

# **Grenreal Property Corporation Limited**

Financial Statements

**December 31, 2005**

(expressed in US dollars unless otherwise stated)

# Grenreal Property Corporation Limited

Index to the Financial Statements

For the period April 14, 2005 (commencement of operations) to December 31, 2005

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# **Grenreal Property Corporation Limited**

## **Company profile**

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### **Directors**

Mr. Ambrose Phillip, Chairman, (Grenada)  
Mr. Hendrik A. Van Dijk, CEO, (Netherlands)  
Mr. Orrie Chandler, (Barbados)  
Mr. Sukru Evrengun, (Switzerland)  
Mr. Ashton Frame, (Grenada)  
Mr. Keith Friday, (Grenada)

### **Company Secretary**

Mr. Ian Evans

### **Auditors**

Messrs. PricewaterhouseCoopers  
Chartered Accountants

### **Solicitors**

Messrs. Henry Hudson-Phillips & Co.  
Attorneys-at-law, Conveyances & Notary Public

### **Registered Office**

Melville Street  
P.O. Box 446  
St. George's  
Grenada.

September 7, 2006

## **Auditors' Report**

### **To the Shareholders of Grenreal Property Corporation Limited**

We have audited the accompanying balance sheet of **Grenreal Property Corporation Limited** as of December 31, 2005 and the related statements of changes in shareholders' equity, income and cash flows for the period April 14, 2005 (commencement of operations) to December 31, 2005. 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 audit.

We conducted our audit in accordance with International Standards on Auditing. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As stated in Note 2 (e), revenue income is accounted for on a cash basis. This is not in accordance with International Financial Reporting Standards.

In our opinion, except for the matter discussed in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the company as of December 31, 2005 and the results of its operations, changes in its shareholders' equity and its cash flows for the period April 14, 2005 (commencement of operations) to December 31, 2005 in accordance with International Financial Reporting Standards.

**PricewaterhouseCoopers  
Chartered Accountants**

# Grenreal Property Corporation Limited

## Balance Sheet

As of December 31, 2005

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(expressed in US dollars unless otherwise stated)

	\$
<b>Assets</b>	
Investment property (note 3)	9,369,890
M & E installations (note 3)	<u>1,958,333</u>
	<u>11,328,223</u>
<b>Current assets</b>	
Receivables and prepayments (note 4)	33,541
Cash and cash equivalents (note 5)	<u>168,111</u>
	<u>201,652</u>
<b>Total Assets</b>	<b><u>11,529,875</u></b>
<b>Shareholders' Equity and Liabilities</b>	
Share capital (note 6)	5,000,000
Accumulated deficit	<u>(108,996)</u>
<b>Total equity</b>	<u>4,891,004</u>
<b>Liabilities</b>	
<b>Long-term loan</b> (note 7)	<u>6,067,416</u>
<b>Current liabilities</b>	
Deposits from tenants	121,033
Amount due to related party (note 8)	129,968
Payables and accrued expenses	<u>320,454</u>
	<u>571,455</u>
<b>Total liabilities</b>	<u>6,638,871</u>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>11,529,875</u></b>

Approved by the Board of Directors on September 7, 2006 and signed on their behalf by:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# Grenreal Property Corporation Limited

## Statement of Changes in Shareholders' Equity

For the period April 14, 2005 (commencement of operations) to December 31, 2005

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(expressed in US dollars unless otherwise stated)

	Share capital \$	Accumulated deficit \$	Total equity \$
Balance at April 14, 2005	–	–	–
Net loss for the year	–	(108,996)	(108,996)
Issue of shares	5,000,000	–	5,000,000
<b>Balance at December 31, 2005</b>	<b>5,000,000</b>	<b>(108,996)</b>	<b>4,891,004</b>

# Grenreal Property Corporation Limited

## Statement of Income

For the period April 14, 2005 (commencement of operations) to December 31, 2005

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(expressed in US dollars unless otherwise stated)

