

Original

**Aktor Constructions International
Limited**

**Report and financial statements
31 December 2007**

Aktor Constructions International Limited

Report and financial statements 31 December 2007

Contents

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

Aktor Constructions International Limited

Board of Directors and other officers

Board of Directors

Charalambos Michaelides
Panayiota Papademetriou

Company Secretary

Zet Secretarial Ltd
5 Themistocles Dervis Street
Elenion Building
2nd floor
1066 Nicosia
Cyprus

Registered office

Julia House
3 Themistocles Dervis Street
1066 Nicosia
Cyprus

Aktor Constructions International 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 those of an investment holding company 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 €42.936.381 (2006: loss €43.108). On 31 December 2007 the total assets of the Company were €54.301.305 (2006: €2.861.969) and the net assets were €44.782.266 (2006: €1.845.885). 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, credit 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.

Aktor Constructions International 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 Aktor Constructions International Limited

PricewaterhouseCoopers Limited
Julia House
3 Themistocles Dervis Street
CY-1066 Nicosia
P O Box 21612
CY-1591 Nicosia, Cyprus
Telephone: + 357 - 22555000
Facsimile: + 357 - 22555001
www.pwc.com/cy

Report on the Financial Statements

We have audited the financial statements of Aktor Constructions International Limited (the "Company") on pages 6 to 23, 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: Phidias K Pillides (CEO), Dinos N Papadopoulos (Deputy CEO), Tassos I Tetevanides (Deputy CEO), Panikos N Tsiallis, Christakis Santis, Stephanos D Stephanides, Costas L Hadjiconstantinou, George Foradakis, Costas M Nicolaidis, Angelos M Loizou, Vasilis Hadjivassiliou, Androulla S Pittas, Savvas C Michail, Costas L Meyrocorodatos, Christos M Themistocleous, Panicos Kaouris, Nicos A Neophytou, George M Loizou, Pantelis G Evangelou, Liakos M Theodorou, Stalios Constantinou, Tassos Procopiou, Andreas T Constantinides, Theo Parperis, Constantinos Constantinou, Petros C Petrakis, Philippos C Soaelios, Evgenios C Evgeniou, Christos Tsolakis, Nicos A Theodoulou, Nikos T Nikolaides, Cleo A Papatodoulou, Marios S Andreou, Nicos P Chimarides, Aram Tavliyan, Constaninca Taliotis, Stavros A Kattamis, Yiorgos A Kaponides, Tassos N Nolas, Chrysilios K Pelakanos, Eftyhios Efychiou, George C Lambrou, Chris Odysseos
Directors of Operations: Adrian Ioannou, Androulla Aretidou, Achilles Chrysanthou, George Skapoulieros, Bambos A Charalambous, Demetris V Pselis, Constantinos L Kapsalis, Stalios A Viciaris

Offices: Nicosia, Limassol, Larnaca, Paphos

PricewaterhouseCoopers Ltd is a private company.
Registered in Cyprus (Reg. No. 143594)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Aktor Constructions International 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.

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

Aktor Constructions International Limited

Income statement for the year ended 31 December 2007

| | Note | 2007 € | 2006 € |
|-----------------------------------|------|--------------------------|------------------------|
| Sales of services | | 420.000 | - |
| Administrative expenses | | (100.765) | (19.169) |
| Other income | 5 | 9.789 | 20.162 |
| Other gains | 6 | <u>43.072.773</u> | - |
| Operating profit | | 43.401.797 | 993 |
| Finance costs | 8 | <u>(465.416)</u> | <u>(44.101)</u> |
| Profit/(loss) before tax | | 42.936.381 | (43.108) |
| Tax | 9 | - | - |
| Profit/(loss) for the year | | <u>42.936.381</u> | <u>(43.108)</u> |

The notes on pages 10 to 23 are an integral part of these financial statements.

