Drake and Scull International PJSC

Consolidated condensed interim financial information (Unaudited) for the three-month period ended 31 March 2014

Drake and Scull International PJSC

Consolidated condensed interim financial information
for the three-month period ended 31 March 2014

pwc

Report on review of consolidated condensed interim financial information to the shareholders of Drake and Scull International PJSC

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Drake and Scull International PJSC ("the PJSC") and its subsidiaries (collectively referred to as the "Group") as of 31 March 2014 and the related consolidated condensed interim statements of comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting." Our responsibility is to express a conclusion on this consolidated condensed interim financial information 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 and consequently 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 consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting."

Emphasis of Matter

We draw attention to Note 9 to this consolidated condensed interim financial information, which describes the uncertainty related to the outcome of the arbitrations with certain customers. Our conclusion is not qualified in respect of this matter.

PricewaterhouseCoopers
11 May 2014

Paul Suddaby

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

Drake and Scull International PJSC

Consolidated condensed interim balance sheet

	Note	31 March 2014 AED'000 Unaudited	31 December 2013 AED'000 Audited
ASSETS			
Non-current assets			
Property and equipment	7	519,869	510,680
Intangible assets		1,089,031	1,098,469
Investment property	8	29,376	29,376
Investment accounted for using the equity method	14	91,706	93,249
Deferred income tax assets		5,714	5,646
Available-for-sale financial assets	13	94,061	75,159
Trade and other receivables	9	222,775	212,503
		2,052,532	2,025,082
Current assets			
Inventories		31,527	30,259
Development properties		19,111	19,111
Trade and other receivables	9	4,673,053	4,256,323
Due from related parties	10	319,272	268,628
Financial assets at fair value through profit or loss		4,678	4,678
Cash and bank balances	11	714,501	558,217
		5,762,142	5,137,216
Total assets		7,814,674	7,162,298
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital		2,285,047	2,285,047
Share premium		3,026	3,026
Statutory reserve		93,722	93,722
Other reserve		24,543	24,543
Retained earnings		556,105	515,801
Foreign currency translation reserve		(7,957)	(15,685)
		2,954,486	2,906,454
Non-controlling interests		73,721	68,372
Total equity		3,028,207	2,974,826
LIABILITIES			
Non-current liabilities			
Bank borrowings	12	38,922	48,878
Deferred income tax liabilities		2,435	2,414
Employees' end of service benefits		116,884	110,234
		158,241	161,526
Current liabilities			
Trade and other payables		3,302,072	2,938,909
Bank borrowings	12	1,310,746	1,067,592
Due to related parties	10	15,408	19,445
		4,628,226	4,025,946
Total liabilities		4,786,467	4,187,472
Total equity and liabilities		7,814,674	7,162,298

The consolidated condensed interim financial information was approved by the Board of Directors on 11 May 2014 and signed on its behalf by:

Chairman

Chief Executive Officer

The notes on pages 8 to 23 form an integral part of this consolidated condensed interim financial information.

Drake and Scull International PJSC

Consolidated condensed interim income statement

	Note	Three months ended 31 March 2014 AED'000 Unaudited	31 March 2013 AED'000 Unaudited
Contract revenue	6	1,251,944	1,226,573
Contract costs		(1,132,042)	(1,096,129)
Gross profit		119,902	130,444
Other income		3,910	2,481
General and administrative expenses		(69,480)	(63,277)
Other losses		-	(3,653)
Operating profit		54,332	65,995
Finance income		2,769	5,839
Finance costs		(2,381)	(7,314)
Finance income/(costs) – net		388	(1,475)
Share of loss from investment accounted for using the equity method	14	(1,543)	-
Profit for the period before tax		53,177	64,520
Income tax expense	15	(7,524)	(1,826)
Profit for the period		45,653	62,694
Attributable to:			
Owners of the Parent		40,304	56,001
Non-controlling interests		5,349	6,693
		45,653	62,694
Earnings per share			
- Basic and diluted (AED)	16	0.0176	0.0249

Drake and Scull International PJSC

Consolidated condensed interim statement of comprehensive income

	Three months ended	
	31 March 2014 AED'000 Unaudited	31 March 2013 AED'000 Unaudited
Profit for the period	45,653	62,694
Other comprehensive income/(loss):		
Foreign currency translation	7,728	(417)
Other comprehensive income/(loss) for the period	7,728	(417)
Total comprehensive income for the period	53,381	62,277
Attributable to:		
Owners of the Parent	48,032	55,584
Non-controlling interests	5,349	6,693
	53,381	62,277

The notes on pages 8 to 23 form an integral part of this consolidated condensed interim financial information.

