

Original

Gulf Millennium Holdings Limited

**Report and financial statements
31 December 2007**

Gulf Millennium Holdings Limited

Report and financial statements 31 December 2007

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Gulf Millennium Holdings 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
1066 Nicosia
Cyprus

Registered office

Julia House
3 Themistocles Dervis Street
1066 Nicosia
Cyprus

Gulf Millennium Holdings Limited

Report of the Board of Directors

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

Principal activities

2 The principal activities of the Company, which are unchanged from last year, are the provision of consultancy services in the construction industry and the provision of loans to related companies.

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

3 The profit of the Company for the year ended 31 December 2007 was €529.683 (2006: loss €(838.399)). On 31 December 2007 the total assets of the Company were €4.677.663 (2006: €3.204.455) and the net assets were negative €1.979.269 (2006: negative €2.508.952). The financial position, development and performance of the Company as presented in these financial statements is considered satisfactory.

Principal risks and uncertainties

4 The principal risks and uncertainties that the Company is exposed to are in connection to market risk and liquidity risk. The Board of Directors of the Company employs risk management policies to manage these risks.

Future developments

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

Results

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

Share capital

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

Gulf Millennium Holdings Limited

Report of the Board of Directors (continued)

Board of Directors

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

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

Events after the balance sheet date

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


Branches

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

Independent Auditors

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

By order of the Board



Charalambos Michaelides
Director

Nicosia
13 June 2008



Independent Auditors' Report To the Members of Gulf Millennium Holdings Limited

PricewaterhouseCoopers Limited
Julia House
3 Themistocles Dervis Street
CY-1066 Nicosia
P O Box 21612
CY-1591 Nicosia, Cyprus
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Report on the Financial Statements

We have audited the financial statements of Gulf Millennium Holdings Limited (the "Company") on pages 6 to 24, which comprise the balance sheet as at 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Board Members: Phidas K Piliadis (CEO), Dinos N Papadopoulos (Deputy CEO), Tassos I Televantides (Deputy CEO), Panikos N Telialia, Christakis Barfis, Staphos D Stephanides, Costas L Hadjiioannidinou, George Fasadara, Costas M Nicolaidis, Angelos M Lolzou, Vasilis Hadjivassiliou, Androula S Pitsa, Serrvas C Michail, Costas L Mavrocorados, Christos M Themistocleous, Panicos Kavouris, Nicos A Neophytou, George M Lolzou, Pantelis G Evangelou, Liakos M Theodorou, Stelios Constantinou, Tassos Procopiou, Andreas T Constantinides, Theo Papadimitriou, Constantinos Constantinou, Petros C Petrakis, Philippos C Sossalos, Evoanlos C Evoanlou, Christos Tsapakis, Nicos A Theodorou, Nikos T Nikolaidis, Gieo A Papadopoulos, Maria S Andreou, Nicos P Chimarides, Aram Tavlian, Constantinos Talliotis, Stavros A Kattamias, Yiangos A Kaporides, Tassos N Nolas, Chrysillos K Pelekanos, Eftychios Eftychiou, George C Lambru, Chris Odysseos
Directors of Operations: Adrian Ioannou, Androula Aristidou, Achilles Chrysanthou, George Skapouraras, Bamboe A Charalambous, Demetris V Psallia, Constantinos L Kapsalis, Stelios A Violaris

Opinion

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

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements, which indicates that at 31 December 2007 the Company's total liabilities exceeded its total assets by €1.963.461. This condition indicates 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

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

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

Other Matter

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


PricewaterhouseCoopers Limited
Chartered Accountants

Nicosia, 13 June 2008

Gulf Millennium Holdings Limited

Income statement for the year ended 31 December 2007

	Note	2007 €	2006 €
Sales of services		1,484,970	-
Administrative expenses		(712,977)	(1,281,623)
Other income	5	<u>4,005</u>	<u>625,885</u>
Operating profit/(loss)		775,998	(655,738)
Finance costs	8	<u>(246,287)</u>	<u>(182,624)</u>
Profit/(loss) before tax		529,711	(838,362)
Tax	9	<u>(28)</u>	<u>(37)</u>
Profit/(loss) for the year		<u>529,683</u>	<u>(838,399)</u>

The notes on pages 10 to 24 are an integral part of these financial statements.

