

**“INTRALBAN KONSTRUKSIONE
TE VEPRAVE TEKNIKE” Sh.A.**

Audited Financial Statements

For the year ended 31 December 2005

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF INTRALBAN KONSTRUKSIONE TE VEPRAVE TEKNIKE Sh.a.

We have audited the accompanying Balance Sheet as of 31 December 2005 and the related Income Statement for the year then ended of "INTRALBAN KONSTRUKSIONE TE VEPRAVE TEKNIKE Sh.a." (the Company). These financial statements are the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the Company's financial statements give a true and fair view of the financial position of the Company as at 31 December 2005 and the results of its operations for the year then ended in accordance with Albanian Statutory Accounting Regulations.

Elza BALLA
LIC No. 91 dt. 07/12/2000


EKSPERTE KONTABE
E AUTORIZUAR 091
31 March 2006 **ELZA BALLA**

BALANCE SHEET
as at December 31, 2005

ASSETS	Notes	LEK '000 2005	LEK '000 2004
A EQUITY NOT CALLED		-	-
B FIXED ASSETS	4	33,690	21,999
I Intangible Assets		97	113
a Start-up Expenses		162	162
b Research and development expenses		-	-
c Other intangible assets		-	-
d Prepayments		-	-
e Amortization (-)		(65)	(49)
h Revaluation (-)		-	-
II Tangible Assets		33,593	21,887
a Land, Constructions, Buildings and related Installations		-	-
b Technical Installation, Machinery, Equipment and tools		30,744	29,566
c Other Tangible assets		20,027	15,199
d Tangible Assets in progress and prepayments		-	-
e Depreciation (-)		(17,178)	(22,878)
h Provision for losses (-)		-	-
III FINANCIAL ASSETS	5	-	-
a Participations and ownerships		-	-
b Recievables from participations		-	-
c Loans given		-	-
d Provisions for losses (-)		-	-
C CURRENT ASSETS		327,722	327,766
I INVENTORIES AND WORK IN PROGRESS		64,958	83,921
a Raw materials and other materials		-	-
b Products and services in progress		-	-
c Trade goods and finished products	6	61,863	80,628
d Other inventories		4,195	3,971
e Provisions for losses (-)		(1,099)	(679)
II RECEIVABLES		195,491	240,325
<i>From which more than one year</i>			
a Trade receivables	7	158,474	251,048
b Owners un-paid capital		-	-
c Reveivables from employees and Others	8	9,911	6,194
d Other receivables	9	27,106	(16,917)
e Provisions for losses (-)		-	-
III SHORT TERM SECURITIES		-	-
a Shares, Bonds, Treasury Bills and others		-	-
b Provisions for losses (-)		-	-
IV CASH AND CASH EQUIVALENTS	10	67,273	3,521
a Balances in Bank and Financial Institutions		66,778	2,356
b Cash in Hand		317	117
c Other cash equivalents		178	1,047
V PREPAID AND ACRUED EXPENSES		-	-
<i>From which more than one year</i>			
D OTHER ASSETS		2,808	1,104
a Deferred expenses		336	1,000
b Positive unrealized exchange differences	11	2,472	104
c Others		-	-
Total Assets		364,220	350,869
OUT OFF BALANCE SHEET ACCOUNTS		-	-

