Arabtec Holding PJSC and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2013 (UNAUDITED)

ERNST & YOUNG

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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 31 March 2013, comprising the interim consolidated statement of financial position as at 31 March 2013 and the related interim consolidated statements of comprehensive income, cash flows and changes in equity for the three-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 Financial Reporting Standard IAS 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 15 which provides details on negotiations relating a contractual arrangement with a client, the probable outcome of which cannot be determined with reasonable certainty at the date of this report.

(b) Note 20 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 31 March 2012 were reviewed by another auditor whose report dated 8 May 2012 expressed an unqualified conclusion with an emphasis of matter on those interim condensed consolidated financial statements.



Signed by
Ashraf Abu-Sharkh
Partner
Registration No. 690

2 May 2013

Dubai, United Arab Emirates

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Period ended 31 March 2013 (Unaudited)

	Note	*"three-month" period ended 31 March*	
		2013 ***AED'000***	*2012* *AED'000*
Revenues		1,545,366	1,291,900
Direct costs		(1,354,593)	(1,081,629)
GROSS PROFIT		**190,773**	**210,271**
Other operating income		4,757	6,718
General and administrative expenses		(129,005)	(130,010)
Other income		40,232	7,507
Interest income on non-current receivables and payables		4,206	3,576
Net investment income		287	8,376
Finance costs		(9,411)	(6,207)
Share of loss of associate		(1,583)	-
PROFIT BEFORE TAX		**100,256**	**100,231**
Income tax expense	6	(585)	(143)
PROFIT FOR THE PERIOD		**99,671**	**100,088**
Other comprehensive income			
Other comprehensive income that would be reclassified to profit or loss in subsequent periods:			
Unrealised gain on revaluation of available-for-sale investments		2,133	341
Net change in foreign currency translation reserve		(1,000)	506
Total other comprehensive income for the year		**1,133**	847
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**100,804**	**100,935**
Profit for the period attributable to:			
Owners of the Parent		62,475	84,088
Non-controlling interests		37,196	16,000
		99,671	**100,088**
Total comprehensive income for the period attributable to:			
Owners of the Parent		63,559	84,935
Non-controlling interests		37,245	16,000
		100,804	**100,935**
Basic and diluted earnings per share (AED)	14	**0.04**	**0.05**

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements

Arabtec Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	*31 March 2013 AED'000 (Unaudited)*	*31 December 2012 AED'000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,108,372	1,108,245
Investment properties		94,883	95,867
Intangible assets	8	40,720	44,740
Investments in associates	9	267,156	268,738
Goodwill		248,606	248,666
Trade and other receivables - non-current portion		666,821	668,235
Other financial assets	10	27,163	25,037
Other non-current assets		4,597	5,093
		2,458,318	2,464,621
Current assets			
Trade and other receivables		4,213,179	4,144,594
Other financial assets	10	133,191	104,725
Inventories		189,116	202,731
Other current assets		205,397	161,873
Due from related parties	11	963,350	1,060,724
Bank balances and cash	12	936,316	812,400
		6,640,549	6,487,047
TOTAL ASSETS		**9,098,867**	8,951,668
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1,569,750	1,569,750
Statutory reserve		314,734	308,486
Fair value adjustment reserve		2,126	300
Foreign currency translation reserve		1,573	2,315
Other reserves		(2,201)	(2,201)
Retained earnings		1,124,130	1,067,903
Equity attributable to owners of the Parent		**3,010,112**	2,946,553
Non-controlling interests		436,037	398,792
Total equity		3,446,149	3,345,345
Non-current liabilities			
Bank borrowings		145,313	152,707
Provision for employees' end of service indemnity		174,723	165,508
Retentions payable - non-current portion		180,443	138,558
Deferred tax liabilities		800	1,061
		501,279	457,834
Current liabilities			
Bank borrowings		541,184	647,215
Trade and other payables		4,149,915	3,929,632
Due to related parties	11	458,029	571,154
Income tax payable		2,311	488
Total current liabilities		5,151,439	5,148,489
Total liabilities		5,652,718	5,606,323
TOTAL EQUITY AND LIABILITIES		**9,098,867**	8,951,668