	\$
<b>Revenues</b>	
Rental income retail units	122,197
Rental income kiosks	15,606
Service re-charge	4,862
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	142,665
<b>Expenses</b>	
<b>Operational expenses</b>	
Insurance	10,739
Janitorial services	14,303
Marketing and public relation	775
Utilities	9,741
Management fee	18,105
	<hr/>
	53,663
<b>General expenses</b>	
Accounting and auditors' fees	6,500
Foreign currencies loss	11,561
Banking fees	7,160
	<hr/>
	25,221
<b>Total operational and general expenses</b>	<hr/>
	78,884
<b>Operating income before interest, tax and depreciation</b>	63,781
Depreciation (note 3)	(62,833)
Interest (note 7)	(109,944)
	<hr/>
<b>Net loss, before income tax</b>	(108,996)
Corporate tax	—
	<hr/>
<b>Net loss for the period</b>	<b>(108,996)</b>

# Grenreal Property Corporation Limited

## Statement of Cash Flows

For the period April 14, 2005 (commencement of operations) to December 31, 2005

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(expressed in US dollars unless otherwise stated)

	\$
<b>Cash flows from operating activities</b>	
Net loss for the period	(108,996)
Items not affecting working capital	
Depreciation	62,833
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<b>Operating loss before working capital changes</b>	(46,163)
Net change in non-cash working capital items:	
Accounts receivable and prepayments	(33,541)
Accounts payable and accrued expenses	571,455
	<hr/>
<b>Net cash from operating activities</b>	491,751
	<hr/>
<b>Cash flows from investing activities</b>	
Purchase of investment property	(9,391,056)
Purchase of M & E installations	(2,000,000)
	<hr/>
<b>Net cash used in investing activities</b>	(11,391,056)
	<hr/>
<b>Net cash from financing activities</b>	
Long-term loan issued	6,067,416
Issuance of shares	5,000,000
	<hr/>
<b>Net cash from financing activities</b>	11,067,416
	<hr/>
<b>Net change in cash and cash equivalents</b>	168,111
<b>Cash and cash equivalents – beginning of period</b>	<hr/> –
<b>Cash and cash equivalents – end of period</b>	<hr/> <b>168,111</b> <hr/>



# Grenreal Property Corporation Limited

Notes to Financial Statements

December 31, 2005

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(expressed in US dollars unless otherwise stated)

## 1 General information

### Incorporation and principal activity

Grenreal Property Corporation Limited (the "Company") formerly St. George's Cruise Terminal Ltd. was incorporated on August 27, 2004 under the Grenada Companies Act 1994 and commenced operations on April 14, 2005. The Company was established to undertake the realisation and operations of a Shopping Centre with duty free facilities adjacent to the new port complex in St. George's Grenada W.I.

The Shopping Centre was fully operational as of November 1, 2005.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

### a) Basis of preparation

These financial statements are stated in United States dollars and have been prepared in accordance with International Financial Reporting Standards, except as disclosed in Note 2 (e). The financial statements have been prepared under the historical cost convention.

### b) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Company, is classified as investment property.

Investment property comprises freehold building and land held under finance lease. Land held under finance lease is classified as if the land was acquired and accounted for at cost. The lease term is ninety-nine (99) years with an option to extend for an additional sixty-six (66) years. The lease payments were made at the commencement of the lease term.

Investment property is carried at cost less depreciation, less accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the cost over the assets estimated useful lives, as follows:-

Land	Nil
Building	40 years

### c) M & E installations

All mechanical and electrical installations are stated at historical cost, less depreciation. Depreciation is calculated using the straight-line method to allocate the cost over the assets estimated useful lives, as follows:-

M & E installations	8 years
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# Grenreal Property Corporation Limited

Notes to Financial Statements

December 31, 2005

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(expressed in US dollars unless otherwise stated)

## 2 Summary of accounting policies....continued...

### d) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Transactions arising during the year involving foreign currencies are translated and recorded at the rates of exchange prevailing on the dates of the transaction. Differences arising from fluctuations in exchange rates are included in the statement of income.

