ARABTEC HOLDING PJSC AND ITS SUBSIDIARIES
DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009

Arabtec Holding PJSC and its Subsidiaries
Dubai - United Arab Emirates

Interim Condensed Consolidated Financial Information and Independent Auditor's Review Report For the Three Month Period Ended March 31, 2009

Table of Contents

	Page
Independent Auditor's Review Report	1
Interim Condensed Consolidated Statement of Financial Position	2
Interim Condensed Consolidated Statement of Income	3
Interim Condensed Consolidated Statement of Comprehensive Income	4
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity	5
Interim Condensed Consolidated Statement of Cash Flows	6
Notes to the Interim Condensed Consolidated Financial Information	7 - 26

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Independent Auditor's Review Report

The Directors
Arabtec Holding PJSC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Arabtec Holding PJSC** (the "Company") **and its Subsidiaries** (collectively the "Group") as at March 31, 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three month period then ended. Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting (IAS 34). Our responsibility is to issue a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

Emphasis of matter

Without qualifying our opinion we draw attention to Note 6 to the interim condensed consolidated financial information which describes a contractual dispute subject to arbitration proceedings, the probable outcome of which cannot currently be determined as the proceedings are at a very early stage.

Deloitte & Touche

Anis F. Sadek
(Registration No. 521)

Dubai
April 29, 2009

Interim Condensed Consolidated Statement of Financial Position
At March 31, 2009
(In Arab Emirates Dirhams)

	Note	March 31, 2009 (Un-audited)	December 31, 2008 (Audited)
Assets			
Current assets			
Cash and cash equivalents		**928,109,918**	757,437,305
Other financial assets		**95,786,592**	92,924,889
Trade and other receivables		**4,678,542,786**	4,982,897,819
Due from related parties	7 (b)	**408,291,919**	278,024,004
Inventories		**881,495,794**	1,016,549,811
Other current assets		**143,115,302**	158,036,324
Deferred tax		**413,628**	344,886
Total current assets		**7,135,755,939**	7,286,215,038
Non-current assets			
Other financial assets		**45,895,329**	52,954,378
Intangible assets	9	**230,426,294**	242,339,851
Goodwill		**252,265,152**	252,265,152
Retentions receivable – non-current portion		**294,508,696**	236,991,655
Other non-current assets		**10,612,349**	7,570,885
Property, plant and equipment	10	**1,371,495,854**	1,381,322,629
Total non-current assets		**2,205,203,674**	2,173,444,550
Total Assets		**9,340,959,613**	9,459,659,588
LIABILITIES AND EQUITY			
Current liabilities			
Bank borrowings	11	**1,329,615,215**	1,101,858,778
Trade and other payables		**5,023,677,882**	5,732,160,578
Due to related parties	7 (c)	**322,183,350**	172,963,430
Income tax payable		**1,901,473**	2,949,150
Total current liabilities		**6,677,377,920**	7,009,931,936
Non-current liabilities			
Bank borrowings	11	**177,948,679**	153,608,016
Provision for employees' end of service indemnity		**119,000,111**	114,058,508
Retentions payable - non-current portion		**78,342,911**	64,118,861
Total non-current liabilities		**375,291,701**	331,785,385
Total Liabilities		**7,052,669,621**	7,341,717,321
Capital and reserves			
Issued share capital	15	**1,196,000,000**	1,196,000,000
Statutory reserve		**203,738,630**	187,616,086
Fair value adjustment reserve		**(10,500,836)**	(5,940,503)
Retained earnings		**660,647,670**	515,544,774
Equity attributable to equity holders of the Company		**2,049,885,464**	1,893,220,357
Non-controlling interests		**238,404,528**	224,721,910
Total Equity		**2,288,289,992**	2,117,942,267
Total Equity and Liabilities		**9,340,959,613**	9,459,659,588

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

The interim condensed consolidated financial information on pages 2 to 26 was approved by the Board of Directors and authorized for issue on April 29, 2009 and signed on their behalf by:

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

Interim Condensed Consolidated Statement of Income
For the Three Month Period Ended March 31, 2009
(In Arab Emirates Dirhams)