Hasan Abdulla Ismaik
Managing Director and CEO
2 May 2013

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2013 (Unaudited)

	Attributable to owners of the Parent company								
	Share capital AED'000	*Statutory reserve AED'000*	*Fair value adjustment reserve AED'000*	*Foreign currency translation reserve AED'000*	*Other reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 31 December 2012 (audited)	1,569,750	308,486	300	2,315	(2,201)	1,067,903	2,946,553	398,792	3,345,345
Profit for the period	-	-	-	-	-	62,475	62,475	37,196	99,671
Other comprehensive income for the period	-	-	1,826	(742)	-	-	1,084	49	1,133
Total comprehensive income for the period	-	-	**1,826**	**(742)**	-	**62,475**	**63,559**	**37,245**	**100,804**
Transfer to statutory reserve	-	6,248	-	-	-	(6,248)	-	-	-
Balance at 31 March 2013	1,569,750	314,734	2,126	1,573	(2,201)	1,124,130	3,010,112	436,037	3,446,149

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2013 (Unaudited)

	Attributable to owners of the Parent company								
	Share capital AED'000	*Statutory reserve AED'000*	*Fair value adjustment reserve AED'000*	*Foreign currency translation reserve AED'000*	*Other reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 31 December 2011 as previously reported	1,495,000	293,873	(12,549)	(264)	-	1,177,035	2,953,095	414,818	3,367,913
Prior year adjustments	-	-	12,565	-	-	(69,963)	(57,398)	(16,385)	(73,783)
Balance at 31 December 2011 (restated*)	1,495,000	293,873	16	(264)	-	1,107,072	2,895,697	398,433	3,294,130
Profit for the period	-	-	-	-	-	84,088	84,088	16,000	100,088
Other comprehensive income for the period	-	-	341	506	-	-	847	-	847
Total comprehensive income for the period	-	-	341	506	-	84,088	84,935	16,000	100,935
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(10,929)	(10,929)
Non-controlling interests arising on, -Acquisition and incorporation of subsidiaries	-	-	-	-	-	-	-	355	355
Transfer to statutory reserve	-	8,408	-	-	-	(8,408)	-	-	-
Balance at 31 March 2012	1,495,000	302,281	357	242	-	1,182,752	2,980,632	403,859	3,384,491

* Certain amounts shown here do not correspond to the 2011 consolidated financial statements as previously reported and reflect adjustments included in the year ended 31 December 2012 consolidated financial statements.

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

At 31 March 2013 (Unaudited)

	Three months ended 31 March	
	2013 AED'000	*2012 AED'000 (Restated*)*
OPERATING ACTIVITIES		
Profit before tax	100,256	100,231
Adjustments for:		
Depreciation of property, plant and equipment	60,673	53,908
Depreciation of investment properties	984	-
Amortisation of intangible assets	4,020	12,382
Provision for employees' end of service indemnity	15,120	9,160
Investments in associates	1,583	-
Gain on sale of property, plant and equipment	-	(1,690)
Finance costs	9,411	6,207
	192,047	180,198
Working capital changes		
Trade and other receivables	(67,171)	190,910
Due from related parties	97,374	(145,586)
Inventories	13,615	31,121
Other current assets	(42,970)	12,670
Traded and other payables	222,106	(282,126)
Due to related parties	(113,125)	20,531
Retentions payable	41,885	(15,038)
Cash from (used in) operating activities	343,761	(7,320)
Employees' end of service indemnity paid	(5,905)	(1,345)
Interest paid	(9,411)	(6,207)
Income tax paid	(796)	(143)
Net cash flows from (used in) operating activities	327,649	(15,015)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(65,100)	(58,854)
Proceeds from sale of financial assets	-	341
Proceeds from disposal of property, plant and equipment	4,300	2,808
Other financial assets	(28,766)	41,499
Net cash flows used in investing activities	(89,566)	(14,206)
FINANCING ACTIVITIES		
Proceeds/ repayments of borrowings (net)	(3,714)	(13,559)
Capital contribution from non-controlling interests	-	355
Dividends paid to non-controlling interests	-	(10,929)
Net cash flows used in financing activities	**(3,714)**	**(24,133)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**234,369**	**(53,354)**
Cash and cash equivalents at 1 January	345,186	688,057
Net foreign exchange difference	(742)	506
CASH AND CASH EQUIVALENTS AT 31 MARCH	**578,813**	**635,209**