Drake and Scull International PJSC

Consolidated condensed interim statement of changes in equity

	Share capital AED'000	Treasury shares AED'000	Share premium	Statutory reserve AED'000	Other reserve AED'000	Retained earnings AED'000	Foreign currency translation reserve AED'000	Total AED'000	Non-controlling interest AED'000	Total AED'000
Balance at 1 January 2014 (Audited)	2,285,047	-	3,026	93,722	24,543	515,801	(15,685)	2,906,454	68,372	2,974,826
Profit for the period	-	-	-	-	-	40,304	-	40,304	5,349	45,653
Other comprehensive income for the period	-	-	-	-	-	-	7,728	7,728	-	7,728
Total comprehensive income for the period	-	-	-	-	-	40,304	7,728	48,032	5,349	53,381
Balance at 31 March 2014 (Unaudited)	2,285,047	-	3,026	93,722	24,543	556,105	(7,957)	2,954,486	73,721	3,028,207
Balance at 1 January 2013 (Audited)	2,285,047	(28,622)	-	79,219	24,543	363,835	(8,346)	2,715,676	53,106	2,768,782
Profit for the period	-	-	-	-	-	56,001	-	56,001	6,693	62,694
Other comprehensive loss for the period	-	-	-	-	-	-	(417)	(417)	-	(417)
Total comprehensive income for the period	-	-	-	-	-	56,001	(417)	55,584	6,693	62,277
Balance at 31 March 2013 (Unaudited)	2,285,047	(28,622)	-	79,219	24,543	419,836	(8,763)	2,771,260	59,799	2,831,059

The notes on pages 8 to 23 form an integral part of this consolidated condensed interim financial information.

Drake and Scull International PJSC

Consolidated condensed interim statement of cash flows

	Three months ended	
	31 March 2014 AED'000 Unaudited	31 March 2013 AED'000 Unaudited
Operating activities		
Profit for the period before tax	53,177	64,520
Adjustments for:		
Depreciation	19,388	11,447
Amortisation of intangible assets	9,438	9,438
Provision for employees' end of service benefits	9,979	7,030
Finance income	(2,769)	(5,839)
Finance costs	2,381	7,314
Share of loss from investment accounted for using the equity method	1,543	-
Reversal of impairment loss on available-for-sale financial assets	-	(1,065)
Loss/(Gain) on disposal of property and equipment	942	(496)
Fair value loss on interest rate swaps	-	3,653
Provision for impairment on trade receivables and retentions - net	469	337
Operating cash flows before payment of employees' end of service benefits, income tax and changes in working capital	94,548	96,339
Employees' end of service benefits paid	(3,329)	(3,385)
Income tax paid	(1,119)	(1,291)
Changes in working capital:		
Inventories	(1,268)	5,675
Development properties	-	(536)
Trade and other receivables before provisions and excluding interest receivable and loans and advances	(444,303)	(339,628)
Due from related parties	(50,644)	(6,037)
Trade and other payables excluding income tax, interest and group management fee payable	356,711	364,744
Due to related parties	(4,037)	(2,110)
Net cash (used in)/generated from operating activities	(53,441)	113,771
Balance carried forward	(53,441)	113,771

The notes on pages 8 to 23 form an integral part of this consolidated condensed interim financial information.

Drake and Scull International PJSC

Consolidated condensed interim statement of cash flows (continued)

	Three months ended 31 March 2014 AED'000 Unaudited	Three months ended 31 March 2013 AED'000 Unaudited
Balance brought forward	(53,441)	113,771
Investing activities		
Purchase of property and equipment	(29,519)	(35,273)
Proceeds from disposal of property and equipment	-	3,994
Purchase of financial assets classified as available-for-sale	(18,902)	-
Loans and advances	16,832	32,116
Interest received	2,769	4,398
Net cash (used in)/generated from investing activities	(28,820)	5,235
Financing activities		
Term deposits under lien	(1,051)	(14,683)
Net proceeds from trust receipts and other borrowings	53,076	50,003
Proceeds from term loans	133,467	71,377
Payment of term loans	(71,707)	(102,371)
Interest paid	(2,381)	(7,902)
Net cash generated from/(used in) financing activities	111,404	(3,576)
Net increase in cash and cash equivalents	29,143	115,430
Net foreign currency translation difference	7,728	(417)
Cash and cash equivalents, beginning of the period	322,266	182,034
Cash and cash equivalents, end of the period	359,137	297,047

The notes on pages 8 to 23 form an integral part of this consolidated condensed interim financial information.