Gulf Millennium Holdings Limited

Balance sheet at 31 December 2007

	Note	2007 €	2006 €
Assets			
Non-current assets			
Investment in subsidiaries	12	164.349	-
Non-current receivables	13	<u>3.732.577</u>	<u>2.944.405</u>
		<u>3.896.926</u>	<u>2.944.405</u>
Current assets			
Trade and other receivables	14	118.699	202.392
Cash and cash equivalents	15	<u>662.038</u>	<u>57.658</u>
		<u>780.737</u>	<u>260.050</u>
Total assets		<u>4.677.663</u>	<u>3.204.455</u>
Equity and liabilities			
Share capital	16	25.774	25.774
Share premium	16	2.667.437	2.667.437
Accumulated losses		<u>(4.672.480)</u>	<u>(5.202.163)</u>
Total equity		<u>(1.979.269)</u>	<u>(2.508.952)</u>
Non-current liabilities			
Borrowings	17	<u>1.452.775</u>	<u>641.479</u>
Current liabilities			
Trade and other payables	18	1.205.203	1.073.838
Borrowings	17	<u>3.998.954</u>	<u>3.998.090</u>
		<u>5.204.157</u>	<u>5.071.928</u>
Total liabilities		<u>6.656.932</u>	<u>5.713.407</u>
Total equity and liabilities		<u>4.677.663</u>	<u>3.204.455</u>

On 13 June 2008 the Board of Directors of Gulf Millennium Holdings Limited authorised these financial statements for issue.

Charalambos Michaelides, Director



Panayiota Papademetriou, Director



The notes on pages 10 to 24 are an integral part of these financial statements.

Gulf Millennium Holdings Limited

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

	Note	Share capital €	Share premium €	Accumulated losses ⁽¹⁾ €	Total €
Balance at 1 January 2006		22.307	900.904	(4.363.764)	(3.440.553)
Issue of shares	16	3.467	1.766.533	-	1.770.000
Loss for the year		-	-	(838.399)	(838.399)
Balance at 31 December 2006/ 1 January 2007		25.774	2.667.437	(5.202.163)	(2.508.952)
Profit for the year		-	-	529.683	529.683
Balance at 31 December 2007		<u>25.774</u>	<u>2.667.437</u>	<u>(4.672.480)</u>	<u>(1.979.269)</u>

- (1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 10 to 24 are an integral part of these financial statements.

Gulf Millennium Holdings Limited

Cash flow statement for the year ended 31 December 2007

	Note	2007 €	2006 €
Cash flows from operating activities			
Profit/(loss) before tax		529.711	(838.362)
Adjustments for:			
Interest income	5	(4.005)	(537)
Interest expense	8	255.315	186.744
Exchange (gains)/losses on loans from related parties	19(iv)	(73.070)	6.542
		<u>707.951</u>	<u>(645.613)</u>
Changes in working capital:			
Trade and other receivables		83.693	2.770.684
Trade and other payables		<u>131.365</u>	<u>(3.007.454)</u>
Cash generated from/(used in) operations		923.009	(882.383)
Tax paid		<u>(28)</u>	<u>(37)</u>
Net cash from/(used in) operating activities		<u>922.981</u>	<u>(882.420)</u>
Cash flows from investing activities			
Purchases of subsidiaries	12	(164.349)	(1.735)
Proceeds from sale of subsidiaries		-	1.735
Loans to related parties	19(v)	(857.709)	(1.129.405)
Interest received		<u>279</u>	<u>537</u>
Net cash used in investing activities		<u>(1.021.779)</u>	<u>(1.128.868)</u>
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	16	-	1.770.000
Proceeds from loans from related parties	19(iv)	1.549.565	273.433
Repayments of loans from related parties	19(iv)	(641.479)	-
Interest paid		<u>(205.772)</u>	<u>(166.582)</u>
Net cash from financing activities		<u>702.314</u>	<u>1.876.851</u>
Net increase/(decrease) in cash and bank overdrafts		603.516	(134.437)
Cash and bank overdrafts at beginning of year		<u>(3.940.432)</u>	<u>(3.805.995)</u>
Cash and bank overdrafts at end of year	15	<u>(3.336.916)</u>	<u>(3.940.432)</u>

The notes on pages 10 to 24 are an integral part of these financial statements.

