Arabtec Holding PJSC and its subsidiaries

Condensed consolidated interim financial information
for the six-month period ended 30 June 2017 (Unaudited)

Arabtec Holding PJSC and its subsidiaries

Condensed consolidated interim financial information for the six-month period ended 30 June 2017

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Report on review of condensed consolidated interim financial information to the shareholders of Arabtec Holding PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Arabtec Holding PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2017 and the related condensed consolidated interim statements of income and comprehensive income for the three-month and six-month periods then ended, and the condensed interim consolidated statements of changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

Emphasis of matter

Dispute with non-controlling shareholder of a subsidiary

We draw attention to Note 14 (c) which provides details of a dispute with the non-controlling shareholder of Arabtec Construction W.L.L Qatar, the outcome of which cannot be determined with reasonable certainty as at the date of this report.

Our conclusion is not modified in respect of the above matter.

PricewaterhouseCoopers
8 August 2017

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

Arabtec Holding PJSC and its subsidiaries

Condensed consolidated interim statement of financial position

	Note	As at 30 June 2017 Unaudited AED'000	As at 31 December 2016 Audited AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	806,701	847,586
Investment properties		595,811	595,974
Goodwill		248,741	248,741
Other intangible assets	8	19,276	21,552
Investment in associates	20	219,146	192,498
Deferred tax asset		3,851	3,737
Trade and other receivables		661,714	569,332
Advances paid to suppliers and sub-contractors		312,327	332,474
Other financial assets	19	17,282	17,282
		2,884,849	2,829,176
Current assets			
Inventories		126,558	115,340
Trade and other receivables		4,822,302	4,285,974
Advances paid to suppliers and sub-contractors		1,185,145	821,821
Due from related parties	9	460,976	306,222
Other financial assets	19	125,234	115,262
Other current assets		365,342	395,708
Cash and cash equivalents	10	1,513,235	1,054,000
		8,598,792	7,094,327
Total assets		11,483,641	9,923,503
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	1,500,000	4,615,065
Statutory reserve		117,974	148,159
Foreign currency translation reserve		36,836	36,661
Other reserves		(199,063)	(194,239)
Accumulated gain / (losses)		57,423	(4,645,248)
Equity attributable to owners of the Parent		1,513,170	(39,602)
Non-controlling interests		(230,800)	(211,091)
Net equity / (deficit)		1,282,370	(250,693)
LIABILITIES			
Non-current liabilities			
Bank borrowings	16	667,142	140,000
Loan from a related party	9	-	177,724
Retention payable		390,207	384,417
Provision for employees' end of service benefits		217,559	207,688
		1,274,908	909,829
Current liabilities			
Trade and other payables		4,637,345	4,905,115
Advances received from customers for contract work		1,958,763	1,833,784
Bank borrowings	16	1,832,677	2,141,678
Due to related parties	9	479,720	366,760
Income tax payable		17,858	17,030
		8,926,363	9,264,367
Total liabilities		10,201,271	10,174,196
Total equity and liabilities		11,483,641	9,923,503

The condensed consolidated interim financial information was approved by the Board of Directors on 8 August 2017 and signed on its behalf by:

.....
Hamish Tyrwhitt
Chief Executive Officer

.....
Peter Pollard
Chief Financial Officer

The notes on pages 8 to 29 are an integral part of this condensed consolidated interim financial information.

Arabtec Holding PJSC and its subsidiaries

Condensed consolidated interim income statement

	Note	Three months ended		Six months ended	
		30 June 2017 Unaudited AED'000	30 June 2016* Unaudited AED'000	30 June 2017 Unaudited AED'000	30 June 2016* Unaudited AED'000
Revenue		2,060,381	2,190,281	4,245,578	4,160,509
Direct costs		(1,955,542)	(2,185,164)	(4,035,621)	(4,108,262)
Gross profit		104,839	5,117	209,957	52,247
Investment income		1,054	184	2,229	680
General and administrative expenses		(73,612)	(155,013)	(166,030)	(264,266)
Other income		6,452	11,768	15,288	40,715
Finance costs - net		(20,213)	(21,190)	(44,971)	(34,784)
Share of profit / (loss) from investment in associates		22,922	(34,828)	26,649	(34,828)
Profit / (loss) before tax		41,442	(193,962)	43,122	(240,236)
Income tax expense	11	(646)	(803)	(1,254)	(2,563)
Profit / (loss) after tax for the period		40,796	(194,765)	41,868	(242,799)
Attributable to:					
Equity holders of the Parent		39,799	(186,403)	57,421	(232,802)
Non-controlling interests		997	(8,362)	(15,553)	(9,997)
		40,796	(194,765)	41,868	(242,799)
Profit / (loss) per share					
Basic and diluted (AED)	13	0.009	(0.04)	0.013	(0.05)

* Figures for the three-month and six-month periods ended 30 June 2016 have been re-presented on reclassification of the results of discontinued operations as continuing operations.

Arabtec Holding PJSC and its subsidiaries

Condensed consolidated interim statement of comprehensive income

	Three months ended		Six months ended	
	30 June 2017 Unaudited AED'000	30 June 2016* Unaudited AED'000	30 June 2017 Unaudited AED'000	30 June 2016* Unaudited AED'000
Profit / (loss) for the period	40,796	(194,765)	41,868	(242,799)
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss				
Reclassification of reserve on disposal of available-for-sale investments	-	-	-	(2,128)
Net change in foreign currency translation reserve	(271)	(528)	423	15,398
Other comprehensive (loss) / income for the period	(271)	(528)	423	13,270
Total comprehensive income / (loss) for the period	40,525	(195,293)	42,291	(229,529)
Attributable to:				
Equity holders of the Parent	39,589	(186,506)	57,596	(222,052)
Non-controlling interests	936	(8,787)	(15,305)	(7,477)
	40,525	(195,293)	42,291	(229,529)

* Figures for the three month and six month periods ended 30 June 2016 have been re-presented on reclassification of the results of discontinued operations as continuing operations.

