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Terna Overseas Limited

Report and financial statements
For the period from 20 May 2006 (date of incorporation) to 31 December 2006

Terna Overseas Limited

Report and financial statements
For the period from 20 May 2006 (date of incorporation) to 31 December 2006

Contents

Terna Overseas Limited

Board of Directors and other officers

Board of Directors

Androula (Andri) Efthymiou (appointed 20 May 2006)
Garyfallia Pamvouxoglou (appointed 20 May 2006)
Panayiotis Pothos (appointed 20 May 2006)
Stelios Panayides (appointed 20 May 2006)
Xenia Koustai (appointed 20 May 2006)

Company Secretary

Coly Secretarial Limited
Elenion Building
2nd floor
5 Themistocles Dervis Street
CY-1066 Nicosia
Cyprus

Registered office

Elenion Building
5 Themistocles Dervis Street
CY-1066 Nicosia
Cyprus

Terna Overseas Limited

Report of the Board of Directors

1 The Board of Directors presents its first report together with the audited financial statements of the Company for the period from 20 May 2006 (date of incorporation) to 31 December 2006.

Incorporation

2 The Company was incorporated on 20 May 2006, in Cyprus as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113.

Principal activities

3 The principal activities of the Company are the provision of consultancy services in the construction field, the execution and supervision of public private technical projects and land development.

Review of developments, position and performance of the Company's business

4 The financial position and performance of the Company as presented in the financial statements is considered satisfactory. The sales for the period amounted to Euros 867.500 and net profit for the period amounted to Euros 59.262. The Board of Directors of the Company does not expect any significant changes in the activities of the Company for the foreseeable future.

Principals risks and uncertainties

5 The principal risks and uncertainties faced by the Company are set out in Notes 3 and 4 to the financial statements.

Results

6 The Company's results for the year are set out on page 6. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

7 The Company's authorised share capital is 9 500 shares of Euros 10 each. On 20 May 2006, 1 000 shares were issued at their nominal value of Euros 10 each. On 25 July 2006 additional 1 000 shares were issued at a premium of Euros 230 each and 21 November 2006 additional 7 500 shares were issued at a premium of Euros 230 each.

Terna Overseas Limited

Report of the Board of Directors (continued)

Board of Directors

8 The members of the Board of Directors at 31 December 2006 and at the date of this report are shown on page 1. All of them were members of the Board throughout the period from 20 May 2006 (date of incorporation) to 31 December 2006.

9 In accordance with the Company's Articles of Association there is no provision for retirement of Directors by rotation. All the Directors remain in office.

Events after the balance sheet date

8 There were no material events which occurred after the end of the financial period.

Branches

10 The Company did not operate through any branches during the period.

Independent Auditors

11 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

Stelios Panayides
Director

Nicosia
2 October 2007

2005 Cyprus Export Award for Services

PricewaterhouseCoopers Limited
Julia House
3 Themistocles Dervis Street
CY-1066 Nicosia
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Independent Auditors' Report
To the Members of Terna Overseas Limited

Report on the Financial Statements

We have audited the financial statements of Terna Overseas Limited (the "Company") on pages 6 to 19, which comprise the balance sheet for the period from 20 May 2006 (date of incorporation) to 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. 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. The financial statements of Terna Bahrain Holding W.L.L., the Company's subsidiary, and Terna Qatar LLC, the Company's associate, have not been subject to audit and thus represent management figures prepared under local reporting Standards. 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 of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 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 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 the Board of 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 reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Terna Overseas Limited as of 31 December 2006, and of its financial performance and its cash flows for the period from 20 May 2006 (date of incorporation) to 31 December 2006 in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2 and 3 is consistent with the financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap. 113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

PricewaterhouseCoopers Limited
Chartered Accountants

Nicosia, 2 October 2007

Terna Overseas Limited

Income statement
for the period from 20 May 2006 (date of incorporation) to 31 December 2006

	Note	Euros
Sales	5	867.500
Cost of sales		(761.551)
Gross profit		105.949
Administrative expenses		(38.884)
Operating profit		67.065
Finance costs	8	(18)
Profit before tax		67.047
Tax	9	(7.785)
Profit for the period		59.262

The notes on pages 10 to 19 are an integral part of these financial statements.

Terna Overseas Limited

Balance sheet
at 31 December 2006

	Note	Euros
Assets		
Non-current assets		
Investment in subsidiary	10	1.700.000
Investment in associate	11	43.571
		1.743.571
Current assets		
Trade and other receivables	12	788.490
Cash at bank	13	63.209
		851.699
Total assets		2.595.270
Equity and liabilities		
Capital and reserves		
Share capital	14	95.000
Share premium	14	1.955.000
Retained earnings		59.262
		2.109.262
Current liabilities		
Trade and other payables	15	478.223
Current tax liabilities		7.785
Total liabilities		486.008
Total equity and liabilities		2.595.270

On 2 October 2007 the Board of Directors of Terna Overseas Limited authorised these financial statements for issue.

