ARABTEC HOLDING PJSC AND ITS SUBSIDIARIES
DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND REVIEW REPORT FOR THE PERIOD FROM JANUARY 1, 2007 TO JUNE 30, 2007

Arabtec Holding PJSC and its Subsidiaries
Dubai - United Arab Emirates

Interim Condensed Consolidated Financial Information and Review Report
For the Period from January 1, 2007 to June 30, 2007

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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

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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, 2007 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 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.

Deloitte & Touche

Anis F. Sadek
(Registration No. 521)

Dubai
July 23, 2007

Interim Condensed Consolidated Balance Sheet
At June 30, 2007
(In Arab Emirates Dirhams)

	Note	June 30, 2007 (Reviewed)	December 31, 2006 (Audited)
Assets			
Current assets			
Cash and cash equivalents		**616,783,354**	100,981,696
Other financial assets		**35,008,292**	27,987,391
Trade and other receivables		**1,150,072,611**	1,197,541,471
Due from related parties	6 (b)	**32,958,545**	24,982,583
Inventories		**179,475,749**	215,105,833
Other current assets		**68,526,226**	44,610,204
Total current assets		**2,082,824,777**	1,611,209,178
Non-current assets			
Other financial assets		**18,320,009**	13,705,473
Intangible assets	8	**92,741,027**	89,828,097
Goodwill		**97,982,199**	88,896,366
Retentions receivable – non-current portion		**85,277,506**	105,957,186
Other non-current assets		**12,850,065**	9,523,556
Property, plant and equipment	9	**497,614,018**	415,948,933
Total non-current assets		**804,784,824**	723,859,611
Total Assets		**2,887,609,601**	2,335,068,789
Liabilities and Equity			
Current liabilities			
Bank borrowings		**50,028,460**	156,795,947
Trade and other payables		**1,749,955,794**	1,226,412,910
Due to related parties	6 (c)	**59,632,138**	8,044,354
Total current liabilities		**1,859,616,392**	1,391,253,211
Non-current liabilities			
Bank borrowings		**11,434,060**	763,261
Provision for employees' end of service indemnity		**58,369,080**	47,758,972
Retentions payable – non-current portion		**22,104,756**	85,223,674
Total non-current liabilities		**91,907,896**	133,745,907
Total Liabilities		**1,951,524,288**	1,524,999,118
Capital and reserves			
Share capital	12	**598,000,000**	520,000,000
Statutory reserve		**55,620,546**	38,276,226
Fair value adjustment reserve		**7,541,377**	909,887
Retained earnings		**224,584,916**	224,486,032
Equity attributable to equity holders of the parent		**885,746,839**	783,672,145
Minority interest		**50,338,474**	26,397,526
Total Equity		**936,085,313**	810,069,671
Total Liabilities and Equity		**2,887,609,601**	2,335,068,789

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

The financial information on pages 2 to 16 was approved and authorized for issue by the Board of Directors on July 23, 2007 and signed on their behalf by:

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

Arabtec Holding PJSC and its Subsidiaries
Dubai - United Arab Emirates

Interim Condensed Consolidated Income Statement
For the Period from January 1, 2007 to June 30, 2007
(In Arab Emirates Dirhams)

	Half year ended June 30,		Quarter ended June 30	
	2007	2006	**2007**	2006
	(Reviewed)	(Reviewed)	**(Reviewed)**	(Reviewed)
Revenue	**1,767,761,562**	1,413,539,920	**930,490,442**	766,887,478
Direct costs	**(1,502,209,615)**	(1,239,370,574)	**(772,790,343)**	(658,989,625)
Gross profit	**265,551,947**	174,169,346	**157,700,099**	107,897,853
Other operating income	**35,407,272**	18,023,871	**27,591,023**	10,688,207
General and administrative expenses	**(114,044,245)**	(81,572,469)	**(60,139,699)**	(44,117,378)
Changes in fair value of non-current retentions	**(2,210,524)**	2,899,028	**(4,754,231)**	2,044,929
Finance costs	**(2,474,872)**	(24,213)	**(897,150)**	(14,848)
Net profit for the period	**182,229,578**	113,495,563	**119,500,042**	76,498,763
Attributable to:				
Equity holders of parent	**173,443,204**	113,611,749	**113,339,398**	76,614,949
Minority interest	**8,786,374**	(116,186)	**6,160,644**	(116,186)
	182,229,578	113,495,563	**119,500,042**	76,498,763
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)	**0.29**	0.19	**0.19**	0.13

