Grenreal Property Corporation Limited

Financial Statements
December 31, 2006
(expressed in US dollars unless otherwise stated)

Grenreal Property Corporation Limited
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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)
Mr. Carl Felix (Grenada)

Company Secretary

Mr. Ian Evans

Auditors

Messrs. PricewaterhouseCoopers
Chartered Accountants

Solicitors

Messrs. Renwick & Payne.
Attorneys-at-law, Conveyances & Notary Public

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Grenreal Property Corporation Limited

We have audited the accompanying financial statements of **Grenreal Property Corporation Limited**, which comprise the balance sheet as at December 31, 2006, and the statements of income, changes in Shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' 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 auditors consider 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 is sufficient and appropriate to provide a basis for our audit opinion.

PRICEWATERHOUSECOOPERS

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Grenreal Property Corporation Limited** as of December 31, 2006, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

Chartered Accountants
March 16, 2007
St. George's, Grenada.

Grenreal Property Corporation Limited

Balance Sheet

As of December 31, 2006

(expressed in US dollars unless otherwise stated)

	2006 $	2005 $
Assets		
Investment property (note 4)	**9,242,892**	9,369,890
M & E installations (note 4)	**1,754,559**	1,958,333
	10,997,451	11,328,223
Current assets		
Receivables and prepayments (note 5)	**44,050**	33,541
Cash and cash equivalents (note 6)	**205,725**	168,111
	249,775	201,652
Total Assets	**11,247,226**	11,529,875
Shareholders' Equity and Liabilities		
Share capital (note 7)	**5,000,000**	5,000,000
Accumulated deficit	**(393,624)**	(108,996)
Total equity	**4,606,376**	4,891,004
Liabilities		
Long-term loan (note 8)	**6,067,416**	6,067,416
Current liabilities		
Deposits from tenants	**217,801**	121,033
Amount due to related party (note 9)	**89,353**	129,968
Payables and accrued expenses	**266,280**	320,454
	573,434	571,455
Total liabilities	**6,640,850**	6,638,871
Total Liabilities and Shareholders' Equity	**11,247,226**	11,529,875

Approved by the Board of Directors on March 16, 2007 and signed on their behalf by:

____________________ Director ____________________ Director

Grenreal Property Corporation Limited

Statement of Income

For the year ended December 31, 2006

(With comparative figures for the period April 14, 2005 to December 31, 2005)

(expressed in US dollars unless otherwise stated)

	2006 $	2005 $
Revenues		
Rental income retail units	**909,580**	122,197
Rental income kiosks	**31,779**	15,606
Service re-charge	**44,183**	4,862
	985,542	142,665
Expenses		
Operational expenses		
Insurance	**57,295**	10,739
Janitorial services	**87,691**	14,303
Marketing and public relation	**16,939**	775
Utilities	**93,560**	9,741
Management fee	**88,095**	18,105
Rental of tents	**11,041**	–
	354,621	53,663
General expenses		
Accounting and auditors' fees	**14,788**	6,500
Foreign currencies loss	**2,273**	11,561
Banking fees	**149**	7,160
Legal fees	**7,032**	–
Directors' fees	**2,622**	–
	26,864	25,221
Total operational and general expenses	**381,485**	78,884
Operating income before interest depreciation	**604,057**	63,781
Depreciation (note 3)	**(380,079)**	(62,833)
Interest (note 7)	**(494,096)**	(109,944)
Other interest	**(14,510)**	–
Net loss for the year/period	**(284,628)**	(108,996)

Grenreal Property Corporation Limited

Statement of Changes in Shareholders' Equity

For the year ended December 31, 2006

(With comparative figures for the period April 14, 2005 to December 31, 2005)

(expressed in US dollars unless otherwise stated)

	Share capital $	Accumulated deficit $	Total equity $
Balance at April 14, 2005	–	–	–
Net loss for the period	–	(108,996)	(108,996)
Issue of shares	5,000,000	–	5,000,000
Balance at December 31, 2005	5,000,000	(108,996)	4,891,004
Net loss for the year	–	(284,628)	(284,628)
Balance at December 31, 2006	**5,000,000**	**(393,624)**	**4,606,376**

Grenreal Property Corporation Limited

Statement of Cash Flows

For the year ended December 31, 2006

(With comparative figures for the period April 14, 2005 to December 31, 2005)

(expressed in US dollars unless otherwise stated)

	2006 $	2005 $
Cash flows for operating activities		
Net loss for the year/period	**(284,628)**	(108,996)
Items not affecting working capital		
Depreciation	**380,079**	62,833
Operating loss before working capital changes	**95,451**	(46,163)
Net change in non-cash working capital items:		
Accounts receivable and prepayments	**(10,509)**	(33,541)
Accounts payable and accrued expenses	**1,979**	571,455
Net cash from operating activities	**86,921**	491,751
Cash flows from investing activities		
Purchase of investment property	**(49,307)**	(9,391,056)
Purchase of M & E installations	–	(2,000,000)
Net cash used in investing activities	**(49,307)**	(11,391,056)
Net cash from financing activities		
Long-term loan issued	–	6,067,416
Issuance of shares	–	5,000,000
Net cash from financing activities	–	11,067,416
Net change in cash and cash equivalents	**37,614**	168,111
Cash and cash equivalents – beginning of year/period	**168,111**	–
Cash and cash equivalents – end of year/period	**205,725**	168,111

(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. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements, are disclosed in Note 3.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company in the current financial year. The Company has assessed the relevance of all such new standards, amendments and interpretations and has adopted the following IFRSs, which are relevant to its operations. The 2005 comparative figures have been amended as required, in accordance with the relevant requirements.

