TERNA VENTURES W.L.L.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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Terna Ventures W.L.L.
Directors' report for the year ended 31 December 2017

The Board of Directors has pleasure in submitting its report and the audited financial statements of Terna Ventures W.L.L. (the "Company") for the year ended 31 December 2017.

Principal activities

The Company is engaged in the import, export and sale of steel aluminum rollers and other construction materials.

Results for the year

The Company has not generated revenue during the years ended 31 December 2017 and 31 December 2016. The Company has incurred a loss of BD 1,420 for the year ended 31 December 2017 (2016: loss of BD 735).

Movement in accumulated losses during the year ended 31 December 2017 was as follows:

	BD
Balance at 1 January 2017	(2,285)
Loss for the year	(1,420)
Balance at 31 December 2017	(3,705)

Auditors

The auditors, PricewaterhouseCoopers ME Limited, have expressed their willingness to continue in office for the year ending 31 December 2018.

By order of the Board of Directors

Georgios Stratigos
Director

14 March 2018

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Independent auditor's report to the shareholders of Terna Ventures W.L.L.

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Terna Ventures W.L.L. (the "Company") as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The management is responsible for the other information. The other information comprises the Directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent auditor's report to the shareholders of
Terna Ventures W.L.L. (continued)

Report on the audit of the financial statements (continued)

Responsibilities of management and those charged with governance for the Company for the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and with other identified applicable national law or other requirements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of the Company are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance for the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Independent auditor's report to the shareholders of Terna Ventures W.L.L. (continued)

Report on other legal and regulatory requirements

As required by the Bahrain Commercial Companies Law (BCCL), we report that:

(i) we have obtained all the information we considered necessary for the purpose of our audit;

(ii) the Company has maintained proper books of account and the financial statements and the financial information contained in the Directors' report are in agreement therewith;

(iii) nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the BCCL and the terms of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 December 2017; and

(iv) satisfactory explanations and information have been provided to us by the management in response to all our requests.

PricewaterhouseCoopers

28 March 2018
Partner's Registration number: 196
Manama, Kingdom of Bahrain

Terna Ventures W.L.L.
Statement of financial position
(All amounts are expressed in Bahraini Dinars unless otherwise stated)

	Note	As at 31 December 2017	2016
Assets			
Current assets			
Amount due from a related party	6	97,450	97,950
Bank balance		225	265
Total assets		97,675	98,215
Equity and liabilities			
Equity			
Share capital	4	100,000	100,000
Accumulated losses		(3,705)	(2,285)
Total equity		96,295	97,715
Liabilities			
Current liabilities			
Amount due to a related party	6	500	500
Accounts payable and accrued expenses	7	880	-
		1,380	500
Total equity and liabilities		97,675	98,215

These financial statements have been approved for issue by the Board of Directors on 14 March 2018 and signed on its behalf:

Georgios Stratigos
Director

Dimitrios Salamanos
Director

The notes on pages 9 to 14 form an integral part of these financial statements.

Terna Ventures W.L.L.
Statement of comprehensive income
(All amounts are expressed in Bahraini Dinars unless otherwise stated)

	Year ended 31 December	
	2017	**2016**
Professional fees	(1,380)	(500)
Bank charges	(40)	(235)
Loss for the year	(1,420)	(735)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(1,420)	(735)

These financial statements have been approved for issue by the Board of Directors on 14 March 2018 and signed on its behalf by:

Georgios Stratigos
Director

Dimitrios Salamanos
Director

The notes on pages 9 to 14 form an integral part of these financial statements.

Terna Ventures W.L.L.
Statement of changes in equity
(All amounts are expressed in Bahraini Dinars unless otherwise stated)

	Share capital	Accumulated losses	Total
At 1 January 2017	100,000	(2,285)	97,715
Total comprehensive loss for the year	-	(1,420)	(1,420)
At 31 December 2017	100,000	(3,705)	96,295

	Share capital	Accumulated losses	Total
At 1 January 2016	100,000	(1,550)	98,450
Total comprehensive loss for the year	-	(735)	(735)
At 31 December 2016	100,000	(2,285)	97,715

The notes on pages 9 to 14 form an integral part of these financial statements.