Stelios Panayides, Director

Xenia Koustai, Director

The notes on pages 10 to 19 are an integral part of these financial statements.

Terna Overseas Limited

Statement of changes in equity for the period from 20 May 2006 (date of incorporation) to 31 December 2006

	Share capital	Share premium	Retained earnings (1)	Total
	Euros	Euros	Euros	Euros
At 20 May 2006 (date of incorporation)	-	-	-	-
Issued share capital	95.000	-	-	95.000
Share premium	-	1.955.000	-	1.955.000
Profit for the period	-	-	59.262	59.262
Balance at 31 December 2006	95.000	1.955.000	59.262	2.109.262

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 10 to 19 are an integral part of these financial statements.

Terna Overseas Limited

Cash flow statement
for the period from 20 May 2006 (date of incorporation) to 31 December 2006

	Note	Euros
Cash flows from operating activities		
Profit before tax for the period		67.047
Changes in working capital:		
Trade and other receivables		(788.490)
Trade and other payables		478.223
Cash used in operations		(243.220)
Tax paid		-
Net cash used in operating activities		(243.220)
Cash flows from investing activities		
Purchases of investment in subsidiary	10	(1.700.000)
Purchases of investment in associate	10	(43.571)
Net cash used in investing activities		(1.743.571)
Cash flows from financing activities		
Proceeds from issue of share capital		2.050.000
Net cash from financing activities		2.050.000
Net increase in cash at bank		63.209
Cash at beginning of period		-
Cash at bank at end of period	13	63.209

The notes on pages 10 to 19 are an integral part of these financial statements.

Terna Overseas Limited

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113. Its registered office is at Elenion Building, 5 Themistocles Dervis Street, CY-1066 Nicosia, Cyprus.

Principal activities

The principal activities of the Company are the provision of advisory services in the construction field the execution and supervision of public private technical projects and land development.

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 throughout the period from 20 May 2006 (date of incorporation) to 31 December 2006 unless otherwise stated.

Basis of preparation

The financial statements of Terna Overseas Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). In addition, the financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention.

All International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and effective as at 1 January 2006 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and 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 the financial statements are disclosed in Note 4.

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRS

In the current period the Company adopted all new and revised IFRS that are relevant to its operations and are effective for accounting periods beginning on 1 January 2006.

This adoption did not result in substantial changes to the Company's accounting policies.

At the date of authorisation of these financial statements the following Standards were in issue but not yet effective:

New standard/ Interpretation	Effective date
Standards that become effective for years ending 31 December 2007	
IFRS 7 "Financial Instruments: Disclosures" and IAS 1 amendment "Presentation of Financial Statements"	1 January 2007
IFRIC Interpretation 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies"	1 March 2006
IFRIC Interpretation 8 "Scope of IFRS 2"	1 May 2006
IFRIC Interpretation 9 "Reassessment of Embedded Derivatives"	1 June 2006
IFRIC Interpretation 10 "Interim Financial Reporting and Impairment" *	1 November 2006
Standards that become effective for years ending 31 December 2008	
IFRIC Interpretation 11 "IFRS 2 – Group and Treasury Share Transactions"	1 March 2007
IFRIC Interpretation 12 "Service Concession Arrangements"	1 January 2008
IFRIC 14 "IAS19 – The limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction"*	1 January 2008
Standards that become effective for years ending 31 December 2009	
IFRS 8 "Operating Segments" *	1 January 2009
IAS 23 (Amendment) "Borrowing Costs" *	1 January 2009
IFRIC 13 "Customer Loyalty Programmes"*	1 July 2008

* Have not yet been endorsed by the European Union.

The Board of Directors anticipates that the adoption of these Standards in future periods will have no material impact on the financial statements of the Company.

2 Summary of significant accounting policies (continued)

Revenue recognition

Revenue comprises the fair value for the sale of services, net of value added tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

(a) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Foreign currency translation

(a) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euros, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2 Summary of significant accounting policies (continued)

Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax on investments in subsidiaries and associates does not arise, as the profit on sale of securities is not taxable.

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts.

Subsidiaries

Investments in subsidiaries are shown at cost and provision is only made where there is a permanent diminution in value. Where there has been a permanent diminution in the value of the investment, this is recognised as an expense in the period in which the diminution is identified.

Terna Overseas Limited

2 Summary of significant accounting policies (continued)

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are recognised at cost and provision is only made where, in the opinion of the Directors there has been an impairment in the value of the investment.

