Arabtec Holding PJSC and its subsidiaries

Condensed consolidated interim financial information
for the six-month period ended 30 June 2019 (Unaudited)

Arabtec Holding PJSC and its subsidiaries

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Board of Directors
Arabtec Holding PJSC and its subsidiaries
Dubai
United Arab Emirates

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 2019 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, including a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 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

Except as explained in the following paragraphs, we conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the 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.

Basis for Qualified Conclusions

a) The Group's investment properties include a property comprising a plot of land and associated development costs (the "Property") which is carried at AED 568 million on the condensed consolidated interim statement of financial position as at 30 June 2019 (31 December 2018: AED 568 million). Based on information provided to us by management, the recoverable amount of this property has not been determined, which constitutes a departure from International Accounting Standard (IAS) 36, *Impairment of assets* and consequently we were unable to complete our review of the Property included in the condensed consolidated interim financial information. Had we been able to complete our review of the Property, matters might have come to our attention indicating that adjustments might be necessary to the condensed consolidated interim financial information.

Cont'd…

Akbar Ahmad (1141), Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

Basis for Qualified Conclusions (continued)

b) The Group has "due from customers on construction contracts" which is carried at AED 2.7 billion on the condensed consolidated interim statement of financial position as at 30 June 2019 (31 December 2018: AED 2.6 billion). Based on information provided to us by management, certain claims included in the above have been accounted for as variable consideration in the transaction price of its construction contracts. International Financial Reporting Standard 15 *Revenue from Contracts with Customers* requires that variable consideration shall be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This information indicates that, had management constrained the inclusion of these claims in the transaction price to the extent that it meets the above criteria, due from customers from construction contracts would have been decreased by AED 222.4 million and opening retained earnings would have been decreased by AED 87.1 million as at 30 June 2019. Accordingly, contract revenue and profit would have been decreased by AED 135.3 million and earnings per share would have been reduced by AED 0.09 per share for the six-month period ended 30 June 2019.

Qualified Conclusion

Based on our review, with the exception of matter a) described in the preceding paragraph and except for the adjustments to the condensed consolidated interim financial information that we might have become aware of had it not been for the situation described in matter b) above, based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not present fairly, in all material respects, the financial position of the Group as at 30 June 2019 and of its financial performance and cash flows for the six-month period then ended in accordance with IAS 34 *Interim Financial Reporting*.

Emphasis of Matters

We draw attention to:

a) Note 24 to the condensed consolidated interim financial information, which describes that the various contractual disputes relating to projects are currently subject to legal and / or dispute resolution proceedings and where applicable, amicable settlement negotiations, with the respective employers. The probable outcome of these contractual disputes cannot be determined with reasonable certainty, as these legal/dispute resolution proceedings and where applicable, amicable settlement negotiations, are ongoing.

b) Note 25 to the condensed consolidated interim financial information, which describes that the outcome of the dispute and claim filed by a non-controlling shareholder of Arabtec Construction W.L.L. Qatar, a subsidiary of the Group, cannot be determined with reasonable certainty as at the date of this report.

Our conclusion is not modified in respect of these matters.

Other Matters

The condensed consolidated interim financial information of the Group for the period ended 31 March 2019, was reviewed by another auditor who expressed a modified conclusion on those condensed consolidated interim financial information on 14 May 2019. The consolidated financial statements of the Group for the year ended 31 December 2018, was audited by another auditor who expressed a modified opinion on those consolidated financial statements on 12 February 2019.

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

Other Matters (continued)

The reasons for modification of the review conclusion and audit opinion were as follows:

a) The Group's investment properties include a property comprising of a plot of land and associated development costs (the property) with a carrying amount of AED 568 million (31 December 2018: AED 568 million). Management has not carried out a detailed impairment review to assess the recoverable amount of the property, which is calculated on the higher of its value-in-use and fair value less cost to sell in accordance with IAS 36 *Impairment of assets*. The predecessor auditor was unable to perform the review procedures they considered necessary to satisfy themselves as to the carrying amount of the property as at 31 March 2019 and 31 December 2018 and was not able to determine whether any impairment should have been recorded.

b) The balance of trade and other receivables include net exposures of AED 153 million at 31 March 2019 (31 December 2018: AED 153 million) relating to amounts due from customers that have not been certified by the customers and which are subject to negotiations and discussions. The predecessor auditor was unable to perform the review procedures they considered necessary to satisfy themselves as to the extent and timing of the recoverability of these amounts and was not able to determine whether any impairment adjustments relating to these amounts was necessary.

As part of our review of the condensed consolidated interim financial information for the six-month period ended 30 June 2019, we also reviewed the adjustments described in Note 26 that were applied to restate amounts reported as at 31 March 2019. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Group's condensed consolidated interim financial information for the three-month period ended 31 March 2019 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the Group's condensed consolidated interim financial information for the three-month period ended 31 March 2019 taken as a whole.

Deloitte & Touche (M.E.)



Cynthia Corby
Registration No. 995
8 August 2019
Dubai
United Arab Emirates

Condensed consolidated interim statement of financial position

	Notes	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	**559,082**	638,874
Right-of-use asset	2	**127,371**	-
Investment properties	6	**593,581**	595,320
Goodwill		**248,741**	248,741
Other intangible assets	7	**15,522**	16,000
Investment in an associate	8	**201,525**	209,328
Deferred tax asset		**3,153**	5,282
Trade and other receivables		**372,016**	537,018
Advances paid to suppliers and sub-contractors		**92,472**	280,223
Other financial assets	12	**17,282**	17,282
Total non-current assets		**2,230,745**	2,548,068
Current assets			
Inventories	13	**138,441**	130,590
Trade and other receivables		**2,465,493**	2,395,825
Due from customers on construction contracts	9	**2,727,031**	2,641,928
Advances paid to suppliers and sub-contractors		**964,177**	977,947
Due from related parties	10	**573,491**	576,160
Other financial assets	12	**155,971**	205,713
Other current assets		**290,697**	289,301
Cash and bank balances	11	**918,598**	1,269,575
Total current assets		**8,233,899**	8,487,039
Total Assets		**10,464,644**	11,035,107
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	**1,500,000**	1,500,000
Statutory reserve		**155,909**	155,909
Foreign currency translation reserve		**18,816**	27,603
Other reserves		**(212,648)**	(212,648)
Retained earnings		**172,665**	189,793
Equity attributable to owners of the Parent		**1,634,742**	1,660,657
Non-controlling interests		**(274,273)**	(258,399)
Total equity		**1,360,469**	1,402,258
Non-current liabilities			
Bank borrowings	15	**623,997**	559,911
Lease liabilities	2	**83,549**	-
Retention payables		**447,888**	361,234
Provision for employees' end of service benefits		**223,627**	216,045
Total non-current liabilities		**1,379,061**	1,137,190
Current liabilities			
Trade and other payables		**4,672,801**	4,674,891
Due to customers on construction contracts	9	**40,477**	66,455
Advances received from customers		**1,434,349**	1,757,322
Bank borrowings	15	**1,060,273**	1,497,096
Lease liabilities	2	**10,159**	-
Due to related parties	10	**497,913**	487,029
Income tax payable		**9,142**	12,866
Total current liabilities		**7,725,114**	8,495,659
Total Liabilities		**9,104,175**	9,632,849
Total Equity and Liabilities		**10,464,644**	11,035,107