* Certain amounts shown here do not correspond to the 2011 consolidated financial statements as previously reported and reflect adjustments included in the year ended 31 December 2012 consolidated financial statements

The attached notes 1 to 21 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 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 extent of the Group's shareholding in, and the principal activities of subsidiaries are as follows:

Name of subsidiary and domicile	*% Holding (including indirect holding)*		*Principal activities*
	31 March 2013	*31 December 2012*	
Arabtec Construction LLC, Dubai, UAE	**100%**	100%	Civil construction and related works
Austrian Arabian Ready Mix Concrete Co. LLC, Dubai, UAE	**100%**	100%	Manufacturing and transportation of ready mix concrete products
House of Equipment Co. LLC, Dubai, UAE	**66.7%**	66.7%	Trading and leasing of construction equipments
Arabtec Construction W.L.L. Doha, Qatar*	**49%**	49%	Civil construction and related works
Arabtec Precast LLC, Dubai, UAE	**100%**	100%	Manufacturing of precast panels
Nasser Bin Khaled Factory Ready Mix Concrete Co. LLC, Doha, Qatar*	**49%**	49%	Manufacturing and transportation of ready mix concrete products
Emirates Falcon Electromechanical Co EFECO LLC, Dubai, UAE	**55%**	55%	Electrical mechanical and 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 LLC, Abu Dhabi, UAE	**60%**	60%	Civil construction and related works
Gulf Steel Industries FZC, Sharjah, UAE	**100%**	100%	Fabrication of steel structure and profiles
Arabtec Saudi Arabia LLC, Kingdom of Saudi Arabia *	**45%**	45%	Civil construction and related works

2 SUBSIDIARIES (continued)

Name of subsidiary and domicile	*% Holding (including indirect holding)*		*Principal activities*
	31 March 2013	*31 December 2012*	
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 W.L.L., Kingdom of Bahrain	**75%**	75%	Civil construction and related works
EFECO Saudi LLC, Kingdom of Saudi Arabia*	**39%**	39%	Electrical, mechanical and plumbing contracts
EFECO Qatar W.L.L, Doha, Qatar*	**27%**	27%	Electrical, mechanical and plumbing contracts
EFECO LLC, State of Palestine	**100%**	100%	Electrical, mechanical and plumbing contracts
Arabtec Construction Machinery LLC Kingdom of Saudi Arabia	**58%**	58%	Trading and leasing of construction equipment
Saudi Austrian Arabian Ready Mix Co LLC Kingdom of Saudi Arabia	**62%**	62%	Manufacturing and transportation of ready mix concrete products
Idrotec Srl, Italy	**96%**	96%	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
Powercon Switchgear Factory, UAE	**75%**	75%	Manufacturing of switch gears and power distribution panels
Stone Oil and Gas Inc, Canada	**70%**	70%	Consultancy and engineering
Arabtec Construction LLC, Abu Dhabi	**100%**	100%	Civil construction and related works
Emirates Falcon Electromechanical Co EFECO LLC, Dubai, UAE , Abu Dhabi	**55%**	55%	Electrical, mechanical & plumbing contracts
Target Steel Industries LLC, Free Zone, Abu Dhabi, UAE	**59.4%**	59.4%	Fabrication of steel structure and profiles
Target Engineering Construction Company, Qatar *	**36%**	36%	Civil construction and related works
Saudi Target Engineering Construction Company LLC, KSA*	**39%**	39%	Civil construction and related works
GSI Steel Construction Contracting LLC, Dubai, UAE	**100%**	100%	Fabrication of steel structure and profiles
Arabtec Construction India (Pvt) Limited, India	**63%**	63%	Civil construction and related works

