOs (Other Real Estate Owned), and is lower than the figure of 0.46% that was written off the previous year. The reserve for possible losses stands at 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$131 million. Despite the Company's consolidated debt increase of US$51.2 million, the net debt-to-equity ratio rose to only 2.7:1 in 2012, from 2.6:1 in 2011.

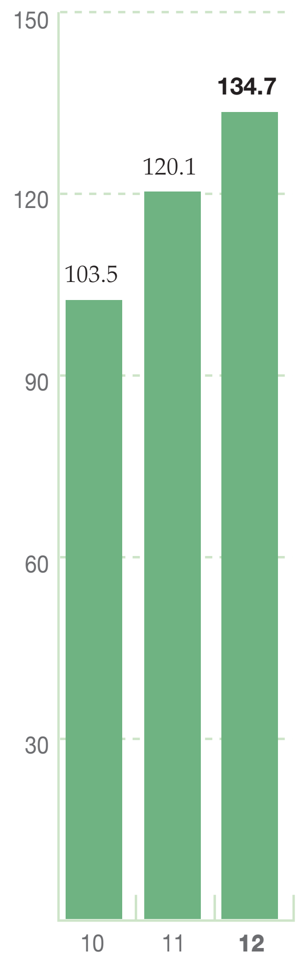
The Company paid cash dividends of US$2.6 million on common stock, or US$5,423 per share; this represented 25% of the net earnings for fiscal year 2011.



