

**Aktor Technical Construction LLC**

**Financial statements**

*31 December 2006*

# Aktor Technical Construction LLC

## Financial statements

31 December 2006

<i>Contents</i>	<i>Page</i>
Directors' report	1
Independent auditors' report	2
Income statement	3
Balance sheet	4
Statement of cash flows	5
Statement of changes in equity	6
Notes	7-11



March 22, 2007

Our reference:AKTOR/ANH/0288

**Report of the Board of Directors**  
**Financial statements of the year ended 31 December 2006**

The company was established on the 12<sup>h</sup> of June, 2006. The two shareholders are Sultan International Est., owned by H.H. Shiekh Sultan bin Hamdan Al Nahyan) and Aktor S.A. Technical. Aktor Technical Construction LLC has its headquarters temporarily in Dubai, U.A.E.

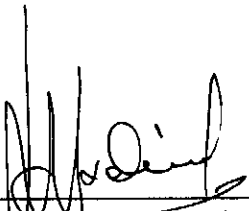
The company has not received a construction classification by the government as of yet. Therefore, the company cannot operate to generate revenue. It has pre-qualified for a number of large developers in Abu Dhabi and undergone other preparations in anticipation of award of contract (such as market research for staff and accommodations, a tenancy contract for the head office in Abu Dhabi, etc)

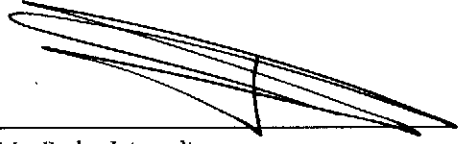
A capital injection of AED 20 Million will enable the company to obtain a "Special Category" classification as indicated in the Emirate of Abu Dhabi's regulation number 4 and begin revenue generating operations.

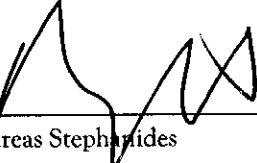
The first year of operations (2006) had a loss of AED 166,374 due to administrative expenses incurred during the year.

We are confident that Aktor Technical Construction will play a vital role in achieving shareholders regional objectives once the company is able to operate with the proper classification.

The report of the board of directors has been approved on March 22, 2007  
On behalf of Aktor Technical Construction LLC

  
Mr. Konstantinos Methiopoulos  
Member of the BOD

  
Mr. Bader Jeiroudi  
Member of the BOD

  
Mr. Andreas Stephanides  
Member of the BOD



KPMG Lower Gulf Limited  
Abu Dhabi Branch  
P. O. Box 7613  
Abu Dhabi  
United Arab Emirates

Telephone +971 (2) 6343 318  
Telefax +971 (2) 6327 612  
Website www.ae-kpmg.com

## **Independent auditors' report**

The Shareholders  
Aktor Technical Construction LLC

### **Report on the financial statements**

We have audited the accompanying financial statements of Aktor Technical Construction LLC ("the Company"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the 203 days period then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the financial statements**

Management is 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 principles used and 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 opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2006, and its financial performance and its cash flows for the 203 days period then ended in accordance with International Financial Reporting Standards and comply with the relevant Articles of the Company and the UAE Federal Law No. 8 of 1984 (as amended).

### **Report on other legal and regulatory requirements**

As required by the Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit, that proper financial records have been kept by the Company and the contents of the Directors' report which relate to these financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the 203 days period ended 31 December 2006, which may have had a material adverse effect on the business of the Company or its financial position.

22 MAR 2007

# Aktor Technical Construction LLC

## Income statement

for the 203 days period ended 31 December 2006

	<i>Note</i>	<b>203 days period ended 31 December 2006 AED</b>
Revenue		-
Direct costs		- -----
<b>Gross profit</b>		-
Administrative and general expenses	3	<b>(166,374)</b> -----
<b>Net loss for the period</b>		<b>(166,374)</b> =====

The notes on pages 7 to 11 form part of these financial statements.

