Deloitte.

ARABTEC HOLDING PJSC AND ITS SUBSIDIARIES
DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND REVIEW REPORT FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2008

Deloitte.

Arabtec Holding PJSC and its Subsidiaries
Dubai - United Arab Emirates

Interim Condensed Consolidated Financial Information and Review Report
For the Three Month Period Ended March 31, 2008

Table of Contents

	Page
Report on Review of Interim Condensed Financial Information	1
Interim Condensed Consolidated Balance Sheet	2
Interim Condensed Consolidated Income Statement	3
Interim Condensed Consolidated Statement of Changes in Equity	4
Interim Condensed Consolidated Cash Flow Statement	5
Notes to the Interim Condensed Consolidated Financial Information	6 - 18

Deloitte.

Deloitte & Touche (M.E.)
City Tower 2, Suite 1001
Sheikh Zayed Road
P.O. Box 4254, Dubai
United Arab Emirates
Tel : +971(4) 331 3211
Fax: +971(4) 331 4178
www.deloitte.com

Ref. 31875FS08-PJSC-March08

Report on Review of Interim Condensed Consolidated Financial Information

The Board of Directors
Arabtec Holding PJSC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of **Arabtec Holding PJSC** (the "Company") **and its Subsidiaries** (collectively the "Group") as at March 31, 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the three month period then ended and accompanying notes. Management of the Company is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. 34.

Deloitte & Touche

Anis F. Sadek
(Registration No. 521)

Dubai
May 5, 2008

Arabtec Holding PJSC and its Subsidiaries
Dubai - United Arab Emirates

Interim Condensed Consolidated Balance Sheet
At March 31, 2008
(In Arab Emirates Dirhams)

	Note	March 31, 2008 (Unaudited)	December 31, 2007 (audited)
Assets			
Current assets			
Cash and cash equivalents		**971,970,319**	904,063,094
Other financial assets		**1,523,064**	93,573,721
Trade and other receivables		**2,314,684,670**	1,932,755,495
Due from related parties	6 (b)	**168,796,565**	126,375,727
Inventories		**254,554,070**	183,772,155
Other current assets		**99,100,608**	121,997,903
Total current assets		**3,810,629,296**	3,362,538,095
Non-current assets			
Other financial assets		**33,108,585**	19,021,998
Intangible assets	8	**275,111,247**	280,608,557
Goodwill		**250,258,075**	232,927,034
Retentions receivable – non-current portion		**228,938,673**	177,534,858
Other non-current assets		**18,720,306**	17,445,124
Property, plant and equipment	9	**940,453,233**	749,539,423
Total non-current assets		**1,746,590,119**	1,477,076,994
Total Assets		**5,557,219,415**	4,839,615,089
Liabilities and Equity			
Current liabilities			
Bank borrowings		**290,541,364**	209,286,609
Trade and other payables		**3,240,897,707**	2,923,456,441
Dividends payable		**299,000,000**	-
Due to related parties	6 (c)	**105,089,820**	128,061,424
Total current liabilities		**3,935,528,891**	3,260,804,474
Non-current liabilities			
Bank borrowings		**94,632,221**	19,934,354
Provision for employees' end of service indemnity		**99,507,726**	95,994,849
Advances received from construction contract customers		**-**	16,608,746
Retentions payable – non-current portion		**87,926,055**	58,175,479
Total non-current liabilities		**282,066,002**	190,713,428
Total Liabilities		**4,217,594,893**	3,451,517,902
Capital and reserves			
Share capital	12	**598,000,000**	598,000,000
Statutory reserve		**114,951,464**	91,811,549
Fair value adjustment reserve		**9,161,866**	9,714,178
Retained earnings		**459,563,181**	550,303,942
Equity attributable to equity holders of the parent		**1,181,676,511**	1,249,829,669
Minority interest		**157,948,011**	138,267,518
Total Equity		**1,339,624,522**	1,388,097,187
Total Liabilities and Equity		**5,557,219,415**	4,839,615,089

The accompanying notes form an integral part of this interim condensed consolidated financial information.

