# TERNA CONTRACTING COMPANY W.L.L.

## REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

### 31 DECEMBER 2008

The Directors have pleasure in submitting their first report and the audited financial statements of Terna Contracting Company W.L.L. ("the Company") for the period from incorporation on 2 April 2008 to 31 December 2008.

**Principal activities and results for the period**

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

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

| | ***BD*** |
|---|---|
| Balance at 2 April 2008 | **-** |
| Profit for the period | **672.889** |
| Transfer to statutory reserve | **(67.289)** |
| Balance at 31 December 2008 | **605.600** |

**Auditors**

Ernst & Young have expressed their willingness to continue in office, and a resolution proposing their appointment, as auditors of the Company for the year ending 31 December 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 CONTRACTING COMPANY W.L.L.**

We have audited the accompanying financial statements of Terna Contracting 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 period 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 PCC TERNA CONTRACTING 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 period 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 | BD |
|---|---|---|
| **ASSETS** | | |
| **Non-current asset** | | |
| Property, plant and equipment | 5 | **150.536** |
| Intangible asset | | **1.917** |
| | | **152.453** |
| **Current assets** | | |
| Trade and other receivables | 6 | **3.407.422** |
| Bank balances and cash | 7 | **153.859** |
| | | **3.561.281** |
| **TOTAL ASSETS** | | **3.713.734** |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Share capital | 8 | **1.000.000** |
| Statutory reserve | 9 | **67.289** |
| Retained earnings | | **605.600** |
| **Total equity** | | **1.672.889** |
| **Non-current liabilities** | | |
| Employees' end of service benefits | 12 | **13.084** |
| Other payables | | **16.147** |
| | | **29.231** |
| **Current liabilities** | | |
| Due to customer for contract work | 10 | **375.745** |
| Trade and other payables | 11 | **1.635.869** |
| | | **2.011.614** |
| **TOTAL EQUITY AND LIABILITIES** | | **3.713.734** |

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

| | |
|---|---|
| D. Antonakos<br>Chairman | C. Vavaletskos<br>Director |

Terna Contracting Company W.L.L.

# INCOME STATEMENT

For the period from 2 April to 31 December 2008

| | *Notes* | ***BD*** |
|---|---|---|
| Contract revenue | | **4.313.176** |
| Other income | | **1.758** |
| | | **4.314.934** |
| Operating cost | 14 | **(2.059.073)** |
| Project material and equipment expenses | | **(1.286.368)** |
| General and administrative expenses | | **(274.219)** |
| Bank charges | | **(22.385)** |
| **PROFIT FOR THE PERIOD** | | **672.889** |

The attached notes 1 to 16 form part of these financial statements.

# CASH FLOW STATEMENT

For the period from 2 April to 31 December 2008

| | Notes | BD |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Profit for the period | | **672.889** |
| Adjustments for: | | |
| Depreciation | 5 | **24.036** |
| Provision for employee's end of service benefits | 12 | **13.084** |
| Other payables | | **16.147** |
| Operating profit before working capital changes: | | **726.156** |
| Working capital changes: | | |
| Accounts receivable and prepayments | 6 | **(3.407.422)** |
| Due to customer for contract work | 10 | **375.745** |
| Trade and other payables | 11 | **1.635.869** |
| Net cash used in operating activities | | **(669.652)** |
| **INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | 5 | **(174.572)** |
| Purchase of intangible asset | | **(1.917)** |
| Net cash used in investing activities | | **(176.489)** |
| **FINANCING ACTIVITY** | | |
| Issue of share capital | 8 | **1.000.000** |
| **BANK BALANCES AND CASH AT 31 DECEMBER** | 7 | **153.859** |

The attached notes 1 to 16 form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

For the period from 2 April to 31 December 2008

| | *Share capital BD* | *Statutory reserve BD* | *Retained earnings BD* | *Total BD* |
|---|---|---|---|---|
| Issue of share capital | 1.000.000 | - | - | 1.000.000 |
| Profit for the period | - | - | 672.889 | 672.889 |
| Transfer to statutory reserve | - | 67.289 | (67.289) | - |
| **Balance as of 31 December 2008** | **1.000.000** | **67.289** | **605.600** | **1.672.889** |

## 1 ACTIVITIES

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

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

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

The Company was incorporated on 2 April 2008. No comparative information has been presented as this is the first period since the Company's incorporation.

The shares of the Company are owned as follows;

| *Name of the shareholder* | *Percentage of shareholding* |
|---|---|
| Terna Bahrain Holding W.L.L. | 99,99% |
| Terna Overseas Limited | 0.01% |

## 2 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

**Adoption of accounting policies and disclosures**
The company has adopted all IFRS and IFRIC interpretations in effect as of 1 January 2008. The company has also early adopted the following IFRS and IFRIC interpretations

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

**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.

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

**Improvements to IFRSs (continued)**

*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*

**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**

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

**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.

**Trade and other payables**

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

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Fair value of financial instruments**
The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the 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.

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

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

| | |
|---|---|
| Porta cabins | 2 years |
| Plant and equipment | 2 years |
| Furniture and fixtures | 2 years |
| Motor vehicles | 2 years |

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

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

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

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

**3 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

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.

## 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 accounts receivable**
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 2,010,627 and the provision for doubtful debts was 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 property, plant and equipment**
The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the assets' recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Management does not believe there is any impairment of property, plant and equipment.

