Arabtec Holding PJSC and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2012 (UNAUDITED)

ERNST & YOUNG

P.O. Box 9267
28th Floor - Al Attar Business Tower
Sheikh Zayed Road
Dubai, United Arab Emirates
Tel: +971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
www.ey.com/me

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ARABTEC HOLDING PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Arabtec Holding PJSC and its subsidiaries (the "Group") as at 30 September 2012, comprising the interim consolidated statement of financial position as at 30 September 2012 and the related interim consolidated statement of comprehensive income for the three-month and nine-month periods then ended and the related interim consolidated statements of cash flows and changes in equity for the nine-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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. Consequently, it 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 statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

We draw attention to the following notes to the interim condensed consolidated financial statements:

(a) Note 18 which provide details on a contractual dispute that continues to be subject to arbitration proceedings, the probable outcome of which cannot be determined with reasonable certainty at the date of this report.

(b) Note 23 which describes the uncertainty in connection with the outcome of a project suspended after the start of the social and political unrest in Syria, and the management's assessment of the impact on the related contract.

Our conclusion is not qualified in respect of the above matters.

ERNST & YOUNG

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ARABTEC HOLDING PJSC (continued)

Other matters

The interim condensed consolidated financial statements of the Group as of 30 September 2011 were reviewed by another auditor whose report dated 30 October 2011 expressed an unqualified conclusion with an emphasis of matter on those interim condensed consolidated financial statements.

Also, the consolidated financial statements as of 31 December 2011 were audited by another auditor whose report dated 7 March 2012 expressed an unqualified opinion with an emphasis of matter on those consolidated financial statements.

Ernst & Young

Signed by
Ashraf Abu-Sharkh
Partner
Registration No. 690

5 November 2012

Dubai, United Arab Emirates

Arabtec Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2012 (Unaudited)

	Note	*Three month period ended 30 September*		*Nine month period ended 30 September*	
		2012 AED'000	*2011 AED'000*	*2012 AED'000*	*2011 AED'000*
Revenues		1,395,103	1,084,010	4,007,358	3,542,113
Contract costs		(1,243,394)	(973,814)	(3,514,491)	(3,131,362)
GROSS PROFIT		151,709	110,196	492,867	410,751
Gain on sale of available-for-sale investments	11	19,017	-	19,017	-
Other income		9,536	38,913	61,396	71,109
Administrative expenses		(118,570)	(87,758)	(402,804)	(303,763)
Finance costs		(9,530)	(5,886)	(24,341)	(23,032)
PROFIT BEFORE TAX		52,162	55,465	146,135	155,065
Income tax expense	7	(215)	(668)	(831)	(1,713)
PROFIT FOR THE PERIOD		51,947	54,797	145,304	153,352
Other comprehensive income					
Change in fair value of available-for-sale investments	11	4,613	-	56,841	-
Transferred to income statement on sale of available-for-sale investments	11	(19,017)	-	(19,017)	-
Exchange difference on translation of foreign operations		889	(959)	2,306	(2,967)
Total other comprehensive income		(13,515)	(959)	40,130	(2,967)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		38,432	53,838	185,434	150,385
Profit for the period attributable to:					
Owners of the Parent		35,008	39,129	107,501	94,717
Non-controlling interests		16,939	15,668	37,803	58,635
		51,947	54,797	145,304	153,352
Total comprehensive income for the period attributable to:					
Owners of the Parent		21,458	38,309	147,642	92,100
Non-controlling interests		16,974	15,529	37,792	58,285
		38,432	53,838	185,434	150,385
Basic and diluted earnings per share (AED)	17	0.02	0.02	0.07	0.06

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements

Arabtec Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	Notes	*30 September 2012 AED'000 (Unaudited)*	*31 December 2011 AED'000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,180,463	1,180,895
Intangible assets	9	305,708	342,840
Investments in associates	10	29,141	-
Accounts receivable and prepayments		761,190	797,719
Other financial assets	11	187,270	201,840
Other non-current assets		8,627	15,451
		2,472,399	2,538,745
Current assets			
Inventories		215,963	319,016
Accounts receivable and prepayments		4,150,255	4,196,580
Due from related parties	12	1,194,870	1,057,806
Bank balances and cash	13	571,263	683,889
		6,132,351	6,257,291
TOTAL ASSETS		8,604,750	8,796,036
EQUITY AND LIABILITIES			
Equity			
Share capital	15	1,569,750	1,495,000
Statutory reserve		304,622	293,873
Fair value reserve		26,896	(12,549)
Other capital reserve	5	(2,201)	-
Foreign currency translation reserve		2,074	(264)
Retained earnings		1,124,287	1,177,035
Equity attributable to owners of the Parent		3,025,428	2,953,095
Non-controlling interests		409,368	414,818
Total equity		3,434,796	3,367,913
Non-current liabilities			
Bank borrowings	14	32,255	55,650
Employees' end of service benefits		181,145	157,810
Retentions payable		103,868	91,760
		317,268	305,220
Current liabilities			
Accounts payable and accruals		3,463,119	3,831,639
Bank borrowings	14	512,528	468,308
Due to related parties	12	876,694	821,371
Income tax payable		345	1,585
		4,852,686	5,122,903
Total liabilities		5,169,954	5,428,123
TOTAL EQUITY AND LIABILITIES		8,604,750	8,796,036

