# Terna Overseas Limited

## Report and financial statements
## 31 December 2007

Contents

# Terna Overseas Limited

## Board of Directors and other officers

### Board of Directors

Androulla (Andri) Efthymiou
Garyfallia Pamvouxoglou
Panayiotis Pothos
Stelios Panayides
Xenia Koustai

### Company Secretary

**Coly Secretarial Limited**
Elenion Building
2nd floor
5 Themistocles Dervis Street
CY-1066 Nicosia
Cyprus

### Registered office

Elenion Building
5 Themistocles Dervis Street
CY-1066 Nicosia
Cyprus

# Terna Overseas Limited

## Report of the Board of Directors

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2007.

### Principal activities

2 The principal activities of the Company, which are unchanged from last year, are the provision of consultancy services in the construction field, the execution and supervision of public and private technical projects and land development.

### Review of developments, position and performance of the Company's business

3 The profit of the Company for the year ended 31 December 2007 was €666.190 (2006: net profit of €59.262). The financial position, development and performance of the Company as presented in these financial statements is considered satisfactory.

### Principal risks and uncertainties

4 The principal risks and uncertainties faced by the Company are set out in Notes 3 and 4 of the financial statements.

### Future developments

5 The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

### Results

6 The Company's results for the year are set out on page 6. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

### Share capital

7 There were no changes in the share capital of the Company.

### Board of Directors

8 The members of the Board of Directors at 31 December 2007 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2007.

9 In accordance with the Company's Articles of Association there being no requirement for the retirement of directors by rotation, all the Directors remain in office.

# Terna Overseas Limited

## Report of the Board of Directors (continued)

**Events after the balance sheet date**

10 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

**Branches**

11 The Company did not operate through any branches during the year.

**Independent Auditors**

12 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

**By Order of the Board**

**Stelios Panayides**
**Director**

Nicosia
26 March 2008

PRICEWATERHOUSECOOPERS

2005 Cyprus Export Award for Service

**PricewaterhouseCoopers Limited**
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# Independent Auditors' Report
# To the Members of Terna Overseas Limited

## Report on the Financial Statements

We have audited the financial statements of Terna Overseas Limited (the "Company") on pages 6 to 21, which comprise the balance sheet as at 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Board of Directors' Responsibility for the Financial Statements*

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control 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 auditor's judgment, 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, 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.

PRICEWATERHOUSECOOPERS

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Terna Overseas Limited as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

**Report on Other Legal Requirements**

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 3 is consistent with the financial statements.

**Other Matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap. 113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Pricewaterhouse Coopers

PricewaterhouseCoopers Limited
Chartered Accountants

Nicosia, 26 March 2008

# Terna Overseas Limited

## Income statement
## for the year ended 31 December 2007

| | Note | 2007<br>€ | For the period from 20 May 2006( date of incorporation) to 31 December 2006<br>€ |
|---|---|---|---|
| Sales | 5 | **3,684,352** | 867,500 |
| Cost of sales | | **(2,871,412)** | (761,552) |
| **Gross profit** | | **812,940** | 105,948 |
| Administrative expenses | | **(75,247)** | (38,883) |
| Other income | 6 | **181,977** | - |
| **Operating profit** | | **919,670** | 67,065 |
| Finance costs | 9 | **(179,414)** | (18) |
| **Profit before tax** | | **740,256** | 67,047 |
| Tax | 10 | **(74,066)** | (7,785) |
| **Profit for the year/period** | | **666,190** | 59,262 |

The notes on pages 10 to 21 are an integral part of these financial statements.

# Terna Overseas Limited

## Balance sheet
## at 31 December 2007

| | Note | 2007 € | 2006 € |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investment in subsidiary | 11 | **1,743,571** | 1,743,571 |
| Non-current receivables | 12 | **10,540,326** | - |
| | | **12,283,897** | 1,743,571 |
| **Current assets** | | | |
| Trade and other receivables | 13 | **1,618,312** | 788,490 |
| Cash and cash equivalents | 14 | **344,112** | 63,210 |
| | | **1,962,424** | 851,700 |
| **Total assets** | | **14,246,321** | 2,595,271 |
| **Equity and liabilities** | | | |
| **Capital and reserves** | | | |
| Share capital | 15 | **95,000** | 95,000 |
| Share premium | 15 | **1,955,000** | 1,955,000 |
| Retained earnings | | **725,452** | 59,262 |
| **Total equity** | | **2,775,452** | 2,109,262 |
| **Non-current liabilities** | | | |
| Borrowings | 16 | **10,455,018** | - |
| | | **10,455,018** | - |
| **Current liabilities** | | | |
| Trade and other payables | 17 | **1,005,108** | 478,224 |
| Current tax liabilities | | **10,743** | 7,785 |
| | | **1,015,851** | 486,009 |
| **Total liabilities** | | **11,470,869** | 486,009 |
| **Total equity and liabilities** | | **14,246,321** | 2,595,271 |