	Note	Three Month Period Ended March 31, 2009 (Un-audited)	2008 (Un-audited)
Revenue		**1,865,486,973**	1,879,857,050
Direct costs		**(1,578,696,189)**	(1,549,645,670)
Gross profit		**286,790,784**	330,211,380
Other operating income		**24,874,502**	19,053,440
Other income		**7,616,333**	8,161,561
General and administrative expenses		**(104,694,125)**	(103,750,068)
Changes in fair value of non-current retentions		**(2,079,494)**	3,763,446
Finance costs		**(18,376,236)**	(968,909)
Profit before tax		**194,131,764**	256,470,850
Income tax expense	12	**(1,988,336)**	(209,030)
Profit for the period		**192,143,428**	256,261,820
Attributable to:			
Equity holders of parent		**161,225,440**	231,399,154
Non-controlling interests		**30,917,988**	24,862,666
		192,143,428	256,261,820
Basic earnings per share (AED) (based on profit for the period attributable to equity holders of the parent and 1,196 million shares in issue throughout the period)		**0.13**	0.19

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

Interim Condensed Consolidated Statement of Comprehensive Income
For the Three Month Period Ended March 31, 2009
(In Thousand Arab Emirates Dirhams)

	Three Month Period Ended March 31,	
	2009	2008
	(Un-audited)	(Un-audited)
Profit for the period	**192,143,428**	256,261,820
Other comprehensive loss		
Available-for-sale financial assets	**(4,560,333)**	(552,312)
Total comprehensive income for the period	**187,583,095**	255,709,508
Total comprehensive income attributable to:		
Equity holders of the parent	**156,665,107**	230,846,842
Non-controlling interests	**30,917,988**	24,862,666
	187,583,095	255,709,508

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 Shareholders' Equity
For the Three Month Period Ended March 31, 2009
(In Arab Emirates Dirhams)

	Attributable to equity holders of the parent						
	Share capital	Statutory reserve	Fair value adjustment reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at December 31, 2007 (Audited)	**598,000,000**	**91,811,549**	**9,714,178**	**550,303,942**	**1,249,829,669**	**138,267,518**	**1,388,097,187**
Dividends payable (Note 16)	-	-	-	(299,000,000)	(299,000,000)	-	(299,000,000)
Dividends paid	-	-	-	-	-	(10,000,000)	(10,000,000)
Profit for the period	-	-	-	231,399,154	231,399,154	24,862,666	256,261,820
Unrealised loss on available-for-sale investments recognized directly in equity	-	-	(552,312)	-	(552,312)	-	(552,312)
Total income recognized for the period	-	-	-	-	-	-	255,709,508
Non-controlling interest arising on acquisition of subsidiaries	-	-	-	-	-	4,817,827	4,817,827
Transfer to statutory reserve	-	23,139,915	-	(23,139,915)	-	-	-
Balance at March 31, 2008 (Un-audited)	**598,000,000**	**114,951,464**	**9,161,866**	**459,563,181**	**1,181,676,511**	**157,948,011**	**1,339,624,522**
Balance at December 31, 2008 (Audited)	**1,196,000,000**	**187,616,086**	**(5,940,503)**	**515,544,774**	**1,893,220,357**	**224,721,910**	**2,117,942,267**
Dividends paid	-	-	-	-	-	(17,235,370)	(17,235,370)
Profit for the period	-	-	-	161,225,440	161,225,440	30,917,988	192,143,428
Unrealised loss on available-for-sale investments recognized directly in equity	-	-	(4,560,333)	-	(4,560,333)	-	(4,560,333)
Total income recognized for the period	-	-	-	-	-	-	187,583,095
Transfer to statutory reserve	-	16,122,544	-	(16,122,544)	-	-	-
Balance at March 31, 2009 (Un-audited)	**1,196,000,000**	**203,738,630**	**(10,500,836)**	**660,647,670**	**2,049,885,464**	**238,404,528**	**2,288,289,992**

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

Interim Condensed Consolidated Statement of Cash Flows
For the Three Month Period Ended March 31, 2009
(In Arab Emirates Dirhams)