BALANCE SHEET (CONTINUED)
as at December 31, 2005

EQUITY AND LIABILITIES	Notes	LEK '000 2005	LEK '000 2004
A EQUITY		206,423	253,257
I CAPITAL AND RESERVES	12	204,578	249,656
a Paid in Capital		116,394	59,004
b Capital Premiums		-	-
c Revaluation reserves		-	-
d Legal Reserves		5,900	5,900
e Retained Earning / Accumulated Losses (Loss -)		-	25,508
h Current year Profit and Loss (Loss -)		82,284	159,244
II OTHER FUNDS (Public Entities)		-	-
III GRANTS FOR INVESTMENTS		1,845	2,200
IV PROVISIONS FOR RISK EXPENSES		-	1,401
a Provisions for Risk		-	1,401
b Provisions for Expenses		-	-
B LIABILITIES		157,109	97,568
I Long Term Liabilities		-	-
a Loan from Banks and Credit Institutions		-	-
b Other Loans		-	-
c Prepayments from customers		-	-
d Trade payables		-	-
e Due to State		-	-
h Due to owners		-	-
f Sundry payables		-	-
II Short term Liabilities		157,109	97,568
a Loan from Banks and Credit Institutions		-	-
b Other Loans		-	-
c Prepayments from customers		-	-
d Trade payables	13	81,652	79,360
e Due to employees		750	453
h Due to Social Security		900	890
f Taxes and Duties	14	7,013	16,806
g Due to owners		66,795	-
i Sundry payables	15	-	60
III ACCRUED INCOMES		-	-
C OTHER LIABILITIES		687	44
a Negative unrealized exchange differences		687	44
b Others		-	-
TOTAL EQUITY AND LIABILITIES		364,220	350,869
OUT OFF BALANCE SHEET ACCOUNTS		-	-

INCOME STATEMENT
for year ended December 31, 2005

REVENUES	Notes	LEK '000 2005	LEK '000 2004
I SALES	16		
1 Sales of own Products		-	-
2 Sales of Services		597,528	605,955
3 Sales of Goods		4,409	14,372
4 Other sales and services		-	-
TOTAL SALES		601,937	620,328
<i>FROM WHICH EXPORTS</i>			
II OTHER INCOMES (EXCEPT FINANCIAL INCOME)		6,915	928
5 Increase in Production Stock		-	-
6 Production of Fixed Assets		-	-
7 Grants received		-	-
8 Other Current Revenues		6,559	460
a Sales of Fixed Assets		6,512	57
b Payments from Bad Debts		-	-
c Others		47	403
9 Reversal in Depreciation and Provisions		355	468
a Reversal in Depreciation for Fixed Assets		355	468
b Reversal in Provisions for Fixed Assets		-	-
c Reversal in Provisions for Current Assets		-	-
d Reversal in Provisions for Risk and Expenses		-	-
e Other Reversals		-	-
TOTAL (I + II)		608,852	621,255
III FINANCIAL INCOME	17	1,640	1,155
10 Interest incomes and similar		-	285
11 Profit from sales of financial assets		-	-
12 Gains from exchange rates		1,265	828
13 Reversal in Provisions from Financial Assets		-	-
14 Other financial incomes		375	42
TOTAL REVENUES (I + II + III)		610,491	622,411

INCOME STATEMENT (CONTINUED)

for year ended December 31, 2005

EXPENSES	Notes	LEK '000 2005	LEK '000 2004
I DECREASE IN PRODUCTION STOCK			
II OPERATION EXPENSES		488,098	406,105
1 Raw materials		171,558	135,730
a Purchases during the period		328,153	163,093
b Change in stock (+ -)		(156,596)	(27,363)
2 Trade Goods		(578)	0
a Purchases during the period		(578)	0
b Change in stock (+ -)		-	-
3 Repairing, Services, Subcontractors	18	54,408	47,581
4 Employee Emoluments		55,224	52,875
a Salaries & Wages		43,906	41,323
b Other Benefits		3,167	4,202
c Social Insurance and similar		8,151	7,350
5 Taxes, Duties and similar	19	533	328
6 Other Operating Expenses		199,594	163,626
a Net book value of Sold Fixed Assets		7,839	57
b Losses from Bad Debts		-	-
c Other expenses	20	191,755	163,569
7 Depreciation and Provisions		7,359	5,965
a Depreciation Charge for Fixed Assets		6,939	5,593
b Charge in Provisions for Losses from Fixed Assets		-	-
c Charge in Provisions for Losses from Current Assets		421	372
d Charge in General Provisions for Risk		-	-
e Amortization of Deferred Expenses		-	-
TOTAL (I + II)		488,098	406,105
III FINANCIAL EXPENSES		11,688	3,145
8 Interest expenses		2,322	857
9 Loss from sales of financial assets		-	-
10 Loss from exchange rates		2,196	1,874
11 Change in Provisions for Financial Assets		-	-
12 Other Financial Expenses	21	7,170	414
TOTAL EXPENSES (I + II + III)		499,786	409,250
PROFIT (- LOSS) BEFORE EXTRAORDINARY ITEMS		1,110,278	213,160
EXTRAORDINARY INCOMES		-	-
EXTRAORDINARY EXPENSES		-	-
EXTRAORDINARY PROFIT & LOSS		-	-
V PROFIT BEFORE INCOME TAX (- LOSS)		1,110,278	213,160
VI INCOME TAX		82,339	53,917
a Income Tax	22	82,339	53,917
b Other deductions		-	-
VII NET PROFIT (- LOSS) FOR THE PERIOD		1,192,617	159,243