The financial information on pages 2 to 18 was approved and authorized for issue by the Board of Directors on May 5, 2008 and signed on their behalf by:

.....
Riad Kamal
Managing Director

Arabtec Holding PJSC and its Subsidiaries
Dubai - United Arab Emirates

Interim Condensed Consolidated Income Statement
For the Three Month Period Ended March 31, 2008
(In Arab Emirates Dirhams)

	Three Month Period Ended March 31,	
	2008	2007
	(Unaudited)	(Unaudited)
Revenue	**1,879,857,050**	837,271,120
Direct costs	**(1,568,699,110)**	(729,419,272)
Gross profit	**311,157,940**	107,851,848
Other operating income	**38,106,880**	7,816,249
Other income	**8,161,561**	-
General and administrative expenses	**(103,750,068)**	(53,904,546)
Changes in fair value of non-current retentions	**3,763,446**	2,543,707
Finance costs	**(968,909)**	(1,577,722)
Profit before tax	**256,470,850**	62,729,536
Income tax expense	**(209,030)**	-
Profit for the period	**256,261,820**	62,729,536
Attributable to:		
Equity holders of the parent	**231,399,154**	60,103,806
Minority interests	**24,862,666**	2,625,730
	256,261,820	62,729,536
Basic earnings per share (AED) (based on profit for the period attributable to equity holders of the parent and 598 million shares in issue throughout the period)	**0.39**	0.10

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Arabtec Holding PJSC and its Subsidiaries
Dubai - United Arab Emirates

Interim Condensed Consolidated Statement of Changes in Equity
For the Three Month Period Ended March 31, 2008
(In Arab Emirates Dirhams)

	Attributable to equity holders of the parent						
	Share capital	Statutory reserve	Fair value adjustment reserve	Retained earnings	Total	Minority interest	Total equity
Balance at December 31, 2006 (Audited)	**520,000,000**	**38,276,226**	**909,887**	**224,486,032**	**783,672,145**	**26,397,526**	**810,069,671**
Profit for the period	-	-	-	60,103,806	60,103,806	2,625,730	62,729,536
Gain on available-for-sale investments recognized directly in equity	-	-	2,283,800	-	2,283,800	-	2,283,800
Total income recognized for the period	-	-	-	-	-	-	65,013,336
Minority interest arising on acquisition of subsidiary	-	-	-	-	-	16,392,965	16,392,965
Transfer to statutory reserve	-	6,010,380	-	(6,010,380)	-	-	-
Balance at March 31, 2007 (Unaudited)	**520,000,000**	**44,286,606**	**3,193,687**	**278,579,458**	**846,059,751**	**45,416,221**	**891,475,972**
Balance at December 31, 2007 (Audited)	**598,000,000**	**91,811,549**	**9,714,178**	**550,303,942**	**1,249,829,669**	**138,267,518**	**1,388,097,187**
Dividends payable (Note 13)	-	-	-	(299,000,000)	(299,000,000)	-	(299,000,000)
Dividends paid	-	-	-	-	-	(10,000,000)	(10,000,000)
Profit for the period	-	-	-	231,399,154	231,399,154	24,862,666	256,261,820
Unrealised loss on available-for-sale investments recognized directly in equity	-	-	(552,312)	-	(552,312)	-	(552,312)
Total income recognized for the period	-	-	-	-	-	-	255,709,508
Minority interest arising on acquisition of subsidiaries	-	-	-	-	-	4,817,827	4,817,827
Transfer to statutory reserve	-	23,139,915	-	(23,139,915)	-	-	-
Balance at March 31, 2008 (Unaudited)	**598,000,000**	**114,951,464**	**9,161,866**	**459,563,181**	**1,181,676,511**	**157,948,011**	**1,339,624,522**

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Cash Flow Statement
For the Three Month Period Ended March 31, 2008
(In Arab Emirates Dirhams)