Hasan Abdulla Ismaik
Managing Director
5 November 2012

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2012 (Unaudited)

	Attributable to owners of the Parent company								
	Share capital AED'000	*Statutory reserve AED'000*	*Fair value reserve AED'000*	*Other capital reserve AED'000*	*Foreign currency translation reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 1 January 2012	1,495,000	293,873	(12,549)	-	(264)	1,177,035	2,953,095	414,818	3,367,913
Profit for the period	-	-	-	-	-	107,501	107,501	37,803	145,304
Other comprehensive income for the period	-	-	37,803	-	2,338	-	40,141	(11)	40,130
Total comprehensive income for the period	-	-	37,803	-	2,338	107,501	147,642	37,792	185,434
Transfer to statutory reserve	-	10,749	-	-	-	(10,749)	-	-	-
Acquisition of non-controlling interests (note 5)	-	-	-	(2,201)	-	-	(2,201)	(15,799)	(18,000)
Adjustment of non-controlling interest (note 24)	-	-	1,642	-	-	-	1,642	(1,642)	-
Bonus shares issued (note 15)	74,750	-	-	-	-	(74,750)	-	-	-
Dividend paid to shareholders (note 16)	-	-	-	-	-	(74,750)	(74,750)	-	(74,750)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(25,801)	(25,801)
Balance at 30 September 2012	**1,569,750**	**304,622**	**26,896**	**(2,201)**	**2,074**	**1,124,287**	**3,025,428**	**409,368**	**3,434,796**

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2012 (Unaudited)

	Attributable to owners of the Parent company							
	Share capital AED'000	*Statutory reserve AED'000*	*Fair value reserve AED'000*	*Foreign currency translation reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 1 January 2011 (audited)	1,196,000	267,819	(7,494)	-	1,241,549	2,697,874	404,444	3,102,318
Profit for the period	-	-	-	-	94,717	94,717	58,635	153,352
Other comprehensive income for the period	-	-	(2,617)	-	-	(2,617)	(350)	(2,967)
Total comprehensive income for the period	-	-	(2,617)	-	94,717	92,100	58,285	150,385
Transfer to statutory reserve	-	9,472	-	-	(9,472)	-	-	-
Bonus shares issued	299,000	-	-	-	(299,000)	-	-	-
Non controlling interest arising on acquisition and incorporation of subsidiaries	-	-	-	-	-	-	(3,687)	(3,687)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(69,990)	(69,990)
Balance at 30 September 2011 (unaudited)	1,495,000	277,291	(10,111)	-	1,027,794	2,789,974	389,052	3,179,026

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2012 (Unaudited)

	Notes	Nine months ended 30 September 2012 AED'000	2011 AED'000
OPERATING ACTIVITIES			
Profit for the period before tax		146,135	155,065
Adjustments for:			
Depreciation		164,686	160,934
Amortisation of intangible assets		37,132	35,037
Provision for employees' end of service benefits		46,921	36,179
Realised gain over carrying value on disposal of investments	11	19,017	-
Impairment on balances due from related parties		10,567	-
Impairment on other non-current assets		4,133	-
Impairment on investment in an associate	10	2,040	-
Loss/ (gain) on disposal of property, plant and equipment		(12,195)	14,449
Finance costs		24,341	23,032
Working capital changes:		442,777	424,696
Inventories		103,053	(9,768)
Accounts receivable and prepayments		63,194	424,250
Due from/to related parties		(84,402)	55,387
Accounts payable and accruals		(374,503)	(364,960)
Cash from operations		150,119	529,605
Interest paid		(24,341)	(23,032)
Employees' end of service benefits paid		(23,586)	(19,793)
Income tax paid		(2,071)	(4,988)
Net cash from operating activities		100,121	481,792
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(197,469)	(156,889)
Proceeds from disposal of property, plant and equipment		37,504	67,956
Proceeds from sale of available-for-sale investments	11	71,070	-
Acquisition of associates	10	(2,040)	-
Advances on investments in associates	10	(29,141)	-
Acquisition of non-controlling interests	5	(18,000)	-
Net movement in other assets		2,691	(160,688)
Net cash used in investing activities		(135,385)	(249,621)
FINANCING ACTIVITIES			
Dividends paid to non-controlling interests		(25,801)	(69,990)
Dividend paid to shareholders	16	(74,750)	-
Proceeds/ (repayment) of bank borrowings, net		20,825	(169,625)
Net cash used in financing activities		(79,726)	(239,615)
DECREASE IN CASH AND CASH EQUIVALENTS		(114,990)	(7,444)
Net exchange adjustment		2,364	-
Cash and cash equivalents at 1 January		683,889	588,130
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	13	571,263	580,686

