

Copy

Aktor Operations Limited

**Report and financial statements
31 December 2005**

Aktor Operations Limited

Report and financial statements 31 December 2005

Contents

	Page
Board of Directors and other officers	1
Report of the Board of Directors	2 - 3
Report of the auditors	4 - 5
Statement of operations	6
Balance sheet	7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10 - 22
Additional information to the statement of operations	23 - 24

Aktor Operations Limited

Board of Directors and other officers

Board of Directors

Charalambos Michaelides
Panayiota Papademetriou

Company Secretary

Zet Secretarial Limited

Julia House
3 Themistocles Dervis Street
CY-1066 Nicosia
P O Box 23585
CY-1685
Cyprus

Registered office

Julia House
3 Themistocles Dervis Street
CY-1066 Nicosia
P O Box 21612
CY-1591 Nicosia
Cyprus

Aktor Operations 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 2005.

Principal activities

2 The principal activity of the Company, which is unchanged from last year, is the provision of construction services. The company had no income during 2005.

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

3 The Company has not undertaken any project in 2005, but it has conducted research and placed proposal for new development projects.

Principal risks and uncertainties

4 The company is in dispute with the one of its business associates in Qatar regarding the recoverability of trade receivables.

5 In addition the company has net deficit of €3.440.553 as at 31 December 2005 and as of that date the Company's current liabilities exceeded its total assets by €3.099.211. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern.

Future developments

6 The Company conducts research for new development projects.

Results

7 The Company's results for the year are set out on page 6. The net loss for the period is carried forward.

Share capital

8 The company issued, on 6 May 2005 1.000 ordinary shares of C€1 at a premium of C€289 each and on 16 December 2005 1.000 ordinary shares of C€1 at a premium of C€113 each.

Aktor Operations Limited

Directors

9 The members of the Board of Directors at 31 December 2005 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year ended 31 December 2005.

10 There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the balance sheet date

11 There were no material events which occurred after the end of the financial year.

Branches

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

Auditors

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

By order of the Board

Charalambos Michaelides
Director

Nicosia
3 April 2006

Report of the auditors to the members of Aktor Operations Limited

Report on the financial statements

1 We have audited the financial statements of Aktor Operations Limited on pages 6 to 22, which comprise the balance sheet as at 31 December 2005 and the income statement, statement of changes in equity and cash flow statement for the year then ended and the related notes. These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

2 We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3 In our opinion, the financial statements give a true and fair view of the financial position of Enterprise Limited as of 31 December 2005 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 International Financial Reporting Standards as issued by the IASB and the requirements of the Cyprus Companies Law, Cap. 113.

4 Without qualifying our opinion, we draw attention to Note 18 to the financial statements which refers to substantial uncertainties relating to litigation, the provision for which will continue to be reviewed by the Board of Directors as events unfold.

5 Without further qualifying our opinion, we draw attention to the fact that the Company incurred a net loss of €2.128.991 during the year ended 31 December 2005 and, as of that date, the Company's current liabilities exceeded its total assets by €3.099.211. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Report on other legal requirements

6 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.

PricewaterhouseCoopers Limited
Chartered Accountants

Nicosia, 3 April 2006

Aktor Operations Limited

Statement of operations for the year ended 31 December 2005

		2005	Period from 2 October 2003 to 31 December 2004
	Note	€	€
Income	5	-	3.378.758
Cost of goods sold		(402.142)	(3.785.737)
Gross loss		(402.142)	(406.979)
Other gains-net	6	286	-
Administrative expenses		(1.634.238)	(1.797.189)
Operating loss	7	(2.036.094)	(2.204.168)
Finance costs	9	(92.897)	(30.605)
Loss before tax		(2.128.991)	(2.234.773)
Tax	10	-	-
Loss for the year		(2.128.991)	(2.234.773)

The notes on pages 10 to 22 are an integral part of these financial statements.

