Al Ahmadiah Aktor LLC

Financial statements
31 December 2008

Al Ahmadiah Aktor LLC

Financial statements
31 December 2008

Contents ***Pages***

AL AHMADIAH
AKTOR

الأحمدية
اكتور

Report of the Board of Directors

Financial statements for the year ended 31 December 2008

The company was incorporated on the 16th of March, 2005. Its two shareholders are H. H. Sheikh Hasher Al Maktoum Bin Juma Al Maktoum and Aktor S. A. who have established a construction partnership, Al Ahmadiah Aktor LLC, with headquarters in Dubai, U.A.E.

The Fourth year of operation has shown growth in terms of Revenue from AED 250 Million (year 2007) to AED 464 Million (year 2008) while Profit has been reduced from AED 20 Million (year 2007) to AED 14 Million (year 2008). During the year 2008 the company has not signed any new contracts, but has managed to renegotiate the contract with American School increasing its value from AED 331.5 Million to AED 408 Million and the contract for IBN Battuta increasing its value from AED 145.2 Million to AED 243.4 Million.

During 2008 the company had activities in the following projects:

- Al Sofouh and Rotana (Final contract amount AED 79.9 Million – Completed)
- City Hospital (Final contract amount AED 237 Million – Completed)
- Dubai Arch (Estimated contract amount AED 46.4 Million)
- IBN Battuta (Estimated contract amount AED 243.4 Million)
- American School of Dubai (Estimated contract amount AED 408 Million)
- Jebel Ali Sewage Treatment Plant (in Joint Venture with Aktor SA – Estimated contract amount AED 1.56 Billion)

The current ongoing contracts of the company have a total value of AED 2.26 Billion, out of which AED 1.30 Billion remain unexecuted as at 28th February 2009.

The company has increased the number of its employees from 1759 in 2007 to 3875 in 2008.

The company will follow a disciplined and selective new projects strategy to enable it to remain a major player in the construction market and to benefit from opportunities in new tenders that exist today. The company is closely monitoring the market environment and is constantly taking measures to ensure it has strong liquidity and to manage market risk effectively hoping to benefit from the opportunities that will arise when the economic environment stabilizes.

For 2009 it is projected that the company will continue its growth in terms of turnover and profitability despite the negative environment in the global and local construction industries.

The report of the Board of Directors of Al Ahmadiah Aktor LLC has been approved on

------------------------------------ S. K. Joshi *Member of the BOD*	------------------------------------ Andreas Stephanides *Member of the BOD*
------------------------------------ Naeem Sheikh *Member of the BOD*	------------------------------------ Demetrios Tzirkas *Member of the BOD*

هاتف: ٠٠‎٣٠٥٣٧ ٤ ٩٧١+ فاكس: ٢٨٢٦٢٦٥ ٤ ٩٧١+ ص.ب: ١٨٢٤٥٦، دبي - الإمارات العربية المتحدة
Tel: +971 4 2052700 Fax: +971 4 282 62 65 P.O. Box 182456, Dubai - U.A.E. Email: aaa@alahmadiahaktor.ae

P. O. Box 28653
2002, Al Batha Tower
Buhaira Corniche
Sharjah
United Arab Emirates

Telephone +971 (6) 517 0700
Fax +971 (6) 572 3773
Website www.ae-kpmg.com

Independent auditors' report

The Shareholders
Al Ahmadiah Aktor LLC

Report on the financial statements

We have audited the accompanying financial statements of Al Ahmadiah Aktor LLC ("the Company"), which comprise the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2008 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Articles of Association and UAE Federal Law No. 8 of 1984 (as amended).

Report on other legal and regulatory requirements

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit, that proper financial records have been kept by the Company, that a physical count of inventories was carried out by management in accordance with established principles and the contents of the Directors' report which relate to these financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 December 2008, which may have had a material adverse effect on the business of the Company or its financial position.