Arabtec Holding PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity

	Attributable to owners of the Parent								
	Share capital AED'000	Statutory reserve AED'000	Fair value adjustment reserve AED'000	Foreign currency translation reserve AED'000	Other reserves AED'000	Accumulated losses / gain AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2017 (Audited)	4,615,065	148,159	-	36,661	(194,239)	(4,645,248)	(39,602)	(211,091)	(250,693)
Profit/(loss) for the period	-	-	-	-	-	57,421	57,421	(15,553)	41,868
Other comprehensive income for the period	-	-	-	175	-	-	175	248	423
Total comprehensive income / (loss) for the period	-	-	-	175	-	57,421	57,596	(15,305)	42,291
Share capital issued (Note 12)	1,500,000	-	-	-	-	-	1,500,000	-	1,500,000
Capital reduction (Note 12)	(4,615,065)	(30,185)	-	-	-	4,645,250	-	-	-
Rights issue cost	-	-	-	-	(4,824)	-	(4,824)	-	(4,824)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(4,404)	(4,404)
Balance at 30 June 2017 (Unaudited)	1,500,000	117,974	-	36,836	(199,063)	57,423	1,513,170	(230,800)	1,282,370

	Attributable to owners of the Parent								
	Share capital AED'000	Statutory reserve AED'000	Fair value adjustment reserve AED'000	Foreign currency translation reserve AED'000	Other reserves AED'000	Accumulated losses AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2016 (Audited)	4,615,065	1,152,593	2,942	11,810	(192,747)	(2,227,363)	3,362,300	(162,576)	3,199,724
Loss for the period	-	-	-	-	-	(232,802)	(232,802)	(9,997)	(242,799)
Other comprehensive income/(loss) for the period	-	-	(2,128)	12,878	-	-	10,750	2,520	13,270
Total comprehensive income / (loss) for the period	-	-	(2,128)	12,878	-	(232,802)	(222,052)	(7,477)	(229,529)
Acquisition of non-controlling interest	-	-	-	-	(1,493)	-	(1,493)	493	(1,000)
Offset of statutory reserve against accumulated losses	-	(1,004,434)	-	-	-	1,004,434	-	-	-
Dividend paid	-	-	-	-	-	-	-	(1,800)	(1,800)
Balance at 30 June 2016 (Unaudited)	4,615,065	148,159	814	24,688	(194,240)	(1,455,731)	3,138,755	(171,360)	2,967,395

The notes on pages 8 to 29 are an integral part of this condensed consolidated interim financial information.

Arabtec Holding PJSC and its subsidiaries

Condensed consolidated interim statement of cash flows

	Notes	Six months ended 30 June 2017 Unaudited AED'000	Six months ended 30 June 2016* Unaudited AED'000
Operating activities			
Profit / (loss) before tax		43,122	(240,236)
Adjustments for:			
Gain on sale of property, plant and equipment		(219)	(2,316)
Loss on sale of investment properties		-	90
Gain on disposal of other financial assets		-	(427)
Investment income, net		(2,229)	(680)
Depreciation on property, plant and equipment	7	81,773	122,354
Depreciation on investment properties		163	1,406
Write-back of provision for doubtful debts		(1,794)	-
Impairment loss on development property		-	20,000
Amortisation of intangible assets	8	2,276	1,852
Provision for employees' end of service benefits		28,907	33,788
Finance costs		44,971	34,784
Share of (gain) / loss from investment in associates		(26,649)	34,828
Operating cash flow before changes in working capital, employees' end of service benefits paid and income tax paid		170,321	5,443
Changes in working capital:			
Trade and other receivables		(633,310)	(300,332)
Advances paid to suppliers and sub-contractors		(343,177)	(44,075)
Due from related parties		(154,754)	(29,644)
Inventories		(11,218)	8,653
Other current assets		30,366	(124,900)
Trade and other payables		(267,770)	223,636
Advances received from customers for contract work		124,979	18,626
Due to related parties		112,960	57,587
Retentions payables		5,790	37,156
Cash used in operating activities		(965,813)	(147,850)
Employees' end of service benefits paid		(19,032)	(30,856)
Income tax paid		(540)	(7,090)
Net cash used in operating activities		(985,385)	(185,796)
Balance carried forward		(985,385)	(185,796)

* Figures for the three month and six month ended 30 June 2016 have been re-presented on reclassification of the results of discontinued operations as continuing operations.