Peter Pollard
Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of profit or loss (Unaudited) for the six-month period ended 30 June 2019

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2019 AED'000	2018 AED'000	**2019 AED'000**	2018 AED'000
Revenue	17	**2,185,785**	2,391,494	**4,213,127**	4,811,851
Direct costs		**(2,049,836)**	(2,231,192)	**(3,947,045)**	(4,487,532)
Gross profit		**135,949**	160,302	**266,082**	324,319
Investment income/(loss)		**2,017**	(992)	**3,070**	1,445
General and administrative expenses		**(91,956)**	(78,844)	**(206,094)**	(160,699)
Other income/(expense)		**148**	(3,161)	**48,327**	6,075
Finance costs - net		**(27,144)**	(33,574)	**(53,951)**	(59,574)
Share of (loss)/profit of an associate		**-**	5,745	**(7,803)**	7,497
Profit before tax		**19,014**	49,476	**49,631**	119,063
Income tax expense	14	**(244)**	(111)	**(679)**	(3,851)
Profit after tax for the period		**18,770**	49,365	**48,952**	115,212
Attributable to					
Owners of the Parent		**26,059**	49,409	**57,872**	113,045
Non-controlling interests		**(7,289)**	(44)	**(8,920)**	2,167
		18,770	49,365	**48,952**	115,212
Earnings per share					
Basic and diluted (AED)	18	**0.02**	0.03	**0.04**	0.08

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of comprehensive income (Unaudited) for the six-month period ended 30 June 2019

	Three-month period ended 30 June		Six-month period ended 30 June	
	2019 AED'000	2018 AED'000	**2019 AED'000**	2018 AED'000
Profit for the period	**18,770**	49,365	**48,952**	115,212
Other comprehensive loss:				
Items that may be reclassified subsequently to profit or loss				
Net change in foreign currency translation reserve	**(10,073)**	(1,445)	**(13,741)**	(5,990)
Total comprehensive income for the period	**8,697**	47,920	**35,211**	109,222
Attributable to:				
Owners of the Parent	**19,777**	48,721	**49,085**	108,885
Non-controlling interests	**(11,080)**	(801)	**(13,874)**	337
	8,697	47,920	**35,211**	109,222

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2019

	Attributable to owners of the Parent							
	Share capital AED'000	**Statutory reserve AED'000**	**Foreign currency translation reserve AED'000**	**Other reserves AED'000**	**Retained earnings AED'000**	**Total AED'000**	**Non-controlling interests AED'000**	**Total equity AED'000**
Balance at 31 December 2018 (Audited)	1,500,000	155,909	27,603	(212,648)	189,793	1,660,657	(258,399)	1,402,258
Profit/(loss) for the period	-	-	-	-	57,872	57,872	(8,920)	48,952
Other comprehensive loss for the period	-	-	(8,787)	-	-	(8,787)	(4,954)	(13,741)
Total comprehensive income/(loss) for the period	-	-	(8,787)	-	57,872	49,085	(13,874)	35,211
Dividends declared and paid to shareholders (Note 27)	-	-	-	-	(75,000)	(75,000)	-	(75,000)
Dividends declared and paid to non-controlling interest	-	-	-	-	-	-	(2,000)	(2,000)
Balance at 30 June 2019 (Unaudited)	**1,500,000**	**155,909**	**18,816**	**(212,648)**	**172,665**	**1,634,742**	**(274,273)**	**1,360,469**
Balance at 31 December 2017 (Audited)	1,500,000	130,279	33,498	(199,063)	120,152	1,584,866	(244,368)	1,340,498
Impact of changes in accounting policies	-	-	-	-	(101,397)	(101,397)	(11,282)	(112,679)
Balance at 1 January 2018 - restated	1,500,000	130,279	33,498	(199,063)	18,755	1,483,469	(255,650)	1,227,819
Profit for the period	-	-	-	-	113,045	113,045	2,167	115,212
Other comprehensive loss for the period	-	-	(4,160)	-	-	(4,160)	(1,830)	(5,990)
Total comprehensive (loss)/income for the period	-	-	(4,160)	-	113,045	108,885	337	109,222
Dividends declared and paid to shareholders (Note 27)	-	-	-	-	(30,750)	(30,750)	-	(30,750)
Dividends declared and paid to non-controlling interest	-	-	-	-	-	-	(6,013)	(6,013)
Remuneration to directors	-	-	-	-	(9,200)	(9,200)	-	(9,200)
Balance at 30 June 2018 (Unaudited)	1,500,000	130,279	29,338	(199,063)	91,850	1,552,404	(261,326)	1,291,078

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (Unaudited) for the six-month period ended 30 June 2019

	Notes	Six-month period ended 30 June 2019 AED'000	2018 AED'000
Cash flows from operating activities			
Profit before tax		**49,631**	119,063
Adjustments for:			
Depreciation on property, plant and equipment	5	**73,866**	71,225
Gain on sale of property, plant and equipment		**(54,586)**	(175)
Interest expense		**56,420**	50,260
Provision for employees' end of service benefits		**27,255**	18,191
Investment income		**(3,070)**	(1,445)
Amortisation of right-of-use of asset		**5,550**	-
Amortisation of intangible assets	7	**522**	500
Loss on disposal of an investment property		**408**	-
Depreciation on investment properties		**27**	163
Net fair value change in non-current receivables and payables		**(1,737)**	9,314
Share in loss/(profit) of an associate		**7,803**	(7,497)
Operating cash flows before changes in operating assets and liabilities		**162,089**	259,599
Decrease/(increase) in trade and other receivables, including due from customers on construction contracts		**11,968**	(33,341)
Decrease in advances paid to suppliers and sub-contractors		**201,521**	271,652
Decrease in due from related parties		**2,669**	9,850
Increase in inventories		**(7,851)**	(27,489)
Increase in other current assets		**(36,342)**	(25,277)
Decrease in trade and other payables, including due to customers on construction contracts		**(28,068)**	(443,179)
Decrease in advances received from customers		**(322,973)**	(135,492)
Increase in due to related parties		**10,884**	99,120
Increase in retention payables		**86,654**	67,044
Cash generated from operating activities		**80,551**	42,487
Employees' end of service benefits paid		**(19,673)**	(21,813)
Income tax paid		**(2,274)**	(12,565)
Net cash generated from operating activities		**58,604**	8,109

