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C.R. No. 6700

23 March 2008

PRIVATE AND CONFIDENTIAL

Mr C. Vavaletskos
Managing Director
PCC Terna Contracting Company W.L.L.
P O Box 54368
Manama
Kingdom of Bahrain

Dear Vavaletskos

PCC TERNA CONTRACTING COMPANY W.L.L.
AUDIT FOR THE PERIOD 29 MARCH 2007 TO 31 DECEMBER 2007

We have pleasure in enclosing ten bound sets of the financial statements of the above mentioned company for the period 29 March 2007 to 31 December 2007 together with our signed audit report.

With kind regards

Yours sincerely
For Ernst & Young

pp Peter J Griffiths
Partner

Enclosure: As stated above

PJG: asp
16301

PCC TERNA CONTRACTING COMPANY W.L.L.

REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

31 DECEMBER 2007

REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in submitting their first report and the audited financial statements of PCC Terna Contracting Company W.L.L. ("the Company") for the period from incorporation on 29 March 2007 to 31 December 2007.

Principal activities

The Company was incorporated on 29 March 2007 and is engaged in construction contracting activities .

Results and appropriations for the period

The Company made a profit of BD 149,482 during the period from 29 March 2007 to 31 December 2007. BD 14,948 has been transferred to statutory reserve. No dividend is proposed. BD 134,534 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

28 February 2008

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PCC TERNA CONTRACTING COMPANY W.L.L.

We have audited the accompanying financial statements of PCC Terna Contracting Company W.L.L. (the Company), which comprise the balance sheet as of 31 December 2007 and the related statements of income, cash flows and changes in equity for the period from 29 March 2007 to 31 December 2007, 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 about 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 the 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 2007 and its financial performance and its cash flows for the period from 29 March 2007 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 29 March 2007 to 31 December 2007 that might have had a material adverse effect on the business of the Company or on its financial position.

Ernst + Young

28 February 2008
Manama, Kingdom of Bahrain

BALANCE SHEET

At 31 December 2007

	Notes	*2007* *BD*
ASSETS		
Non-current asset		
Property, plant and equipment	3	**1,219,044**
Current assets		
Inventories	5	**130,049**
Work in progress	4	**1,520,036**
Accounts receivable and prepayments	6	**1,997,218**
Bank balances and cash	7	**1,970,642**
		5,617,945
TOTAL ASSETS		**6,836,989**
EQUITY AND LIABILITIES		
Equity		
Share capital	8	**500,000**
Statutory reserve	9	**14,948**
Retained earnings		**134,534**
Total equity		**649,482**
Non-current liabilities		
Employees' end of service benefits	11	**26,814**
Other payables		**55,397**
		82,211
Current liabilities		
Accounts payable and accruals	10	**6,105,296**
TOTAL EQUITY AND LIABILITIES		**6,836,989**

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 26.02.2008

C.R. 64762
P.O. Box: 54368
Kingdom of Bahrain

D. Antonakos
Chairman

C. Vavaletskos
Director

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

STATEMENT OF INCOME

For the period 29 March 2007 to 31 December 2007

	Notes	***BD***
Contract revenue		**4,250,176**
Other income	13	**64,478**
		4,314,654
Staff costs		**(2,108,634)**
Project material, equipment and other expenses		**(1,605,443)**
General and administrative expenses		**(210,761)**
Depreciation	3	**(216,494)**
Bank charges		**(23,840)**
PROFIT FOR THE PERIOD		**149,482**

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

STATEMENT OF CASH FLOWS

For the period 29 March 2007 to 31 December 2007

	Notes	*BD*
OPERATING ACTIVITIES		
Profit for the period		**149,482**
Adjustments for:		
Depreciation	3	**216,494**
Provision for employee's end of service benefits	11	**26,814**
Provision for other payables		**55,397**
Interest income		**(61,676)**
Operating profit before working capital changes:		**386,511**
Working capital changes:		
Inventories	5	**(130,049)**
Work in progress	4	**(1,520,036)**
Accounts receivable and prepayments	6	**(1,997,218)**
Accounts payable and accruals	10	**6,105,296**
Net cash from operating activities		**2,844,504**
INVESTING ACTIVITIES		
Purchase of property and equipment	3	**(1,435,538)**
Interest received		**61,676**
Net cash used in investing activities		**(1,373,862)**
FINANCING ACTIVITY		
Issue of share capital	8	**500,000**
BANK BALANCES AND CASH AT 31 DECEMBER	7	**1,970,642**

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

STATEMENT OF CHANGES IN EQUITY

For the period 29 March 2007 to 31 December 2007

	Notes	*Share capital* *BD*	*Statutory reserve* *BD*	*Retained earnings* *BD*	*Total* *BD*
Issue of share capital	8	500,000	-	-	500,000
Profit for the period		-	-	149,482	149,482
Transfer to statutory reserve	9	-	14,948	(14,948)	-
Balance as of 31 December 2007		**500,000**	**14,948**	**134,534**	**649,482**

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

1 ACTIVITIES

PCC Terna Contracting Company 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 64762. The company is engaged in construction contracting activities.

The Company's registered office is at P O Box 54368, Manama, Kingdom of Bahrain.

The Company is a subsidiary of Terna Bahrain Holding Company 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 was incorporated on 29 March 2007. 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 Company W.L.L.	80%
Poullaides Construction Company W.L.L.	20%

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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.

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.

Revenue recognition
Contract revenue is recognised on a percentage of completion method based on cost incurred.

Where the outcome of a construction contract can be reliably estimated, contract revenues and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due to customers on contracts.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

Depreciation is calculated on a straight line basis to write off the cost of each asset over its estimated useful life as follows:

Porta cabins	2 to 3 years
Plant and equipment	2 to 4 years
Fixtures and fittings	2 to 3 years
Motor vehicles	2 to 3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that 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 use.

