Terna Ventures W.L.L.

REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

31 DECEMBER 2016

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Terna Ventures W.L.L.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has pleasure in submitting its report and the audited financial statements of Terna Ventures W.L.L. ('the Company') for the year ended 31 December 2016.

Principal activities

The Company is engaged in the import, export and sale of steel aluminium rollers and other construction materials.

Results for the year and accumuated losses

The Company has not generated revenue during the years ended 31 December 2015 and 31 December 2016. The Company has incurred a loss of BD 735 for the year ended 31 December 2016 (2015: BD 1,550).

Movement in accumlated losses during the year ended 31 December 2016 was as follows:

	BD
Balance as at 1 January 2016	(1,550)
Loss for the year	(735)
Balance at 31 December 2016	(2,285)

Signed on behalf of the Board of Directors

Georgios Stratigos
Director

27 April 2017

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TERNA VENTURES W.L.L.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Terna Ventures W.L.L. ("the Company"), which comprise the statement of financial position as at 31 December 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the Report of the Board of Directors, set out on page 1 that was obtained at the date of this auditor's report. The Board of Directors is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TERNA VENTURES W.L.L. (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TERNA VENTURES W.L.L. (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Bahrain Commercial Companies Law, we report that:

a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;

b) the financial information contained in the Report of the Board of Directors is consistent with the financial statements;

c) we are not aware of any violations of the Bahrain Commercial Companies Law or the terms of the Company's memorandum of association during the year ended 31 December 2016 that might have had a material adverse effect on the business of the Company or on its financial position; and

d) satisfactory explanations and information have been provided to us by the Company's management in response to all our requests.

Ernst + Young

Auditor's Registration No. 186
27 April 2017
Manama, Kingdom of Bahrain

Terna Ventures W.L.L.

STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	*2016* *BD*	*2015* *BD*
ASSETS			
Current assets			
Amount due from a related party	6	**97,950**	-
Bank balance		**265**	100,000
TOTAL ASSETS		**98,215**	100,000
EQUITY AND LIABILITIES			
Equity			
Share capital	4	**100,000**	100,000
Accumulated losses		**(2,285)**	(1,550)
Total equity		**97,715**	98,450
Current liabilities			
Amount due to a related party	6	**500**	1,550
TOTAL EQUITY AND LIABILITIES		**98,215**	100,000

Georgios Stratigos
Director

Konstantions Iliadis
Director

The attached explanatory notes 1 to 8 form part of these financial statements.

Terna Ventures W.L.L.

STATEMENT OF COMPREHENSIVE INCOME

For the year 31 December 2016

	2016 BD	2015 BD
Professional fees	**(500)**	(1,550)
Bank charges	**(235)**	-
LOSS FOR THE YEAR	**(735)**	(1,550)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(735)**	(1,550)

Georgios Stratigos
Director

Konstantionos Iliadis
Director

The attached explanatory notes 1 to 8 form part of these financial statements.

Terna Ventures W.L.L.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital BD	*Accumulated losses BD*	*Total BD*
Balance as of 1 January 2016	100,000	(1,550)	98,450
Total comprehensive loss for the year	-	(735)	(735)
Balance as of 31 December 2016	**100,000**	**(2,285)**	**97,715**

	Share capital BD	*Accumulated losses BD*	*Total BD*
Balance as of 1 January 2015	100,000	-	100,000
Total comprehensive loss for the year	-	(1,550)	(1,550)
Balance as of 31 December 2015	100,000	(1,550)	98,450

Terna Ventures W.L.L.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	***2016*** ***BD***	*2015* *BD*
OPERATING ACTIVITIES			
Loss for the year		**(735)**	(1,550)
Working capital change:			
Amount due to a related party	6	**(1,050)**	1,550
Net cash used in operating activities		**(1,785)**	-
FINANCING ACTIVITY			
Amount due from a related party	6	**(97,950)**	-
Cash used in financing activity		**(97,950)**	-
DECREASE IN BANK BALANCE		**(99,735)**	-
Bank balance at 1 January		**100,000**	100,000
BANK BALANCE AT 31 DECEMBER		**265**	100,000

The attached explanatory notes 1 to 8 form part of these financial statements.

1 CORPORATE INFORMATION

Terna Ventures W.L.L. ('the Company') is a limited liability company incorporated in the Kingdom of Bahrain on 13 March 2012 and registered with the Ministry of Industry, Commerce and Tourism under commercial registration (CR) number 80600. The address of the Company's registered office is at Building 418, Road 3207, Block 332, Manama, Kingdom of Bahrain.