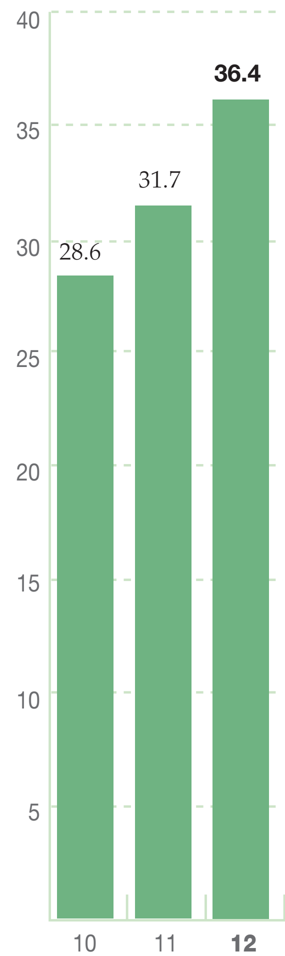
Net Earnings
US$'000,000



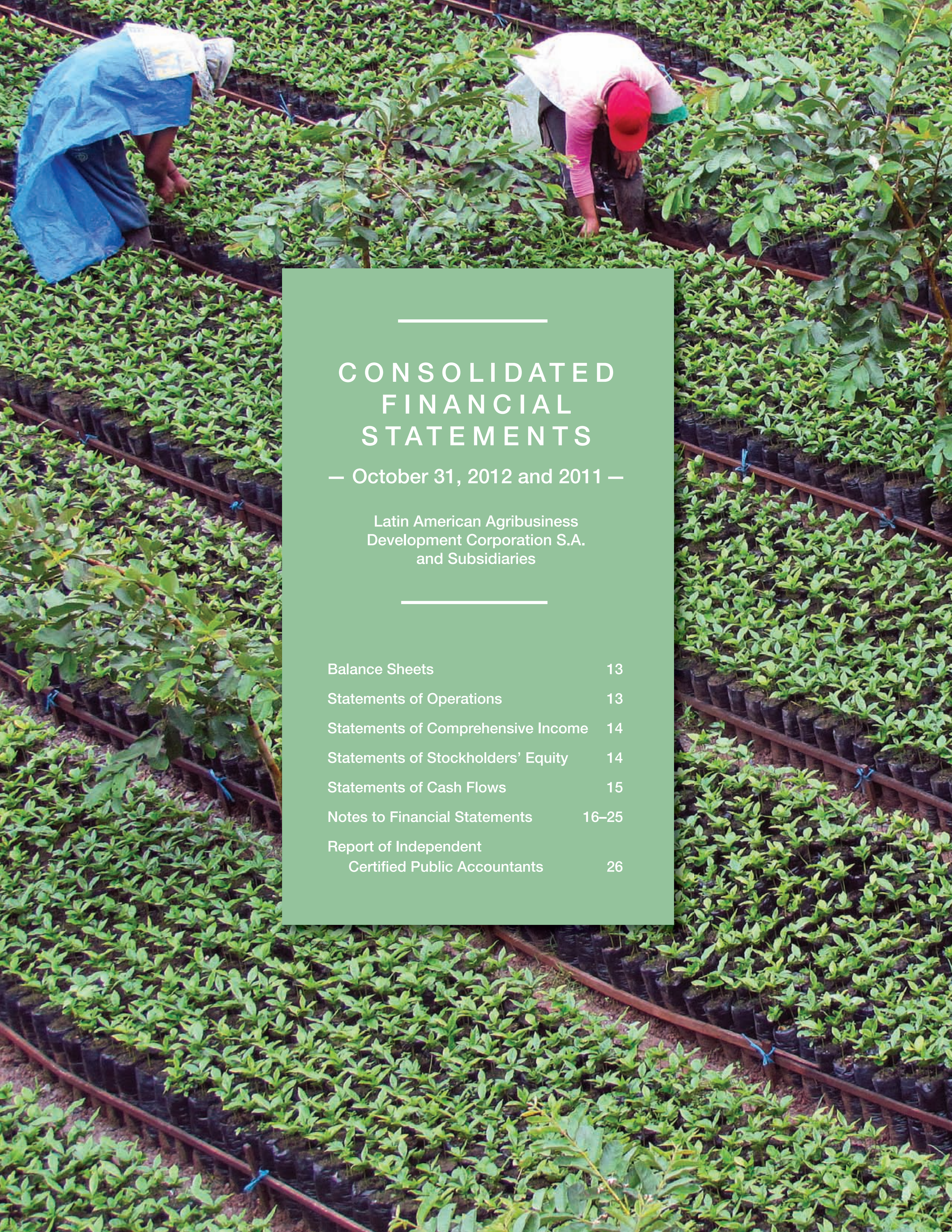
Earnings Per Share
US$'000



Disbursements Per Year
US$'000,000



Gross Revenue
US$'000,000



CONSOLIDATED FINANCIAL STATEMENTS

— October 31, 2012 and 2011 —

Latin American Agribusiness
Development Corporation S.A.
and Subsidiaries

Consolidated Balance Sheets

Latin American Agribusiness Development Corporation S.A. and subsidiaries

(in thousands, except per share data)

	October 31, 2012	October 31, 2011
Assets		
Cash and cash equivalents	**$ 37,831**	$ 28,691
Loans, including $80,267 and $74,319 maturing within one year in 2012 and 2011, respectively	**387,266**	339,077
Less: Allowance for loan losse	**(9,473)**	(8,697)
Net loans	**377,793**	330,380
Accrued interest receivable	**11,173**	9,123
Fixed assets, net	**1,098**	1,042
Other assets	**10,468**	8,013
	22,739	18,178
	$ 438,363	$ 377,249
Liabilities and Stockholders' Equity		
Borrowings	**$ 327,433**	$ 276,235
Interest rate swap agreements	**1,192**	1,050
Accrued interest payable and other liabilities	**3,816**	3,448
Total liabilities	**332,441**	280,733
Commitments (Notes 4 and 8)		
Stockholders' equity		
Common stock, $5,000 par value, 2,000 shares authorized, 640 shares issued	**3,200**	3,200
Treasury stock, 160 shares, at cost	**(2,422)**	(2,422)
Capital in excess of par value	**39**	39
Retained earnings	**106,201**	96,477
Accumulated other comprehensive loss	**(1,096)**	(778)
Total stockholders' equity	**105,922**	96,516
	$ 438,363	$ 377,249

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

(in thousands, except per share data)

	For the years ended October 31, 2012	2011
Interest income		
Loans	**$ 35,990**	$ 30,856
Other	**8**	17
Total interest income	**35,998**	30,873
Interest expense	**12,158**	10,485
Net interest income	**23,840**	20,388
Provision for loan losses	**2,150**	1,620
Net interest income after provision for loan losses	**21,690**	18,768
Other income (expenses)		
Salaries and employee benefits	**(4,756)**	(4,342)
Depreciation and amortization	**(458)**	(389)
Professional fees	**(1,081)**	(990)
Office expenses	**(1,032)**	(968)
Travel and communication	**(1,144)**	(1,070)
Other general and administrative	**(1,233)**	(1,307)
Other income, net	**(420)**	(830)
Gain (loss) on sale of assets	**25**	(40)
Total other income (expenses)	**(9,260)**	(8,276)
Income before income taxes	**12,430**	10,492
Provision for income taxes	**103**	80
Net income	**$ 12,327**	$ 10,412
Basic and fully diluted earnings per share	**$ 25,682**	$ 21,692