Condensed consolidated interim statement of cash flows (continued)

	Notes	Three months ended 30 June 2017 Unaudited AED'000	Three months ended 30 June 2016* Unaudited AED'000
Balance brought forward		(985,385)	(185,796)
Investing activities			
Investment income received		2,229	680
Additions to investment properties		-	(7,467)
Purchase of property, plant and equipment	7	(60,375)	(43,481)
Proceeds from disposal of other financial assets		-	4,318
Proceeds from disposal of investment properties		-	33,809
Proceeds from disposal of property, plant and equipment		19,706	28,736
Acquisition of additional interest in a subsidiary		-	(1,000)
Net movement in other financial assets		(9,972)	(5,343)
Net cash (used in) / generated from investing activities		(48,412)	10,252
Financing activities			
Proceeds / (repayment) of borrowings, net		351,905	(59,719)
Proceeds from rights issue (net of settlement of loan from a related party)	9	1,100,365	-
Rights issue costs paid		(4,824)	-
Interest paid		(38,580)	(31,494)
Dividends paid to non-controlling interests		(4,404)	(1,800)
Proceeds of loan from a related party		221,911	-
Net cash generated from / (used in) financing activities		1,626,373	(93,013)
Net increase / (decrease) in cash and cash equivalents		592,576	(268,557)
Cash and cash equivalents at the beginning of the period		543,408	(480,578)
Net foreign currency translation difference		423	15,398
Cash and cash equivalents at the end of the period	10	1,136,407	(733,737)

* Figures for the three month and six month ended 30 June 2016 have been re-presented on reclassification of the results of discontinued operations as continuing operations.

Arabtec Holding PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2017

1 General information

Arabtec Holding PJSC (the "Company") is a Public Joint Stock Company established under the laws of the United Arab Emirates (UAE) 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 Company's shares are listed on the Dubai Financial Market ("DFM"). The registered office of the Company is P.O. Box 3399, Dubai, UAE.

The Group's major shareholder is Aabar Investment PJS whose parent company is International Petroleum Investment Company ("IPIC"). IPIC is wholly owned by the Government of the Emirate of Abu Dhabi.

Arabtec Holding PJSC and its subsidiaries (the "Group") are primarily engaged in 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.

The Group also operates in the oil and gas, infrastructure and power sector, facilities management and property development.

The condensed consolidated interim financial information of the Group for the six-month period ended 30 June 2017 was authorised for issue in accordance with a resolution of the Board of Directors on 8 August 2017.

The condensed consolidated interim financial information is reviewed, not audited.

Subsidiaries, associates and joint operations:

Name of subsidiary and domicile	% Holding (including indirect holding) 30 June 2017	31 December 2016	Principal activities
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 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 LLC (Jordan foreign working entity), Jordan	100%	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

1 General information (continued)

Subsidiaries, associates and joint operations: (continued)

Name of subsidiary and domicile	% Holding (including indirect holding) 30 June 2017	31 December 2016	Principal activities
Arabtec Construction India (Pvt) Limited, India	63%	63%	Civil construction and related works
Arabtec Constructions LLC - Abu Dhabi, UAE	100%	100%	Civil construction and related works
Arabtec Precast LLC, UAE	100%	100%	Manufacturing of precast panels
Arabtec Minority Holdings Limited, JAFZA, UAE	100%	100%	Investment holding company
Arabtec Building Equipment LLC, UAE	70%	70%	Trading and leasing of construction and building equipment
Arabtec Engineering Services LLC, UAE	80%	80%	Infrastructure construction works
Arabtec-Envirogreen Facility Management Services LLC, UAE	100%	100%	Building maintenance and cleaning services, facilities management and security services
Arabtec Property Development LLC – Abu Dhabi, UAE	100%	100%	Real estate, investment, development and management
Arabtec Property Development LLC - Dubai, UAE	100%	100%	Real estate development
Arabtec Property Management LLC - Dubai, UAE	100%	100%	Leasing and management of third party property
Arabtec Real Estate LLC - Abu Dhabi, UAE	100%	100%	Real estate leasing and management services
Arabtec Real Estate LLC - Dubai, UAE	100%	100%	Buying and selling of real estate
Arabtec Living For Construction LLC, UAE	100%	100%	Civil construction and related works
Arabtec Limited, JAFZA, UAE	100%	100%	General trading; commercial and real estate investments
Arabtec Trading Limited, JAFZA, UAE	100%	100%	General trading; commercial and real estate investments
Arabtec Consolidated Contractors Limited, JAFZA, UAE	50%	50%	International business, general trading, and investments

1 General information (continued)

Subsidiaries, associates and joint operations: (continued)

Name of subsidiary and domicile	% Holding (including indirect holding) 30 June 2017	31 December 2016	Principal activities
Austrian Arabian Ready Mix Concrete Co. LLC - Dubai, UAE	100%	100%	Ready mixed concrete manufacturing
Emirates Falcon Electromechanical Co. (EFECO) LLC - Dubai, UAE	100%	100%	Electrical, mechanical and plumbing contracting
EFECO Qatar W.L.L, Qatar*	49%	49%	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%	100%	Electrical, mechanical and plumbing contracting
Gulf Steel Industries FZE, UAE	100%	100%	Fabrication of steel structure and profiles
GSI Steel Construction Contracting LLC, UAE	100%	100%	Fabrication of steel structure and profiles
House of Equipment Co. LLC, UAE	67%	67%	Trading and leasing of construction equipment
Idrotec Srl, Italy	96%	96%	Civil construction and related works
Nasser Bin Khaled Factory Ready Mix Concrete Co. LLC, Qatar*	49%	49%	Manufacturing and transportation of ready mix concrete products
Saudi Target Engineering Construction Company LLC, Kingdom of Saudi Arabia	65%	65%	Civil construction and related works
Target Engineering Construction Company LLC, UAE	100%	100%	Civil construction and related works
Target Steel Industries LLC, UAE	97%	97%	Fabrication of steel structure and profiles
Target Engineering Construction Company L.L.C, (Foreign Company) Jordan	100%	100%	Civil construction and related works
Arabtec Egypt for Property Development, Egypt	100%	100%	Real Estate, investment, development, and management
Arabtec Gulf for Property Investment LLC, UAE	100%	100%	Buying and selling of real estate as well as holding activities
Arabtec Construction W.L.L., Qatar*	49%	49%	Civil construction and related works
Arabtec Interests Limited, JAFZA, UAE	100%	100%	Investment Holding company

* Although the Group holds 50% or less of the share capital, it exercises control over these subsidiaries.