05 APR 2009

Al Ahmadiah Aktor LLC

Income statement
for the year ended 31 December 2008

	Note	**2008 AED**	2007 AED
Contract revenue		**463,720,194**	250,347,238
Contract costs	*5*	**(428,337,113)**	(221,582,668)
Gross profit		**35,383,081**	28,764,570
Administrative and general expenses	*6*	**(21,069,859)**	(6,210,510)
Financial income	*7 (i)*	**1,897,832**	-
Financial expense	*7 (ii)*	**(2,366,588)**	(2,303,343)
Net profit for the year		**13,844,466**	20,250,717

The notes set out on pages 7 to 24 form part of these financial statements.

The independent auditor's report is set out on page 2.

Al Ahmadiah Aktor LLC

Balance sheet
at 31 December 2008

	Note	**2008 AED**	2007 AED
Property, plant and equipment	*8*	**48,218,275**	11,988,454
Long term retention receivables	*11*	**35,276,861**	18,623,253
Current assets			
Inventories	*9*	**139,759,464**	19,806,273
Contract work in progress	*10*	**113,283,104**	60,014,156
Contract and other receivables	*11*	**243,777,601**	102,324,362
Due from related parties	*14*	**23,750,750**	964,940
Cash in hand and at bank	*12*	**11,903,420**	8,327,019
		532,474,339	191,436,750
Current liabilities			
Contract and other payables	*13*	**348,798,926**	115,095,649
Due to related parties	*14*	**7,061,595**	4,676,712
Loan from a shareholder	*15*	**2,500,000**	2,500,000
Bank borrowings	*16*	**205,163,222**	68,556,573
Current portion of long-term loan	*17*	**2,906,507**	610,979
		566,430,250	191,439,913
Net current liabilities		**(33,955,911)**	(3,163)
Provision for end of service benefits	*18*	**(6,713,586)**	(3,217,075)
Long-term loan	*17*	**(4,359,761)**	-
Long term retention payables	*13*	**(3,806,192)**	(6,576,249)
		34,659,686	20,815,220
Represented by:			
Share capital	*19*	**5,000,000**	5,000,000
Statutory reserve	*20*	**1,683,802**	1,683,802
Retained earnings		**27,975,884**	14,131,418
		34,659,686	20,815,220

The notes on pages 7 to 24 form part of these financial statements.

These financial statements were approved by the Board of Directors on 05 APR 2009

Director

Director

The independent auditors' report is set out on page 2.

Al Ahmadiah Aktor LLC

Statement of cash flows
for the year ended 31 December 2008

	2008 AED	2007 AED
Operating activities		
Net profit for the year	**13,844,466**	20,250,717
Adjustments for:		
Depreciation	**8,476,616**	6,458,022
Interest expense	**2,366,588**	2,303,343
Property, plant and equipment written off	**85,362**	-
Net movement in staff terminal benefits	**3,496,511**	2,157,194
Operating profit before working capital changes	**28,269,543**	31,169,276
Change in inventories	**(119,953,191)**	(15,918,912)
Change in contract work in progress	**(53,268,948)**	(39,775,226)
Change in contract and other receivables	**(141,453,239)**	(48,657,238)
Change in due from related parties	**(22,354,655)**	(964,940)
Change in long term retention receivables	**(16,653,608)**	(10,643,549)
Change in contract and other payables	**233,703,277**	59,648,001
Change in long term retention payables	**(2,770,057)**	4,070,174
Change in due to related parties	**2,384,883**	5,569,096
Cash flows used in operating activities	**(92,095,995)**	(15,503,318)
Investing activities		
Additions to property, plant and equipment	**(45,222,954)**	(14,862,331)
Cash flows used in investing activities	**(45,222,954)**	(14,862,331)
Financing activities		
Loan from shareholders	-	(3,615,585)
Net proceeds from short-term bank borrowings	**84,540,738**	45,919,300
Net movement in term loans	**6,655,289**	(733,175)
Interest expense	**(2,366,588)**	(2,303,343)
Cash flows from financing activities	**88,829,439**	39,267,197
Net (decrease)/increase in cash and cash equivalents	**(48,489,510)**	8,901,548
Cash and cash equivalents at the beginning of the year	**(14,310,254)**	(23,211,802)
Cash and cash equivalents at end of the year	**(62,799,764)**	(14,310,254)
These comprise of:		
Cash in hand and at bank	**11,903,420**	8,327,019
Bank overdrafts	**(74,703,184)**	(22,637,273)
	(62,799,764)	(14,310,254)

The notes on pages 7 to 24 form part of these financial statements.