Drake and Scull International PJSC

Notes to the consolidated condensed interim financial information for the three month period ended 31 March 2014

1 General information

Drake and Scull International PJSC ("the Company" or "the Parent Company") was incorporated on 16 November 2008 and was registered on 21 January 2009 as a Public Joint Stock Company in accordance with the UAE Federal Law No. 8 of 1984, (as amended). The Company is listed on Dubai Financial Market.

The Company's registered office is PO Box 65794, Dubai, United Arab Emirates.

The principal activities of the Company and its subsidiaries (together, "the Group") are carrying out contracting work relating to the construction industry, such as electrical, plumbing, construction of oil and gas facilities, air conditioning and sanitation work in the Middle East, Europe, Asia and North Africa region.

The Company has either directly or indirectly the following major subsidiaries:

Major Subsidiaries	*Principal activities*	*Shareholding %*		*Country of incorporation*
		2013	*2012*	
Drake & Scull International LLC (Abu Dhabi)	Contracting work relating to the construction industry	100	100	UAE
Gulf Technical Construction Company LLC	Mechanical, electrical and civil construction work	100	100	UAE
Drake & Scull Water and Power LLC	Developing waste water, water and sludge treatment plants	100	100	UAE
Drake & Scull International for Electrical Contracting WLL	Electrical contracting and repairing work relating to the construction industry	75	75	Kuwait
Drake & Scull International (Qatar) WLL	Contracting work relating to the construction industry	100	100	Qatar
Passavant Engineering Limited	Holding company	100	100	British Virgin Island
Passavant Roediger GmbH and its subsidiaries (a subsidiary of Passavant Engineering Limited)	Developing waste water, water and sludge treatment plants	100	100	Germany
Drake & Scull International WLL	Contracting work relating to the construction industry	65	65	Saudi Arabia
International Center for Contracting Co. Ltd	Contracting work relating to the construction industry	100	100	Saudi Arabia
Drake & Scull Construction Company LLC	Contracting work relating to the construction industry	94	94	Saudi Arabia
Drake & Scull International for Contracting SAE	Contracting work relating to the construction industry	100	100	Egypt
Drake & Scull Water & Energy India Private Limited	Developing waste water, water and sludge treatment plants	100	100	India
Drake & Scull International LLC (Oman)	Contracting work relating to the construction industry	51	51	Oman

1 General information (continued)

The Group, through Gulf Technical Construction Company LLC, also has a 50% interest in Ranya Test Joint Venture, a joint arrangement with Ranya General Contracting Company LLC under a joint arrangement agreement dated 12 August 2005. This is classified as joint operation in this consolidated condensed interim financial information.

The Group, through Drake & Scull International for Contracting SAE, also has a 50% interest in a joint venture with Hassan Allam Sons (Misr Sons Development S.A.E) under a joint arrangement agreement dated 21 July 2011. This is classified as joint operation in this consolidated condensed interim financial information.

The Group, through Drake & Scull Water & Power LLC, also has a 50% interest in a joint venture with Afghan Electrical Power Corporation under a joint arrangement agreement dated 27 September 2011. This is classified as joint operation in this consolidated condensed interim financial information.

The Group, through Drake & Scull Construction Company LLC, also has a 50% interest in a joint venture with Consolidated Contractors Group S.A.L (Offshore) (CCC) under a joint arrangement agreement dated 27 September 2011. This is classified as joint operation in this consolidated condensed interim financial information.

The Group, through Drake & Scull Construction Company LLC – Saudi Arabia, also has a 50% interest in a joint venture with Saudi Arabia Construction Co (SACC – DSC JV) under a joint arrangement agreement dated 15 October 2012. This is classified as joint operation in this consolidated condensed interim financial information.

The Group, through Drake & Scull Construction LLC, also has a 90% interest in a joint venture with John Sisk and Sons Construction LLC, (SISK-DSC-SMH-Joint Venture) under a joint arrangement agreement dated 25 November 2012. This is classified as joint operation in this consolidated condensed interim financial information.