1 General information (continued)

De-recognition of subsidiaries as at 31 December 2016

As at 31 December 2016, the Group lost control over the following subsidiaries.

Name of subsidiary and domicile	% Holding (including indirect holding) 30 June 2017	31 December 2016	Principal activities
Arabtec Saudi Arabia LLC, Kingdom of Saudi Arabia	45%	45%	Civil construction and related works
Arabtec Construction Machinery LLC Kingdom of Saudi Arabia	58%	58%	Trading and leasing of construction equipment
EFECO Saudi LLC, Kingdom of Saudi Arabia	53%	53%	Electrical, mechanical and plumbing contracting
Saudi Austrian Arabian Ready Mix Co LLC, Kingdom of Saudi Arabia	62%	62%	Manufacturing and transportation of ready mix concrete products

The above have been de-recognised as subsidiaries and accounted for as available-for-sale investments carried at nil value.

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

Name of associate and domicile	% Holding (including indirect holding) 30 June 2017	31 December 2016	Principal activities
Depa Limited, Dubai, UAE ("DEPA")	24%	24%	Luxury fit-out of five star hotels, yachts and facilities and related services
Polypod Middle East LLC, Abu Dhabi, UAE ("Polypod")	40%	40%	Assembly of bathroom pods and other types of pods on the same concept
Jordan Wood Industries PSC, Jordan	14%	14%	Production and distribution of furniture and fixtures

The Company and its subsidiaries have the following branches:

- Arabtec Holding PJSC – Abu Dhabi branch
- Arabtec Construction LLC, St Petersburg, Russia
- Arabtec Construction LLC, Riyadh, Kingdom of Saudi Arabia
- Arabtec Construction LLC, Fujairah branch
- Arabtec Construction LLC, Bahrain branch
- Arabtec Construction LLC, Sharjah Branch
- House of Equipment LLC - Abu Dhabi
- Idrotec SRL - Abu Dhabi

1 General information (continued)

The Company and its subsidiaries have the following branches (continued):

- ACC Arabtec JV SAL - Syrian Arab Republic branch
- Target Engineering Construction Company – Dubai branch
- Target Engineering Construction Company – Sharjah branch
- Target Engineering Construction Company – Fujairah branch
- Target Engineering Construction Company WLL – Qatar branch
- Arabtec Construction LLC – branch, Abu Dhabi
- GSI Steel Construction Contracting LLC – Abu Dhabi branch
- Gulf Steel Industries FZE – Jordan branch
- Arabtec Construction LLC – Egypt branch
- Arabtec Consolidated Contractors Limited – Astana City Branch, Kazakhstan
- Arabtec Engineering Services LLC, Abu Dhabi branch
- Austrian Arabian Ready-Mix Co LLC – Abu Dhabi branch
- EFECO – Riyadh, Kingdom of Saudi Arabia

Joint operations of the Group are disclosed in Note 15.

2 Basis of preparation and accounting policies

2.1 Going concern

During the period, the Group completed its recapitalisation program through a rights offering of an amount of AED 1.5 billion, followed by a capital reduction through the cancellation of 4,615,065 thousand shares of AED 1 each on a pro-rata basis and extinguishing the accumulated losses (Note 12).

At 30 June 2017, the Group's current liabilities exceeded its current assets by AED 327,571 thousand.

This condensed consolidated interim financial information has been prepared on a going concern basis.

2.2 Basis of preparation

This condensed consolidated interim financial information for the period ended 30 June 2017 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'.

The condensed consolidated interim financial information has been presented in United Arab Emirates Dirhams ("AED") being the functional and presentation currency of the Group. All numbers are rounded off to the nearest thousand except otherwise stated.

The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards.

2 Basis of preparation and accounting policies (continued)

2.3 Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated 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 2016.

There are no new standards, amendments or interpretations which are effective for the financial period commencing on 1 January 2017, which have a material impact on the Group's condensed consolidated interim financial information.

2.4 Basis of consolidation

The condensed consolidated interim financial information as at, and for the period ended 30 June 2017 comprises results of the Group. The condensed consolidated 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 Critical accounting estimates and judgments

The preparation of condensed consolidated 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.

In preparing this condensed consolidated 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 in the consolidated financial statements for the year ended 31 December 2016.

3.1 Critical accounting estimates and assumptions

The preparation of the Group's interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

3 Critical accounting estimates and judgements (continued)

3.1 Critical accounting estimates and assumptions (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Percentage-of-completion and cost to complete estimates of construction contracts

The Group uses the percentage-of-completion method in accounting for its construction contracts. At each reporting date, the Group is required to estimate the stage of completion and costs to complete on its construction contracts. This requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include the cost of potential claims by subcontractors and the cost of meeting other contractual obligations to the customers. Effects of any revision to these estimates are reflected in the period in which the estimates are revised. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised immediately, as soon as foreseen, whether or not work has commenced on these contracts. The Group uses its commercial team to estimate the costs to complete of construction contracts. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, labour costs and other costs are included in the construction cost estimates based on best estimates updated on a regular basis.

(b) Contract variations

Contract variations are recognised as revenues only to the extent that it is probable that they will result in revenue which can be reliably measured. This requires the exercise of estimating the value of variations based on management's prior experience, application of contract terms and the relationship with the customers.