	Three month period ended March 31,	
	2009	2008
	(Un-audited)	(Un-audited)
Net cash (used in)/from operating activities	**(7,925,347)**	178,552,350
Purchase of property, plant and equipment	**(64,354,998)**	(234,082,991)
Proceeds from sale of property, plant and equipment	**8,131,083**	9,503,811
Investments in securities	**-**	(16,571,000)
Consideration paid in acquiring a subsidiary, net of cash acquired	**-**	(16,220,190)
Cash dividend received	**-**	113,690
(Increase)/decrease in loans to a related party	**(39,855)**	1,932,101
Net cash used in investing activities	**(56,263,770)**	(255,324,579)
Proceeds from issue of shares to non-controlling interest - capital	**-**	147,000
Dividends paid to non-controlling shareholders	**(17,235,370)**	(10,000,000)
Proceeds from/(repayment of) bank borrowings (net)	**252,097,100**	154,532,454
Net cash from financing activities	**234,861,730**	144,679,454
Net increase in cash and cash equivalents	**170,672,613**	67,907,225
Cash and cash equivalents at December 31,	**757,437,305**	904,063,094
Cash and cash equivalents at March 31,	**928,109,918**	971,970,319

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

1. Establishment and operations

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

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

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

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

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

Name of subsidiary and domicile	Percentage of beneficial holding	Principal activities
Arabtec Construction LLC, Dubai, U.A.E.	100%	Civil construction and related works
Austrian Arabian Ready Mix Concrete Co. LLC, Dubai, U.A.E.	100%	Manufacture and transportation of ready mix concrete products
House of Equipment Co. LLC, Dubai, UAE	33.33%	Trading and leasing of construction equipment
Arabtec Construction LLC, Doha, Qatar	49%	Civil construction and related works
Arabtec Precast LLC, Dubai, UAE	100%	Manufacture of pre cast panels
Nasser Bin Khaled Factory Ready Mix Concrete Co. LLC, Doha, Qatar	49%	Manufacture and transportation of ready mix concrete product
Emirates Falcon Electromechanical Co. EFECO LLC, Dubai, UAE	55%	Electrical mechanical and plumbing contracts
Arabtec Engineering LLC, Dubai, UAE	100%	Infrastructure construction works
Arabtec International Company Limited, Mauritius	100%	Civil construction and related works
Arabtec Pakistan (Pvt) Limited (under formation), Pakistan	60%	Civil construction and related works
Target Engineering Construction Company, 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 on trust and for the benefit of the Company. The investment in Arabtec Pakistan (Pvt) Limited is held by third parties in trust and for the benefit of the Company.

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

2. Basis of preparation

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

The interim condensed consolidated financial information 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, Dubai, 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 period are included in the interim condensed consolidated Statement of Income 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 condensed financial information has been prepared under the historical cost basis, except for revaluation of 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, 2008, except for the impact of the adoption of the standards described below:

IAS 1 (revised 2007) Presentation of Financial Statements
(Effective for annual periods beginning on or after January 1, 2009)

The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Group.

IFRS 8 Operating segments
(Effective for annual periods beginning on or after January 1, 2009)

IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (see note 4), but has had no impact on the reported results or financial position of the Group.

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 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, 2008.

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

The Group has four reportable segments: business construction, precast and concrete production, drainage and electromechanical works and marine constructions. The business construction segment primarily engages in the construction of high-rise towers, buildings and residential villas. The precast and concrete production segment produces ready mix concrete and precast mainly to serve the business construction segment. The drainage and electrocmechanical segment is involved in the execution of the drainage, electrical and mechanical works. The fourth segment is involved in marine construction.

The accounting policies of the operating segments are the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2008. Arabtec Holding PJSC evaluates performance on the basis of profit or loss from operations before tax expense.

Arabtec Holding PJSC accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Arabtec Holding PJSC's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Most of the businesses were acquired/formed as individual units, and the management at the time of the acquisition was retained.

4. Segment information (continued)

Information about reportable segment profit or loss, assets and liabilities

March 31, 2009 (Un-audited)	Building construction AED	Precast and concrete production AED	Drainage and electro-mechanical works AED	Marine constructions AED	All other AED	Total AED
Revenues from external customers	1,694,192,734	17,546,518	91,190,793	24,918,268	37,638,660	1,865,486,973
Inter-segment revenues	-	125,622,502	101,799,266	-	10,757,761	238,179,529
Interest income	7,616,333	-	-	-	-	7,616,333
Interest expense	15,123,942	41,430	555	435,971	2,774,338	18,376,236
Depreciation	39,661,099	9,834,539	5,048,027	1,282,850	11,566,535	67,393,050
Reportable segment profit before tax	158,098,909	20,367,256	29,307,614	3,840,684	1,071,931	212,686,394
Income tax expense	1,924,658	44,948	-	18,730	-	1,988,336
Reportable segment assets	7,673,970,220	404,989,906	641,037,545	123,796,905	305,305,360	9,149,099,936
Expenditures for reportable segment non-current assets	35,447,452	6,049,816	4,596,463	1,675,867	16,585,400	64,354,998
Reportable segment liabilities	6,442,337,882	187,638,289	505,709,720	117,774,951	194,977,387	7,448,438,229