Drake and Scull International PJSC, has a 50% interest in a joint venture with SICIM S.p.A under joint arrangement agreement dated 11 January 2013. This is classified as joint operation in this consolidated condensed interim financial information.

Drake and Scull International PJSC, also has a 51% interest in a joint venture with Al Habtoor Specon LLC (DSI-HLS Joint Venture) under a joint arrangement agreement dated 17 April 2013. This is classified as joint operation in this consolidated condensed interim financial information.

Drake & Scull Engineering LLC, also has a 49% interest in a joint venture with Al Habtoor Specon LLC (HLS-DSE Joint Venture) under a joint arrangement agreement dated 1 May 2013. This is classified as joint operation in this consolidated condensed interim financial information.

The Group, through Drake & Scull (Cayman Islands) No. 3 Limited, also has a 50% interest in a joint venture with Omniyat Properties Twenty Seven Limited (DSO Development Limited) under a joint arrangement agreement dated 6 November 2012. This is classified as joint venture in this consolidated condensed interim financial information.

2 Basis of preparation and accounting policies

2.1 Basis of preparation

This Consolidated condensed interim financial information for the three months ended 31 March 2014 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The Consolidated condensed interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to profit already recognised.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the consolidated condensed interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013 except as described below.

- IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting (effective 1 January 2014);
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures (effective from 1 January 2014); and

2.3 Basis of consolidation

The consolidated condensed interim financial information at and for the three months period ended 31 March 2014 comprises results of the Group. The condensed interim financial information of the subsidiaries is prepared for the same reporting period as that of the Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

3 Estimates and assumptions

The preparation of consolidated condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

3 Estimates and assumptions (continued)

In preparing this consolidated condensed interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

4 Financial risk management and financial instruments

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The consolidated condensed interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; it should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2013. The Group's financial risk management objectives and policies are consistent with that disclosed in the annual consolidated financial statements at and for the year ended 31 December 2013.

4.2 Liquidity risk factors

The Group monitors its risk of a possible shortage of funds using cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Compared to year ended 31 December 2013, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

4.3 Fair value measurements and disclosures

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

4 Financial risk management and financial instruments (continued)

4.3 Fair value measurements and disclosures (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2014.

	Level 1 AED'000 Unaudited	Level 2 AED'000 Unaudited	Level 3 AED'000 Unaudited	Total AED'000 Unaudited
Assets				
Financial assets at fair value through profit or loss				
- Investment in Real Estate fund	-	4,678	-	4,678
Available for sale financial assets				
- Equity securities	2,358	-	753	3,111
Total assets	2,358	4,678	753	7,789
Total liabilities	-	-	-	-

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013.

	Level 1 AED'000 Audited	Level 2 AED'000 Audited	Level 3 AED'000 Audited	Total AED'000 Audited
Assets				
Financial assets at fair value through profit or loss				
- Investment in Real Estate fund	-	4,678	-	4,678
Available for sale financial assets				
- Equity securities	2,358	-	753	3,111
Total assets	2,358	4,678	753	7,789
Total liabilities	-	-	-	-

4 Financial risk management and financial instruments (continued)

4.3 Fair value measurements and disclosures (continued)

There were no transfers between Levels 1, 2 and 3 during the period.

(a) *Valuation techniques used to derive Level 2 fair values*

(i) Investments carried at fair value through profit or loss

Level 2 investments carried at fair value through profit or loss comprise of investments in funds for which fair value is estimated using net assets value approach. Fair values for investments in funds are determined using the net assets value provided by the Fund Managers based on the observable market prices of the assets managed by the fund.

At 31 March 2014 and 31 December 2013, the fair values of financial assets and liabilities measured at amortised cost approximate their carrying values.

(b) *Group's valuation processes*

The Group's finance department includes a team of financial analysts that performs the valuations of financial assets required for financial reporting purposes. This team reports to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every quarter, in line with the Group's quarterly reporting dates.

Changes in Level 2 and 3 fair values are analysed at each reporting date during these quarterly valuation discussions. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

The Group has subscriptions to information brokers that allow the Group to gather relevant information.

There were no changes in the valuation techniques during the period.

(c) *Fair value of financial assets and liabilities measured at amortised cost*

The fair value of following financial assets and liabilities approximates their carrying value at 31 March 2014.

