



EURO-TRADE REAL ESTATE INTERNATIONAL (Y.N.B) LTD

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2009

EURO-TRADE REAL ESTATE INTERNATIONAL (Y.N.B) LTD

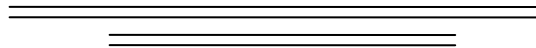
UNAUDITED INTERIM

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2009

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WEKSLER, KODENZIK, ENOCH & CO.

Certified Public Accountants (ISR).

To the Shareholders

EURO-TRADE REAL ESTATE INTERNATIONAL (Y.N.B) LTD

Re: Review of unaudited interim consolidated financial statements
for the three months ended March 31, 2009

Introduction

We have reviewed the accompanying financial information of EURO TRADE REAL ESTATE INTERNATIONAL (Y.N.B) LTD and its subsidiaries ("the Group"), which comprises the condensed consolidated balance sheet as of March 31, 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for this period in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of certain subsidiaries, whose assets constitute approximately 99.7% of total consolidated assets as of March 31, 2009, and whose revenues constitute approximately 99.3% of total consolidated revenues for the three months then ended. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

Scope of review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Ramat-Gan, Israel
May 31, 2009

Weksler, Kodenzik, Enoch & Co.
Certified Public Accountants (ISR)

Ben Gurion st.2 Ramat Gan 52573 Tel: 03-7533900 FAX: 03-7527673

Interim Condensed Consolidated Balance Sheets

	Convenience Translation in Euro as of March 31 2009 *) Unaudited Euro in thousands	As of March 31 2009 Unaudited	As of March 31 2008 Unaudited	As of December 31 2008 Audited
		NIS in thousands		
Current Assets:				
Cash and cash equivalents	790	4,405	8,906	10,432
Short term investments	39	218	3,049	189
Accounts receivable and other current assets	701	3,907	9,360	3,909
	<u>1,530</u>	<u>8,530</u>	<u>21,315</u>	<u>14,530</u>
Non-current assets:				
Investment properties	99,170	552,734	481,220	525,332
Derivative financial instruments	-	-	171	-
Fixed assets, net	2	10	9	10
	<u>99,172</u>	<u>552,744</u>	<u>481,400</u>	<u>525,342</u>
	<u>100,702</u>	<u>561,274</u>	<u>502,715</u>	<u>539,872</u>
Current Liabilities:				
Current maturity of long term bank loans and others	1,362	7,594	6,648	7,067
Accounts payable and other current liabilities	2,098	11,694	11,261	15,348
	<u>3,460</u>	<u>19,288</u>	<u>17,909</u>	<u>22,415</u>
Long-term liabilities:				
Long-term bank loans	76,270	425,093	350,462	405,047
Loans from minority shareholders in consolidated companies and others	4,421	24,640	7,800	23,133
Renter's deposits	96	535	-	255
Debentures	10,937	60,960	64,861	64,816
Deferred taxes	180	1,006	9,261	3,670
Derivative financial instruments	6,081	33,891	4,067	20,126
	<u>97,985</u>	<u>546,125</u>	<u>436,451</u>	<u>517,047</u>
Equity:				
<u>Equity attributable to equity shareholders of the company</u>				
Issued Share capital	(**-	(**-	(** -	(**-
Share premium	2,890	16,108	16,108	16,108
Other reserves	(3,498)	(19,494)	(2,471)	(16,506)
Accumulated profit	357	1,989	11,283	861
	<u>(251)</u>	<u>(1,397)</u>	<u>24,920</u>	<u>463</u>
Minority Interest (debt)	(492)	(2,742)	23,435	(53)
Total equity	<u>(743)</u>	<u>(4,139)</u>	<u>48,355</u>	<u>410</u>
	<u>100,702</u>	<u>561,274</u>	<u>502,715</u>	<u>539,872</u>

*) Translated to Euro based on exchange rate as of 31.3.09.