The independent auditors' report is set out on page 2.

Al Ahmadiah Aktor LLC

Statement of changes in equity
for the year ended 31 December 2008

	Share capital AED	Retained earnings AED	Statutory reserve AED	Total AED
At 1 January 2007	5,000,000	(4,441,518)	6,021	564,503
Net profit for the year	-	20,250,717	-	20,250,717
Transfer to statutory reserve	-	(1,677,781)	1,677,781	-
At 31 December 2007	5,000,000	14,131,418	1,683,802	20,815,220
At 1 January 2008	5,000,000	14,131,418	1,683,802	20,815,220
Net profit for the year	-	13,844,466	-	13,844,466
At 31 December 2008	**5,000,000**	**27,975,884**	**1,683,802**	**34,659,686**

The notes on pages 7 to 24 form part of these financial statements.

Al Ahmadiah Aktor LLC

Notes
(forming part of the financial statements)

1 Legal status and principal activities

Al Ahmadiah Aktor LLC ("the Company") is a limited liability company registered in the Emirate of Dubai under the UAE Federal Law No. 8 of 1984 (as amended). The Company was incorporated and commenced operations from 16 March 2005. The registered address of the Company is P.O. Box 182456, Dubai, United Arab Emirates.

The shareholding pattern of the Company is as follows:

Name of the shareholder	Shareholding (%)
HH Sheikh Hasher Maktoum Bin Juma Al Maktoum	51
Aktor S.A. Technical	49
	==

The Company is primarialy involved in construction projects, civil works and contracting for the supply, installation, execution and maintenance of electrical and mechanical works as well as air-conditioning systems.

2 Basis of preparation

Setup of a joint venture

During the previous year, the Company had entered into a Joint Venture agreement dated 1 May 2007 for Jebel Ali Sewage Treatment Plant Project ("STP Project") with Aktor S.A. for the purpose of performing jointly all the works required for the completion of STP Project for Dubai Municipality ("the Employer"). The name of the unincorporated joint venture is Jebel Ali STP Al Ahmadiah Aktor LLC - Aktor S.A. JV ("the Joint Venture"). The scope of work mainly comprises construction, completion and commissioning of building, civil and electromechanical works for the sewerage treatment plant.

The equity interest in the Joint Venture is as follows:

Name of the joint venture partner	Equity interest (%)
Al Ahmadiah Aktor LLC	60
Aktor S.A.	40
	==

Accordingly, the results of the Joint Venture for the year ended 31 December 2008 and the financial position as at that date have been proportionately combined in these financial statements. The Joint Venture has a financial year end of 31 December.

Financing arrangements

The Company (including the Company's interest in a joint venture) has significant short term financial commitments to banks of AED 205,163,222 which include bank overdraft of AED 74,703,184 as at 31 December 2008. The Company's management expect that profitable operations of the projects completed in previous years and continued profits from the Company's existing business would enable it to meet its short term financial commitments as these fall due. Furthermore, the shareholders of the Company have undertaken to provide or arrange such financial support as necessary for the Company to meet its obligations as these fall due in the foreseeable future.

2 Basis of preparation (continued)

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the UAE Federal Law No. 8 of 1984 (as amended), as appropriate.

Basis of measurement

These financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Company.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements are described in note 25.

3 Significant accounting policies

The following accounting policies, which comply with IFRS, have been applied in dealing with items that are considered material in relation to the Company's financial statements.

