Arabtec Holding PJSC and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 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 30 June 2013, comprising the interim consolidated statement of financial position as at 30 June 2013 and the related interim consolidated statement of comprehensive income for the three-month and six-month periods then ended and the related interim consolidated statements of cash flows and changes in equity for the six-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 16 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 21 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 management's assessment of the impact on the related contract.

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

Signed by
Ashraf Abu-Sharkh
Partner
Registration No. 690

15 August 2013
Dubai, United Arab Emirates

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Period ended 30 June 2013 (Unaudited)

	Note	*Three-month period ended 30 June*		*Six-month period ended 30 June*	
		2013 AED'000	*2012 AED'000*	*2013 AED'000*	*2012 AED'000*
Revenues		1,596,734	1,320,355	3,142,100	2,612,255
Contract costs		(1,415,249)	(1,189,468)	(2,769,842)	(2,271,097)
GROSS PROFIT		**181,485**	**130,887**	**372,258**	**341,158**
Other operating income		1,788	5,682	6,545	12,371
General and administrative expenses		(109,720)	(154,224)	(238,725)	(284,205)
Other income		38,652	6,458	78,884	13,965
Finance costs		(13,203)	(8,604)	(22,614)	(14,811)
Share of results of associates	9	9,256	-	7,673	-
Interest income (expense) on non-current receivables and payables		(2,612)	5,073	1,594	8,649
Net investment income		427	8,470	714	16,846
PROFIT / (LOSS) BEFORE TAX		**106,073**	**(6,258)**	**206,329**	**93,973**
Income tax expense	6	(1,257)	(473)	(1,842)	(616)
PROFIT / (LOSS) FOR THE PERIOD		**104,816**	**(6,731)**	**204,487**	**93,357**
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		397	51,829	2,530	52,170
Net change in foreign currency translation reserve		1,341	969	341	1,475
Total other comprehensive income for the period		**1,738**	**52,798**	**2,871**	**53,645**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**106,554**	**46,067**	**207,358**	**147,002**
Profit / (loss) for the period attributable to:					
Owners of the Parent		92,436	(11,595)	154,911	72,493
Non-controlling interests		12,380	4,864	49,576	20,864
		104,816	**(6,731)**	**204,487**	**93,357**
Total comprehensive income for the period attributable to:					
Owners of the Parent		94,699	41,249	158,258	126,184
Non-controlling interests		11,855	4,818	49,100	20,818
		106,554	**46,067**	**207,358**	**147,002**
Earnings per share					
Basic earnings per share (AED)	15	**0.06**	**(0.01)**	**0.10**	**0.05**
Diluted earnings per share (AED)	15	**0.05**	**(0.01)**	**0.09**	**0.05**

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

Arabtec Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	30 June 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,112,557	1,108,245
Investments in associates	9	276,411	268,738
Goodwill		248,637	248,666
Trade and other receivables - non-current portion		707,460	668,235
Investment properties		93,888	95,867
Intangible assets	8	36,762	44,740
Other financial assets	10	27,560	25,037
Other non-current assets		810	5,093
		2,504,085	2,464,621
Current assets			
Trade and other receivables		5,071,689	4,144,594
Other financial assets	10	126,051	104,725
Inventories		219,657	202,731
Other current assets		235,047	161,873
Due from related parties	11	610,655	1,060,724
Bank balances and cash	12	860,235	812,400
		7,123,334	6,487,047
TOTAL ASSETS		9,627,419	8,951,668
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1,569,750	1,569,750
Statutory reserve		323,977	308,486
Fair value adjustment reserve		2,621	300
Foreign currency translation reserve		3,341	2,315
Other reserves		(2,201)	(2,201)
Retained earnings		1,207,323	1,067,903
Equity attributable to owners of the Parent		3,104,811	2,946,553
Non-controlling interests		447,892	398,792
Total equity		3,552,703	3,345,345
Non-current liabilities			
Bank borrowings		132,981	152,707
Provision for employees' end of service indemnity		190,145	165,508
Retentions payable - non-current portion		181,624	138,558
Deferred tax liabilities		906	1,061
		505,656	457,834
Current liabilities			
Bank borrowings		765,002	647,215
Trade and other payables		4,355,934	3,929,632
Due to related parties	11	445,449	571,154
Income tax payable		2,675	488
Total current liabilities		5,569,060	5,148,489
Total liabilities		6,074,716	5,606,323
TOTAL EQUITY AND LIABILITIES		9,627,419	8,951,668