On 26 March 2008 the Board of Directors of Terna Overseas Limited authorised these financial statements for issue.

Stelios Panayides, Director

Xenia Koustai, Director

The notes on pages 10 to 21 are an integral part of these financial statements.

# Terna Overseas Limited

## Statement of changes in equity
## for the year ended 31 December 2007

| | Note | Share capital € | Share premium € | Retained earnings € | Total € |
|---|---|---|---|---|---|
| **Balance at 20 May 2006 (date of incorporation)** | | - | - | - | - |
| Issue of shares | 15 | 95,000 | 1,955,000 | - | 2,050,000 |
| Profit for the period | | - | - | 59,262 | 59,262 |
| **Balance at 31 December 2006/1 January 2007** | | 95,000 | 1,955,000 | 59,262 | 2,109,262 |
| Profit for the year | | - | - | 666,190 | 666,190 |
| **Balance at 31 December 2007** | | 95,000 | 1,955,000 | 725,452 | 2,775,452 |

The notes on pages 10 to 21 are an integral part of these financial statements.

# Terna Overseas Limited

## Cash flow statement
## for the year ended 31 December 2007

| | Note | 2007 € | For the period from 20 May 2006 (date of incorporation) to 31 December 2006 € |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | **740,256** | 67,047 |
| Adjustments for: | | | |
| Interest income | 6 | **(181,977)** | - |
| Interest expense | 9 | **179,382** | - |
| | | **737,661** | 67,047 |
| Changes in working capital: | | | |
| Trade and other receivables | | **(829,822)** | (788,490) |
| Trade and other payables | | **526,884** | 478,224 |
| **Cash generated from/(used in) operations** | | **434,723** | (243,219) |
| Tax paid | | **(71,108)** | - |
| **Net cash from/(used in) operating activities** | | **363,615** | (243,219) |
| **Cash flows from investing activities** | | | |
| Purchase of investment in subsidiary | 11 | **-** | (1,743,571) |
| Loan to subsidiary | 18(iv) | **(10,540,326)** | - |
| Interest received | | **181,977** | - |
| **Net cash used in investing activities** | | **(10,358,349)** | (1,743,571) |
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of ordinary shares | 15 | **-** | 2,050,000 |
| Proceeds from bank borrowings | | **10,455,018** | - |
| Interest paid | | **(179,382)** | - |
| **Net cash from financing activities** | | **10,275,636** | 2,050,000 |
| **Net increase in cash and cash equivalents** | | **280,902** | 63,210 |
| **Cash and cash equivalents at beginning of year** | | **63,210** | - |
| **Cash and cash equivalents at end of year** | 14 | **344,112** | 63,210 |

The notes on pages 10 to 21 are an integral part of these financial statements.

# Notes to the financial statements

## 1 General information

### Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113. Its registered office is at Elenion Building, 5 Themistocles Dervis Street, CY-1066 Nicosia, Cyprus.

### Principal activities

The principal activities of the Company, which are unchanged from last year, are the provision of consultancy services in the construction field, the execution and supervision of public and private technical projects and land development.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

### Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

All International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and effective as at 1 January 2006 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### Adoption of new and revised IFRSs

In the current year the Company adopted all new and revised IFRSs that are relevant to its operations and are effective for accounting periods beginning on 1 January 2007.

This adoption did not result in substantial changes to the Company.

## 2 Summary of significant accounting policies (continued)

### Adoption of new and revised IFRSs (continued)

At the date of authorisation of these financial statements the following Standards were in issue but not yet effective:

**Standards that became effective for years ending 31 December 2007**

- IFRS 7 "Financial Instruments: Disclosures" and IAS 1 (Amendment) "Presentation of Financial Statements" (effective 1 January 2007).
- IFRIC Interpretation 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies" (effective 1 March 2006).
- IFRIC Interpretation 8 "Scope of IFRS 2" (effective 1 May 2006).
- IFRIC Interpretation 9 "Reassessment of Embedded Derivatives" (effective 1 June 2006).
- IFRIC Interpretation 10 "Interim Financial Reporting and Impairment" (effective 1 November 2006).

