ARABTEC HOLDING PJSC AND ITS SUBSIDIARIES
DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND REVIEW REPORT FOR THE PERIOD FROM JANUARY 1, 2008 TO JUNE 30, 2008

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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 June 30, 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six 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 No. 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consoliated 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
July 24, 2008

Arabtec Holding PJSC and its Subsidiaries
Dubai - United Arab Emirates

Interim Condensed Consolidated Financial Information and Review Report
For the Period from January 1, 2008 to June 30, 2008

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Interim Condensed Consolidated Balance Sheet
At June 30, 2008
(In Arab Emirates Dirhams)

	Note	June 30, 2008 (Un-audited)	December 31, 2007 (audited)
Assets			
Current assets			
Cash and cash equivalents		**732,533,744**	904,063,094
Other financial assets		**84,378,721**	93,573,721
Trade and other receivables		**2,753,455,634**	1,932,937,308
Due from related parties	6 (b)	**242,866,177**	126,193,914
Inventories		**230,475,150**	183,772,155
Other current assets		**150,519,480**	121,997,903
Total current assets		**4,194,228,906**	3,362,538,095
Non-current assets			
Other financial assets		**30,204,431**	19,021,998
Intangible assets	8	**262,831,213**	280,608,557
Goodwill		**252,265,152**	232,927,034
Retentions receivable – non-current portion		**355,604,039**	177,534,858
Other non-current assets		**21,883,083**	17,445,124
Property, plant and equipment	9	**1,055,990,211**	749,539,423
Total non-current assets		**1,978,778,129**	1,477,076,994
Total Assets		**6,173,007,035**	4,839,615,089
Liabilities and Equity			
Current liabilities			
Bank borrowings		**313,908,996**	209,286,609
Trade and other payables		**3,749,553,870**	2,923,456,441
Due to related parties	6 (c)	**98,096,197**	128,061,424
Income tax payable		**1,046,132**	-
Total current liabilities		**4,162,605,195**	3,260,804,474
Non-current liabilities			
Bank borrowings		**144,481,282**	19,934,354
Provision for employees' end of service indemnity		**106,741,548**	95,994,849
Advances received from construction contract customers		**-**	16,608,746
Retentions payable – non-current portion		**116,687,708**	58,175,479
Total non-current liabilities		**367,910,538**	190,713,428
Total Liabilities		**4,530,515,733**	3,451,517,902
Capital and reserves			
Share capital	12	**598,000,000**	598,000,000
Statutory reserve		**142,295,363**	91,811,549
Fair value adjustment reserve		**8,174,113**	9,714,178
Retained earnings		**705,658,270**	550,303,942
Equity attributable to equity holders of the parent		**1,454,127,746**	1,249,829,669
Minority interest		**188,363,556**	138,267,518
Total Equity		**1,642,491,302**	1,388,097,187
Total Liabilities and Equity		**6,173,007,035**	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 19 was approved and authorized for issue by the Board of Directors on July 24, 2008 and signed on their behalf by:

.....
Riad Kamal
Chief Executive Officer and Board Member

Arabtec Holding PJSC and its Subsidiaries
Dubai - United Arab Emirates

Interim Condensed Consolidated Income Statement
For the Period from January 1, 2008 to June 30, 2008
(In Arab Emirates Dirhams)

