Terna Contracting W.L.L.

REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

31 DECEMBER 2009

Terna Contracting W.L.L.
REPORT OF THE BOARD OF DIRECTORS

The Directors have the pleasure in submitting their report and the audited financial statements of Terna Contracting W.L.L. ("the Company") for the year ended 31 December 2009.

Principal activities and results for the year / period

Terna Contracting W.L.L is a wholly owned subsidiary of Terna Bahrain Holding W.L.L. The company is engaged in construction contracting activities.

Results and retained earnings:

During the year, the Company generated contract revenue of BD 8,297,447 (2008: BD 4,313,176) and reported a profit of BD 1,066,699 (2008: BD 672,889).

The movements in retained earnings are as follows:

	2009 ***BD***	*2008* *BD*
Balance at the beginning of year / period	605,600	-
Profit for the year / period	1,066,699	672,889
Transfer to statutory reserve	(106,670)	(67,289)
Balance at 31 December	**1,565,629**	605,600

Auditors

Ernst & Young have expressed their willingness to continue in office, and a resolution proposing their appointment, as auditors of the Company for the year ending 31 December 2010, will be submitted at the Annual General Meeting.

Signed on behalf of the Board of Directors

Chairman

23/03/.......... 2010

TERNA CONTRACTING W.L.L.
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TERNA CONTRACTING W.L.L.

We have audited the accompanying financial statements of Terna Contracting W.L.L. ("the Company"), comprising of the statement of financial position as at 31 December 2009 and the related statements of comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are 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 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 auditors' judgement, 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 for 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 the directors, 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.

ERNST & YOUNG

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TERNA CONTRACTING W.L.L. (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2009 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

We confirm that, in our opinion, proper accounting records have been kept by the Company and the financial statements, and the contents of the report of the Board of Directors relating to these financial statements, are in agreement therewith. We further report, to the best of our knowledge and belief, that no violations of the Bahrain Commercial Companies Law, nor of the memorandum or articles of association of the Company have occurred during the year ended 31 December 2009 that might have had a material adverse effect on the business of the Company or on its financial position.

Ernst + Young

23 March 2010
Manama, Kingdom of Bahrain

Terna Contracting Company W.L.L.

STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Note	*2009* *BD*	*2008* *BD*
ASSETS			
Non-current asset			
Property, plant and equipment	5	**151,546**	150,536
Intangible assets		**2,475**	1,917
		154,021	152,453
Current assets			
Due from customers for construction contracts	6	**306,017**	-
Contract and other receivables	7	**3,941,373**	3,407,422
Bank balances and cash	8	**55,087**	153,859
		4,302,477	3,561,281
TOTAL ASSETS		**4,456,498**	3,713,734
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**1,000,000**	1,000,000
Statutory reserve	10	**173,959**	67,289
Retained earnings		**1,565,629**	605,600
Total equity		**2,739,588**	1,672,889
Non-current liabilities			
Employees' end of service benefits	11	**32,426**	13,084
Other employee benefits		**51,075**	16,147
		83,501	29,231
Current liabilities			
Due to customers for construction contracts	6	**-**	375,745
Trade and other payables	12	**1,633,409**	1,635,869
		1,633,409	2,011,614
Total liabilities		**1,716,910**	2,040,845
TOTAL EQUITY AND LIABILITIES		**4,456,498**	3,713,734

D. Antonakos
Chairman

D.Xoudis
Director

The attached notes 1 to 18 form part of these financial statements.

Terna Contracting Company W.L.L.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2009

With comparatives for the period from 2 April 2008, the date of incorporation, to 31 December 2008

	Note	***2009 BD***	*2 April 2008 to 31 December 2008 BD*
Contract revenue		**8,297,447**	4,313,176
Other income		**23,523**	1,758
		8,320,970	4,314,934
Operating costs	14	**(5,435,367)**	(2,059,073)
Project material and equipment expenses		**(1,213,010)**	(1,281,509)
General and administrative expenses		**(570,851)**	(279,078)
Future projected losses on projects provided for		**(19,031)**	-
Bank charges		**(16,012)**	(22,385)
PROFIT FOR THE YEAR / PERIOD		**1,066,699**	672,889
Other comprehensive income		**-**	-
COMPREHENSIVE INCOME FOR THE YEAR / PERIOD		**1,066,699**	672,889

The attached notes 1 to 18 form part of these financial statements.