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 property and equipment. All other expenditure is recognised in the income statement as an expense when incurred.

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.

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.

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.

Employees' end of service benefits
The Company makes contributions to the General Organisation for Social Insurance scheme for its national employees calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

The Company also provides for end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

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 differences are taken to the statement of income.

3 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 and at 31 December 2007	271,009	703,477	140,392	320,660	1,435,538
Depreciation:					
Charge for the period and at 31 December 2007	(59,179)	(65,762)	(38,709)	(52,844)	(216,494)
Net carrying amount:					
At 31 December 2007	**211,830**	**637,715**	**101,683**	**267,816**	**1,219,044**

4 WORK IN PROGRESS

	2007 BD
Total value of work executed till date including profit	**4,250,176**
Less: Progress billings	**(2,730,140)**
	1,520,036

5 INVENTORIES

	2007 BD
Materials at site	**127,768**
Materials at store	**2,281**
	130,049

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2007 BD
Advances to subcontractors	**989,865**
Contract accounts receivable	**918,693**
Prepayments	**62,144**
Advances to suppliers	**20,316**
Other receivable	**6,200**
	1,997,218

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

			Past due but not impaired				
	Total nor BD	*Neither past due impaired BD*	*< 30 days BD*	*30 – 60 days BD*	*60 – 90 days BD*	*90 – 120 days BD*	*>120 days BD*
2007	**918,693**	**425,148**	**493,545**	-	-	-	-

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the majority are, therefore, unsecured.

7 BANK BALANCES AND CASH

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

	2007
	BD
Bank balances	**1,952,515**
Cash in hand	**18,127**
	1,970,642

Included in bank balances is a fixed deposit account balance of BD 1,686,377 with National Bank of Kuwait Bahrain Branch. This deposit is denominated in Bahraini Dinars, short term in nature, and has an effective interest rate of 5.5% .

8 SHARE CAPITAL

The authorised, issued and paid up capital of the company consisits 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 ACCOUNTS PAYABLE AND ACCRUALS

	2007
	BD
Contract advances	**4,099,686**
Contract payables	**1,500,470**
Accrued expenses	**287,944**
Due to related parties (note 12)	**126,733**
Other payables	**90,463**
	6,105,296

11 EMPLOYEES' END OF SERVICE BENEFITS

	2007
	BD
Charge for the period and as at 31 December 2007	**26,814**

12 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.

12 RELATED PARTY TRANSACTIONS (continued)

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

	2007
	BD
Group companies	
TBH Intercompany	**59,135**
Terna Overseas	**24,071**
Terna SA (HO)	**23,400**
Terna SA Abu Dhabi	**19,931**
Terna SA Sharjah	**196**
	126,733

These balances are interest free and repayable on demand.

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

	2007
	BD
Short-term benefits	**114,016**
Employees' end of service benefits	**8,162**
	122,178

13 OTHER INCOME

Other income represents interest received on fixed deposit account and foreign exchange gains.

14 RISK MANAGEMENT

Introduction
The Company manages risk through a process of ongoing identification and monitoring of risks it faces. The Company is exposed to credit, liquidity, foreign currency, and interest rate 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
The Company limits its liquidity risk by ensuring that bank facilities are available. The Company's terms of contract agreement require amounts to be paid within 15 days of approval of work completion certificate. Trade accounts payable are normally settled within 60 days of the date of purchase. The table below summarises the maturities of the Company's financial liabilities at 31 December 2007, based on payment dates.

31 December 2007	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*More than 5 years*	*Total*
	BD	*BD*	*BD*	*BD*	*BD*
Contract payables	1,500,470	-	-	-	1,500,470
Amounts due to related parties	126,733	-	-	-	126,733
Total	1,627,203	-	-	-	1,627,203

14 RISK MANAGEMENT (continued)

Foreign currency risk

The Company is exposed to currency risk on its accounts payable and accruals. As at the balance sheet date the Company has a payable of BD 47,471 due to a related party in Euros. Consequently any forseeable change in the exchange rate of the Euro to the Bahrain Dinar should not have a material effect on the Company's profit.

Interest rate risk
The Company is exposed to interest rate risk on its interest bearing financial assets (fixed deposit account). The effective interest rate is disclosed in note 7. A 1% decline in interest rates applied to the period end deposit will have the effect of reducing the Company's profit by BD 16,863.

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 deposits with banks having a good credit rating. The Company seeks to limit its credit risk with respect to its customer by requesting advance payments, raising progress billings and monitoring outstanding receivables on an on-going basis.

The entire outstanding contract accounts receivable and retentions is receivable from one customer.

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 asjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying asset. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances, cash and receivables. Financial liabilities consist of payables.

The fair values of the Company's financial assets and liabilities are not materially different from their carrying values as of the balance sheet date.

16 ESTIMATION OF UNCERTAINTY

Estimated revenue and future losses on contracts

Contract revenues are recognised using the percentage of completion method. The stage of completion is determined by reference to the cost to cost method. An estimate of the cost to complete is made for the contracts in progress at the balance sheet date. When the costs to complete and the actual cost incurred to date the contract revenue,a provision for future losses is recognised.

At 31 December 2007 contract work in progress amounted to BD 1,520,036. Any difference between the amount actually billed in the future in respect of work in progress and the amount estimated will be recognised in statement of income.

16 ESTIMATION OF UNCERTAINTY (continued)

Useful lives of property, plant and equipment
The directors determine the estimated useful lives of the Company's property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

The directors review, on a yearly basis, the useful lives of property, plant and equipment. Future depreciation charges would be adjusted where the directors believes the useful lives differ from previous estimates.

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.