	Half year ended June 30,		Quarter ended June 30,	
	2008	2007	**2008**	2007
	(Un-audited)	(Un-audited)	**(Un-audited)**	(Un-audited)
Revenue	**4,161,735,503**	1,767,761,562	**2,281,878,453**	930,490,442
Direct costs	**(3,449,088,302)**	(1,502,209,615)	**(1,899,442,632)**	(772,790,343)
Gross profit	**712,647,201**	265,551,947	**382,435,821**	157,700,099
Other operating income	**76,426,417**	35,407,272	**57,372,977**	27,591,023
Other income	**20,919,236**	-	**12,757,675**	-
General and administrative expenses	**(238,575,011)**	(114,044,245)	**(134,824,943)**	(60,139,699)
Changes in fair value of non-current retentions	**(349,179)**	(2,210,524)	**(4,112,625)**	(4,754,231)
Finance costs	**(3,063,370)**	(2,474,872)	**(2,094,461)**	(897,150)
Profit before tax	**568,005,294**	182,229,578	**311,534,444**	119,500,042
Income tax expense	**(1,046,132)**	-	**(837,102)**	-
Profit for the period	**566,959,162**	182,229,578	**310,697,342**	119,500,042
Attributable to:				
Equity holders of the parent	**504,838,142**	173,443,204	**273,438,988**	113,339,398
Minority interest	**62,121,020**	8,786,374	**37,258,354**	6,160,644
	566,959,162	182,229,578	**310,697,342**	119,500,042
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)	**0.84**	0.29	**0.46**	0.19

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 Period from January 1, 2008 to June 30, 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	-	-	-	173,443,204	173,443,204	8,786,374	182,229,578
Unrealised gain on available-for-sale investments recognized directly in equity	-	-	6,631,490	-	6,631,490	-	6,631,490
Total income recognized for the period	-	-	-	-	-	-	188,861,068
Minority interest arising on the acquisition of subsidiaries	-	-	-	-	-	15,154,574	15,154,574
Dividends paid	-	-	-	(78,000,000)	(78,000,000)	-	(78,000,000)
Issue of bonus shares	78,000,000	-	-	(78,000,000)	-	-	-
Transfer to statutory reserve	-	17,344,320	-	(17,344,320)	-	-	-
Balance at June 30, 2007 (Un-audited)	**598,000,000**	**55,620,546**	**7,541,377**	**224,584,916**	**885,746,839**	**50,338,474**	**936,085,313**
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**
Profit for the period	-	-	-	504,838,142	504,838,142	62,121,020	566,959,162
Reversal of fair value of available-for-sale investments sold	-	-	(2,185,367)	-	(2,185,367)	-	(2,185,367)
Unrealised gain on available-for-sale investments recognized directly in equity	-	-	645,302	-	645,302	-	645,302
Total income recognized for the period	-	-	-	-	-	-	565,419,097
Minority interest arising on the acquisition of subsidiaries	-	-	-	-	-	4,817,827	4,817,827
Dividends paid (Note 13)	-	-	-	(299,000,000)	(299,000,000)	-	(299,000,000)
Dividends paid to minority shareholders	-	-	-			(16,842,809)	(16,842,809)
Transfer to statutory reserve	-	50,483,814	-	(50,483,814)	-	-	-
Balance at June 30, 2008 (Un-audited)	**598,000,000**	**142,295,363**	**8,174,113**	**705,658,270**	**1,454,127,746**	**188,363,556**	**1,642,491,302**

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

Interim Condensed Consolidated Cash Flow Statement
For the Period from January 1, 2008 to June 30, 2008
(In Arab Emirates Dirhams)