Gulf Millennium Holdings Limited

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113. Its registered office is at Julia House, 3 Themistocles Dervis Street, 1066 Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the provision of consultancy services in the construction industry and the provision of loans to related companies.

2 Summary of significant accounting policies

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

Basis of preparation

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

All International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and effective as at 1 January 2007 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The Company is not required by the Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a small sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2007.

The European Commission has concluded that since parent companies are required by the EU 4th Directive to prepare their separate financial statements and since the Companies Law, Cap.113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IAS 27 "Consolidated and Separate Financial Statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

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

Gulf Millennium Holdings Limited

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs

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

The adoption of IFRS 7, "Financial Instruments: Disclosures", and the complementary amendment to IAS1, "Presentation of financial statements - Capital Disclosures", introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Company's financial statements or the disclosures relating to taxation and trade and other payables.

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

Standards that become effective for years ending 31 December 2008

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

Standards that become effective for years ending 31 December 2009

- IFRS 8 "Operating Segments" (effective for annual periods beginning on or after 1 January 2009).
- IAS 23 (Amendment) "Borrowing Costs" (effective for annual periods beginning on or after 1 January 2009). *
- IFRIC Interpretation 13 "Customer Loyalty Programmes" (effective for annual periods beginning on or after 1 July 2008). *
- IAS 1 (Revised 2007) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2009). *
- IFRS 2, Share-based Payment (Amendment 2008: Vesting Conditions and Cancellations) (effective for annual periods beginning on or after 1 January 2009). *
- IAS 32, Financial Instruments: Presentation and IAS 1, Presentation of Financial Statements (Amendment 2008: Puttable Financial Instruments and Obligations Arising on Liquidation) (effective for annual periods beginning on or after 1 January 2009). *

Gulf Millennium Holdings Limited

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

Standards that become effective for years ending 31 December 2010

- IFRS 3 (Revised 2008), "Business Combinations" (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). *
- IAS 27 (Revised 2008), "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2009). *

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

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

Going concern

At 31 December 2007 the Company's total liabilities exceeded its total assets by €1.963.461. Despite the existence of this condition, the financial statements have been prepared on a going concern basis, which assumes the continuing financial support of the holding company.

Revenue recognition

Revenue comprises the fair value for of the consideration received or receivable for the sale of services in the ordinary course of business. Revenue is shown net of value added tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

(i) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(ii) Interest income

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

Gulf Millennium Holdings Limited

2 Summary of significant accounting policies (continued)

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Tax

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

Deferred tax is provided in full, using the liability method, on all 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 profits will be available against which the temporary differences can be utilised.

Loans

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

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

Gulf Millennium Holdings Limited

2 Summary of significant accounting policies (continued)

Subsidiaries at cost

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

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 all amounts due according to the original terms 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 income statement.

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 probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for the future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the timevalue of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Borrowings

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

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

Gulf Millennium Holdings Limited

2 Summary of significant accounting policies (continued)

Cash and cash equivalents

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

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

(i) Financial risk factors

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

The Company does not have a formal risk management policy

- **Market risk**

- Foreign exchange risk**

- The Company borrows and lends money denominated in foreign currency and is exposed to foreign exchange risk arising from currency exposures with respect to the US dollar. Foreign exchange risk arises from recognised assets and liabilities.

- The management does not have any policies for managing foreign exchange risk.

- Cash flow and fair value interest rate risk**

- As the Company has significant interest-bearing assets, the Company's income and operating cash flows are dependent of changes in market interest rates.

- The Company's interest rate risk arises from long-term 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 does not monitor interest rate risk.

Gulf Millennium Holdings Limited

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Up to 1 month	1 to 3 months	1 to 2 years	2 to 5 years
At 31 December 2007				
Borrowings	-	3,998,954	-	1,452,775
Trade and other payables	39,004	1,166,199	-	-
	<u>39,004</u>	<u>5,165,153</u>	<u>-</u>	<u>1,452,775</u>
At 31 December 2006				
Borrowings	-	-	641,479	-
Trade and other payables	27,638	1,046,200	-	-
	<u>27,638</u>	<u>1,046,200</u>	<u>641,479</u>	<u>-</u>

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management maintains flexibility in funding by maintaining availability under committed credit lines.