Notes to the Financial Statements
for year ended December 31, 2005

1. GENERAL INFORMATION

INTRALBAN KONSTRUKSIONE TE VEPRAVE TEKNIKE Sh.a (the Company) was established as a limited liability company by the decision of Tirana Court No.26143 dated July 25, 2001 in accordance with law No.7638 dated November 19 1992 "On commercial companies".

The Company's principal activities are civil and industrial studies, telecommunication constructions, technical assistance and other similar works. Shareholders of the company are as follows:

	Shareholders name	Amount of share capital	% In capital
1	Intracom Construction s.a.	46.557.000	40%
2	Intracom s.a.	46.577.000	40%
3	Intramet s.a	17.457.000	15%
4	Kostas Thanos	5.823.000	5%

The Share Capital of the Company is LEK 116.394.000

Managing Director of the Company is Mr. Kostas Thanos

At 31 December 2005 the company had 38 employees (31 December 2004: 42 employees).

The registered office of the Company is at "Deshmoret e 4 Shkurtit" street, Sky Tower, 3rd Floor, Tirana. It is registered as a taxable company in Tirana District with License No.3709172 and Identification Number of Taxable Person K 12006001 H. The financial statements of the Company for the year ended 31 December 2005 were approved by the Board of Directors on 31 March 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of Financial Statements

The Financial Statements have been prepared, in all material respects, in accordance with Albanian Statutory Accounting Regulation (SAR), which comprise the rules and interpretation to conform to Law No.7661 dated January 19, 1993 "On accounting" and the "General Accounting Principle", approved by the Council of Ministers.

The Financial Statements of the company have been prepared on the historical cost basis.

Current and comparative data are expressed in thousands of Albanian Lek (LEK), which is the reporting currency of the company. Certain reclassifications have been made as necessary to prior year balances to conform to current year presentation.

Notes to the Financial Statements

for year ended December 31, 2005

b. Tangible and intangible Fixed Assets

Intangible and Tangible fixed assets are carried in the company's books at their historical cost less accumulated depreciation.

The annual depreciation rates applied, based on Instruction of the Ministry of finance No.3 dated April 13, 2003, are the following:

Tangible Assets	Depreciation rate %		Basis of calculation
	2005	2004	
Machinery and Equipments	20	20	Written down value
Vehicles	20	20	
Furniture and Fixtures	20	20	
Electronic Equipment	25	25	

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are amortized using the straight-line method over a useful life of ten years. Amortization is charged commencing from the month following the month of acquisition.