(c) Contract claims

Contract claims are recognised as revenue only when management believes that an advanced stage of negotiation has been reached and the revenue can be estimated with reasonable certainty. Management reviews the judgment related to these contract claims periodically and adjustments are made, as assessments indicates that such adjustments are appropriate.

(d) Impairment of trade receivable

An estimate of the collectible amount of contract and trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

3 Critical accounting estimates and judgements (continued)

3.1 Critical accounting estimates and assumptions (continued)

(d) Impairment of trade receivable (continued)

Provision for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes provision for doubtful debts based on its best estimates at the end of the reporting period.

At the end of the reporting period, the Group has significant receivables from entities operating in the real estate sector. Management has carefully considered these receivables in light of current economic circumstances and the status of negotiations with customers, signed and draft memoranda of understanding, agreed payment plans, together with potential offsetting arrangements with advances received from customers and amounts due to subcontractors in order to determine provision for the potential impairment losses which may occur on finalising collection of contract receivables, amounts due from customers for contract work and retentions receivable.

(e) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist.

Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(f) Employees' end of service benefits

The cost of the end of service benefits and the present value of these benefits obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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 condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; therefore, it should be read in conjunction with the Group's annual consolidated financial statements as of 31 December 2016. The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements as of and for the year ended 31 December 2016.

There have been no changes in the risk management department or in any risk management policies since the year end.

4 Financial risk management and financial instruments (continued)

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 bank balances and credit 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 2016, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

4.3 Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances and cash, trade and other receivables, other financial assets, other current assets excluding prepayments and advances, and due from related parties. Financial liabilities consist of bank borrowings, trade and other payables, retentions payable and due to related parties.

At the period end, the fair values of financial instruments are not materially different from their carrying values. The fair value of the financial assets and liabilities are considered at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Bank balances and cash, trade receivables, other financial assets, other current assets, due from related parties, bank borrowings, trade and other payables, due to related parties approximate their carrying amounts, largely due to the short-term maturities of these instruments.
- Long term receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, provisions are taken to account for the expected losses of these receivables. As at 30 June 2017, the carrying amounts of such receivables, net of provisions, are not materially different from their fair values.

4.4 Fair value estimation

The Group classifies its valuations of financial instruments carried at fair value and investment properties for which fair value is disclosed in the following levels of fair value hierarchy:

- 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).

Carrying value of investment properties includes a land in Dubai, UAE that will be used to construct a mixed used development and has been designated as an investment property. Based on a detailed impairment review of the property performed by management as at 31 December 2016, the recoverable amount after development of the property exceeds its carrying value including development cost already incurred. Accordingly, no impairment provision as at 30 June 2017 (31 December 2016: Nil) is required.

5 Seasonality of operations

The results for the period ended 30 June 2017 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 has concluded that this does not constitute "highly seasonal" as considered by IAS 34 Interim Financial Reporting. Notwithstanding, the results for the six-month period ended 30 June 2017 are not necessarily indicative of the results that might be expected for the year ending 31 December 2017.

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.

The management of the Group assessed the Group into four operating segments: Construction; Mechanical, Electrical and Plumbing (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.

6 Segment reporting (continued)

Information about business segments

All figures in AED'000

	Construction	Mechanical, Electrical and Plumbing	Oil & Gas, Infrastructure and Power	Others	Eliminations	Total
Six-month period ended 30 June 2017 (Unaudited)						
Revenue	2,619,810	504,290	1,315,835	172,082	(366,439)	4,245,578
Direct costs	(2,483,684)	(478,460)	(1,271,595)	(168,321)	366,439	(4,035,621)
Gross profit	136,126	25,830	44,240	3,761	-	209,957
Other income and other expenses, net	5,784	56	2,647	33,648	(198)	41,937
General and administrative expenses	(77,666)	(10,698)	(41,357)	(37,924)	1,615	(166,030)
Finance costs	(21,199)	(84)	(11,865)	(8,177)	(1,417)	(42,742)
Income tax expense	(862)	-	(392)	-	-	(1,254)
Net segment results	42,183	15,104	(6,727)	(8,692)	-	41,868
Three-month period ended 30 June 2017 (Unaudited)						
Revenue	1,292,250	235,528	650,356	89,784	(207,537)	2,060,381
Direct costs	(1,225,366)	(218,786)	(637,993)	(80,934)	207,537	(1,955,542)
Gross profit	66,884	16,742	12,363	8,850	-	104,839
Other income and other expenses, net	7,305	(752)	(559)	22,799	581	29,374
General and administrative expenses	(33,316)	(4,947)	(21,856)	(14,329)	836	(73,612)
Finance costs	(8,685)	(84)	(5,382)	(3,591)	(1,417)	(19,159)
Income tax expense	(668)	-	22	-	-	(646)
Net segment results	31,520	10,959	(15,412)	13,729	-	40,796

