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 SEPTEMBER 30, 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 September 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 September 30, 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the nine month period then ended and accompanying notes. Management of the Company is responsible for the preparation and fair presentation of this interim 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 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.

ديلويت اند توش
Deloitte & Touche

Deloitte & Touche

Anis F. Sadek
(Registration No. 521)

Dubai
October 26, 2008

Arabtec Holding PJSC and its Subsidiaries
Dubai - United Arab Emirates

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

	Note	September 30, 2008 (Un-audited)	December 31, 2007 (Audited)
Assets			
Current assets			
Cash and cash equivalents		**1,086,877,057**	904,063,094
Other financial assets		**99,771,601**	93,573,721
Trade and other receivables		**3,227,965,605**	1,932,937,308
Due from related parties	6 (b)	**238,963,532**	126,193,914
Inventories		**623,293,964**	183,772,155
Other current assets		**115,997,269**	121,997,903
Total current assets		**5,392,869,028**	3,362,538,095
Non-current assets			
Other financial assets	6 (e)	**2,457,976**	4,309,039
Available for sale investments	7	**21,049,058**	14,712,959
Intangible assets	9	**252,928,939**	280,608,557
Goodwill		**252,265,152**	232,927,034
Retentions receivable – non-current portion		**355,439,620**	177,534,858
Other non-current assets		**19,260,071**	17,445,124
Property, plant and equipment	10	**1,201,218,896**	749,539,423
Total non-current assets		**2,104,619,712**	1,477,076,994
Total Assets		**7,497,488,740**	4,839,615,089
Liabilities and Equity			
Current liabilities			
Bank borrowings		**636,569,492**	209,286,609
Trade and other payables		**4,402,042,137**	2,923,456,441
Due to related parties	6 (c)	**146,904,166**	128,061,424
Income tax payable		**1,927,394**	-
Total current liabilities		**5,187,443,189**	3,260,804,474
Non-current liabilities			
Bank borrowings		**180,942,241**	19,934,354
Provision for employees' end of service indemnity		**117,638,577**	95,994,849
Advances received from construction contract customers		**-**	16,608,746
Retentions payable – non-current portion		**98,484,852**	58,175,479
Total non-current liabilities		**397,065,670**	190,713,428
Total Liabilities		**5,584,508,859**	3,451,517,902
Capital and reserves			
Share capital	13	**598,000,000**	598,000,000
Statutory reserve		**167,830,058**	91,811,549
Fair value adjustment reserve		**1,435,974**	9,714,178
Retained earnings		**935,470,521**	550,303,942
Equity attributable to shareholders' of the parent		**1,702,736,553**	1,249,829,669
Minority interest		**210,243,328**	138,267,518
Total Equity		**1,912,979,881**	1,388,097,187
Total Liabilities and Equity		**7,497,488,740**	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 October 26, 2008 and signed on their behalf by:

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Riad Kamal

Arabtec Holding PJSC and its Subsidiaries
Dubai - United Arab Emirates

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

	Nine month period ended September 30,		Quarter ended September 30,	
	2008	2007	**2008**	2007
	(Un-audited)	(Un-audited)	**(Un-audited)**	(Un-audited)
Revenue	**6,439,733,256**	2,874,381,092	**2,277,997,753**	1,106,619,530
Direct costs	**(5,389,810,322)**	(2,394,815,268)	**(1,940,722,020)**	(892,605,653)
Gross profit	**1,049,922,934**	479,565,824	**337,275,733**	214,013,877
Other operating income	**160,822,955**	75,302,540	**84,396,538**	39,895,268
Other income	**24,725,862**	-	**3,806,626**	
General and administrative expenses	**(361,279,893)**	(185,044,004)	**(122,704,882)**	(70,999,759)
Changes in fair value of non-current retentions	**(6,936,592)**	(4,759,768)	**(6,587,413)**	(2,549,244)
Finance costs	**(5,141,992)**	(3,054,268)	**(2,078,622)**	(579,396)
Profit for the period before tax	**862,113,274**	362,010,324	**294,107,980**	179,780,746
Income tax (expense)/credit	**(1,927,394)**	826,821	**(881,262)**	826,821
Profit for the period	**860,185,880**	362,837,145	**293,226,718**	180,607,567
Attributable to:				
Shareholders' of parent	**760,185,088**	343,293,627	**255,346,946**	169,850,423
Minority interest	**100,000,792**	19,543,518	**37,879,772**	10,757,144
	860,185,880	362,837,145	**293,226,718**	180,607,567
Basic earnings per share (AED) (based on profit for the period and 598 million shares in issue throughout the period – including 78 million bonus shares approved on April 9, 2007)	**1.27**	0.57	**0.42**	0.28

