

24 March 2008

PRIVATE AND CONFIDENTIAL

Mr K. Iliadis
Managing Director
Terna Bahrain Holding Company W.L.L.
P O Box 54368
Manama
Kingdom of Bahrain

Dear Iliadis

**TERNA BAHRAIN HOLDING COMPANY W.L.L.
AUDIT FOR THE PERIOD 23 NOVEMBER 2006 TO 31 DECEMBER 2007**

We have pleasure in enclosing ten bound sets of the financial statements of the above mentioned company for the period 23 November 2006 to 31 December 2007 together with our signed audit report.

With kind regards

Yours sincerely
For Ernst & Young



Peter J Griffiths
Partner

Enclosure: As stated above

PJG: asp
16301

Terna Bahrain Holding Company W.L.L.
REPORT OF THE BOARD OF DIRECTORS
AND FINANCIAL STATEMENTS

31 December 2007

Terna Bahrain Holding Company W.L.L.
REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in submitting their first report and the audited financial statements of Terna Bahrain Holding Company W.L.L. ("the Company") for the period from incorporation on 23 November 2006 to 31 December 2007.

Principal activities

The Company was incorporated on 23 November 2006 to act as a holding company and carry out business activities through subsidiaries, branches, divisions and investments in other entities. The Company also carries out contract activities. At the balance sheet date the Company has a subsidiary PCC Terna Contracting Company W.L.L, an entity incorporated in the Kingdom of Bahrain and an associate Hamriya Cement Company FZC, an entity incorporated in the United Arab Emirates.

Results and appropriations for the period

The Company made a profit of BD 356,103 during the period from 23 November 2006 to 31 December 2007. BD 35,610 has been transferred to statutory reserve. No dividend is proposed. BD 320,493 has been transferred to retained earnings.

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 2008, will be submitted to the Annual General Meeting.

Signed on behalf of the Board



Chairman
2008

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TERNA BAHRAIN HOLDING COMPANY W.L.L.

We have audited the accompanying financial statements of Terna Bahrain Holding Company W.L.L. ("the Company"), which comprise the balance sheet as at 31 December 2007, and the related statements of income, cash flows and changes in equity for the period from 23 November 2006 to 31 December 2007, and a summary of significant accounting policies and other explanatory notes.

Director's 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 controls 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 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 controls 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 management 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TERNA BAHRAIN HOLDING COMPANY 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 2007 and its financial performance and its cash flows for the period from 23 November 2006 to 31 December 2007 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 and articles of association of the Company have occurred during the period from 23 November 2006 to 31 December 2007 that might have had a material adverse effect on the business of the Company or on its financial position.



28 February 2008
Manama, Kingdom of Bahrain

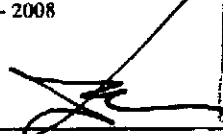
Terna Bahrain Holding Company W.L.L.

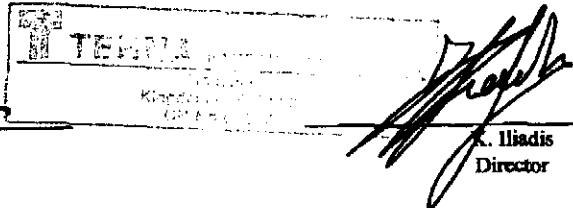
BALANCE SHEET

At 31 December 2007

	<i>Notes</i>	<i>BD</i>
ASSETS		
Non-current assets		
Investment in a subsidiary	3	400,000
Investment in an associate	4	4,219,915
		<u>4,619,915</u>
Current assets		
Accounts receivable	5	518,593
Amounts due from related parties	9	499,483
Amounts due from an associate	9	46,211
Bank balances and cash	6	3,089,420
		<u>4,073,707</u>
TOTAL ASSETS		<u>8,693,622</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	7	847,742
Statutory reserve	8	35,610
Retained earnings		320,493
Total equity		<u>1,203,845</u>
Non current liability		
Long term loan	10	5,670,000
Current liabilities		
Amounts due to related parties	9	1,604,131
Accounts payable and accruals		215,646
		<u>1,819,777</u>
Total liabilities		<u>7,489,777</u>
TOTAL EQUITY AND LIABILITIES		<u>8,693,622</u>

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on ---
26-09-2008


 D. Antonakos
 Chairman


 K. Iliadis
 Director

The attached notes 1 to 15 form part of these financial statements.