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, 2007 to June 30, 2007
(In Arab Emirates Dirhams)

	Share capital	Statutory reserve	Fair value adjustment reserve	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total
Balance at December 31, 2005 (Audited)	400,000,000	16,585,671	8,100,140	149,271,039	573,956,850	-	573,956,850
Profit for the period	-	-	-	113,611,749	113,611,749	(116,186)	113,495,563
Realised profit on sale of investments transferred to income statement	-	-	(1,387,831)	-	(1,387,831)	-	(1,387,831)
Loss on available-for-sale investments recognized directly in equity	-	-	(4,197,435)	-	(4,197,435)	-	(4,197,435)
Total income recognized for the period	-	-	-	-	-	-	107,910,297
Minority interest arising on the issue of shares in a subsidiary	-	-	-	-	-	4,653,700	4,653,700
Issue of bonus shares	120,000,000	-	-	(120,000,000)	-	-	-
Transfer to statutory reserve	-	11,361,175	-	(11,361,175)	-	-	-
Balance at June 30, 2006 (Reviewed)	**520,000,000**	**27,946,846**	**2,514,874**	**131,521,613**	**681,983,333**	**4,537,514**	**686,520,847**
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
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 issue of shares in subsidiaries	-	-	-	-	-	15,154,574	15,154,574
Dividends paid (Note 13)	-	-	-	(78,000,000)	(78,000,000)	-	(78,000,000)
Issue of bonus shares (Note 12)	78,000,000	-	-	(78,000,000)	-	-	-
Transfer to statutory reserve	-	17,344,320	-	(17,344,320)	-	-	-
Balance at June 30, 2007 (Reviewed)	**598,000,000**	**55,620,546**	**7,541,377**	**224,584,916**	**885,746,839**	**50,338,474**	**936,085,313**

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, 2007 to June 30, 2007
(In Arab Emirates Dirhams)

	Half year ended June 30,	
	2007 (Reviewed)	2006 (Reviewed)
Operating activities		
Profit for the period	**182,229,578**	113,495,563
Adjustments for:		
Depreciation of property, plant and equipment	**46,950,000**	38,566,822
Amortization of intangible assets	**6,087,070**	5,606,000
Provision for employees' end of service indemnity	**10,787,140**	10,083,524
Increase in allowance for trade receivables	**3,226,794**	-
Increase in allowance for slow moving inventories	**566,613**	-
Gain on sale of investments in securities	-	(1,387,831)
Gain on sale of property, plant and equipment	**(904,645)**	(2,148,615)
Finance costs	**2,474,872**	24,213
Changes in fair value of non-current retentions receivable and payable	**2,210,524**	(2,899,028)
Operating cash flows before changes in operating assets and liabilities	**253,627,946**	161,340,648
(Increase)/decrease in financial assets	**(7,020,901)**	4,939,957
Decrease in trade and other receivables	**80,323,380**	(15,015,706)
Increase in due from related parties	**(7,975,962)**	(4,061,129)
Decrease in inventories	**35,220,271**	21,860,741
Increase in other current assets	**(23,916,022)**	(12,917,491)
Increase in trade and other payables	**510,710,103**	40,838,823
Increase/(decrease) in due to related parties	**27,611,261**	(5,854,485)
Decrease in retention receivable – non-current portion	**18,469,156**	77,922,243
Increase/(decrease) in retention payables – non-current portion	**(63,118,918)**	3,019,418
Increase in other non-current assets	**(3,326,509)**	(556,236)
Cash generated from operations	**820,603,805**	271,516,783
Employees' end of service indemnity paid	**(2,059,261)**	(1,192,393)
Interest paid	**(2,474,872)**	(24,213)
Net cash from operating activities	**816,069,672**	270,300,177
Investing activities		
Purchase of property, plant and equipment	**(131,301,755)**	(85,651,241)
Proceeds from sale of property, plant and equipment	**3,733,813**	9,664,859
Proceeds from sale of investments in securities	-	2,676,432
Acquisition of investment in subsidiaries, net of cash acquired (Note 14)	**(14,770,289)**	-
(Increase)/decrease in loans to a related party	**2,016,954**	(1,306,050)
Net cash used in investing activities	**(140,321,277)**	(74,616,000)
Cash flow from financing activities		
Proceeds from issue of shares to minority interest – capital	**14,952,074**	4,653,700
(Repayments)/proceeds from bank borrowings	**(96,898,811)**	3,984,623
Dividends paid (Note 13)	**(78,000,000)**	-
Net cash (used in)/from financing activities	**(159,946,737)**	8,638,323
Net increase in cash and cash equivalents	**515,801,658**	204,322,500
Cash and cash equivalents at the beginning of the period	**100,981,696**	93,907,569
Cash and cash equivalents at the end of the period	**616,783,354**	298,230,069