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 September 30, 2008
(In Arab Emirates Dirhams)

	Share capital	Statutory reserve	Fair value adjustment reserve	Retained earnings	Attributable to shareholders of the parent	Minority interest	Total
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	-	-	-	343,293,627	343,293,627	19,543,518	362,837,145
Unrealised gain on available-for-sale investments recognized directly in equity	-	-	7,412,764	-	7,412,764	-	7,412,764
Total income recognized for the period	-	-	-	-	-	-	370,249,909
Minority interest arising on the issue of shares in 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	-	34,329,363	-	(34,329,363)	-	-	-
Balance at September 30, 2007 (Un-audited)	**598,000,000**	**72,605,589**	**8,322,651**	**377,450,296**	**1,056,378,536**	**61,095,618**	**1,117,474,154**
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	-	-	-	760,185,088	760,185,088	100,000,792	860,185,880
Reversal of fair value of available-for-sale investments sold	-	-	(2,185,367)	-	(2,185,367)	-	(2,185,367)
Unrealised loss on available-for-sale investments recognized directly in equity	-	-	(6,092,837)	-	(6,092,837)	-	(6,092,837)
Total income recognized for the period	-	-	-	-	-	-	851,907,676
Minority interest arising on the acquisition of subsidiaries	-	-	-	-	-	4,817,827	4,817,827
Dividends paid (Note 14)	-	-	-	(299,000,000)	(299,000,000)	-	(299,000,000)
Dividends paid to minority shareholders	-	-	-			(32,842,809)	(32,842,809)
Transfer to statutory reserve	-	76,018,509	-	(76,018,509)	-	-	-
Balance at September 30, 2008 (Un-audited)	**598,000,000**	**167,830,058**	**1,435,974**	**935,470,521**	**1,702,736,553**	**210,243,328**	**1,912,979,881**

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 September 30, 2008
(In Arab Emirates Dirhams)

	Nine month period ended September 30,	
	2008	2007
	(Un-audited)	(Un-audited)
Cash flows from operating activities		
Profit before tax	862,113,274	362,010,324
Adjustments for:		
Depreciation of property, plant and equipment	144,648,720	75,180,016
Amortization of intangible assets	30,132,713	9,130,605
Provision for employees' end of service indemnity	29,391,265	16,650,541
Gain on sale of available for sale investments	(5,998,065)	-
Gain on sale of property, plant and equipment	(1,165,701)	(1,070,643)
Finance costs	5,141,992	3,054,268
Dividends received	(271,002)	-
Changes in fair value of non-current retentions receivable and payable	6,936,592	4,759,768
Operating cash flows before changes in operating assets and liabilities	1,070,929,788	469,714,879
(Increase)/decrease in other financial assets	(6,197,880)	7,791,073
Increase in trade and other receivables	(1,286,551,963)	(133,896,111)
Increase in due from related parties	(112,769,618)	(52,577,851)
(Increase)/decrease in inventories	(434,995,328)	10,648,158
Decrease/(increase) in other current assets	6,000,634	(27,945,849)
Increase in other non-current assets	(1,814,947)	(3,674,122)
Increase in trade and other payables	1,463,452,092	818,906,286
Increase in due to related parties	14,439,440	29,552,700
Decrease in advances received from construction contract customers	(16,608,746)	-
Increase in retention receivable – non-current portion	(184,841,354)	(26,613,364)
Increase/(decrease) in retention payables – non-current portion	40,309,373	(29,259,125)
Cash generated from operations	551,351,491	1,062,646,674
Employees' end of service indemnity paid	(7,925,452)	(2,939,315)
Interest paid	(5,141,992)	(3,054,267)
Net cash from operating activities	538,284,047	1,056,653,092
Cash flows from investing activities		
Decrease in loan due to a related party	1,851,063	1,946,687
Purchase of property, plant and equipment	(607,881,049)	(205,474,243)
Proceeds from sale of property, plant and equipment	19,501,872	7,411,618
Acquisition of investment in subsidiaries, net of cash acquired (Note 15)	(16,220,190)	(14,770,289)
Investments in available for sale investments	(66,491,056)	(1,956,699)
Proceeds from sale of available for sale investment	57,874,820	-
Net cash used in investing activities	(611,364,540)	(212,842,926)
Cash flows from financing activities		
Proceeds from issue of shares to minority interest – capital	147,000	14,952,074
Proceeds/(repayments) from bank borrowings	587,319,263	(73,440,239)
Cash dividends received	271,002	-
Dividends paid to minority shareholders	(32,842,809)	-
Dividends paid (Note 14)	(299,000,000)	(78,000,000)
Net cash from/(used in) financing activities	255,894,456	(136,488,165)
Net increase in cash and cash equivalents	182,813,963	707,322,001
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	1,086,877,057	808,303,697

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 interim condensed consolidated 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 incorporates 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 Ready Mix 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 relates to the construction sector and are performed in the Gulf Cooperation Council countries.