Terna Bahrain Holding Company W.L.L.

STATEMENT OF INCOME

For the period from 23 November 2006 to 31 December 2007

	<i>Note</i>	<i>BD</i>
Contract revenue		940,608
Other income		63,107
		<u>1,003,715</u>
Staff costs		(172,752)
General and administrative expenses	11	(374,245)
Finance charges		(100,615)
PROFIT FOR THE PERIOD		<u><u>356,103</u></u>

The attached notes 1 to 15 form part of these financial statements.

Terna Bahrain Holding Company W.L.L.

STATEMENT OF CASH FLOWS

For the period from 23 November 2006 to 31 December 2007

	<i>Notes</i>	<i>BD</i>
OPERATING ACTIVITIES		
Profit for the period		356,103
Adjustment for:		
Finance charges		100,615
Working capital changes:		
Amounts due to related parties		1,604,131
Amounts due from related parties		(499,483)
Amounts due from an associate		(46,211)
Accounts receivable		(518,593)
Accounts payable and accruals (note)		115,031
Net cash from operating activities		<u>1,111,593</u>
INVESTING ACTIVITIES		
Investment in a subsidiary		(400,000)
Investment in an associate		(4,219,915)
Net cash used in investing activities		<u>(4,619,915)</u>
FINANCING ACTIVITIES		
Issue of share capital	7	847,742
Long term loan	10	5,670,000
Net cash from financing activities		<u>6,517,742</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2007	6	<u><u>3,009,420</u></u>

Note:

Accounts payable and accruals excludes BD 100,615 of interest accrued but not paid on long term loan.

Terna Bahrain Holding Company W.L.L.

STATEMENT OF CHANGES IN EQUITY

For the period from 23 November 2006 to 31 December 2007

	<i>Notes</i>	<i>Share capital BD</i>	<i>Statutory reserve BD</i>	<i>Retained earnings BD</i>	<i>Total BD</i>
Issue of share capital	7	847,742	-	-	847,742
Profit for the period		-	-	356,103	356,103
Transfer to statutory reserve	8	-	35,610	(35,610)	-
Balance at 31 December 2007		847,742	35,610	320,493	1,203,845

The attached notes 1 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2007

1 ACTIVITIES

Terna Bahrain Holding Company W.L.L. ("the Company") is a limited liability company incorporated in the Kingdom of Bahrain on 23 November 2006 and is registered with the Ministry of Industry and Commerce under commercial registration (CR) number 63267. The Company will act as a holding company and carry out business activities through its subsidiaries, branches, divisions and investments in other entities. The Company also carries out contracting activities. At the balance sheet date the Company has a subsidiary PCC Terna Contracting Company W.L.L., an entity incorporated in the Kingdom of Bahrain and an associate Hamriya Cement Company FZC, an entity incorporated in the United Arab Emirates. The postal address of the Company's registered office is Building 418, Road 3207, Block 332 Post Box 54368, Manama, Kingdom of Bahrain.

The Company is a wholly owned subsidiary of Terna Overseas Limited, a company incorporated in and operating under the laws of Cyprus. The ultimate parent company is Terna SA, a company incorporated in and operating under the laws of Greece. The ultimate holding company's registered office is at 85 Mesogeion Avenue, T.K. 115-26, Athens, Greece.

The Company's financial year ends on 31 December, accordingly the financial statements are presented for the period from incorporation to 31 December 2007. As this is the first period of the Company's operations, no comparative figures have been presented.

The Company has the following subsidiary and associate:

<i>Name</i>	<i>Country of incorporation</i>	<i>Ownership interest</i>	<i>Date of effective control</i>	<i>Principal activity</i>
Subsidiary				
PCC Terna Contracting Company W.L.L.	Kingdom of Bahrain	80%	23 March 2007	Contracting and construction business.
Associate				
Hamriya Cement Company FZC	Sharjah United Arab Emirates	40%	19 June 2007	Newly formed entity. Will be engaged in the production and sale of cement.