Condensed consolidated interim statement of cash flows (Unaudited) for the six-month period ended 30 June 2019 (continued)

	Notes	Six-month period ended 30 June	
		2019	2018
		AED'000	AED'000
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**81,780**	12,419
Purchase of property, plant and equipment	5	**(21,268)**	(31,335)
Decrease/(increase) in other financial assets		**49,742**	(20,251)
Proceeds from disposal of investment property		**1,304**	-
Purchase of intangible assets		**(44)**	-
Dividend received from an associate		**-**	19,442
Investment income received		**3,070**	1,445
Increase in short term deposits		**-**	(450)
Net cash generated from/(used in) investing activities		**114,584**	(18,730)
Cash flows from financing activities			
Repayment of borrowings, net		**(229,247)**	(155,634)
Repayment of lease liabilities		**(6,736)**	-
Interest paid		**(53,951)**	(50,260)
Dividends paid to shareholders		**(75,000)**	(30,750)
Dividends paid to non-controlling interests		**(2,000)**	(6,013)
Remuneration paid to directors		**-**	(9,200)
Net cash used in financing activities		**(366,934)**	(251,857)
Net decrease in cash and cash equivalents		**(193,746)**	(262,478)
Cash and cash equivalents at the beginning of the period/year		**874,898**	500,749
Net foreign currency translation difference		**(13,741)**	(5,990)
Cash and cash equivalents at the end of the period/year	11	**667,411**	232,281
Non-cash transaction:			
IFRS 9 and 15 opening adjustments		**-**	112,679

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019

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 part of the Mubadala Investment Company PJSC - group 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 is reviewed, not audited.

Subsidiaries, associates and joint operations:

	% Holding (including indirect holding)		
Name of subsidiary and domicile	**30 June 2019**	**31 December 2018**	**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	100%	100%	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

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

1. General information (continued)

Subsidiaries, associates and joint operations: (continued)

Name of subsidiary and domicile	% Holding (including indirect holding) 30 June 2019	31 December 2018	Principal activities
Arabtec International Company, Limited, Republic of Mauritius	100%	100%	Civil construction and related works
Arabtec Construction India (Pvt) Limited, India	63%	63%	Civil construction and related works
Arabtec Constructions LLC - Abu Dhabi, UAE	60%	60%	Civil construction and related works
Arabtec Precast LLC, UAE	100%	100%	Manufacturing of precast panels
Arabtec Minority Holding 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
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

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

1. General information (continued)

Subsidiaries, associates and joint operations: (continued)

Name of subsidiary and domicile	% Holding (including indirect holding) 30 June 2019	31 December 2018	Principal activities
GSI Steel Construction Contracting LLC, UAE	100%	100%	Fabrication of steel structure and profiles
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

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

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
- Idrotec SRL - Abu Dhabi
- 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 19.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

1. General information (continued)

Subsidiaries, associates and joint operations (continued):

The Group has the following associate over which it exercises significant influence:

Name of associate and domicile	% Holding (including indirect holding) 30 June 2019	31 December 2018	Principal activities
Depa Plc, Dubai, UAE ("DEPA") (formerly Depa Limited)	24.329%	24.329%	Luxury fit-out of five star hotels, yachts and facilities and related services

2. Basis of preparation and accounting policies

2.1 Basis of preparation

This condensed consolidated interim financial information for the period ended 30 June 2019 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 currency of the Company and presentation currency of the Group. All numbers are rounded off to the nearest thousand except otherwise stated.

The condensed consolidated interim financial information does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2018.

2.2 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 2018 and the notes attached thereto except as stated in Note 2.3.

2.3 Changes in accounting policies

(i) New and amended standards adopted by the Group

The following new standard became applicable for the current reporting period and the Group had to change its accounting policies and make appropriate adjustments as a result of adopting the standard:

The Group adopted IFRS 16 'Leases' the standard replaces the existing guidance on leases, including IAS 17 'Leases", IFRIC 4 'Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

2. Basis of preparation and accounting policies (continued)

2.3 Changes in accounting policies (continued)

(i) New and amended standards adopted by the Group (continued)

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognize in the Group's financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Group has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16 to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application. IFRS 16 transition disclosures also requires the Group to present the reconciliation. The off-balance sheet lease obligations as of 31 December 2018 are reconciled as follows to the recognized the lease liabilities as of 1 January 2019.

	AED'000 *(Unaudited)*
Operating lease commitments disclosed as of 31 December 2018	**528,988**
Less: Short term leases recognised on a straight line basis as expense	**(149,137)**
Net adjustments due to discounting and different treatments of extension and termination options	**(266,758)**
Net present value of lease liabilities	**113,093**
Less: Prepayments as at the date of initial application	**(34,946)**
Lease liabilities recognised as at 1 January 2019 – as restated	**78,147**
Of which are:	
- Current lease liabilities	**6,800**
- Non-current lease liabilities	**71,347**
	78,147

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the statement of financial position of the Group as at 1 January 2019 (as restated):

- prepayment - decrease by AED 34.9 million
- right-of-use assets - increase by AED 113.1 million
- lease liabilities - increase by AED 78.1 million

There is no impact on retained earnings on 1 January 2019.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

2. Basis of preparation and accounting policies (continued)

2.3 Changes in accounting policies (continued)

(i) New and amended standards adopted by the Group (continued)

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 AED'000 *(Unaudited)*	1 January 2019 AED'000 *(As restated)*
Land	**99,356**	102,298
Buildings	**7,764**	9,396
Labor camps	**20,251**	1,399
	127,371	113,093

The additions during the period for right-of-use assets amounted to AED 19.8 million.

Lease liabilities recognized and maturity analysis:

	30 June 2019 AED'000 *(Unaudited)*	1 January 2019 AED'000 *(As restated)*
Amount due for settlement within 12 months		
Not later than 1 year (shown under current liabilities)	**10,159**	6,800
Amount due for settlement after 12 months		
Later than 1 year and not later than 5 years	**53,417**	41,215
Later than 5 years	**30,132**	30,132
	93,708	78,147

Impact on segment disclosures and earnings per share

The change in accounting policy increased segment assets and liabilities as at 30 June 2019 and reduced net results for the period then ended. Lease liabilities are now included in segment liabilities, whereas finance lease liabilities were previously excluded from segment liabilities.