Aktor Constructions International Limited

Balance sheet at 31 December 2007

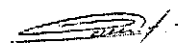
| | Note | 2007 € | 2006 € |
|-------------------------------------|------|-------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Investment in subsidiaries | 12 | - | 164.349 |
| Investments in associates | 13 | 51.887.820 | - |
| Non-current receivables | 14 | - | 762.431 |
| | | <u>51.887.820</u> | <u>926.780</u> |
| Current assets | | | |
| Receivables | 15 | 2.192.529 | 1.912.529 |
| Cash and cash equivalents | 16 | 220.956 | 22.660 |
| | | <u>2.413.485</u> | <u>1.935.189</u> |
| | | <u>54.301.305</u> | <u>2.861.969</u> |
| Total assets | | | |
| Equity and liabilities | | | |
| Capital and reserves | | | |
| Share capital | 17 | 24.253 | 24.253 |
| Share premium | 17 | 1.923.030 | 1.923.030 |
| Retained earnings | | 42.834.983 | (101.398) |
| | | <u>44.782.266</u> | <u>1.845.885</u> |
| Total equity | | | |
| Current liabilities | | | |
| Payables | 19 | 39.974 | 31.156 |
| Borrowings | 18 | 9.479.065 | 984.928 |
| | | <u>9.519.039</u> | <u>1.016.084</u> |
| | | <u>54.301.305</u> | <u>2.861.969</u> |
| Total equity and liabilities | | | |

On 13 June 2008 the Board of Directors of Aktor Constructions International Limited authorised these financial statements for issue.

Charalambos Michaelides, Director



Panayiota Papademetriou, Director



The notes on pages 10 to 23 are an integral part of these financial statements.

Aktor Constructions International Limited

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

| | Note | Share capital € | Share premium € | Retained earnings ⁽¹⁾ € | Total € |
|--|------|-----------------------|-----------------------|--|-------------------|
| Balance at 1 January 2006 | | 19.025 | 998.258 | (58.290) | 958.993 |
| Issue of shares | 17 | 5.228 | 924.772 | - | 930.000 |
| Loss for the year | | - | - | (43.108) | (43.108) |
| Balance at 31 December 2006/ 1 January 2007 | | <u>24.253</u> | <u>1.923.030</u> | <u>(101.398)</u> | <u>1.845.885</u> |
| Profit for the year | | - | - | <u>42.936.381</u> | <u>42.936.381</u> |
| Balance at 31 December 2007 | | <u>24.253</u> | <u>1.923.030</u> | <u>42.834.983</u> | <u>44.782.266</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 23 are an integral part of these financial statements.

Aktor Constructions International Limited

Cash flow statement for the year ended 31 December 2007

| | Note | 2007 € | 2006 € |
|--|--------|---------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Profit/(loss) before tax | | 42,936,381 | (43,108) |
| Adjustments for: | | | |
| Profit on sale of investments in subsidiaries | 12 | (43,072,773) | - |
| Interest income | 5 | (9,789) | (20,162) |
| Interest expense | 8 | <u>298,432</u> | <u>44,079</u> |
| | | 152,251 | (19,191) |
| Changes in working capital: | | | |
| Receivables | | (280,000) | (669,043) |
| Payables | | <u>8,818</u> | <u>11,751</u> |
| Net cash used in operating activities | | <u>(118,931)</u> | <u>(676,483)</u> |
| Cash flows from investing activities | | | |
| Purchases of subsidiaries | 12 | (12,918,000) | - |
| Proceeds from sale of subsidiaries | | 56,155,122 | - |
| Purchases of associates | 13 | (51,887,820) | - |
| Loans to related parties | 20(iv) | 762,431 | (400,952) |
| Interest received | | <u>9,789</u> | <u>-</u> |
| Net cash used in investing activities | | <u>(7,878,478)</u> | <u>(400,952)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issuance of ordinary shares | 17 | - | 930,000 |
| Interest paid | | <u>(298,432)</u> | <u>(44,079)</u> |
| Net cash (used in)/from financing activities | | <u>(298,432)</u> | <u>885,921</u> |
| Net decrease in cash and bank overdrafts | | (8,295,841) | (191,514) |
| Cash and bank overdrafts at beginning of year | | (962,268) | (770,754) |
| Cash and bank overdrafts at end of year | 16 | <u>(9,258,109)</u> | <u>(962,268)</u> |

The notes on pages 10 to 23 are an integral part of these financial statements.

Aktor Constructions International 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 those of an investment holding company 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, as modified by the revaluation of available-for-sale financial assets.

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 financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment property, available-for-sale financial assets and financial assets at fair value through profit or loss.

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.