Jointly controlled entity

Jointly controlled entity is an entity over whose activities the Company has joint control, established by contractual agreement. Where joint control exists with the other entity to manage and operate the jointly controlled entity, the Company accounts for such jointly controlled entity under the proportionate consolidation method. The financial statements include the Company's proportionate share in the assets, liabilities, revenue and expenses of the jointly controlled entity on a line-by-line basis, from the date that joint control commences until the date that joint control ceases. The details of the Company's share in the revenue, expenses, assets and liabilities included in the financial statements on a line-by-line basis are set out in note 21.

3 Significant accounting policies (continued)

Contract revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in the income statement in proportion to the stage of completion of the contract. The estimated final gross margin is applied to costs to arrive at the margin on the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. Provision is made for all losses incurred to the balance sheet date together with any further losses foreseen in bringing the contract to completion.

Finance income and expenses

Finance income comprises interest income on financial assets. Interest income is recognized as it accrues in the income statement, using the effective interest method.

Finance expenses comprise interest expense on financial liabilities and impairment losses recognized on financial assets. All borrowing costs are recognized in the income statement using the effective interest method.

Property, plant and equipment and depreciation

Items of property, plant and equipment are stated at cost less accumulated depreciation (refer below) and impairment losses (refer accounting policy on impairment), if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The cost of self constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

	Life (years)
Furniture and fixtures	3 - 5
Computer equipment	3
Plant and machinery	5 - 10
Motor vehicles	5

Depreciation methods and useful lives as well as residual values are reassessed at the reporting date.

3 Significant accounting policies (continued)

Capital work in progress

Capital work in progress is stated at cost until the construction is complete. Upon the completion of construction, the cost of such assets together with the cost directly attributable to construction (including capitalized borrowing costs) are transferred to the respective class of property, plant and equipment. No depreciation is charged on capital work in progress.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost to completion and selling expenses.

Contract work-in-progress/billings in excess of valuations

Contract work-in-progress is stated at contract costs plus estimated attributable profits less foreseeable losses and progress billings. Cost includes all expenditure directly related to specific projects and an allocation of fixed and variable overheads incurred in the Company's contractual activities based on normal operating capacity. For contracts where progress billings exceed the contract revenue, the excess is included in current liabilities as billings in excess of valuation.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise contract and other receivables (including long-term retention receivables), amounts due from related parties, cash in hand and at bank, contract and other payables (including long-term retention payables), amounts due to related parties, loan from a shareholder, short-term bank borrowings and long-term bank loans.

Non-derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are measured at amortized cost using the effective interest method less impairment losses, if any.

A financial instrument is recognized if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash and bank balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3 Significant accounting policies (continued)

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognized in the income statement.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. All impairment losses are recognized in the income statement.

Staff terminal benefits

The provision for staff terminal benefits, disclosed as a long-term liability, is calculated in accordance with UAE Federal Labour Law and is based on the liability that would arise if the employment of all staff were terminated at the balance sheet date.

Provisions

A provision is recognized in the balance sheet when the Company has a present obligation (legal or constructive) as result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to AED at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in the income statement. Non monetary assets and liabilities denominated in foreign currencies which are measured in terms of historical cost are translated into AED at the exchange rate ruling at the date of the transaction.

Operating lease

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

3 Significant accounting policies (continued)

New standards and interpretations not yet adopted

The new standards, amendments to standards and interpretations which are not yet effective for the year ended 31 December 2008 and therefore have not been applied in preparing these financial statements are as follows:

- Revised IAS 23 *'Borrowing Costs'* removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Company's 2009 financial statements and is not expected to have a material impact on the financial statements.

- Revised IAS 1 *Presentation of Financial Statements* (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Company's 2009 financial statements, is not expected to have a significant impact on the presentation of the financial statements.

4 Financial risk management and capital management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to contract and other receivables, amounts due from related parties and cash at bank. The exposure to credit risk on contract and other receivables and amounts due from related parties is monitored on an ongoing basis by the management and these are considered recoverable by the Company's management. The Company's cash is placed with banks of repute.

4 Financial risk management and capital management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to contract and other payables, amounts due to related parties, loan from a shareholder, short-term bank borrowings and long-term bank loans. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Furthermore, the shareholders of the Company have undertaken to provide or arrange such financial support as necessary for the Company to meet its obligations as they fall due in the foreseeable future.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign currency rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The principal currencies in which these transactions primarily are denominated are the US Dollar, UAE Dirham, and Euro.