Terna Contracting Company W.L.L.

STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2009

With comparatives for the period from 2 April 2008, the date of incorporation, to 31 December 2008

	Note	2009 BD	2 April 2008 to 31 December 2008 BD
OPERATING ACTIVITIES			
Profit for the year / period		**1,066,699**	672,889
Adjustments for:			
Depreciation and amortisation		**125,373**	24,036
Provision for employees' end of service benefits	11	**19,542**	13,084
Provision for other employee benefits paid		**34,928**	16,147
Operating profit before working capital changes		**1,246,542**	726,156
Working capital changes:			
Increase in trade and other receivables		**(533,951)**	(3,407,422)
Increase in due from / to customers for construction contracts		**(681,762)**	375,745
(Decrease) increase in trade and other payables		**(2,460)**	1,635,869
		(1,218,173)	(1,395,808)
Employees' end of service benefits paid	11	**(200)**	-
Net cash from (used in) operating activities		**28,169**	(669,652)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(124,741)**	(174,572)
Purchase of intangible asset		**(2,200)**	(1,917)
Net cash used in investing activities		**(126,941)**	(176,489)
FINANCING ACTIVITY			
Issue of share capital	9	**-**	1,000,000
INCREASE IN CASH AND CASH EQUIVALENTS		**(98,772)**	153,859
Bank balances and cash at beginning of the year / period		**153,859**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR / PERIOD	8	**55,087**	153,859

The attached notes 1 to 18 form part of these financial statements.

Terna Contracting Company W.L.L.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2009

	Share capital BD	*Statutory reserve BD*	*Retained earnings BD*	*Total BD*
Balance at January 1 2009	1,000,000	67,289	605,600	1,672,889
Comprehensive income for the year	-	-	1,066,699	1,066,699
Transfer to statutory reserve	-	106,670	(106,670)	-
Balance at 31 December 2009	**1,000,000**	**173,959**	**1,565,629**	**2,739,588**
Incorporated 2 April 2008				
Issue of share capital	1,000,000	-	-	1,000,000
Comprehensive income for the period	-	-	672,889	672,889
Transfer to statutory reserve	-	67,289	(67,289)	-
Balance at 31 December 2008	1,000,000	67,289	605,600	1,672,889

The attached notes 1 to 18 form part of these financial statements.

1 ACTIVITIES

Terna Contracting W.L.L. ("the Company") is a limited liability company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 68262 on 2 April 2008. The company is engaged in construction contracting activities.

The Company is a subsidiary of Terna Bahrain Holding W.L.L., a company incorporated in the Kingdom of Bahrain. The ultimate parent company is Terna SA, a company incorporated in and under the laws of Greece. Its registered office is at 85 Mesogeion Av, T.K. 115-26, Athens, Greece.

The Company's registered office is at Villa 418, Road 3207, Block 332, Zinj Area, P O Box 54368, Manama, Kingdom of Bahrain.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 23 March 2010.

The previous period was the first accounting period of the Company and the statement of comprehensive income, statement of cash flows and statement of changes in equity cover the period from 2 April 2008, the date of incorporation to 31 December 2008. Hence the current year figures are not comparable to the previous period figures.

The shares of the Company are owned as follows;

Name of the shareholder	*Percentage of shareholding*
Terna Bahrain Holding W.L.L.	99.99%
Terna Overseas Limited	0.01%

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared under the historical cost convention.

The financial statements have been presented in Bahrain Dinars, being the functional currency of the Company.

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in conformity with the Bahrain Commercial Companies Law.