These are the financial statements of the Company only and have been prepared to determine the operating results of the Company's activities. The ultimate parent company has prepared consolidated financial statements incorporating the financial statements of the subsidiaries and accounting for the associated companies on an equity basis. As permitted by IAS 27 "Consolidated and Separate Financial Statements", no consolidated financial statements of the Company have been prepared.

2 SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards and in conformity with the Bahrain Commercial Companies Law.

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

Accounting convention

The financial statements are prepared under the historical cost convention.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

International Accounting Standards Board (IASB) Standards and Interpretations issued but not applied

The Company has not adopted the revised IAS 1 "Presentation of Financial Statements" which will be effective for the year ending 31 December 2009. The application of this standard will result in amendments to the presentation of the financial statements.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an impairment loss is recognised in the statement of income. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between carrying value and fair value;
- (b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

Investments in subsidiary and associate

Investments in subsidiary and associate are carried at cost less provision, if any, for impairment.

Subsidiaries

Subsidiaries are entities, including unincorporated entities such as partnerships, that are controlled by the Company.

Associate

Associate is an entity over which the Company exercises significant influence and which is neither a subsidiary nor a joint venture.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the statement of income.

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.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Accounts receivable

Accounts receivable are stated at original invoice amount less an allowance for any impaired amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad Debts are written off when incurred.

Term loan

Term loan is carried in the balance sheet at its principal amount. Instalments due within one year are shown as a current liability. Interest is charged as an expense as it accrues with unpaid amounts included under accounts payable and accruals.

Cash and cash equivalents

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

Terna Bahrain Holding Company W.L.L.
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2007

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Contract revenue represents the invoiced value of services provided by the Company during the period.

Interest income

Interest is recognised using the effective interest method under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

3 INVESTMENT IN A SUBSIDIARY

	<i>Percentage holding</i>	<i>2007 BD</i>
PCC Terna Contracting Company W.L.L.	80%	<u>400,000</u>

4 INVESTMENT IN AN ASSOCIATE

	<i>Percentage holding</i>	<i>2007 BD</i>
Hamriya Cement Company FZC	40%	<u>4,219,915</u>

5 ACCOUNTS RECEIVABLE

	<i>2007 BD</i>
Accounts receivable	515,000
Other receivables	3,593
	<u>518,593</u>

As at 31 December the ageing of unimpaired accounts receivables is as follows;

		<i>Neither past due nor</i>	<i>Past due but not impaired</i>				
			<i>< 30 days</i>	<i>30 – 60</i>	<i>60 – 90</i>	<i>90 – 120</i>	
	<i>Total</i>	<i>impaired</i>	<i>BD</i>	<i>days</i>	<i>days</i>	<i>days</i>	<i>>120 days</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
2007	515,000	-	-	515,000	-	-	-

6 BANK BALANCES AND CASH

Cash and cash equivalents included in the statement of cash flows comprise of the following balance sheet amounts:

	<i>2007 BD</i>
Bank balances	3,009,115
Cash in hand	305
	<u>3,009,420</u>

Included in bank balances is a US Dollar denominated short term deposit of BD 1,886,340 with a commercial bank in the Kingdom of Bahrain. The effective interest rate at 31 December 2007 was 5.5%.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2007

7 SHARE CAPITAL

The authorised, issued and paid up capital of the Company consists of 8,500 shares of Euro 200 (BD 847,742) each denominated in Euros.

8 STATUTORY RESERVE

As required by Bahrain Commercial Companies Law, 10% of the 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.

9 RELATED PARTY TRANSACTIONS

Related parties represent the parent company, the ultimate parent company, the subsidiary, the associate, key management personnel 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 management.

Transaction with related parties included in the statement of income during the period 23 November 2006 to 31 December 2007 are as follows.

	<i>Contract revenue BD</i>	<i>Finance charges BD</i>	<i>Staff costs BD</i>
Parent company	-	100,615	-
Other related parties	425,608	-	43,000
	<u>425,608</u>	<u>100,615</u>	<u>43,000</u>

Balances with related parties included in the balance sheet are as follows:

	<i>Due from related parties BD</i>	<i>Due to related parties BD</i>
Ultimate parent company	-	109,847
Parent company	-	157,747
Subsidiary	59,135	-
Other related parties	440,348	1,336,537
	<u>499,483</u>	<u>1,604,131</u>

In addition to the above, amounts due from an associate and loan from the parent company are disclosed on the face of the balance sheet.