The following segments were affected by the change in policy:

	Net results AED'000	**Segment assets AED'000**	**Segment liabilities AED'000**
Building	**(2,469)**	**59,002**	**28,822**
Economic and social infrastructure	**(2,402)**	**36,435**	**34,876**
Industrial	**(3,148)**	**31,934**	**30,010**
	(8,019)	**127,371**	**93,708**

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

2. Basis of preparation and accounting policies (continued)

2.3 Changes in accounting policies (continued)

(i) New and amended standards adopted by the Group (continued)

The Group's leasing activities and how these are accounted for:

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of 1 to 50 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

From 1 January 2019, Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Practical expedient

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

2. Basis of preparation and accounting policies (continued)

2.3 Changes in accounting policies (continued)

(i) New and amended standards adopted by the Group (continued)

Practical expedient (continued)

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

(ii) Revised standards

Effective for annual periods beginning on or after 1 January 2019:

- Amendments to IFRS 9 *Prepayment Features with Negative Compensation and Modification of financial liabilities*
- Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures.
- Annual Improvements to IFRSs 2015 - 2017 *Cycle Amendments to* IFRS 3 *Business Combinations,* IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes and* IAS 23 *Borrowing Costs*
- Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

(iii) New and revised standards and interpretations but not yet effective

Effective for annual periods beginning after 1 January 2020:

- Amendments regarding the definition of material
- Amendments to clarify the definition of a business
- IFRS 17: *Insurance Contracts*
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.
- Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

2.4 Basis of consolidation

The condensed consolidated interim financial information as at, and for the period ended 30 June 2019 comprises results of the Company and its subsidiaries. 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.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

3. Critical judgments and key sources of estimation uncertainty

Changes in judgments and estimation uncertainty

The critical judgements and estimates used in the preparation of these condensed consolidated interim financial information are consistent with those used in the preparation of the Group's consolidated financial statements for the year ended 31 December 2018 except as follows:

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"), which ranges from 6.24% to 6.5%, due to the absence of implicit rates in the lease contracts.

Management has applied judgments and estimates to determine the IBR at the commencement of lease, using borrowing rates that certain financial institutions would charge the Group against financing the different types of assets it leases over different terms and different ranges of values. Majority of the leases are present in the UAE and accordingly no adjustment for the economic environment was deemed required.

Recoverable amount of Investment in Depa PLC

The Group maintains its significant influence over Depa PLC's operating and financial policies. As a result, Management continues to account for its investment in Depa PLC as at 30 June 2019 under the equity method. Since the investee has not declared its results at the date of approval of this condensed consolidated interim financial information, Management has assessed the recoverable amount of the investment using value in use calculation, based on available market information and reasonable assumptions; such as cashflow forecast, growth rate, discount rate, and terminal growth rate.

Management considers that for the recoverable amount to fall below the carrying value, there would have to be unreasonable changes to key assumptions. Management considers the likelihood of these changes occurring as unlikely.

Impairment assessment of Goodwill

Management tests annually for impairment of goodwill as required by IAS 36 *Impairment of Assets* or more frequently when there is an indication that goodwill may be impaired at another reporting date, in accordance with the requirements of IAS 36. The recoverable amount of the cash-generating units have been determined based on value-in-use calculations. The cash flow forecast used in the calculations are consistent with the most up-to-date budgets and plans aligned with the Group's business strategy and are based on reasonable and supportable assumptions. The discount rate used represents the rate that the market would expect on an investments of equivalent risk.

A change in the assumptions used by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

3. Critical judgments and key sources of estimation uncertainty (continued)

Changes in judgments and estimation uncertainty **(continued)**

Contract claims

A claim is an amount that the contractor seeks to collect from the customer or another party as reimbursements for costs not included in the contract price. A claim may arise from, for example, customer caused delays, prolongation cost, cost of acceleration of project, program errors in specifications or design, and disputed variations in contract work. The measurement of the amounts of revenue arising from claims is subject to a high level of uncertainty and often depends on the outcome of negotiations. Therefore, claims are only included in contract revenue when the amount has been accepted by the customer or the customer's representative and or negotiations have reached a stage that it is highly probably that a significant reversal of revenue will not occur.

Labor camp option

As described in Note 26 (b), the Group is currently in the process of finalizing the terms of the Labour Camp option for the renegotiated lease. The Group has made a judgement, based on current discussions and a draft term sheet, that the lease option agreement will be finalized based on the high level terms set out in Note 26 (b). Given payment of AED 100 million for this option has been made in advance, the Group has classified this balance as such in the condensed consolidated interim statement of financial position as at 30 June 2019.

4. 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. The Group CEO is identified as a chief operating decision maker for the Group.

The management of the Group assessed the Group into four key business units; Building, Economic and Social Infrastructure, Industrial and Other. These businesses are the basis on which the Group reports its primary segment information to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The building segment primarily engages in the construction of high-rise towers, commercial and residential buildings and residential villas including execution of drainage, electrical and mechanical works. The Economic and Social Infrastructure segment is related to construction of airports, hospitals, museums and other activities which contributes to the social and economic development and industrial segment is involved in all works related to, intended to be used for, and/or for clients in the industries of oil and gas. The Other segment is involved in all other work that does not fall into the previous three segments in addition to the Company.

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.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

4. Segment reporting (continued)

	Building AED'000	Economic and social infrastructure AED'000	Industrial AED'000	Others AED'000	Eliminations AED'000	Total AED'000
Six-month period ended 30 June 2019 (Unaudited)						
Revenue	3,261,202	791,118	329,158	135,068	(303,419)	4,213,127
Direct costs	(3,077,402)	(757,681)	(307,734)	(107,647)	303,419	(3,947,045)
Gross profit	**183,800**	**33,437**	**21,424**	**27,421**	**-**	**266,082**
Other income and other expenses, net	54,129	506	1,281	(2,321)	(10,000)	43,595
General and administrative expenses	(165,458)	(4,895)	(7,058)	(30,683)	2,000	(206,094)
Finance costs - net	(39,300)	(33)	(3,164)	(11,455)	-	(53,952)
Income tax expense	(679)	-	-	-	-	(679)
Net segment results	**32,492**	**29,015**	**12,483**	**(17,038)**	**(8,000)**	**48,952**
Three-month period ended 30 June 2019 (Unaudited)						
Revenue	1,724,289	377,391	142,262	79,430	(137,587)	2,185,785
Direct costs	(1,639,577)	(356,278)	(133,166)	(58,402)	137,587	(2,049,836)
Gross profit	**84,712**	**21,113**	**9,096**	21,028	**-**	**135,949**
Other income and other expenses, net	13,365	(355)	585	(376)	(10,000)	3,219
General and administrative expenses	(75,690)	(1,832)	(3,189)	(13,245)	2,000	(91,956)
Finance costs - net	(20,319)	(33)	(1,781)	(6,065)	-	(28,198)
Income tax expense	(244)	-	-	-	-	(244)
Net segment results	**1,824**	**18,893**	**4,711**	**1,342**	**(8,000)**	**18,770**