The independent auditors' report is set out on page 2.

# Aktor Technical Construction LLC

## Balance sheet at 31 December 2006

	<i>Note</i>	<b>2006 AED</b>
<b>Current assets</b>		
Other receivables	4	49,400
Cash in hand and at bank	5	389,210
		-----
		<b>438,610</b>
		-----
<b>Current liabilities</b>		
Other payables	6	103,984
Due to a related party	7	1,000
		-----
		<b>104,984</b>
		-----
<b>Net current assets</b>		<b>333,626</b>
<b>Represented by:</b>		
Share capital		500,000
Accumulated losses		(166,374)
		-----
		<b>333,626</b>
		=====

The notes on pages 7 to 11 form part of these financial statements.

We approve these financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgements underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation.

These financial statements were approved by the Board of Directors on

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

22 MAR 2007

The independent auditors' report is set out on page 2.

# Aktor Technical Construction LLC

## Statement of cash flows

for the 203 days period ended 31 December 2006

	203 days period ended 31 December 2006 AED
<b>Operating activities</b>	
Net loss for the period	(166,374)
	-----
<i>Operating loss before working capital changes:</i>	(166,374)
Change in other receivables	(49,400)
Change in other payables	103,984
Change in due to a related party	1,000
	-----
<i>Net cash flows used in operating activities</i>	(110,790)
	-----
<b>Investing activities</b>	
<i>Net cash flows from investing activities</i>	-
	-----
<b>Financing activities</b>	
Share capital introduced	500,000
	-----
<i>Net cash flows from financing activities</i>	500,000
	-----
<b>Net increase in cash and cash equivalents</b>	389,210
<b>Cash and cash equivalents at the beginning of the period</b>	-
	-----
<b>Cash and cash equivalents at end of the period</b>	389,210
	=====

The notes on pages 7 to 11 form part of these financial statements.

The independent auditors' report is set out on page 2.

## Aktor Technical Construction LLC

### Statement of changes in equity

*for the 203 days period ended 31 December 2006*

	<b>Share capital AED</b>	<b>Accumulated losses AED</b>	<b>Total AED</b>
Introduced during the period	500,000	-	500,000
Net loss for the period	-	(166,374)	(166,374)
<b>At 31 December 2006</b>	<b>500,000</b>	<b>(166,374)</b>	<b>333,626</b>

The notes on pages 7 to 11 form part of these financial statements.



# Aktor Technical Construction LLC

## Notes

(forming part of the financial statements)

### 1 Legal status and principal activities

Aktor Technical Construction LLC ("the Company") is a limited liability company registered in the Emirate of Abu Dhabi, UAE under Federal Law No. 8 of 1984 (as amended). The Company was incorporated on 12 June 2006; however it started commercial operations on 20 November 2006.

The shareholding pattern of the Company is as follows:

Name of the shareholders	Shareholding (%)
Aktor S.A. Technical	49
Sultan International Establishment	51
	----
	100
	-----

The profit sharing ratio between the shareholders is as follows:

Name of the shareholders	% Share
Aktor S.A. Technical	70
Sultan International Establishment	30
	----
	100
	-----

The registered address of the Company is Cornich road, Shaikh Sultan Bin Hamad Al Nahyan Building, Abu Dhabi, UAE.

The Company is primarily involved in construction projects of civil and mechanical works.

### 2 Principal accounting policies

#### Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the requirements of UAE Federal Law No. 8 of 1984 (as amended).

#### Basis of measurement

These financial statements have been prepared on the historical cost basis.

#### Functional and presentation currency

These financial statements are presented in UAE Dirham ("AED"), which is the Company's functional currency.