Terna Ventures W.L.L.
Statement of cash flows
(All amounts are expressed in Bahraini Dinars unless otherwise stated)

	Note	Year ended 31 December 2017	2016
Operating activities			
Loss for the year		(1,420)	(735)
Changes in working capital:			
Amount due from a related party		500	(1,050)
Amount due to a related party	6	-	(97,950)
Account payable and accrued expenses		880	-
Net cash used in operating activities		(40)	(1,785)
Net decrease in bank balance		(40)	(99,735)
Bank balance at the beginning of the year		265	100,000
Bank balance at the end of the year	7	225	265

The notes on pages 9 to 14 form an integral part of these financial statements.

1 General information

Terna Ventures W.L.L. ("the Company") is a limited liability company incorporated in the Kingdom of Bahrain on 13 March 2012 and registered with the Ministry of Industry, Commerce and Tourism under commercial registration (CR) number 80600. The address of the Company's registred office is at Building 418, Road 3207, Block 332 , Manama, Kingdom of Bahrain.

The Company is engaged in the import, export and sale of steel aluminium rollers and other construction materials.

The Company is a wholly owned subsidiary of Terna Bahrain Holding W.L.L. ('Parent Company'), a company incorporated in the Kingdom of Bahrain. The ultimate parent company is GEK TERNA Societe Anonyme Holdings Real Estate Constructions ('GEK TERNA'), a company incorporated in and under the laws of the Republic of Greece.

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 the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

(a) Standards, amendments to published standards or IFRIC interpretations effective for the Company's accounting period beginning on 1 January 2017

The following amendment to existing standards and interpretations has been published and is effective for the financial year beginning on 1 January 2017:

• Amendment to IAS 7- 'Statement of cash flows' (effective 1 January 2017). This amendment states that an entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

There are no other IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning on 1 January 2017 and are expected to have a significant impact on the Company's financial statements.

(b) New standards, amendments and interpretations not yet effective

A number of new standards, amendments and interpretations are not effective for annual periods beginning on 1 January 2017, and have not been early applied in preparing these financial statements. Those which are relevant of the Company are set out below. The Company does not plan to early adopt these standards.

• IFRS 15- 'Revenue from contracts with customers' (effective 1 January 2018). This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The Company has assessed that the application of the new standard will not have a significant impact on the Company's financial statements as the Company has no revenue streams.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New standards, amendments and interpretations not yet effective (continued)

• IFRS 9 - 'Financial instruments' (effective 1 January 2018). IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

The Company has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

- The Company loans and receivables are measured at amortised cost and will continue to meet the amortised cost classification under IFRS 9. In addition, the Company does not hold financial instruments measured at fair value through OCI (FVOCI) or fair value through profit and loss (FVPL). Accordingly, the Company does not expect the new guidance to affect the classification and measurement of these financial assets.

- There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting of financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 *Financial instruments: Recognition and Measurement* and have not been changed.

- The new impairment model required the recognition of impairment provisions based in expected credit losses (ECL) rather than only incurred losses as is the case under IAS 39. It applies to the financial assets classified at amortised cost, debt instruments measured at fair value through OCI (FVOCI), contract assets under IFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. Based in the assessment undertaken to date, the Company does not expect a significant increase in its allowances for doubtful debts as the outstanding debt is from related parties only.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

• IFRS 16- 'Leases' (effective 1 January 2019). IFRS 16 supersedes IAS 17 'Lease' and related interpretations. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessor will not significantly change.

The standard will not have any impact as the Company does not have any lease contracts.

There are no other applicable new standards and amendments to published standards or International Financial Reporting Interpretations Committee (IFRIC) interpretations that have been issued but are not effective for the first time for the Company's financial year beginning on 1 January 2017 and are expected to have a significant impact on the Company's financial statements.

2 Summary of significant accounting policies (continued)

2.2 Financial instruments

Cash and cash equivalents include bank balances with other banks and affiliated companies and placements with banks which have original maturities of three months or less.

