

**ARABTEC HOLDING PJSC AND ITS SUBSIDIARIES  
DUBAI - UNITED ARAB EMIRATES**

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



**Arabtec Holding PJSC and its Subsidiaries  
Dubai - United Arab Emirates**

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

**Table of Contents**

---

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

Ref: 31875FS08-PJSC-March08

## Report on Review of Interim Condensed Consolidated Financial Information

**The Board of Directors  
Arabtec Holding PJSC  
Dubai  
United Arab Emirates**

### *Introduction*

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

### *Scope of review*

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

### *Conclusion*

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

**Dubai  
May 5, 2008**

**Deloitte & Touche**



**Anis F. Sadek  
(Registration No. 521)**

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

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

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

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

.....  
Riad Kamal  
Managing Director



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

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

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

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

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

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

Notes to the Interim Condensed Consolidated Financial Information  
For the Three Month Period Ended March 31, 2008

---

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:

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

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Three Month Period Ended March 31, 2008**

---

**1. Establishment and operations (continued)**

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

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

**2. Basis of preparation**

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

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

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

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

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

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

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Three Month Period Ended March 31, 2008**

---

**3. Significant accounting policies**

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

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

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

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

**4. Segment information**

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

**5. Results for the period**

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

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

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

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

Notes to the Interim Condensed Consolidated Financial Information - continued  
For the Three Month Period Ended March 31, 2008

**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:

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

Notes to the Interim Condensed Consolidated Financial Information - continued  
For the Three Month Period Ended March 31, 2008

6. Related party transactions (continued)

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

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

Notes to the Interim Condensed Consolidated Financial Information - continued  
For the Three Month Period Ended March 31, 2008

6. Related party transactions (continued)

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

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

- e) The Group has provided a loan (included in other financial assets) of AED 2,376,938 (December 31, 2007: AED 4,309,039) to a minority shareholder in House of Equipment Co. LLC. Interest on the loan is charged at 7% per annum.
- f) The remuneration of directors and other members of key management during the period were as follows:

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

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

Notes to the Interim Condensed Consolidated Financial Information - continued  
For the Three Month Period Ended March 31, 2008

---

6. Related party transactions (continued)

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

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

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

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

- i) Included in trade and other payables is an amount of AED 18,996,058 (December 31, 2007: AED 18,164,479) representing contributions from employees and directors towards a staff welfare scheme. The related assets of the scheme are included in the balance sheet under other receivables.
- j) The Group is entitled to a proportionate share of the joint venture's assets and revenues and bears a proportionate share of the liabilities and outgoings (Note 7).

Notes to the Interim Condensed Consolidated Financial Information - continued  
For the Three Month Period Ended March 31, 2008

7. Joint ventures

The Group had the following significant interests in joint ventures:

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

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

	<u>March 31,</u> <u>2008</u> (Unaudited) AED	<u>December 31,</u> <u>2007</u> (Audited) AED
Current assets	712,215,173	584,673,829
Non-current assets	778,329,767	102,414,112
Current liabilities	692,632,981	582,603,613
Non-current liabilities	681,962,685	27,045,307
Commitments	2,651,000	365,081
Contingent liabilities	902,886,207	765,722,346
	<u>=====</u>	<u>=====</u>
	<u>Three month period ended</u> <u>March 31,</u>	
	<u>2008</u> (Unaudited) AED	<u>2007</u> (Unaudited) AED
Revenue	411,868,908	172,598,888
Expenses	378,899,637	163,733,258

Notes to the Consolidated Financial Statements - continued  
For the Three Month Period Ended March 31, 2008

8. Intangible assets	Leasehold property benefit AED	Arabtec brand AED	Customer contracts AED	Other intangibles AED	Total AED
<b>Cost</b>					
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
<b>At March 31, 2008</b>	<u>7,706,869</u>	<u>110,000,000</u>	<u>195,055,800</u>	<u>9,000,000</u>	<u>321,762,669</u>
<b>Accumulated amortization</b>					
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
<b>At March 31, 2008</b>	<u>585,622</u>	<u>35,750,000</u>	<u>9,190,800</u>	<u>1,125,000</u>	<u>46,651,422</u>
<b>Carrying amount</b>					
At March 31, 2008	<u>7,121,247</u>	<u>74,250,000</u>	<u>185,865,000</u>	<u>7,875,000</u>	<u>275,111,247</u>
At December 31, 2007	<u>2,750,457</u>	<u>77,000,000</u>	<u>192,758,100</u>	<u>8,100,000</u>	<u>280,608,557</u>

Notes to the Interim Condensed Consolidated Financial Information - continued  
For the Three Month Period Ended March 31, 2008

---

**8. Intangible assets (continued)**

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

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

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

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

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

**9. Property, plant and equipment**

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

**10. Operating lease**

*The Group as lessee:*

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

Notes to the Interim Condensed Consolidated Financial Information - continued  
For the Three Month Period Ended March 31, 2008

10. Operating lease (continued)

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

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

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

11. Commitments and contingencies

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



**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Three Month Period Ended March 31, 2008**

---

**14. Acquisition of subsidiary (continued)**

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

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

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