6 Segment reporting (continued)

Information about business segments

All figures in AED'000

	Construction	Mechanical, Electrical and Plumbing	Oil & Gas, Infrastructure and Power	Others	Eliminations	Total
Six-month period ended 30 June 2016 (Unaudited)						
Revenue	2,753,468	564,904	893,340	192,740	(243,943)	4,160,509
Direct costs	(2,719,568)	(555,290)	(886,059)	(191,288)	243,943	(4,108,262)
Gross profit	33,900	9,614	7,281	1,452	-	52,247
Other income and other expenses, net	9,675	5	23,131	(26,856)	(68)	5,887
General and administrative expenses	(130,173)	(17,985)	(33,594)	(82,582)	68	(264,266)
Finance costs	(14,219)	(3,464)	(6,009)	(10,412)	-	(34,104)
Income tax expense	(1,556)	-	-	(1,007)	-	(2,563)
Net segment results	(102,373)	(11,830)	(9,191)	(119,405)	-	(242,799)
Three-month period ended 30 June 2016 (Unaudited)						
Revenue	1,385,308	302,154	555,706	76,618	(129,505)	2,190,281
Direct costs	(1,343,586)	(303,564)	(592,194)	(75,325)	129,505	(2,185,164)
Gross (loss) / profit	41,722	(1,410)	(36,488)	1,293	-	5,117
Other income and other expenses, net	9	(1,214)	12,890	(34,745)	-	(23,060)
General and administrative expenses	(69,626)	(8,138)	(21,824)	(55,425)	-	(155,013)
Finance costs	(9,348)	(2,435)	(4,367)	(4,856)	-	(21,006)
Income tax expense	(634)	-	-	(169)	-	(803)
Net segment results	(37,877)	(13,197)	(49,789)	(93,902)	-	(194,765)

6 Segment reporting (continued)

Information about business segments (continued)

All figures in AED'000

	Construction	Mechanical, Electrical and Plumbing	Oil & Gas, Infrastructure and Power	Others	Eliminations	Total
As at 30 June 2017 (Unaudited)						
Segment assets	6,707,014	760,248	2,977,967	2,994,243	(1,955,831)	11,483,641
Segment liabilities	(7,902,349)	(530,237)	(1,806,969)	(1,394,937)	1,433,221	(10,201,271)
As at 31 December 2016 (Audited)						
Segment assets	6,928,625	738,717	2,163,224	1,506,670	(1,413,733)	9,923,503
Segment liabilities	(8,621,433)	(526,749)	(1,829,797)	(1,371,535)	2,175,318	(10,174,196)

7 Property, plant and equipment

During the six-month period ended 30 June 2017, the Group acquired various types of property, plant and equipment with a cost of AED 60,375 thousand (six-month period ended 30 June 2016: AED 43,481 thousand). Assets with a net book value of AED 19,487 thousand were disposed off by the Group during the period (six-month period ended 30 June 2016: AED 26,420 thousand). Depreciation expense for the period was AED 81,773 thousand (six-month period ended 31 March 2016: AED 122,354 thousand).

8 Other intangible assets

During the period, the amortisation of other intangible assets amounts to AED 2,276 thousand (six-month period ended 30 June 2016: AED 1,852 thousand). There were no additions during the period (six-month period ended 30 June 2016: Nil).

9 Related party transactions and balances

The following table provides details of the total amount of transactions that have been entered into with related parties during six-month period ended 30 June 2017 and 30 June 2016, as well as balances with related parties as of 30 June 2017 and 31 December 2016:

	Six months ended 30 June 2017 (Unaudited)		As at 30 June 2017 (Unaudited)	
	Revenue AED'000	Other Expenses and sub-contract costs AED'000	Amount due to AED'000	Amount due from AED'000
Joint operations	24,086	-	366,775	402,119
Shareholder	15,870	-	-	54,319
Associate	-	19,236	67,894	-
Other related parties	11,153	242	45,051	4,538
	51,109	19,478	479,720	460,976

	Six months ended 30 June 2016 (Unaudited)		As at 31 December 2016 (Audited)	
	Revenue AED'000	Other Expenses and sub-contract costs AED'000	Amount due to AED'000	Amount due from AED'000
Joint operations	80,707	-	259,346	274,954
Shareholder	60,075	-	-	26,811
Associate	-	-	55,757	-
Other related parties	357,669	100,353	51,657	4,457
	498,451	100,353	366,760	306,222

9 Related party transactions and balances (continued)

On 13 July 2016, the Group entered into a loan note agreement with Aabar Investments PJS (a shareholder) for a term loan facility of AED 400 million, to support the projects' execution. As at 22 June 2017, the drawn-down balance of the loan amounting to AED 399,635 thousand (31 December 2016: AED 177,724 thousand), was settled from the proceeds of the rights issue.

Compensation of key management personnel

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

	Three-months ended		Six-months ended	
	30 June 2017 Unaudited AED'000	30 June 2016 Unaudited AED'000	30 June 2017 Unaudited AED'000	30 June 2016 Unaudited AED'000
Short term benefits	2,079	1,263	4,244	2,522
Employees' benefits	118	145	197	289
	2,197	1,408	4,441	2,811

The Group, in the ordinary course of business, enters into various transactions including borrowings and bank deposits with financial institutions which may be majority-owned by the Government of the Emirate of Abu Dhabi. The effect of these transactions is included in the condensed consolidated interim financial information. These transactions are made at terms equivalent to those that prevail in arm's length transactions.

Cash and cash equivalents and borrowings include AED 190,140 thousand (2016: AED 134,030 thousand) and AED 427,525 thousand (2016: AED 319,473 thousand) respectively, with/from entities in which the Government of the Emirate of Abu Dhabi has an equity stake. Finance cost include AED 9,833 thousand (2016: AED 14,696 thousand) relating to balances with these entities.