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk other than relating to its bank balances.

Capital management

The Board of Director's policy is to maintain a strong capital base so as to maintain creditors, customers and market confidence and to sustain future development of the business. The Board of Directors' would monitor the return on capital and level of dividends based upon profits earned by the Company during the year. There were no changes in the Group's approach to capital management during the year. Furthermore, the Company is not subject to externally imposed capital requirements.

5 Contract costs

	2008 AED	2007 AED
Material costs	**146,435,105**	40,615,723
Staff and associated costs	**142,017,781**	47,511,980
Sub-contract costs	**79,787,328**	91,943,122
Site running expenses	**28,448,211**	21,459,374
Plant and equipment costs	**23,396,992**	12,623,140
Depreciation	**8,251,696**	6,394,805
Other contract costs	**-**	1,034,524
	428,337,113	221,582,668

6 Administrative and general expenses

	2008 AED	2007 AED
Staff and associated costs	**13,067,958**	5,542,181
Head office charges (refer note 14)	**7,180,010**	480,112
Rent	**596,971**	125,000
Depreciation	**224,920**	63,217
	21,069,859	6,210,510

7(i) Financial income

Financial income comprises interest on delayed payments amounting to AED 1.26 million and interest income from a related party amounting to AED 0.63 million.

7(ii) Financial expense

Financial expense comprises interest expense on bank borrowings availed by the Company.

8 Property, plant and equipment

	Furniture and fittings AED	Computer equipment AED	Plant and equipment AED	Motor vehicles AED	Capital work in progress AED	Total AED
Cost						
At 1 January 2007	1,832,008	1,604,676	3,407,690	135,000	-	6,979,374
Additions for the year	4,237,247	3,370,006	4,842,173	1,023,000	1,389,905	14,862,331
Transferred to related party (refer note 14)	(1,117,499)	(136,688)	(1,613,738)	(60,000)	-	(2,927,925)
At 31 December 2007	4,951,756	4,837,994	6,636,125	1,098,000	1,389,905	18,913,780
At 1 January 2008	4,951,756	4,837,994	6,636,125	1,098,000	1,389,905	18,913,780
Additions for the year	6,517,022	1,644,674	33,304,473	3,756,785	-	45,222,954
Transfer from capital work in progress	-	-	820,252	-	(820,252)	-
Property, plant and equipment written off	(16,790)	(4,738)	(297,078)	-	-	(318,606)
Transferred to related party (refer note 14)	(139,806)	(138,190)	(504,375)	(54,000)	-	(836,371)
At 31 December 2008	11,312,182	6,339,740	39,959,397	4,800,785	569,653	62,981,757
Depreciation						
At 1 January 2007	347,913	456,505	500,474	2,550	-	1,307,442
Charge for the year	2,943,374	1,190,483	2,245,007	79,158	-	6,458,022
Transferred to related party (refer note 14)	(205,807)	(39,154)	(594,944)	(233)	-	(840,138)
At 31 December 2007	3,085,480	1,607,834	2,150,537	81,475	-	6,925,326
At 1 January 2008	3,085,480	1,607,834	2,150,537	81,475	-	6,925,326
Charge for the year	1,264,122	766,802	5,821,907	623,785	-	8,476,616
Property, plant and equipment written off	(6,586)	(3,755)	(222,903)	-	-	(233,244)
Transferred to related party (refer note 14)	(57,551)	(97,209)	(230,536)	(19,920)	-	(405,216)
At 31 December 2008	4,285,465	2,273,672	7,519,005	685,340	-	14,763,482
Net book value						
At 31 December 2008	**7,026,717**	**4,066,068**	**32,440,392**	**4,115,445**	**569,653**	**48,218,275**
At 31 December 2007	1,866,276	3,230,160	4,485,588	1,016,525	1,389,905	11,988,454

Plant and machinery includes machinery with a net book value of AED 6,927,584 *(2007: AED 359,136)* mortgaged against finance obtained for such machinery (also refer note 17).