2 SUBSIDIARIES (continued)

Arabtec Investments Holding Limited, JAFZA, Dubai, UAE	**100%**	100%	Holding or investment of shares or commercial holding
Arabtec Building Equipment	**100%**	-	Retail sale and leasing of construction and building equipment

* Those represent indirect holdings of the Group. Although the Group holds less than 50%, it exercises control over these subsidiaries through direct holdings.

The Company has the following associates over which it exercises significant influence given the shareholding of the company:

Name of associate and domicile	*% Holding (including indirect holding) 31 March 2013*	*31 December 2012*	*Principal activities*
Depa Limited, Dubai, UAE	**24%**	24%	Fit-out of furniture of five star hotels, yachts and facilities and related services
Polypod Middle East LLC, Abu Dhabi, UAE	**40%**	40%	Assembly of bathroom pods and other types of pods on the same concept
Gulf Capital PJSC – Salboukh project, Saudi Arabia	**24%**	24%	Development of Salboukh residential compound
Envirecon, Kingdom of Saudi Arabia	**30%**	30%	Manufacture of concrete and mixture, additives and other construction chemicals

The Company has the following branches:

- Arabtec Construction LLC, St Petersburg and Kazan, Russia
- Arabtec Construction LLC, Riyadh, KSA
- Arabtec Saudi Arabia LLC, Riyadh, KSA
- House of equipment LLC - Abu Dhabi
- Idorec SRL - Abu Dhabi

Joint operations of the Group are disclosed in note 16.

3 ACCOUNTING POLICIES

3.1 Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS') specifically 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 2012.

Although the Group owns less than 50% of the equity shares of Arabtec Construction WLL, Qatar; Nasser Bin Khaled Factory Ready Mix Concrete Co. LLC, Qatar; Arabtec Saudi Arabia LLC, Kingdom of Saudi Arabia; Target Engineering Construction Co. WLL, Qatar; Saudi Target Engineering Construction Co. LLC, Saudi Arabia; EFECO Saudi LLC, Kingdom of Saudi Arabia and EFECO Qatar WLL, the Group is exposed, or has rights, to variable returns from its involvement with these entities and has the ability to affect those returns through its power to direct their strategic, operating and financial decisions and, therefore, recognises them as subsidiaries.

3 ACCOUNTING POLICIES (continued)

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 2012, except for the adoption of the following new standards and interpretations as of 1 January 2013:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements
IFRS 10 establishes a single control model that applies to all entities including special purpose entities.

IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures
IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities ("JCEs") using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 11 is effective for annual periods beginning on or after 1 January 2013. The Group has reviewed its joint arrangements and concluded that all of its joint arrangements are be classified as Joint Operations. Such an assessment also identified that accounting for joint operations is also consistent with the previous accounting and hence there is no impact on the Group's financial position for the period.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. IFRS 13 had no impact on the Group's financial position or performance.

IFRS 1 First-time Adoption of International Financial Reporting Standards
The standard was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS; therefore, this amendment is not relevant to the Group.

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

3 ACCOUNTING POLICIES (continued)

3.2 Changes in accounting policies

IAS 1 Clarification of the requirement for comparative information (Amendment)
The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet. This has no impact on the interim condensed financial statements of the Group.

IAS 32 Tax effects of distributions to holders of equity instruments (Amendment)
The amendment to IAS 32 Financial Instruments: Presentation clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)
The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief executive officer. As a result of this amendment, the Group now also includes disclosure of total segment liabilities as these are reported to the chief executive officer.