Except for the loan from parent company, the amounts due from and due to related parties are interest free and repayable on demand.

The terms and conditions for loan from the parent company are disclosed in note 10.

Outstanding balances at 31 December 2007 arise in the normal course of business. For the period ended 31 December 2007, the Company has not recorded any impairment of amount owed by related parties.

9 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration paid to a director during the period 23 November 2006 to 31 December 2007 was as follows:

	<i>BD</i>
Short term benefits	<u><u>78,033</u></u>

10 LONG TERM LOAN

The loan is taken from the parent company, carries interest at the rate of LIBOR plus 1.2% margin and is repayable before 20 September 2012. The effective interest rate at 31 December 2007 was 6.35%.

11 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2007</i>
	<i>BD</i>
Consultancy fees	280,922
Research expenses	48,595
Travelling and hotel expenses	5,966
Other expenses	38,762
	<u><u>374,245</u></u>

12 COMMITMENT

At 31 December 2007 the Company had commitment in respect of investment in an associate amounting to BD 513,260.

13 RISK MANAGEMENT

Introduction

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

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 sales require amounts to be paid within 90 days from the date of invoice. Trade accounts payable are normally settled within 60 days of the date of purchase. The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2007, based on payment dates and current market interest rates.

Terna Bahrain Holding Company W.L.L.
NOTES TO THE FINANCIAL STATEMENTS
 At 31 December 2007

13 RISK MANAGEMENT (continued)

Liquidity risk (continued)

31 December 2007

	<i>Less than 3 months BD</i>	<i>3 to 12 months BD</i>	<i>1 to 5 years BD</i>	<i>More than 5 years BD</i>	<i>Total BD</i>
Amounts due to related parties	1,604,131	-	-	-	1,604,131
Accounts payable	25,883	-	-	-	25,883
Long term loan	-	-	7,470,225	-	7,470,225
Total	1,630,014	-	7,470,225	-	9,100,239

Foreign currency risk

The Company is exposed to currency risk on its payable to related parties denominated in Euros.

The sensitivity to a reasonably possible change in Euro/Bahraini Dinar exchange rate with all other variables held constant, of the Company's profit due to change in the fair value of amounts payable to related parties is as follows:

	<i>Increase/decrease in Euro rate to the Bahraini Dinar</i>	<i>Effect on profit BD</i>
<i>2007</i>	+5%	13,380
	-5%	(13,380)

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing term deposit and long term loan. The effective interest rates are disclosed in note 6 and 10.

The following table demonstrates the sensitivity of the statement of income to reasonably possible changes in interest rates, with all other variables held constant.

	<i>Increase/decrease in interest percentage</i>	<i>Effect on profit BD</i>
<i>2007</i>		
Fixed deposit account	+1 %	18,863
	-1 %	(18,863)
Long term loan	+1 %	(56,700)
	-1 %	56,700

13 RISK MANAGEMENT (continued)

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 its bank balances including term deposits, contract accounts receivable and retentions receivable. The Company places its deposit with a bank having a good credit rating. The Company seeks to limit its credit risk with respect to its customers by requesting advance payments, raising progress billings and monitoring outstanding receivables on an on-going basis.

Credit risk is limited to the carrying value of financial assets as shown in the balance sheet which amounts to BD 3,528,013.

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 and 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.

14 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances, amounts due from related parties and other receivables. Financial liabilities consist of amount due to related parties, long term loan and other payables.

The fair values of the financial instruments are not materially different from their carrying values at the balance sheet date.

15 ESTIMATION OF UNCERTAINTY

Impairment of subsidiary and associate

The Company reviews its investments in the subsidiary and the associate at each period end to determine if there is any evidence of impairment. The investments are considered impaired if there has been a significant prolonged decline in the entity's performance or where other objective evidence of impairment exists. In addition the company evaluates other factors, including future cash flows and discount factors for similar investments.

Impairment of accounts receivable

An estimate of the collectible amount of 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.

At the balance sheet date, management's estimate indicated that there are no doubtful debts.