Changes in accounting policies and procedures
The accounting policies are consistent with those used in the previous year, except that the Company has adopted the following new and amended IFRS and IFRIC interpretations:

- *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and Consolidated and Separate Financial Statements effective 1 July 2009 (early adopted)*
- *IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010 (early adopted)*
- *IFRS 7 Financial Instruments: Disclosures effective 1 January 2009*
- *IFRS 8 Operating Segments effective 1 January 2009*
- *IAS 1 - Presentation of financial statements (Revised) effective 1 January 2009*
- *IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation effective 1 January 2009*
- *IFRIC 9 Remeasurement of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement effective for periods ending on or after 30 June 2009*
- *IFRIC 15 Agreement for the Construction of Real Estate 1 January 2009*
- *IFRIC 16 Hedges of a Net Investment in a Foreign Operation, effective 1 October 2008*
- *Improvements to IFRSs*

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies and procedures (continued)
When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

IFRS 7 Financial Instruments: Disclosures
The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level three fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

IAS 1 Presentation of Financial Statements
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present on single statement.

Improvements to IFRSs
In April 2009 the Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendment resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company. The principal effects of the changes are as follows:

IAS 18 Revenue
The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

- *Has primary responsibility for providing the goods or service*
- *Has inventory risk*
- *Has discretion in establishing prices*
- *Bears the credit risk*

The Company has assessed its revenue arrangements against these criteria and concluded that it is acting as principal in all arrangements. The revenue recognition accounting policy has been updated accordingly.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

- *IFRS 2 Share-based Payment*
- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*
- *IFRS 7 Financial Instruments: Disclosures*
- *IFRS 8 Operating Segment Information*
- *IAS 7 Statement of Cash Flows*
- *IAS 8 Accounting Policies, Change in Accounting Estimates and Error*
- *IAS 10 Events after the Reporting Period*
- *IAS 19 Employee Benefits*
- *IAS 20 Accounting for Government Grants and Disclosures of Government Assistance*
- *IAS 27 Consolidated and Separate Financial Statements*
- *IAS 34 Interim Financial Reporting*
- *IAS 39 Financial Instruments: Recognition and Measurement*
- *IAS 40 Investment Properties*
- *IFRIC 9 Reassessment of Embedded Derivatives*
- *IFRIC 16 Hedge of a Net Investment in a Foreign Operation*

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

The Company's financial statements are presented in Bahraini Dinars (BD), which is also the functional currency of the Company. That is the currency of the primary economic environment in which the Company operates. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate ruling at the statement of position date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Financial assets

The Company's financial assets include bank balances, cash and short term deposits and contract and other receivables.

Initial recognition

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Contract and other receivables

Contract and other receivables are stated at original invoice amount less a provision for any uncollectible amounts. Subsequent to initial recognition these are carried at amortised cost using effective interest rate method. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Impairment and uncollectibility of financial assets

An assessment is made at each statement of position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

Financial liabilities

The Company's financial liabilities include trade and other payable and due to customers for construction contracts.

Interest bearing loans and borrowings

All loans and borrowings are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses, other than the borrowing costs eligible for capitalization, are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments
The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the statement of position date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Amortised cost of financial instruments
Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Derecognition of financial instruments
A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is provided on a straight-line basis over the estimated useful lives of assets as follows:

Porta cabins	5 years
Plant and equipment	1 to 5 years
Furniture and fixtures	1 to 5 years
Motor vehicles	5 years

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of furniture and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Contract revenue
Contract revenue is recognised under the percentage of completion method.

When the outcome of the contract can be reliably estimated profit is recognised by reference to completion of the physical proportion of the contract work. When the contract is at an early stage and its outcome cannot be reliably estimated, revenue is recognised to the extent of costs incurred up to the period-end, which is considered recoverable. Revenue arising from contract, variations/claim is not accounted for unless it is probable that the customer will approve the variations/claim and the amount of revenue arising from the variation/claim can be measured reliably.