	Three month period ended March 31,	
	2008	2007
	(Unaudited)	(Unaudited)
Operating activities		
Profit for the period	**256,261,820**	62,729,536
Adjustments for:		
Income tax	**209,030**	-
Depreciation of property, plant and equipment	**40,453,678**	23,938,041
Amortization of intangible assets	**9,957,482**	3,043,535
Provision for employees' end of service indemnity	**5,705,700**	5,692,823
Gain on sale of property, plant and equipment	**(4,996)**	(536,543)
Finance costs	**7,192,652**	1,577,722
Dividends received	**(113,690)**	-
Changes in fair value of non-current retentions receivable and payable	**(3,763,446)**	(2,543,707)
Operating cash flows before changes in operating assets and liabilities	**315,898,230**	93,901,407
Decrease/(increase) in other financial assets	**92,050,646**	(20,156,016)
(Increase)/decrease in trade and other receivables	**(373,452,831)**	48,420,725
(Increase)/decrease in due from related parties	**(42,420,838)**	13,273,293
(Increase)/decrease in inventories	**(66,255,434)**	22,312,913
Decrease/(increase) in other current assets	**22,897,296**	(21,637,519)
Increase in trade and other payables	**302,772,450**	190,447,808
(Decrease)/increase in due to related parties	**(27,374,941)**	29,366,066
(Increase)/decrease in retention receivable – non-current portion	**(47,640,369)**	44,158,799
Increase/(decrease) in retention payables – non-current portion	**13,141,830**	(31,907,540)
Increase in other non-current assets	**(1,275,182)**	(2,496,936)
Cash generated from operations	**188,340,857**	365,683,000
Employees' end of service indemnity paid	**(2,370,738)**	(827,395)
Interest paid	**(7,192,652)**	(1,577,722)
Tax paid	**(225,117)**	-
Net cash from operating activities	**178,552,350**	363,277,883
Investing activities		
Purchase of property, plant and equipment	**(234,082,991)**	(82,563,045)
Proceeds from sale of property, plant and equipment	**9,503,811**	2,977,736
Investments in securities	**(16,571,000)**	-
Consideration paid in acquiring a subsidiary, net of cash acquired	**(16,220,190)**	(14,770,289)
Cash dividend received	**113,690**	-
Decrease/(increase) in loans to a related party	**1,932,101**	(104,021)
Net cash used in investing activities	**(255,324,579)**	(94,459,619)
Cash flow from financing activities		
Proceeds from issue of shares to minority interest – capital	**147,000**	16,190,465
Dividends paid to minority shareholders	**(10,000,000)**	-
Proceeds from/(repayment of) bank borrowings	**154,532,454**	(111,890,487)
Net cash from/(used in) financing activities	**144,679,454**	(95,700,022)
Net increase in cash and cash equivalents	**67,907,225**	173,118,242
Cash and cash equivalents at the beginning of the period	**904,063,094**	100,981,696
Cash and cash equivalents at the end of the period	**971,970,319**	274,099,938

The accompanying notes form an integral part of this interim condensed consolidated financial information.

1. Establishment and operations

Arabtec Holding PJSC (the "Company") is a Public Joint Stock Company established under the laws of the United Arab Emirates pursuant to a trade license issued by the Department of Economic Development, Dubai and the Ministry of Economy.

The principal object of the Company is to invest in the construction sector through the acquisition of construction contracting and related companies.

The Company's shares are listed on the Dubai Financial Market (DFM).

The registered office of the Company is P.O. Box 72122 Dubai, U.A.E.