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

(in thousands)

	For the years ended October 31, 2012	2011
Net income	**$ 12,327**	$ 10,412
Change in fair value of derivative instruments	**(318)**	841
Comprehensive income	**$ 12,009**	$ 11,253

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

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 (Loss)	Total Stockholders' Equity
Balances at 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
Balances at October 31, 2011	640	3,200	160	(2,422)	39	96,477	(778)	96,516
Dividends	-	-	-	-	-	(2,603)	-	(2,603)
Net income	-	-	-	-	-	12,327	-	12,327
Change in fair value of derivative instruments	-	-	-	-	-	-	(318)	(318)
Balances at October 31, 2012	**640**	**$ 3,200**	**160**	**$ (2,422)**	**$ 39**	**$106,201**	**$ (1,096)**	**$ 105,922**

Consolidated Statements of Cash Flows

Latin American Agribusiness Development Corporation S.A. and subsidiaries

	For the years ended October 31, 2012	2011
	(in thousands)	
Cash flows from operating activities		
Net income	**$ 12,327**	$ 10,412
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	**2,150**	1,620
Amortization, depreciation and accretion, net	**2,134**	1,699
Change in fair value of derivatives recognized in earnings	**(175)**	(266)
Net (gain) loss on sale of assets	**(25)**	40
Changes in assets and liabilities		
Accrued interest receivable	**(2,050)**	(1,120)
Other assets	**360**	(77)
Accrued interest payable and other liabilities	**366**	235
Net cash provided by operating activities	**15,087**	12,543
Cash flows from investing activities		
Loan disbursements	**(134,681)**	(120,055)
Principal collected on loans	**81,863**	83,157
Proceeds from sale of real estate and other	**317**	58
Contributions to equity investment and other	**(168)**	(112)
Purchases of fixed assets	**(516)**	(390)
Net cash used in investing activities	**(53,185)**	(37,342)
Cash flows from financing activities		
Proceeds from multilateral institution debt	**25,000**	26,700
Repayments of multilateral institution debt	**(26,016)**	(17,500)
Proceeds from bank term debt	**56,000**	79,000
Repayments of bank term debt	**(38,453)**	(36,450)
Net repayments under bank revolving lines of credit	**34,500**	(21,500)
Payment of borrowing costs to lenders	**(1,190)**	(991)
Cash dividends paid	**(2,603)**	(2,255)
Net cash provided by financing activities	**47,238**	27,004
Net increase in cash and cash equivalents	**9,140**	2,205
Cash and cash equivalents		
Beginning of the year	**28,691**	26,486
End of the year	**$ 37,831**	$ 28,691
Supplemental disclosure of cash activity		
Interest paid	**$ 12,741**	$ 9,612
Supplemental disclosure of noncash transactions		
Loans charged-off	**1,498**	1,578
Unrealized (loss) gain on derivative instruments	**(143)**	1,107
Real estate and equity investment received as payment in-kind	**3,131**	1,681

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

Notes to Consolidated Financial Statements

Latin American Agribusiness Development Corporation S.A. and subsidiaries

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), 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., LAAD Agro Services Inc. and Agronegocios LAAD S.A. de C.V.,SOFOM ENR ("SOFOM"). SOFOM was created in 2012 for the purpose of providing medium term loans to agribusiness private enterprises in Mexico. 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 and SOFOM which is incorporated in Mexico. 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 losses or the right to receive any significant benefits of the VIE.

As indicated in Note 3, at October 31, 2012 and 2011, the Company had investments in three unconsolidated entities totaling approximately $4,611,000 and $2,955,000, respectively. The Company has reviewed the structure and activities of these entities as of October 31, 2012 and 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 mainly to the allowance for loan losses and the valuation of equity investments, real estate owned and derivative instruments.

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 and Allowance for Loan Losses

Loans are reported at their outstanding principal balance net of charge-offs, unearned income, participations and the allowance for loan losses.

