Arabtec Holding PJSC and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 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 September 2013, comprising the interim consolidated statement of financial position as at 30 September 2013 and the related interim consolidated statement of comprehensive income for the three-month and nine-month periods then ended and the related interim consolidated statements of cash flows and changes in equity for the nine-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International 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 17 which provides details on negotiations relating to 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 22 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.

Ernst & Young

Signed by
Ashraf Abu-Sharkh
Partner
Registration No. 690

13 November 2013
Dubai, United Arab Emirates

90 Years in MENA

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

	Note	*Three-month period ended 30 September*		*Nine-month period ended 30 September*	
		2013 AED'000	*2012 AED'000*	***2013 AED'000***	*2012 AED'000*
Revenues		**1,937,480**	1,395,103	**5,079,580**	4,007,358
Contract costs		**(1,704,566)**	(1,243,394)	**(4,474,408)**	(3,514,491)
GROSS PROFIT		**232,914**	151,709	**605,172**	492,867
Other operating income		**4,828**	4,295	**11,373**	16,666
General and administrative expenses		**(127,505)**	(118,570)	**(366,230)**	(402,804)
Other income		**39,241**	14,113	**118,125**	28,107
Finance costs		**(11,052)**	(9,530)	**(33,666)**	(24,341)
Share of results of associates	10	**7,213**	-	**14,886**	-
Interest income (expense) on non-current receivables and payables		**17,999**	(5,608)	**19,593**	3,041
Net investment income		**643**	15,753	**1,357**	32,599
PROFIT BEFORE TAX		**164,281**	52,162	**370,610**	146,135
Income tax expense	7	**(1,968)**	(215)	**(3,810)**	(831)
PROFIT FOR THE PERIOD		**162,313**	51,947	**366,800**	145,304
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		**6,464**	4,613	**8,994**	56,841
Transfer to income statement on sale of available-for-sale investments		**-**	(19,017)	**-**	(19,017)
Net change in foreign currency translation reserve		**1,071**	889	**1,412**	2,306
Total other comprehensive income / (loss) for the period		**7,535**	(13,515)	**10,406**	40,130
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**169,848**	38,432	**377,206**	185,434
Profit for the period attributable to:					
Owners of the Parent		**100,798**	35,008	**255,709**	107,501
Non-controlling interests		**61,515**	16,939	**111,091**	37,803
		162,313	51,947	**366,800**	145,304
Total comprehensive income for the period attributable to:					
Owners of the Parent		**108,648**	21,458	**266,905**	147,642
Non-controlling interests		**61,200**	16,974	**110,301**	37,792
		169,848	38,432	**377,206**	185,434
Earnings per share					
Basic earnings per share (AED)	16	**0.03**	0.02	**0.13**	0.07
Diluted earnings per share (AED)	16	**0.03**	0.02	**0.12**	0.07

Arabtec Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	Notes	30 September 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,594,987	1,108,245
Investments in associates	10	283,624	268,738
Goodwill		248,636	248,666
Trade and other receivables - non-current portion		256,094	668,235
Investment properties		92,882	95,867
Intangible assets	9	32,817	44,740
Other financial assets	11	33,531	25,037
Other non-current assets		1,920	5,093
		2,544,491	2,464,621
Current assets			
Trade and other receivables		5,742,618	4,144,594
Other financial assets	11	141,468	104,725
Inventories		245,131	202,731
Other current assets		234,047	161,873
Due from related parties	12	827,917	1,060,724
Bank balances and cash	13	2,662,581	812,400
		9,853,762	6,487,047
TOTAL ASSETS		12,398,253	8,951,668
EQUITY AND LIABILITIES			
Equity			
Share capital	14	3,139,500	1,569,750
Statutory reserve		1,118,932	308,486
Fair value adjustment reserve		8,224	300
Foreign currency translation reserve		5,587	2,315
Other reserves		(96,304)	(2,201)
Retained earnings		1,295,987	1,067,903
Equity attributable to owners of the Parent		5,471,926	2,946,553
Non-controlling interests		450,446	398,792
Total equity		5,922,372	3,345,345
Non-current liabilities			
Bank borrowings		128,654	152,707
Provision for employees' end of service indemnity		197,565	165,508
Retentions payable - non-current portion		119,176	138,558
Deferred tax liabilities		876	1,061
		446,271	457,834
Current liabilities			
Bank borrowings		705,793	647,215
Trade and other payables		4,623,620	3,929,632
Due to related parties	12	698,231	571,154
Income tax payable		1,966	488
Total current liabilities		6,029,610	5,148,489
Total liabilities		6,475,881	5,606,323
TOTAL EQUITY AND LIABILITIES		12,398,253	8,951,668