Certain contracting customers of the Group are entities controlled by the Government of the Emirate of Abu Dhabi, The Group enters into transactions with such entities in the normal course of business (providing construction services). The significant transactions lead to a revenue of AED 1,754,156 thousand (2016: AED 1,454,640 thousand), a receivable balance of AED 1,667,869 thousand (2016: AED 623,185 thousand) and payable balance of AED 1,022,288 thousand (2016: 362,189 thousand). Below here is list of all balances relating to such projects:

	Revenue AED' 000	Amounts due on construction works AED' 000	Accounts receivable AED' 000	Retentions receivable AED' 000	Advances received AED' 000
Period ended 30 June 2017	1,754,156	1,004,203	488,846	174,820	1,022,288
Period ended 31 December 2016	1,454,640	326,681	252,678	43,826	362,189

10 Cash and cash equivalents

	30 June 2017 Unaudited AED'000	31 December 2016 Audited AED'000
Cash and bank balances	1,314,417	620,082
Short term bank deposits	198,818	433,918
Cash and bank balances	1,513,235	1,054,000

Cash and cash equivalents comprise bank balances and cash net of bank overdrafts. The details are as follows:

	30 June 2017 Unaudited AED'000	30 June 2016 Unaudited AED'000
Cash and bank balances	1,513,235	566,269
Less bank overdraft	(376,828)	(1,300,006)
	1,136,407	(733,737)

11 Income tax expense

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 condensed consolidated interim income statement are:

	30 June 2017 Unaudited AED'000	30 June 2016* Unaudited AED'000
Income taxes		
Current tax expense	1,368	2,654
Deferred tax expense relating to the origination of temporary differences	(114)	(91)
Total income tax expense	1,254	2,563

The total charge for the period can be reconciled to the accounting profit for entities subject to taxation as follows:

	30 June 2017 Unaudited AED'000	30 June 2016* Unaudited AED'000
Income / (loss) before tax	43,122	(240,236)
Income tax expense	(1,254)	(2,563)

The Group is subject to taxation on its operations in different jurisdiction with tax rates ranging between 5% and 34%.

* Figures for the three month and six month ended 30 June 2016 have been re-presented on reclassification of the results of discontinued operations as continuing operations.

12 Share capital

	30 June 2017 Unaudited AED'000	31 December 2016 Audited AED'000
Authorised, issued and fully paid up: 1,500,000 thousand shares of AED 1 each (31 December 2016: 4,615,065 thousand shares of AED 1 each)	1,500,000	4,615,065

During the period, the Group completed its recapitalisation program. The share capital of the Company was increased by AED 1.5 billion through the issuance of new shares at an offer price of AED 1 per share and reduced through the cancellation of 4,615,065 thousand shares of AED 1 each in the Company on a pro rata basis to extinguish the accumulated losses after obtaining the necessary regulatory approvals. Based on the resolution of the Board of Directors, the Company's statutory reserve was used to offset the Company's losses of AED 30,185 thousand decreasing statutory reserve to AED 117,974 thousand.

13 Earnings / (loss) per share

Earnings per share is calculated by dividing the profit/(loss) attributable to the owners of the Parent for the six-month and three-month period ended 30 June 2017, amounting to AED 57,421 thousand and AED 39,799 thousand respectively (six-month and three-month period ended 30 June 2016: loss of AED 232,802 thousand and AED 186,403 thousand respectively) by the weighted average number of shares outstanding during the period of 4,476,618 thousand (2016: 4,615,065 thousand).

	Three months ended		Six months ended	
	30 June 2017 Unaudited AED'000	30 June 2016 Unaudited AED'000	30 June 2017 Unaudited AED'000	30 June 2016 Unaudited AED'000
Basic and diluted gain / (loss) per share	0.009	(0.04)	0.013	(0.05)

14 Other matters

(a) The Group has a total exposure of AED 428 million as at 30 June 2017 (31 December 2016: AED 465 million) relating to receivables against a previous project in Dubai, UAE. As the client disputed the payment of receivables, the Board of Directors of the Company resolved to initiate arbitration proceedings against the customer.

(b) During year ended 31 December 2014, the Board of Directors of the Company resolved to initiate arbitration proceedings against a customer for settlement of the receivables balance amounting to AED 203 million, which related to projects that were completed and handed over to the customer. At 30 June 2017, the outcome of arbitration was uncertain. However, management is of the opinion that balances are fully recoverable and as at 30 June 2017, no provision for impairment has been made against these balances.

(c) For the year ended 31 December 2016, the non-controlling shareholder of the Group's subsidiary in Qatar issued a letter indicating their non-approval or non-authorisation to issue the financial statements of the subsidiary, on the grounds that they accept no responsibility for the financial position and performance and management of the subsidiary. The Group has obtained legal advice and strongly believes that the non-controlling shareholder is responsible for their share of the company's operations based on the Qatari Commercial Companies Law, and that both shareholders of the entity are jointly liable for the liabilities of the subsidiary. During the period ended 30 June 2017, the shareholder filed a claim against the Company related to the above mentioned matter.

Management believes that the outcome of such a dispute would have no impact on the consolidated results of the Group as a whole or on its total equity.