**) Less than 1 NIS/Euro thousands.

Tsahi Fridler
Finance manager

Boaz Kamar
CEO and Director

Amit Biel
Chairmen of the board of
directors

May 31, 2009
Approval date of the
financial statements

Interim Condensed Consolidated Income Statements

	Convenience Translation in Euro for the three months ended March 31, 2009 *)	For the three months ended March 31, 2009	For the three months ended March 31, 2008	For the year ended December 31, 2008
	Unaudited	Unaudited		Audited
	Euro in thousands	NIS in thousands		
<u>Income</u>				
Rent Income	1,691	9,425	6,199	34,653
Administrating assets income	11	63	529	717
Revaluation of investment properties	-	-	14,031	539
Other income	13	74	163	536
	1,715	9,562	20,922	36,445
Operating expenses	146	812	2,037	2,796
Gross profit	1,569	8,750	18,885	33,649
General and administration expenses	225	1,256	931	4,536
Operating profit	1,344	7,494	17,954	29,113
Financial expenses	1,680	9,365	7,343	32,955
Financial income	557	3,105	152	576
Profit (loss) before income taxes	221	1,234	10,763	(3,266)
Tax benefit (Taxes on income)	27	148	(3,378)	(1,759)
Net profit (Loss)	248	1,382	7,385	(5,025)
<u>Attributed to:</u>				
Net profit (Loss) Attributed to shareholders of the company	203	1,128	3,130	(7,292)
Minority share	45	254	4,255	2,267
	248	1,382	7,385	(5,025)
Profit (Loss) per share (in NIS)	0.01	0.05	0.13	(0.3)

*) Translated to Euro based on exchange rate as of 31.03.09.

Interim Condensed Comprehensive Income Statements

	Convenience Translation in Euro for the three months ended March 31, 2009 *)	For the three months ended March 31, 2009	For the three months ended March 31, 2008	For the year ended December 31, 2008
	Unaudited	Unaudited		Audited
	Euro in thousands	NIS in thousands		
Net Profit (loss)	248	1,382	7,358	(5,025)
Comprehensive income (loss):				
Loss on cash flow hedge	(1,648)	(9,183)	(1,682)	(16,184)
Foreign currency translation	583	3,252	249	(4,582)
Comprehensive loss, net	(1,065)	(5,931)	(1,433)	(20,766)
Total comprehensive income (loss)	(817)	(4,549)	5,952	(25,791)
Total comprehensive income (loss) attributed to:				
Shareholders of the company	(334)	(1,860)	1,697	(22,760)
Minority share	(483)	(2,689)	4,255	(3,031)
	(817)	(4,549)	5,952	(25,791)

*) Translated to Euro based on exchange rate as of 31.03.09.

EURO-TRADE REAL ESTATE INTERNATIONAL (Y.N.B) LTD.

Interim Condensed Statement of Changes in shareholder's Equity

	Attributable to equity shareholders of the company						Minority Interest	Total equity
	Issued share capital	Share premium	Accumulated Profit	Foreign currency translation	Other reserves	Total		
	Unaudited							
NIS in thousands								
Balance as of January 1, 2009 (audited)	(* -	16,108	861	(5,235)	(11,271)	463	(53)	410
Total comprehensive income (loss)	-	-	1,128	3,252	(6,240)	(1,860)	(2,689)	(4,549)
Balance as of March 31, 2009	(* -	16,108	1,989	(1,983)	(17,511)	(1,397)	(2,742)	(4,139)
Convenience translation in Euro as of March 31, 2009 (**)	(* -	2,890	357	(356)	(3,142)	(251)	(492)	(743)
Balance as of January 1, 2008 (audited)	(* -	16,108	8,153	(653)	(385)	23,223	2,978	26,201
Total comprehensive income (loss)	-	-	3,130	249	(1,682)	1,697	4,255	5,952
Minority Interest	-	-	-	-	-	-	16,202	16,202
Balance as of March 31, 2008	(* -	16,108	11,283	(404)	(2,067)	24,920	23,435	48,355

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*) Less than 1 NIS/EURO thousands.

**) Translated to Euro based on current exchange rate as of 31.03.09.

EURO-TRADE REAL ESTATE INTERNATIONAL (Y.N.B) LTD.