Loans are considered past due if the required principal and/or interest have not been received based on the contractual terms of the loan. All classes of loans are generally placed on non-accrual status when the loan is past due, for either principal or interest, more than 6 months from when the payment is due. In certain instances, LAAD may place a loan on non-accrual status even when payments of principal or interest are not currently in default due to certain circumstances which may indicate a borrower's inability to pay in the future. When a loan is placed on non-accrual status, all accrued interest for the current year is reversed against interest income. Collection of interest while the loan is in 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. Loans are restored to accrual status when the loan becomes fully current and is expected to perform in the future according to its contractual terms. The Company generally initiates the foreclosure process at the time that the principal and/or interest balance is determined to be uncollectible.

The Company segregates its loan portfolio into three segments in order to determine its allowance for loan losses. The Company's loan segments are: Caribbean, Central America and Mexico and South America. Each segment consists of specific countries where the geographical composition of each country provides comparable markets. The portfolio segments also represent the Company's loan classes, as described below:

Caribbean – consisting of Dominican Republic, Belize and Eastern Caribbean Islands

Central America and Mexico – consisting of Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama

South America – consisting of Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela

The allowance for loan losses reflects management's reasonable estimate of probable credit losses inherent in the loan portfolio based on their evaluation of credit risk as of period end. Loans are charged off against the allowance when management believes the loan is not collectible. Any recoveries of amounts previously charged off are credited to the allowance.

The allowance consists of two components. The first component of the allowance relates to loans that are individually evaluated for impairment. Loans identified as non-performing or troubled debt restructures are evaluated individually for impairment twice a year. Once an individual loan is found to be impaired, an evaluation is performed to determine if a specific reserve needs to be assigned to the loan based on the estimated fair value of the collateral, less cost to sell.

The second component of the allowance relates to groups of loans that have common characteristics and therefore are evaluated in pools in order to estimate the inherent losses within the portfolio. This component of the allowance is further divided into quantitative and qualitative components. The quantitative component is determined by multiplying the outstanding loan exposure balance by the probability of default in the segment and the loss given at default, based on Moody's Sovereign ratings. The qualitative component is a dollar amount assigned to each segment based on an analysis performed incorporating several factors, including but not limited to, the level of delinquencies and restructurings, the concentration of product Company-wide, economic and business conditions, and other external factors.

In certain situations, for economic or legal reasons related to a borrower's financial difficulties, LAAD could grant a concession to the borrower that it would not otherwise consider. When such a concession is granted, the related loan is classified as a troubled debt restructuring ("TDR"). The restructuring of a loan may include modifications of the loan principal and/or interest terms as established on the original loan contract. It excludes the sole movement of principal payments while maintaining the tenor of the loan without making any interest rate concessions or the sole change of interest rate to reflect a change in current market interest rates for borrowers with similar credit risk profiles. TDRs of loans on non-accrual status reside on a cash basis until the borrower demonstrates a period of sustained performance. If management determines that the value of the modified loan is less than the recorded investment in the loan, impairment is recognized through a specific allowance to the loan based on the fair value of the collateral less cost to sell.

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.

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, 2012 and 2011 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, 2012 and 2011, the Company recorded approximately $458,000 and $389,000, 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 other 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, 2012 and 2011, 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 2012 and 2011).

New Accounting Pronouncements

Effective for the Company's fiscal year ending October 31, 2012, the Company adopted 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. The Company's adoption of this guidance had no impact 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 "Determination of Whether a Restructuring is a Troubled Debt Restructuring" ("TDR"). The guidance clarifies when a loan modification constitutes a TDR including how to determine whether a loan modification represents a concession and whether the debtor is experiencing financial difficulties. This guidance, among other requirements (1) prohibits the use of the borrower's effective interest rate test to determine if a concession has been given by the creditor; (2) specifies that a borrower not currently in default may still be experiencing financial difficulty when payment default is "probable in the foreseeable future"; and (3) specifies that a delay in payment should be considered along with all other factors in determining classification as a TDR. 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, 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.

Effective for the Company's fiscal year ending October 31, 2013, the Company is required to adopt new accounting guidance about "Offsetting Assets and Liabilities" on the balance sheet. This new guidance requires disclosure of both gross and net information about eligible instruments and transactions, including those subject to master netting agreements. The new guidance also requires disclosure of collateral received and posted in connection with those and other similar agreements. 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, 2013, the Company is required to adopt new accounting guidance about "Fair Value Measurement and Disclosure." This new guidance updated existing fair value measurement and disclosure guidance to achieve common fair value measurement and disclosure requirements in U.S. GAAP and IFRS. The amendments result in a consistent definition of fair value in both accounting frameworks. Among other changes, the new guidance requires disclosure of quantitative and qualitative information about unobservable inputs used in the valuation of Level 3 instruments, and for public companies, to report the level in the fair value hierarchy of assets and liabilities not recorded at fair value but where fair value is disclosed. This guidance will have no impact on the Company's consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the October 31, 2011 consolidated financial statements to conform to current year presentation.