(ii) Capital risk management

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

	2007	2006
	€	€
Total borrowings (Note 17)	5,451,729	4,639,569
Less: cash and cash equivalents (Note 15)	<u>(662,038)</u>	<u>(57,658)</u>
Net debt	4,789,691	4,581,911
Total equity	<u>(1,979,269)</u>	<u>(2,508,952)</u>
Total capital as defined by management	<u>2,810,422</u>	<u>2,072,959</u>
Gearing ratio	170 %	221 %

The decrease in the gearing ratio during 2007 resulted primarily from the reduction in accumulated losses.

The Company does not have formal policies and procedures for capital risk management.

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3 Financial risk management (continued)

(iii) Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

4 Critical accounting estimates and judgements

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

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. As at the balance sheet date, the Company's estimates and assumptions had no significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 Other income

	2007	2006
	€	€
Interest income:		
Bank balances	279	537
Loans to related parties (Note 19(v))	<u>3.726</u>	<u>-</u>
	4.005	537
Bad debts recovered	-	611.989
Sale of tools	-	13.023
Discounts received	<u>-</u>	<u>336</u>
	<u>4.005</u>	<u>625.885</u>

6 Expenses by nature

	2007	2006
	€	€
Operating lease rentals	-	36.634
Auditors' remuneration	11.624	6.905
Staff costs (Note 7)	389.010	687.027
Professional fees	263.921	169.255
Consultancy fees	40.411	315.115
Other expenses	<u>8.011</u>	<u>66.687</u>
Total cost of administrative expenses.	<u>712.977</u>	<u>1.281.623</u>

Gulf Millennium Holdings Limited

7 Staff costs

	2007 €	2006 €
Wages and salaries	<u>389,010</u>	<u>687,027</u>

8 Finance costs

	2007 €	2006 €
Interest expense:		
Bank borrowings	195,983	166,582
Loans from related parties (Note 19(iv))	<u>59,332</u>	<u>20,162</u>
	255,315	186,744
Net foreign exchange transaction gains	<u>(9,028)</u>	<u>(4,120)</u>
	<u>246,287</u>	<u>182,624</u>

9 Tax

	2007 €	2006 €
Current tax charge:		
Defence contribution	<u>28</u>	<u>37</u>

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

	2007 €	2006 €
Profit/(loss) before tax	<u>529,711</u>	<u>(838,362)</u>
Tax calculated at the applicable corporation tax rate of 10%	52,971	(83,836)
Tax effect of expenses not deductible for tax purposes	27	39
Special contribution for defence	28	37
Tax effect of utilisation of previously unrecognised tax losses	(52,998)	-
Tax effect of tax losses for which no deferred tax asset was recognised	-	83,797
Tax charge	<u>28</u>	<u>37</u>

The Company had tax losses carried forward at 31 December 2007 amounting to C£2,464,177 (2006: C£2,774,359). No deferred tax is recognised in view of the uncertainties of realisation of future profits against which such losses could be utilised.

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

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

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10 Financial instruments by category

	Loans and receivables €	Total €
31 December 2007		
Assets as per balance sheet		
Non-current receivables	3,732,577	3,732,577
Trade and other receivables	118,699	118,699
Cash and cash equivalents	<u>662,038</u>	<u>662,038</u>
Total	<u>4,513,314</u>	<u>4,513,314</u>
	Other financial liabilities	Total
Liabilities as per balance sheet		
Borrowings	5,451,729	5,451,729
Trade and other payables	<u>1,205,203</u>	<u>1,205,203</u>
Total	<u>6,656,932</u>	<u>6,656,932</u>
	Loans and receivables €	Total €
31 December 2006		
Assets as per balance sheet		
Non-current receivables	2,944,405	2,944,405
Trade and other receivables	202,392	202,392
Cash and cash equivalents	<u>57,658</u>	<u>57,658</u>
Total	<u>3,204,455</u>	<u>3,204,455</u>
	Other financial liabilities	Total
Liabilities as per balance sheet		
Borrowings	4,639,569	4,639,569
Trade and other payables	<u>1,073,838</u>	<u>1,073,838</u>
Total	<u>5,713,407</u>	<u>5,713,407</u>

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11 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

	2007 €	2006 €
Trade receivables		
Counterparties without external credit rating		
Group 1	<u>-</u>	<u>54.617</u>
Other receivables		
Group 2	112.523	87.929
Group 3	<u>30.770</u>	<u>35.252</u>
	<u>143.293</u>	<u>123.181</u>
Cash at bank and short-term bank deposits		
A2	<u>662.038</u>	<u>57.658</u>

Group 1 – existing customers (more than 6 months) with no defaults in the past.