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

4. Segment reporting (continued)

	Building AED'000	Economic and social infrastructure AED'000	Industrial AED'000	Others AED'000	Eliminations AED'000	Total AED'000
Six-month period ended 30 June 2018 (Unaudited)						
Revenue	3,504,832	1,093,735	478,696	147,238	(412,650)	4,811,851
Direct costs	(3,300,636)	(1,049,110)	(442,044)	(108,392)	412,650	(4,487,532)
Gross profit	204,196	44,625	36,652	38,846	-	324,319
Other income and other expenses, net	1,227	932	471	12,387	-	15,017
General and administrative expenses	(81,105)	(32,265)	(10,679)	(36,650)	-	(160,699)
Finance costs - net	(32,018)	(10,712)	(4,268)	(12,576)	-	(59,574)
Income tax expense	(2,842)	(1,009)	-	-	-	(3,851)
Net segment results	89,458	1,571	22,176	2,007	-	115,212
Three-month period ended 30 June 2018 (Unaudited)						
Revenue	1,778,767	581,872	172,279	50,966	(192,390)	2,391,494
Direct costs	(1,663,199)	(559,187)	(159,622)	(41,574)	192,390	(2,231,192)
Gross profit	115,568	22,685	12,657	9,392	-	160,302
Other income and other expenses, net	130	806	269	387	-	1,592
General and administrative expenses	(43,198)	(17,401)	(4,595)	(13,650)	-	(78,844)
Finance costs - net	(19,272)	(6,438)	(1,453)	(6,411)	-	(33,574)
Income tax expense	(43)	(68)	-	-	-	(111)
Net segment results	53,185	(416)	6,878	(10,282)	-	49,365

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

4. Segment reporting (continued)

	Building AED'000	Economic and social infrastructure AED'000	Industrial AED'000	Others AED'000	Eliminations AED'000	Total AED'000
As at 30 June 2019 (Unaudited)						
Segment assets	**6,689,571**	**2,155,927**	**663,252**	**2,738,373**	**(1,782,479)**	**10,464,644**
Segment liabilities	**(6,727,095)**	**(2,246,675)**	**(482,557)**	**(1,403,506)**	**1,755,658**	**(9,104,175)**
As at 31 December 2018 (Audited)						
Segment assets	6,511,383	2,743,526	846,816	2,902,369	(1,968,987)	11,035,107
Segment liabilities	(6,795,731)	(2,544,399)	(758,473)	(1,470,667)	1,936,421	(9,632,849)

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

5. Property, plant and equipment

	Land AED'000	Leasehold land AED'000	Plant, machinery and office equipment AED'000	Vehicles AED'000	Labour camps and buildings AED'000	Furniture AED'000	Scaffolding, cabins and tunnel forms AED'000	Properties under construction AED'000	Total AED'000
At 31 December 2018 (audited)									
Cost or fair value	53,427	6,302	1,118,467	186,047	602,544	147,351	165,636	11,937	2,291,711
Accumulated depreciation	-	(2,205)	(900,661)	(155,982)	(364,704)	(128,590)	(100,695)	-	(1,652,837)
Net book value	53,427	4,097	217,806	30,065	237,840	18,761	64,941	11,937	638,874
Six-month period ended 30 June 2019 (Unaudited)									
Opening net book value	53,427	4,097	217,806	30,065	237,840	18,761	64,941	11,937	638,874
Depreciation charge	-	(80)	(46,611)	(6,766)	(6,254)	(6,862)	(7,293)	-	(73,866)
Additions	-	592	13,990	851	655	1,292	291	3,597	21,268
Disposals	-	-	(287)	(3,617)	(22,967)	(155)	(168)	-	(27,194)
Transfers	-	(84)	354	26	-	34	284	(614)	-
Closing net book value	**53,427**	**4,525**	**185,252**	**20,559**	**209,274**	**13,070**	**58,055**	**14,920**	**559,082**
At 30 June 2019 (Unaudited)									
Cost or fair value	**53,427**	**6,810**	**1,132,524**	**183,307**	**580,232**	**148,522**	**166,043**	**14,920**	**2,285,785**
Accumulated depreciation	**-**	**(2,285)**	**(947,272)**	**(162,748)**	**(370,958)**	**(135,452)**	**(107,988)**	**-**	**(1,726,703)**
Net book value	**53,427**	**4,525**	**185,252**	**20,559**	**209,274**	**13,070**	**58,055**	**14,920**	**559,082**

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

6. Investment properties

	30 June 2019 AED'000 *(Unaudited)*	31 December 2018 AED'000 *(Audited)*
Net book value at the beginning of the period/year	**595,320**	595,647
Disposal during the period/year	**(1,712)**	-
Depreciation for the period/year	**(27)**	(327)
Net book value at the end of the period/year	**593,581**	595,320

a) Investment properties include a plot of land in Dubai, UAE amounting to AED 568 million (31 December 2018: AED 568 million). The carrying value of the land includes development costs incurred of AED 88 million.

At 30 June 2019, management is working with an external party on the development plan of the property. No impairment provision was recorded as management is confident that the recoverable amount of the property will be higher than its carrying amount based on its value-in-use. This land is pledged against the borrowing from a financial institution amounting to AED 242.8 million as at 30 June 2019 (31 December 2018: AED 250 million).

b) Land in Al Ain, UAE amounting to AED 25 million (31 December 2018: AED 25 million), Management has classified this land as investment property and is currently held for appreciation in the value. The fair value of the land is not expected to be materially different from the carrying value as at 30 June 2019.

During the period, there is no rental income (period ended 30 June 2018: Nil) related to investment properties and the depreciation charge in the condensed consolidated interim statement of profit or loss amounted to AED 0.03 million (period ended 30 June 2018: AED 0.16 million).

7. Other intangible assets

	30 June 2019 AED'000 *(Unaudited)*	31 December 2018 AED'000 *(Audited)*
Net book value at the beginning of the period/year	**16,000**	17,000
Additions during the period/year	**44**	-
Amortisation for the period/year	**(522)**	(1,000)
Net book value at the end of the period/year	**15,522**	16,000

The net book value of other intangible assets comprise the "Arabtec brand name".

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

8. Investment in an associate

a) Details of the Group's associate at 30 June 2019 and 31 December 2018 is as follows:

Name of the Associate	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Depa PLC	Dubai, U.A.E.	24.329%	24.329%	Construction activities

b) The above investment has been accounted for under the equity method as follows:

	30 June 2019 AED'000 *(Unaudited)*	31 December 2018 AED'000 *(Audited)*
At the beginning of the period/year	**209,328**	205,248
Share of (loss)/profit for the period/year	**(7,803)**	4,080
At the end of the period/year	**201,525**	209,328

On 21 November 2012, the Group acquired shares in Depa PLC ("DEPA") for AED 241.7 million representing a 24.329% interest in 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 DEPA.

DEPA 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. DEPA operates in the Middle East, North Africa, Europe and Asia regions. DEPA is listed in the Dubai International Financial Center (DIFC) on NASDAQ Dubai.

