Terna Bahrain Holding Company W.L.L.

REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

31 DECEMBER 2008

The Board of Directors has pleasure in submitting their second annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities and results for the period

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, a fully owned subsidiary 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 retained earnings

The results and retained earnings of the Company are as follows:

	2008	*2007*
	BD	*BD*
Balance at the beginning of the year / period	**320.493**	-
(Loss) profit for the year / period	**(148.688)**	356.103
Transfer to statutory reserve	**-**	(35.610)
Balance at the end of the year / period	**171.805**	320.493

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 2009, will be submitted at the Annual General Meeting.

Signed on behalf of the Board of Directors

Chairman
1 March 2009

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 2008 and the income statement, cash flow statement and the statement of 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 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 as to 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 Company'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 Company's internal controls. 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 2008 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 and articles of association of the Company have occurred during the year ended 31 December 2008 that might have had a material adverse effect on the business of the Company or on its financial position.

Ernst & Young

1 March 2009
Manama, Kingdom of Bahrain

BALANCE SHEET

At 31 December 2008

	Notes	*2008* BD	*2007* BD
ASSETS			
Non-current assets			
Investment in subsidiaries	5	**1.539.900**	400.000
Investment in an associate	6	**8.568.146**	4.219.915
		10.108.046	4.619.915
Current assets			
Amounts due from related parties	7	**7.288.010**	499.483
Amounts due from an associate	8	**2.844.997**	46.211
Trade and other receivables	9	**55.332**	518.593
Bank balances and cash	10	**6.971.408**	3.009.420
		17.159.747	4.073.707
TOTAL ASSETS		**27.267.793**	8.693.622
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**847.742**	847.742
Statutory reserve	12	**35.610**	35.610
Retained earnings		**171.805**	320.493
Total equity		**1.055.157**	1.203.845
Non current liability			
Long term loan	13	**5.703.000**	5.670.000
Current liabilities			
Amounts due to related parties	14	**20.387.626**	1.604.131
Trade payables and accruals		**122.010**	215.646
		20.509.636	1.819.777
Total liabilities		**26.212.636**	7.489.777
TOTAL EQUITY AND LIABILITIES		**27.267.793**	8.693.622

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 1 March 2009.

D. Antonakos
Chairman

K. Iliadis
Director

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

INCOME STATEMENT

For the year ended 31 December 2008

With comparatives for the period from 23 November 2006, the date of incorporation, to 31 December 2007

	2008 **BD**	*23 November 2006 to 31 December 2007* *BD*
Contract revenue	**248.623**	940.608
Interest income	**224.316**	63.107
Other income	**258.933**	-
	731.872	1.003.715
Staff costs	**(228.492)**	(172.752)
General and administrative expenses	**(241.655)**	(374.245)
Finance charges	**(257.837)**	(100.615)
Bank charges	**(53.945)**	-
Foreign exchange loss	**(98.631)**	-
(LOSS) PROFIT FOR THE YEAR / PERIOD	**(148.688)**	356.103

CASH FLOW STATEMENT

For the year ended 31 December 2008

With comparatives for the period from 23 November 2006, the date of incorporation, to 31 December 2007

	Notes	***2008*** ***BD***	*23 November 2006 to 31 December 2007* *BD*
OPERATING ACTIVITIES			
(Loss) profit for the year / period		**(148.688)**	356.103
Adjustments for:			
Finance charges		**257.837**	100.615
Unrealised foreign exchange loss		**33.000**	-
		142.149	456.718
Working capital changes:			
Amounts due to related parties		**18.783.495**	1.604.131
Amounts due from related parties		**(6.788.527)**	-499.483
Amounts due from an associate		**(2.798.786)**	-46.211
Trade and other receivables		**463.261**	-518.593
Trade payables and accruals		**(66.348)**	115.031
Net cash from operating activities		**9.735.244**	1.111.593
INVESTING ACTIVITIES			
Investment in a subsidiaries		**(1.139.900)**	-400.000
Investment in an associate		**(4.348.231)**	-4.219.915
Net cash used in investing activities		**(5.488.131)**	(4.619.915)
FINANCING ACTIVITIES			
Finance charges paid		**(285.125)**	-
Issue of share capital	11	**-**	847.742
Receipts from long term loan		-	5.670.000
Net cash (used in) from financing activities		**(285.125)**	6.517.742
INCREASE IN CASH AND CASH EQUIVALENTS		**3.961.988**	3.009.420
Cash and cash equivalents at the beginning of the year / period		**3.009.420**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR / PEI	10	**6.971.408**	3.009.420

