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GENERAL GULF S.P.C. AND ASSOCIATE
MANAMA
KINGDOM OF BAHRAIN

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2009

GENERAL GULF S.P.C. AND ASSOCIATE
MANAMA – KINGDOM OF BAHRAIN

Commercial Registration No.	56359-1
Director	Mr. Andreas Stephanides
Registered Office	Flat 341, Block 304, Manama, Kingdom of Bahrain.
Bankers	HSBC Bank Middle East BHF Bank
Auditor	Deloitte & Touche, P.O. Box 421, Manama, Kingdom of Bahrain.

GENERAL GULF S.P.C. AND ASSOCIATE
MANAMA – KINGDOM OF BAHRAIN

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GENERAL GULF S.P.C. AND ASSOCIATE
MANAMA – KINGDOM OF BAHRAIN

DIRECTOR'S REPORT

The Director presents his annual report and financial statements for the year ended December 31, 2009.

PRINCIPAL ACTIVITY

The principal activity of the Company is to provide management and business consultancy services and marketing consultancy services to projects within and outside Bahrain.

REVIEW OF BUSINESS

The Company made a profit of BD 1,574,260 (2008: loss of BD 11,916) for the year ended December 31, 2009 and the total equity as at that date was BD 1,579,661 (2008: BD 5,401).

APPROPRIATIONS

None.

CHANGES IN DIRECTORS

None.

AUDITOR

A resolution proposing the reappointment of Deloitte & Touche as the auditor of the Company for the year ending December 31, 2010 and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

On behalf of the board

____

Director
February 25, 2010

Deloitte.

Deloitte & Touche - Middle East
Office 44
Al-Zamil Tower
Government Avenue
P.O. Box 421, Manama
Kingdom of Bahrain
Tel: +973 17214490
Fax: +973 17214550
www.deloitte.com
C.R. 18670

BH 99-8-11

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER

General Gulf S.P.C. and Associate,
Manama,
Kingdom of Bahrain.

Report on the Financial Statements

We have audited the accompanying financial statements of General Gulf S.P.C. and Associate ("the Company"), which comprise the statement of financial position as at December 31, 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. We did not audit the financial statements of the associate, whose financial statements reflect net assets of BD 171,192 as at December 31, 2009 and a loss of BD 26,344 for the year then ended. The financial statements of the Company for the year ended December 31, 2008 were audited by other auditors and their report dated June 8, 2009 on the financial statements expressed an unqualified opinion.

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 misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 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 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 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 AUDITOR'S REPORT TO THE SHAREHOLDER (CONTINUED)

Opinion

In our opinion, and based on the reports of the other auditor, the financial statements present fairly, in all material respects, the financial position of General Gulf S.P.C. and Associate. as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the Company has maintained proper accounting records and the financial statements have been prepared in accordance with those records. We further report that, to the best of our knowledge and belief, the financial information provided in the Directors' report is in agreement with the financial statements and based on the information and explanations provided by the management which were required for the purpose of our audit, we are not aware of any violations of the relevant provisions of Bahrain Commercial Companies Law 2001 and the Company's Memorandum and Articles of Association having occurred during the year ended December 31, 2009 that might have had a material effect on the business of the Company or on its financial position.

Deloitte & Touche

Manama – Kingdom of Bahrain,
February 25, 2010

Deloitte & Touche

GENERAL GULF S.P.C. AND ASSOCIATE
MANAMA – KINGDOM OF BAHRAIN

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2009

	Notes	2009 BD	2008 BD
ASSETS			
Non-current asset			
Investment in an associate	5	87,531	88,605
Current assets			
Bank balances		30,091	1,232
Due from a related party	6	2,898,555	-
Total current assets		2,928,646	1,232
Total assets		3,016,177	89,837
EQUITY & LIABILITIES			
Equity and reserves			
Share capital	7	50,000	50,000
Statutory reserve	8	25,000	-
Retained earnings/(Accumulated losses)		1,504,661	(44,599)
Total equity and reserves		1,579,661	5,401
Liabilities:			
Non – current liability			
Loan from a related party	6	95,400	58,000
Total non-current liability		95,400	58,000
Current liabilities			
Accrued expenses		20,134	9,269
Due to related parties	6	1,320,982	17,167
Total current liabilities		1,341,116	26,436
Total liabilities		1,436,516	84,436
Total equity and liabilities		3,016,177	89,837

The financial statements were approved by the Director on February 25, 2010 and signed by:

Mr. Andreas Stephanides
Director

The attached notes form an integral part of these financial statements.