The Company has the following subsidiaries over which it exercises effective control:

Name of subsidiary and domicile	Percentage of beneficial holding	Principal activities
Arabtec Construction LLC, Dubai, U.A.E.	100%	Civil construction and related works.
Austrian Arabian Ready Mix Concrete Co. LLC, Dubai, U.A.E.	100%	Manufacture and transportation of ready mix concrete products.
House of Equipment Co. LLC, Dubai, UAE	33.33%	Trading and leasing of construction equipment
Arabtec Construction LLC, Doha, Qatar	49%	Civil construction and related works.
Arabtec Precast LLC, Dubai, UAE	100%	Manufacture of pre cast panels
Nasser Bin Khaled Factory Ready Mix Concrete Co. LLC, Doha, Qatar	49%	Manufacture and transportation of ready mix concrete product
Emirates Falcon Electromechanical Co. EFECO LLC, Dubai, UAE	55%	Electrical mechanical and plumbing contracts
Arabtec Engineering LLC, Dubai	100%	Infrastructure construction works
Arabtec International Company Limited, Mauritius	100%	Holding company
Arabtec Pakistan (Pvt) Limited, Pakistan	60%	Civil construction and related works
Target Engineering Construction Company, Abu Dhabi, UAE	60%	Civil construction and related works
Gulf Steel Industries FZC	55%	Steel fabrication
AES-WCT Contracting (LLC), UAE	51%	Infrastructure construction works

1. Establishment and operations (continued)

The investment in House of Equipment Co. LLC is held by one of the shareholders on trust and for the benefit of the Company. The investment in Arabtec Pakistan (Pvt) Limited is held by third parties in trust and for the benefit of the Company.

The Company and its subsidiaries, referred to collectively in this financial information as the "Group" are primarily engaged in the construction of high-rise towers, buildings and residential villas, in addition to the execution of related services such as drainage, electrical and mechanical works, provision of readymix concrete and construction equipment supply and rental.

2. Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (IAS) No. 34: Interim Financial Reporting. This financial information is presented in United Arab Emirates Dirhams (AED) since that is the currency of the country in which the Group is domiciled.

The interim condensed consolidated financial information incorporate the financial information of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Although the Group owns less than 50% of the equity shares in House of Equipment Co. LLC, Arabtec Construction LLC, Doha and Nasir Bin Khalid Factory Readymix Concrete Co. LLC, Doha, the Group has the power to govern the strategic operating and financial decisions of the companies.

The results of subsidiaries acquired or disposed of during the year are included in the interim condensed consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. Significant accounting policies

The interim condensed consolidated financial information has been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2007 and the interim financial information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2007.

The preparation of interim condensed consolidated financial information require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended December 31, 2007.

Profits are recognized on projects in the early stages of completion if it is anticipated that these projects will, by the year end, be at a stage of completion sufficient to warrant profit recognition.

4. Segment information

Substantially all of the Group's operations currently relate to the construction sector and are performed in the Gulf Cooperation Council countries.

5. Results for the period

The results for the three month ended March 31, 2008 reflect the results of the Group's continuing projects and new projects commenced during the period and are not significantly affected by any seasonal or cyclical operations.

Costs that occur unevenly during the financial year are anticipated or deferred in the interim condensed consolidated financial information only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Income tax expense arises from the Group's activities in Qatar.

To date, there has been no substantial activity in Mauritius and Pakistan.

6. Related party transactions

a) The Group entered into a variety of transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard No. 24: Related Party Disclosures. Related parties comprise the Group's major shareholders, directors and entities related to them, companies and entities under common ownership and/or common management and control, their partners and key management personnel. Management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges.

b) At the balance sheet date, due from related parties comprised the following:

	March 31, 2008 (Unaudited) AED	December 31, 2007 (Audited) AED
Joint ventures		
Amounts due from joint venture partners	**108,253,341**	70,823,932
Other related parties		
Al Waab City W.L.L., Doha, Qatar	**24,556,703**	20,386,462
National Industrial Contracting Company WLL, Qatar	**917,882**	691,887
Pino Meroni M.E. LLC, Dubai, U.A.E.	**380**	4,908
Nasser Bin Khaled Al-Thani and Sons Holding Company WLL, Qatar	**-**	8,205,763
Depa Interiors LLC, Dubai, UAE	**29,754,347**	10,054,800
Specialised and Interactive Systems S.I.S., Dubai, UAE	**-**	5,720
Arabtec Pakistan (Pvt.) Limited, Pakistan	**461,695**	181,813
Arabtec International Co. Ltd., Mauritius	**24,602**	-
Marintek Gulf, U.A.E.	**3,580,312**	12,526,248
Mr. Saad Faeq Munib Al Taher	**3,679**	-
First Group/Kamal/Malhas, Dubai, U.A.E.	**1,243,624**	3,494,194
	60,543,224	55,551,795
	168,796,565	126,375,727

6. Related party transactions (continued)

c) At the balance sheet date, due to related parties comprised the following:

	March 31, 2008 (Unaudited) AED	December 31, 2007 (Audited) AED
Joint ventures		
Amounts due to joint venture partners	**26,393,419**	11,314,207
Other related parties		
Depa LLC, Abu Dhabi, U.A.E.	**74,056**	74,056
Mr. Awadh Tarif Al Kutbi.	**9,229,530**	16,712,785
Qatar Automobiles Company W.L.L., Qatar	**10,467**	2,632,920
Nasser Bin Khaled Al-Thani and Sons Holding. Company WLL, Qatar	**-**	1,032,266
Nasser Bin Khaled and Sons Real Estate Company WLL, Qatar	**-**	36,641
Nasser Bin Khaled and Sons Company WLL, Qatar	**32,649,541**	20,986,860
Nasser Bin Khaled and Sons Automobiles Company WLL, Qatar	**439,957**	14,635,064
National Industrial Contracting Company W.L.L., Qatar	**10,858**	101,272
Ever Gulf Company W.L.L., Qatar	**111,100**	-
Doha Petrol Station Company W.L.L, Qatar	**1,044,143**	766,380
Select Transportation Solution Company W.L.L, Qatar	**138,639**	55,420
Nouman Fouad Trading, Abu Dhabi, U.A.E.	**2,300,161**	5,411,645
Mr. Saad Faeq Munib Al Taher	**-**	4,470,041
Mechanical Engineering Centre	**95,601**	50,892
Mr.Ayman Taji Farouqi	**32,213,394**	36,053,248
Gulf Steel partners	**371,861**	-
Mr. Riad Kamal – a Director and major shareholder	**7,093**	13,727,727
	78,696,401	116,747,217
	105,089,820	128,061,424

6. Related party transactions (continued)

d) The nature of significant related party transactions and the amounts involved were as follows:

	Three month period ended March 31,	
	2008	2007
	(Unaudited)	(Unaudited)
	AED	AED
Other related parties		
Contract and other revenue	**15,583,418**	3,542,339
Sub-contracting costs	**25,541,017**	527,351
Wages and salaries	**215,616**	151,453
Interest received on loans	**87,444**	104,021
Bank charges	**-**	1,283
Rent income	**2,264,685**	60,000
Miscellaneous charges	**-**	415,410
Purchase of property, plant and equipment	**-**	117,900
Sale of property, plant and equipment	**-**	3,260,941
Manpower and other charges to joint ventures	**31,947,692**	5,352,623
Assets purchased/hired	**-**	1,984,433
Advances for formation expenses	**304,404**	181,813
Fair value increase arising on investments held in trust by a director/shareholder	**-**	591,185

e) The Group has provided a loan (included in other financial assets) of AED 2,376,938 (December 31, 2007: AED 4,309,039) to a minority shareholder in House of Equipment Co. LLC. Interest on the loan is charged at 7% per annum.

f) The remuneration of directors and other members of key management during the period were as follows:

	Three month period ended March 31,	
	2008	2007
	(Unaudited)	(Unaudited)
	AED	AED
Management fees to directors	**450,000**	225,000
Short term benefits	**4,548,562**	704,984
Post-employment benefits	**82,756**	11,625
Discretionary bonus	**-**	3,000,000

The remuneration of directors and key executives is determined by the Board of Directors having regard to individual performance and market trends.