Aktor Constructions International 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). *

Aktor Constructions International 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.

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.

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.

Aktor Constructions International Limited

2 Summary of significant accounting policies (continued)

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 substantially 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.

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.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Company carries the investments in associates at cost less any impairment in its separate financial statements.

Aktor Constructions International 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 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.

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, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company does not have a formal risk management policy

- **Market risk**

- Foreign exchange risk**

- The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Canadian dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

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

Aktor Constructions International Limited

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk (continued)**

Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk.

The Company's investments in equity of other entities that are publicly traded are included in the Toronto Stock Exchange.

The Company does not manage its market price risk.

Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent 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.

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Company does not have formal policies and procedures for managing and monitoring credit risk

Aktor Constructions International 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.

| | 1 to 3 months |
|---------------------|------------------|
| At 31 December 2007 | |
| Borrowings | 9,479,065 |
| Payables | <u>44,974</u> |
| | <u>9,524,039</u> |
| At 31 December 2006 | |
| Borrowings | 984,928 |
| Payables | <u>31,156</u> |
| | <u>1,016,084</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 18) | 9,479,065 | 984,928 |
| Less: cash and cash equivalents (Note 16) | <u>(220,956)</u> | <u>(22,660)</u> |
| Net debt | 9,258,109 | 962,268 |
| Total equity | <u>44,782,266</u> | <u>1,845,885</u> |
| Total capital as defined by management | <u>54,040,375</u> | <u>2,808,153</u> |
| Gearing ratio | 17 % | 34 % |

The decrease in the gearing ratio during 2007 resulted primarily from the sale of a subsidiary company during the year.

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

Aktor Constructions International Limited

3 Financial risk management (continued)

(iii) Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The Company uses mainly estimated discounted cash flow models to determine the fair value for the financial instruments which are not traded in an active market.

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: | | |
| Loans to related parties (Note 20(iv)) | <u>9,789</u> | <u>20,162</u> |

6 Other gains

| | 2007 € | 2006 € |
|------------------------------|-------------------|-----------|
| Investments in subsidiaries: | | |
| Profit on sale (Note 12) | <u>43,072,773</u> | <u>-</u> |

Aktor Constructions International Limited

7 Expenses by nature

| | 2007 € | 2006 € |
|---------------------------------------|----------------|---------------|
| Auditors' remuneration | 1.415 | 1.939 |
| Professional fees | 69.388 | 12.251 |
| Stamp duty | 25.939 | - |
| Other expenses | <u>4.023</u> | <u>4.979</u> |
| Total cost of administrative expenses | <u>100.765</u> | <u>19.169</u> |

8 Finance costs

| | 2007 € | 2006 € |
|---|----------------|---------------|
| Interest expense: | | |
| Bank borrowings | 298.432 | 44.079 |
| Net foreign exchange transaction losses | <u>166.984</u> | <u>22</u> |
| | <u>465.416</u> | <u>44.101</u> |

9 Tax

The Company had tax losses carried forward at 31 December 2007 amounting to C£131.938 (2006: C£55.038).

10 Financial instruments by category

| | Loans and receivables € | Total € |
|---|--------------------------------|------------------|
| 31 December 2007 | | |
| Assets as per balance sheet | | |
| Receivables | 2.192.529 | 2.192.529 |
| Cash and cash equivalents | <u>220.956</u> | <u>220.956</u> |
| Total | <u>2.413.485</u> | <u>2.413.485</u> |
| | Other financial liabilities | Total |
| Liabilities as per balance sheet | | |
| Borrowings | 9.479.065 | 9.479.065 |
| Payables | <u>44.974</u> | <u>44.974</u> |
| Total | <u>9.524.039</u> | <u>9.524.039</u> |

Aktor Constructions International Limited

10 Financial instruments by category (continued)

| | Loans and receivables € | Total € |
|---|--------------------------------|-------------------------|
| 31 December 2006 | | |
| Assets as per balance sheet | | |
| Non-current receivables | 762.431 | 762.431 |
| Receivables | 1.912.529 | 1.912.529 |
| Cash and cash equivalents | <u>22.660</u> | <u>22.660</u> |
| Total | <u>2.697.620</u> | <u>2.697.620</u> |
| | | |
| | Other financial liabilities | Total |
| Liabilities as per balance sheet | | |
| Borrowings | 984.928 | 984.928 |
| Payables | <u>31.156</u> | <u>31.156</u> |
| Total | <u>1.016.084</u> | <u>1.016.084</u> |

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 € |
|--|------------------|------------------|
| Receivables | | |
| Group 1 | <u>2.192.529</u> | <u>1.912.529</u> |
| Cash at bank and short-term bank deposits | | |
| A2 | <u>220.956</u> | <u>22.660</u> |

Group 1 – companies within the group, common control companies and associates with no defaults in the past.