2. Loans and Allowance for Loan Losses

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

	October 31, 2012		October 31, 2011	
Caribbean				
Dominican Republic	**$ 30,341**	7.8%	$ 27,287	8.0%
Belize	**5,752**	1.5%	6,206	1.8%
Central America and Mexico				
Costa Rica	**27,144**	7.0%	25,518	7.5%
El Salvador	**3,453**	0.9%	3,030	0.9%
Guatemala	**21,256**	5.5%	20,385	6.0%
Honduras	**20,455**	5.3%	23,581	7.0%
Nicaragua	**29,868**	7.7%	24,281	7.2%
South America				
Bolivia	**10,267**	2.7%	8,514	2.5%
Brazil	**83,961**	21.7%	68,274	20.1%
Chile	**30,692**	7.9%	27,460	8.1%
Colombia	**20,162**	5.2%	11,907	3.5%
Ecuador	**46,188**	11.9%	45,168	13.3%
Paraguay	**2,200**	0.6%	-	0.0%
Peru	**39,217**	10.1%	31,656	9.3%
Uruguay	**15,480**	4.0%	14,563	4.3%
Venezuela	**886**	0.2%	1,430	0.4%
Total gross loans	**387,322**	100.0%	339,260	100.0%
Less: Deferred fees	**(56)**		(183)	
Less: Allowance for loan losses	**(9,473)**		(8,697)	
Net loans	**$ 377,793**		$ 330,380	

Approximately 83.0% of the outstanding principle loan balances will mature within five years based on current terms.

Management has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the loan portfolio. The total allowance reflects management's best estimate of loan losses inherent in the loan portfolio at the balance sheet date. As of October 31, 2012 and 2011, LAAD considers the allowance for loan losses to be sufficient to absorb losses in the loan portfolio in accordance with US GAAP.

Changes in the allowance for loan losses summarized by portfolio segment for the year ended October 31, 2012 is as follows (dollars in thousands):

	Caribbean	Central America and Mexico	South America	Total
Balances at beginning of the year	$ 958	$ 1,753	$ 5,986	$ 8,697
Provision for loan losses	558	1,122	470	2,150
Loans charged off	(143)	(686)	(670)	(1,498)
Recoveries	-	8	116	124
Balances at end of the year	$ 1,374	$ 2,197	$ 5,902	$ 9,473

At least semi-annually, the sufficiency of the allowance for loan losses is reviewed by the Credit Risk Manager and the Chief Financial Officer and discussed within the Chief Executive Officer. As part of the on-going monitoring of the credit quality of the Company's loan portfolio, management tracks certain credit quality indicators including trends related primarily to (i) the loan payment status, (ii) non-performing loans, (iii) reschedules and restructures and (iv) the general economic conditions in the main geographies where the Company's borrowers conduct their businesses.

The following table includes an aging analysis of the recorded investment of past due loans as of October 31, 2012 and 2011 (dollars in thousands):

2012

	Current and < 3 Months Past Due	> 3 Months and < 6 Months Past Due	> 6 Months Past Due	Total Loans	Loans > 6 Months and Accruing
Caribbean	$ 34,688	$ 400	$ 1,005	$ 36,093	$ -
Central America and Mexico	95,140	4,467	2,568	102,175	-
South America	236,658	4,366	8,030	249,054	-
	$ 366,486	$ 9,233	$ 11,603	$ 387,322	$ -

2011

	Current and < 3 Months Past Due	> 3 Months and < 6 Months Past Due	> 6 Months Past Due	Total Loans	Loans > 6 Months and Accruing
Caribbean	$ 31,213	$ 1,360	$ 920	$ 33,493	$ -
Central America and Mexico	94,089	1,056	1,650	96,795	-
South America	196,776	4,579	7,618	208,972	-
	$ 322,078	$ 6,995	$ 10,187	$ 339,260	$ -

The following table includes the recorded investment and unpaid principal balances for impaired loans with the associated allowance amount, if applicable. Also presented are the average recorded investments in the impaired loans and the related amount of interest recognized during the time within the period that the impaired loans were impaired. The average balances are calculated based on the year-end balances of the financing receivables of the period reported (dollars in thousands).