GENERAL GULF S.P.C. AND ASSOCIATE
MANAMA – KINGDOM OF BAHRAIN

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2009

	Notes	2009 BD	2008 BD
Revenue	6	2,898,555	-
Cost of revenue	6	(1,303,814)	-
Gross profit		1,594,741	-
Share of associate's loss	5	(1,074)	(1,298)
General and administrative expenses	9	(13,942)	(6,754)
Finance costs	6	(5,465)	(3,864)
Profit / (loss) for the year		1,574,260	(11,916)
Total comprehensive income / (loss) for the year		1,574,260	(11,916)

The attached notes form an integral part of these financial statements.

GENERAL GULF S.P.C. AND ASSOCIATE
MANAMA – KINGDOM OF BAHRAIN

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009

	Share Capital BD	Statutory Reserve BD	Retained Earnings/ (Accumulated Losses) BD	Total BD
Balance at December 31, 2007	50,000	-	(32,683)	17,317
Total comprehensive loss for the year	-	-	(11,916)	(11,916)
At December 31, 2008	50,000	-	(44,599)	5,401
Total comprehensive income for the year	-	-	1,574,260	1,574,260
Transferred to statutory reserve	-	25,000	(25,000)	-
At December 31, 2009	50,000	25,000	1,504,661	1,579,661

The attached notes form an integral part of these financial statements.

GENERAL GULF S.P.C. AND ASSOCIATE
MANAMA – KINGDOM OF BAHRAIN

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 BD	2008 BD
Cash flow from operating activities:		
Profit / (loss) for the year	1,574,260	(11,916)
Adjustment for:		
Share of associate's loss	1,074	1,298
	1,575,334	(10,618)
Increase in due from a related party	(2,898,555)	-
Increase in accrued expenses	10,866	6,769
Increase in due to related parties	1,303,814	2,480
Net cash used in operating activities	(8,541)	(1,369)
Cash flow from financing activity:		
Loan from related party	37,400	2,126
Net cash from financing activity	37,400	2,126
Net increase in cash and cash equivalents	28,859	757
Cash and cash equivalents at the beginning of the year	1,232	475
Cash and cash equivalents at the end of the year	30,091	1,232
Comprising:		
Bank balances	30,091	1,232

The attached notes form an integral part of these financial statements.

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1. STATUS AND ACTIVITIES:

General Gulf Holding S.P.C. ("the Company") was registered as a limited liability company in the Kingdom of Bahrain under Commercial Registration No. 56359-1 on April 13, 2005. The principal activity of the Company was to invest in shares, bonds and securities.

The principal activities of the Company were amended to the following activities with effect from June 14, 2009:

1) Management and business administration consultancy; and
2) Provide marketing consultancy within and outside Bahrain.

As a result of the change in the business activities of the Company, the Company name was amended to "General Gulf S.P.C.", owned by Gulf Millennium Holding Ltd ("the Parent Company"), with effect from the same date.

2. ADOPTION OF NEW AND REVISED STANDARDS:

2.1 Standards affecting the disclosures and presentation in the current year

The following revised Standard has been adopted in the current year which is effective for annual periods beginning on or after January 1, 2009 and has affected the disclosures and presentations in the financial statements. Details of other Standards adopted in these financial statements but that have had no effect on the amounts reported are set out in Note 2.2.