Hasan Abdullah Ismaik
Managing Director and CEO
13 November 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 September 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 1 January 2013	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	-	-	-	-	-	255,709	255,709	111,091	366,800
Other comprehensive income for the period	-	-	7,924	3,272	-	-	11,196	(790)	10,406
Total comprehensive income for the period	-	-	7,924	3,272	-	255,709	266,905	110,301	377,206
Issue of share capital (note 14)	1,569,750	784,875	-	-	-	-	2,354,625	-	2,354,625
Transaction costs (note 14)	-	-	-	-	-	(2,054)	(2,054)	-	(2,054)
Acquisition of non-controlling interests (note 6)	-	-	-	-	(94,103)	-	(94,103)	(58,647)	(152,750)
Transfer to statutory reserve	-	25,571	-	-	-	(25,571)	-	-	-
Balance at 30 September 2013	**3,139,500**	**1,118,932**	**8,224**	**5,587**	**(96,304)**	**1,295,987**	**5,471,926**	**450,446**	**5,922,372**

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 September 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 capital reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 1 January 2012 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 1 January 2012 (restated*)	1,495,000	293,873	16	(264)	-	1,107,072	2,895,697	398,433	3,294,130
Profit for the period	-	-	-	-	-	107,501	107,501	37,803	145,304
Other comprehensive income for the period	-	-	37,803	2,338		-	40,141	(11)	40,130
Total comprehensive income for the period	-	-	37,803	2,338		107,501	147,642	37,792	185,434
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(25,780)	(25,780)
Dividend paid to shareholders (note 15)	-	-	-	-	-	(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	-	10,749	-	-	-	(10,749)	-	-	-
Balance at 30 September 2012	**1,569,750**	**304,622**	**39,461**	**2,074**	**(2,201)**	**1,054,324**	**2,966,388**	**394,646**	**3,361,034**

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2013 (Unaudited)

Nine-month period ended 30 September

	Notes	2013 AED'000	2012 AED'000 (Restated*)
OPERATING ACTIVITIES			
Profit for the period before tax		**370,610**	146,135
Adjustments for:			
Depreciation of property, plant and equipment	8	**192,175**	164,686
Depreciation of investment properties		**2,985**	-
Amortisation of intangible assets	9	**11,923**	37,132
Provision for employees' end of service benefits		**50,605**	78,002
Realised gain over carrying value on disposal of investment		**-**	19,017
Impairment on balances due from related parties		**-**	10,567
Impairment on other non-current assets		**-**	4,133
Impairment on investment in an associate		**-**	2,040
Share of results of associates Investment in associate	10	**(14,886)**	-
Gain on disposal of property, plant and equipment		**(1,154)**	(12,195)
Finance costs		**33,666**	24,341
		645,924	473,858
Working capital changes:			
Trade and other receivables		**(1,280,133)**	114,238
Due from related parties		**232,807**	(84,402)
Inventories		**(42,400)**	103,053
Other assets		**(68,971)**	27,485
Trade and other payables		**693,988**	(408,809)
Due to related parties		**127,077**	4,236
Retentions payable		**(19,382)**	-
Cash from operating activities		**288,910**	229,659
Employees' end of service benefits paid		**(18,548)**	(23,586)
Interest paid		**(33,666)**	(24,341)
Income tax paid		**(2,517)**	(2,520)
Net cash from operating activities		**234,179**	179,212
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	**(691,039)**	(197,486)
Proceeds from disposal of property, plant and equipment		**13,276**	37,504
Proceeds from sale of available-for-sale investments		**-**	71,070
Acquisition of non-controlling interests	6	**(58,500)**	(18,000)
Acquisition of associates		**-**	(2,040)
Advances on investments in associates		**-**	(29,141)
Net movement in other financial assets		**(36,243)**	2,691
Net cash used in investing activities		**(772,506)**	(135,402)
FINANCING ACTIVITIES			
Proceeds from borrowings (net)		**129,106**	20,825
Issue of share capital	14	**2,354,625**	-
Transaction cost of issue of share capital	14	**(2,054)**	-
Dividends paid to shareholders		**-**	(74,750)
Dividends paid to non-controlling interests		**-**	(25,801)
Net cash from (used in) financing activities		**2,481,677**	(79,726)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,943,350**	(35,916)
Cash and cash equivalents at 1 January		**345,186**	688,057
Net foreign exchange difference		**1,412**	2,364
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	13	**2,289,948**	654,505