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Notes	*Share capital BD*	*Statutory reserve BD*	*Retained earnings BD*	*Total BD*
Incorporated 23 November 2006					
Issue of share capital	11	847.742	-	-	847.742
Profit for the period		-	-	356.103	356.103
Transfer to statutory reserve	12	-	35.610	(35.610)	-
Balance at 31 December 2007		847.742	35.610	320.493	1.203.845
Loss for the year		-	-	(148.688)	(148.688)
Balance at 31 December 2008		**847.742**	**35.610**	**171.805**	**1.055.157**

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

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 previous period was the first accounting period of the Company and the income statement, cash flow statement and statement of changes in equity cover the period from 23 November 2006, the date of incorporation to 31 December 2007. Hence the current year figures are not comparable to the previous period figures.

The Company has the following subsidiaries and associate:

Name	*Country of incorporation*	*Ownership interest*	*Date of effective control*	*Principal activity*
Subsidiaries				
PCC Terna Contracting Company W.L.L. ("PCC Terna")	Kingdom of Bahrain	80%	23 March 2007	Contracting and construction business.
Terna Contracting Capital Company W.L.L. ("Terna Contracting")	Kingdom of Bahrain	99,99%	2 April 2008	Contracting and construction business.
Terna MEP Capital W.L.L. ("Terna MEP")	Kingdom of Bahrain	70%	5 October 2008	Contracting of mechanical and electrical business.
Associate				
Hamriya Cement Company FZC	Sharjah United Arab Emirates	40%	19 June 2007	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
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 disclosures
The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2008.

IFRIC 11 IFRS 2 - Group and Treasury Share Transactions
IFRIC 12 - Service Concession Arrangements
IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Company has also early adopted the following IFRS and IFRIC interpretations as of 1 January 2008.

IFRS 2 Share-based Payment (Revised) effective 1 January 2009
IFRS 8 Operating Segments effective 1 January 2009
IAS 23 Borrowing Costs (Revised) effective 1 January 2009
IFRIC 13 Customer Loyalty Programmes effective 1 January 2009

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

Improvements to IFRSs
In May 2008 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 Company has early adopted amendments to the following standards. The adoption of these amendments did not have any effect on the financial performance or position of the Company and did not result in any changes to the disclosures in the Company's financial statements.

IAS 1 Presentation of Financial Statements
IAS 16 Property, Plant and Equipment
IAS 23 Borrowing Costs
IAS 28 Investment in Associate
IAS 31 Interest in Joint ventures
IAS 36 Impairment of Assets
IAS 38 Intangible Assets

Investments in subsidiaries and an 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Associate

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

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 balance sheet 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

Initial recognition

The Company's financial assets include bank balances, cash and short term deposits, trade and other receivables and amounts due from related parties and associate.

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.

Trade and other receivables

Trade 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 balance sheet 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 long term loan and trade and other payables.

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 income statement when the liabilities are derecognized as well as through the amortization process.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 balance sheet 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.

Contract revenue
Contract revenue represents the invoiced value of services provided by the company during the year.

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

3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

- *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and Consolidated and Separate Financial Statements*
- *IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements*
- *IAS 1 Revised Presentation of Financial Statements*
- *IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
- *IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items*
- *IFRIC 15 Agreement for the Construction of Real Estate*
- *IFRIC 16 Hedges of a Net Investment in a Foreign Operation*

It is not expected the implementation of these revisions and amendments will have any impact on the Company's financial performance or position, however the implementation of the revisions to IAS 1 are expected to have an impact on the presentation and disclosures required in the financial statements of the Company.

IAS 1 Revised Presentation of Financial Statements
The revised Standard was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. 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 is still evaluating whether it will have one or two statements.