15 Joint operations

The Group has the following significant interests in joint operations:

		Share in joint operations
(a)	Samsung/Arabtec joint operation project, UAE	40%
(b)	Six Construct/Arabtec joint operation projects, UAE	50%
(c)	Samsung/Six Construct/Arabtec joint operation project, UAE	30%
(d)	Arabtec/Max Bogl joint operation projects, UAE	50%
(e)	Arabtec/Aktor joint operation projects, UAE	60%
(f)	Arabtec/Emirates Sunland joint operation projects, UAE	50%
(g)	Arabtec/WCT Engineering joint operation projects, UAE	50%
(h)	Arabtec/Engineering Enterprises Company joint operation projects, Jordan	50%
(i)	Arabtec/Dubai Contracting Company joint operation project, UAE	50%
(j)	Target Engineering and Construction Company LLC/ Marintek Middle East and Asia FLE joint operation project UAE	65%
(k)	Arabtec Engineering Services/WCT Engineering joint operation project, UAE	50%
(l)	Arabian Construction Company/Arabtec joint operation project, Syria	50%
(m)	Arabtec/National Projects and Construction joint operation project, UAE	50%
(n)	Arabtec/AI Saad joint operation project, KSA	66.66%
(o)	Arabtec/Combined Group Contracting Company Joint operation, Kuwait	60%
(p)	TAV/CCC/Arabtec Joint operation, UAE	33%
(q)	Oger Abu Dhabi LLC/Constructora San Jose SA/Arabtec Joint operation, UAE	33%
(r)	CCC/Arabtec Joint operation, Kazakhstan	50%
(s)	ATC/CCC/DSC Joint Venture Limited, Jordan	33%
(t)	ATC/SIAC joint operation project, Egypt	55%
(u)	ATC/ Constructor San Jose SA joint operation project, UAE	50%
(v)	EFECO/ACC joint operation project, Kazakhstan	40%
(w)	Arabtec Al Mukawilon Joint operation, Palestine	60%
(x)	ACC Arabtec Joint operation, Lebanon	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.

16 Bank borrowings

The Group has obtained bank borrowings (including bank overdrafts) from several commercial banks, mainly to fund working capital requirements.

	Current		Non-current	
	30 June 2017 Unaudited AED'000	31 December 2016 Audited AED'000	30 June 2017 Unaudited AED'000	31 December 2016 Audited AED'000
Bank overdrafts	376,828	510,592	-	-
Acceptances	261,211	152,933	-	-
Project payment certificate discounting	233,854	86,826	-	-
Trust receipts	399,016	405,542	-	-
Term loans	561,768	985,785	667,142	140,000
Total borrowings	1,832,677	2,141,678	667,142	140,000

No term loans were obtained during the six-month period ended 30 June 2017 (Six-month period ended 30 June 2016: AED 75 million).

At 30 June 2017, the Group was not in breach of financial covenants in relation to the above borrowings.

17 Operating lease arrangements

	30 June 2017 Unaudited AED'000	30 June 2016 Unaudited AED'000
Minimum lease payments under operating leases recognised as expense during the period	109,465	124,093

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

	30 June 2017 Unaudited AED'000	31 December 2016 Audited AED'000
Within one year	233,061	198,568
Two to five years	557,562	470,570
More than five years	343,320	385,217
Total operating lease expenditure contracted for at the reporting date	1,133,943	1,054,355

18 Contingencies and commitments

At 30 June 2017, 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 8,272 million (31 December 2016: AED 7,571 million).

The Group is a defendant in a number of lawsuits relating to its business. The Group's management believes that it is only possible, but not probable, that the claimants will succeed. Accordingly, the Group's management has assessed that the provision currently booked is adequate to cover any liability arising from such cases.

At 30 June 2017, the Group had commitments for capital expenditure amounting to AED 1,060 million (31 December 2016: AED 1,054 million).

19 Other financial assets

	Current		Non- Current	
	30 June 2017 AED'000 Unaudited	31 December 2016 AED'000 Audited	30 June 2017 AED'000 Unaudited	31 December 2016 AED'000 Audited
Financial assets at cost				
Unquoted equity shares	-	-	17,282	17,282
Total available-for-sale investments	-	-	17,282	17,282
Financial assets at amortised cost				
Fixed deposits under lien	70,631	50,995	-	-
Margin deposits	54,603	64,267	-	-
	125,234	115,262	-	-
Total other financial assets	125,234	115,262	17,282	17,282

Unquoted equity shares include:

At 31 December 2016, the Group assessed that it had lost control over its subsidiaries in the Kingdom of Saudi Arabia (KSA). Management's previous assessment of control over these entities was based on the Group's practical ability to direct relevant activities and affect variable returns of these entities. Management believes that due to discontinuation of major operations of the subsidiaries in KSA, there are no further relevant activities that the Group exercises control or significant influence over. Accordingly, these subsidiaries were de-consolidated and classified as available-for-sale investments under IAS 39 "Financial Instruments: Recognition and Measurement" at 31 December 2016 and are carried at nil amount.

20 Investment in associates

	30 June 2017 Unaudited AED'000	31 December 2016 Audited AED'000
DEPA Limited	213,636	186,627
Jordan Wood Industries PSC	5,510	5,871
	219,146	192,498

(a) DEPA Limited

On 21 November 2012, the Group acquired shares in DEPA Limited ("DEPA") for AED 241,706 thousand representing a 24.329% interest in the DEPA'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 ventures and associates across a number of countries and market segments. The company operates in the Middle East, North Africa, Europe and Asia regions.

DEPA is listed in the Dubai International Financial Center (DIFC) on the NASDAQ Dubai.

(b) Jordan Wood Industries PSC

During 2013, the Group acquired shares in Jordan Wood Industries PSC ("JWICO") for AED 11,088 thousand representing a 14.6% interest in the company's share capital upon acquisition. The investment in JWICO was classified as an associate as the Group obtained significant influence over the operating and financial policies of the company. JWICO deals in manufacturing, trading and distribution of various types of furniture.

The fair market value of the investment in JWICO as of 30 June 2017, based on listed bid prices, was approximately AED 3.1 million (31 December 2016: AED 3.8 million). Based on the carrying value of JWICO and the estimates of future profits, management is of the opinion that no further impairment is required for its investment in this associate.