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements

1 ACTIVITIES

Arabtec Holding PJSC (the "Company") is a Public Joint Stock Company established under the Laws of the United Arabs Emirates pursuant to the resolution of the Department of Economic Development, Dubai, number 71 dated 2 July 2004. The company commenced operations on 20 September 2004.

The principal objective of the company is to invest in the construction sector through the acquisition of contracting and related companies. The shares of the Company are listed on the Dubai Financial Market (DFM). The registered office of the company is P. O Box 72122, Dubai, UAE.

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

2 SUBSIDIARIES

The interim condensed consolidated financial statements incorporate the operations of the Company and its subsidiaries (the "Group")

The extent of the Group's shareholding in, and the principal activities of subsidiaries are as follows:

Name of subsidiary and its domicile	*Percentage of beneficial holding*		*Principal activities*
	2012	*2011*	
Arabtec Construction LLC, Dubai, UAE	100%	100%	Civil construction and related works
Austrian Arabian Ready Mix Concrete Co LLC, Dubai, UAE	100%	100 %	Manufacture and transportation of ready mix concrete products
House of Equipment Co LLC, Dubai, UAE	66.67%	66.67%	Trading & Leasing of construction equipment
Arabtec Construction LLC, Doha, Qatar	49%	49%	Civil construction and related works
Arabtec Precast LLC, Dubai, UAE	100%	100%	Manufacture of precast panels
Nasser Bin Khaled Factory Ready Mix Concrete Co LLC, Doha, Qatar	49%	49%	Manufacture and transportation of ready mix concrete products
Emirates Falcon Electromechanical Co EFECO LLC, Dubai, UAE	55%	55%	Electrical, Mechanical & Plumbing contracts
Arabtec Engineering services LLC, Dubai, UAE	80%	80%	Infrastructure Construction works
Arabtec International Company Limited, Republic of Mauritius	100%	100%	Civil construction and related works
Arabtec Construction Syria LLC, Syrian Arab Republic	100%	100%	Civil construction and related works
Arabtec Pakistan (Pvt) Limited, Pakistan	60%	60%	Civil construction and related works
Target Engineering construction Company, Abu Dhabi, UAE	60%	60%	Civil construction and related works
Gulf Steel Industries FZC, Sharjah, UAE	100%	55%	Fabrication of steel structures and Profiles

2 SUBSIDIARIES (continued)

Name of subsidiary and its domicile	*Percentage of beneficial holding*		*Principal activities*
	2012	*2011*	
Arabtec Saudi Arabia LLC, Kingdom of Saudi Arabia	45%	45%	Civil construction and related works
Arabtec Egypt for construction SAE, Arab Republic of Egypt	55%	55%	Civil construction and related works
Arabtec Construction LLC (Foreign Company), State of Palestine	100%	100%	Civil construction and related works
Arabtec Musawa WLL, Kingdom of Bahrain (under formation)	75%	75%	Civil construction and related works
EFECO Saudi LLC, Kingdom of Saudi Arabia	39%	39%	Electrical, Mechanical & Plumbing contracts
EFECO Qatar WLL, Doha, Qatar	27%	27%	Electrical, Mechanical & Plumbing contracts
EFECO LLC, State of Palestine	100%	100%	Electrical, Mechanical & Plumbing contracts
Arabtec Construction Machinery LLC, Kingdom of Saudi Arabia	58%	58%	Trading and Leasing of construction equipment
Saudi Austrian Arabian Ready Mix Company LLC, Kingdom of Saudi Arabia	62%	62%	Manufacture and transportation of ready mix concrete products
Idrotec Srl, Italy	48%	48%	Civil construction and related works
Arabtec Construction LLC, State of Kuwait (under formation)	100%	100%	Civil construction and related works
Arabtec-Envirogreen Facility Management Services LLC, Dubai, UAE	51%	51%	Building maintenance and cleaning services, facilities management and security services
Arabtec Construction India (Pvt) Limited, India	63%	63%	Civil construction and related works
Arabtec Investments Holding Limited, JAFZA, Dubai, UAE	100%	100%	Holding or investment of shares or commercial holding

The investment in Arabtec Pakistan (Pvt) Limited is held by third parties in trust and for the benefit of the Company. The investment in Arabtec Engineering LLC, Dubai is held by two of the shareholders in trust and for the benefit of the Company.