Group 2 – existing receivables (more than 6 months) with no defaults in the past.

Group 3 – companies within the group, common control companies and associates with no defaults in the past.

None of the financial assets that are fully performing has been renegotiated in the last year.

12 Investments in subsidiaries

	2007 €	2006 €
At beginning of year	-	-
Additions	164.349	1.735
Disposals	<u>-</u>	<u>(1.735)</u>
At end of year	<u>164.349</u>	<u>-</u>

The Company's interests in its subsidiaries, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	% holding
General Gulf Holdings S.P.C.	Investments	Bahrain	100
Millennium Construction Equipment and Trading LLC	Construction	Dubai	100

On 12 June 2007 the Company acquired 100% of the share capital of General Gulf Holdings S.P.C. and 100% of the share capital of Millennium Construction Equipment and Trading LLC from its related company Aktor Constructions International Limited, for €104.349 and €60.000 respectively. On 15 June 2006 the Company acquired 1 000 shares of C£1 each in Verden Limited, a company incorporated in Cyprus, representing 100% of its share capital, for €1.735 or C£1.000. On 18 December 2006 the Company sold its 100% holding in Verden Limited, representing 1 000 shares of C£1 each, for €1.735 or C£1.000. The recoverability of the investment held in Millennium Construction Equipment & Trading LLC is guaranteed by the holding company, Hellenic Technodomiki TEB A.E..

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13 Non-current receivables

	2007 €	2006 €
Non-current		
Loans to related parties (Note 19(v))	<u>3.732.577</u>	<u>2.944.405</u>

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

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. None of the non-current receivables is either past due or impaired.

14 Trade and other receivables

	2007 €	2006 €
Trade receivables	-	54.617
Receivables from related parties (Note 19(iii))	30.770	35.252
Prepayments	78.240	78.240
Other receivables	<u>9.689</u>	<u>34.283</u>
	<u>118.699</u>	<u>202.392</u>

The fair values of trade and other receivables approximate their carrying amounts.

All classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

15 Cash and cash equivalents

	2007 €	2006 €
Cash at bank and in hand	<u>662.038</u>	<u>57.658</u>

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

	2007 €	2006 €
Cash and cash equivalents	662.038	57.658
Bank overdrafts (Note 17)	<u>(3.998.954)</u>	<u>(3.998.090)</u>
	<u>(3.336.916)</u>	<u>(3.940.432)</u>

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16 Share capital and share premium

	Number of shares	Share capital €	Share premium €	Total €
At 1 January 2006	13 000	22.307	900.904	923.211
Issue of shares	<u>2 000</u>	<u>3.467</u>	<u>1.766.533</u>	<u>1.770.000</u>
At 31 December 2006 and 2007	<u>15 000</u>	<u>25.774</u>	<u>2.667.437</u>	<u>2.693.211</u>

The total authorised number of ordinary shares is 20 000 shares (2006: 20 000 shares) with a par value of C£1 per share.

On 6 November 2006 the Company issued 1 000 shares of C£1 each, at a price of C£254,37 per share, fully paid amounting to C£254.370 (€440.950). On 27 November 2006 the Company issued 1 000 shares of C£1 each, at a price of C£768,50 per share, fully paid amounting to C£768.500 (€1.329.050).

All issued shares are fully paid.

17 Borrowings

	2007 €	2006 €
Current		
Bank overdrafts (Note 15)	3.998.954	3.998.090
Non-current		
Loans from related parties (Note 19(iv))	<u>1.452.775</u>	<u>641.479</u>
Total borrowings	<u>5.451.729</u>	<u>4.639.569</u>
Maturity of non-current borrowings		
Between 1 and 2 years	-	641.479
Between 2 and 5 years	<u>1.452.775</u>	<u>-</u>
	<u>1.452.775</u>	<u>641.479</u>

The bank overdrafts are secured by guarantees from the holding company for an unlimited amount (Note 19(vii)).

The weighted average effective interest rates at the balance sheet date were as follows:

	2007 %	2006 %
Bank overdrafts	4,9	5,3
Loans from related parties (Note 19(iv))	5,5	3,5

The Company's bank overdrafts are arranged at floating rates. For borrowings at floating rates the interest rate reprises on a monthly basis exposing the Company to cash flow interest rate risk.