*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 December 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, ASSOCIATES AND JOINT VENTURES

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 September 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), Jordan **	**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

2 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

Name of subsidiary and domicile	*% Holding (including indirect holding)*		*Principal activities*
	30 September 2013	*31 December 2012*	
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
Arabtec Investments Holding Limited, JAFZA, Dubai, UAE**	**100%**	-	Investment holding company
Arabtec Building Equipment LLC, UAE **	**100%**	-	Trading and leasing of construction and building equipment
Arabtec Electromechanical LLC, UAE **	**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
Arabtec Property Development LLC, UAE **	**100%**	-	Real Estate , investment, development, and management
Arabtec For General Maintenance LLC, UAE **	**100%**	-	Building general maintenance, electrical fittings, sewerage and water fittings maintenance, caravans maintenance
Arabtec Property Management LLC, UAE **	**100%**	-	Management services
Arabtec Facility Management LLC , UAE **	**100%**	-	Facilities management
Arabtec International Constructions Company LLC, UAE **	**100%**	-	Civil construction and related works
Arabtec Real Estate LLC, UAE **	**100%**	-	Real estate leasing and ,management services
Arabtec Real Estate LLC, UAE **	**100%**	-	Buying and selling of real estate
Arabtec Living For Construction LLC, UAE **	**100%**	-	Civil construction and related works

2 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

Name of subsidiary and domicile	*% Holding (including indirect holding)*		*Principal activities*
	30 September 2013	*31 December 2012*	
Arabtec Construction Group LLC, UAE **	**100%**	-	Civil construction and related works, Oil and gas facilities, and Airports contracting
Arabtec Limited, UAE **	**100%**	-	General trading; commercial and real estate investments
Arabtec Trading Limited, UAE **	**100%**	-	General trading; commercial and real estate investments
Arabtec Consolidated Contractors Limited, UAE **	**50%**	-	International business, general trading, and investments
Austrian Arabian Ready Mix Concrete Co. LLC, Dubai, UAE	**100%**	100%	Manufacturing
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	**100%**	55%	Electrical mechanical and plumbing contracting
EFECO Qatar W.L.L, Doha, Qatar*	**49%**	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 ,	**100%**	55%	Electrical, mechanical & plumbing contracting
EFECO Saudi LLC, Kingdom of Saudi Arabia	**53%**	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
Lotus Limited, UAE **	**100%**	-	General trading; commercial and real estate investments

2 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

Name of subsidiary and domicile	*% Holding (including indirect holding)*		*Principal activities*
	30 September 2013	*31 December 2012*	
Magnolia Limited, UAE **	**100%**	-	General trading; commercial and real estate investments
Mars Limited, UAE **	**100%**	-	General trading; commercial and real estate investments
Nasser Bin Khaled Factory Ready Mix Concrete Co. LLC, Doha, Qatar*	**49%**	49%	Manufacturing and transportation of ready mix concrete products
Neptune Limited, UAE **	**100%**	-	General trading; commercial and real estate investments
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
Venus Limited, UAE **	**100%**	-	General trading; commercial and real estate investments

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

** Those are newly established companies in 2013.

2 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

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

Name of associate and domicile	*% Holding (including indirect holding)*		*Principal activities*
	30 September 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 –Abu Dhabi branch
- 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
- Idrotec SRL - Abu Dhabi
- ACC Arabtec JV SAL - Syrian Arab Republic branch
- Target Engineering Construction Company – Dubai branch

Joint operations of the Group are disclosed in note 18.