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents (excluding bank overdrafts)
- Trade and other payables
- Bank borrowings

5 Seasonality of operations

The Group's financial results for any three months are not necessarily indicative of results to be expected for the full year. Interim period revenues and earnings are typically sensitive to regional and local economies and market conditions.

6 Segment reporting

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 "Operating Segments". IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the "Executive management" who are the Chief Operating decision-makers in order to allocate resources to the segment and to assess its performance. Executive management assesses the performance of the operating segments based on revenue.

For management purpose, the Group is organised into business units based on their services and has three reportable business segments; Mechanical, Electrical and Plumbing ("Engineering"), Civil, Oil and Gas and Others.

The Engineering segment carries out contracting work relating to the construction industry, such as mechanical, electrical, plumbing and sanitation work and contracting work relating to the construction industry, such as infrastructure, water treatment plants, district cooling plants and power plants.

The Civil works segment carries out contracting work relating to the construction industry, such as property construction, sanitation work and real estate activities.

The Oil & Gas segment carries out contracting services relating to design and engineering, procurement of material, fabrication and construction of complete plant and facilities.

Others segment represents corporate office which carries out strategic planning, management of all subsidiaries, treasury management, mergers and acquisition, corporate branding and investor relations. For segment information disclosure, goodwill and other intangible assets and their amortisation are disclosed under the relevant segment. Sales between segments are carried out at agreed terms. The revenue from external parties reported to the Executive management is measured in a manner consistent with that in the consolidated condensed interim income statement.

The amounts provided to the Executive management with respect to the total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment.

Geographical segments

Executive management considers the geographical distribution of the Group's operations into four main segments; UAE, Saudi Arabia, Iraq and Others. The Group is presently engaged in carrying out contracting work relating to the construction industry mainly in the United Arab Emirates, Saudi Arabia, Kuwait, Qatar, Egypt, Oman, Germany, Thailand, Algeria, Djibouti, India, Afghanistan, Iraq, and Jordan.

Notes to the consolidated condensed interim financial information for the three month period ended 31 March 2014 (continued)

6 Segment reporting (continued)

Information about business segments

All figures in AED'000

	Engineering	Civil	Oil and Gas	Other	Inter-segment elimination	Total
	Three months ended 31 March 2014 (Unaudited)					
Revenue						
External customers	581,236	546,049	77,488	47,171	-	1,251,944
Inter- segment	156,765	-	-	30	(156,795)	-
	738,001	546,049	77,488	47,201	(156,795)	1,251,944
Segment profit / (loss)	31,292	13,557	10,194	(9,390)	-	45,653
Depreciation and amortisation	6,809	4,757	6,933	10,327	-	28,826
Capital expenditure	10,546	6,642	8,833	3,498	-	29,519
	At 31 March 2014					
Segment total assets	3,525,473	2,951,255	293,642	2,745,543	(1,701,239)	7,814,674
	Three months ended 31 March 2013 (Unaudited)					
Revenue						
External customers	533,037	615,050	45,021	33,465	-	1,226,573
Inter- segment	72,744	15,023	-	164	(87,931)	-
	605,781	630,073	45,021	33,629	(87,931)	1,226,573
Segment profit / (loss)	32,967	24,766	6,707	(1,746)	-	62,694
Depreciation and amortisation	5,667	3,940	279	10,999	-	20,885
Capital expenditure	5,316	2,149	1,167	26,641	-	35,273
	At 31 December 2013 (Audited)					
Segment total assets	3,185,972	2,647,117	261,917	2,665,938	(1,598,646)	7,162,298

During the period ended 31 March 2014, revenue from one customer amounted to AED 352,048 thousand (2013: AED 414,227 thousand relating to Civil works) which exceeded 10% of the Group revenue, was earned through the Civil works segment.