Improvements to IFRSs
The Company has early adopted some of the amendments to standards following the 2007 ‘Improvement to IFRSs’ project (see Note 2). The Company has not yet adopted the amendments to the following standards and anticipates that these changes will have no material effect on the financial statements, however may result in minor changes in disclosures.

IFRS 7 Financial Instruments: Disclosures
IAS 8 Accounting Policies, Change in Accounting Estimates and Errors
IAS 10 Events after the Reporting Period
IAS 16 Property, Plant and Equipment
IAS 18 Revenue
IAS 19 Employee Benefits
IAS 20 Accounting for Government Grants and Disclosures of Government Assistance
IAS 27 Consolidated and Separate Financial Statements
IAS 29 Financial Reporting in Hyperinflationary Economies
IAS 34 Interim Financial Reporting
IAS 39 Financial Instruments: Recognition and Measurement
IAS 40 Investment Property
IAS 41 Agriculture

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 balance sheet 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 trade receivables
An estimate of the collectible amount of trade 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 balance sheet date, gross contract receivable was BD 100 (2007: BD 518,593) and the provision for doubtful debts was BD nil (2007: BD nil). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the income statement.

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.

5 INVESTMENT IN SUBSIDIARIES

	Percentage holding	***2008 BD***	2007 *BD*
PCC Terna	80%	**400.000**	400.000
Terna Contracting	100%	**999.900**	-
Terna MEP	70%	**140.000**	-
		1.539.900	400.000

PCC Terna is a company incorporated for a specific construction project. The project based on the initial contract revenue presently has a projected loss of approximately BD 1.7million which has been recognized in the income statement of the subsidiary in accordance with "IAS 11 Construction Contracts". The subsidiary has made a claim to the client in excess of the projected loss and believes it will at least recover additional revenue that will offset the projected loss. For this reason no impairment loss has been recognized on this investment in the subsidiary.

6 INVESTMENT IN AN ASSOCIATE

	Percentage holding	***2008 BD***	*2007 BD*
Hamriya Cement Company FZC	40%	**8.568.146**	4.219.915
		8.568.146	4.219.915

6 INVESTMENT IN ASSOCIATES (continued)

During the year the company was required to invest a further BD 4,348,231 into the associated company to further its operations. The company's holding in the associate did not change.

7 AMOUNTS DUE FROM RELATED PARTIES

	2008	*2007*
	BD	*BD*
Parent company	**5.306.064**	-
Subsidiaries:		
PCC Terna	**1.861.804**	59.134
Terna MEP	**120.142**	-
Group Companies:		
Terna Qatar Co LLC	-	440.349
	7.288.010	499.483

All receivables are unsecured, non-interest bearing and are expected to settle in 60-90 days.

8 AMOUNTS DUE FROM AN ASSOCIATE

	2008	*2007*
	BD	*BD*
Hamriya Cement Company FZC	**2.844.997**	46.211

Amounts due from an associate are unsecured, non-interest bearing and are expected to settle in 60-90 days.

9 TRADE AND OTHER RECEIVABLES

	2008	*2007*
	BD	*BD*
Trade receivables	-	515.000
Other receivables	**55.332**	3.593
	55.332	518.593

The receivables are unsecured, non-interest bearing and due to settle in 30 days. 2007 Trade receivables were 30 to 60 days past due.

10 BANK BALANCES AND CASH

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

	2008	*2007*
	BD	*BD*
Cash in hand	**900**	305
Bank balances	**279.006**	1.122.775
Short term deposits	**6.691.502**	1.886.340
	6.971.408	3.009.420

10 BANK BALANCES AND CASH (continued)

Short term deposits comprise of term deposits which are made for periods varying between 1 - 30 days earning interest at an effective interest rate of 3.25% (2007: 5.5%).

Bank balances denominated in currencies other than Bahraini Dinars are as follows :

	2008	*2007*
	BD	*BD*
Euro	**17.386**	50.780
UAE Dirhams	**15**	5.918
US Dollars	**65**	926.856
	17.466	983.554

11 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.

12 STATUTORY RESERVE

As stipulated by Bahrain Commercial Companies Law, 10% of the profit for the year is required to be transferred to statutory reserve. However, no amount has been transferred to the statutory reserve in this year as the Company has incurred a loss. 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.