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
Nasir Bin Khalid Factory Readymix Concrete Co. LLC, Doha, Qatar	49%	Manufacture and transportation of readymix 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 (under formation), Mauritius	100%	Civil construction and related works
Arabtec Pakistan (Pvt) Limited (under formation), Pakistan	60%	Civil construction and related 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 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 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 period 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, 2006. The interim financial information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2006.

3. Significant accounting policies (continued)

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, 2006.

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 month ended June 30, 2007 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.

Discretionary bonuses for the year ended December 31, 2006 totaling AED 3 million were approved by Management during the period and were charged in arriving at the result for the six month period ended June 30, 2007 (six months ended June 30, 2006: AED 5 million).

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.

6. Related party transactions (continued)

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

	June 30, 2007 AED (Reviewed)	December 31, 2006 AED (Audited)
Joint ventures		
Amounts due from joint venture partners	**23,027,129**	18,286,943
Other related parties		
Pino Meroni M.E. LLC, Dubai, U.A.E.	**68,616**	157,837
First Group/Kamal/Malhas joint venture, Dubai, U.A.E.	**3,431,912**	4,737,803
Nouman Fouad Trading, Dubai, U.A.E.	**-**	1,800,000
Al Waab City W.L.L. Doha, Qatar	**6,423,851**	-
Arabtec Pakistan (Pvt) Limited, Pakistan	**7,037**	-
	9,931,416	6,695,640
	32,958,545	24,982,583

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

	June 30, 2007 (Reviewed) AED	December 31, 2006 (Audited) AED
Joint ventures		
Amounts due to joint venture partners	**8,936,430**	3,667,685
Other related parties		
Depa LLC, Abu Dhabi, U.A.E.	**74,056**	3,543,541
Depa Interiors LLC, Dubai, U.A.E.	**386,208**	346,437
Specialised and Interactive System LLC, Dubai, U.A.E.	**-**	27,511
Mr. Riad Burhan Kamal – Chief Executive and major shareholder	**135,888**	459,180
NBK & Sons, Qatar	**29,103,745**	-
Mechanical Engineering Centre	**32,616**	-
Mr. Saad Faeq Munib Al Taher	**19,905,184**	-
Nouman Fouad Trading, Dubai, U.A.E.	**1,058,011**	-
	50,695,708	4,376,669
	59,632,138	8,044,354