Summarised financial information of DEPA as of 30 June 2019 is not available as DEPA has not declared its results at the date of approval of this condensed consolidated interim financial information.

Subsequent to the date of issuance of the consolidated financial statements of the Group for the year ended 31 December 2018, DEPA published its financial statements for the same period that showed an additional share of loss attributable to the Group of AED 7.8 million excluding losses amounting to AED 129.6 million from impairment of goodwill in the books of DEPA relating to acquisition made by DEPA, prior to it becoming associate of the Group. The loss has been recognised by the Group during the six-month period ended 30 June 2019.

Furthermore, the Group's share in the results of DEPA for the six-month period ended 30 June 2019 has not been accounted for due to the fact that the financial information of DEPA as of 30 June 2019 has not been published as of date.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

9. Due from/(to) customers on construction contracts

	30 June 2019 AED'000 *(Unaudited)*	31 December 2018 AED'000 *(Audited)*
Contract costs incurred plus recognised profits less recognised losses on contracts in progress	**41,400,092**	41,344,875
Less: progress billings	**(38,713,538)**	(38,769,402)
	2,686,554	2,575,473

	30 June 2019 AED'000 *(Unaudited)*	31 December 2018 AED'000 *(Audited)*	Variance AED'000
Gross amounts of due from customers on construction contracts	**2,727,031**	2,641,928	85,103
Gross amounts of due to customers on construction contracts	**(40,477)**	(66,455)	25,978
	2,686,554	2,575,473	111,081

	30 June 2019 AED'000 *(Unaudited)*
Conversion to certified receivables	**(4,102,046)**
Revenue recognition	**4,213,127**
	111,081

10. Related party transactions

The following table provides details of the total amount of transactions that have been entered into with related parties, as defined in International Accounting Standard 24: *Related Party Disclosures*, during the six-month periods ended 30 June 2019 and 2018, as well as balances with related parties as of 30 June 2019 and 31 December 2018:

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

10. Related party transactions (continued)

	Six-month period ended 30 June 2019		As at 30 June 2019	
	Revenue AED'000 *(Unaudited)*	**Other expenses and sub-contract costs AED'000** *(Unaudited)*	**Amount due to AED'000** *(Unaudited)*	**Amount due from AED'000** *(Unaudited)*
Joint operations	**21,212**	**-**	**412,665**	**536,260**
Shareholders	**11,204**	**-**	**5,961**	**-**
Associate	**-**	**-**	**34,940**	**1,968**
Other related parties	**16,892**	**-**	**44,347**	**35,263**
	49,308	**-**	**497,913**	**573,491**

	Six-month period ended 30 June 2018		As at 31 December 2018	
	Revenue AED'000 *(Unaudited)*	**Other expenses and sub-contract costs AED'000** *(Unaudited)*	**Amount due to AED'000** *(Audited)*	**Amount due from AED'000** *(Audited)*
Joint operations	64,116	-	390,369	561,231
Shareholders	9,998	-	7,048	-
Associate	-	6,075	50,855	-
Other related parties	6,908	480	38,757	14,929
	81,022	6,555	487,029	576,160

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

10. Related party transactions (continued)

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-month period ended 30 June		Six-month period ended 30 June	
	2019	2018	**2019**	2018
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Short term benefits	**2,912**	3,197	**6,264**	6,882
Employees' benefits	**84**	120	**267**	436
Bonus	**9,135**	-	**9,135**	9,218
Remuneration to board of directors	**-**	9,200	**-**	9,200

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.

As at 30 June 2019, cash and cash equivalents and borrowings include AED 167.7 million (31 December 2018: AED 224.1 million) and AED 462.2 million (31 December 2018: AED 461.2 million) respectively, with/from entities in which the Government of the Emirate of Abu Dhabi has an equity stake. Finance costs include AED 13.9 million for the six-month period ended 30 June 2019 (for the six-month period ended 30 June 2018: AED 13.9 million) 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 impact of these transactions have been summarized as follows:

	Due from customers on construction contracts AED'000	**Certified receivables AED'000**	**Retention receivables AED'000**	**Advances received AED'000**	**Revenue AED'000**
As at 30 June 2019 and for the period then ended (Unaudited)	**889,839**	**389,096**	**335,627**	**440,360**	**1,435,524**
As at 31 December 2018 (Audited)/for the period ended 30 June 2018 (Unaudited)	991,466	403,944	382,918	523,185	2,319,156

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

11. Cash and cash equivalents

	30 June 2019 AED'000 *(Unaudited)*	31 December 2018 AED'000 *(Audited)*
Cash in bank	**574,479**	898,728
Short term bank deposits	**344,119**	370,847
Cash and bank balances	**918,598**	1,269,575

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

	30 June 2019 AED'000 *(Unaudited)*	30 June 2018 AED'000 *(Unaudited)*
Cash and bank balances	**918,598**	758,012
Less: Deposits with maturity of more than 3 months	**(40,912)**	(40,450)
Less: Bank overdrafts	**(210,275)**	(485,281)
Cash and cash equivalents for the purpose of statement of cash flows	**667,411**	232,281

12. Other financial assets

	Current		**Non-current**	
	30 June 2019 AED'000 *(Unaudited)*	31 December 2018 AED'000 *(Audited)*	**30 June 2019 AED'000** *(Unaudited)*	31 December 2018 AED'000 *(Audited)*
Financial assets at fair value through other comprehensive income (OCI)				
Unquoted equity shares	**-**	-	**17,282**	17,282
	-	-	**17,282**	17,282
Financial assets at amortised cost				
Fixed deposits under lien	**36,823**	80,843	**-**	-
Margin deposits	**119,148**	124,870	**-**	-
	155,971	205,713	**-**	-
	155,971	205,713	**17,282**	17,282

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

13. Inventories

	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Steel inventories required for specific projects	**8,685**	9,344
Other construction materials	**83,225**	75,027
Work in progress	**41,548**	42,738
Ready mix concrete and other related materials	**7,674**	6,172
	141,132	133,281
Less: Allowance for obsolete and slow moving items	**(2,691)**	(2,691)
	138,441	130,590

Movement in the allowance for obsolete and slow moving items:

	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Balance at beginning of the period/year	**2,691**	5,620
Increase in allowance recognised during the period/year	**-**	50
Amounts written off during the period/year	**-**	(2,979)
Balance at end of the period/year	**2,691**	2,691

14. Income tax expense

The Group is subject to taxation on its operations except in the United Arab Emirates and Bahrain. Income in countries of operations is subject to tax at rates ranging between 5% and 34%.