4. Segment information (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities:

	March 31, 2009 AED
Revenues	
Total revenues for reportable segments	2,066,027,842
Other revenues	37,638,660
Elimination of intersegment revenues	(238,179,529)
Group's revenues	1,865,486,973
Profit	
Total profit for reportable segments	211,614,463
Other profit	1,071,931
Other corporate expenses	(18,554,630)
Income before income tax expense	194,131,764
Assets	
Total assets for reportable segments	8,843,794,576
Other assets	305,305,360
Corporate assets	596,784,054
Elimination of inter-segments receivables	(404,924,377)
Group's assets	9,340,959,613
Liabilities	
Total liabilities for reportable segments	7,253,460,842
Other liabilities	194,977,387
Corporate liabilities	9,155,769
Elimination of inter-segment payables	(362,095,084)
Elimination of payable to corporate headquarters	(42,829,293)
Group's liabilities	7,052,669,621

4. Segment information (continued)

Information about reportable segment profit or loss, assets and liabilities

March 31, 2008 (Un-audited)	Building construction AED	Precast and concrete production AED	Drainage and electro-mechanical works AED	Marine constructions AED	All other AED	Total AED
Revenues from external customers	1,672,116,983	47,537,881	59,450,448	68,597,653	32,154,085	1,879,857,050
Inter-segment revenues	-	86,543,138	109,863,762	-	7,306,096	203,712,996
Interest income	8,153,700	7,861	-	-	-	8,161,561
Interest expense	30,458	23,584	14,211	-	900,656	968,909
Depreciation	24,767,552	7,994,032	1,266,400	927,326	5,498,367	40,453,677
Reportable segment profit before tax	233,144,294	6,661,475	16,453,162	4,316,422	13,639,290	274,214,643
Income tax expense	209,030	-	-	-	-	209,030
December 31, 2008 (Audited)						
Reportable segment assets	7,822,641,764	405,193,606	600,146,103	65,677,025	354,449,185	9,248,107,683
Expenditures for reportable segment non-current assets	492,545,742	89,236,357	143,494,939	30,271,972	112,113,752	867,662,762
Reportable segment liabilities	6,766,578,518	204,729,661	454,723,999	49,210,001	243,202,423	7,718,444,602

4. Segment information (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities:

	March 31, 2008 AED (Un-audited)
Revenues	
Total revenues for reportable segments	2,051,415,961
Other revenues	32,154,085
Elimination of intersegment revenues	(203,712,996)
Group's revenues	1,879,857,050
Profit	
Total profit for reportable segments	260,575,353
Other profit	13,639,290
Other corporate expenses	(17,743,793)
Income before income tax expense	256,470,850

	December 31, 2008
Assets	
Total assets for reportable segments	8,893,658,498
Other assets	354,449,185
Corporate assets	617,025,193
Elimination inter-segments receivables	(405,473,288)
Group's assets	9,459,659,588
Liabilities	
Total liabilities for reportable segments	7,475,242,179
Other liabilities	243,202,423
Corporate liabilities	28,746,006
Elimination of inter-segment payables	(356,238,467)
Elimination of payable to corporate headquarters	(49,234,820)
Group's liabilities	7,341,717,321

4. Segment information (continued)

Geographical information

	March 31, 2009		March 31, 2008	
	Revenues	Non-current assets	Revenues	Non-current assets
	AED	AED	AED	AED
GCC Countries	**1,860,296,879**	**1,362,177,150**	1,879,857,050	940,453,233
Pakistan	**168,099**	**1,666,097**	-	-
Levant	**5,021,995**	**7,652,607**	-	-

a) Revenues are attributed to countries on the basis of the construction projects' location.
b) Non-current assets exclude financial instruments and corporate assets.