Hasan Abdullah Ismaik
Managing Director and CEO
15 August 2013

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 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	-	-	-	-	-	154,911	154,911	49,576	204,487
Other comprehensive income for the period	-	-	2,321	1,026	-		3,347	(476)	2,871
Total comprehensive income for the period	**-**	**-**	**2,321**	**1,026**	**-**	**154,911**	**158,258**	**49,100**	**207,358**
Transfer to statutory reserve	-	15,491	-	-	-	(15,491)	-	-	-
Balance at 30 June 2013	**1,569,750**	**323,977**	**2,621**	**3,341**	**(2,201)**	**1,207,323**	**3,104,811**	**447,892**	**3,552,703**

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 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	-	-	-	-	-	72,493	72,493	20,864	93,357
Other comprehensive income for the period	-	-	52,170	1,521		-	53,691	(46)	53,645
Total comprehensive income for the period	-	-	52,170	1,521		72,493	126,184	20,818	147,002
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(25,780)	(25,780)
Dividend paid to shareholders (note 14)	-	-	-	-	-	(74,750)	(74,750)	-	(74,750)
Non-controlling interests arising on, -Acquisition and incorporation of subsidiaries	-	-	-		(2,201)	-	(2,201)	(15,799)	(18,000)
Bonus shares issued	74,750	-	-	-	-	(74,750)	-	-	-
Transfer to statutory reserve	-	7,249	-	-	-	(7,249)	-	-	-
Balance at 30 June 2012	**1,569,750**	**301,122**	**52,186**	**1,257**	**(2,201)**	**1,022,816**	**2,944,930**	**377,672**	**3,322,602**

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

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

	Notes	Six-month period ended 30 June 2013 AED'000	2012 AED'000 (Restated*)
OPERATING ACTIVITIES			
Profit for the period before tax		206,329	93,973
Adjustments for:			
Depreciation of property, plant and equipment	7	123,639	111,445
Depreciation of investment properties		1,979	-
Amortisation of intangible assets		7,978	24,850
Provision for employees' end of service benefits		37,988	25,357
Share of results of associates	9	(7,673)	-
Gain on disposal of property, plant and equipment		(725)	(4,861)
Finance costs		22,614	14,811
		392,129	**265,575**
Working capital changes:			
Trade and other receivables		(966,320)	180,026
Due from related parties		450,069	(121,336)
Inventories		(16,926)	58,520
Other assets		(68,862)	10,906
Trade and other payables		428,489	(331,045)
Due to related parties		(125,705)	(36,228)
Retentions payable		43,066	(1,816)
Cash from operating activities		135,940	24,602
Employees' end of service benefits paid		(13,351)	(9,682)
Interest paid		(22,614)	(14,811)
Income tax paid		(1,997)	(1,681)
Net cash from (used in) operating activities		**97,978**	**(1,572)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(134,729)	(142,595)
Proceeds from disposal of property, plant and equipment		7,503	28,619
Acquisition of non-controlling interests		-	(18,000)
Net movement in other financial assets		(22,004)	33,951
Net cash used in investing activities		**(149,230)**	**(98,025)**
FINANCING ACTIVITIES			
Proceeds from (repayments of) borrowings (net)		192,643	(22,605)
Dividends paid to shareholders		-	(74,750)
Dividends paid to non-controlling interests		-	(25,780)
Net cash from (used in) financing activities		**192,643**	**(123,135)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**141,391**	**(222,732)**
Cash and cash equivalents at 1 January		345,186	414,028
Net foreign exchange difference		1,026	1,521
CASH AND CASH EQUIVALENTS AT 30 JUNE	12	**487,603**	**192,817**

* Certain amounts shown here do not correspond to the 2012 interim condensed consolidated financial statements as previously reported due to adjustments related to the year ended 31 December 2011 financial statements detailed in the audited financial statements of 31 Dec 2012.