Subsequent to the period end, The Group through its subsidiary Target Engineering Construction Company, Abu Dhabi have contributed to the incorporation of a new subsidiary in Canada, Stone Oil and Gas Inc, 70% owned by Target Engineering Construction Company, Abu Dhabi.

3 ACCOUNTING POLICIES

3.1 Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting.*

The interim condensed consolidated financial statements have been presented in United Arab Emirates Dirhams (AED) being the functional and reporting currency of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2011.

Although the Company owns less than 50% of the equity shares of Arabtec Construction LLC, Qatar, Nasser Bin Khalid Factory Ready Mix Concrete Co. LLC, Qatar, Arabtec Saudi Arabia LLC, Kingdom of Saudi Arabia, EFECO Saudi LLC, Kingdom of Saudi Arabia, EFECO Qatar WLL Qatar and Idrotec Srl, Italy, the Group has the power to govern the strategic operating and financial decisions of these companies and, therefore, recognises them as subsidiaries.

3.2 Changes in accounting policies

New standards, interpretations and amendments adopted by the Group
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except for the adoption of the following new standards and interpretations as of 1 January 2012:

IAS 12- Deferred Tax: Recovery of Underlying Assets (Amendment)
This amendment to IAS 12 includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 should always reflect the tax consequences of recovering the carrying amount of the underlying asset through sale. Effective implementation date is for annual periods beginning on or after 1 January 2012.

IFRS 7 – Disclosures – Transfer of financial assets (Amendment)
The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, a group has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the group retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the group's continuing involvement in those derecognised assets. Effective implementation date is for annual periods beginning on or after 1 July 2011 with no comparative requirements.

IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)
When a group's date of transition to IFRS is on or after the functional currency normalisation date, the group may elect to measure all assets and liabilities held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. However, this exemption may only be applied to assets and liabilities that were subject to severe hyperinflation. Effective implementation date is for annual periods beginning on or after 1 July 2011 with early adoption permitted.

The above amendments to IFRS standards did not have any impact on the accounting policies, financial policies, financial position or performance of the Group.

3 ACCOUNTING POLICIES (continued)

3.2 Changes in accounting policies (continued)

The Group has merged its interim condensed consolidated statement of income and statement of comprehensive income into one single interim condensed statement of comprehensive income. This new presentation has no impact on the financial position or performance of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

4 SEASONALITY OF OPERATIONS

The Group has five operating segments: building construction, precast and concrete production, drainage and electro mechanical works, marine construction and trading.

The results for the nine month period ended 30 September 2012 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.

Management have concluded that this does not constitute "highly seasonal" as considered by IAS 34 Interim Financial Reporting. Notwithstanding, the results for the nine month period ended 30 September 2012 are not necessarily indicative of the results that might be expected for the year ending 31 December 2012.

5 ACQUISITION OF NON-CONTROLLING INTERESTS

During the period, the Group acquired the remaining shareholding of 45% in Gulf Steel Industries FZC from its non-controlling interests, increasing its ownership interest to 100%. A cash consideration of AED 18 million was paid to the non-controlling interests. The difference between the consideration paid and the carrying value of the interest acquired has been recognised in the other capital reserve for AED 2,201 thousand.

6 SEGMENT INFORMATION

Primary segment information
The Group has five operating segments: building construction, precast and concrete production, drainage and electro mechanical works, marine construction and trading.

The building 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 building construction segment. The drainage and electro mechanical segment is involved in the execution of the drainage, electrical and mechanical works. The marine segment is involved in marine construction. The trading segment is involved in the trading of heavy equipment and steel.

The above segments are the basis on which the company reports its segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis and eliminated on consolidation.

Segment wise statement of income information for nine months ended 30 September 2012 and three months ended 30 September 2012 is presented below:

Nine months ended 30 September 2012	*Building Construction AED'000*	*Precast and concrete production AED'000*	*Drainage and electro mechanical works AED'000*	*Marine construction AED'000*	*Trading AED'000*	*Total AED'000*
Revenues	3,053,717	121,895	669,300	121,370	41,076	4,007,358
Contract costs	(2,736,851)	(99,271)	(536,253)	(108,354)	(33,762)	(3,514,491)
Gross profit	**316,866**	**22,624**	**133,047**	**13,016**	**7,314**	**492,867**
Other income	60,706	5,749	3,663	1,605	(2,611)	69,112
Administration expenses	(212,349)	(50,294)	(72,702)	(5,435)	(10,029)	(350,809)
Finance costs	(7,421)	-	(13,417)	(1,885)	(1,618)	(24,341)
Income tax expense	(653)	(64)	(114)	-	-	(831)
Net segment results	**157,149**	**(21,985)**	**50,477**	**7,301**	**(6,944)**	**185,998**