Information about major customers

Revenues from 4 customers of the building construction segment represent approximately AED 697 million (March 31, 2008: 776 million) of the Group's total revenues.

5. Results for the period

The results for the three month ended March 31, 2009 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.

6. Contract dispute

On December 25, 2008, the Arabtec Construction L.L.C. – WCT Engineering Berhad (Dubai Branch) Joint Venture (the "Joint Venture") for the construction of the Nad Al Sheba racecourse in Dubai, in which the Group has a 50% share, received notice from the contract owner, Meydan L.L.C. ("Meydan") purporting to terminate the contract on January 9, 2009 for reasons which management consider did not justify such termination. Subsequently, by way of its notice dated January 10, 2009, the Joint Venture purported to terminate the contract on January 24, 2009 on a number of grounds including failure to pay certified amounts, the Joint Venture's exclusion from the site and Meydan's wrongful calls on the Performance Security and Advance Payment Guarantee.

Notice of the call of the Performance Security amounting to AED 461.3 million (Group's share: AED 230.65 million) and the Advance Payment Guarantee amounting to AED 77.3 million (Group's share: AED 38.6 million) was received by the Joint Venture on December 29, 2008. Management has accrued the amount payable in the consolidated financial statements, and has simultaneously recorded a receivable for the same amount from Meydan, pending resolution of the dispute.

6. Contract dispute (continued)

The following balances relating to the above contract are held in the Group's interim condensed consolidated financial information:

	(Group's50% share)	
	March 31, 2009	December 31, 2008
	AED (Un-audited)	AED (Audited)
Income statement		
Contract revenue	**10,267,129**	710,242,342
Contract costs	**(10,267,129)**	(710,242,342)
Gross contract margin	**-**	-
Balance sheet		
Contract receivables	**38,579,950**	57,394
Performance security and advance payment guarantee amount receivable	**269,281,837**	269,281,837
Retention receivable - current portion	**45,300,647**	51,762,117
Amounts due from customer for contract work	**211,363,854**	260,763,965
Advances paid to suppliers and subcontractors	**70,333,466**	71,392,152
Property, plant and equipment	**14,952,991**	19,496,820
	649,812,745	672,754,285
Trade payables	**18,073,815**	12,586,740
Performance security and advance payment guarantee amount payable	**269,281,837**	269,281,837
Amounts payable to subcontractors, excluding retentions	**1,359,057**	7,532,206
Provisions for subcontractors and other accruals	**278,642,623**	273,493,378
Retentions payable - current portion	**6,566,126**	5,692,379
Advance received from customer	**75,889,287**	104,167,745
	649,812,745	672,754,285

On January 11, 2009, the Joint Venture served its request for arbitration, submitting an initial claim of which the Group's share is in excess of AED 800 million. Management believes, based on a preliminary legal opinion they have received, that the prospects of success in the arbitration are good and that no additional provisions for the dispute are required at the statement of financial position date.

6. Contract dispute (continued)

In accordance with the Group's accounting policy relating to contracts where the outcome cannot be estimated reliably, revenue has been recognized only to the extent of contract costs incurred to date, which management considers is not doubtful of recovery and therefore no provision has been made against the amounts due from the customer for contract work. No profit has been taken on the contract to date pending the outcome of the Group's claims and conclusion of the arbitration proceedings. Had the project not been terminated, profit as at March 31, 2009 on the contract of approximately AED 193 million – Group's share AED 96.5 million (As at December 31, 2008: AED 169 million - Group's share AED 89.5 million) would have been recognized.

7. 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 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 consolidated statement of financial position date, due from related parties comprised the following:

	March 31, 2009	December 31, 2008
	AED (Un-audited)	AED (Audited)
Joint ventures		
Amounts due from joint venture partners	**288,891,429**	197,466,913
Other related parties		
Entities with common ownership and management		
Al Waab City W.L.L., Doha, Qatar	**80,467,639**	60,096,543
National Industrial Contracting Company WLL, Qatar	**3,734,610**	2,540,341
Nasser Bin Khaled Al-Thani and Sons Group and its related parties, Qatar	**20,200,000**	10,100,000
Others	**14,998,241**	7,820,207
	119,400,490	80,557,091
	408,291,919	278,024,004