#### Basis of preparation

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

# Aktor Technical Construction LLC

## Notes (continued)

### 2 Principal accounting policies (continued)

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **Contract revenue**

Contract revenue on construction contracts is stated at contract cost plus estimated attributable profits less any foreseeable losses recognised during the period. Profit is recognised only when the outcome of the contract can be reliably estimated. No profit is recognised in the early stages of the contract. Contract revenue is recognised on the percentage of completion method. Provision is made for all losses incurred to the accounting date together with any further losses foreseen in bringing the contract to completion

#### **Contract work in progress**

Contract work-in-progress is stated at contract revenue, less progress billings. For contracts where progress billings exceed the contract revenue, the excess is included in current liabilities as billings in excess of valuation

#### **Property, plant and equipment and depreciation**

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses (refer accounting policy on impairment).

The cost of property, plant and equipment is their purchase cost, together with any incidental expenses of acquisition. The cost of self constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense when incurred.

#### **Depreciation**

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each item of property, plant and equipment.

#### **Other receivables**

Other receivables are measured at amortized cost less impairment losses, if any. (Refer accounting policy on impairment).

#### **Other payables**

Other payables are stated at amortized cost.

#### **Provisions**

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation

# Aktor Technical Construction LLC

## Notes (continued)

### 2 Principal accounting policies (continued)

#### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank.

#### Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date whenever there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the income statement.

#### New standard and interpretation not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these financial statements:

*IFRS 7 Financial Instruments: Disclosures* and the *Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures* require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Company's 2007 financial statements, will require extensive additional disclosures with respect to Group's financial instruments and share capital

### 3 Administrative and general expenses

203 days  
period ended  
31 December 2006  
AED

#### *These include:*

Professional fees	66,799
Rent	43,750
License fees	18,890
	=====

### 4 Other receivables

2006  
AED

Prepayments	49,400
	=====

# Aktor Technical Construction LLC

Notes (continued)

<b>5</b>	<b>Cash at bank</b>	<b>2006 AED</b>
	Cash at bank	<u><u>389,210</u></u>

<b>6</b>	<b>Other payables</b>	<b>2006 AED</b>
	Accruals	<u><u>103,984</u></u>

## **7 Related party transactions**

The Company, in the normal course of business, carries out transactions with other enterprises, which fall within the definition of a related party contained in International Accounting Standard 24. Pricing policies and terms of these transactions are approved by the Company's management and are at agreed rates. The aggregate values of transactions entered into with the related parties are as follows:

	<b>203 days period ended 31 December 2006 AED</b>
Recharge of expenses	<u><u>87,797</u></u>

### **Transactions with key management personnel**

The key operating and management policies of the Company are under the control of a related party. No specific fee has been charged to the Company for its services.

### **Due to a related party**

	<b>2006 AED</b>
Millenium Construction Equipment & Trading LLC	<u><u>1,000</u></u>

## **8 Share capital**

	<b>2006 AED</b>
<i>Authorised, issued and fully paid-up:</i> 500 shares of AED 1,000 each	<u><u>500,000</u></u>

# Aktor Technical Construction LLC

Notes *(continued)*

## **9 Statutory reserve**

In accordance with Article 255 of the UAE Federal Law No. 8 of 1984 (as amended), a minimum of 10% of the net profit of the Company is allocated every year to a statutory reserve, which is not distributable. Such allocation may cease if the total reserve reaches 50% of the Company's issued capital. No transfer has been made during the period as the Company has incurred a net loss.

## **10 Financial instruments**

Financial assets of the Company comprise other receivables and cash at bank. Financial liabilities of the Company include other payables and amount due to a related party. Accounting policies for financial assets and liabilities are set out in note 2.

### **Credit risk**

The Company's cash is placed with reputable banks, with good credit ratings.

### **Foreign exchange risk**

The Company has no significant exposure to foreign currency risk.

### **Interest rate risk**

The Company has no significant interest rate risk.

### **Fair value**

The fair value of the Company's financial assets and financial liabilities approximates their carrying value.

## **11 Comparative figures**

These financial statements reflect the operating results of the Company from the date of incorporation to the end of the first accounting period. Accordingly, there is no comparative information for these financial statements.