The carrying amounts of borrowings approximate their fair value.

Gulf Millennium Holdings Limited

18 Trade and other payables

	2007 €	2006 €
Trade payables	-	15.992
Payable to parent entity (Note 19(iii))	1.166.199	1.046.200
Accrued expenses	<u>39.004</u>	<u>11.646</u>
	<u>1.205.203</u>	<u>1.073.838</u>

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

19 Related party transactions

The Company is controlled by Aktor S.A., incorporated in Greece, which owns 100% of the Company's shares. The Company's ultimate controlling party is Hellenic Technodomiki TEB A.E., a company listed in the Athens Stock Exchange.

The following transactions were carried out with related parties:

(i) Sales of services

	2007 €	2006 €
Sales of services:		
AECO Development LLC	<u>1.484.970</u>	<u>-</u>

(ii) Purchases of subsidiaries

On 12 June 2007 the Company acquired 100% of the share capital of General Gulf Holdings S.P.C. and 100% of the share capital of Millennium Construction Equipment and Trading LLC from its related company Aktor Constructions International Limited (Note 12).

(iii) Balances with related parties

	2007 €	2006 €
Receivables from related parties (Note 14):		
Aktor Constructions International Limited	23.297	27.779
AECO (Holdings) Limited	<u>7.473</u>	<u>7.473</u>
	<u>30.770</u>	<u>35.252</u>
Payable to parent entity (Note 18):		
Aktor S.A.	<u>1.166.199</u>	<u>1.046.200</u>

Balances with related parties bear no interest and there are no specified terms and conditions.

Gulf Millennium Holdings Limited

19 Related party transactions (continued)

(iv) Loans from related parties

	2007 €	2006 €
Loans from related parties:		
At beginning of year	641.479	341.342
Loans advanced during year	1.549.565	273.433
Loans repaid during year	(651.268)	-
Interest charged (Note 8)	59.332	20.162
Exchange difference	<u>(146.333)</u>	<u>6.542</u>
At end of year (Note 17)	<u>1.452.775</u>	<u>641.479</u>

The loans from related parties bear interest at the rate of 5,5% per annum and are repayable by 7 June 2012. The loans are guaranteed by the holding company, Aktor S.A..

(v) Loans to related parties

	2007 €	2006 €
Loans to related parties:		
At beginning of year	2.944.405	1.815.000
Loans advanced during year	857.709	1.129.405
Interest charged (Note 5)	3.726	-
Exchange difference	<u>(73.263)</u>	<u>-</u>
At end of year (Note 13)	<u>3.732.577</u>	<u>2.944.405</u>

An amount of €124.678 bears interest at the rate of 6,5% per annum and the remaining €3.623.707 bears no interest. The loans to related parties are repayable by 7 June 2012 and are guaranteed by the holding company, Aktor S.A..

(vi) Directors' remuneration

The total remuneration of the Directors was as follows:

Fees	<u>863</u>	<u>876</u>
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(vii) Guarantees from related parties

The bank overdrafts of the Company are secured by guarantees from the holding company for an unlimited amount. (Note 17).

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.

Independent Auditors' Report on pages 4 to 5.

Gulf Millennium Holdings Limited

Analysis of expenses for the year ended 31 December 2007

	2007	2006
	€	€
Administrative expenses		
Salaries and related costs	389.010	687.027
Casual labour	-	5.838
Auditors' remuneration	9.400	6.905
Auditors' remuneration - prior year	2.224	-
Professional fees	190.788	62.340
Accounting and administration fees	47.939	51.791
Consultancy fees	40.411	315.115
Legal fees	25.194	55.124
Directors' fees	863	876
Printing and stationery	2.647	2.055
Legalisation of documents	1.841	745
Taxes and licences	406	389
Secretarial fees	345	350
Operating lease rentals	-	36.634
Registered office fees	345	348
Courier expenses	26	5.915
Site support services	-	28.080
Postages, telephones and telexes	-	4.621
Travelling local expenses	-	6.164
Accommodation expenses	-	4.081
Bank charges	1.538	2.709
Sundry expenses	-	4.516
	<u>712.977</u>	<u>1.281.623</u>