As of October 31, 2012

Impaired Loans by Class With No Specific Allowance Recorded	Recorded Investment (1)	Unpaid Principal Balance	Valuation Allowance	Average Recorded Investment	Interest Income Recognized	Cash Basis Income Recognized
Caribbean	$ 1,005	$ 1,140	$ -	$ 963	$ -	$ -
Central America and Mexico	2,568	3,164	-	2,109	-	-
South America	10,539	11,073	-	9,055	301	89
	$ 14,112	$ 15,377	$ -	$ 12,127	$ 301	$ 89
With Specific Allowance Recorded						
Caribbean	$ -	$ -	$ -	$ -	$ -	$ -
Central America and Mexico	-	-	-	-	-	-
South America	-	-	-	23	-	-
	$ -	$ -	$ -	$ 23	$ -	$ -

As of October 31, 2011

Impaired Loans by Class With No Specific Allowance Recorded	Recorded Investment (1)	Unpaid Principal Balance	Valuation Allowance	Average Recorded Investment	Interest Income Recognized	Cash Basis Income Recognized
Caribbean	$ 920	$ 220	$ -	$ 567	$ -	$ -
Central America and Mexico	1,650	3,981	-	2,173	-	-
South America	7,572	7,452	-	9,104	-	-
	$ 10,142	$ 11,653	$ -	$ 11,844	$ -	$ -
With Specific Allowance Recorded						
Caribbean	$ -	$ -	$ -	$ 350	$ -	$ -
Central America and Mexico	-	-	-	137	-	-
South America	46	47	6	96		
	$ 46	$ 47	$ 6	$ 583	$ -	$ -

(1) Recorded investment is defined as unpaid principal balance less charge downs.

Loans on non-accrual status by loan class are as follows (dollars in thousands):

	October 31, 2012	October 31, 2011
Caribbean	**$ 1,005**	$ 220
Central America and Mexico	**2,568**	3,308
South America	**8,030**	6,659
Total non-accrual loans	**$ 11,603**	$ 10,187

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, without granting a concession to the borrower. Such changes are considered restructures. Typically, terms for restructures are considered comparable to market.

In situations where the borrower is experiencing 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 TDRs and their granting considered indicative of overall credit deterioration of the borrower. TDRs at October 31, 2012 were as follows (dollars in thousands):

Caribbean	$ -
Central America and Mexico	-
South America	2,000
Total troubled debt restructurings	$ 2,000

Concessions granted in 2012 were principal reduction and interest reductions. The Company had no troubled debt restructurings at October 31, 2011.

LAAD did not allocate specific reserves to customers whose loan terms have been modified in troubled debt restructurings as of October 31, 2012. There were no troubled debt restructurings within the previous 12 months for which there was a payment in default during 2012.

3. Other Assets

Included in other assets at October 31, 2012 and 2011 is approximately $4,611,000 and $2,955,000, respectively, in equity investments, representing ownership in three operating farms located in Dominican Republic, Guatemala and Ecuador. During fiscal 2012 and 2011, the Company contributed approximately $0 and $37,500, respectively, to its equity investee in Dominican Republic and recorded $194,000 and $0, respectively, in related losses recorded against other income on the statement of operations. During fiscal 2012, the Company also capitalized pre-existing loans to the investee totaling $1,750,000 as part of an agreement in which both investors increased their ownership stakes in the company proportionately. There were no capitalizations of pre-existing loans in 2011. During fiscal 2012 and 2011, the Company also contributed $100,000 and $0, respectively, to its equity investee in Guatemala. There were no impairments to equity investments in 2012 or 2011.

As indicated in Note 1, as of October 31, 2012, 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 $3,511,000 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 and is also the operator of the farm.

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 $3,363,000 and $2,166,000 at October 31, 2012 and 2011, 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, 2012 are located in Colombia, Chile, Costa Rica, Dominican Republic, Guatemala, Honduras and Venezuela. Management estimates that the net carrying amounts of these properties do not exceed their fair value less estimated selling costs. During 2012 and 2011, the Company had approximately $1,381,000 in loan balances transferred in both years to other real estate owned. During 2012 and 2011, the Company sold foreclosed properties for $275,000 and $375,000,respectively, resulting in an approximate $28,000 gain for 2012 and in an approximate $40,000 loss for 2011. There were no impairments to other real estate owned in 2012 or 2011.