9 Inventories

	2008 AED	2007 AED
Materials at site	**139,759,464**	19,806,273

10 Contract work in progress

	2008 AED	2007 AED
Value of work done	**489,086,193**	250,347,238
Less: progress billings	**(375,803,089)**	(190,333,082)
	113,283,104	60,014,156

11 Contract and other receivables

	2008 AED	2007 AED
Contract receivables	**167,792,751**	45,660,118
Retention receivables	**50,879,522**	30,977,403
Advances and prepayments	**42,515,628**	25,879,566
Margin deposits (refer note 16)	**5,033,406**	5,033,406
Other receivables	**12,833,155**	13,397,122
	279,054,462	120,947,615
Less: classified under long term retention receivables	**(35,276,861)**	(18,623,253)
	243,777,601	102,324,362

12 Cash in hand and at bank

	2008 AED	2007 AED
Cash in hand	**763,079**	197,653
Cash at bank – in current accounts	**10,960,341**	7,949,366
Cash at bank – in deposit accounts	**180,000**	180,000
	11,903,420	8,327,019

13 Contract and other payables

	2008 AED	2007 AED
Contract payables	**128,124,686**	48,046,650
Retention payables	**9,415,792**	11,980,869
Advances from customers	**179,382,741**	48,229,305
Other payables and accruals	**35,681,899**	13,415,074
	352,605,118	121,671,898
Less: classified under long term retention receivables	**(3,806,192)**	(6,576,249)
	348,798,926	115,095,649

14 Related party transactions

The Company, in the normal course of business, carries out transactions with other enterprises, which fall within the definition of a related party contained in International Accounting Standard 24. Transactions with related parties which are undertaken at mutually agreed terms are as follows:

	2008 AED	2007 AED
Purchases and services received	**3,113,559**	19,838,521
Head office charges (refer note 6)	**7,180,010**	480,112
Transfer of property, plant and equipment (net) (refer note 8)	**431,155**	2,087,787

Compensation to key management personnel

	2008 AED	2007 AED
Salaries and other short term employee benefits	**8,813,913**	8,206,858
Post retirement benefits	**470,494**	304,040

The year end balances with the related parties is as follows:

Due from related parties

	2008 AED	2007 AED
Aktor S.A.	**22,675,447**	964,940
Millennium Construction Equipment and Trading LLC	**1,075,303**	-
	23,750,750	964,940

Due to related parties

	2008 AED	2007 AED
Gulf Millennium Holding Limited	**6,928,113**	-
Millennium Construction LLC	-	882,577
Al Fajer Establishment	**1,850**	83,688
Al Fajer Travel, Tourism and Cargo	**131,632**	282,483
Aktor SA Technical	-	1,900,482
Millennium Construction Equipment & Trading	-	1,511,078
Al Fajer Steel and Wood Trading	-	16,404
	7,061,595	4,676,712

15 Loan from shareholders

	2008 AED	2007 AED
HH Sheikh Hasher Maktoum Bin Juma Al Maktoum	**2,500,000**	2,500,000

The shareholders have confirmed that the loan is interest free and repayable on demand.

16 Bank borrowings

	2008 AED	2007 AED
Bank overdrafts	**74,703,184**	22,637,273
Bills discounted	**61,504,520**	45,919,300
Trust receipts	**68,955,518**	-
	205,163,222	68,556,573

The Company's bank borrowings carry interest at normal commercial rates.

The Company's bank borrowings are secured by:

a) Irrovocable and unconditional assignment of contracts receivable in favour of the bank;
b) Lien over time deposit of AED 5.03 million (refer note 11); and
c) Personal guarantee of H.H. Sheikh Hasher Al Maktoum and corporate guarantee of Aktor Constructions International Limited, Greece.