6 SEGMENT INFORMATION (continued)

Three months ended 30 September 2012	*Building Construction AED'000*	*Precast and concrete production AED'000*	*Drainage and electro mechanical works AED'000*	*Marine construction AED'000*	*Trading AED'000*	*Total AED'000*
Revenues	1,064,968	47,470	217,352	67,946	(2,633)	1,395,103
Contract costs	(978,811)	(37,254)	(173,090)	(60,995)	6,756	(1,243,394)
Gross profit	**86,157**	**10,216**	**44,262**	**6,951**	**4,123**	**151,709**
Other income	16,020	3,890	415	837	(2,340)	18,822
Administration expenses	(54,740)	(17,640)	(23,467)	(2,653)	(1,273)	(99,773)
Finance costs	(2,699)	-	(5,147)	(979)	(705)	(9,530)
Income tax expense	(215)	-	-	-	-	(215)
Net segment results	**44,523**	**(3,534)**	**16,063**	**4,156**	**(195)**	**61,013**

6 SEGMENT INFORMATION (continued)

Nine months ended 30 September 2011	*Building Construction AED'000*	*Precast and concrete production AED'000*	*Drainage and electro mechanical works AED'000*	*Marine construction AED'000*	*Trading AED'000*	*Total AED'000*
Revenues	2,520,805	425,860	392,272	165,717	37,459	3,542,113
Contract costs	(2,287,526)	(66,586)	(532,772)	(147,169)	(97,309)	(3,131,362)
Gross profit	233,279	359,274	(140,500)	18,548	(59,850)	410,751
Other income	57,418	3,801	5,166	882	3,500	70,767
Administration expenses	(140,349)	(30,928)	(57,895)	(6,065)	(21,970)	(257,207)
Finance costs	(10,114)	(553)	(5,833)	(2,440)	(4,092)	(23,032)
Income tax expense	(1,469)	-	-	(244)	-	(1,713)
Net segment results	138,765	331,594	(199,062)	10,681	(82,412)	199,566

6 SEGMENT INFORMATION (continued)

Three months ended 30 September 2011	*Building Construction AED'000*	*Precast and concrete production AED'000*	*Drainage and electro mechanical works AED'000*	*Marine construction AED'000*	*Trading AED'000*	*Total AED'000*
Revenues	1,114,618	371,683	244,414	(604,910)	(41,795)	1,084,010
Contract costs	(1,044,437)	(27,204)	(401,584)	533,930	(34,519)	(973,814)
Gross profit	70,181	344,479	(157,170)	(70,980)	(76,314)	110,196
Other income	31,440	273	4,742	(1,830)	3,306	37,931
Administration expenses	(46,929)	(7,600)	(37,173)	30,974	19,526	(41,202)
Finance costs	(11,604)	(735)	(2,121)	9,545	(971)	(5,886)
Income tax expense	(632)	-	-	(36)	-	(668)
Net segment results	42,456	336,417	(191,722)	(32,327)	(54,453)	100,371

6 SEGMENT INFORMATION (continued)

The following table presents segment assets, segment liabilities and other information of the Group's operating segments as at 30 September 2012 and 31 December 2011.

30 September 2012	*Building Construction AED'000*	*Precast and concrete production AED'000*	*Drainage and electro mechanical works AED'000*	*Marine construction AED'000*	*Trading AED'000*	*Total AED'000*
Segment assets	**7,067,642**	**361,431**	**1,250,021**	**173,387**	**91,514**	**8,943,995**
Segment liabilities	**4,637,591**	**225,262**	**917,505**	**160,692**	**41,601**	**5,982,651**

31 December 2011 (Audited)	*Building Construction AED'000*	*Precast and concrete production AED'000*	*Drainage and electro mechanical works AED'000*	*Marine construction AED'000*	*Trading AED'000*	*Total AED'000*
Segment assets	7,229,421	362,464	1,209,700	175,596	93,362	9,070,543
Segment liabilities	4,973,105	204,309	781,435	157,502	42,302	6,158,653

6 SEGMENT INFORMATION (continued)

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

	Nine month period ended 30 September	
	2012 AED'000	***2011 AED'000***
Profit		
Total profit for reportable segments	185,998	178,097
Other corporate expenses	(51,995)	(23,032)
Other corporate income	11,301	-
Profit for the period	**145,304**	155,065

	Three month period ended 30 September	
	2012 AED'000	***2011 AED'000***
Profit		
Total profit for reportable segments	61,013	78,902
Other corporate expenses	(18,797)	(19,667)
Other corporate income	9,731	(3,770)
Profit for the period	**51,947**	55,465