**Standards that become effective for years ending 31 December 2008**

- IFRIC Interpretation 11 "IFRS 2 – Group and Treasury Share Transactions" (effective 1 March 2007).
- IFRIC Interpretation 12 "Service Concession Arrangements" (effective 1 January 2008). *
- IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective 1 January 2008). *

**Standards that become effective for years ending 31 December 2009**

- IFRS 8 "Operating Segments" (effective 1 January 2009).
- IAS 23 (Amendment) "Borrowing Costs" (effective 1 January 2009). *
- IFRIC 13 "Customer Loyalty Programmes" (effective 1 July 2008). *
- IAS 1 (Revised 2007) "Presentation of Financial Statements" *

** Have not been endorsed by the European Union.*

The adoption of IFRS 7 "Financial Instruments: Disclosures" and IAS 1 "(Amendment) Presentation of Financial Statements" on 1 January 2007 enhanced existing disclosures for financial instruments and capital. The implications and additional disclosures were evaluated by the Company's management. and were appropriate included in the Company's financial statements for the year 2007.

The Board of Directors anticipates that the adoption of the remaining Standards in future periods will have no material impact on the financial statements of the Company.

## 2 Summary of significant accounting policies (continued)

### Revenue recognition

Revenue comprises the invoiced value for the sale of services, net of value added tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

**(i) Sales of services**

Sales of services are recognised in the accounting period in which the services are rendered.

**(ii) Interest income**

Interest income is recognised on a time proportion basis using the effective interest method.

### Foreign currency translation

**(i) Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax on investments in subsidiary and associate does not arise, as the profit on sale of securities is not taxable.

## 2 Summary of significant accounting policies (continued)

### Loans

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at origination date. All loans are recognised when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

### Subsidiaries at cost

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The Company carries the investments in subsidiaries at cost less any impairment in its separate financial statements.

### Share capital

Ordinary shares are classified as equity.

### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

## 2 Summary of significant accounting policies (continued)

### Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks.

## 3 Financial risk management

### (i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk) and credit risk.

The Company's overall risk management programme focuses on minimising potential adverse effects on the Company's financial performance. Risk management is carried out by the Board of Directors, which identifies, evaluates and hedges, where appropriate financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

- **Market risk**

  **Foreign exchange risk**

  The Company is exposed to foreign exchange risk arising primarily with respect to the US dollar. Foreign exchange risk arises from repayment of borrowings recognised in liabilities.

  The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

  The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Credit risk**

  Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

  The Company does not have formal policies and procedures for managing and monitoring credit risk. Sales of services are made to group companies only. The management assesses the credit terms of the group companies in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

## 3 Financial risk management (continued)

### (ii) Capital risk management

The capital as defined by the management at 31 December 2007 and 2006 was as follows:

| | 2007 | 2006 |
|---|---|---|
| | € | € |
| Total borrowings (Note 16) | 10,455,018 | - |
| Less: cash and cash equivalents (Note 14) | (344,112) | (63,210) |
| Net debt | 10,110,906 | (63,210) |
| Total equity | 2,775,452 | 2,109,262 |
| **Total capital as defined by management** | 12,886,358 | 2,046,052 |
| **Gearing ratio** | 78 % | -3 % |

The increase in the gearing ratio during 2007 resulted primarily from borrowings taken during the year for financing the Company's subsidiary.

### (iii) Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the balance sheet date.

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (i) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board of Directors of the Company is of the opinion that the estimates and assumptions will not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 5 Sales

| | 2007 € | For the period from 20 May 2006 (date of incorporation) to 31 December 2006 € |
|---|---|---|
| Consultancy services (Note 19(i)) | 3,684,352 | 867,500 |

## 6 Other Income

| | 2007 € | For the period from 20 May 2006 (date of incorporation) to 31 December 2006 € |
|---|---|---|
| Interest on loan to subsidiary (Note 18(iv)) | 181,977 | - |