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,	
	2007	2006	**2007**	2006
	(Reviewed)	(Reviewed)	**(Reviewed)**	(Reviewed)
	AED	AED	**AED**	AED
Joint ventures				
Manpower and other charges to joint ventures	**17,587,632**	-	**12,235,009**	-
Other related parties				
Contract and other revenue	**15,532,138**	63,977,589	**11,989,799**	25,583,067
Share of projects net contribution payable to a related party – Note 6 (e)	-	9,184,454	-	5,184,454
Sub-contracting costs	**527,351**	198,795	-	89,483
Wages and salaries	**151,453**	188,419	-	87,187
Interest received on loans	**104,021**	-	-	-
Bank charges	**1,508**	1,283	**225**	-
Rent income	**60,000**	311,250	-	60,000
Miscellaneous charges	**415,410**	694,538	-	-
Purchase of property, plant and equipment	**117,900**	-	-	-
Sale of property, plant and equipment	**3,260,941**	5,602,004	-	5,602,004
Cranes purchased/hired	**4,497,081**	-	**2,512,648**	-
Fair value increase/(decrease) arising on investments held in trust by a director/ shareholder	**2,046,411**	(2,768,342)	**1,455,226**	(1,887,246)

e) The share of projects net contribution payable to a related party is based on the terms of agreements entered into between the Group and a related party and is included as direct costs for those particular contracts.

f) The Group has provided a loan (included in other financial assets) of AED 4,168,505 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)

g) 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,	
	2007	2006	**2007**	2006
	(Reviewed)	(Reviewed)	**(Reviewed)**	(Reviewed)
	AED	AED	**AED**	AED
Management fees to directors	**450,000**	225,000	**225,000**	-
Short term benefits	**8,066,109**	1,208,949	**7,341,125**	604,378
Post-employment benefits	**23,250**	23,250	**11,625**	12,750
Discretionary bonus	**3,000,000**	5,000,000	**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.

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

	June 30, 2007	December 31, 2006
	(Reviewed)	(Audited)
	AED	AED
At beginning of period/year	**3,280,125**	5,459,976
Repayment during the period	**(543,497)**	(2,415,144)
Interest charged during the period	**92,357**	235,293
At end of the period/year	**2,828,985**	3,280,125

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

	June 30, 2007	December 31, 2006
	(Reviewed)	(Audited)
	AED	AED
Accrued during the period/year	**5,497,262**	900,000

6. Related party transactions (continued)

j) Included in trade and other payables is an amount of AED 13,074,377 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.

k) 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 7).

7. Joint ventures

The Group had the following significant interests in joint ventures:

a) A 40% share in the Abu Dhabi Investment Authority Head Quarter joint venture project.

b) A 50% share in the Six Construct/Arabtec joint venture projects.

c) A 30% share in the Samsung/Six Construct/Arabtec joint venture project.

d) A 50% share in Arabtec/Max Bogl joint venture projects.

e) A 50% share in Arabtec Engineering/WCT Engineering Berhad joint venture project.

f) A 50% share in Arabtec/Emirates Sunderland Group joint venture project.

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

	June 30, 2007 (Reviewed) AED	December 31, 2006 (Audited) AED
Current assets	**229,103,459**	57,070,287
Non-current assets	**45,597,945**	58,844,575
Current liabilities	**263,321,798**	135,746,312
Non-current liabilities	**11,379,605**	19,538,754
Commitments	**697,686**	1,395,972
Contingent liabilities	**445,011,575**	229,782,392

	Half year ended June 30,		**Quarter ended June 30,**	
	2007 (Reviewed) AED	2006 (Reviewed) AED	**2007 (Reviewed) AED**	2006 (Reviewed) AED
Revenue	**298,817,682**	152,876,266	**126,218,794**	92,527,863
Expenses	**284,697,613**	142,484,587	**120,964,355**	87,848,247

8. Intangible assets

	Other intangibles	Leasehold property benefit	Arabtec brand	Total
	AED	AED	AED	AED
Cost				
At December 31, 2006	-	2,040,097	110,000,000	112,040,097
Additions	9,000,000	-	-	9,000,000
At June 30, 2007	**9,000,000**	**2,040,097**	**110,000,000**	**121,040,097**
Accumulated amortization				
At December 31, 2006	-	212,000	22,000,000	22,212,000
Charge for the period	450,000	137,070	5,500,000	6,087,070
At June 30, 2007	**450,000**	**349,070**	**27,500,000**	**28,299,070**
Carrying amount At June 30, 2007 (Reviewed)	**8,550,000**	**1,691,027**	**82,500,000**	**92,741,027**
At December 31, 2006 (Audited)	-	1,828,097	88,000,000	89,828,097

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

Amortization of the leasehold property benefit is based on the underlying lease, and commenced on January 1, 2006 for a period of 18 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 International Financial Reporting Standards.