### e) Revenue

Rental income is accounted for on a cash basis in current operations when actually received. This is not in accordance with International Financial Reporting Standards.

## 3 Investment property/ M & E installations

	Land \$	Building \$	Total investment property \$	M&E in- stallations \$	Total \$
Balance as at April 14 2005					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
	-	-	-	-	-
Changes in book value					
Additions	4,311,160	5,079,896	9,391,056	2,000,000	11,391,056
Depreciation	-	(21,166)	(21,166)	(41,667)	(62,833)
	<b>4,311,160</b>	<b>5,058,730</b>	<b>9,369,890</b>	<b>1,958,333</b>	<b>11,328,223</b>
Balance as at December 31 2005					
Cost	4,311,160	5,079,896	9,391,056	2,000,000	11,391,056
Accumulated depreciation	-	(21,166)	(21,166)	(41,667)	(62,833)
	<b>4,311,160</b>	<b>5,058,730</b>	<b>9,369,890</b>	<b>1,958,333</b>	<b>11,328,223</b>

## 4 Receivables and prepayments

					\$
Receivables					3,541
Prepayments					30,000
					<u>33,541</u>

# Grenreal Property Corporation Limited

Notes to Financial Statements

December 31, 2005

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(expressed in US dollars unless otherwise stated)

## 5 Cash and cash equivalents

FirstCaribbean International Bank - Savings	\$ 174,639
FirstCaribbean International Bank - Current	<u>(6,528)</u>
	<u>168,111</u>

## 6 Share capital

Authorised: - 5,000,000 shares	\$
Issued: - 5,000,000 shares of no par value	<u>5,000,000</u>

## 7 Long-term loan

FirstCaribbean International Bank	<u>6,067,416</u>
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This loan is secured by a mortgage over the company's fixed and floating assets.

Duration: Effective term is not exceeding 20 years from the date of the building's effective completion. This term is however subject to a review at the end of five years, following which any subsequent renewals would be agreed based on the borrowers financial position.

Interest rate: This will be a margin of 0.5% below FirstCaribbean International Bank base rate, which was 8.5% per annum (subject to variations).

Repayment: The principal amortisation has been deferred initially for a period of 6 months and extended subsequently for another 6 months. Repayment of principal is scheduled to begin in January 2007.

## 8 Amount due to related party

Current account with Zublin Grenada Ltd.	\$ <u>129,968</u>
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This amount is interest free, unsecured and has no stated terms of repayment.

# **Grenreal Property Corporation Limited**

Additional Information to Financial Statements

**December 31, 2005**

(expressed in US dollars unless otherwise stated)

September 7, 2006

**Additional Comments of Auditors**

**To the Directors of  
Grenreal Property Corporation Limited**

The accompanying schedule is presented as supplementary information only. In this respect, it does not form part of the financial statements of Grenreal Property Corporation Limited for the period April 14, 2005 (commencement of operations) to December 31, 2005 and hence is excluded from the opinion expressed in our report dated September 7, 2006 to the shareholders on such financial statements. The information in this schedule has been subject to audit procedures only to the extent necessary to express an opinion on the financial statements of the company and, in our opinion, is fairly presented in all respects material to those financial statements.

**Chartered Accountants**

**Grenreal Property Corporation Limited**

Statement of Payables and Accrued Expenses

**For the period April 14, 2005 (commencement of operations) to December 31, 2005**

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(expressed in US dollars unless otherwise stated)

	\$
Interest loan FirstCaribbean International Bank	25,884
Provision - repayment savings account to SNDC	174,639
Running costs November and December paid by Terra Caribbean	9,848
Provision - running costs property	25,713
Provision - management fee Terra Caribbean	18,105
Provision - Henry Hudson-Phillips – legal advisor	59,765
Provision - PricewaterhouseCoopers - auditors	4,000
Provision - bookkeeping costs	<u>2,500</u>
	<b><u>320,454</u></b>