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 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 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 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.

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.

3 ACCOUNTING POLICIES (continued)

3.2 Changes in accounting policies (continued)

New standards, interpretations and amendments adopted by the Group (continued)

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 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.

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.

3 ACCOUNTING POLICIES (continued)

3.2 Changes in accounting policies (continued)

New standards, interpretations and amendments adopted by the Group (continued)

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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2013 and three-month period ended 30 September 2013 is presented below:

Nine-month period ended 30 September 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	2,872,939	404,868	1,900,514	366,208	(464,949)	5,079,580
Contract costs	(2,560,438)	(396,188)	(1,704,441)	(278,290)	464,949	(4,474,408)
Gross profit	**312,501**	**8,680**	**196,073**	**87,918**	**-**	**605,172**
Other income and other expenses	103,263	29,134	37,234	16,448	(20,745)	165,334
General and administrative expenses	(122,734)	(39,587)	(106,110)	(118,544)	20,745	(366,230)
Finance costs	(2,370)	(11,237)	(12,687)	(7,372)	-	(33,666)
Income tax expense	(2,714)	(34)	(900)	(162)	-	(3,810)
Net segment results	**287,946**	**(13,044)**	**113,610**	**(21,712)**	**-**	**366,800**

5 SEGMENT INFORMATION (continued)

Three-month period ended 30 September 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	1,130,729	104,524	759,546	86,856	(144,175)	1,937,480
Contract costs	(1,017,990)	(138,602)	(613,302)	(78,847)	144,175	(1,704,566)
Gross profit	**112,739**	**(34,078)**	**146,244**	**8,009**	**-**	**232,914**
Other income and other expenses	44,819	17,928	14,687	4,570	(12,080)	69,924
General and administrative expenses	(50,197)	(14,125)	(33,726)	(41,537)	12,080	(127,505)
Finance costs	(453)	(4,087)	(4,039)	(2,473)	-	(11,052)
Income tax expense	(1,783)	92	(277)	-	-	(1,968)
Net segment results	**105,125**	**(34,270)**	**122,889**	**(31,431)**	**-**	**162,313**

5 SEGMENT INFORMATION (continued)

*Nine-month period ended 30 September 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	2,107,361	578,396	1,615,134	315,691	(609,224)	4,007,358
Contract costs	(1,894,002)	(496,459)	(1,440,953)	(213,107)	530,030	(3,514,491)
Gross profit	213,359	81,937	174,181	102,584	(79,194)	492,867
Other income and other expenses	39,978	1,343	25,502	16,200	(2,610)	80,413
General and other administrative expenses	(152,515)	(46,661)	(102,000)	(104,238)	2,610	(402,804)
Finance costs	(1,398)	(6,155)	(15,154)	(1,634)	-	(24,341)
Income tax expense	(595)	(114)	(57)	(65)	-	(831)
Net segment results	98,829	30,350	82,472	12,847	(79,194)	145,304

* 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 September 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	695,278	199,332	599,159	72,971	(171,637)	1,395,103
Contract costs	(648,235)	(164,140)	(543,242)	(59,713)	171,936	(1,243,394)
Gross profit	47,043	35,192	55,917	13,258	299	151,709
Other income and other expenses	10,605	742	7,094	11,661	(1,549)	28,553
General and other administrative expenses	(38,563)	(18,026)	(27,429)	(36,020)	1,468	(118,570)
Finance costs	(308)	(3,445)	(5,067)	(710)	-	(9,530)
Income tax expense	(245)	-	25	5	-	(215)
Net segment results	18,532	14,463	30,540	(11,806)	218	51,947

* 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 September 2013 and 31 December 2012.