## 7 Expenses by nature

| | 2007 € | For the period from 20 May 2006 (date of incorporation) to 31 December 2006 € |
|---|---|---|
| Cost of sales | 1,746,936 | 464,798 |
| Auditors' remuneration | 6,745 | 6,932 |
| Staff costs (Note 8) | 1,124,476 | 296,754 |
| Accountancy and administration fees | 22,620 | 13,332 |
| Professional fees | 14,667 | 3,458 |
| Other expenses | 31,215 | 15,161 |
| Total cost of sales and administrative expenses | 2,946,659 | 800,435 |

## 8 Staff costs

| | 2007 € | For the period from 20 May 2006 (date of incorporation) to 31 December 2006 € |
|---|---|---|
| Wages and salaries | 1,124,476 | 296,754 |

## 9 Finance costs

| | 2007<br>€ | For the period from 20 May 2006 (date of incorporation) to 31 December 2006<br>€ |
|---|---|---|
| Interest expense: | | |
| Bank borrowings | 179,382 | - |
| Net foreign exchange transaction losses | 32 | 18 |
| | 179,414 | 18 |

## 10 Tax

| | 2007<br>€ | For the period from 20 May 2006 (date of incorporation) to 31 December 2006<br>€ |
|---|---|---|
| Current tax charge: | | |
| Corporation tax | 74,066 | 7,785 |

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

| | 2007<br>€ | For the period from 20 May 2006 (date of incorporation) to 31 December 2006<br>€ |
|---|---|---|
| Profit before tax | 740,256 | 67,047 |
| Tax calculated at the applicable corporation tax rate of 10% | 74,026 | 6,705 |
| Tax effect of expenses not deductible for tax purposes | 40 | 373 |
| Additional tax charge | - | 707 |
| Tax charge | 74,066 | 7,785 |

The Company is subject to corporation tax on taxable profits at the rate of 10%.

Under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax rate burden of approximately 15%. In certain cases dividends received from abroad may be subject to defence contribution at the rate of 15%.

## 11 Investment in subsidiaries

| | 2007 € | 2006 € |
|---|---|---|
| At beginning of year/period | **1,743,571** | - |
| Additions | - | 1,743,571 |
| At end of year/period | **1,743,571** | 1,743,571 |

The Company's interest in its subsidiaries, which are unlisted, were as follows:

| Name | Principal activity | Country of incorporation | Net assets 2007 € | 2007 % holding |
|---|---|---|---|---|
| Terna Bahrain Holding W.L.L | Services | Kingdom of Bahrain | 2.177.329 | 99,99 |
| Terna Qatar LLC (1) | Services | Qatar | 56.041 | 100 |

In the opinion of the Directors there is no indication for an impairment in the carrying value of the investment.

The Company has not prepared consolidated financial statements since its ultimate parent company, GEK S.A., presents consolidated financial statements. The registered office of GEK S.A. is at 85 Mesogion Street, Marousi, Athens, Greece.

## 12 Non-current receivables

| | 2007 € | 2006 € |
|---|---|---|
| **Non-current** | | |
| Loans to subsidiaries (Note 18(iv)) | **10,540,326** | - |
| **Current** | | |
| Loans to subsidiaries (Note 18(iv)) | - | - |
| **Total** | **10,540,326** | - |

The loan to the Company's subsidiary carries interest at the rate of LIBOR + 1,2% and is repayable by 20 September 2012.

The carrying amounts of non-current receivables approximate their fair value.

## 13 Trade and other receivables

| | 2007 € | 2006 € |
|---|---|---|
| Receivables from parent entity (Note 18(iii)) | **814,265** | 103,500 |
| Receivables from related parties (Note 18(iii)) | **622,070** | 631,675 |
| Other receivables | **181,977** | 53,315 |
| | **1,618,312** | 788,490 |

The fair value of trade and other receivables which are due within one year approximates their carrying amount at the balance sheet date.

## 14 Cash and cash equivalents

| | 2007 € | 2006 € |
|---|---|---|
| Cash at bank | 344,112 | 63,210 |

## 15 Share capital and share premium

| | Number of shares | Share capital € | Share premium € | Total € |
|---|---|---|---|---|
| At 20 May 2006 (date of incorporation) | - | - | - | - |
| Issue of shares | 9 500 | 95,000 | 1,955,000 | 2,050,000 |
| At 31 December 2006/ 1 January 2007 | 9 500 | 95,000 | 1,955,000 | 2,050,000 |
| At 31 December 2007 | 9 500 | 95,000 | 1,955,000 | 2,050,000 |

The total authorized number of ordinary shares is 9 500 shares (2006: 9 500 shares) with a par value of €10 per share. All issued shares are fully paid.