(i) Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment, if any.

The Company's financial assets comprise of the following:

(a) Amount due from a related party

Amount due from a related party is stated at amortised cost 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.

(b) Bank balance

For the purpose of the statement of cash flows, bank balance consists of a non-interest bearing bank balance held with a commercial bank in the Kingdom of Bahrain.

(ii) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the statement of comprehensive income.

(iii) Financial liabilities

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs. The Company's financial liability comprises of amount due to a related party and accounts payable and accrued expenses.

(a) Amount due to a related party

Liabilities for amount due to a related party is carried at amortised cost.

2 Summary of significant accounting policies (continued)

2.2 Financial instruments (continued)

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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.

(v) 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.

(vi) Derecognition of financial instruments

A financial asset (or, where applicable, a part of a financial asset or part of a group 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 expired.

3 Significant accounting estimates, judgement and assumptions

The preparation of the Company's financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

3.1 Judgement

In the process of applying the Company's accounting policies, management has made the following judgement which have the most significant effect on the amounts recognised in the financial statements.

Going concern

The Company's Board of Directors has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue the business for the foreseeable future. Furthermore, the Company is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The Company wants to keep the licence of Terna Ventures for their future projects. Therefore, the financial statements continue to be prepared on the going concern basis.

4 Share capital

The Company's issued and fully paid-up share capital consists of 2,000 shares of BD 50 each (2016: 2,000 shares of BD 50 each).

5 Statutory reserve

The Bahrain Commercial Companies Law and the Company's memorandum of association requires 10% of annual profit to be transferred to a statutory reserve until such time the reserve equals 50% of the paid up share capital. The reserve cannot be utilised for the purpose of distribution, except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

No transfer to statutory reserve was made as the Company did not generate any profit during the current and previous years.

6 Transactions with related parties

Related parties represent the ultimate parent, the Parent Company and directors 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 Board of Directors.

There were no transactions with related parties included in the statement of comprehensive income during the years ended 31 December 2017 and 31 December 2016.

As of 31 December 2017, amount due from a related party of BD 97,450 (2016: BD 97,950) and amount due to a related party of BD 500 (2016: BD 500) are interest free and receivable / payable on demand.

The Company did not employ any key management personnel during the years ended 31 December 2017 and 31 December 2016.

7 Accounts payables and accrued expenses

	2017 BD	2016 BD
Accounts payables	380	-
Accruals for professional fee	500	-
	880	-

8 Financial risk management objectives and policies

8.1 Introduction

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

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles. The Board of Directors oversees the management of these risks which are summarised below:

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

Most of the Company's transactions are in Bahrain Dinars. The Company was not significantly exposed to any foreign currency risk at 31 December 2017 and 2016.

(ii) 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 amount due from a related party of BD 97,450 (2016: BD 97,950) and bank balance of BD 225 (2016: BD 265).

The Company does not perceive significant risk with respect to related party receivables. Credit risk related to the bank balance is managed by ensuring that the balance is kept with a reputed bank.

The Company did not have any past due or impaired receivables as at 31 December 2017 (2016: Nil).

(iii) Liquidity risk

Liquidity risk is the risk that the entity will have difficulties in meeting its commitments. The Company limits its liquidity risk by ensuring that adequate funds are available from the Parent Company. The Company is exposed to liquidity risk on amount due to a related party.

As of 31 December 2017 and as of 31 December 2016 amount due to a related party is payable on demand.

8.2 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 shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or procedures during the years ended 31 December 2017 and 31 December 2016. Equity comprises share capital and accumulated losses and is measured at BD 96,295 as at 31 December 2017 (2016: BD 97,715).

9 Fair values

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of amount due from a related party and bank balance. Financial liabilities consist of amount due to a related party and account payable and accrued expenses.

The fair values of the financial assets and financial liabilities are not materially different from their carrying values at the reporting date.

As at 31 December 2017 and as at 31 December 2016, the Company did not hold any financial instrument remeasured at fair value, therefore, disclosure related to fair value hierarchy is not relevant.