	30 September 2012 AED'000	***31 December 2011 AED'000 (Audited)***
Assets		
Total assets for reportable segments	8,943,995	9,070,543
Corporate assets	481,065	470,699
Elimination of inter-segment receivables	(820,310)	(745,206)
Group's assets	**8,604,750**	8,796,036

	30 September 2012 AED'000	***31 December 2011 AED'000 (Audited)***
Liabilities		
Total liabilities for reportable segments	5,982,651	6,158,653
Corporate liabilities	7,613	14,676
Elimination of payable to corporate head quarters	-	(110,725)
Elimination of inter-segment payables	(820,310)	(634,481)
Group's liabilities	**5,169,954**	5,428,123

6 SEGMENT INFORMATION (continued)

Geographical information
The following table presents revenue and total assets information regarding geographic segments for the periods ended 30 September 2012 and 30 September 2011:

	Nine month period ended		*30 September*	*31 December*
	30 September 2012 Revenues AED'000	*30 September 2011 Revenues AED'000*	*2012 Total assets AED'000*	*2011 Total assets AED'000 (Audited)*
GCC Countries	3,896,428	3,409,449	8,509,212	8,659,924
Others	110,930	132,664	95,538	136,112
	4,007,358	3,542,113	**8,604,750**	8,796,036

7 INCOME TAX

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings, i.e., the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

The major components of income tax expense in the interim condensed consolidated income statement are:

	Three month period ended 30 September		*Nine month period ended 30 September*	
	2012 AED	*2011 AED*	*2012 AED*	*2011 AED*
Income taxes				
Current income tax expense	**215**	668	**831**	1,713

8 PROPERTY, PLANT AND EQUIPMENT

During the nine month period ended 30 September 2012, the Group acquired assets with a cost of AED 197.5 million (nine month period ended 30 September 2011: AED 156.8 million) of various types of property, plant and equipment. Assets with a net book value of AED 33.2 million were disposed of by the Group during the nine month period ended 30 September 2012 (nine month period ended 30 September 2011: AED 82.4 million).

9 INTANGIBLE ASSETS

Intangible assets include the following:

	30 September 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Goodwill	**248,629**	248,629
Other intangible assets	**57,079**	94,211
	305,708	342,840

During the period, the amortisation of other intangible assets amounted to AED 37.13 million (nine month period ended 30 September 2011: AED 35.1 million). There were no additions to intangible assets during the period.

10 INVESTMENTS IN ASSOCIATES

The Company has the following associate over which it exercises significant influence:

Name of associate and its domicile	*Percentage of beneficial holding*		*Principal activities*
	2012	*2011*	
Polypod Middle East LLC, Abu Dhabi, UAE	40%	35%	Assembly of bathroom pods and other types of pods on the same concept

During the period, investments in associates registered the following movements:

	30 September 2012 AED'000
Balance at 1 January 2012 (net of impairment provisions)	-
Additions: Polypod Middle East LLC	2,040
Advances on an investment in associates	29,141
	31,181
Less impairment provision on investments in associates	(2,040)
Balance at 30 September 2012 (net of impairment provisions)	29,141

During the period, the Group has entered into an investment with a third party in a project in the Kingdom of Saudi Arabia. The Group has advanced an amount of AED 29,067 thousand and is expecting to have a significant influence on the special purpose entity being formed to hold the project. The legal formalities and the final ownership agreement are yet to be completed and agreed.

11 OTHER FINANCIAL ASSETS

The other financial assets include the following balances:

	30 September 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Held to Maturity- At amortised cost		
Nakheel Sukuk	-	175,020
Available-for-sale- At fair value		
Nakheel Sukuk	161,633	-
Investments in equity securities	7,245	8,428
Investment in unquoted equity securities	18,392	18,392
	187,270	201,840

The Group holds 165,320 thousands units of Sukuk bonds of AED 1 each issued by Nakheel Anka'a Sukuk Limited. These bonds carry a coupon rate of 10% per annum. During the period ended 30 September 2012, the Group changed the classification of its Sukuk from held to maturity to available-for-sale. An amount of AED 56.6 million representing the difference between the carrying value at amortised cost of the held to maturity and the fair value of the Sukuk has been recorded in other comprehensive income.

11 OTHER FINANCIAL ASSETS (continued)

A summary of the movements in the investment in the Nakheel Sukuk is presented below:

	30 September 2012 AED'000
Balance at 1 January	-
Transfer from Held to Maturity	175,020
Additional Sukuk received against contract receivables during the period	19,660
Disposals	(89,709)
Changes in fair value	56,662
	161,633

During the period, an amount of AED 19,017 thousand (nine months period ended 30 September 2011: AED nil) has been transferred from the statement of comprehensive income into the consolidated income statement on account of sale of available-for-sale investments for AED 71,070 thousand. Changes in fair value of available-for-sale investments have been recognised in the statement of comprehensive income. Other available-for-sale Sukuk amounting to AED 18,639 thousand has been used by the group to settle contract and other liabilities.