The aggregate of the costs incurred and the profit / loss recognised on the contract is compared against the progress billings up to the period-end. Where the sum of the costs incurred and recognised profit or recognised loss exceeds the progress billings, the balance is shown as due from customers for construction contracts. Where the progress billings exceed the sum of costs incurred and recognised profit or recognised loss, the balance is shown as due to customers for construction contracts.

Interest income
Interest income is recognised as interest accrues (using the effective interest method) unless collectability is in doubt.

3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective and not early adopted up to the date of the issuance of Company's financial statements are listed below:

- *IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010*
- *IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009 including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39*
- *IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009*
- *IFRIC 17 Distributions of Non-cash Assets to Owners effective 1 July 2009*
- *IFRIC 18 Transfers of Assets from Customers effective 1 July 2009*

It is not expected the implementation of these revisions and amendments will have any impact on the Company's financial performance or position.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of contract receivables
An estimate of the collectible amount of contract accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the statement of position date, gross contract receivable was BD 107,609 (2008: BD 2,010,627) and the provision for doubtful debts was Nil (2008: Nil). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of cpmprehensive income.

Impairment of property, plant and equipment
The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the assets' recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Management does not believe there is any impairment of property, plant and equipment as at the statement of financial position date.

Useful lives of property, plant and equipment
The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Construction contracts
Revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the management team's experience and the nature of the construction activity undertaken, the management makes estimates of the point at which it considers the work is sufficiently advanced such that the cost to complete, rectification costs and revenue can be reliably estimated. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the statement of position date, which would affect the revenue and the profit recognised in the future years as an adjustment to the amounts recorded to date. As at 31 December 2009, the management considered that all costs to complete and revenue can be reliably measured.

5 PROPERTY, PLANT AND EQUIPMENT

31 December 2009

	Porta cabins BD	Plant and equipment BD	Fixtures and fittings BD	Motor vehicles BD	Total BD
Cost:					
At 1 January 2009	30,014	71,102	13,786	59,670	174,572
Additions during the year	15,722	96,976	12,043	-	124,741
At 31 December 2009	45,736	168,078	25,829	59,670	299,313
Depreciation:					
At 1 January 2009	(3,066)	(10,499)	(5,612)	(4,859)	(24,036)
Depreciation charge for the year	(9,149)	(85,108)	(17,541)	(11,933)	(123,731)
At 31 December 2009	(12,215)	(95,607)	(23,153)	(16,792)	(147,767)
Net book value:					
At 31 December 2009	**33,521**	**72,471**	**2,676**	**42,878**	**151,546**

31 December 2008

	Porta cabins BD	Plant and equipment BD	Fixtures and fittings BD	Motor vehicles BD	Total BD
Cost:					
Additions during the period	30,014	71,102	13,786	59,670	174,572
Depreciation charge for the period	(3,066)	(10,499)	(5,612)	(4,859)	(24,036)
Net book value:					
At 31 December 2008	26,948	60,603	8,174	54,811	150,536

Depreciation expense for the year has been included in the following accounts in the statement of comprehensive income;

	2009 BD	2008 BD
Project materials, equipment and other expenses	**111,798**	19,177
General and administrative expenses	**11,933**	4,859
	123,731	24,036

6 DUE FROM / (TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

	2009 BD	2008 BD
Contract cost incurred till date	**1,732,217**	4,313,176
Recognized profit	**257,382**	-
Total value of work executed till date including profit	**1,989,599**	4,313,176
Less: Progress billings	**(1,683,582)**	(4,688,921)
	306,017	(375,745)

The amounts due from / (to) customers represent work in progress of ongoing projects.

7 CONTRACT AND OTHER RECEIVABLES

	2009 BD	2008 BD
Due from related parties (note 13)	**3,489,282**	1,120,194
Contract receivables	**107,609**	2,010,627
Retentions	**211,725**	115,827
Advances to suppliers	**99,449**	116,346
Prepayments	**12,439**	30,166
Other receivables	**20,869**	14,262
	3,941,373	3,407,422

Contract receivables are non-interest bearing and are due to be settled in 15 days from the date of invoice.