4. Borrowings

Borrowings are summarized as follows(dollars in thousands):

	October 31, 2012	October 31, 2011
Banks		
Unsecured variable rate term loans, including $0 and $7,800 with stockholders, respectively. Interest ranging from 2.00% to 2.65% over LIBOR. (2.34% to 4.00% at October 31, 2012)	**$ 104,250** (1)	$ 98,250
Unsecured fixed rate term loans payable in semi-annual equal principal installments through 2017. Interest on $10,500 at 4.15% and on $5,000 at 3.75%.	**15,500**	13,500
Unsecured fixed rate term loan payable in quarterly compounded principal installments through 2017. Interest at 4.00%.	**9,547**	-
Unsecured revolving lines of credit including $63,500 and $38,500 with stockholders, respectively. Interest ranging from 1.75% to 2.25% over LIBOR payable from 2012 to 2013. (2.30% to 2.74% at October 31, 2012)	**80,000**	45,500
	209,297	157,250
Multilateral institutions		
Unsecured term loans with International Finance Corporation, a stockholder, payable in semiannual equal principal installments through 2015. Interest on $12,375 at 2.00% over LIBOR and on $15,000 at 1.50% over LIBOR. (2.22% to 2.73% at October 31, 2012)	**27,375**	39,000
Unsecured term loans with Bladex payable in semi-annual equal principal installments through 2015. Interest on $25,000 at 2.65% over LIBOR and on $15,000 at 2.75% over LIBOR. (3.39% to 3.48% at October 31, 2012)	**40,000**	25,000

	October 31, 2012	October 31, 2011
Unsecured syndicated term loan with Deutche Investitions – und Entwicklungsgesellschaft mbH, mbH, a stockholder, payable in semiannual equal principal installments through 2014. Interest fixed at 5.81%.	**6,666**	13,333
Unsecured term loan with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. payable in semiannual equal principal installments through 2014. Interest at 5.73% fixed.	**6,666**	10,000
Unsecured term loan with NOR FUND payable in semiannual equal principal installments through 2016. Interest at 2.00% over LIBOR with a 4.50% floor. (4.50% at October 31, 2012)	**8,750**	10,000
Unsecured term loan with FINN FUND payable in semiannual equal principal installments through 2016. Interest at 2.00% over LIBOR. (2.64% at October 31, 2012)	**6,222**	8,000
Unsecured term loan with Société de Promotion et de Participation pour la Coopération Economique (PROPARCO) payable in semiannual equal principal installments through 2017. Interest at 3.35% over LIBOR. (3.89% at October 31 , 2012)	**13,637**	15,000
Unsecured term loan with Société belge d'Investissement pour les Pays en Développement - BIO SA/Belgische Investeringsmaatschappij voor Ontwikkelingslanden - BIO NV - payable in semiannual equal principal installments through 2018. Interest at 3.50% over LIBOR. (4.24% at October 31 , 2012)	**10,000**	-
	119,316	120,333
	328,613	277,583
Unamortized borrowing costs	**(1,180)**	(1,348)
	$ 327,433	$ 276,235

(1) Includes $7,500 in loans with 4.0% floor and $4,000 in loans with 3.50% floor and 5.65% cap on interest.

In 2012 and 2011, LAAD had approximately $1,358,000 and $1,264,000, respectively, in amortization of deferred borrowing costs.

The Company also holds signed agreements with The OPEC Fund for International Development and Oesterreichische Entwicklungsbank AG for unsecured term loans in the amount of $15 million each. However, these loans were not yet funded as of October 31, 2012.

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

Years Ending October 31,	Amount
2013	$ 123,758
2014	112,384
2015	51,284
2016	28,496
2017	11,025
Thereafter	1,666
	$ 328,613

Principal maturities in 2013 and 2014 include $50,000,000 and $30,000,000, respectively, in unsecured revolving lines of credit primarily from stockholder banks. These lines are historically renewed prior to maturity.

At October 31, 2012, the Company had $157,000,000 in unsecured revolving lines of credit of which $140,000,000 are from two stockholder banks. From the stockholder bank lines, $63,500,000 were in use as of October 31, 2012 and $76,500,000 was unused and available through February 2014.

The Company incurred interest expense of approximately $4,251,000 and $3,713,000 in 2012 and 2011, 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, 2012, the Company was in compliance with these covenants.