7. Related party transactions (continued)

c) At the consolidated statement of financial position date, due to related parties comprised the following:

	March 31, 2009 AED (Un-audited)	December 31, 2008 AED (Audited)
Joint ventures		
Amounts due to joint venture partners	**203,654,544**	51,654,238
Other related parties		
Entities with common ownership and management		
Nasser Bin Khaled Al-Thani and Sons Group and its related parties, Qatar	**34,790,062**	34,206,661
WCT Engineering Berhad, Malaysia	**3,033,340**	17,728,264
Target Construct Corporation, Abu Dhabi, U.A.E.	**12,489,277**	12,409,763
Depa Interiors LLC, Dubai, U.A.E.	**11,030,694**	5,668,637
Marintek Gulf, U.A.E.	**5,458,498**	4,565,018
Nouman Fouad Trading, Abu Dhabi, U.A.E.	**9,170,576**	11,635,588
Current account of a director and major shareholder of the parent company		
Mr. Riad Kamal – a Director and major shareholder	**22,574,344**	24,709,819
Current accounts of shareholders in subsidiaries		
Other shareholders	**15,808,476**	2,586,213
Others	**4,173,539**	7,799,229
	118,528,806	121,309,192
	322,183,350	172,963,430

7. Related party transactions (continued)

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

	Three month period ended March 31,	
	2009	2008
	AED	AED
	(Un-audited)	(Un-audited)
Other related parties		
Contract and other revenue	**200,983,646**	50,427,293
Sub-contracting costs	**24,670,544**	25,541,017
Wages and salaries	**320,957**	215,616
Interest received on loans	**39,855**	87,444
Rent income	**214,500**	2,264,685
Purchase of property, plant and equipment	**6,731,164**	-
Sale of property, plant and equipment	**180,378**	-
Manpower and other charges to joint ventures	**24,873,462**	19,053,440
Advances for formation expenses	-	304,404
Fair value loss arising on investments held in trust by a director/shareholder	**(4,299,389)**	(2,308,669)

e) The Group has provided a loan (included in other financial assets) of AED 2,376,938 (December 31, 2008: AED 2,498,715) to a non-controlling shareholder in House of Equipment Co. LLC. Interest on the loan is charged at 7% per annum.

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

	Three month period ended March 31,	
	2009	2008
	AED	AED
	(Un-audited)	(Un-audited)
Management fees to directors	**450,000**	450,000
Short term benefits	**15,903,230**	24,766,124
Post-employment benefits	**178,753**	82,756

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

7. Related party transactions (continued)

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

	March 31, 2009 AED (Un-audited)	December 31, 2008 AED (Audited)
Balance at beginning of the period/year	**684,071**	5,236,698
Repayments during the year	**(18,000)**	(4,601,783)
Interest charged during the year	**2,955**	49,156
Balance at end of the period/year	**669,026**	684,071

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

	March 31, 2009 AED (Un-audited)	December 31, 2008 AED (Audited)
Accrued during the period/year	**2,450,000**	2,000,000

i) Included in in trade and other payables is an amount of AED 18,639,788 (December 31, 2008: AED 12,164,984) representing contributions from employees and directors towards a staff welfare scheme. Assets of the scheme are included in the consolidated statement of financial position under cash and cash equivalents AED 11,344,898 (December 31, 2008: AED 3,704,484) and other current assets AED 7,294,890 (December 31, 2008: AED 8,460,500).

8. Joint ventures

The Group had the following significant interests in joint ventures (JV):

	Share in JV
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 projects	50%/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 Engineering joint venture project	50%
n) Arabian Construction Company/Arabtec joint venture project	50%

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.