13 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 2008 was 4.66% (2007: 6.35%) Accrued interest of BD 73,327 (2007: BD 100,615) is included in Trade payables and accruals as at 31 December.

14 AMOUNTS DUE TO RELATED PARTIES

	2008	*2007*
	BD	*BD*
Ultimate parent company	**2.556.072**	109.847
Parent company	**-**	157.747
Group Companies:		
Terna Qatar	**14.938.027**	-
Terna Abu Dhabi	**1.346.296**	1.330.813
Terna SA Sharjah	**573.855**	5.724
Subsidiary:		
Terna Contracting	**973.376**	-
	20.387.626	1.604.131

Amounts due to related parties are unsecured, non-interest bearing and are normally settled on 30-day terms.

14 AMOUNTS DUE TO RELATED PARTIES (continued)

The payable to Terna Qatar represents an amount of BD 15 million received for short term cash facilitation of the company.

15 RELATED PARTY TRANSACTIONS

Related parties represent the parent company, the ultimate parent company, the subsidiaries, 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 year ended 31 December 2008 are as follows:

	Contract revenue BD	*Finance charges BD*	*Staff costs BD*
31 December 2008			
Parent Company	-	**257.837**	**-**
Group companies	**248.623**	**-**	**183.838**
	248.623	**257.837**	**183.838**
31 December 2007			
Parent company	-	100.615	-
Group companies	425.608	-	43.000
	425.608	100.615	43.000

See note 7 for amounts due from related parties.

See note 8 for amounts due from an associate.

See note 13 for long term loan payable to parent company.

See note 14 for amounts due to related parties.

Compensation of key management personnel
The remuneration paid to a director during the year ended 31 December 2008 was as follows:

	2008 BD	*23 November 2006 to 31 December 2007 BD*
Short term benefits	**30.000**	78.033

16 COMMITMENT

At 31 December 2008 the Company had commitment in respect of investment in an associate amounting to BD nil (2007: BD 513,260).

17 RISK MANAGEMENT

Interest rate risk

The Company has a US Dollar denominated short term deposit amount and a long term loan outstanding, carrying effective interest rates as mentioned in the respective notes above.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (income and expense netted), with all other variables held constant, of the Company's profit:

	Increase / decrease in basis points	*Effect on profit BD*
2008		
	+ 50	**4.943**
	- 50	**(4.943)**

Liquidity risk

The Company limits its liquidity risk by ensuring bank facilities are available.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 31 December based on contractual payment dates and current market interest rates:

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*
Amounts due to related parties	**20.387.626**	**-**	**-**	**-**	**20.387.626**
Trade payables and accruals	**122.010**	**-**	**-**	**-**	**122.010**
Long term loan	**90.535**	**276.635**	**6.712.970**	**-**	**7.080.140**
Total	**20.600.171**	**276.635**	**6.712.970**	**-**	**27.589.776**
31 December 2007					
Amounts due to related parties	1.604.131	-	-	-	1.604.131
Trade payables and accruals	215.646	-	-	-	215.646
Long term loan	78.181	280.950	7.111.094	-	7.470.225
Total	1.897.958	280.950	7.111.094	-	9.290.002

Credit risk

The company has receivables of BD 10,133,007 (2007: 545,694) due from related parties. All the receivables are without security which renders them fully exposed to credit risk due to default by the counterparties. 52% of this is receivable from the parent company while a further 28% is due from an associate. Management does not believe there is any credit risk associated with these balances and expects full recovery.

With respect to credit risk arising from the other financial assets of the Company, including bank balances and cash and other receivables, the Company's maximum exposure is equal to the carrying amount of these balances at the balance sheet date as reflected in the balance sheet.

17 RISK MANAGEMENT (continued)

Foreign currency risk
The Company is exposed to currency risk on its inter company balances with 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:

	Increase/ decrease in Euro to the Bahraini Dinar	*Effect on profit BD*
	+5%	**29.906**
	-5%	**(29.906)**

The Company also has balances denominated in United Arab Emirates Dirham (AED). Both the Bahraini Dinar and the AED are pegged to the United States Dollar, thus no significant foreign currency risk exists for these balances.

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 business conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

18 COMPARATIVE FIGURES

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