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*
	30 June 2013	*31 December 2012*	
Arabtec Construction LLC, Dubai, UAE	**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
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 W.L.L., Kingdom of Bahrain	**75%**	75%	Civil construction and related works
Arabtec Construction W.L.L. Doha, Qatar*	**49%**	49%	Civil construction and related works
Arabtec Construction LLC, State of Kuwait (under formation)	**100%**	100%	Civil construction and related works
Arabtec Construction LLC (Jordan foreign working entity)	**100%**	-	Civil construction and electrical, mechanical, plumbing contracting and related works
Arabtec International Company, Limited, Republic of Mauritius	**100%**	100%	Civil construction and related works
Arabtec Construction India (Pvt) Limited, India	**63%**	63%	Civil construction and related works
Arabtec Construction LLC, Abu Dhabi	**100%**	100%	Civil construction and related works
Arabtec Precast LLC, Dubai, UAE	**100%**	100%	Manufacturing of precast panels

2 SUBSIDIARIES (continued)

Name of subsidiary and domicile	*% Holding (including indirect holding)*		*Principal activities*
	30 June 2013	*31 December 2012*	
Arabtec Investments Holding Limited, JAFZA, Dubai, UAE	**100%**	-	Investment holding company
Arabtec Building Equipment LLC	**100%**	-	Trading and leasing of construction and building equipment
Arabtec Electromechanical LLC	**100%**	-	Electrical mechanical and plumbing contracting
Arabtec Construction Machinery LLC Kingdom of Saudi Arabia	**58%**	58%	Trading and leasing of construction equipment
Arabtec Engineering Services LLC, Dubai, UAE	**80%**	80%	Infrastructure construction works
Arabtec-Envirogreen Facility Management Services LLC, Dubai, UAE	**51%**	51%	Building maintenance and cleaning services, facilities management and security services
Austrian Arabian Ready Mix Concrete Co. LLC, Dubai, UAE	**100%**	100%	Manufacturing and transportation of ready mix concrete products
Austrian Arabian Readymix Co LLC – Abu Dhabi Branch	**100%**	-	Manufacturing and transportation of ready mix concrete products
Emirates Falcon Electromechanical Co. (EFECO) LLC, Dubai, UAE	**55%**	55%	Electrical mechanical and plumbing contracting
EFECO Qatar W.L.L, Doha, Qatar*	**27%**	27%	Electrical, mechanical and plumbing contracting
EFECO LLC, State of Palestine	**100%**	100%	Electrical, mechanical and plumbing contracting
Emirates Falcon Electromechanical Co. (EFECO) LLC, Abu Dhabi, UAE ,	**55%**	55%	Electrical, mechanical & plumbing contracting
EFECO Saudi LLC, Kingdom of Saudi Arabia*	**39%**	39%	Electrical, mechanical and plumbing contracting
Gulf Steel Industries FZC, Sharjah, UAE	**100%**	100%	Fabrication of steel structure and profiles
GSI Steel Construction Contracting LLC, Dubai, UAE	**100%**	100%	Fabrication of steel structure and profiles
House of Equipment Co. LLC, Dubai, UAE	**66.7%**	66.7%	Trading and leasing of construction equipment
Idrotec Srl, Italy	**96%**	96%	Civil construction and related works
Nasser Bin Khaled Factory Ready Mix Concrete Co. LLC, Doha, Qatar*	**49%**	49%	Manufacturing and transportation of ready mix concrete products

2 SUBSIDIARIES (continued)

Name of subsidiary and domicile	*% Holding (including indirect holding)*		*Principal activities*
	30 June 2013	*31 December 2012*	
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
Saudi Austrian Arabian Ready Mix Co LLC Kingdom of Saudi Arabia	**62%**	62%	Manufacturing and transportation of ready mix concrete products
Saudi Target Engineering Construction Company LLC, Kingdom of Saudi Arabia*	**39%**	39%	Civil construction and related works
Target Engineering Construction Company LLC, Abu Dhabi, UAE	**60%**	60%	Civil construction and related works
Target Steel Industries LLC, Free Zone, Abu Dhabi, UAE	**59.4%**	59.4%	Fabrication of steel structure and profiles
Target Engineering Construction Company W.L.L., Qatar *	**36%**	36%	Civil construction and related works

* 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:

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

The Company has the following branches:

- Arabtec Holding PJSC – branch of Abu Dhabi
- Arabtec Construction LLC, St Petersburg and Kazan, Russia
- Arabtec Construction LLC, Riyadh, Kingdom of Saudi Arabia
- Arabtec Saudi Arabia LLC, Riyadh, Kingdom of Saudi Arabia
- House of Equipment LLC - Abu Dhabi
- Idorec SRL - Abu Dhabi

Joint operations of the Group are disclosed in note 17.