	Half year ended June 30,	
	2008 (Un-audited)	2007 (Un-audited)
Operating activities		
Profit before tax	568,005,294	182,229,578
Adjustments for:		
Depreciation of property, plant and equipment	91,806,520	46,950,000
Amortization of intangible assets	20,230,439	6,087,070
Provision for employees' end of service indemnity	15,088,243	10,787,140
Gain on sale of investments in securities	(3,277,354)	-
Gain on sale of property, plant and equipment	(1,461,421)	(904,645)
Dividends received	(271,002)	-
Finance costs	3,063,370	2,474,872
Changes in fair value of non-current retentions receivable and payable	349,179	2,210,524
Operating cash flows before changes in operating assets and liabilities	693,533,268	249,834,539
Decrease/(increase) in other financial assets	9,195,000	(7,020,901)
(Increase)/decrease in trade and other receivables	(812,223,805)	83,550,174
Increase in due from related parties	(116,490,450)	(7,975,962)
(Increase)/decrease in inventories	(42,176,514)	35,786,884
Increase in other current assets	(28,521,577)	(23,916,022)
Increase in trade and other payables	810,963,825	510,710,103
(Decrease)/increase in due to related parties	(34,368,529)	27,611,261
(Increase)/decrease in retention receivable – non-current portion	(178,418,360)	18,469,156
Increase/(decrease) in retention payables – non-current portion	41,903,483	(63,118,918)
Increase in other non-current assets	(4,437,959)	(3,326,509)
Cash generated from operations	338,958,382	820,603,805
Employees' end of service indemnity paid	(4,519,458)	(2,059,261)
Interest paid	(3,063,370)	(2,474,872)
Net cash from operating activities	331,375,554	816,069,672
Investing activities		
Purchase of property, plant and equipment	(406,106,188)	(131,301,755)
Proceeds from sale of property, plant and equipment	16,093,617	3,733,813
Proceeds from sale of investments in securities	5,234,052	-
Cash dividends received	271,002	-
Acquisition of investment in subsidiaries, net of cash acquired (Note 14)	(16,220,190)	(14,770,289)
Investments in securities	(16,571,000)	-
Decrease in loans to a related party	1,891,804	2,016,954
Net cash used in investing activities	(415,406,903)	(140,321,277)
Financing activities		
Proceeds from issue of shares to minority interest – capital	147,000	14,952,074
Dividends paid to minority shareholders	(16,842,809)	-
Proceeds/(repayments) from bank borrowings	228,197,808	(96,898,811)
Dividends paid	(299,000,000)	(78,000,000)
Net cash used in financing activities	(87,498,001)	(159,946,737)
Net (decrease)/increase in cash and cash equivalents	(171,529,350)	515,801,658
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	732,533,744	616,783,354

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 objective 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. LLC, Dubai, UAE	55%	Electrical mechanical and plumbing contracts
Arabtec Engineering LLC, Dubai, UAE	100%	Infrastructure construction works
Arabtec International Company Limited, Mauritius	100%	Holding company
Arabtec Pakistan (Private) Limited, Pakistan (under formation)	60%	Civil construction and related works
Target Engineering Construction Company LLC, Abu Dhabi, UAE	60%	Civil construction and related works
Gulf Steel Industries FZC, Sharjah, UAE	55%	Fabrication of steel structures and profiles
AES-WCT Contracting (LLC), Dubai, 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 in trust and for the benefit of the Company. The investment in Arabtec Pakistan (Private) 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 ready mix 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 Nasser Bin Khaled 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. The interim financial information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2007.

3. Significant accounting policies (continued)

The preparation of interim condensed consolidated financial information requires 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 six months ended June 30, 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.

The contract revenue for the six months ended June 30, 2008 is attributable as follows:
10% from contracts completed during the period
2% from new contracts awarded during the period
88% from continuing contracts spanning the period

The value of contracts awarded to the Group during the six months ended June 30, 2008 was AED 20.2 billion, of which AED 9.5 billion are contracts in Gulf Cooperation Council countries and AED 10.7 billion overseas (Pakistan, Russia and Jordan).

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:

	June 30, 2008 (Unaudited) AED	December 31, 2007 (Audited) AED
Joint ventures		
Amounts due from joint venture partners	160,376,304	70,823,932
Other related parties		
Entities with common ownership		
Al Waab City W.L.L., Doha, Qatar	54,588,661	20,386,462
Nasser Bin Khaled Al-Thani and Sons Holding Company WLL, Qatar	157,731	8,205,763
Depa Interiors LLC, Dubai, UAE	22,883,507	10,054,800
Marintek Gulf, U.A.E.	2,711,947	12,526,248
First Group/Kamal/Malhas, Dubai, U.A.E.	946,514	3,494,194
Others	1,201,513	702,515
	82,489,873	55,369,982
	242,866,177	126,193,914