IAS 1 (revised 2007) Presentation of Financial Statements

The revised Standard has introduced a number of terminology changes (including revised titles for the financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Company.

2.2 Standards adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

2. ADOPTION OF NEW AND REVISED STANDARDS: (CONTINUED)

2.2 Standards adopted with no effect on the financial statements (continued)

		Effective for annual periods beginning on or after
New Interpretations:		
IFRIC 13	Customer Loyalty Programmes	July 1, 2008
IFRIC 15	Agreements for the Construction of Real Estate	January 1, 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	October 1, 2008
IFRIC 18	Transfers of Assets from Customers	Transfers received on or after July 1, 2009
New Standard:		
IFRS 8	Operating Segments	January 1, 2009
Amendments to Standards and Interpretations:		
IFRS 1	First-time Adoption of International Financial Reporting Standards-Amendment relating to cost of an investment on first time adoption	January 1, 2009
IFRS 2	Share based payment-Amendment relating to vesting conditions and cancellations	January 1, 2009
IAS 1	Presentation of Financial Statements-Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	January 1, 2009
IAS 23	Borrowing Costs-Comprehensive revision to prohibit immediate expensing	January 1, 2009
IAS 27	Consolidated and Separate Financial Statements-Amendment relating to cost of an investment on first time adoption	January 1, 2009
IAS 32	Financial Instruments: Presentation - Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	January 1, 2009
Various Standards	Certain amendments resulting from May 2008 Annual Improvements to IFRS's	Various
IFRS 7	Improving Disclosures about Financial Instruments	January 1, 2009
IFRIC 9 & IAS 39	Amendments relating to Embedded Derivatives	Annual period ending on or after June 30, 2009

GENERAL GULF S.P.C. AND ASSOCIATE
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2. ADOPTION OF NEW AND REVISED STANDARDS: (CONTINUED)

2.3 Standards and Interpretations in issue not yet effective

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not effective:

		Effective for annual periods beginning on or after
New Interpretations:		
IFRIC 17	Distributions of Non-cash Assets to Owners	July 1, 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010
New Standard:		
IFRS 9	Financial Instruments	January 1, 2013
Amendments to Standards and Interpretations:		
IFRS 3	Business Combinations- Comprehensive revision on applying the acquisition method	July 1, 2009
IFRS 8	Operating Segments – Amendments for disclosure of segment assets	January 1, 2010
IAS 24	Related Party Disclosures – Revised definition of related parties	January 1, 2011
IAS 27	Consolidated and Separate Financial Statements-Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 28	Investments in Associates-Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 31	Interests in Joint Ventures-Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 32	Financial Instruments: Presentation	February 1, 2010
IAS 39	Financial Instruments: Recognition and Measurement-Amendments for eligible hedged Items	July 1, 2009
IFRS 2	Amendments relating the Group cash settled share-based payment transactions	January 1, 2010
Various Standards	Amendments resulting from May 2008 and April 2009 Annual Improvements to IFRS's	Various
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2011

The management anticipates that all of the above Standards and Interpretations as applicable, will be adopted in the Company's financial statements in future periods and that the adoption of those Standards and Interpretations will have no material impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the applicable requirements of the Bahrain Commercial Companies Law.

Basis of Preparation

The financial statements are prepared under the historical cost basis. The financial statements have been presented in Bahraini Dinars ("BD") being the functional currency of the Company.

The significant accounting policies adopted are as follows:

(a) **Investments in Associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted for under the equity method, whereby the carrying amount of the investment is adjusted to recognise the Company's share in the net assets of the investee. Distributions received from an investee are deducted from the carrying amount of the investment.

Where a group entity transacts with an associate of the Company, profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

(b) **Financial Assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(c) Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(d) Derecognition of Financial Assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(e) Accrued Expenses

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not. These are carried at amortised cost using the effective interest method, with interest expenses recognised on an effective yield basis.

