Carpincho Capital Corp.
(Formerly High Income Preferred Shares Corporation)

Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended June 30, 2012 and 2011

Collins Barrow
Chartered Accountants

Collins Barrow Toronto LLP
Collins Barrow Place
11 King Street West
Suite 700
Toronto, Ontario
M5H 4C7 Canada

T. 416.480.0160
F. 416.480.2646

www.collinsbarrow.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Carpincho Capital Corp. (formerly High Income Preferred Shares Corporation)

We have audited the accompanying financial statements of Carpincho Capital Corp., which comprise the statements of financial position as at June 30, 2012, June 30, 2011 and July 1, 2010 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended June 30, 2012 and June 30, 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Carpincho Capital Corp. as at June 30, 2012, June 30, 2011 and July 1, 2010 and its financial performance and its cash flows for the years ended June 30, 2012 and June 30, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion we draw attention to Note 1 in the financial statements which describes material uncertainties that cast significant doubt about Carpincho Capital Corp.'s ability to continue as a going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
October 25, 2012
Toronto, Ontario

Carpincho Capital Corp.
Statements of Financial Position
(Expressed in Canadian Dollars)
As At

		June 30, 2012		June 30, 2011		July 1, 2010
				(Note 9)		(Note 9)
Assets						
Cash	**$**	**6,538**	$	13,017	$	68,387
Sale taxes recoverable		**2,855**		4,774		-
	$	**9,393**	$	17,791	$	68,387
Liabilities						
Accrued liabilities (Note 5)	**$**	**29,750**	$	20,062	$	26,008
Shareholder Loan (Notes 5 and 8)		**25,000**		25,000		-
		54,750		45,062		26,008
Equity						
Share capital (Note 7)		**1,000**		1,000		1,000
Retained earnings (Deficit)		**(46,357)**		(28,271)		41,379
		(45,357)		(27,271)		42,379
	$	**9,393**	$	17,791	$	68,387

Nature of Operations (Note 1)

Approved by the Board **"Lonnie Kirsh"** Director **"Robyn Levine"** Director

Carpincho Capital Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Years Ended June 30, 2012 and 2011

		2012		2011 (Note 9)
Revenues				
Other income	$	-	$	946
Expenses				
Management fee		-		72,238
General and administrative		43		6,254
Audit fees		5,750		9,059
Shareholder reporting fees		3,632		5,543
Legal fees		8,661		12,249
		18,086		105,343
Net loss and comprehensive loss	$	(18,086)	$	104,397
Basic and diluted loss per share		(0.00)		(0.02)
Weighted average number of common shares outstanding (Note 7)		5,000,000		5,000,000

See accompanying notes

Carpincho Capital Corp.
Statements of Changes in Equity
(Expressed in Canadian Dollars)
Years Ended June 30, 2012 and 2011

	Share Capital	**Retained Earnings (Deficit)**	**Total 2012**
Balance at July 1, 2011	$ 1,000	$ (28,271)	$ (27,271)
Net loss	-	(18,086)	(18,086)
Balance at June 30, 2012	**$ 1,000**	**$ (46,357)**	**$ (45,357)**

	Share Capital	Retained Earnings (Deficit)	Total 2011
Balance at July 1, 2010 (Note 9)	$ 1,000	$ 41,379	$ 42,379
Net loss	-	(104,397)	(104,397)
Recovery of refundable taxes (Note 6)	-	34,747	34,747
Balance at June 30, 2011 (Note 9)	$ 1,000	$ (28,271)	$ (27,271)

Carpincho Capital Corp.
Statements of Cash Flows
(Expressed in Canadian Dollars)
Years Ended June 30, 2012 and 2011

	2012	2011 (Note 9)
Cash provided by (used in)		
Operations		
Net loss	**$ (18,086)**	$ (104,397)
Net changes in non-cash working capital		
Sales taxes recoverable	**1,919**	(4,774)
Accrued liabilities	**9,688**	(5,946)
	(6,479)	(115,117)
Financing		
Shareholder loan	**-**	25,000
Refundable taxes received	**-**	34,747
	-	59,747
Net change in cash	**(6,479)**	(55,370)
Cash, beginning of year	**13,017**	68,387
Cash, end of year	**$ 6,538**	$ 13,017
Supplement cash flow information		
Interest paid	**$ -**	$ -
Income tax paid (recovered)	**-**	(34,747)

See accompanying notes

1. NATURE OF OPERATIONS AND GOING CONCERN

Carpincho Capital Corp. (the “Company”) was incorporated under the Canada Business Corporations Act on April 26, 2002 and is engaged in venture capital activities. The Company intends to identify and evaluate opportunities for the acquisition of an interest in properties, assets or businesses, and once identified and evaluated, to negotiate an acquisition thereof, merger with or participation therein.