IAS 19 Employee Benefits (Revised 2011) (IAS 19R)
IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

In case of the Group, the transition to IAS 19R did not have an impact on the employees' end of service benefits obligations.

IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7
The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

4 SEASONALITY OF OPERATIONS

The Group has four operating segments: Construction; Mechanical, Electrical and Plumbing ("MEP"); Oil & Gas, Infrastructure and Power; and Other.

The results for the three-month period ended 31 March 2013 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 "three-month" period ended 31 March 2013 are not necessarily indicative of the results that might be expected for the year ending 31 December 2013.

5 SEGMENT INFORMATION

Primary segment information
The management of the Group has changed the way in which the business is assessed and has reorganized the Group into four operating segments: Construction; MEP; Oil & Gas, Infrastructure and Power; and Other.

The Construction segment primarily engages in the construction of high-rise towers, buildings and residential villas. The MEP segment is involved in the execution of the drainage, electrical and mechanical works. The Oil & Gas, Infrastructure and Power segment is involved in all works related to, intended to be used for, and/or for clients in the industries of Oil & Gas, Infrastructure and Power. The other segment is involved in all other work that does not fall into the previous three segments in addition to the headquarters.

The above segments are the basis on which the Group 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 the three months ended 31 March 2013 and three months ended 31 March 2012 is presented below:

Three months ended 31 March 2013	*Construction AED'000*	*Mechanical, electrical and plumbing AED'000*	*Oil & Gas, infrastructure and power AED'000*	*Other AED'000*	*Elimination AED'000*	*Total AED'000*
Revenues	846,589	147,492	569,543	171,096	(189,354)	1,545,366
Contract costs	(765,110)	(127,112)	(514,383)	(137,342)	189,354	(1,354,593)
Gross profit	**81,479**	**20,380**	**55,160**	**33,754**	**-**	**190,773**
Other income and other expenses	29,735	10,895	9,942	1,366	(4,039)	47,899
General and administrative expenses	(55,634)	(12,568)	(35,344)	(29,498)	4,039	(129,005)
Finance costs	(685)	(2,317)	(4,188)	(2,221)	-	(9,411)
Income tax expense	(455)	-	(130)	-	-	(585)
Net segment results	**54,440**	**16,390**	**25,440**	**3,401**	**-**	**99,671**

5 SEGMENT INFORMATION (continued)

*Three months ended 31 March 2012**	*Construction AED'000*	*Mechanical, electrical and plumbing AED'000*	*Oil & Gas, infrastructure and power AED'000*	*Other AED'000*	*Elimination AED'000*	*Total AED'000*
Revenues	663,166	216,904	348,597	86,672	(23,439)	1,291,900
Contract costs	(545,422)	(183,018)	(318,637)	(57,991)	23,439	(1,081,629)
Gross profit	**117,744**	**33,886**	**29,960**	**28,681**	**-**	**210,271**
Other income and other expenses	17,800	697	7,422	926	(668)	26,177
General and other administrative expenses	(56,642)	(17,952)	(28,246)	(27,838)	668	(130,010)
Finance costs	(501)	(949)	(2,296)	(2,461)	-	(6,207)
Income tax expense	(74)	-	-	(69)	-	(143)
Net segment results	**78,327**	**15,682**	**6,840**	**(761)**	**-**	**100,088**

* The Group has restated the presentation of segment information in the prior period to correspond to the current period presentation.

5 SEGMENT INFORMATION (continued)

The following table presents segment assets, segment liabilities and other information of the Group's operating segments as at 31 March 2013 and 31 December 2012.