30 September 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	**5,731,156**	**788,018**	**3,326,825**	**3,306,830**	**(754,576)**	**12,398,253**
Segment liabilities	**(4,131,397)**	**(657,938)**	**(2,161,261)**	**(279,861)**	**754,576**	**(6,475,881)**

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 September 2013 and 30 September 2012:

	Nine-month period ended		*30 September*	*31 December*
	30 September 2013 Revenue AED'000	*30 September 2012 Revenue AED'000*	***2013 Total assets AED'000***	*2012 Total assets AED'000 (Audited)*
GCC Countries	**4,939,119**	3,896,428	**12,146,330**	8,740,089
Others	**140,461**	110,930	**251,923**	211,579
	5,079,580	4,007,358	**12,398,253**	8,951,668

6 ACQUISITION OF NON-CONTROLLING INTERESTS

During September 2013, the Group acquired the remaining shareholding of 45% in Emirates Falcon Electromechanical Company LLC ("EFECO") that it did not already own for AED 152.8 million, increasing its ownership interest to 100%. A cash consideration of AED 58.5 million was paid to the minority shareholders for the non-controlling interest. The difference between the purchase price and the cash consideration of AED 94.3 million reflects contingent consideration related to the performance of EFECO for the period. The difference between the purchase price and the carrying value of the non-controlling interest acquired of AED 94.1 million has been reflected in Other reserves.

7 INCOME TAX

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

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

	Nine-month period ended 30 September	
	2013 AED'000	*2012 AED'000*
Income taxes		
Current income tax expense	**(3,810)**	(831)

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

8 PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended 30 September 2013, the Group acquired various types of property, plant and equipment with a cost of AED 691.0 million (nine-month period ended 30 September 2012: AED 197.5 million). Assets with a net book value of AED 12.1 million were disposed off by the Group during the nine-month period ended 30 September 2013 (nine-month period ended 30 September 2012: AED 25.3 million).

Depreciation expense for the period was AED 192.2 million (nine-month period ended 30 September 2012: AED 164.7 million) of which AED 175.0 million was reflected in Contract costs (nine-month period ended 30 September 2012: AED 138.2 million) and AED 17.2 million in General and administrative expenses (nine-month period ended 30 September 2012: AED 26.4 million).

9 INTANGIBLE ASSETS

During the period, the amortisation of other intangible assets amounted to AED 11.9 million (nine-month period ended 30 September 2012: AED 37.1 million). There were no additions to intangible assets during the period.

10 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 September 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 nine-month period ended 30 September 2013 is AED 14,886 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 September 2013, based on listed bid prices, was approximately AED 258 million, which is higher 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.

11 OTHER FINANCIAL ASSETS

	Current		Non-current	
	30 September 2013 AED'000	*31 December 2012 AED'000 (Audited)*	***30 September 2013 AED'000***	*31 December 2012 AED'000 (Audited)*
Financial assets at fair value				
Available-for-sale investments				
Quoted equity shares (a)	-	-	**15,087**	6,093
Financial assets at cost				
Available-for-sale investments				
Unquoted equity shares (b)	-	-	**17,282**	17,282
Total available-for-sale investments	-	-	**32,369**	**23,375**
Financial assets at amortised cost				
Fixed deposits under lien	**98,551**	93,470	-	-
Margin deposits	**42,917**	11,255	-	-
Loans to related parties	-	-	**1,162**	1,662
Total financial assets at amortised cost	**141,468**	104,725	**1,162**	1,662
Total other financial assets	**141,468**	104,725	**33,531**	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.

12 RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions that have been entered into with related parties during the nine-month periods ended 30 September 2013 and 30 September 2012, as well as balances with related parties as of 30 September 2013 and 31 December 2012:

12 RELATED PARTY TRANSACTIONS (continued)

	Nine-month period ended 30 September 2013				*At 30 September 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	**809,544**	**-**	**-**	**731,271**	**272,991**	**371,629**
Other related parties	**1,850,203**	**234,500**	**504,704**	**15,392**	**425,240**	**456,288**
	2,659,747	**234,500**	**504,704**	**746,663**	**698,231**	**827,917**

	Nine-month period ended 30 September 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	357,549	-	-	314,672	386,139	525,038
Other related parties	657,962	94,261	54,328	17,564	185,015	535,686
	1,015,511	94,261	54,328	332,236	571,154	1,060,724