(f) Long Term Loan

The long term loans are initially measured at fair value of the loans payable, net of transaction costs. Interest is charged as an expense as it accrues, with the accrued unpaid amount included in 'accrued expenses'. These loans are subsequently carried at amortised cost using the effective interest method, with interest expenses recognised on an effective yield basis.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(g) Provision

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.

(h) Foreign Currencies

The financial statements are presented in Bahraini Dinars ("BD"), which is the Company's functional currency. Foreign currency transactions are translated using exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated at the year end rates of exchange. Exchange differences arising on the settlement of transactions, and on the retranslation of monetary items, are included in profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(i) Revenue Recognition

Revenue from the rendering of services is recognised when all the following conditions are satisfied.

(a) The amount of revenue can be measured reliably;
(b) It is probable that the economic benefits associated with the transaction will flow to the entity;
(c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
(d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY:

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates are underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 3, and due to the nature of operations, the management did not have to make judgements that may have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. INVESTMENT IN AN ASSOCIATE:

Details of the associate at are as follows:

Name of associate	Place of Incorporation	Proportion of ownership interest and voting power held		Principal activities
		2009	2008	
Edraktor Construction Co. Limited	Kingdom of Saudi Arabia	50%	50%	Carrying and contracting agreements for construction of buildings and works for roads, bridges, dams, tunnels and railways.

Summarised financial information in respect of the associate is set out below:

	2009 BD	2008 BD
Total assets	171,694	204,911
Total liabilities	502	511
Net assets	171,192	204,400
Company's share of associate's net assets	87,531	88,605

	2009 BD	2008 BD
Total expenses	2,148	2,596
Total loss for the year	2,148	2,596
Company's share of associate's loss for the year	1,074	1,298

6. RELATED PARTY TRANSACTIONS:

These represent transactions with related parties, i.e. Shareholder, Directors and senior management of the Company, their close family members and entities of which they are principal owners. Pricing policies and terms of these transactions are approved by the Company's management.

(a) Loan from a shareholder represents an unsecured loan from the Parent Company. It carries an interest rate of 6.5% per annum (2008: 6.5% per annum). The repayment term of the loan is 5 years.

(b) Related party balances are as follows:

	2009 BD	2008 BD
Due from:		
Aktor SA – Qatar Branch	2,898,555	-
Due to:		
Millennium Constructions Equipments Trading (LLC)	1,303,814	-
Advances from other related parties	12,987	12,986
Advances from Gulf Millennium Holdings Ltd	4,181	4,181
	1,320,982	17,167

Advances from other related parties represent expenses paid by the related parties on behalf of the Company. These balances are interest free and have no specific repayment terms. Management considers these to be current liabilities.

(c) No remuneration was paid to the Director or any other members of key management during the year.

(d) Transactions with the related parties are as follows:

	2009 BD	2008 BD
Revenue from transaction with a related party	2,898,555	-

	2009 BD	2008 BD
Cost incurred in respect of transaction with a related party	1,303,814	-

7. SHARE CAPITAL:

Authorised, issued and fully paid up shares contributed as follows:

	2009 & 2008	
	No. of Shares	BD
Gulf Millenium Holdings Ltd, Cyprus	500	50,000
	====	======

8. STATUTORY RESERVE:

As required by the Bahrain Commercial Companies Law and the Company's Articles of Association, 10% of the profit for the year is required to be transferred to a statutory reserve until the reserve equals 50% of the issued share capital. The reserve is not available for distribution except in the circumstances stipulated in the Bahrain Commercial Companies Law.

9. GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses for the year comprise of:

	2009 BD	2008 BD
General expenses	5,750	680
Professional fee	5,642	3,500
Rent	2,400	2,400
Bank charges	150	174
	----------	---------
	13,942	6,754
	=====	=====

10. FINANCIAL INSTRUMENTS:

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Company include bank balances and due from a related party.

Financial liabilities of the Company include loan from a related party, accrued expenses and due to related parties.

(a) Significant accounting policies

Significant accounting policies and methods adopted, including the criteria for recognition, basis of measurement, and the basis on which income and expenses are recognised in respect of each class of financial assets and liabilities are set out in Note 3.