17 Long term bank loans

	2008 AED	2007 AED
Balance at 31 December	**7,266,268**	610,979
Less: current portion	**(2,906,507)**	(610,979)
Long-term bank loans	**4,359,761**	-

The Company's bank loans carry interest at normal commercial rates and are secured by a negative pledge on certain property, plant and equipment (refer note 8). Furthermore, the Company has given the following undertakings:

- not to sell, transfer or otherwise dispose of or create or permit to subsist any mortgage, pledge, lien charge without prior approval of the bank; and
- not to change the legal ownership, status or constitution of the Company.

18 Provision for staff terminal benefits

	2008 AED	2007 AED
At 1 January	**3,217,075**	1,059,881
Provision for the year	**5,254,184**	2,641,171
Payments during the year	**(1,757,673)**	(483,977)
	6,713,586	3,217,075

19 Share capital

	2008 AED	2007 AED
Issued and fully paid-up:		
5,000 shares of AED 1,000 each	**5,000,000**	5,000,000

20 Statutory reserve

In accordance with Article 255 of the Federal Law No.8 of 1984 (as amended) and the Articles of Association of the Company, 10% of net profit for the year, if any, is required to be transferred to a statutory reserve, which is non-distributable. Such allocations may be ceased when the statutory reserve becomes equal to half of the share capital. During the year, no transfer has been made as the Company has incurred a loss.

21 Joint venture

The Company has 60% equity interest in Jebel Ali STP Al Ahmadiah Aktor LLC-Aktor S.A JV ("the Joint Venture"). The details of the Group's share in the assets and liabilities of jointly controlled entity included in the financial statements are as follows:

	2008 AED	2007 AED
Non current assets	**66,556,701**	12,775,977
Current assets	**397,071,626**	46,033,984
Total assets	**463,628,327**	58,809,961
Non current liabilities	**5,518,201**	1,302,190
Current liabilities	**434,630,306**	54,034,866
Total liabilities	**440,148,507**	55,337,056
Contract revenue	**245,321,693**	43,411,306
Contract costs	**(225,314,778)**	(39,938,401)
Net profit for the year/period	**20,006,915**	3,472,905

22 Contingent liabilities and capital commitments

	2008 AED	2007 AED
Letters of credit	**230,097,134**	51,461,837
Letters of guarantee	**310,559,072**	132,445,073

There were no significant capital commitments at 31 December 2008 *(2007: AED Nil)*.

23 Operating leases

The Company leases office premises and staff accommodation under an operating lease. Lease rentals are reviewed periodically to reflect market rentals. Minimum lease payments under non-cancellable operating lease rental commitments are:

	2008 AED	2007 AED
Less than one year	**2,371,845**	4,169,122

24 Financial instruments

Financial assets of the Company include contract and other receivables (including long-term retention receivables), amounts due from related parties and cash in hand and at bank. Financial liabilities of the Company include contract and other payables (including long-term retention payables), amounts due to related parties, loan from a shareholder, short-term bank borrowings and long-term bank loans. Accounting policies for financial assets and liabilities are set out in note 3.

(a) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2008 AED	2007 AED
Long term retention receivable	**35,276,861**	18,623,253
Contract and other receivables	**201,261,973**	76,444,796
Due from related parties	**23,750,750**	964,940
Cash at bank	**11,140,341**	8,129,366
	271,429,925	104,162,355

24 Financial instruments (continued)

(a) Credit risk (continued)

Impairment losses

The ageing of contract and retention receivables (including long-term receivables) at the reporting date is as under:

	2008	2007
	AED	AED
Not past due	**35,276,861**	18,623,253
Past due 0 – 90 days	**183,395,412**	58,014,268
	218,672,273	76,637,521

The Company does not carry any allowance for impairment in respect of trade receivables. Accordingly, the movement in the allowance for impairment is not disclosed.