The Company is engaged in the import, export and sale of steel aluminium rollers and other construction materials.

The Company is a wholly owned subsidiary of Terna Bahrain Holding W.L.L. ('Parent Company'), a company incorporated in the Kingdom of Bahrain. The ultimate parent company is GEK TERNA Société Anonyme Holdings Real Estate Constructions ('GEK TERNA'), a company incorporated in and under the laws of the Republic of Greece.

These financial statements were authorised for issue by in accordance with a resolution of the Directors on 27 April 2017.

2 SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial statements have been presented in Bahraini Dinars (BD), being the functional and presentational currency of the Company.

Changes in accounting policies and disclosures
The accounting policies adopted by the Company are consistent with those used in the previous year as none of the changes in the IFRS or interpretations issued by the International Accounting Standards Board (IASB) had an impact on the Company. Furthermore, standards issued but not yet effective up to the date of issuance of the Company's financial statements are not expected to have any impact on the Company's financial performance or financial position.

Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on a current/ non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to sold or consumed in a normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification (continued)

A liability is presented as current when:

- it is expected to be settled in a normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability; or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Financial instruments

Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment, if any.

The Company's financial assets comprise of the following:

Amount due from a related party

Amount due from a related party is stated at amortised cost 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.

Bank balance

For the purpose of the statement of cash flows, bank balance consists of a non-interest bearing bank balance held with a commercial bank in the Kingdom of Bahrain.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Impairment of financial assets
The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment of financial assets is determined as follows:
- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
- 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; and
- For assets carried at amortised cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Financial liabilities
Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs. The Company's financial liability comprises of amount due to a related party.

Amount due to a related party
Liabilities for amount due to a related party is carried at amortised cost.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial 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.

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 group 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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial instruments (continued)

(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 expired.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENT AND ASSUMPTIONS

The preparation of the Company's financial statements requires the Board of Directors to make judgements, 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.

Judgement

In the process of applying the Company's accounting policies, management has made the following judgement which have the most significant effect on the amounts recognised in the financial statements.

Going concern

The Company's Board of Directors has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue the business for the foreseeable future. Furthermore, the Company is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4 SHARE CAPITAL

The Company's issued and fully paid-up share capital consists of 2,000 shares of BD 50 each (2015: 2,000 shares of BD 50 each).

5 STATUTORY RESERVE

The Bahrain Commercial Companies Law and the Company's memorandum of association requires 10% of annual profit to be transferred to a statutory reserve until such time the reserve equals 50% of the paid up share capital. The reserve cannot be utilised for the purpose of distribution, except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

No transfer to statutory reserve was made as the Company did not generate any profit during the current and previous years.

6 TRANSACTIONS WITH RELATED PARTIES

Related parties represent the ultimate parent, the Parent Company and directors of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Company's Board of Directors.

There were no transactions with related parties included in the statement of comprehensive income during the years ended 31 December 2016 and 31 December 2015.

As of 31 December 2016, amount due from a related party of BD 97,950 (2015: nil) and amount due to a related party of BD 500 (2015: 1,550) are interest free and receivable / payable on demand.

The Company did not employ any key management personnel during the years ended 31 December 2016 and 31 December 2015.

7 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 foreign currency risk, credit risk and liquidity risk.

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles. The Board of Directors oversees the management of these risks which are summarised below:

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 is exposed to credit risk on amount due from a related party of BD 97,950 and bank balance of BD 265.

The Company does not perceive significant risk with respect to related party receivables. Credit risk related to the bank balance is managed by ensuring that the balance is kept with a reputed bank.

Liquidity risk
Liquidity risk is the risk that the entity will have difficulties in meeting its commitments. The Company limits its liquidity risk by ensuring that adequate funds are available from the parent company. The Company is exposed to liquidity risk on amount due to a related party.

As of 31 December 2016 and as of 31 December 2015 amount due to a related party is payable on demand.

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 maximize shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or procedures during the years ended 31 December 2016 and 31 December 2015. Equity comprises share capital and accumulated losses and is measured at BD 97,715 as at 31 December 2016 (2015: BD 98,450).

8 FAIR VALUES

Financial instruments comprise of financial assets and a financial liability. Financial assets consist of amount due from a related party and bank balance. Financial liability consists of amount due to a related party.

The fair value of the financial assets and financial liability are not materially different from their carrying values at the reporting date.

As at 31 December 2016 and as at 31 December 2015, the Company did not hold any financial instrument remeasured at fair value, therefore, disclosure related to fair value hierarchy is not relevant.