(b) Categories of financial instruments

	2009 BD	2008 BD
Financial assets		
Receivables (including cash and bank balances)	2,928,646	1,232
Financial liabilities		
At amortised cost	1,435,516	84,436

(c) Financial risk management objectives

The Company's management monitors and manages the financial risks relating to the operations of the Company through internal risk reports. These risks include market risk (which consists of foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The risk associated with financial instruments and the Company approaches to managing such risks are described below:

(d) Market risk management:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Company's activities expose it primarily to the financial risk in changes in foreign exchange rates, equity price risk and interest rate risk which are described below:

10. FINANCIAL INSTRUMENTS: (CONTINUED)

(d) Market risk management: (Continued)

(d-1) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's assets and liabilities are denominated in Bahraini Dinars and Euros. The balances in Euros are exposed to exchange rate fluctuations. The Company manages foreign currency risk by closely monitoring the exposure to foreign currency and having exposure within acceptable limits.

The carrying amounts of the Company's foreign currency denominated monetary liabilities at the reporting date are as follows:

	Liabilities December 31,	
	2009 BD	2008 BD
Euros	1,416,382	75,167

There are no foreign currency denominated monetary assets at the reporting date.

Foreign currency sensitivity analysis

The sensitivity analysis includes outstanding foreign currency denominated monetary items translation at the period end for a 5% change in foreign currency rates with all other variables held constant. 5% represents management's assessment of the reasonable possible change in foreign currency rates. A positive number below indicates an increase in the income (a negative number indicates a decrease in income) where BD strengthens 5% against the relevant currency. For a 5% weakening of BD against the relevant currency, there would be an equal and opposite impact.

Currency	December 31, 2009 Effect on the result for the year BD	December 31, 2008 Effect on the result for the year BD
Euro	70,819	3,758

10. FINANCIAL INSTRUMENTS: (CONTINUED)

(d) Market risk management: (Continued)

(d -2) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in equity prices.

The Company is not exposed to significant equity price risk.

(d -3) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk is limited to loan from related party of BD 95,400 (2008: BD 58,000) at a fixed interest rate of 6.50% per annum (2008: 6.5% per annum). The Company is not exposed to significant interest rate risk as the interest rates are fixed.

(e) 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's credit risk on its bank balance is limited because the counterparties are reputable banks with high credit ratings assigned by international rating agencies.

The Company seeks to limit its credit risk for the due from a related party by defining credit limits that are monitored regularly and establishing a settlement period for the due from related parties.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

(f) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting commitments associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the management. The liquidity risk is maintained by continuously monitoring forecast and actual cash flows.

10. FINANCIAL INSTRUMENTS: (CONTINUED)

(f) Liquidity risk (Continued)

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Interest Rate	1-3 months BD	3 months to 1 year BD	Over 1 year BD	Total BD
2009					
Fixed interest bearing	6.5%	-	-	115,021	115,021
Non interest bearing		19,134	1,320,982	-	1,340,116
		19,134	1,320,982	115,021	1,455,137
2008					
Fixed interest bearing	6.5%	-	-	66,223	66,223
Non interest bearing		9,269	12,986	-	22,255
		9,269	12,986	66,223	88,478

The table below has been drawn up based on the undiscounted contractual maturities of its non-derivative financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Less than 1 month BD	1-3 months BD	Total BD
2009			
Non-interest earning	30,091	2,898,555	2,928,646
2008			
Non-interest earning	1,232	-	1,232

10. FINANCIAL INSTRUMENTS: (CONTINUED)

(g) Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The management believes that the fair value of the Company's financial instruments approximate their carrying amounts as at the reporting date.

There are no financial assets or financial liabilities carried at fair value as at the reporting date.

11. CAPITAL RISK MANAGEMENT:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its Shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of equity comprising issued capital, reserves and retained earnings. The Company is free of external debt at the reporting dates.