12 RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions that have been entered into with related parties during the nine month periods ended 30 September 2012 and 30 September 2011, as well as balances with related parties as of 30 September 2012 and 31 December 2011:

	Nine month period ended 30 September 2012				*At 30 September 2012*	
	Revenues AED'000	*Purchases AED'000*	*Purchase of fixed assets AED'000*	*Other expenses AED'000*	*Amount due to AED'000*	*Amount due from AED'000*
Joint ventures	357,549	-	-	314,672	241,061	378,808
Other related parties	657,962	94,261	54,328	17,564	635,633	816,062
	1,015,511	94,261	54,328	332,236	876,694	1,194,870

	Nine month period ended 30 September 2011				*At 31 December 2011 (Audited)*	
	Revenues AED'000	*Purchases AED'000*	*Purchase of fixed assets AED'000*	*Other expenses AED'000*	*Amount due to AED'000*	*Amount due from AED'000*
Joint ventures	601,285	-	-	574,368	249,904	444,046
Other related parties	513,891	29,458	4,140	8,336	571,467	613,760
	1,115,176	29,458	4,140	582,704	821,371	1,057,806

12 RELATED PARTY TRANSACTIONS (continued)

	30 September 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Current account of directors and major shareholders		
Mr. Riad Kamal - a Director and a shareholder of the Parent company	14,401	23,096
Current accounts of non-controlling shareholders in subsidiaries	-	37,519

Compensation of key management personal

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

	Three month period ended 30 September		*Nine month period ended 30 September*	
	2012 AED'000	*2011 AED'000 (Audited)*	*2012 AED'000*	*2011 AED'000 (Audited)*
Attendance fees to directors	2,130	350	3,030	1,350
Short term benefits	5,913	5,746	17,483	16,105
Employees' end of service benefits	110	90	334	322
Discretionary bonus accrued	(206)	-	6,400	-
	7,947	6,186	27,247	17,777

13 CASH AND CASH EQUIVALENTS

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30 September 2012 AED'000	*30 September 2011 AED'000*
Cash and bank balances	378,611	299,478
Short term bank deposits	192,652	281,208
Cash and cash equivalents	571,263	580,686

14 BANK BORROWINGS

During the period, the Group obtained additional short term bank borrowings of AED 29.4 million. These borrowings bear interest at prevailing market rates and are repayable within one year. The funds are utilised for meeting the Group's working capital requirements.

15 SHARE CAPITAL

	30 September 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Authorised issued and fully paid up:		
1,569,750 thousand shares of AED 1 each	**1,569,750**	1,495,000
(31 December 2011: 1,495,000 thousand shares of AED 1 each)		

The Annual General Meeting of the shareholders approved a bonus issue of 1 share for every 20 shares held in the meeting dated 28 April 2012, thereby increasing the number of shares from 1,495 million to approximately 1,570 million.

16 CASH DIVIDENDS

During the Annual General Meeting held on 28 April 2012, the shareholders approved a cash dividend of AED 0.05 per share totalling AED 74.75 million relating to the year ended 31 December 2011.

17 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company of AED 107.5 million (nine month period ended 30 September 2011: AED 94.7 million) by the weighted average number of shares outstanding during the period of 1,570 million.

The weighted average number of shares outstanding during the period ended 30 September 2011 has been amended for bonus shares issued during 2012 (note 15).

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

	Three month period ended 30 September		*Nine month period ended 30 September*	
	2012 AED	*2011 AED*	*2012 AED*	*2011 AED*
Earnings per share	**0.02**	0.02	**0.07**	0.06

18 CONTRACT DISPUTE

On 25 December 2008, Arabtec Construction LLC 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 LLC ("Meydan") purporting to terminate the contract on 9 January 2009 for reasons which management consider did not justify such termination. Subsequently, by way of its notice dated 10 January 2009, the Joint Venture purported to terminate the contract on 24 January 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 29 December 2008. Both securities were payable on demand and, on payment by the banks concerned, management has recorded a receivable for the net amount due from Meydan, pending resolution of the dispute. The corresponding liability recorded at the 31 December 2008 year end has since been converted into a loan taken from a bank in 2009 on which Arabtec Construction LLC is paying interest, which will form part of the claim.

On 11 January 2009, the Joint Venture served its request for arbitration. Since then, the arbitration proceedings have commenced and the amount claimed by the Joint Venture is approximately AED 2.8 billion (Group's share: AED 1.4 billion). In June 2012, Meydan has further lodged a claim before Dubai Court contesting the validity of the arbitration tribunal and claiming a sum of AED 3.5 billion plus interests. Management believes, based on continuing legal opinion received, that the prospects of success in the arbitration and legal case are good and that no additional provisions for the dispute are required at the end of the reporting period.