6. Related party transactions (continued)

g) Amounts due from key management personnel included in other current assets:

	March 31, 2008 (unaudited) AED	December 31, 2007 (Audited) AED
At beginning of period/year	**5,236,698**	3,280,125
Advances in 2007	**-**	2,370,016
Repayment during the period/year	**(118,000)**	(579,497)
Interest charged during the period/year	**19,545**	166,054
At end of the period/year	**5,138,243**	5,236,698

h) Amounts due to key management personnel included in trade and other payables:

	March 31, 2008 (Unaudited) AED	December 31, 2007 (Audited) AED
Accrued during the period/year	**-**	1,800,000

i) Included in trade and other payables is an amount of AED 18,996,058 (December 31, 2007: AED 18,164,479) representing contributions from employees and directors towards a staff welfare scheme. The related assets of the scheme are included in the balance sheet under other receivables.

j) The Group is entitled to a proportionate share of the joint venture's assets and revenues and bears a proportionate share of the liabilities and outgoings (Note 7).

7. Joint ventures

The Group had the following significant interests in joint ventures:

		Percentage
a)	Abu Dhabi Investment Authority Head Quarter joint venture project.	40%
b)	Six Construct/Arabtec joint venture projects.	50%
c)	Samsung/Six Construct/Arabtec joint venture project.	30%
d)	Arabtec/Max Bogl joint venture project.	50%
e)	Arabtec/Mace joint venture project.	50%
f)	Arabtec/Aktor joint venture project	60%
g)	Arabtec/Emirates Sunland joint venture project	50%
h)	Arabtec/WCT joint venture project	50%

The following amounts are included in the Group's financial statements as a result of the proportionate consolidation of the joint ventures:

	March 31, 2008	December 31, 2007
	(Unaudited)	(Audited)
	AED	AED
Current assets	**712,215,173**	584,673,829
Non-current assets	**778,329,767**	102,414,112
Current liabilities	**692,632,981**	582,603,613
Non-current liabilities	**681,962,685**	27,045,307
Commitments	**2,651,000**	365,081
Contingent liabilities	**902,886,207**	765,722,346

	Three month period ended March 31,	
	2008	2007
	(Unaudited)	(Unaudited)
	AED	AED
Revenue	**411,868,908**	172,598,888
Expenses	**378,899,637**	163,733,258

8. Intangible assets

	Leasehold property benefit	Arabtec brand	Customer contracts	Other intangibles	Total
	AED	AED	AED	AED	AED
Cost					
At December 31, 2007	3,246,697	110,000,000	195,055,800	9,000,000	317,302,497
Additions	4,460,172	-	-	-	4,460,172
At March 31, 2008	**7,706,869**	**110,000,000**	**195,055,800**	**9,000,000**	**321,762,669**
Accumulated amortization					
At December 31, 2007	496,240	33,000,000	2,297,700	900,000	36,693,940
Charge for the period	89,382	2,750,000	6,893,100	225,000	9,957,482
At March 31, 2008	**585,622**	**35,750,000**	**9,190,800**	**1,125,000**	**46,651,422**
Carrying amount					
At March 31, 2008	**7,121,247**	**74,250,000**	**185,865,000**	**7,875,000**	**275,111,247**
At December 31, 2007	2,750,457	77,000,000	192,758,100	8,100,000	280,608,557

8. Intangible assets (continued)

The intangible assets included above, arising on business combinations, have finite useful lives, over which the assets are amortized.

Amortization of the leasehold property benefits are based on the underlying leases over periods of 18 and 21 years respectively.

The Arabtec brand value is amortized over the expected period of benefit of 10 years, following which continuing brand value will have been internally generated and not recognisable as an asset under IFRS.

The value of customer contracts acquired as a result of the acquisition of Target Engineering Construction Company L.L.C. is amortized over the estimated period of benefit of 10 years.