## 16 Borrowings

| | 2007 € | 2006 € |
|---|---|---|
| **Non-current** | | |
| Bank borrowings | 10,455,018 | - |
| **Total borrowings** | 10,455,018 | - |
| **Maturity of non-current borrowings (excluding finance lease liabilities)** | | |
| Between 1 and 2 years | 3,630,000 | - |
| Between 2 and 5 years | 6,825,018 | - |
| | 10,455,018 | - |

The bank loans are repayable by monthly and semi-annual installments by December 2012 with the first payment fallind due in 2009. The bank loans are secured with guarantees from the Company's 100% shareholder, Terna S.A.

The bank borrowings carry interest at LIBOR and EURIBOR rates.

The Company's bank borrowings are arranged at floating rates. Borrowings at floating rates expose the Company to cash flow interest rate risk.

The carrying amounts of borrowings approximate their fair value.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

| | 2007 € | 2006 € |
|---|---|---|
| Euro - functional and presentation currency | 200,000 | - |
| US Dollar | 10,255,018 | - |
| | 10,455,018 | - |

## 17 Trade and other payables

| | 2007 € | 2006 € |
|---|---|---|
| Trade payables | 667,146 | 468,642 |
| Payables to parent entity (Note 18(iii)) | 149,168 | - |
| Other payables | 174,204 | - |
| Accrued expenses | 14,590 | 9,582 |
| | 1,005,108 | 478,224 |

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

## 18 Related party transactions

The Company is controlled by Terna S.A, incorporated in Greece, which owns 100% of the Company's shares. The Company's ultimate controlling party is GEK SA.

The following transactions were carried out with related parties:

### (i) Sales of services

| | 2007 € | For the period from 20 May 2006 (date of incorporation) to 31 December 2006 € |
|---|---|---|
| Sale of consultancy services | 3,684,352 | 867,500 |

### (ii) Directors' remuneration

The total remuneration of the Directors (included in key management compensation above) was as follows:

| | 2007 € | 2006 € |
|---|---|---|
| Emoluments in their executive capacity | 1,118 | - |

## 18 Related party transactions (continued)

### (iii) Year-end balances

| | 2007 | 2006 |
|---|---|---|
| | € | € |
| Receivable from related parties (Note 13): | | |
| Terna S.A | **814,265** | 103,500 |
| GEK S.A | - | 517,000 |
| Terna Qatar LLC | **578,534** | 114,675 |
| PCC Terna Contracting Co WLL | **43,536** | - |
| | **1,436,335** | 735,175 |
| Payable to related parties (Note 17): | | |
| Terna S.A | **149,168** | - |

The above balances bear no interest and are repayable on demand.

### (iv) Loan to subsidiary

| | 2007 | 2006 |
|---|---|---|
| | € | € |
| Loan to subsidiary: | | |
| At beginning of year/period | - | - |
| Loans advanced during year/period | **10,358,349** | - |
| Loans repaid during year/period | - | - |
| Interest charged (Note 6) | **181,977** | - |
| At end of year/period (Note 12) | **10,540,326** | - |

## 19 Events after the balance sheet date

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Independent Auditors' Report on pages 4 to 5.

# Terna Overseas Limited

## Analysis of expenses
## for the year ended 31 December 2007

| | 2007 | 2006 |
|---|---|---|
| | € | € |
| **Administrative expenses** | | |
| Directors' remuneration | 1,118 | - |
| Subscriptions and donations | 428 | 259 |
| Auditors' remuneration | 6,745 | 6,932 |
| Accountancy and administration fees | 22,620 | 13,332 |
| Legal fees | - | 1,000 |
| Professional fees | 14,667 | 3,458 |
| Secretarial fees | 345 | 184 |
| Registered office fees | 557 | - |
| Legalisation of documents | 1,394 | 2,047 |
| Formation expenses | - | 3,337 |
| Printing and stationery | 716 | 1,209 |
| Translation expenses | - | 179 |
| Travelling local expenses | 792 | - |
| Taxes and licences | 405 | 389 |
| Bank charges | 24,840 | 5,214 |
| Sundry expenses | 620 | 1,343 |
| | 75,247 | 38,883 |