Terms and conditions relating to due from related parties are disclosed in note 13.

As at year end, the ageing of unimpaired contract receivables is as follows:

	Total BD	Neither past due nor impaired BD	Past due but not impaired < 30 days BD	30 – 60 days BD	60 – 90 days BD	>90 days BD
31 December 2009	**107,609**	**29,391**	**78,218**	-	-	-
31 December 2008	2,010,627	-	2,010,627	-	-	-

Unimpaired contract receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over contract receivables and the majority are, therefore, unsecured.

8 BANK BALANCES AND CASH

Cash and cash equivalents included in the statement of cash flows comprise of the following statement of financial position amounts:

	2009 BD	2008 BD
Bank balances	**51,627**	144,492
Cash in hand	**3,460**	9,367
	55,087	153,859

9 SHARE CAPITAL

	2009 BD	2008 BD
Authorised, issued and fully paid:		
20,000 ordinary shares of BD 50 each	**1,000,000**	1,000,000

10 STATUTORY RESERVE

As required by Bahrain Commercial Companies Law, 10% of the net profit for the period has been transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. The reserve cannot be utilised for the purpose of distribution except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

11 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the statement of financial position are as follows:

	2009 ***BD***	*2008* *BD*
Provision at the beginning of the year	**13,084**	-
Provided during the year	**19,542**	13,084
Paid during the year	**(200)**	-
Provision at the end of the year	**32,426**	13,084

12 TRADE AND OTHER PAYABLES

	2009 ***BD***	*2008* *BD*
Contract payables	**659,855**	1,188,834
Contract payables - related party (note 13)	**381,274**	-
Accrued expenditure	**275,732**	85,262
Retention money	**178,734**	89,200
Contract advances	**115,692**	269,342
Other payables	**22,122**	-
Amounts due to related party - (note 13)	**-**	3,231
	1,633,409	1,635,869

Contract payables and accrued expenses (including amounts due to related parties) are non-interest bearing and are normally settled on 60-day terms.

Contract advances comprise of sums received from the customer as per contractual agreement. They are adjusted according to the contractual provisions at the time of issuance of each invoice.

Retention money is non interest bearing and payable in accordance with term of contract.

For terms and conditions for amounts due to a related party see note 13.

13 RELATED PARTY TRANSACTIONS

Related parties represent the ultimate parent company, the parent company, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

13 RELATED PARTY TRANSACTIONS (continued)

Amounts due from related parties included in the statement of financial position are as follows:

	2009	*2008*
	BD	*BD*
Parent company		
Terna Bhrain Holding Company W.L.L	**3,298,600**	973,376
Fellow subsidiaries of parent		
PCC-Terna Contracting Company W.L.L	**185,354**	134,268
Terna Mechanical and Electrical W.L.L	**3,030**	12,550
Under common control of ultimate parent		
Terna Qatar Company L.L.C	**1,685**	-
Terna Abu Dhabi (Branch of Terna S.A)	**613**	-
	3,489,282	1,120,194

Amounts due to related parties included in the statement of financial position are as follows:

	2009	*2008*
	BD	*BD*
Parent entities		
Terna S.A	**5,642**	3,231
Terna Overseas Ltd	**26,930**	-
Fellow subsidiaries		
Terna Mechanical and Electrical W.L.L	**348,702**	-
	381,274	**3,231**

Terms and conditions of transaction with related parties:

Outstanding balances at the period end are unsecured, interest free and settlement occurs in cash. There have been no gurantees provided or received for any related party receivables or payables. For the period ended 31 December 2009, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

These balances are unsecured, interest free and repayable on demand, except amounts due to Terna Mechanical and Electrical W.L.L. ("MEP") which are trade payables based on arms length transactions and are normally payable within 30 to 60 days of invoice.

The Company acquired BD 1,662,285 in contracting services from MEP during the year.