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

	Six-month period ended 30 June	
	2019 AED'000 *(Unaudited)*	2018 AED'000 (Unaudited)
Income taxes		
Current tax expense	**2,808**	4,045
Deferred tax income relating to the origination of temporary differences	**(2,129)**	(194)
Total income tax expense	**679**	3,851

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

14. Income tax expense (continued)

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

	Six-month period ended 30 June	
	2019	2018
	AED'000	AED'000
	(Unaudited)	*(Unaudited)*
Income before tax	**49,631**	119,063
Income tax expense	**(679)**	(3,851)

The income tax expense in the condensed consolidated interim statement of profit or loss is at the applicable tax rate of the respective subsidiaries in the condensed consolidated interim financial information.

15. 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 2019	31 December 2018	**30 June 2019**	31 December 2018
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	*(Audited)*	***(Unaudited)***	*(Audited)*
Bank overdrafts	**210,275**	353,765	**-**	-
Acceptances	**201,017**	305,755	**-**	-
Project payment certificate discounting	**38,017**	20,097	**-**	-
Trust receipts	**70,751**	97,546	**-**	-
Term loans	**540,213**	719,933	**623,997**	559,911
Total borrowings	**1,060,273**	1,497,096	**623,997**	559,911

During the period ended 30 June 2019, the Group has arranged for an additional term loan amounting to AED 70 million from a financial institution.

The bank facilities are subject to certain restrictive covenants on overall borrowings outstanding at any time, including:

- Irrevocable assignment of project proceeds to the financing banks to be confirmed by the customers.
- Irrevocable undertaking by a subsidiary to deposit the proceeds of projects financed by banks into the specific accounts maintained with the financing banks.
- Assignment of concession rights on property.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

15. Bank borrowings (continued)

- Assignment of sub-contractors' performance bonds in favour of the financing banks for specific contracts.
- Assignment of leasehold rights and insurance over property.
- Minimum net worth requirements.
- Maximum leverage ratio requirements.
- Corporate guarantees of subsidiaries and the Company.
- Pledge of purchased shares of other companies.

At 30 June 2019, the Group was not in breach of financial covenants in relation to the above borrowings.

16. Share capital

	30 June 2019 AED'000 *(Unaudited)*	31 December 2018 AED'000 *(Audited)*
Authorised, issued and fully paid up:		
1,500,000,000 shares of AED 1 each	**1,500,000**	1,500,000

17. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

	Six-month period ended 30 June	
	2019 AED'000 *(Unaudited)*	2018 AED'000 *(Unaudited)*
Construction revenue - over time	**4,189,413**	4,776,049
Sale of ready mix - at a point in time	**23,714**	35,802
Total Revenue	**4,213,127**	4,811,851

The transaction price allocated to (partially) unsatisfied performance obligations at 30 June 2019 are as set out below.

	AED'000 *(Unaudited)*
Transaction price allocated to (partially) unsatisfied performance obligations	**13,959,081**

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

18. Earnings per share

Earnings per share is calculated by dividing the profit attributable to the owners of the Parent for the six-month and three-month period ended 30 June 2019, amounting to AED 57.9 million and AED 26.1 million; respectively (six-month and three-month period ended 30 June 2018: AED 113.0 million and AED 49.4 million; respectively) by the weighted average number of shares outstanding during the period of 1,500,000,000 (2018: 1,500,000,000).

	Three-month period ended 30 June		Six-month period ended 30 June	
	2019	2018	**2019**	2018
	AED	AED	**AED**	AED
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Basic and diluted gain per share	**0.02**	0.03	**0.04**	0.08

19. 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 the liabilities and expenses.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

20. Operating lease arrangements

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

	30 June 2019 AED'000 *(Unaudited)*	31 December 2018 AED'000 *(Audited)*
Short term leases payable within one year	**78,871**	149,137

21. Contingencies and commitments

a) At 30 June 2019, 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 8.6 billion (31 December 2018: AED 8.7 billion).

b) 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.

c) During the year 2018, a third party has filed a claim before the courts of Dubai against the Group and its JV partner, along with other defendants, in respect of a previously completed project. The proceedings are still in early stages and the court has yet to provide the defendants with a full Claimant's exhibits. Consequently, management and the Group's legal counsel are not in a position to provide an evaluation on the likely outcome and range of potential losses, if any, at this stage [Note 24(e)].

22. Financial Instruments

	30 June 2019 AED'000 *(Unaudited)*	31 December 2018 AED'000 *(Audited)*
Financial assets		
At fair value through other comprehensive income:		
Other financial assets	**17,282**	17,282
At amortised cost:		
Trade and other receivables	**2,837,509**	2,932,843
Due from related parties	**573,491**	576,160
Other financial assets	**155,971**	205,713
Cash and bank balances	**918,598**	1,269,575
	4,485,569	4,984,291
	4,502,851	5,001,573
Financial liabilities		
At amortised cost:		
Bank borrowings	**1,684,270**	2,057,007
Trade, retention and other payables	**5,120,689**	5,036,125
Due to related parties	**497,913**	487,029
Lease liabilities	**93,708**	-
	7,396,580	7,580,161

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

22. Financial Instruments (continued)

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and challenging conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors is cash flows on a 13 week rolling forecast.

The Group has committed credit facilities in place at 30 June 2019 comprising various bilateral existing loan facilities of AED 1.0 billion, which are fully utilized and uncommitted working capital facilities of AED 1.7 billion, of which AED 801.5 million are utilized. The Group expects to continue to service its interest and debt repayment obligations and meet its financial obligations as they fall due for at least 12 months from the issuance of this condensed consolidated interim financial information through ongoing monitoring by the Executive Management of the Group's working capital requirements.

23. Seasonality of operations

The results for the period ended 30 June 2019 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 2019 are not necessarily indicative of the results that might be expected for the year ending 31 December 2019.

24. Contractual disputes

a. In 2016, a subsidiary of the Group received a letter from an employer claiming significant progress delays on the program of works. Consequently, the employer instructed the main contractor to (i) resolve the payment issue causing delay or (ii) descope certain works from the main contract and appoint other contractors to carry out remaining works on the descoped areas. The subsidiary has completed its reduced scope of works.

   Management believes that they are not in default in progressing the works and the delays were caused by action or inaction by the main contractor and the subsidiary has contractual entitlement to an Extension of Time claim for the delay period.

   In March 2019, the employer attempted to encash the subsidiary's performance bond due to further delays on the project. The employer was unsuccessful due to legal action taken by the subsidiary in obtaining a precautionary attachment order.

   As at 30 June 2019, the Group has a net receivable of AED 122 million, which Management believes is recoverable from the main contractor as the Group has contractual entitlement over the completed works and the quantum of the descoping has been validated by a third-party expert.

   In accordance with the contract, legal proceedings are ongoing in the Abu Dhabi Courts to resolve the dispute regarding the quantum of the descoping.

b. In 2018, a subsidiary of the Group took legal action to ratify an arbitral award in its favour of AED 286 million plus interest. The court proceedings are ongoing and include seeking attachment orders over certain assets and bank accounts of the employer and are ongoing.