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 Company.

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. W.L.L., Qatar; Saudi Target Engineering Construction Co. LLC, Kingdom of Saudi Arabia; EFECO Saudi LLC, Kingdom of Saudi Arabia and EFECO Qatar W.L.L., 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.

3.2 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 Financial Statements: 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 six 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 Investments in Associates and Joint Ventures
IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Ventures.* 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.

3 ACCOUNTING POLICIES (continued)

3.2 Changes in accounting policies (continued)

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures (continued)
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 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 require 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.

IAS 1 Presentation Of Financial Statements- 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 Interim Financial Reporting*, 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 Financial Instruments: Presentation- 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 are no tax consequences attached to cash or non-cash distribution.

3 ACCOUNTING POLICIES (continued)

3.2 Changes in accounting policies (continued)

IAS 34 Interim Financial Reporting- 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 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 six-month period ended 30 June 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 six-month period ended 30 June 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 reorganised 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 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 six-month period ended 30 June 2013 and three-month period ended 30 June 2013 is presented below:

Six-month period ended 30 June 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	1,742,210	300,344	1,140,968	279,352	(320,774)	3,142,100
Contract costs	(1,542,448)	(257,586)	(1,091,139)	(199,443)	320,774	(2,769,842)
Gross profit	**199,762**	**42,758**	**49,829**	**79,909**	**-**	**372,258**
Other income and other expenses	58,444	11,206	22,547	11,878	(8,665)	95,410
General and administrative expenses	(72,537)	(25,462)	(72,384)	(77,007)	8,665	(238,725)
Finance costs	(1,917)	(7,150)	(8,648)	(4,899)	-	(22,614)
Income tax expense	(931)	(126)	(623)	(162)	-	(1,842)
Net segment results	**182,821**	**21,226**	**(9,279)**	**9,719**	**-**	**204,487**

5 SEGMENT INFORMATION (continued)

Three-month period ended 30 June 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	895,621	152,852	571,425	108,256	(131,420)	1,596,734
Contract costs	(777,338)	(130,474)	(576,756)	(62,101)	131,420	(1,415,249)
Gross profit	**118,283**	**22,378**	**(5,331)**	**46,155**	**-**	**181,485**
Other income and other expenses	28,709	311	12,605	10,512	(4,626)	47,511
General and administrative expenses	(16,903)	(12,894)	(37,040)	(47,509)	4,626	(109,720)
Finance costs	(1,232)	(4,833)	(4,460)	(2,678)	-	(13,203)
Income tax expense	(476)	(126)	(493)	(162)	-	(1,257)
Net segment results	**128,381**	**4,836**	**(34,719)**	**6,318**	**-**	**104,816**

5 SEGMENT INFORMATION (continued)

*Six-month period ended 30 June 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	1,412,083	379,064	1,015,975	242,720	(437,587)	2,612,255
Contract costs	(1,245,767)	(332,319)	(897,711)	(153,394)	358,094	(2,271,097)
Gross profit	**166,316**	**46,745**	**118,264**	**89,326**	**(79,493)**	**341,158**
Other income and other expenses	29,373	601	18,408	4,510	(1,061)	51,831
General and other administrative expenses	(113,952)	(28,635)	(74,571)	(68,189)	1,142	(284,205)
Finance costs	(1,090)	(2,710)	(10,087)	(924)	-	(14,811)
Income tax expense	(350)	(114)	(82)	(70)	-	(616)
Net segment results	**80,297**	**15,887**	**51,932**	**24,653**	**(79,412)**	**93,357**

* The Group has restated the presentation of segment information in the prior period to correspond to the current period presentation. Elimination includes inter-company dividends which are included in the segment results.

5 SEGMENT INFORMATION (continued)

*Three-month period ended 30 June 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	748,917	162,160	667,378	156,048	(414,148)	1,320,355
Contract costs	(700,345)	(149,301)	(579,074)	(95,403)	334,655	(1,189,468)
Gross profit	**48,572**	**12,859**	**88,304**	**60,645**	**(79,493)**	**130,887**
Other income and other expenses	11,573	(96)	10,986	3,613	(393)	25,683
General and other administrative expenses	(57,310)	(10,683)	(46,325)	(40,380)	474	(154,224)
Finance costs	(589)	(1,761)	(7,791)	1,537	-	(8,604)
Income tax expense	(276)	(114)	(82)	(1)	-	(473)
Net segment results	**1,970**	**205**	**45,092**	**25,414**	**(79,412)**	**(6,731)**

* The Group has restated the presentation of segment information in the prior period to correspond to the current period presentation. Elimination includes inter-company dividends which are included in the segment results.