31 March 2013	*Construction AED'000*	*Mechanical, electrical and plumbing AED'000*	*Oil & Gas, infrastructure and power AED'000*	*Other AED'000*	*Elimination AED'000*	*Total AED'000*
Segment assets	4,700,124	706,740	2,500,145	1,643,997	(452,139)	9,098,867
Segment liabilities	(3,341,888)	(607,464)	(1,820,074)	(245,431)	452,139	(5,652,718)

*31 December 2012 (Audited) **	*Construction AED'000*	*Mechanical, electrical and plumbing AED'000*	*Oil & Gas, infrastructure and power AED'000*	*Other AED'000*	*Elimination AED'000*	*Total AED'000*
Segment assets	5,421,754	685,304	1,901,740	1,426,574	(483,704)	8,951,668
Segment liabilities	(3,812,376)	(606,480)	(1,436,199)	(234,972)	483,704	(5,606,323)

* The Group has restated the presentation of segment information in the prior period to correspond to the current period presentation.

5 SEGMENT INFORMATION (continued)

Geographical information
The following table presents revenue and total assets information regarding geographic segments for the periods ended 31 March 2013 and 31 March 2012:

	"three-month" period ended		*31 March*	*31 December*
	31 March 2013 Revenue AED'000	*31 March 2012 Revenue AED'000*	***2013 Total assets AED'000***	*2012 Total assets AED'000 (Audited)*
GCC Countries	**1,457,609**	1,252,992	**8,796,548**	8,740,089
Others	**87,757**	38,908	**302,319**	211,579
	1,545,366	1,291,900	**9,098,867**	8,951,668

6 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 31 March	
	2013 AED'000	*2012 AED'000*
Income taxes		
Current income tax expense	**585**	143

Income tax expense arises for the Group's entities in Qatar, Syria, Egypt, Palestine and the Kingdom of Saudi Arabia.

7 PROPERTY, PLANT AND EQUIPMENT

During the period, the depreciation of property, plant and equipment amounted to AED 61 million ("three-month" period ended 31 March 2012: AED 54 million).

During the "three-month" period ended 31 March 2013, the Group acquired assets with a cost of AED 65.1 million ("three-month" period ended 31 March 2012: AED 58.8 million) of various types of property, plant and equipment. Assets with a net book value of AED 4.3 million were disposed off by the Group during the "three-month" period ended 31 March 2013 ("three-month" period ended 31 March 2012: AED 1.1 million).

8 INTANGIBLE ASSETS

During the period, the amortisation of other intangible assets amounted to AED 4 million ("three-month" period ended 31 March 2012: AED 12.4 million). There were no additions to intangible assets during the period.

9 INVESTMENTS IN ASSOCIATES

DEPA Limited
On 21 November 2012, the Group acquired shares in Depa Limited ("DEPA") for AED 239,681 thousand representing 24.329% interest in the Company's share capital upon acquisition. The investment in DEPA was classified as an associate as the Group obtained influence over the operating and financial policies of the company.

The company operates in the luxury fit-out sector, focusing primarily on hospitality, commercial and residential property developments. Through a combination of multiple subsidiaries, joint arrangements and associates across a number of countries and market segments. The Company operates in the Middle East/North Africa region and Asia.

During 2012, an indirect related party to one of DEPA's customers publicly announced its intention to file a claim against DEPA and its JV partner for compensation of USD 600 million in connection with a contract cancelled by the customer. Based on legal advice, the Group and its associate are confident that such a possible claim will have no grounds for jurisdiction as the third party was not a direct party to the contract. No legal proceedings have been initiated by the third party as of the date of issue of these financial statements.

Summarised financial information of DEPA as of 31 March 2013 is not available as DEPA has not declared its results at the date of approval of these financial statements. DEPA is listed in the Dubai International Financial Center (DIFC) on the NASDAQ Dubai.

Management has assessed the Group's share of loss in this associate using projections and estimations based on the previously published financial statements and analysts' reports. The share of loss of the Group for the "three-month" period ended 31 March 2013 is AED 1,583 thousand. Management believes that the actual financial information, once released, would not be materially different from the projections used.

The fair market value of the investment in Depa as of 31 March 2013, based on listed bid prices, was approximately AED 220 million. Management is of the opinion that the investment in associate is not impaired although its carrying value is lower than the net asset value of the company.