Aktor Operations Limited

Balance sheet at 31 December 2005

	Note	2005 €	2004 €
Assets			
Non-current assets			
Plant and equipment	11	-	38.970
Receivables	12	1.815.000	
		<u>1.815.000</u>	<u>38.970</u>
Current assets			
Trade and other receivables	13	2.973.076	2.843.848
Cash and cash equivalents	14	139.129	132.484
		<u>3.112.205</u>	<u>2.976.332</u>
Total assets		<u>4.927.205</u>	<u>3.015.302</u>
Equity and liabilities			
Capital and reserves			
Share capital	15	22.307	18.830
Share premium		900.904	204.886
Accumulated losses		(4.363.764)	(2.234.773)
		<u>(3.440.553)</u>	<u>(2.011.057)</u>
Non-current liabilities			
Borrowings		341.342	-
		<u>341.342</u>	-
Current liabilities			
Trade and other payables	17	4.081.292	3.613.607
Borrowings	16	3.945.124	1.412.752
		<u>8.026.416</u>	<u>5.026.359</u>
Total liabilities		<u>8.367.758</u>	<u>5.026.359</u>
Total equity and liabilities		<u>4.927.205</u>	<u>3.015.302</u>

On 3 April 2006 the Board of Directors of Aktor Operations Limited authorised these financial statements for issue.

Panayiota Papademetriou, Director

Charalambos Michaelides, Director

The notes on pages 10 to 22 are an integral part of these financial statements.

Aktor Operations Limited

Statement of changes in equity for the year ended 31 December 2005

	Share capital €	Share premium €	Accumulated losses €	Total €
Balance at 2 October 2003 (date of incorporation)	17.118	-	-	17.118
Issue of share capital on 5 December 2003	1.712	204.886	-	206.598
Loss for the period	-	-	(2.234.773)	(2.234.773)
Balance at 31 December 2004/1 January 2005	<u>18.830</u>	<u>204.886</u>	<u>(2.234.773)</u>	<u>(2.011.057)</u>
Issue of share capital on 6 May 2005	1.722	497.772	-	499.494
Issue of share capital on 16 December 2005	1.755	198.246	-	200.001
Loss for the year	-	-	(2.128.991)	(2.128.991)
	<u>3.477</u>	<u>696.018</u>	<u>(2.128.991)</u>	<u>(1.429.496)</u>
Balance at 31 December 2005	<u>22.307</u>	<u>900.904</u>	<u>(4.363.764)</u>	<u>(3.440.553)</u>

The notes on pages 10 to 22 are an integral part of these financial statements.

Aktor Operations Limited

Cash flow statement for the year ended 31 December 2005

	Note	2005 €	2004 €
Cash flows from operating activities			
Loss before tax		(2.128.991)	(2.234.773)
Adjustments for:			
Depreciation of plant and equipment	11	4.264	-
Profit on sale of plant and equipment	6	(216)	-
Interest income	6	(70)	-
Interest expense	9	88.676	16.896
		<u>(2.036.337)</u>	<u>(2.217.877)</u>
Changes in working capital:			
Trade and other receivables		(129.228)	(2.843.848)
Trade and other payables		467.685	3.613.607
Cash used in operations		<u>(1.697.880)</u>	<u>(1.448.118)</u>
Tax paid		-	-
Net cash used in operating activities		<u>(1.697.880)</u>	<u>(1.448.118)</u>
Cash flows from investing activities			
Purchase of plant and equipment	11	-	(38.970)
Proceeds from sale of plant and equipment	11	34.922	-
Loan received from related party		341.342	-
Loan granted to related party		(1.815.000)	-
Interest received	6	70	-
Net cash used in investing activities		<u>(1.438.666)</u>	<u>(38.970)</u>
Cash flows from financing activities			
Proceeds from the issue of share capital		699.495	223.716
Proceeds from borrowings		2.498.223	500.000
Repayment of borrowings	9	(500.000)	-
Interest paid		(88.676)	(16.896)
Net cash from financing activities		<u>2.609.042</u>	<u>706.820</u>
Net decrease in cash and bank overdrafts		<u>(527.504)</u>	<u>(780.268)</u>
Cash and bank overdrafts at beginning of year		<u>(780.268)</u>	-
Cash and bank overdrafts at end of year	14	<u>(1.307.772)</u>	<u>(780.268)</u>

The notes on pages 10 to 22 are an integral part of these financial statements.

Aktor Operations Limited

Notes to the financial statements

1 General information

Country of incorporation

The Company was incorporated in Cyprus as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113. Its registered office is at Julia House, 3 Themistocles Dervis Street, P O Box 21612, Nicosia, Cyprus.