   As at 30 June 2019, the Group has a net receivable of AED 203 million, which Management believes is recoverable from the employer as the amount reflects actual work done and the arbitration award is for a higher amount.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

24. Contractual disputes (continued)

c. In 2011, a subsidiary of the Group took legal action against an employer for non-payment. In 2012, the subsidiary obtained an order from the Pakistan Courts of AED 65 million, in which the employer has filed an appeal in 2016. The appeal proceedings are ongoing in the Pakistan Courts.

Further in 2016, the subsidiary obtained an injunction order preventing the employer from encumbering the plot where the aborted project is located.

As at 30 June 2019, the Group has a net receivable of AED 22 million, which Management believes is recoverable from the employer based on the value of work done and the court order.

d. In 2018, a subsidiary of the Group filed for arbitration in Dubai International Arbitration Centre against an employer to recover monies due from the employer for, among other things, wrongful termination of a main contract in respect of which the subsidiary's 50/50 JV partner has secured an arbitral award of AED 1.1 billion.

As at 30 June 2019, the Group has a net receivable of AED 251 million which Management believes is recoverable from the employer.

e. In 2015, a subsidiary of the Group, together with several other third-parties, was notified by an insurer of a claim for AED 1.2 billion relating to a fire that occurred at a building, in respect of which, the subsidiary was the main contractor in a joint venture with a third-party.

Under the contract, the Dubai Courts have jurisdiction. Given the complexity of the issues, the subsidiary, together with the majority of the other respondents, is seeking to move the case into arbitration. The subsidiary has engaged external experts to assess the claim. The proceedings are at an early stage, and service of documents is not complete. Due to the early stage and incomplete service of documents, Management are unable to evaluate the likely outcome of this matter.

25. Other matter

During 2016, a non-controlling shareholder of the Group's subsidiary in Qatar (Arabtec Construction W.L.L. Qatar) issued a letter indicating his non-approval or non-authorisation to issue the financial statements of the subsidiary, on the grounds that he accepted no responsibility for the financial position and performance and management of the subsidiary.

The Group has obtained legal advice and believes that the non-controlling shareholder is responsible for his share of the subsidiary'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 2017, the shareholder filed a claim against the Group related to the above mentioned matter. Management believes that the outcome of such a dispute would have no impact on the condensed consolidated interim results of the Group as a whole or on its total equity.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

26. Prior period errors

In accordance with the requirements of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*, the correction of the following errors resulted in a retrospective restatement of the amounts as at 31 March 2019.

a. During the three-month period ended 30 June 2019, management have reassessed the lease term of a right of use asset that was recognised on adoption of IFRS 16 *Leases*.

   On 1 January 2019, the Group had recognized a right of use asset and lease liability amounting to AED 318 million on a particular lease in which an extended period of 5 years was assumed as part of the lease term. In particular, they have reviewed their assumption of the 5 year extended lease term after considering the fact that the Group had given the required notice under the contract not to renew the lease under the same terms and conditions and had requested a shorter lease term in December 2018 in line with the requirements of the contract notice period. Furthermore, considering the Group's business strategy, the leased property will only be required for 1 year which is currently being negotiated with the lessor and accordingly should have been classified as a short term lease as at 1 January 2019.

b. On 17 December 2014, the Group entered into an agreement to lease a labor camp in Abu Dhabi for a period of 10 years commencing from 1 January 2016, where the Group paid an advance of AED 370 million.

   On 6 June 2018, the Group entered into an amendment agreement, which effectively cancelled the lease, and agreed:

   - that the camp owner would reimburse AED 170 million to the Group to be paid in accordance with a payment plan;
   - AED 100 million of the advance would be set off against the costs of camp hire for the period the camp was utilized from 2016 to 2018;
   - a fee of AED100 million for an option to use the labor camp for 10 years at 40% lower than prevailing market rates at the time of exercising the option, which can be reassigned to any other party, the terms of which are currently under finalization.

   As at 31 December 2018, the Group reported an advance of AED 260 million under non-current assets in the consolidated statement of financial position comprising the balance reimbursement due from the camp owner of AED160 million, and the fee for the option amounting to AED100 million.

   On 1 January 2019, upon adoption of IFRS 16, the Group erroneously recognized a right of use asset and lease liability amounting to AED 255 million and AED 42.8 million; respectively, on this particular lease, with an impact on retained earnings of AED 47.5 million.

During the three-month period ended 31 March 2019, the Group recognized depreciation expense of AED 24.0 million against the above right of use assets and interest expense of AED 5.2 million related to the related lease liabilities.

During the three-month period ended 30 June 2019, the Group has restated its condensed consolidated interim financial information as of 31 March 2019 by reversing the impact of IFRS 16 on these particular leases.

The adjustment has resulted in an increase of AED 47.5 million in retained earnings as at 31 March 2019 and no impact in profit or loss for the three-month period then ended.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2019 (continued)

26. Prior period errors (continued)

Since the restatement relates to amounts presented as at 31 March 2019, which is not the comparative period for this condensed consolidated interim financial information, we have summarized the impact of the restatement as follows:

	As previously reported 31 March 2019 AED'000 *(Unaudited)*	Restatement AED'000	As restated 31 March 2019 AED'000 *(Unaudited)*
Condensed consolidated interim statement of financial position			
Non-current assets			
Advances to suppliers and subcontractors	**-**	**100,000**	**100,000**
Trade and other receivables	**-**	**160,000**	**160,000**
Right-of-use asset	**659,918**	**(549,414)**	**110,504**
Current assets			
Other current assets	**219,286**	**17,658**	**236,944**
Current liability			
Trade and other payables	**4,705,479**	**29,209**	**4,734,688**
Non-current liability			
Lease liabilities	**360,069**	**(348,454)**	**11,615**
Equity			
Retained earnings	**174,117**	**47,489**	**221,606**
Condensed consolidated interim statement of profit or loss			
Rent expense relating to short-term lease	**8,334**	**23,938**	**32,272**
Depreciation charge on right of use asset	**26,526**	**(23,938)**	**2,588**
Interest expense on lease liabilities	**6,461**	**(5,272)**	**1,189**
Direct costs	**1,891,937**	**5,272**	**1,897,209**

27. Dividends declared and paid

On 23 April 2019, the shareholders approved the final ordinary dividend proposed by the Board of Directors of AED 0.05 per share, amounting to AED 75.0 million (30 June 2018: On 16 April 2018, the shareholders approved the final ordinary dividend proposed by the Board of Directors of AED 0.0205 per share, amounting to AED 30.75 million).

28. Approval of condensed consolidated interim financial information

These condensed consolidated interim financial information were approved by the Board of Directors and authorised for issue on 8 August 2019.