3 Financial risk management

(a) Financial risk factors

The Company's activities expose it to liquidity risk and currency risk arising from the financial instruments it holds.

(i) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company has no significant concentrations of credit risk as sales of services are only made to group Companies.

(ii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. At the year-end the Company had no significant balances in foreign currencies. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The foreign exchange difference charged to the income statement amounts to Euros 18 and it relates to financing activities (Note 8).

(b) Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the balance sheet date.

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(ii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. At the year-end the Company had no significant balances in foreign currencies. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The foreign exchange difference charged to the income statement amounts to Euros 18 and it relates to financing activities (Note 8).

(b) Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the balance sheet date.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board of Directors of the Company is of the opinion that the estimates and assumptions will not cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 Sales

	Euros
Consultancy services (Note 16(a))	867.500

Terna Overseas Limited

6 Expenses by nature

	Euros
Cost of sales	464.797
Auditors' remuneration	6.932
Accountancy and administration	13.332
Staff costs (Note 7)	296.754
Other expenses	18.620
Total cost of sales and administrative expenses	800.435

7 Staff costs

	Euros
Wages and salaries	296.754

8 Finance cost

	Euros
Net foreign exchange transaction losses on financing activities	18

9 Tax

	Euros
Current tax:	
Corporation tax	7.785

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	Euros
Profit before tax	67.047
Tax calculated at the applicable corporation tax rate of 10%	6.705
Tax effect of expenses not deductible for tax purposes	373
Additional tax charge	707
Tax charge	7.785

The Company is subject to corporation tax on taxable profits at the rate of 10%.

Under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax rate burden of approximately 15%. In certain cases dividends received from abroad may be subject to defence contribution at the rate of 15%.

10 Investment in subsidiary

	Euros
Shares at cost	
At beginning of period	-
Additions	1.700.000
At end of period	1.700.000

The Company's interest in its subsidiary, which is unlisted, is as follows:

Name	Country of incorporation	Principal activity	Net assets at 31.12.06 Euros	% held 2006
Terna Bahrain Holding W.L.L.	Kingdom of Bahrain	Services	1.649.191	99,99

In the opinion of the Directors there is no indication for an impairment in the carrying value of the investment.

The Company has not prepared consolidated financial statements since the ultimate parent company, GEK S.A., presents consolidated financial statements. The registered office of GEK S.A. is at 85 Mesogion Street, Marousi, Athens, Greece.

11 Investment in associate

	2006 EUR
At beginning of period	-
Additions	43.571
Share of loss after tax	-
At end of period	43.571

The Company's interest in its associate, which is unlisted, is as follows:

Name	Country of incorporation	Principal activity	Loss for the year Euros	Net liabilities Euros	% held 2006
Terna Qatar LLC	Qatar	Consultancy services	(48.379)	(33.127)	35

The shareholders of the Company, Terna S.A., do not object to the decision of the Board of Directors of the Company of not applying the equity method for its investment in Qatar LLC.

12 Trade and other receivables

	Euros
Receivables from related parties (Note 16(b))	735.175
Other receivables	53.315
	788.490

The fair value of other receivables which are due within one year approximates their carrying amount at the balance sheet date.

13 Cash at bank

	Euros
Cash at bank	63.209

14 Share capital and share premium

	Number of shares	Share capital Euros	Share premium Euros	Total Euros
At 31 December 2006	9 500	95.000	1.955.000	2.050.000

The total authorized number of ordinary shares is 9 500 shares with a par value of Euros 10 per share. All issued shares are fully paid.

15 Trade and other payables

	2006 Euros
Other payables	468.641
Accrued expenses	9.582
	478.223

The fair value of other payables which are due within one year approximates their carrying amount at the balance sheet date.

16 Related party transactions

The Company is controlled by Terna SA, incorporated in Greece, which owns 100% of the Company's shares. The Company's ultimate controlling party is GEK SA.

The following transactions were carried out with related parties:

(a) Sales of services

	Euros
Sales of services	867.500

(b) Year-end balances arising from sales of services

	Euros
Receivable from related parties (Note 12)	735.175

17 Events after the balance sheet date

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Independent Auditors' Report on pages 4 and 5.

Terna Overseas Limited

Analysis of expenses
for the period from 20 May 2006 (date of incorporation) to 31 December 2006

	Euros
Administrative expenses	
Legal fees	1.000
Auditors' remuneration – current year	6.932
Secretarial fees	184
Printing and stationery	1.210
Formation expenses	3.336
Professional taxes	389
Accountancy and administration	13.332
Sundry expenses	1.343
Legalisation of documents	2.047
Bank charges	5.214
Tax advice fees	3.458
Translation fees	180
Subscription fees	259
	38.884