Notes to the consolidated condensed interim financial information for the three month period ended 31 March 2014 (continued)

6 Segment reporting (continued)

Information about geographical segments

All figures in AED'000

	UAE	Saudi Arabia	Iraq	Others	Inter segment elimination	Total
		Three months ended 31 March 2014 (Unaudited)				
Revenue from external customers	220,705	664,665	68,240	298,334	-	1,251,944
		Three months ended 31 March 2013 (Unaudited)				
Revenue from external customers	239,002	721,150	45,021	221,400	-	1,226,573
		At 31 March 2014 (Unaudited)				
Non-current assets	2,211,177	268,130	19,999	83,905	(530,679)	2,052,532
		At 31 December 2013 (Audited)				
Non-current assets	2,223,251	233,424	16,118	81,756	(529,467)	2,025,082

7 Property, plant and equipment

The Group acquired property and equipment during the period ended 31 March 2014 amounting to AED 29,519 thousand (2013: AED 35,273 thousand). The Group disposed property and equipment during the period ended 31 March 2014 amounting to AED 942 thousand (2013: AED 3,498 thousand) and depreciation charged to the consolidated condensed interim income statement amounted to AED 19,388 thousand (2013: AED 11,447 thousand).

8 Investment property

The fair value of investment property was equivalent to the carrying value at balance sheet date.

	Fair value measurements at 31 March 2014 using			
	Level 1	**Level 2**	**Level 3**	**Total**
	AED'000	AED'000	AED'000	AED'000
	Unaudited	Unaudited	Unaudited	Unaudited
Recurring fair value measurements				
Investment property	-	29,376	-	29,376
Total assets	-	29,376	-	29,376

Level 2 fair values have been derived using the sales comparison approach. Sales prices of comparable units in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

There were no changes in the valuation techniques during the period.

9 Trade and other receivables

	31 March 2014 AED'000 Unaudited	31 December 2013 AED'000 Audited
Non-current		
Trade receivables and retentions	233,914	224,257
Less: fair value adjustment	(11,139)	(11,754)
	222,775	212,503
Current		
Trade receivables and retentions	1,487,416	1,632,912
Prepayments and other receivables	423,987	339,302
Amount due from customers on contracts	2,713,212	2,218,370
Loans and advances	115,267	132,099
	4,739,882	4,322,683
Less: provision for impairment	(66,829)	(66,360)
	4,673,053	4,256,323

9 Trade and other receivables (continued)

Arbitrations

During the year ended 31 December 2012, the Group had filed arbitrations with certain customers for settlement of the receivables, retentions and due from customers on contracts' balances of AED 58 million, AED 36 million and AED 41.3 million respectively, which related to projects that were completed and handed over to those customers. At that time, the outcome of the arbitrations was uncertain. Management was of the opinion that the balances were fully recoverable. As at 31 December 2012, no provision for impairment was made against these balances of AED 135.3 million.

During the year ended 31 December 2013, the Group reached an amicable resolution with one of the customers for settlement of the receivables, retentions and due from customers on contracts' balances of AED 24 million, AED 10 million and AED 14.3 million respectively. Currently, the remaining receivables, retentions and due from customers on contracts' balances of AED 34 million, AED 26 million and AED 27 million respectively, are still under arbitrations. As at 31 March 2014, no provision for impairment is made against these balances of AED 87 million.

10 Related party transactions and balances

Related parties comprise the major shareholders, key management personnel, joint ventures, directors and businesses which are controlled directly or indirectly by the shareholders or directors or over which they exercise significant management influence (hereinafter referred as "affiliates") . In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Group management, or its Board of Directors.

From 1 January 2014 to 31 March 2014:

Significant related party transactions with affiliates amounted to AED 14,792 thousand (2013: 3,997 thousand) that mainly represent sub-contracting charges on contracts.

From 1 January 2013 to 31 March 2013:

The significant related party transactions primarily include management fees charged by DSG amounting to AED Nil (2012: AED 3,700 thousand).

10 Related party transactions and balances (continued)

The outstanding balances with related parties are given below:

Due from related parties:

	31 March 2014 AED'000 Unaudited	31 December 2013 AED'000 Audited
Joint arrangements	254,346	216,548
Affiliated entities	64,926	52,080
	319,272	268,628
Due to related parties:		
Drake and Scull Group	818	818
Joint arrangements	426	4,314
Other affiliated entities	14,164	14,313
	15,408	19,445

Compensation of key management personnel

The remuneration of directors and other key members of management are as follows:

	Three months ended 31 March	
	2014 AED'000 Unaudited	2013 AED'000 Unaudited
Short term benefits	6,939	9,895
Employees' end of service benefits	1,115	1,476
	8,054	11,371

11 Cash and bank balances

	31 March 2014 AED'000 Unaudited	31 December 2013 AED'000 Audited
Cash on hand	5,793	4,160
Cash at bank	422,891	281,543
Term deposits	285,817	272,514
Cash and bank balances	714,501	558,217

11 Cash and bank balances (continued)

Term deposits carry an average interest rate of 1% to 4% (2013: 1% to 5%).