Interim Condensed Statement of Changes in Shareholder's Equity

	Attributable to equity shareholders of the company					Total	Minority Interest	Total equity
	Issued share capital	Share premium	Accumulated profit	Foreign currency translation	Other reserves			
	Audited							
	NIS in thousands							
Balance as of January 1, 2008	-*)	16,108	8,153	(653)	(385)	23,223	2,978	26,201
Total comprehensive loss	-	-	(7,298)	(4,582)	(10,886)	(22,760)	(3,031)	(25,791)
Balance as of December 31, 2008	-*)	16,108	861	(5,235)	(11,271)	463	(53)	410

*) Less than 1 NIS/EURO thousands.

Interim Condensed Consolidated Cash Flow Statements

	Convenience Translation In Euro for the three months ended March 31, 2009 *)	For the three months ended march 31, 2009	For the three months ended march 31, 2008	For the year ended December 31, 2008
	Unaudited	Unaudited		Audited
	Euro in thousands	NIS in thousands		
<u>Cash flows from operating activities:</u>				
Net profit (loss) per statements of income	248	1,382	7,385	(5,025)
Adjustments to reconcile net profit (loss) to cash provided by operating activities (See A)	(1,000)	(5,575)	(12,736)	5,865
Net cash provided by (used in) operating activities	(752)	(4,193)	(5,351)	840
<u>Cash flows from investing activities:</u>				
Purchase of fixed assets	-	-	-	(1)
Purchase of investment properties	-	-	(148,580)	(226,128)
Investment in marketable securities and others, net	-	-	12,058	12,532
Investment purchased from the minority	-	-	-	(48)
Investment's sale to minority	-	-	-	36
Deposit repayment	-	-	-	2,166
Net cash used in investing activities	-	-	(136,522)	(211,443)
<u>Cash flows from financing activities:</u>				
Repurchase of debentures	(293)	(1,633)	-	(2,022)
Proceeds from sale of debentures and options	-	-	1,283	1,580
Repayment of loans from minority shareholders in consolidated companies and others, net	166	924	6,971	10,551
Long-term bank loans	-	-	127,007	214,459
Repayment of long-term bank loans	(284)	(1,582)	(2,074)	(20,243)
Short term bank credit	51	282	-	-
Net cash provided by (used in) financing activities	(360)	(2,009)	133,187	204,325
Translation differences relating to cash balances in autonomous units	31	175	18	(864)
Decrease in cash and cash equivalents	(1,081)	(6,027)	(8,668)	(7,142)
Cash and cash equivalents – beginning of the period	1,871	10,432	17,574	17,574
Cash and cash equivalents – end of the period	790	4,405	8,906	10,432

*) Translated to Euro based on exchange rate as of 31.03.09

Interim Condensed Consolidated Cash Flow Statements

Convenience Translation In Euro for the three months ended March 31, 2009 *)	For the three months ended march 31, 2009	For the three months ended march 31, 2008	For the year ended December 31, 2008	
Unaudited	Unaudited		Audited	
Euro in thousands	NIS in thousands			
A. <u>Adjustments to reconcile net profit (loss) to net cash provided by operating activities</u>				
<u>Income and expenses not involving cash flow:</u>				
Depreciation and amortization	70	390	415	1,827
Deferred taxes	(62)	(343)	3,421	1,631
Interest income from long term loan, and other net	(788)	(4,396)	(*) (3,484)	3,441
Linkage differences of debentures	(71)	(395)	69	2,950
Gain from repurchase of debentures	(462)	(2,577)	-	(2,643)
loss on realization and increase in value of marketable securities, net	(5)	(29)	159	246
Revaluation of investment properties	-	-	(14,031)	(539)
Adjustments of fair value of derivative financial instruments	179	999	281	-
<u>Change in operating assets and liabilities:</u>				
Decrease (increase) in accounts receivable and other current assets	28	158	(2,463)	(1,983)
Increase in accounts payable and other current liabilities	111	618	(*) 2,897	935
	<u>(1,000)</u>	<u>(5,575)</u>	<u>(12,736)</u>	<u>5,865</u>

(*) Reclassified.

*) Translated to Euro based on exchange rate as of 31.3.09.

This is a condensed English translation of the financial statements of EURO-TRADE REAL ESTATE INTERNATIONAL (Y.N.B) LTD.. The complete financial statements of the Company in Hebrew are presented in the MGANA web site: <http://www.magna.isa.gov.il/>

In case of disagreement the complete Hebrew version is the definitive.