6. Related party transactions (continued)

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

	June 30, 2008 (Unaudited) AED	December 31, 2007 (Audited) AED
Joint ventures		
Amounts due to joint venture partners	**36,579,943**	11,314,207
Other related parties		
Entities with common ownership		
Depa LLC, Abu Dhabi, U.A.E.	**74,056**	74,056
Nasser Bin Khaled Al-Thani and Sons Group	**34,533,800**	40,246,823
Nouman Fouad Trading, Abu Dhabi, U.A.E.	**7,332,600**	5,411,645
Mechanical Engineering Centre	**95,522**	50,892
WCT Engineering Berhad, Malaysia	**2,021,248**	-
Current account of a director and major shareholder of the parent company		
Mr. Riad Kamal	**12,983,984**	13,727,727
Current accounts of shareholders in subsidiaries		
Mr. Awadh Tarif Al Kutbi	**2,587,870**	16,712,785
Mr. Saad Faeq Munib Al Taher	-	4,470,041
Mr. Ayman Taji Farouqi	-	36,053,248
Ibrahim Badran/Khatib/Rami Quassi, Sharjah, UAE	**1,887,174**	-
	61,516,254	116,747,217
	98,096,197	128,061,424

6. Related party transactions (continued)

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

	Half year ended June 30,		Quarter ended June 30,	
	2008	2007	**2008**	2007
	(Un-audited)	(Un-audited)	**(Un-audited)**	(Un-audited)
	AED	AED	**AED**	AED
Joint ventures				
Manpower and other charges to joint ventures	**109,817,024**	17,587,632	**77,869,332**	12,235,009
Other related parties				
Contract and other revenue	**203,857,014**	15,532,138	**188,273,596**	11,989,799
Sub-contracting costs	**124,449,104**	527,351	**98,908,087**	-
Wages and salaries	**684,147**	151,453	**468,531**	-
Interest received on loans	**108,196**	104,021	**20,752**	-
Bank charges	**-**	1,508	**-**	225
Rent income	**2,580,472**	60,000	**315,787**	-
Miscellaneous charges	**982,220**	415,410	**982,220**	-
Purchase of property, plant and equipment	**5,449,200**	117,900	**5,449,200**	-
Sale of property, plant and equipment	**-**	3,260,941	**-**	-
Assets purchased/hired	**2,260,345**	4,497,081	**2,260,345**	2,512,648
Fair value increase arising on investments held in trust by a director/ shareholder	**-**	2,046,411	**-**	1,455,226

e) The Group has provided an unsecured loan with no specific terms of repayment (included in other financial assets) of AED 2,417,235 (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.

6. Related party transactions (continued)

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

	Half year ended June 30,		Quarter ended June 30,	
	2008	2007	**2008**	2007
	(Un-audited)	(Un-audited)	**(Un-audited)**	(Un-audited)
	AED	AED	**AED**	AED
Management fees to directors	**900,000**	450,000	**450,000**	225,000
Short term benefits	**43,100,231**	8,066,109	**22,872,669**	7,341,125
Post-employment benefits	**170,751**	23,250	**135,397**	11,625
Discretionary bonus	-	3,000,000	-	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.

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

	June 30, 2008	December 31, 2007
	(Un-audited)	(Audited)
	AED	AED
At the beginning of the period/year	**5,236,698**	3,280,125
Advances in 2007	**-**	2,370,016
Repayment during the period/year	**(130,000)**	(579,497)
Interest charged during the period/year	**43,057**	166,054
At the end of the period/year	**5,149,755**	5,236,698

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

	June 30, 2008	December 31, 2007
	(Un-audited)	(Audited)
	AED	AED
Accrued during the period/year	**-**	1,800,000

6. Related party transactions (continued)

i) Included in trade and other payables is an amount of AED 20,711,144 (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 joint ventures' 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%
i)	Arabtec/Engineering Enterprises Company joint venture project	50%
j)	Arabtec/AMN Holdings joint venture project	60%
k)	Arabtec/Dubai Contracting Company joint venture	50%
l)	Target Engineering and Construction Company LLC/Marintek Middle East and Asia FZE joint venture project	65%
m)	Arabtec Engineering Services/WCT joint venture project	50%