Polypod Middle East LLC
On 6 May 2009, Polypod Middle East LLC ("Polypod"), Abu Dhabi was incorporated with the Company holding a 40% interest in Polypod at cost of AED 3.2 million, being equivalent to the Company's share of the issued share capital. On 7 March 2012, the Board of Directors approved to write off the investment in Polypod, as of 31 December 2011, due to continuous losses incurred. Management is in the process of restructuring this business with a view to allowing the business to positively trade out of its existing deficits as well as assessing other options for the business.

Other investments
During the period, the Group entered into an investment arrangement with Gulf Capital PJSC, Kingdom of Saudi Arabia to acquire a 24% interest in the Salboukh project. The Group advanced an amount of AED 29,057 thousand and expects 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.

10 OTHER FINANCIAL ASSETS

	Current		*Non-current*	
	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*	***31 March 2013 AED'000***	*31 December 2012 AED'000 (Audited)*
Financial assets at fair value				
Available-for-sale investments				
Quoted equity shares (a)	-	-	**8,219**	6,093
Financial assets at cost				
Available-for-sale investments				
Unquoted equity shares (b)	-	-	**17,282**	17,282
Total available-for-sale investments	-	-	**25,501**	23,375
Financial assets at amortised cost				
Fixed deposits under lien	**115,758**	93,470	-	-
Margin deposits	**17,433**	11,255	-	-
Loans to related parties	-	-	**1,662**	1,662
Total financial assets at amortised cost	**133,191**	104,725	**1,662**	1,662
Total other financial assets	**133,191**	104,725	**27,163**	25,037

a) Quoted equity securities represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of these securities is based on the quoted market prices where available.

b) Unquoted equity shares represent an investment in Al Waab City project, Qatar. As the fair value of this investment cannot be reliably determined, it is carried at cost less provision for impairment of AED 1,110 thousand. The Group intends to hold this investment for future growth or until an appropriate exit is found.

Impairment on quoted available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost. Based on these criteria, the Group identified an impairment of AED Nil thousand (31 December 2012: AED 1,289 thousand) on available-for-sale investments in quoted shares.

11 RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions that have been entered into with related parties during the "three-month" periods ended 31 March 2013 and 31 March 2012, as well as balances with related parties as of 31 March 2013 and 31 December 2012:

	"three-month" period ended 31 March 2013				*At 31 March 2013*	
	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 operations	2,719	-	-	-	265,398	378,928
Other related parties	491,607	666	7,965	6,879	192,631	584,422
	494,326	**666**	**7,965**	**6,879**	**458,029**	**963,350**

	"three-month" period ended 31 March 2012				*At 31 December 2012 (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 operations	6,718	-	-	-	386,139	525,038
Other related parties	154,438	2,249	1,926	1,800	185,015	535,686
	161,156	2,249	1,926	1,800	571,154	1,060,724

	"three-month" period ended 31 March	
	2013 AED'000	*2012 AED'000*
Current accounts of non-controlling shareholders in subsidiaries	18,333	22,906

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

	"three-month" period ended 31 March	
	2013 AED'000	*2012 AED'000*
Attendance fees to directors	**228**	450
Short term benefits	**9,813**	9,683
Employees' end of service benefits	**222**	145
Discretionary bonus accrued	**238**	3,034
	10,501	**13,312**

12 CASH AND CASH EQUIVALENTS

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

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Cash and bank balances	**720,784**	671,700
Short term bank deposits	**215,532**	140,700
Bank balances and cash	**936,316**	812,400
Bank overdrafts	**(357,503)**	(467,214)
Cash and cash equivalents	**578,813**	345,186

13 SHARE CAPITAL

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Authorised issued and fully paid up:		
1,569,750 thousand shares of AED 1 each	**1,569,750**	1,569,750

14 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 62.5 million ("three-month" period ended 31 March 2012: AED 84.1 million) by the weighted average number of shares outstanding during the period of 1,570 million.