5 SEGMENT INFORMATION (continued)

The following table presents segment assets, segment liabilities and other information of the Group's operating segments as at 30 June 2013 and 31 December 2012.

30 June 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	5,063,714	798,157	3,353,726	1,282,609	(870,787)	9,627,419
Segment liabilities	(3,720,629)	(648,166)	(2,307,847)	(268,861)	870,787	(6,074,716)

*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 30 June 2013 and 30 June 2012:

	Six-month period ended		*30 June*	*31 December*
	30 June 2013 Revenue AED'000	*30 June 2012 Revenue AED'000*	***2013 Total assets AED'000***	*2012 Total assets AED'000 (Audited)*
GCC Countries	3,039,630	2,527,085	9,417,197	8,740,089
Others	102,470	85,170	210,222	211,579
	3,142,100	**2,612,255**	**9,627,419**	**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:

	Six-month period ended 30 June	
	2013 AED'000	*2012 AED'000*
Income taxes		
Current income tax expense	(1,842)	(616)

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 six-month period ended 30 June 2013, the Group acquired various types of property, plant and equipment with a cost of AED 134.7 million (six-month period ended 30 June 2012: AED 142.6 million). Assets with a net book value of AED 6.8 million were disposed off by the Group during the six-month period ended 30 June 2013 (six-month period ended 30 June 2012: AED 23.8 million).

Depreciation expense for the period was AED 123.6 million (six-month period ended 30 June 2012: AED 111.4 million) of which AED 111.1 million was reflected in Contract costs (six-month period ended 30 June 2012: AED 97.0 million) and AED 12.5 million in General and administrative expenses (six-month period ended 30 June 2012: AED 14.4 million).

8 INTANGIBLE ASSETS

During the period, the amortisation of other intangible assets amounted to AED 8.0 million (six-month period ended 30 June 2012: AED 24.9 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 for AED 239,681 thousand representing a 24.329% interest in the company's share capital upon acquisition. The investment in DEPA was classified as an associate as the Group obtained significant 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 joint venture 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 30 June 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 on the NASDAQ Dubai.

Management has assessed the Group's share of profit in this associate using projections and estimations based on the previously published financial statements and analysts' reports. The share of profit of the Group for the six-month period ended 30 June 2013 is AED 7,673 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 30 June 2013, based on listed bid prices, was approximately AED 220 million. Management is of the opinion that the investment in DEPA is not impaired as its carrying value is lower than the Group's proportionate share of the net asset value of the company based on the latest available financial information.

Polypod Middle East LLC
On 6 May 2009, 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 of Polypod. 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 2012, 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	
	30 June 2013 AED'000	*31 December 2012 AED'000 (Audited)*	*30 June 2013 AED'000*	*31 December 2012 AED'000 (Audited)*
Financial assets at fair value				
Available-for-sale investments				
Quoted equity shares (a)	-	-	8,623	6,093
Financial assets at cost				
Available-for-sale investments				
Unquoted equity shares (b)	-	-	17,275	17,282
Total available-for-sale investments	-	-	25,898	23,375
Financial assets at amortised cost				
Fixed deposits under lien	94,275	93,470	-	-
Margin deposits	31,776	11,255	-	-
Loans to related parties	-	-	1,662	1,662
Total financial assets at amortised cost	126,051	104,725	1,662	1,662
Total other financial assets	126,051	104,725	27,560	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 the 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 for the period (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 six-month periods ended 30 June 2013 and 30 June 2012, as well as balances with related parties as of 30 June 2013 and 31 December 2012:

	Six-month period ended 30 June 2013				*At 30 June 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	15,566	-	-	-	404,930	451,501
Other related parties	1,217,201	179,619	45,000	18,733	40,519	159,154
	1,232,767	**179,619**	**45,000**	**18,733**	**445,449**	**610,655**

	Six-month period ended 30 June 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	237,756	-	-	220,285	386,139	525,038
Other related parties	459,959	2,972	-	11,492	185,015	535,686
	697,715	**2,972**	**-**	**231,777**	**571,154**	**1,060,724**