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

	31 March 2014 AED'000 Unaudited	31 March 2013 AED'000 Unaudited
Cash and bank balances	714,501	857,573
Less: Term deposits under lien	(113,816)	(58,840)
Bank overdrafts (Note 12)	(241,548)	(56,819)
Restricted cash	-	(444,867)
Cash and cash equivalents	359,137	297,047

12 Bank borrowings

The Group has obtained bank borrowings (including bank overdrafts) from several commercial banks, mainly to fund the acquisition of new businesses and to meet other working capital requirements.

	31 March 2014 AED'000 Unaudited	31 December 2013 AED'000 Audited
Non-current		
Term loan	38,922	48,878
Current		
Term loan	200,116	128,400
Trust receipts and other borrowings	869,082	816,006
Bank overdrafts	241,548	123,186
	1,310,746	1,067,592

The carrying amount of the Group's borrowings is primarily denominated in AED, USD or other currencies pegged to USD.

During the current period ended 31 March 2014, the Group has obtained two new term loans amounting to USD 20 million and AED 20 million from international and local banks respectively. These term loans are payable within twelve months and accordingly have been classified as current liabilities at the date of the consolidated condensed interim balance sheet.

12 Bank borrowings (continued)

Interest rates on the term loans were at variable rates and range between 2% to 6.5% (2013: 2% to 6.5%) per annum. Contractual re-pricing dates are set on the basis of 3 months LIBOR/EIBOR.

The nature of securities provided in respect of certain bank borrowings by the Group, are set out below:

- Lien on motor vehicles and equipment purchased and on certain receivables;
- Mortgage over certain property and equipment; and
- Pledge of all assets acquired through utilisation of credit facilities.

The carrying amount of current borrowings approximates their fair value at the interim consolidated condensed interim balance sheet date. Long-term borrowings are at market linked variable interest rates and therefore the carrying amounts of non-current borrowings approximate their fair value at the consolidated condensed interim balance sheet date.

13 Available-for-sale financial assets

During the period, the Group invested an amount of AED 18,902 thousand, which represents 0.4% of the share capital of a non-listed company incorporated in the Cayman Islands. The Group classified the investment as an available-for-sale financial asset at the date of investment. The fair value of this investment as at the consolidated condensed interim balance sheet date is approximately equivalent to the consideration paid during the period.

14 Investment accounted for using the equity method

During the period, the Group recorded its share of loss from a joint venture amounted to AED 1,543 thousand.

15 Income tax expense

The major components of income tax expense are:

	31 March 2014 AED'000 Unaudited	31 March 2013 AED'000 Unaudited
Current income tax expense:		
Current income tax charge	(7,571)	(1,793)
Deferred income tax credit/(expense)		
Relating to origination and reversal of temporary differences	47	(33)
	(7,524)	(1,826)

16 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased and held as treasury shares.

	Three months period ended 31 March 2014 Unaudited	Three months period ended 31 March 2013 Unaudited
Earnings (AED'000)		
Earnings for the purposes of basic earnings per share being net profit attributable to Owners of the Parent	40,304	56,001
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,285,046,667	2,252,646,667
Basic and diluted earnings per share (AED)	0.0176	0.0249

Diluted

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

17 Guarantees

	31 March 2014 AED'000 Unaudited	31 December 2013 AED'000 Unaudited
Performance bonds	1,078,774	1,004,345
Letter of guarantees	1,186,696	1,266,331
	2,265,470	2,270,676

The various bank guarantees above were issued by the Group's bankers in the ordinary course of business. In the opinion of the Directors, the above bank guarantees are unlikely to result in any liability to the Group.

18 Expenditure commitments

(a) Operating lease commitments

The Group has various operating lease agreements. The future minimum lease payments payable under operating leases are as follows:

	31 March 2014 AED'000 Unaudited	31 December 2013 AED'000 Unaudited
Future minimum lease payments:		
No later than one year	9,731	10,457
Later than one year but no later than five years	28,266	26,551
Later than five years	1,726	1,742
	39,723	38,750

(b) Other commitments

	31 March 2014 AED '000 Unaudited	31 December 2013 AED'000 Unaudited
Letters of credit for purchase of materials and operating equipment	700,260	687,121