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

**Construction contracts**
Revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the management team's experience and the nature of the construction activity undertaken, the management makes estimates of the point at which it considers the work is sufficiently advanced such that the cost to complete, rectification costs and revenue can be reliably estimated. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and the profit recognised in the future years as an adjustment to the amounts recorded to date. As at 31 December 2008, the management considered that all costs to complete and revenue can be reliably measured.

## 5 PROPERTY, PLANT AND EQUIPMENT

| | *Porta cabins BD* | *Plant and equipment BD* | *Fixtures and fittings BD* | *Motor vehicles BD* | *Total BD* |
|---|---|---|---|---|---|
| Cost: | | | | | |
| Additions during the period | 30.014 | 71.102 | 13.786 | 59.670 | 174.572 |
| Depreciation charge for the year | (3.066) | (10.499) | (5.612) | (4.859) | (24.036) |
| Net book value: | | | | | |
| At 31 December 2008 | **26.948** | **60.603** | **8.174** | **54.811** | **150.536** |

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

| | **2008** *BD* |
|---|---|
| Project material and equipment expenses | **19.177** |
| General and administrative expenses | **4.859** |
| | **24.036** |

## 6 TRADE AND OTHER RECEIVABLES

| | ***2008 BD*** |
|---|---|
| Contract accounts receivable | **2.010.627** |
| Due from related parties (note 15) | **1.120.194** |
| Advances to suppliers | **116.346** |
| Retentions | **115.827** |
| Prepayments | **30.166** |
| Other receivable | **14.262** |
| | **3.407.422** |

Contract receivable is non-interest bearing and is due to be settled in 15 days from the date of invoice. The amount is neither past due nor impaired.

## 7 BANK BALANCES AND CASH

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

| | ***2008 BD*** |
|---|---|
| Bank balances | **144.492** |
| Cash in hand | **9.367** |
| | **153.859** |

## 8 SHARE CAPITAL

The authorised, issued and paid up capital of the company consists of 10,000 shares of BD 50 each.

## 9 STATUTORY RESERVE

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

## 10 DUE TO CUSTOMER FOR CONTRACT WORK

| | ***2008*** ***BD*** |
|---|---|
| Cost incurred till date | **4.313.176** |
| Progress billings | **(4.688.921)** |
| | **375.745** |

## 11 TRADE AND OTHER PAYABLES

| | ***2008*** ***BD*** |
|---|---|
| Contract payables | **1.188.834** |
| Contract advances | **269.342** |
| Retention money | **89.200** |
| Accrued expenses | **85.262** |
| Due to related parties | **3.231** |
| | **1.635.869** |

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

Contract payables and accrued expenses are non-interest bearing and are normally settled on 60-day terms.

Amounts due to related parties are unsecured, interest free and payable on demand.

## 12 EMPLOYEES' END OF SERVICE BENEFITS

| | ***2008*** ***BD*** |
|---|---|
| Charge for the period and at 31 December | **13.084** |

## 13 STAFF COSTS

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

| | ***2008*** ***BD*** |
|---|---|
| Operating cost (note 14) | **473.159** |
| General and administrative expenses | **109.114** |
| | **582.273** |

## 14 OPERATING COST

| | *2008* *BD* |
|---|---|
| Sub-contractors work | **1.293.629** |
| Staff salaries, wages and benefits | **473.159** |
| Motor vehicle hire and expenses | **217.782** |
| Technical | **34.831** |
| Travel | **14.362** |
| Repairs and maintenance | **12.794** |
| Communication | **6.091** |
| Consumables | **6.105** |
| Other expenses | **320** |
| | **2.059.073** |

## 15 RELATED PARTY TRANSACTIONS

Related parties represent the ultimate parent company, the parent company, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Amounts due from related parties included in the balance sheet are as follows:

| | *2008* *BD* |
|---|---|
| Parent company | **973.376** |
| ***Fellow subsidiaries*** | |
| PCC Terna | **134.268** |
| Terna MEP | **12.550** |
| | **1.120.194** |

These balances are unsecured, interest free and repayable on demand.

For amounts payable to related parties, see note 11.

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

| | *2008* *BD* |
|---|---|
| Short-term benefits | **70.000** |
| Employees' end of service benefits | **6.000** |
| | **76.000** |

## 16 RISK MANAGEMENT

**Interest rate risk**
The Company does not have any interest bearing financial instruments at the balance sheet date. Therefore it is not exposed to the interest rate risk.

**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 2008*** | *Less than 3 months BD* | *3 to 12 months BD* | *1 to 5 years BD* | *More than 5 years BD* | *Total BD* |
|---|---|---|---|---|---|
| Contract payables | 1.188.834 | - | - | - | 1.188.834 |
| Amounts due to related parties | 3.231 | - | - | - | 3.231 |
| Retentions payable | - | 89.200 | - | - | 89.200 |
| | **1.192.065** | **89.200** | **-** | **-** | **1.281.265** |

**Credit risk**
The Company has a contract receivable which is 93% concentrated to a single party. The net credit risk (netted with unadjusted advances from the customer) exposure of the Company is 87% of the total contract receivable which is BD 2.01m.

With respect to credit risk arising from the other financial assets of the Company, including bank balances and cash, 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.

**Foreign currency risk**
The Company's exposure to foreign currency risk is limited to a single payable which is denominated in Euro and amounts to BD 3,231. Management does not believe this is a significant risk.

**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.