7. Joint ventures (continued)

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

	June 30, 2008	December 31, 2007
	(Unaudited)	(Audited)
	AED	AED
Current assets	**918,643,084**	584,673,829
Non-current assets	**178,819,620**	102,414,112
Current liabilities	**841,315,356**	582,603,613
Non-current liabilities	**52,302,501**	27,045,307
Commitments	**5,000,250**	365,081
Contingent liabilities	**863,449,256**	765,722,346

	Half year ended June 30,		**Quarter ended June 30,**	
	2008	2007	**2008**	2007
	(Un-audited)	(Un-audited)	**(Un-audited)**	(Un-audited)
	AED	AED	**AED**	AED
Revenue	**987,408,364**	298,817,682	**575,539,456**	126,218,794
Expenses	**916,062,404**	284,697,613	**537,162,767**	120,964,355

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
Addition (Note 14)	2,453,095	-	-	-	2,453,095
At June 30, 2008	**5,699,792**	**110,000,000**	**195,055,800**	**9,000,000**	**319,755,592**
Accumulated amortization					
At December 31, 2007	496,240	33,000,000	2,297,700	900,000	36,693,940
Charge for the period	494,239	5,500,000	13,786,200	450,000	20,230,439
At June 30, 2008	**990,479**	**38,500,000**	**16,083,900**	**1,350,000**	**56,924,379**
Carrying amount					
At June 30, 2008	**4,709,313**	**71,500,000**	**178,971,900**	**7,650,000**	**262,831,213**
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 from 8 to 21 years.

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 406.1 million (during the same period in 2007: AED 131.3 million) of various types of property, plant and equipment and disposed of property, plant and equipment with a net book value of AED 14.6 million (during the same period in 2007: AED 2.8 million) for proceeds of AED 16.09 million (during the same period in 2007: AED 3.73 million).

10. Operating lease

The Group as lessee:

	Half year ended June 30,		**Quarter ended June 30,**	
	2008	2007	**2008**	2007
	(Un-audited)	(Un-audited)	**(Un-audited)**	(Un-audited)
	AED	AED	**AED**	AED
Minimum lease payments under operating leases recognized as expense for the period	**25,241,920**	22,012,068	**13,866,627**	12,832,763

10. Operating lease (continued)

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

	June 30, 2008 (Un-audited) AED	December 31, 2007 (Audited) AED
Within one year	**37,517,579**	19,494,701
In the second to fifth years inclusive	**9,826,240**	1,809,137
Later than five years	**4,751,866**	4,969,841
	52,095,685	26,273,679

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

11. Commitments and contingencies

	June 30, 2008 (Un-audited) AED	December 31, 2007 (Audited) AED
Commitments		
Commitments for the acquisition of property, plant and equipment	**238,930,957**	195,727,144
Contingent liabilities		
Performance and bid bonds	**3,171,398,219**	1,868,035,695
Advance payment bonds	**1,640,984,982**	934,331,452
Financial guarantees	**136,379,716**	44,664,948
Retention bonds	**337,648,739**	302,698,615
Labour guarantees	**27,514,334**	12,052,850
Letters of credit	**307,655,504**	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. Dividends paid

Based on the results for the year ended December 31, 2007, the Company paid cash dividends 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 a 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	2,453,095
Goodwill	19,338,118
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)

In applying the purchase method of accounting to the acquisition of Gulf Steel Industries FZC, management, assisted by Messrs. Moore Stephens, Dubai, prepared a purchase price allocation report for determining the value of intangible assets based on the requirements of IFRS 3 – *Business Combinations* and IAS 38 – *Intangible Assets* and made the following determinations and assumptions

- the fair values of tangible assets and monetary financial assets and liabilities at the acquisition date approximate their carrying value in the financial statements of Gulf Steel FZC.
- the fair value of the lease agreement for a plot of land was identified based on the significant savings compared to the average market rental rates charged in the surrounding areas.

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 2.8 million to the Group's profit for the period between the date of acquisition and the balance sheet date.