The earnings per share of AED 0.05 as reported for the "three-month" period ended 31 March 2012 (previously reported as AED 0.06) has been adjusted for the effect of the shares issued in 2012 as a result of the stock dividend.

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised (note 21).

	Three month period ended 31 March	
	2013 AED	*2012 AED*
Earnings per share	**0.04**	0.05

15 AMICABLE DISCUSSION ON CONTRACTUAL ARRANGEMENT

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 customer, 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 is being expensed.

On 11 January 2009, the Joint Venture served its request for arbitration after which the arbitration proceedings have commenced and the amount claimed by the Joint Venture was approximately AED 2.69 billion (Group's share: AED 1.35 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 interest.

During the first quarter of 2013, the arbitration process was suspended in order to allow for the civil and penal cases in connection with the parties to proceed. Subsequently, in February 2013 the Board of Directors (the "Board") of the Company approved the withdrawal of the arbitration proceedings. Following Board approval in February 2013, the tribunal of DIAC CASE 2/ 2009 issued a partial order terminating the proceedings between Meydan and the Company, without prejudice to the parties' respective rights and obligations. The purpose of withdrawing the proceedings is to engage in and progress amicable settlement discussions. Management are in the process of arranging the settlement discussions.

16 JOINT OPERATIONS

The Group has the following significant interests in joint operations:

		Share in Joint Operations
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	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%

16 JOINT OPERATIONS (continued)

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

The following amounts are included in the Group's interim condensed consolidated financial information in connection with the Group's rights to the assets, returns and obligation for the liabilities relating to the joint operations:

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Current assets	1,456,142	1,269,004
Non-current assets	102,184	87,491
Current liabilities	(1,482,510)	(1,096,146)
Non-current liabilities	(26,179)	(215,520)
Contingent liabilities	1,621,210	1,670,508

	Three- month period ended 31 March	
	2013 AED'000	*2012 AED'000*
Revenue	203,684	125,400
Expenses	(192,754)	(120,810)

17 LEASE AND FIXED ASSETS COMMITMENTS

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

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Future minimum lease payments:		
Within one year	**34,855**	27,181
In the second to fifth years inclusive	**16,419**	7,710
Later than 5 years	**9,973**	11,466
Total operating lease expenditure contracted for at the reporting date	**61,247**	46,357

	"three-month" period ended 31 March	
	2013 AED'000	*2012 AED'000*
Minimum lease payments under operating leases recognized as expense during the period	**27,969**	12,700

At 31 March 2013, the Group had commitments for the acquisition of property, plant and equipment amounting to AED 56,087 thousand (31 December 2012: AED 46,357 thousand (Audited)).

18 CONTINGENCIES

At 31 March 2013, 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 5,885,560 thousand (31 December 2012: AED 4,845,762 thousand (Audited)).

During the period, one of the Group's subsidiaries has recognized contract revenue based on a favorable arbitration award against one of its clients. The Court has restrained the client from disposing or transferring the project's land and the Group has initiated the enforcement of the award. Management believes that the Group will enforce the execution of the award and will realize the net exposure.

19 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 lives 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 2012.

20 POLITICAL UNREST IN SYRIA

The Group has a project in Syria that has been suspended as a result 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 period of 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.

21 SUBSEQUENT EVENTS

At the extra ordinary general meeting of the Company held on 13 April 2013, the shareholders approved the recommendation of the Board of Directors to increase the share capital of the Company by issuing up to 3,140 million shares (the "Rights Issue") with a nominal value of 1AED and an issuance premium of 0.50AED per share (the total value of Rights Issue will approximate AED 4.7 billion) in two phases: the first for an amount of up to AED 2.4 billion or 1,570 million shares by the end of 2013, and the second of up to AED 2.4 billion or 1,570 million shares during 2014, if and when required; and to issue non-convertible bonds or other debt instruments in a total amount of up to AED 1.7 billion, if and when required, either at the end of 2013 or during the 2014. The rights have not been issued as of the date of these financial statements.