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows;

		2 April 2008 to 31 December
	2009	*2008*
	BD	*BD*
Short-term benefits	**102,962**	70,000
Employees' end of service benefits	**9,000**	6,000
	111,962	76,000

14 OPERATING COSTS

	2009 BD	2 April 2008 to 31 December 2008 BD
Sub-contractors' work	**4,096,691**	1,293,629
Staff costs	**1,068,503**	473,159
Motor vehicle hire and expenses	**156,775**	217,782
Repairs and maintenance	**34,649**	12,794
Travel	**31,426**	14,362
Consultants fee and technician charges	**21,083**	34,831
Consumables	**11,836**	6,105
Communication	**9,277**	6,091
Other expenses	**5,127**	320
	5,435,367	2,059,073

15 STAFF COSTS

Staff costs have been included in the following accounts in the statement of comprehensive income:

	2009 BD	2 April 2008 to 31 December 2008 BD
Operating costs (note 14)	**1,068,503**	473,159
General and administrative expenses	**270,058**	109,114
	1,338,561	582,273

Staff costs comprises of the following expenses:	2009 BD	2 April 2008 to 31 December 2008 BD
Salaries and wages	**732,527**	**229,008**
Hire of labour	**320,403**	**243,347**
Other staff benefits and expenses	**218,670**	**85,567**
Contribution to General Organization for Social Insurance Scheme	**47,419**	**11,267**
Employees' end of service benefits	**19,542**	**13,084**
	1,338,561	582,273

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Company manages risk through a process of ongoing identification and monitoring of risks it faces. The Company is exposed to liquidity, currency, and credit risks.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk (also referred to as funding risk) is the risk that an enterprise will encounter difficulty in raising commitments associated with financial liabilities.

The Company limits its liquidity risk by ensuring that bank facilities are available. The Company's terms of contract agreement require amounts to be paid within 15 days of approval of work completion certificate. Trade payables are normally settled within 60 days of the date of purchase. The table below summarises the maturities of the Company's financial liabilities, based on payment dates:

The table below summarizes the maturities of the Company's undiscounted financial liabilities at:

31 December 2009	***Less than 3 months BD***	***3 to 12 months BD***	***1 to 5 years BD***	***More than 5 years BD***	***Total BD***
Contract payables	**659,855**	-	-	-	**659,855**
Amounts due to related parties	**381,274**	-	-	-	**381,274**
Retentions payable	-	**178,734**	-	-	**178,734**
	1,041,129	**178,734**	-	-	**1,219,863**

31 December 2008	*Less than 3 months BD*	*3 to 12 months BD*	*1 to 5 years BD*	*More than 5 years BD*	*Total BD*
Contract payables	1,188,834	-	-	-	1,188,834
Amounts due to related parties	3,231	-	-	-	3,231
Retentions payable	-	89,200	-	-	89,200
	1,192,065	89,200	-	-	1,281,265

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company has contract receivables and unbilled amounts due from customers for construction contracts amounting to BD 414 thousand (2008: BD 2.01 million). Of this, 91% (2008: 93%) relates to two (2008: one) client. The net credit risk (netted with unadjusted advances from the customers) exposure of the Company is 72 % (2008: 87%) of the total receivable.

Management believes due from related parties are fully recoverable and does not believe there is any significant credit risk relating to these balances. All the receivables are unsecured.

Currency risk

The Company's exposure to foreign currency risk is limited to its due to related parties which are denominated in Euro. The currency risk associated with a 5% change in foreign exchange rates on these balances is insignificant.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value and run its operations with funds generated from operations and minimise borrowings to the extent possible.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

17 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and cash, due from related parties, due from customers for construction contracts and trade and other receivables. Financial liabilities consist of trade and other payables and due to related parties.

The fair values of the Company's financial assets and liabilities are not materially different from their carrying values as of the statements of financial position dates.

18 COMPARATIVE FIGURES

Certain comparative figures for the previous period have been reclassified to conform with the presentation in the current period. Such reclassifications do not affect previously reported retained earnings or shareholders' equity.