5. 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, 2012 and 2011, 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 (0.58% and 0.60% in October 2012 and 2011, respectively). These contracts are considered 100% effective hedges of the underlying debt. Each of the Company's derivatives at October 31, 2012 and 2011 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	Pay Fixed Rate	Receive Floating Rate	Estimate Fair Value
As of October 31, 2012				
August 2014	$ 15,000	2.27%	6-month LIBOR	$ (319)
June 2015	25,000	1.00%	6-month LIBOR	(181)
April 2016	10,500	1.47%	6-month LIBOR	(189)
October 2016	13,500	1.14%	6-month LIBOR	(162)
March 2017	13,500	0.95%	3-month LIBOR	(150)
April 2017	13,500	1.07%	3-month LIBOR	(191)
	$ 91,000			$ (1,192)
As of October 31, 2011				
December 2011	$ 3,750	4.99%	6-month LIBOR	$ (88)
December 2011	3,750	4.95%	6-month LIBOR	(87)
December 2011	3,750	2.71%	6-month LIBOR	(44)
August 2014	22,500	2.27%	6-month LIBOR	(646)
April 2016	13,500	1.47%	6-month LIBOR	(185)
	$ 47,250			$ (1,050)

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

Description	Amount
Year Ended October 31, 2012	
Loss recognized in OCI	$ (143)
Gains reclassified from OCI to interest expense	(175)
Net loss in OCI	$ (318)
Year Ended October 31, 2011	
Gains recognized in OCI	$ 1,107
Gains reclassified from OCI to interest expense	(266)
Net gains in OCI	$ 841

During 2012 and 2011, the Company's interest expense was increased by approximately $631,000 and $1,230,000, respectively, as a result of the interest rate swap agreements.

6. Stockholders' Equity

The Company declared and paid cash dividends of $5,423 and $4,699 per share of common stock in 2012 and 2011, respectively.

7. 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. For the years ended October 31, 2012 and 2011, plan costs expensed totaled approximately $500,000 and $495,000, respectively. For the year ended October 31, 2011, plan costs paid in 2012 totaled approximately $520,000.

In addition, certain key employees of the Company participate in a deferred compensation plan. The plan is a long-term incentive program with a cash award paid for the achievement of organizational performance goals over a multi-year period (3 years). The plan is separate from and in addition to the annual bonus. During the years ended October 31, 2012 and 2011, expenses in connection with the Plan aggregated approximately $400,000 and $550,000, respectively.

8. 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, Colombia, Curacao, Mexico, Nicaragua and Peru. Minimum total rental payments under these leases are as follows (dollars in thousands):

Years Ending October 31,	Amount
2013	$ 414
2014	380
2015	354
2016	313
2017	322
Thereafter	1,357
	$ 3,140

During the years ended October 31, 2012 and 2011, rental expense related to operating leases amounted to approximately $675,000 and $617,000, respectively.

At October 31, 2012, the Company had loan commitments of approximately $12,845,000. 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.

9. 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 (dollars in thousands):

	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Carrying Amount
October 31, 2012				
Interest rate swap agreements	$ -	$ 1,192	$ -	$ 1,192
October 31, 2011				
Interest rate swap agreements	$ -	$ 1,050	$ -	$ 1,050

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 nonrecurring basis at October 31, 2012 and 2011 and total related impairments recorded during the years then ended (dollars in thousands):

	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Carrying Amount	Total Impairments
October 31, 2012					
Loans measured for impairment using fair value of collateral	$ -	$ -	$ 5,038	$ 5,038	$ 1,498
October 31, 2011					
Loans measured for impairment using fair value of collateral	$ -	$ -	$ 3,416	$ 3,416	$ 1,578

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. During 2012 and 2011, there were no impairments of other real estate owned.

There were no financial assets measured at fair value on a recurring basis and no financial or nonfinancial liabilities measured at fair value on a nonrecurring 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):

	Book Value	Estimated Fair Value
October 31, 2012		
Cash and cash equivalents	$ 37,831	$ 37,831
Net loans	377,793	381,667
Borrowings	327,433	328,085
October 31, 2011		
Cash and cash equivalents	$ 28,691	$ 28,691
Net loans	330,380	334,078
Borrowings	276,235	276,863

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.

10. Subsequent Events

The Company's management has evaluated subsequent events through December 21, 2012, the date the financial statements were available for issuance. No events have occurred subsequent to October 31, 2012 that have materially impacted the Company's financial position or that would require disclosure.

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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, 2012 and 2011, 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 21, 2012

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