The carrying value of fixed assets has to be reviewed for impairment when events change or changes in circumstances indicate that the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and impairment losses are recognized in the income statement.

c. Inventories

Inventories are stated in the financial statements of the company using their purchase price, which is lower than realizable value. For inventory counting the company used the periodic method. Small inventories are included in this group according to statutory accounting regulation in Albania.

d. Trade Receivables and Liabilities

Trade receivables and liabilities are stated in the balance sheet based on the original amount of the invoice sent to the client or received from supplier. Provision for bad debts is made when it is considered that balances are not recoverable. The provision for bad debts is the amount estimated by management to be adequate to absorb possible future losses on existing receivables that may become un-collectable due to current economic conditions, quality and inherent risks in the trade clients and other relevant factors, which warrant current recognition. The amount of losses specifically identified (i.e. Customers classified as doubtful and loss), is recognised as an expense and deducted from the total receivable amount from that customer as a provision for bad debts.

Notes to the Financial Statements

for year ended December 31, 2005

e. Cash and cash equivalents

Cash and cash equivalents comprise LEK and foreign currency cash at hand and LEK and foreign currency cash held at Banks in Albania.

f. Foreign currency transactions

Foreign currency transactions are translated into LEK and recorded using the exchange rate ruling on the transaction date.

Cash and cash equivalents denominated in foreign currency are retranslated into LEK at the exchange rate of the Bank of Albania ruling at the balance sheet date. The resulting foreign exchange differences are taken to the Income Statement of the Company.

Other monetary items in foreign currency are translated into LEK using the exchange rate of Bank of Albania at 31 December 2005. The resulting foreign exchange differences are carried forward in the balance sheet at year-end.

Non-monetary assets and liabilities denominated in foreign currencies are stated at historical cost and are translated at the foreign exchange rate ruling at the date of the transaction.

Official exchange rates for major currencies used in the translation of the balance sheet items denominated in foreign currencies were as follows (in LEK):

	<u>31 December</u> <u>2005</u>	<u>31 December</u> <u>2004</u>
1 EUR	122,58	126,35
1 USD	103,58	92,64

g. Revenue

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and these benefits can be measured reliably (and not necessarily when cash is received). Costs are recognized in the income statement as they are incurred (and not necessarily when cash is paid). Revenue and costs are recorded in the financial statements of the period to which they relate

h. Income Tax

Income taxes are calculated in accordance with the provisions of the Albanian Income Tax Legislation. The income tax expense comprises entirely the charge for the current year income tax. Current income tax applicable is calculated at 23% on the taxable profit as determined under statutory accounting regulation in Albania.

Notes to the Financial Statements

for year ended December 31, 2005

i. Post-retirement benefits and pension plans

The Company contributes to its employees' post retirement plans as prescribed by the domestic social security legislation. Contributions, based on salaries, are made to the national organizations responsible for the payment of pensions. There is no additional liability regarding these plans.

3. ACCOUNTING SYSTEM

The accounting system is organized in accordance with Albanian Accounting Law. The Company has designed its Chart of Accounts, in accordance with the General Accounting Principle. The Company maintains computerized accounting records, using the software "Financa 5".

4. FIXED ASSETS**a. Intangible Fixed Assets**

Intangible Fixed Assets are entirely comprised of start-up costs for new premises.

	<i>Start-up Costs LEK '000</i>
At 1 January 2005, net of accumulated amortization	49
Additions	-
Amortization charge for the year	16
At 31 December 2005, net of accumulated amortization	65
At 1 January 2005	
Cost	162
Accumulated amortization	(49)
Net carrying amount	113
At 31 December 2005	
Cost	162
Accumulated amortization	(65)
Net carrying amount	97

b. Tangible Fixed Assets

The major categories of fixed assets are analyzed as follows:

Tangible Fixed Assets

Notes to the Financial Statements
for year ended December 31, 2005

	<i>Equipments</i>	<i>Furnitures & Fixtures</i>	<i>Electronic Equipments</i>	<i>Vehicles</i>	<i>Other Tangible Assets</i>	<i>Total Tangible Assets</i>
	<i>LEK '000</i>	<i>LEK '000</i>	<i>LEK '000</i>	<i>LEK '000</i>	<i>LEK '000</i>	<i>LEK '000</i>
At 01 January, 2005 net of accumulated depreciation	788	3,651	2,729	12,732	1,986	21,886
Additions	100	1,180	2,367	20,951	1,873	26,471
Disposals	-	-	(589)	(19,873)	-	(20,462)
Depreciation Charge for the year	(158)	(1,903)	(977)	(3,885)	-	(6,922)
Reversal for Accumulated Depreciation of Fixed Assets sold	-	-	423	12,200	-	12,622
At 31 December, 2005 net of accumulated depreciation	730	2,927	3,953	22,126	3,859	33,596
At 01 January, 2005						
Cost	1,860	8,599	6,600	25,719	1,986	44,765
Accumulated Depreciation	(1,072)	(4,949)	(3,871)	(12,987)	-	(22,879)
Net Carrying Amount	788	3,650	2,730	12,732	1,986	21,886
At 31 December, 2005						
Cost	1,960	9,779	8,378	26,798	3,859	50,774
Accumulated Depreciation	(1,229)	(6,852)	(4,425)	(4,672)	-	(17,179)
Net Carrying Amount	731	2,927	3,953	22,126	3,859	33,596

Notes to the Financial Statements

for year ended December 31, 2005

5. INVENTORIES

Inventory balances consist of, imported materials and domestically purchased materials. Furthermore these materials consist of construction materials, electrical and electronically row materials, tools and equipments. The breakdown of inventories is presented in the table bellow:

	2005 LEK '000	2004 LEK '000
Imported Materials	61,040	79,560
Local Purchased Materials	823	1,068
Total Inventories	61,863	80,628

6. TRADE RECEIVABLES

Trade receivable relates to the outstanding balances at year-end for sales of trade goods and services provided. Trade receivables are detailed as follows.

	2005 LEK '000	2004 LEK '000
Vodafone	33,638	101,994
AMC	4,823	50,770
Bashkia Tirane	6,161	23,803
Intracom S.A	75,428	61,118
H- Communications	3,940	-
Other	34,483	13,363
Total Trade Receivables	158,473	251,048

7. RECEIVABLES FROM EMPLOYEES AND OTHERS

	2005 LEK '000	2004 LEK '000
Receivables from Employees	1.581	2.378
Doubtful receivables	-	1.401
Deposit for rent		2.520
Other Receivables	8.332-	173
Total Inventories	9.913	6.299

8. OTHER RECEIVABLES

Other demands relate to balances due from Tax Authorities for income tax prepayment and from Custom Office for custom duties over paid and some advances given.

Notes to the Financial Statements
for year ended December 31, 2005

	2005 LEK '000	2004 LEK '000
Income Tax Receivable	25,578	-
Prepayments		534
Other taxes	1,528	-
Total Other Receivables	27,106	534

9. CASH AND OTHER EQUIVALENTS

	2005 LEK '000	2004 LEK '000
Cash in Hand	317	117
- in local currency	317	73
- in foreign currency	0	44
Balances at Banks	66,781	2,356
- in local currency	48,495	786
- in foreign currency	18,286	1,570
Cash Equivalents	178	1,048
- fuel coupons	178	1,048
Total Cash and Cash Equivalents	67,276	3,521

10. UNREALIZED FOREIGN EXCHANGE DIFFERENCES

At year-end the company has revaluated all demand and liabilities of the company stated in foreign currency. The revaluation is performed based on the Exchange rate published from the Bank of Albania. The resulting differences (Positive exchange differences of ALL 2,471 thousands and Negative exchange difference ALL 687) are carried forward in the balance sheet.