While these financial statement have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern.

During the year ended July 31, 2012, the Company incurred a loss of $18,086 (2011 - $104,397) and, as of that date, the Company had accumulated deficit of $46,357 (June 30, 2011 - $28,271) (July 1, 2010 – retained earnings of $41,379), a working capital deficiency of $45,357 (June 30, 2011 - $27,271) (July 1, 2010 – surplus of $42,379) and negative cash flows from operations of $6,479 (2011 - $115,117). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation or once identified, conclude a merger or acquisition transaction. Furthermore, the Company has limited working capital to pursue such opportunities. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain adequate financing, and maintaining positive operating cash flows. Additionally, if the Company requires additional cash resources to fund current operations, there is no assurance that it will be able to obtain these required cash resources. However, management has assessed the Company’s ability to continue as a going concern and determined that the Company will continue for the foreseeable future subject to the material uncertainties listed above.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments would be material.

The registered office of the Company is located at 130 King Street West, Suite 2700, Toronto, Ontario, M5X 1C7.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with IFRS and their interpretations adopted by the International Accounting Standards Board ("IASB"). In 2010, the Canadian Institute of Chartered Accountants ("CICA") Handbook was revised to incorporate IFRS, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Statement of Compliance (Cont'd)

These are the Company's first annual financial statements to be presented in accordance with IFRS as issued by the IASB. IFRS 1 First-Time Adoption of IFRS ("IFRS 1") has been applied and the impact of the transition from Canadian GAAP to IFRS is explained in Note 9. Subject to Note 9, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet at July 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 9 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's previously issued financial statements for the year ended June 30, 2011.

The financial statements of the Company were approved by the Board of Directors on October 25, 2012.

Basis of Presentation

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and Presentation Currency

These financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding, if any, that may add to the total number of common shares.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Taxes (Cont'd)

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not record that excess.

Under the provisions of the Income Tax Act, the Company is required to pay certain income taxes with respect to its investment income and taxable dividends received which are potentially refundable. These refundable taxes are charged to retained earnings as incurred.

Financial Instruments

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly under other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using effective interest rate method.

The Company's financial assets include cash while the Company's financial liabilities include accrued liabilities. Classification of these financial instruments is as follows:

Financial Instrument	Classification	Measurement
Cash	FVTPL	Fair value
Accrued liabilities	Other financial liabilities	Amortized cost

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. There are three levels of the fair value hierarchy as follows:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

• Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

• Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Company's financial instruments measured at fair value on the statement of financial position consist of cash. Cash is measured at level 1 of the fair value hierarchy.

Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. Information regarding significant areas of estimation, uncertainty and critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to accrued liabilities and the recognition of deferred income taxes.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after July 1, 2012 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recent Accounting Pronouncements (Cont'd)

(ii) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(iii) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 13 – Fair value measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
- disclosures regarding the fair value hierarchy has been moved from IFRS 7 ("Statement if Cash Flows") to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorised under Level 3 of the fair value hierarchy to significant unobservable inputs; and
- information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recent Accounting Pronouncements (Cont'd)

(vi) IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

3. CAPITAL RISK MANAGEMENT

The Company includes equity, comprised of issued share capital and deficit, in the definition of capital, amounting to $45,357. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its activities relating to identifying and evaluating assets or businesses to merge with or acquire. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt.

There has been no change with respect to the overall capital risk management strategy during the year ended June 30, 2012.

4. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consisting of cash and accrued liabilities, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest risk, currency or credit risks arising from these financial instruments.

The Company received a loan from its shareholder during the year ended June 30, 2011 in the amount of $25,000. The loan is non-interest bearing and repayable on demand. The fair value of the loan from the shareholder approximates its carrying amount.

As at June 30, 2012, the Company has negative working capital of $45,357 (June 30, 2011 – $27,271). The Company will require additional financing to meet its ongoing obligations and its business objectives.

(Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and approved by the related parties. Related party transactions have been listed below, unless they have been disclosed elsewhere in the financial statements.

During the year ended June 30, 2012 the Company incurred legal fees of $8,913 (2011 – $12,249) to a law firm in which a director and officer of the Company practices as a sole proprietor, $8,661 (2011 – $12,249) is included in legal fee expense while $250 (2011 – $Nil) is included in shareholder reporting fees. Included in accrued liabilities is $23,854 (2011 – $13,816) owing to this law firm.

During the year ended June 30, 2011, a shareholder of the Company loaned the Company $25,000 for working capital. The loan is unsecured, non-interest bearing and repayable on demand. No amounts were repaid or loaned during the current year.

6. INCOME TAX

The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax expense in the financial statements. The Company, for the year-ended June 30, 2011, filed its tax returns on a calendar basis and not based upon its fiscal reporting period of June 30, accordingly the reconciliation for 2011 is completed for its tax filing periods as at 2010. There is no tax expense at the fiscal reporting periods.

		2012		2011
Loss before income taxes	**$**	**(18,086)**	$	(104,397)
Statutory rate		**26.75%**		30.25%
Expected income tax expense (recovery)		**(4,838)**		(31,580)
Increase (decrease resulting from:				
Non-deductible items and other adjustments		**-**		32,632
Deduction for taxable dividends and capital gains refunds		**-**		(10,613)
Change in rates		**317**		(4,574)
Change in deferred tax asset not recognized		**4,521**		14,125
Income tax expense	**$**	**-**	$	-

(Expressed in Canadian Dollars)

6. INCOME TAX (Cont'd)

		2012		2011
Non-capital loss carry forward	**$**	**1,068,385**	$	1,050,299
Future tax rate		**25%**		25%
Deferred income tax asset		**267,096**		262,575
Less: Deferred tax asset not recognized		**(267,096)**		(262,575)
Net deferred income tax asset	**$**	**-**	$	-

Loss and Tax Credit Carry forwards

The Company has non-capital losses of $1,068,385 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2028	$	945,899
2030		47,860
2031		56,540
2032		18,086
	$	**1,068,385**

Deferred tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements due to the uncertainty of their realization.

During the year ended June 30, 2011, the Company received refundable taxes of $34,747.

7. AUTHORIZED AND ISSUED SHARE CAPITAL

Authorized Share Capital

An unlimited number of common shares.

Issued Share Capital

The issued share capital as at June 30, 2012 was 5,000,000 Common Shares (June 30, 2011 – 5,000,000 Common Shares) (July 1, 2010 – 1,000 Class A Shares).

On January 20, 2011 the articles of the Company were amended to: (i) change the name of the Company to "Carpincho Capital Corp." from "High Income Preferred Shares Corporation"; (ii) eliminate all classes of share capital of the Company and replace them with one class of Common Shares; and (iii) reclassify each issued and outstanding Class A Share as 5,000 Common Shares.

8. SHAREHOLDER LOAN

The loan is unsecured, non-interest bearing and repayable on demand.

9. CONVERSION TO IFRS

As stated in Significant Accounting Policies Note 2, these are the Company's first annual financial statements prepared in accordance with IFRS as issued by the IASB.

The policies set out in the Significant Accounting Policies section have been applied in preparing the financial statements for the year ended June 30, 2011 and in the preparation of an opening IFRS balance sheet at July 1, 2011 (the Company's date of transition).

First-time adoption of IFRS

Under IFRS 1, IFRS has been applied retrospectively at the date of transition to the balance sheet and the statement of loss and comprehensive loss, changes in equity and cash flows with all adjustment to assets and liabilities as stated under Canadian GAAP taken to retained earnings, except where certain exemptions and elections were applied. No exemptions or elections were applied by the Company.

Estimates

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

Reconciliation from Canadian GAAP to IFRS

As management had anticipated, given the limited number of transactions that the Company has entered into, the adoption of IFRS had no effect on the Company's financial position, financial performance and cash flows.

Comparative Financial Statements

The Company's adoption of IFRS had no impact on the statements of financial position as at July 1, 2010 and June 30, 2011, nor on the statements of loss and comprehensive loss and cash flows for the year ended June 30, 2011. Accordingly, no reconciliations have been presented.