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. LLC (Note 14).

9. Property, plant and equipment

During the period, the Group purchased approximately AED 131.444 million (2006: AED 35.411 million) of various types of property, plant and equipment and disposed of plant and office equipment with a net book value of AED 2.83 million (2006: AED 2.73 million) for proceeds of AED 3.73 million (2006: AED 3.48 million).

10. Operating lease

The Group as lessee:

	Half year ended June 30,		Quarter ended June 30,	
	2007	2006	**2007**	2006
	(Reviewed)	(Reviewed)	**(Reviewed)**	(Reviewed)
	AED	AED	**AED**	AED
Minimum lease payments under operating leases recognized as expense for the period	**22,012,068**	11,199,932	**12,832,763**	6,617,369

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

	June 30, 2007	December 31, 2006
	(Reviewed)	(Audited)
	AED	AED
Within one year	**4,939,477**	21,732,643
In the second to fifth years inclusive	**1,743,804**	1,815,671
Later than five years	**5,187,912**	5,405,741
	11,871,193	28,954,055

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

11. Commitments and contingencies

	June 30, 2007 (Reviewed) AED	December 31, 2006 (Audited) AED
Commitments		
Commitments for the acquisition of property, plant and equipment	**49,036,422**	21,059,108
Contingent liabilities		
Performance and bid bonds	**1,704,611,772**	1,342,039,424
Advance payment bonds	**741,307,807**	438,107,365
Financial guarantees	**34,627,948**	30,833,448
Retention bonds	**351,557,790**	213,123,364
Labour guarantees	**10,951,150**	10,764,150
Letters of credit	**74,149,850**	76,802,106

12. Share capital

Following a bonus share issue of 15% (78 million shares of AED 1 each), for which approval was given at the Annual General Meeting of the shareholders held on April 9, 2007, the share capital comprises of 598,000,000 (2006: 520,000,000) authorized, issued and fully paid shares of AED 1 each.

13. Dividends paid

Based on the results for the year ended December 31, 2006, the directors proposed a cash dividend of AED 78 million, for which approval has been received at the Annual General Meeting of the shareholders held on April 9, 2007.

14. Acquisition of subsidiary

On January 1, 2007, the Group acquired 55 per cent of the issued share capital of Emirates Falcon Electromechanical Co. (L.L.C.) for cash consideration of AED 18.33 million. This transaction has been accounted for by the purchase method of accounting in accordance with IFRS 3.

14. Acquisition of subsidiary (continued)

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	**142,497**
Inventories	**156,800**
Trade and other receivables	**36,081,315**
Bank and cash balances	**3,113,044**
Provision for employees' end of service indemnity	**(1,882,229)**
Trade and other payables	**(12,832,781)**
Due to related parties	**(23,976,523)**
Due from related parties	**450,000**
Bank overdraft	**(802,123)**
	450,000
Less: Minority interest	**(202,500)**
Goodwill	**9,085,833**
Other Intangible asset	**9,000,000**
Total consideration, satisfied by cash	**18,333,333**

	AED
Net cash outflow arising on acquisition:	
Cash consideration paid	**(18,333,333)**
Cash and cash equivalents acquired	**3,563,044**
	(14,770,289)

The goodwill arising on the acquisition of Emirates Falcon Electromechanical Co. (L.L.C.) 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.

The other intangible assets represents technological expertise, the trade name and the special historic and beneficial working relationship with Arabtec, 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 from the acquisition.

Emirates Falcon Electromechanical Co. (L.L.C.) contributed AED 9.8 million to Group's profit for the period between the date of acquisition and the balance sheet date.