5. Results for the period

The results for the nine months ended September 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 nine months ended September 30, 2008 is attributable as follows:

10% from contracts completed during the period
6% from new contracts awarded during the period
84% from continuing contracts spanning the period

The value of contracts awarded to the Group during the nine months ended September 30, 2008 was AED 31.2 billion, of which AED 20.5 billion are contracts in Gulf Cooperation Council countries and AED 10.7 billion overseas (Pakistan, Russia and Syria).

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:

	September 30, 2008 (Un-audited) AED	December 31, 2007 (Audited) AED
Joint ventures		
Amounts due from joint venture partners	**153,585,844**	70,823,932
Other related parties		
Entities with common ownership		
Al Waab City W.L.L., Doha, Qatar	**73,073,186**	20,386,462
Nasser Bin Khaled Al-Thani and Sons Holding Company WLL, Qatar	**16,590**	8,205,763
National Industrial Contracting Company W.L.L., Qatar	**2,036,003**	-
Depa Interiors LLC, Dubai, UAE	**4,518,638**	10,054,800
Marintek Gulf, U.A.E.	**-**	12,526,248
Others	**5,733,271**	4,196,709
	85,377,688	55,369,982
	238,963,532	126,193,914

6. Related party transactions (continued)

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

	September 30, 2008 (Un-audited) AED	December 31, 2007 (Audited) AED
Joint ventures		
Amounts due to joint venture partners	**47,878,816**	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	**45,937,802**	40,246,823
Nouman Fouad Trading, Abu Dhabi, U.A.E.	**2,904,307**	5,411,645
Mechanical Engineering Centre	**106,329**	50,892
WCT Engineering Berhad, Malaysia	**2,892,978**	-
Current account of a director and major shareholder of the parent company		
Mr. Riad Kamal	**19,581,209**	13,727,727
Current accounts of shareholders in subsidiaries		
Mr. Awadh Tarif Al Kutbi	**2,816,482**	16,712,785
Mr. Saad Faeq Munib Al Taher	-	4,470,041
Mr. Ayman Taji Farouqi	**23,541,188**	36,053,248
Ibrahim Badran/Khatib/Rami Quassi, Sharjah, UAE	**1,170,999**	-
	99,025,350	116,747,217
	146,904,166	128,061,424

6. Related party transactions (continued)

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

	Nine month period ended September 30,		Quarter ended September 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	**160,822,955**	40,196,251	**84,396,538**	22,608,619
Other related parties				
Contract revenue	**384,971,757**	31,708,000	**181,114,743**	16,175,862
Sub-contracting costs	**196,620,875**	528,351	**72,171,771**	-
Wages and salaries	**684,147**	151,453	**-**	-
Interest received on loans	**148,936**	256,239	**40,740**	152,218
Bank charges	**-**	1,959	**-**	451
Rent income	**3,947,231**	60,000	**1,366,759**	-
Miscellaneous charges	**2,490,325**	415,410	**1,508,105**	-
Purchase of property, plant and equipment	**7,709,545**	117,900	**2,260,345**	-
Sale of property, plant and equipment	**-**	3,260,941	**-**	-
Assets purchased/hired	**27,540,798**	7,978,040	**25,280,453**	3,480,959
Fair value increase arising on investments held in trust by a director/shareholder	**-**	2,614,859	**-**	568,448

e) The Group has provided a loan of AED 2,457,976 (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:

	Nine month period ended September 30,		Quarter ended September 30,	
	2008	2007	2008	2007
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	AED	AED	AED	AED
Management fees to directors	**1,350,000**	675,000	**450,000**	225,000
Short term benefits	**18,555,718**	12,608,524	**8,810,410**	4,542,415
End of service indemnity	**273,915**	34,875	**103,164**	11,625
Discretionary bonus	**54,774,040**	3,000,000	**21,419,117**	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:

	September 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	**(4,577,783)**	(579,497)
Interest charged during the period/year	**46,427**	166,054
At the end of the period/year	**705,342**	5,236,698

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

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

i) Included in trade and other payables is an amount of AED 21,370,487 (2007: AED 15,010,270) 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 ventures' assets and revenues and bears a proportionate share of the liabilities and outgoings (Note 8).