	Nine-month period ended 30 September	
	2013 AED'000	*2012 AED'000*
Current accounts of directors and major shareholders		
Mr. Riad Kamal – a Director and shareholder of the Parent company	**-**	14,401

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 September		*Nine-month period ended 30 September*	
	2013 AED'000	*2012 AED'000*	***2013 AED'000***	*2012 AED'000*
Attendance fees to directors	**90**	2,130	**90**	3,030
Short term benefits	**24,079**	5,913	**27,868**	17,483
Employees' end of service benefits	**608**	110	**750**	334
Discretionary bonus	**(1,592)**	(206)	**2,603**	6,400
	23,185	7,947	**31,311**	27,247

13 CASH AND CASH EQUIVALENTS

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

	30 September 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Cash and bank balances	**1,494,339**	671,700
Short term bank deposits	**1,168,242**	140,700
Bank balances and cash	**2,662,581**	812,400
Bank overdrafts	**(372,633)**	(467,214)
Cash and cash equivalents	**2,289,948**	345,186

14 SHARE CAPITAL

	30 September 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Authorised issued and fully paid up:		
3,139,500 thousand shares of AED 1 each (31 December 2012 1,569,750 thousand shares of AED 1 each)	**3,139,500**	1,569,750

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, 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 share capital of the Company increased 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. The Company incurred cost of AED 2 million related to the Rights Issue which was deducted from the proceeds of the Rights Issue and the impact has been taken to shareholders' equity directly.

15 CASH DIVIDENDS

During the Annual General Meeting held on 14 April 2013, the shareholders resolved that no dividends be declared for the year ended 31 December 2012. 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.

16 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 255.7 million (nine-month period ended 30 September 2012: AED 107.5 million) and AED 100.8 million for the three-month period ended 30 September 2013 (three-month period ended 30 September 2012: AED 35.0 million) by the weighted average number of shares outstanding during the nine month period ended 30 September 2013 of 2,029,047 thousand and the three month period ended 30 September 2013 of 2,947,642 thousand (for the three and nine month period ended 30 September 2012: 1,569,750 thousand).

16 EARNINGS PER SHARE (continued)

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 14).

	Three-month period ended 30 September		*Nine-month period ended 30 September*	
	2013 AED	*2012 AED*	***2013 AED***	*2012 AED*
Earnings per share				
Basic earnings per share (AED)	**0.03**	0.02	**0.13**	0.07
Diluted earnings per share (AED)	**0.03**	0.02	**0.12**	0.07

17 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 race course 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.

18 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%

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 September 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Current assets	**1,770,722**	1,269,004
Non-current assets	**91,667**	87,491
Current liabilities	**(1,787,114)**	(1,096,146)
Non-current liabilities	**(3,989)**	(215,520)
Contingent liabilities	**2,004,577**	1,670,508

	Three-month period ended 30 September		*Nine-month period ended 30 September*	
	2013 AED'000	*2012 AED'000*	***2013 AED'000***	*2012 AED'000*
Revenue	**406,435**	106,482	**809,543**	344,238
Expenses	**(364,793)**	(94,387)	**(731,261)**	(314,672)

19 LEASE AND FIXED ASSETS COMMITMENTS

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

	30 September 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Future minimum lease payments:		
Within one year	**29,978**	27,181
In the second to fifth years inclusive	**16,832**	7,710
Later than 5 years	**9,945**	11,466
Total operating lease expenditure contracted for at the reporting date	**56,755**	46,357

	Three-month period ended 30 September		*Nine -month period ended 30 September*	
	2013 AED'000	*2012 AED'000*	***2013 AED'000***	*2012 AED'000*
Minimum lease payments under operating leases recognised as expense during the period	**1,971**	2,316	**34,839**	8,842

At 30 September 2013, the Group had commitments for the acquisition of property, plant and equipment amounting to AED 48,006 thousand (31 December 2012: AED 46,357 thousand (Audited)).

20 CONTINGENCIES

At 30 September 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 4,043,795 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.

21 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.

22 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 the 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.