Principal activities

The principal activity of the Company, which is unchanged from last year is the provision of construction services.

2 Summary of significant accounting policies

Basis of preparation

The financial statements of Aktor Operations Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements comply with both these reporting frameworks because at the time of their preparation all applicable IFRSs issued by the IASB have been adopted by the EU through the endorsement procedure established by the European Commission. In addition the financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113. 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 and requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Aktor Operations Limited

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRS

In the current year the Company adopted all new and revised IFRS that are relevant to its operation and are effective or accounting periods beginning on 1 January 2005.

This adoption did not result in substantial changes to the Company's accounting policies except IAS24 that has affected the identification of related parties and some other party disclosures.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

(a) Contract revenue

Contract revenue and contract costs associated with the construction contract should be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. An expected loss is recognised as an expense immediately.

(b) Interest income

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

Foreign currency translation

(1) 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 (EUR), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlements 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 statement of operations.

Aktor Operations Limited

2 Summary of significant accounting policies (continued)

Tax

Current tax liabilities and assets for the current 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 substantively 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.

Plant and equipment

All plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of plant and equipment. It is the company's policy not to charge any depreciation in the year of acquisition and charge a full year's depreciation in the year of disposal.

The annual depreciation rate for plant and equipment is 10% and for computers is 20%.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of plant and equipment is charged to the statement of operations of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of plant and equipment are determined by comparing proceeds with carrying amount and these are included in the statement of operations.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect amounts due according to the original term of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of operations.

Aktor Operations Limited

2 Summary of significant accounting policies (continued)

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. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as separate asset but only when the reimbursement is virtually certain.

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 recognized in the statement of operations 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.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

Aktor Operations Limited

3 Financial risk management

(a) Financial risk factors

The Company's activities expose it to interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below.

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

(ii) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company has significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions.

(iii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses.

(iv) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Qatari Rial and the United Arab Emirates Dirham. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly. The foreign exchange difference charged to the statement of operations amounts to €4.056 and relates to operating activities.

Aktor Operations Limited

4 Critical accounting estimates and judgments

Estimates and judgments 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.

(a) 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5 Income

	2005 €	Period from 2 October 2003 to 31 December 2004 €
Sales of services	-	3.378.758

6 Other gains – net

	2005 €	2004 €
Gain on disposal of fixes assets (Note 11)	216	-
Interest income:		-
Bank balances	70	-
	<u>286</u>	<u>-</u>

Aktor Operations Limited

7 Expenses by nature

	2005 €	Period from 2 October 2003 to 31 December 2004 €
Depreciation of plant and equipment (Note 11):		
Owned assets	4.264	-
Profit on sale plant and equipment (Note 11)	216	-
Auditors' remuneration	6.266	3.497
Auditors' remunerations – prior year	1.664	-
Staff costs (Note 8)	954.458	1.140.465
Transportation	42.532	66.636
Hired equipment	123.992	322.311
Site support services	73.108	2.174.885
Site supplies	162.510	615.854
Consultancy fees	260.102	770.832
Casual labour	58.379	95.694
Accommodation expenses	65.319	110.454
Office supplies	23.096	56.167
Accounting and administration	53.098	47.951
Directors remuneration	870	1.228
Office rent	60.946	-
Other expenses	145.560	176.952
Total cost of goods sold and administrative expenses	<u>2.036.380</u>	<u>5.582.926</u>

8 Staff costs

	2005 €	Period from 2 October 2003 to 31 December 2004 €
Wages and salaries	<u>954.458</u>	<u>534.414</u>

9 Finance costs

	2005 €	Period from 2 October 2003 to 31 December 2004 €
Interest expense:		
Bank borrowings	82.333	16.896
Loan from related party	6.342	-
Net foreign exchange transaction losses	4.222	13.709
	<u>92.897</u>	<u>30.605</u>

Aktor Operations Limited

10 Tax

The Company has no liability to corporation tax because of tax losses incurred. At 31 December 2005 the Company has tax losses of C£2,288,880. These losses can be carried forward indefinitely and set off against taxable profits of future years.

