

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

UNAUDITED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2007

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

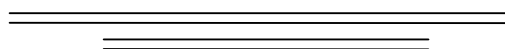
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WEKSLER, KODENZIK, ENOCH & CO.

Certified Public Accountants (ISR).

To the Board of Directors

EURO-TRADE REALSTATE INTERNATIONAL (Y.N.B) LTD

Re: Review of unaudited interim consolidated financial statements
for the three months ended March 31, 2007

We have reviewed the accompanying interim consolidated balance sheet of EURO-TRADE REALSTATE INTERNATIONAL (Y.N.B) LTD. ("the Company") as of March 31, 2007, and the related interim consolidated statements of income, changes in equity and cash flows for the three months then ended. These interim consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these interim consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of Group personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not presented fairly, in all material respects, in accordance with International Financial Reporting Standards IAS34 (Interim Financial Reporting) and with the Securities Regulations (periodic and Immediate Reports) - 1970.

Ramat-Gan, Israel
May 30, 2007

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

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

Interim Consolidated Balance Sheet

	As Of March 31 2007 <u>Unaudited</u>	As Of December 2006 <u>Audited</u>
<u>NIS in thousands</u>		
Current Asset :		
Cash and cash equivalents	6,149	1,091
Short term investment	6,140	-
Trustee's deposit	62,959	-
Accounts receivable and other current assets	544	314
	<u>75,792</u>	<u>1,405</u>
Non-current assets:		
Investment properties	63,089	-
Affiliated company investment	-	3,640
Fixed assets, net	6	6
	<u>63,095</u>	<u>3,646</u>
	<u>138,887</u>	<u>5,051</u>
Current Liabilities:		
Current maturity of long term bank loans	1,144	-
Accounts payable and other current liabilities	2,268	164
	<u>3,412</u>	<u>164</u>
Long-term liability:		
Long-term bank loans	51,430	-
Other loans	6,775	-
Bonds	61,929	-
	<u>120,134</u>	<u>-</u>
Equity:		
Equity attributable to equity shareholders of the company		
Issued Share capital	*)	*)
Share premium	16,108	8
Receipts on account of shares	-	4,868
Other reserves	19	39
Accumulated loss	(768)	(28)
	<u>15,359</u>	<u>4,887</u>
Minority's debt	(18)	-
Total equity	<u>15,341</u>	<u>4,887</u>
	<u>138,887</u>	<u>5,051</u>

*) Less than 1 NIS thousand.

_____ Tsahi Fridler Finance manager	_____ Boaz Kamar CEO and Director	_____ Amit Biel Chairman	_____ May 30, 2007 Approval date of the financial statements
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Interim Consolidated Income Statement

	For the three months ended March 31 2007	For the Period ended December 31 2006
	<u>Unaudited</u>	<u>Audited</u>
	<u>NIS in thousands</u>	
Management assets income	24	16
General and administration expenses	<u>258</u>	<u>56</u>
Operating loss	234	40
Financial income (expenses), net	<u>(527)</u>	<u>53</u>
Profit (loss) before income taxes	(761)	13
Taxes on income	<u>-</u>	<u>10</u>
Net profit (loss) after income taxes	(761)	3
Company share in profit (loss) of affiliated company	<u>21</u>	<u>(31)</u>
Loss	<u>(740)</u>	<u>(28)</u>
Loss per share (in NIS)	<u>(0.03)</u>	<u>(3.5)</u>

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

Interim Statement of Changes in Equity

	<u>Issued share capital</u>	<u>Share premium</u>	<u>Receipts on Account of shares</u>	<u>Other reserves</u>	<u>Accumulated loss</u>	<u>Total</u>	<u>Minority's debt</u>	<u>Total equity</u>
Unaudited								
NIS in thousands								
Balance as of January 1, 2007 (audited)	(* -	8	(4,868)	39	28	4,887	-	4,887
Issue of preference share capital	(* -	16,100	4,868	-	-	11,232	-	11,232
Foreign currency translation	-	-	-	(20)	-	(20)	-	(20)
Minority's debt	-	-	-	-	-	-	(18)	(18)
Net loss	-	-	-	-	(740)	(740)	-	(740)
Balance as of March 31, 2007	(* -	16,108	-	19	(768)	15,359	(18)	15,341

	<u>Issued share capital</u>	<u>Share premium</u>	<u>Receipts on account of shares</u>	<u>Capital reserves</u>	<u>Accumulated loss</u>	<u>Total</u>
Audited						
NIS in thousands						
Issue of shares	(* -	8	-	-	-	8
Receipts on account of shares	-	-	4,868	-	-	4,868
Foreign currency translation	-	-	-	39	-	39
Net loss	-	-	-	-	(28)	(28)
	(* -	8	4,868	39	(28)	4,887

(* Less than 1 NIS thousand.

Interim Consolidated Cash Flow statements

	For the three months ended March 31, 2007	For the Period ended December 31, 2006
	Unaudited	Audited
	NIS in thousands	
<u>Cash flows from operating activities:</u>		
Net loss per statements of income	(740)	(28)
Adjustments to reconcile net loss to cash provided by operating activities (see A)	756	41
Net cash provided by operating activities	<u>16</u>	<u>13</u>
<u>Cash flows from investing activities:</u>		
Purchase of fixed assets	-	(7)
Net cash acquired with affiliated company consolidated for the first time	910	-
Affiliated company investment activities	-	(2)
Long-term loan	-	(3,577)
Long term loan received	72	-
Investment in marketable securities, net.	(6,130)	-
Trustee's deposit	(62,959)	-
Net cash used by investing activities	<u>(68,107)</u>	<u>(3,586)</u>
<u>Cash flows from financing activities:</u>		
Issue of capital (including premium)	11,232	8
Receipts on account of shares	-	4,868
Issue of bonds expenses	61,917	(212)
Net cash provided by financing activities	<u>73,149</u>	<u>4,664</u>
Increase in cash and cash equivalents	5,058	1,091
Cash and cash equivalents – beginning of the period	1,091	-
Cash and cash equivalents – end of the period	<u><u>6,149</u></u>	<u><u>1,091</u></u>

Interim Consolidated Cash Flow statement

	For the three months ended March 31, 2007	For the Period ended December 31, 2006
	<u>Unaudited</u>	<u>Audited</u>
	<u>NIS in thousands</u>	
A. <u>Adjustments to reconcile net loss to net cash provided by operating activities</u>		
<u>Income and expenses not involving the flow of cash:</u>		
Company share in loss (profit) of affiliated company	(21)	31
Depreciation and amortization	224	1
Interest income from long term loan	(76)	(53)
Gain on realization and increase in value of marketable securities, net	(10)	-
<u>Change in operating assets and liabilities:</u>		
Increase in accounts receivable and other current assets	(396)	(102)
Increase in accounts payable and other current liabilities	1,035	164
	<u>756</u>	<u>41</u>
B. <u>Consolidation of associated company for the first time</u>		
The assets and liabilities as at the date of consolidation:		
Current capital, net (except cash and cash equivalent)	1,015	-
Investment properties	(63,089)	-
Long-term liabilities	63,002	-
Minority's debt	(18)	-
	<u>910</u>	<u>-</u>