12 Investments in subsidiaries

| | 2007 € | 2006 € |
|----------------------|---------------------|----------------|
| At beginning of year | 164.349 | 164.349 |
| Additions | 12.918.000 | - |
| Disposals | <u>(13.082.349)</u> | - |
| At end of year | <u>-</u> | <u>164.349</u> |

On 7 June 2007, the Company acquired 100% of Hellas Gold B.V., a company incorporated in the Netherlands, for €12.918.000. On 29 June 2007, the Company exchanged its 100% share in Hellas Gold B.V. with shares in European Goldfields Limited, a Canadian listed company. On the transaction of the exchange of the shares in Hellas Gold B.V. the Company recognised a profit in the income statement of €51.505.216 (Note 6)

Aktor Constructions International Limited

12 Investments in subsidiaries (continued)

On 12 June 2007 the company sold its 100% holding in Millenium Construction Equipment and Trading LLC and General Gulf Holdings S.P.C., to its related company Gulf Millennium Holdings Limited for €60.000 and €104.349 respectively, with no gain or loss (Note 20(i)).

13 Investments in associates

| | 2007 € | 2006 € |
|----------------------|-------------------|-----------|
| At beginning of year | - | - |
| Additions | <u>51.887.820</u> | - |
| At end of year | <u>51.887.820</u> | - |

On 21 June 2007, the Company acquired 5% of Hellas Gold S.A. for €2.150.000. It also controlled through its subsidiary company Hellas Gold B.V. another 30% of Hellas Gold S.A.. On the exchange of the shares in Hellas Gold B.V. the Company acquired 19,90% of the shares of European Goldfields Limited.

The Company has two associates; European Goldfields Limited which is listed on the Canadian Stock Exchange with interest held being 19,90% and Hellas Gold S.A., not listed, incorporated in Greece, with interests held being 5% direct and 18,90% indirect through its other associate European Goldfields Limited.

14 Non-current receivables

| | 2007 € | 2006 € |
|--|-----------|----------------|
| Non-current | | |
| Loans to related parties (Note 20(iv)) | <u>-</u> | <u>762.431</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. The Company does not hold any collateral as security. None of the non-current receivables is either past due or impaired.

15 Receivables

| | 2007 € | 2006 € |
|---|------------------|------------------|
| Receivables from related parties (Note 20(iii)) | <u>2.192.529</u> | <u>1.912.529</u> |

The fair values of receivables approximate their carrying amounts.

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

Aktor Constructions International Limited

16 Cash and cash equivalents

| | 2007 € | 2006 € |
|--------------|----------------|---------------|
| Cash at bank | <u>220.956</u> | <u>22.660</u> |

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

| | 2007 € | 2006 € |
|---------------------------|--------------------|------------------|
| Cash and cash equivalents | 220.956 | 22.660 |
| Bank overdrafts (Note 18) | <u>(9.479.065)</u> | <u>(984.928)</u> |
| | <u>(9.258.109)</u> | <u>(962.268)</u> |

17 Share capital and share premium

| | Number of shares | Share capital € | Share premium € | Total € |
|------------------------------|---------------------|-----------------------|-----------------------|------------------|
| At 1 January 2006 | 11 000 | 19.025 | 998.258 | 1.017.283 |
| Issue of shares | <u>3 000</u> | <u>5.228</u> | <u>924.772</u> | <u>930.000</u> |
| At 31 December 2006 and 2007 | <u>14 000</u> | <u>24.253</u> | <u>1.923.030</u> | <u>1.947.283</u> |

The total authorized number of ordinary shares is 500 000 shares (2006: 500 000 shares) with a par value of €1 per share. All issued shares are fully paid.