IAS 1	Presentation of Financial Statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Balance Sheet Date
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 24	Related Party Disclosures

A summary of the changes significantly affecting the Company is set out below.

i) Changes to IAS 1 - Presentation of Financial Statements

The revisions to this standard have affected the Company's financial statement presentation and disclosure as follows:

A note entitled "critical accounting estimates and judgements" is included.

(expressed in US dollars unless otherwise stated)

2 Summary of significant accounting policies...*continued...*

a) basis of preparation...*continued...*

ii) Changes to IAS 24 - Related party disclosures

The revisions to this standard have affected the identification of related parties, namely key management, and consequently the disclosures made.

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 fair value, 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

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 an accrual basis, in accordance with the substance of the relevant agreement.

(expressed in US dollars unless otherwise stated)

3 *Critical accounting estimates and judgements*

The development of estimates and the exercise of judgment in applying accounting polices may have a material impact on the Company's reported assets, liabilities, revenues and expenses. There are no such items that may have a material impact on the financial statements.

4 Investment property/ M & E installations

	Land $	Building $	Total investment property $	M&E installations $	Total $
At January 1, 2004					
Cost or valuation	–	–	–	–	–
Accumulated depreciation	–	–	–	–	–
Net book amount	–	–	–	–	–
Year ended December 31, 2005					
Opening net book amount	–	–	–	–	–
Additions	4,311,160	5,079,896	9,391,056	2,000,000	11,391,056
Depreciation charge	–	(21,166)	(21,166)	(41,667)	(62,833)
Closing net book amount	4,311,160	5,058,730	9,369,890	1,958,333	11,328,223
At December 31, 2005					
Cost or valuation	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)
Net book amount	4,311,160	5,058,730	9,369,890	1,958,333	11,328,223
Year ended December 31, 2006					
Opening book amount	4,311,160	5,058,730	9,369,890	1,958,333	11,328,223
Additions	–	–	–	49,307	49,307
Depreciation charge	–	(126,997)	(126,997)	(253,082)	(380,079)
Closing net book amount	**4,311,160**	**4,931,733**	**9,242,893**	**1,754,558**	**10,997,451**
At December 31, 2006					
Cost or valuation	4,311,160	5,079,896	9,391,056	2,049,307	11,440,363
Accumulated depreciation	–	(148,163)	(148,163)	(294,749)	(442,912)
Net book amount	**4,311,160**	**4,931,733**	**9,242,893**	**1,754,558**	**10,997,451**

(expressed in US dollars unless otherwise stated)

5 Receivables and prepayments

	2006 $	2005 $
Receivables	**7,827**	3,541
Prepayments	**36,223**	30,000
	44,050	**33,541**

6 Cash and cash equivalents

	2006 $	2005 $
FirstCaribbean International Bank - Savings	**132,443**	174,639
FirstCaribbean International Bank - Current	**73,282**	(6,528)
	205,725	168,111

7 Share capital

	$	$
Authorised:		
- 5,000,000 shares		
Issued:		
- 5,000,000 shares of no par value	**5,000,000**	5,000,000

8 Long-term loan

		$
FirstCaribbean International Bank	**6,067,416**	6,067,416

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.

(expressed in US dollars unless otherwise stated)

9 Amount due to related party

During the year, certain transactions occurred between the Company and other related entities as follows:-

	2006 $	2005 $
Interest	9,027	–
Current account transactions	80,326	129,968
	89,353	129,968

Grenreal Property Corporation Limited

Additional Information to Financial Statements
December 31, 2006
(expressed in US dollars unless otherwise stated)

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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 year ended December 31, 2006 and hence is excluded from the opinion expressed in our report dated March 16, 2007 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.

PricewaterhouseCoopers

Chartered Accountants
March 16, 2007
St. George's, Grenada.

Grenreal Property Corporation Limited

Statement of Payables and Accrued Expenses

For the year ended December 31, 2006

(With comparative figures for the period April 14, 2005 to December 31, 2005)

(expressed in US dollars unless otherwise stated)

	2006 $	2005 $
Interest loan FirstCaribbean International Bank	**62,519**	25,884
Provision - repayment savings account to SNDC	**132,443**	174,639
Running costs November and December paid by Terra Caribbean	–	9,848
Provision - running costs property	**43,175**	25,713
Provision - management fee Terra Caribbean	–	18,105
Provision - Henry Hudson-Phillips – legal advisor	**5,000**	59,765
Provision - PricewaterhouseCoopers - auditors	**4,250**	4,000
Provision - bookkeeping costs	**2,340**	2,500
Provision – Directors' fees	**2,622**	–
Rental in advance	**13,931**	–
	266,280	320,454