	Six-month period ended 30 June	
	2013 AED'000	*2012 AED'000*
Current accounts of non-controlling shareholders in subsidiaries	52,133	110,399

Compensation of key management personnel

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

	Three-month period ended 30 June		*Six-month period ended 30 June*	
	2013 AED'000	*2012 AED'000*	***2013 AED'000***	*2012 AED'000*
Attendance fees to directors	-	450	-	900
Short term benefits	3,789	1,887	13,602	11,570
Employees' end of service benefits	142	79	364	224
Discretionary bonus	4,195	3,572	4,661	6,606
	8,126	**5,988**	**18,627**	**19,300**

12 CASH AND CASH EQUIVALENTS

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

	30 June 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Cash and bank balances	585,847	671,700
Short term bank deposits	274,388	140,700
Bank balances and cash	860,235	812,400
Bank overdrafts	(372,632)	(467,214)
Cash and cash equivalents	487,603	345,186

13 SHARE CAPITAL

	30 June 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 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 year ended 31 December 2011.

15 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Parent company of AED 154.9 million (six-month period ended 30 June 2012: AED 72.5 million) by the weighted average number of shares outstanding during the period of 1,570 million.

Dilutive earnings per share is calculated by dividing the net profit attributable to the shareholders of the Parent company by the weighted average number of shares outstanding during the period, plus the weighted average number of shares under the Rights Issue less the weighted average number of shares that would have been issued at average market price for the period (note 22).

	Three-month period ended 30 June		*Six-month period ended 30 June*	
	2013 AED	*2012 AED*	*2013 AED*	*2012 AED*
Earnings per share				
Basic earnings per share (AED)	**0.06**	**(0.01)**	**0.10**	**0.05**
Diluted earnings per share (AED)	**0.05**	**(0.01)**	**0.09**	**0.05**

16 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 considers 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 commenced. 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 of the Company (the "Board") 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 engaging in these settlement discussions.

17 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%
s)	Oger Abu Dhabi LLC/Constructora San Jose SA/ Arabtec Joint Venture	33%
t)	CCC/Arabtec Joint Venture	50%

17 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:

	30 June 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Current assets	1,606,506	1,269,004
Non-current assets	98,370	87,491
Current liabilities	(1,604,529)	(1,096,146)
Non-current liabilities	(17,274)	(215,520)
Contingent liabilities	1,800,394	1,670,508

	Three-month period ended 30 June		*Six-month period ended 30 June*	
	2013 AED'000	*2012 AED'000*	*2013 AED'000*	*2012 AED'000*
Revenue	199,424	112,356	403,108	237,756
Expenses	(173,714)	(99,475)	(366,468)	(220,285)

18 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 June 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Future minimum lease payments:		
Within one year	32,215	27,181
In the second to fifth years inclusive	16,739	7,710
Later than 5 years	9,945	11,466
Total operating lease expenditure contracted for at the reporting date	58,899	46,357

	Three-month period ended 30 June		*Six -month period ended 30 June*	
	2013 AED'000	*2012 AED'000*	*2013 AED'000*	*2012 AED'000*
Minimum lease payments under operating leases recognised as expense during the period	4,900	11,131	32,869	23,831

At 30 June 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)).

19 CONTINGENCIES

At 30 June 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 recognised contract revenue based on a favourable arbitration award against one of its clients. The Court has restrained the client from disposing of 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 realise the net exposure.

20 GOODWILL

Goodwill is tested for impairment annually 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.

21 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 to which these events and their effect will last. In management's opinion, the events in Syria will not materially affect the Group's financial position or performance.

22 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 1 AED and an issuance premium of 0.50 AED per share (the total value of the 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 2014.

In July 2013, phase 1 of the Rights Issue concluded with a total of 1,570 million new shares issued with a nominal value of 1 AED and an issuance premium of 0.50 AED per share. The Rights Issue was offered to existing shareholders of the Company on 30 May 2013. The subscription period for the Rights Issue started on 9 June 2013 and ended on 4 July 2013. The total subscription proceeds were AED 2.9 billion representing coverage of 127% of the offered shares. The allotment of rights to subscribers was finalized on 14 July 2013. The new shares started trading on 28 July 2013. The share capital of the Company increased subsequent to period-end by AED 1,570 million and the statutory reserve increased by AED 785 million for a total increase to shareholders' equity of AED 2,355 million.