In accordance with the Group's accounting policy relating to contracts where the outcome cannot be estimated reliably, revenue has been recognised 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 recognised on the contract to date pending the outcome of the Group's claim and conclusion of the arbitration proceedings.

19 JOINT VENTURES

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

		Share in JV
a)	Samsung/Arabtec 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/Aktor joint venture projects	50%/60%
f)	Arabtec/Emirates Sunland joint venture projects	50%
g)	Arabtec/WCT Engineering joint venture projects	50%
h)	Arabtec/Engineering Enterprises Company joint venture projects	50%
i)	Arabtec/AMN Holdings joint venture project	60%
j)	Arabtec/Dubai Contracting Company joint venture project	50%
k)	Target Engineering and Construction Company LLC/ Marintek Middle East and Asia FLE joint venture project	65%
l)	Arabtec Engineering Services/WCT Engineering joint venture project	50%
m)	Arabian Construction Company/Arabtec joint venture project	50%
n)	Arabtec/National Projects and Construction joint venture project	50%
o)	Arabtec/Al Saad joint venture project	66.66%
p)	Arabtec/Al Mukawilon joint venture project	60%
q)	Arabtec/Combined Group Contracting Company Joint Venture	60%
r)	TAV/CCC/Arabtec Joint Venture	33%

The Group is entitled to a proportionate share of the joint ventures' assets and revenues and bears a proportionate share of their liabilities and expenses.

19 JOINT VENTURES (continued)

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:

	30 September 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Current assets	**1,081,386**	1,125,087
Non-current assets	**87,480**	89,990
Current liabilities	**1,022,850**	1,073,877
Non-current liabilities	**35,249**	55,099
Contingent liabilities	**928,422**	724,048

	Three month period ended 30 September		*Nine month period ended 30 September*	
	2012 AED'000	*2011 AED'000*	*2012 AED'000*	*2011 AED'000*
Revenue	**106,482**	171,965	**344,238**	601,285
Expenses	**94,387**	179,551	**314,672**	574,368

20 LEASE AND FIXED ASSETS COMMITMENTS

At the reporting date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	30 September 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Future minimum lease payments:		
Within one year	**29,589**	31,018
In the second to fifth years inclusive	**10,144**	9,125
Later than 5 years	**45,758**	36,368
Total operating lease expenditure contracted for at the reporting date	**85,491**	76,511

	Three month period ended 30 September		*Nine month period ended 30 September*	
	2012 AED'000	*2011 AED'000 (Audited)*	*2012 AED'000*	*2011 AED'000 (Audited)*
Minimum lease payments under operating leases recognized as expense during the period	**2,316**	15,485	**8,842**	51,991

At 30 September 2012, the Group had commitments for the acquisition of property, plant and equipment amounting to AED 37,912 thousand (31 December 2011: AED 35,237 thousand (Audited)).

21 CONTINGENCIES

At 30 September 2012, the Group had contingent liabilities in respect of performance and bid bonds, advance payment bonds, financial guarantees, retention bonds, labour guarantees and letters of credit amounting to AED 4,558,177 thousand (31 December 2011: AED 4,199,060 thousand (Audited)).

22 GOODWILL

Goodwill is tested for impairment annually (as at 31 December) or when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite live is based on value-in-use calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual financial statements for the year ended 31 December 2011.

23 POLITICAL UNREST IN SYRIA

The Group has a project in Syria that has been suspended after to the commencement of the current political events and civil unrest in this country. The Group management has taken proactive measures by entering into negotiations with its Syrian client in order to realise its assets and ensure that any exposure on its financial statements is covered.

While it is difficult to quantify the effect of these events on the future financial statements, the significance of this impact will depend on the extent and the length until which these events and their effect will last. In the management's opinion, the events in Syria will not materially affect the Group's financial position or performance in the future.

24 COMPARATIVE FIGURES

24.1 Prior year error

The fair value reserve attributable to the owners of the Parent company, as shown on 31 December 2011, was understated by AED 1,642 thousand representing the share in these reserves of the non-controlling interests which were overstated by the same amount. The management has judged that this error is not of a materiality that justifies a restatement of prior year's balances.

24.2 Other reclassifications

Prior year figures shown in the consolidated statement of financial position have been reclassified, wherever necessary, to conform to the current presentation of the interim condensed consolidated statement of financial position. In addition, prior period figures previously shown in the interim condensed consolidated statement of comprehensive income have been reclassified to conform to the current period presentation. For the interim consolidated statement of cash flows, prior period details and figures were added in the operating activities in order to be comparable to the details shown at the end of the current period.