Other intangibles are amortized over the estimated period of benefit of 10 years and represent technological expertise, the trade name and the special historic and beneficial working relationship between the companies, that together form a set of complementary assets described as 'technological expertise' and which has been valued based on the price and quality differential for electro-mechanical services available to the Group as a result of the acquisition of Emirates Falcon Electromechanical Co. (L.L.C.).

9. Property, plant and equipment

During the period, the Group purchased approximately AED 234.2 million (During the same period in 2007: AED 82.56 million) of various types of property, plant and equipment and disposed of property, plant and equipment with a net book value of AED 9.499 million (during the same period in 2007: AED 2.4 million) for proceeds of AED 9.504 million (during the same period in 2007: AED 2.98 million).

10. Operating lease

The Group as lessee:

	Three month period ended March 31,	
	2008	2007
	(Unaudited)	(Reviewed)
	AED	AED
Minimum lease payments under operating leases recognized as expense for the period	**11,375,293**	9,179,305

10. Operating lease (continued)

At the balance sheet date, the Group had outstanding commitments under cancelable operating leases, which fall due as follows:

	March 31, 2008 (Unaudited) AED	December 31, 2007 (Audited) AED
Within one year	**25,675,037**	21,732,643
In the second to fifth years inclusive	**4,715,208**	1,815,671
Later than five years	**4,860,853**	5,405,741
	35,251,098	28,954,055

Operating lease payments represent rentals payable by the Group for land, certain labour camps and vehicles.

11. Commitments and contingencies

	March 31, 2008 (Unaudited) AED	December 31, 2007 (Audited) AED
Commitments		
Commitments for the acquisition of property, plant and equipment	**339,043,141**	195,727,144
Contingent liabilities		
Performance and bid bonds	**2,059,132,509**	1,868,035,695
Advance payment bonds	**1,043,158,885**	934,331,452
Financial guarantees	**64,714,947**	44,664,948
Retention bonds	**235,608,502**	302,698,615
Labour guarantees	**12,352,850**	12,052,850
Letters of credit	**106,963,753**	202,760,176

12. Share capital

The share capital comprise of 598,000,000 (December 31, 2007: 598,000,000) authorized, issued and fully paid shares of AED 1 each.

13. Dividend declaration

Based on the results for the year ended December 31, 2007, the directors proposed a cash dividend of 50% of share capital or AED 299 million, for which approval has been received at the Annual General Meeting of the shareholders held on March 24, 2008.

14. Acquisition of subsidiary

On January 3, 2008, the Group acquired 55 per cent of the issued share capital of Gulf Steel Industries FZC for cash consideration of AED 27.5 million. This transaction has been accounted for by the purchase method of accounting in accordance with IFRS 3.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	AED
Net assets acquired at fair value:	
Property, plant and equipment	6,783,315
Inventories	4,526,481
Trade and other receivables	8,476,334
Bank and cash balances	11,279,810
Provision for employees' end of service indemnity	(177,915)
Trade and other payables	(15,133,604)
Due to related parties	(4,403,302)
Bank borrowings	(971,507)
	10,379,612
Less: Minority interest	(4,670,825)
Intangible asset	4,460,172
Goodwill	17,331,041
Total consideration, satisfied by cash	27,500,000
Net cash outflow arising on acquisition:	
Cash consideration paid	27,500,000
Cash and cash equivalents acquired	(11,279,810)
	16,220,190

14. Acquisition of subsidiary (continued)

The assessment of fair value of tangible and intangible assets above has been arrived at by management on a provisional basis, as permitted by IFRS 3, pending completion of the purchase price allocation.

The goodwill arising on the acquisition of Gulf Steel Industries FZC is attributable to the anticipated future profitability of the company's products and services and the anticipated future operating synergies from the combination with the Group.

Gulf Steel Industries FZC contributed AED 1.6 million to Group's profit for the period between the date of acquisition and the balance sheet date.