7. Available-for-sale investments

	September 30, 2008 (Un-audited) AED	December 31, 2007 (Audited) AED
Listed shares	**21,049,058**	14,712,959

Available-for-sale investments analyzed by geographic concentration as required by SCA vide their notification 2617/2008 dated October 12, 2008 is as follows:

	September 30, 2008 (Un-audited) AED	December 31, 2007 (Audited) AED
Within UAE	**5,787,479**	14,712,959
Outside UAE	**15,261,579**	-
	21,049,058	14,712,959

8. 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 projects	50%
e)	Arabtec/Mace joint venture project	50%
f)	Arabtec/Aktor joint venture project	60%
g)	Arabtec/Emirates Sunland joint venture projects	50%
h)	Arabtec/WCT Engineering joint venture projects	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 project	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%
n)	Arabian Construction Company/Arabtec joint venture project	50%

8. 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:

	September 30, 2008 (Un-audited) AED	December 31, 2007 (Audited) AED
Current assets	**896,698,922**	584,673,829
Non-current assets	**165,828,691**	102,414,112
Current liabilities	**892,792,543**	582,603,613
Non-current liabilities	**35,044,214**	27,045,307
Commitments	**6,427,375**	365,081
Contingent liabilities	**899,730,170**	765,722,346

	Nine month period ended September 30,		Quarter ended September 30,	
	2008 (Un-audited) AED	2007 (Un-audited) AED	2008 (Un-audited) AED	2007 (Un-audited) AED
Revenue	**1,527,549,906**	470,211,022	**540,141,542**	171,393,340
Expenses	**1,442,132,229**	448,800,172	**526,069,825**	164,102,559

9. Intangible assets

	Leasehold property benefit	Arabtec brand	Customer contracts	Other intangibles	Total
	AED	AED	AED	AED	AED
Cost					
At December 31, 2007 (Audited)	3,246,697	110,000,000	195,055,800	9,000,000	317,302,497
Addition (Note 15)	2,453,095	-	-	-	2,453,095
At September 30, 2008 (Un-audited)	**5,699,792**	**110,000,000**	**195,055,800**	**9,000,000**	**319,755,592**
Accumulated amortization					
At December 31, 2007 (Audited)	496,240	33,000,000	2,297,700	900,000	36,693,940
Charge for the period	528,413	8,250,000	20,679,300	675,000	30,132,713
At September 30, 2008 (Un-audited)	**1,024,653**	**41,250,000**	**22,977,000**	**1,575,000**	**66,826,653**
Carrying amount					
At September 30, 2008 (Un-audited)	**4,675,139**	**68,750,000**	**172,078,800**	**7,425,000**	**252,928,939**
At December 31, 2007 (Audited)	2,750,457	77,000,000	192,758,100	8,100,000	280,608,557

9. 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 3: *Business Combination.*

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 relationships 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.).

10. Property, plant and equipment

During the period, the Group purchased approximately AED 608 million (2007: AED 206 million) of various types of property, plant and equipment and disposed of property, plant and equipment with a net book value of AED 18.3 million (2007: AED 6.3 million) for proceeds of AED 19.5 million (2007: AED 7.41 million).

11. Operating lease

The Group as lessee:

	Nine month period ended September 30,		Quarter ended September 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	**40,284,251**	36,838,345	**15,042,331**	14,826,277

11. Operating lease (continued)

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

	September 30, 2008 (Un-audited) AED	December 31, 2007 (Audited) AED
Within one year	**18,539,220**	19,494,701
In the second to fifth years inclusive	**6,766,560**	1,809,137
Later than five years	**902,208**	4,969,841
	26,207,988	26,273,679

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

12. Commitments and contingencies

	September 30, 2008 (Un-audited) AED	December 31, 2007 (Audited) AED
Commitments		
Commitments for the acquisition of property, plant and equipment	**247,452,660**	195,727,144
Contingent liabilities		
Performance and bid bonds	**3,184,414,230**	1,868,035,695
Advance payment bonds	**1,520,092,638**	934,331,452
Financial guarantees	**58,180,948**	44,664,948
Retention bonds	**303,078,576**	302,698,615
Labour guarantees	**12,362,850**	12,052,850
Letters of credit	**864,226,943**	202,760,176

13. Share capital

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

14. 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.

15. 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 stated at fair value, 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 (lease agreement)	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

15. 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 5.5 million to the Group's profit for the period between the date of acquisition and the balance sheet date.

16. Price risk

The Group has exposure to price risk in its construction materials. The results of operations and cash flows can vary with fluctuation in these market prices. These are affected by factors outside the Group's control, including the market forces of supply and demand and regulatory issues. The Group mitigates the price risk through advance procurement of materials when they determine that the price of the materials will secure their forecast margins and costs on projects which are due to commence or which are in progress.