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

	March 31, 2009	December 31, 2008
	AED (Un-audited)	AED (Audited)
Current assets	**1,595,230,708**	1,529,581,014
Non-current assets	**145,688,182**	138,863,715
Current liabilities	**1,448,210,507**	1,475,593,870
Non-current liabilities	**46,267,038**	32,514,769
Commitments	**-**	623,470
Contingent liabilities	**664,664,667**	604,071,321

	Three month period ended March 31,	
	2009	2008
	AED (Un-audited)	AED (Un-audited)
Revenue	**177,811,411**	411,868,908
Expenses	**199,580,303**	378,899,637

9. Intangible assets

	Leasehold property benefit	Arabtec brand	Customer contracts	Other intangibles	Total
	AED	AED	AED	AED	AED
Cost					
At December 31, 2007	3,246,697	110,000,000	195,055,800	9,000,000	317,302,497
Additions	4,460,172	-	-	-	4,460,172
At March 31, 2008	7,706,869	110,000,000	195,055,800	9,000,000	321,762,669
At December 31, 2008	5,699,792	110,000,000	195,055,800	9,000,000	319,755,592
At March 31, 2009	**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	89,382	2,750,000	6,893,100	225,000	9,957,482
At March 31, 2008	585,622	35,750,000	9,190,800	1,125,000	46,651,422
At December 31, 2008	1,199,841	44,000,000	30,415,900	1,800,000	77,415,741
Charge for the period	408,057	2,750,000	8,530,500	225,000	11,913,557
At March 31, 2009	**1,607,898**	**46,750,000**	**38,946,400**	**2,025,000**	**89,329,298**
Carrying amount					
At March 31, 2009	**4,091,894**	**63,250,000**	**156,109,400**	**6,975,000**	**230,426,294**
At December 31, 2008 And	4,499,951	66,000,000	164,639,900	7,200,000	242,339,851

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 of 18 and 21 years.

The Arabtec brand value is amortized over the expected period 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 10 years.

Other intangibles are amortized over the estimated period 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.).

10. Property, plant and equipment

During the period, the Group purchased approximately AED 64.4 million (during the same period in 2008: AED 234.2 million) of various types of property, plant and equipment and disposed of property, plant and equipment with a net book value of AED 6.7 million (during the same period in 2008: AED 9.5 million) for proceeds of AED 8.1 million (during the same period in 2008: AED 9.5 million).

11. Borrowings

During the period, the Group obtained new short-term bank loans in the amount of AED 89.6 million (during the same period in 2008: AED 43.2 million). The loans bear interest at variable market rates and are repayable within 1 year. The proceeds were used to meet short-term expenditure needs. Repayments of other bank loans amounting to AED 322.6 million (during the same period in 2008: AED 8.3 million) were made in line with previously disclosed repayment terms.

12. Income tax charge

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 17.07% (3 months ended March 31, 2008: 17.07%).

13. Operating lease

The Group as lessee:

	Three month period ended March 31,	
	2009	2008
	AED (Un-audited)	AED (Un-audited)
Minimum lease payments under operating leases recognized as expense for the period	**17,465,566**	11,375,293

At the consolidated statement of financial position date, the Group had outstanding commitments under cancelable operating leases, which fall due as follows:

	March 31, 2009	December 31, 2008
	AED (Un-audited)	AED (Audited)
Within one year	**43,912,862**	60,518,371
In the second to fifth years inclusive	**9,714,892**	36,287,459
Later than five years	**1,282,880**	932,880
	54,910,634	97,738,710

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

14. Commitments and contingencies

	March 31, 2009	December 31, 2008
	AED (Un-audited)	AED (Audited)
Commitments		
Commitments for the acquisition of property, plant and equipment	**193,715,920**	169,698,003
Contingent liabilities		
Performance and bid bonds	**2,828,639,524**	3,252,296,965
Advance payment bonds	**1,377,955,502**	2,083,375,960
Financial guarantees	**46,680,948**	125,616,423
Retention bonds	**347,779,955**	455,780,982
Labour guarantees	**12,574,540**	31,261,919
Letters of credit	**108,139,126**	286,512,792

15. Share capital

Share capital as at March 31, 2009 amounted to AED 1.196 billion. There were no movements in the share capital of the Company in either the current or the prior interim reporting period.

16. Dividend declaration

No cash dividends are proposed by the directors for the year ended December 31, 2008.

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

17. Acquisition of subsidiary

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

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: Non-controlling interest	**(4,670,825)**
Intangible asset	**4,460,172**
Goodwill	**17,331,041**
Total consideration, satisfied by cash	**27,500,000**
Net cash outflow arising on acquisition:	
Cash consideration paid	**27,500,000**
Cash and cash equivalents acquired	**(11,279,810)**
	16,220,190

17. 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 1.6 million to Group's profit for the period between the date of acquisition and the consolidated statement of financial position as at March 31, 2008.