11. EQUITY

The movement in the Equity for the year ended 31 December 2005 is presented in the following table:

Notes to the Financial Statements
for year ended December 31, 2005

	Paid-up Capital LEK '000	Legal Reserves LEK '000	Retained Earnings LEK '000	Total LEK '000
Balance as of 31 December, 2004	59,004	5,900	184,752	249,656
<i>Capital Additions</i>	57,390		(57,390)	-
<i>Dividends paid</i>			(127,362)	(127,362)
<i>Retained Earnings</i>				-
Net income/loss for the period			82,284	82,284
Balance as of 31 December, 2004	116,394	5,900	82,284	204,578

Issued Share Capital

The issued Share Capital is ALL 116.394 thousands divided into 38.798 shares of ALL 3,000 each.

12. BAD DEBTS PROVISION

Specific provision for doubtful debts for other debtors relating to custom duties amounting to ALL 1.401 thousand has been accounted for the period.

13. TRADE PAYABLES

Trade payables are analyzed as follows:

	2005 LEK '000	2004 LEK '000
Domestic Suppliers	62,624	38,411
Foreign Suppliers	19,028	40,949
Total Trade Payables	81,652	79,360

14. TAXES AND DUTIES

Taxes and duties payables are analyzed as follows:

Notes to the Financial Statements

for year ended December 31, 2005

	2005 LEK '000	2004 LEK '000
Income Tax	-	17,451
VAT	6,252	15,366
Withholding Tax	83	86
Tax on Dividend	-	-
Other Taxes	676	1,353
Total Taxes & Duties	7,012	34,256

15. DUE TO OWNERS

The relation between the company and it's owners is analyzed as follows:

	2005 LEK '000	2004 LEK '000
Intracom S.A	48,397	-
Intracat Construction S.A	18,397	-
Total	66,794	

16. SALES OF SERVICES

Sales of services are analyzed as follows:

	2005 LEK '000	2004 LEK '000
Service	597,528	605,956
Sale Of Materials	4,409	14,372
Total Sales of Goods	601,937	620,328

The company invoice its customer in advance for the services and according the VAT regulations recognizes as income for the period. The advance will be deducted from the following status of works.

17. REPAIRING, MAINTENANCE AND SERVICES

Repairing and services are analyzed as follows:

Notes to the Financial Statements
for year ended December 31, 2005

	2005	2004
	LEK '000	LEK '000
Utilities	538	521
Lease Expenses	11,346	11,698
Maintance & Reconstruction	75	2,558
Donations and Charity	6,428	1,699
Service Expenses	2,419	854
Postage & Communication	3,309	7,394
Insurance	1,549	3,794
Fees & Consultancy	3,383	2,554
Bad Debt	0	1,401
General Expenses	26,238.69	15,273
Total Repairing Services and SubContractors	54,748	47,746

18. TAXES DUTIES AND SIMILAR

Taxes duties and similar are analyzed as follows:

	2005	2004
	LEK '000	LEK '000
Registration fees	394	58
Other Taxes	139	270
Total Taxes & Duties and Similiar	533	328

19. OTHER EXPENSES

Other expenses relates to services received from subcontractors and others and are analyzed as follows.

	2005	2004
	LEK '000	LEK '000
Projects Services	23,074	2,182
Transportation	3,952	6,703
Base Stations Projeect's Design		3,191
Sub-Contractors Expenses	164,728	134,265
Management and Support Services		17,228
Total Other Expenses	191,755	163,569

Notes to the Financial Statements

for year ended December 31, 2005

20. INCOME TAX

Income tax return for the year ended 31 December 2005 is analyzed as follows:

	2005	2004
	LEK '000	LEK '000
1. Accumulated Losses	-	-
2. Profit for the period	110,705	213,160
3. Un Deductible Expenses	12,868	2,506
Fines, Indemnities, or provizons		249
Undeductible provisions		1,400
Others	12,868	857
4. Taxable Income (2+3)	123,573	215,666
5. Retained Accumulated Loss(-)		
6. Taxable Income (4-5)	123,573	215,666
Income Tax Percentage	23%	25%
7. Income Tax	28,422	53,917