On 28 February 2006 the Company issued 1 000 shares of C£1 each, at a price of C£115,18 per share, fully paid amounting to C£115.180. On 24 March 2006 the Company issued 1 000 shares of C£1 each, at a price of C£334,16 per share, fully paid amounting to C£334.160. On 31 December 2006 the Company issued 1 000 shares of C£1 each, at a price of C£86,393 per share, fully paid amounting to C£86.393.

18 Borrowings

| | 2007 € | 2006 € |
|---------------------------|------------------|----------------|
| Current | | |
| Bank overdrafts (Note 16) | <u>9.479.065</u> | <u>984.928</u> |

The bank overdrafts are secured with guarantees from the ultimate holding company.

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

| | 2007 % | 2006 % |
|-----------------|-----------|-----------|
| Bank overdrafts | 7,50 | 5,25 |

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.

Aktor Constructions International Limited

19 Payables

| | 2007 € | 2006 € |
|--|---------------|---------------|
| Payables to related parties (Note 20(iii)) | 23.348 | 27.779 |
| Accrued expenses | <u>16.626</u> | <u>3.377</u> |
| | <u>39.974</u> | <u>31.156</u> |

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

20 Related party transactions

The Company is wholly owned by Aktor S.A. a company incorporated in Greece. The Company's ultimate controlling party is Hellenic Technodomiki TEB A.E., a company listed on the Athens Stock Exchange.

The following transactions were carried out with related parties:

(i) Sales of subsidiaries

On 12 June 2007 the company sold its 100% holding in Millenium Construction Equipment and Trading LLC and General Gulf Holdings S.P.C., to its related company Gulf Millennium Holdings Limited for €60.000 and €104.349 respectively, with no gain or loss(Note 12).

(ii) Sales of services

| | 2007 € | 2006 € |
|-----------------------------|----------------|-----------|
| Sales of services: | | |
| European Goldfields Limited | <u>420.000</u> | <u>-</u> |

(iii) Balances with related parties

| | 2007 € | 2006 € |
|---|------------------|------------------|
| Receivables from related parties (Note 15): | | |
| Millennium Construction Equipment and Trading LLC | 1.912.529 | 1.912.529 |
| European Goldfields Limited | <u>280.000</u> | <u>-</u> |
| | <u>2.192.529</u> | <u>1.912.529</u> |
| Payables to related parties (Note 19): | | |
| Gulf Millennium Holdings Limited | 23.297 | 27.779 |
| Helector Cyprus Limited | <u>51</u> | <u>-</u> |
| | <u>23.348</u> | <u>27.779</u> |

The balance of Millennium Construction Equipment and Trading LLC is guaranteed by the holding company, Aktor S.A.. All balances with related parties bear no interest and there are no other specified terms and conditions.

Aktor Constructions International Limited

20 Related party transactions (continued)

(iv) Loans to related parties

| | 2007 € | 2006 € |
|----------------------------|--------------|----------------|
| Loans to related parties: | | |
| At beginning of year | 762.431 | 341.317 |
| Loans advanced during year | - | 400.952 |
| Loans repaid during year | (772.220) | - |
| Interest charged (Note 5) | <u>9.789</u> | <u>20.162</u> |
| At end of year (Note 14) | <u>-</u> | <u>762.431</u> |

(v) Directors' remuneration

The total remuneration of the Directors was as follows:

| | 2007 € | 2006 € |
|------|------------|------------|
| Fees | <u>863</u> | <u>876</u> |

21 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.

Aktor Constructions International Limited

Analysis of expenses for the year ended 31 December 2007

| | 2007 | 2006 |
|-------------------------------------|----------------|---------------|
| | € | € |
| Administrative expenses | | |
| Auditors' remuneration | 1.415 | 2.200 |
| Auditors' remuneration - prior year | - | (261) |
| Professional fees | 69.388 | 12.251 |
| Stamp duty | 25.939 | - |
| Directors' fees | 863 | 876 |
| Bank charges | 2.062 | 1.348 |
| Printing and stationery | 1.098 | 385 |
| Legalisation of documents | - | 764 |
| Taxes and licences | - | 389 |
| Postages and telephones | - | 371 |
| Registered office fees | - | 348 |
| Sundry expenses | - | 498 |
| | <u>100.765</u> | <u>19.169</u> |