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and the impact of netting agreements at the balance sheet date:

Financial liabilities	**Carrying amount AED**	**Contractual cash flows AED**	**Less than one year AED**	**More than one year AED**
31 December 2008				
Contract and other payables	169,416,185	169,416,185	169,416,185	-
Due to related parties	7,061,595	7,061,595	7,061,595	-
Loan from a shareholder	2,500,000	2,500,000	2,500,000	-
Bank borrowings	205,163,222	208,533,810	208,533,810	-
Long-term bank loans	7,266,268	7,869,530	3,147,812	4,721,718
Long-term retention payables	3,806,192	3,806,192	-	3,806,192
Total	**395,213,462**	**399,187,312**	**390,659,402**	**8,527,910**
31 December 2007				
Contract and other payables	66,866,344	66,866,344	66,866,344	-
Due to related parties	4,676,712	4,676,712	4,676,712	-
Loan from a shareholder	2,500,000	2,500,000	2,500,000	-
Bank borrowings	68,556,573	68,556,573	68,556,573	-
Long-term bank loans	610,979	610,979	610,979	-
Long-term retention payables	6,576,249	6,576,249	-	6,576,249
Total	**149,786,857**	**149,786,857**	**143,210,608**	**6,576,249**

24 Financial instruments (continued)

(c) Interest rate risk

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2008 AED	2007 AED
Variable rate instruments		
Short-term bank borrowings	**205,163,222**	68,556,573
Long-term bank loans	**7,266,268**	610,979
Due from related parties	**(24,714,716)**	-
	187,714,774	69,167,552

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Income statement	
	100 bp increase AED	**100 bp decrease AED**
31 December 2008		
Variable rate instruments	**(1,877,148)**	**1,877,148**
31 December 2007		
Variable rate instruments	(691,676)	691,676

(d) Currency risk

Exposure to currency risk

Currency risk faced by the Company is minimal as there are minimal foreign currency transactions. In respect of monetary assets and liabilities in United States Dollar ("USD"), there is no exchange risk involved presently as AED is pegged to USD. However, the Company is exposed to foreign currency risk (i.e. Euro) on certain financial liabilities.

	2008 AED	2007 AED
Contract and other payables	**7,370,915**	-
Amounts due to related parties	**6,928,113**	1,900,482
Gross and net balance sheet exposure	**14,299,028**	1,900,482

The Company does not have forward exchange contracts to hedge its exposure to foreign currency risk.

24 Financial instruments (continued)

(d) Currency risk (continued)

The exchange rate applied at the reporting date for Euro 1 is AED 5.11 *(2007: AED 5.40)*.

Sensitivity analysis

A strengthening of the AED against the Euro by 10 percent at 31 December 2008 would have increased the profit by AED 1,429,903 *(2007: AED 190,048)*. A weakening of the AED against the GBP by 10 percent at 31 December 2008 would have decreased the profit by a similar amount. This analysis assumes that all other variables, in particular interest rates, remain constant.

(e) Fair value

The fair values of the Company's financial instruments approximate their carrying values.

25 Significant accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition for contracting activities

Revenue from contracting activities is recognized in the income statement when the outcome of the contract can be reliably estimated. The Company generally starts recognizing revenue when the project revenue can be reliably estimated. The measurement of contract revenue is based on the percentage of completion method and is affected by a variety of uncertainties that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue may increase or decrease from period to period.

Impairment losses on property, plant and equipment

The Company reviews its property, plant and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognized in the income statement, the Company makes judgements as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment. Accordingly, provision for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

25 Significant accounting estimates and judgements (continued)

Estimated useful life and residual value of property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property, plant and equipment as at 31 December 2008 and the management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods. However, these will be reviewed again in the next year.

Provision for obsolete inventory

The Company reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recognized in the income statement, the Company makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realizable value for such product. Accordingly, provision for impairment is made where the net realizable value is less than cost based on best estimates by the management. The provision for obsolete inventory is based on the aging and past movement of the inventory.

Provisions on receivables

The Company reviews its receivables to assess adequacy of provisions at least on an annual basis. The Company's credit risk is primarily attributable to its contract and other receivables and amounts due from related parties. In determining whether provision should be recognized in the income statement, the Company makes judgements as to whether there is any observable data indicating that there is a reasonable measurable decrease in the estimated future cash flows. Accordingly, a provision is made where there is a potential loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

26 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in these financial statements.