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

	2005 €	2004 €
Loss before tax	<u>(2,128,991)</u>	<u>(2,234,773)</u>
Tax calculated at the applicable tax rates	(212,899)	(223,478)
Tax effect of expenses not deductible for tax purposes	4,795	355
Tax effect of allowances and income not subject to tax	-	(581)
Deferred tax not provided	<u>208,104</u>	<u>223,704</u>
Taxation charge	<u>-</u>	<u>-</u>

No provision for deferred taxation has been made as:

- (a) There are no differences between the amounts attributed to assets and liabilities for tax purposes and their corresponding carrying amounts in the balance sheet; and
- (b) There is uncertainty over the utilization of the accumulated tax losses in future years.

From 1 January 2003 onwards the Company is subject to corporation tax on taxable profits at the rate of 10%. For the years 2003 and 2004 only any profits above C£1,000,000 were subject to an additional corporation tax rate of 5%.

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%.

Aktor Operations Limited

11 Plant and equipment

	Furniture, fittings and office equipment €	Computers €	Total €
Cost			
At 1 January 2005	24.693	14.277	38.970
Disposals	(24.693)	(14.277)	(38.970)
At 31 December	-	-	-
Depreciation			
At 1 January 2005	-	-	-
Charge for the year	2.469	1.795	4.264
Disposals	(2.469)	(1.795)	(4.264)
At 31 December	-	-	-
Net book amount			
At 31 December	-	-	-

In the cash flow statement, proceeds from sale of plant and equipment comprise:

	2005 €	2004 €
Net book amount	34.706	-
Profit on sale of plant and equipment (Note 6)	216	-
Proceeds from sale of plant and equipment	<u>34.922</u>	<u>-</u>

12 Non-current receivables

	2005 €	2004 €
Loans and receivables:		
Loans to related parties (Note 19 (c))	<u>1.815.000</u>	<u>-</u>

13 Trade and other receivables

	2005 €	2004 €
Trade receivables	2.865.914	2.747.478
Prepayments	88.570	91.571
VAT receivable	2.579	4.799
Receivable from related party (Note 19 (c))	16.013	-
	<u>2.973.076</u>	<u>2.843.848</u>

Aktor Operations Limited

14 Cash and cash equivalents

	2005 €	2004 €
Cash at bank and in hand	<u>139.129</u>	<u>132.484</u>

The effective interest rate on bank deposits at the balance sheet date was 2,75%.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	2005 €	2004 €
Cash and bank balances	139.129	132.484
Bank overdrafts (Note 16)	(1.446.901)	(912.752)
	<u>(1.307.772)</u>	<u>(780.268)</u>

15 Share capital and share premium

	Number of shares	Share capital €	Share Premium €	Total €
Issue of shares on 2 October 2003 (date of incorporation)	10.000	17.118		17.118
Issue of shares on 5 December 2003	1.000	1.712	204.886	206.598
At 31 December 2004/ 1 January 2005	<u>11.000</u>	<u>18.830</u>	<u>204.886</u>	<u>223.716</u>
Issue of shares on 6 May 2005	2.000	1.722	497.772	499.494
Issue of shares on 16 December 2005	1.000	1.755	198.246	200.001
At 31 December 2005	<u>13.000</u>	<u>22.307</u>	<u>900.904</u>	<u>923.211</u>

The total authorized number of ordinary shares is 20 000 shares (2004: 20 000 shares) with a par value of C€1 per share. All issued shares are fully paid.

16 Borrowings

	2005 €	2004 €
Current		
Bank overdrafts (Note 14)	1.446.901	912.752
Bank borrowings	2.498.223	500.000
	<u>3.945.124</u>	<u>1.412.752</u>
Non-current		
Loan from Aktor Constructions International Ltd (Note 19 (d))	341.342	-
Total borrowings	<u>4.286.466</u>	<u>1.412.752</u>

Aktor Operations Limited

16 Borrowings (continued)

The bank loans and overdrafts are secured by guarantees of the Company's shareholder. The weighted average effective interest rates at the balance sheet date were as follows:

	%
Bank borrowings	2,75
Bank overdrafts	2,19

17 Trade and other payables

	2005 €	2004 €
Trade payables	3.075.135	2.722.409
Payable to related party (Note 19 (b))	875.969	781.344
Other payables	130.188	109.854
	<u>4.081.292</u>	<u>3.613.607</u>

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

18 Contingencies

There are a number of disputes between the Company and one of its business associates in Qatar. The company is currently in negotiation with its business associate for the resolution these disputes. The outcome of these negotiations is not predictable. Based on legal advice, the Company's Board of Directors believes that there is sufficient defense against these disputes and no loss is expected to arise for the Company. Therefore no provision has been made in the financial statements in relation to these disputes.

19 Related party transactions

The Company is 100% controlled by Aktor S.A. a company incorporated in Greece. The ultimate shareholder is Hellenic Technodomiki TEB A.E, a company listed in the Athens' Stock Exchange.

The following transactions were carried out with related parties:

(a) Purchases of services

	2005 €	Period from 2 October 2003 to 31 December 2004 €
Aktor S.A	<u>64.856</u>	<u>781.344</u>

Purchases from this company were made on commercial terms and conditions.

Aktor Operations Limited

19 Related party transactions (continued)

(b) Year-end balances arising from purchases of services

	2005 €	2004 €
Payables to related parties (Note 17)		
Aktor S.A.	846.199	781.344
Millennium Construction Equipment & Trading LLC	29.770	-
	<u>875.969</u>	<u>781.344</u>
Total payables to related parties		

The above balance is interest free and is repayable on demand.

(c) Receivables from related parties:

	2005 €	2004 €
Non-current receivable (Note 12)		
Millennium Construction Equipment & Trading LLC	1.815.000	-
	<u>1.815.000</u>	<u>-</u>
Receivable (Note 13)		
Aktor Constructions International Limited	16.013	-
	<u>16.013</u>	<u>-</u>
Total receivables from related parties	<u>1.831.013</u>	<u>-</u>

The loans to Millennium Construction Equipment & Trading LLC and Aktor Construction International Ltd, group companies, were provided interest free and are repayable on demand.

(d) Loan from related party

	2005 €	2004 €
Aktor Constructions International Ltd (Note 16)	341.342	-
	<u>341.342</u>	<u>-</u>

The loan from Aktor Constructions International Ltd was provided with an interest rate of 3,5% and is repayable within 5 years from the date of issue.

(e) Directors' remuneration

The total remuneration of the Directors was as follows:

	2005 €	Period from 2 October 2003 to 31 December 2004 €
Fees	870	1.228
	<u>870</u>	<u>1.228</u>

Aktor Operations Limited

20 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.

Auditors' report pages 4 and 5.

Aktor Operations Limited

Cost of sales

For the year ended 31 December 2005

	2005	Period from 2 October 2003 to 31 December 2004
	€	€
Direct expenses		
Direct salaries and related expenses	-	606.051
Hired equipment	123.992	322.311
Site support services	73.108	2.174.885
Site supplies	162.510	615.854
Transportation	42.532	66.636
Cost of sales	402.142	3.785.737

Aktor Operations Limited

Analyses of expenses For the year ended 31 December 2005

		Period from 2 October 2003 to 31 December 2004
	2005 €	2004 €
Administrative expenses		
Salaries and related costs	954.458	534.414
Consultancy fees	260.102	770.832
Casual labour	58.379	95.694
Accommodation expenses	65.319	110.454
Office supplies	23.096	56.167
Accounting and administration	53.098	47.951
Legalisation of documents	21.340	20.016
Legal fees	17.395	7.826
Travelling	18.641	57.014
Auditors' remuneration – current year	6.266	3.497
Auditors' remuneration – prior year	1.664	-
Transport fringe benefits	-	4.245
Sundry expenses	20.046	21.599
Entertaining	3.477	11.465
Formation expenses	-	3.550
Printing and stationery	4.313	381
Postages and telephones	33.781	32.836
Directors' remuneration	870	1.228
Secretarial fees	348	492
Donations	-	8.543
Courier expenses	17.369	1.865
Professional taxes	368	345
Bank charges	6.769	6.775
Office Rent	60.946	-
Registered office fees	340	-
Maintenance expense	1.589	-
Depreciation:		
Furniture, fixtures and office equipment	4.264	-
	<u>1.634.238</u>	<u>1.797.189</u>