ARABTEC HOLDING PJSC AND ITS SUBSIDIARIES
DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011

Arabtec Holding PJSC and its Subsidiaries

Interim Condensed Consolidated Financial Information and Independent Auditor's Review Report For the Six Month Period Ended 30 June 2011

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Independent Auditor's Review Report

The Directors
Arabtec Holding PJSC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arabtec Holding PJSC (the "Company") and its Subsidiaries (collectively the "Group") as at 30 June 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

Emphasis of matter

Without qualifying our conclusion we draw attention to Note 7 to the interim condensed consolidated financial information which describes a contractual dispute that continues to be subject to arbitration proceedings, the probable outcome of which cannot be determined with reasonable certainty at the date of this report.

Deloitte & Touche (M.E.)

Samir Madbak
Registration No. 386

4 August 2011

Interim Condensed Consolidated Statement of Financial Position
At 30 June 2011

	Note	30 June 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	8	634,127	588,130
Other financial assets	8	186,344	178,106
Trade and other receivables		3,822,580	4,171,772
Due from related parties	9(b)	824,313	723,563
Inventories		340,731	369,009
Other current assets		135,469	154,294
Deferred tax		-	331
Total current assets		5,943,564	6,185,205
Non-current assets			
Other financial assets		32,018	43,958
Investment in associate		3,200	3,200
Intangible assets	11	118,976	143,741
Goodwill	18	248,946	246,836
Retentions and trade receivables - non-current portion		759,175	774,524
Other non-current assets		9,034	10,396
Property, plant and equipment	12	1,250,727	1,272,230
Total non-current assets		2,422,076	2,494,885
Total Assets		8,365,640	8,680,090
LIABILITIES AND EQUITY			
Current liabilities			
Bank borrowings	13	432,398	626,672
Trade and other payables		3,982,250	4,155,334
Due to related parties	9(c)	441,032	348,075
Income tax payable		3,326	5,194
Total current liabilities		4,859,006	5,135,275
Non-current liabilities			
Bank borrowings	13	93,809	110,379
Provision for employees' end of service indemnity		138,441	128,286
Retentions payable - non-current portion		136,736	203,832
Total non-current liabilities		368,986	442,497
Total Liabilities		5,227,992	5,577,772
Capital and reserves			
Share capital	17	1,495,000	1,196,000
Statutory reserve		273,377	267,819
Fair value adjustment reserve		(9,503)	(7,494)
Retained earnings		992,579	1,241,549
Equity attributable to equity holders of the Parent		2,751,453	2,697,874
Non-controlling interests		386,195	404,444
Total Equity		3,137,648	3,102,318
Total Liabilities and Equity		8,365,640	8,680,090

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Riad Kamal
Chief Executive Officer and Board Member

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

Interim Condensed Consolidated Statement of Income
For the Six Month Period Ended 30 June 2011

	Three Month Period Ended 30 June		Six Month Period Ended 30 June	
	2011 AED'000 (Unaudited)	2010 AED'000 (Unaudited)	**2011 AED'000 (Unaudited)**	2010 AED'000 (Unaudited)
Revenue	**1,216,526**	1,282,625	**2,458,103**	2,833,322
Direct costs	**(1,080,822)**	(1,102,638)	**(2,157,548)**	(2,396,689)
Gross profit	**135,704**	179,987	**300,555**	436,633
Other operating income	**7,450**	18,066	**18,148**	35,341
Other income	**6,622**	(7,695)	**17,414**	9,928
General and administrative expenses	**(94,072)**	(49,242)	**(216,004)**	(161,178)
Changes in fair value of non-current retentions and trade receivables	**(793)**	5,428	**(3,366)**	2,960
Finance costs	**(9,841)**	(13,904)	**(17,146)**	(21,376)
Profit before tax	**45,070**	132,640	**99,601**	302,308
Income tax expense (Note 14)	**(516)**	(350)	**(1,045)**	(539)
Profit for the period	**44,554**	132,290	**98,556**	301,769
Attributable to:				
Equity holders of the parent	**28,972**	111,095	**55,588**	245,626
Non-controlling interests	**15,582**	21,195	**42,968**	56,143
	44,554	132,290	**98,556**	301,769
Basic earnings per share (AED) (based on profit for the period attributable to equity holders of the parent and 1,495 million shares in issue throughout the period and the comparative period is adjusted to reflect the bonus shares issued during Q2, 2011)	**0.02**	0.07	**0.04**	0.16

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

Interim Condensed Consolidated Statement of Comprehensive Income
For the Six Month Period Ended 30 June 2011

	Three Month Period Ended 30 June		Six Month Period Ended 30 June	
	2011	2010	**2011**	2010
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit for the period	**44,554**	132,290	**98,556**	301,769
Other comprehensive (loss)/income				
Net unrealized loss on revaluation of available for sale investments	**(1,966)**	(3,630)	**(2,009)**	(5,291)
Total comprehensive income for the period	**42,588**	128,660	**96,547**	296,478
Total comprehensive income attributable to:				
Equity holders of the parent	**27,218**	107,465	**53,791**	240,335
Non-controlling interests	**15,370**	21,195	**42,756**	56,143
	42,588	128,660	**96,547**	296,478

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

Arabtec Holding PJSC and its Subsidiaries
Interim Condensed Consolidated Statement of Changes in Equity
For the Six Month Period Ended 30 June 2011

	Attributable to equity holders of the parent						
	Share capital AED'000	Statutory reserve AED'000	Fair value adjustment reserve AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 31 December 2009 (Audited)	1,196,000	237,107	(2,342)	960,962	2,391,727	336,291	2,728,018
Dividends paid to non-controlling interests	-	-	-	-	-	(2,501)	(2,501)
Unrealised loss on available-for-sale investments recognised directly in equity	-	-	(5,291)	-	(5,291)	-	(5,291)
Profit for the period	-	-	-	245,626	245,626	56,143	301,769
Total comprehensive income for the period	-	-	-	-	240,335	56,143	296,478
Transfer from non-controlling interest on share purchase	-	-	-	4,181	4,181	(4,181)	-
Reduction in non-controlling interest due to purchase of additional shares	-	-	-	-	-	(21,670)	(21,670)
Transfer to statutory reserve	-	24,563	-	(24,563)	-	-	-
Balance at 30 June 2010 (Unaudited)	**1,196,000**	**261,670**	**(7,633)**	**1,186,206**	**2,636,243**	**364,082**	**3,000,325**
Balance at 31 December 2010 (Audited)	1,196,000	267,819	(7,494)	1,241,549	2,697,874	404,444	3,102,318
Capitalisation shares issued (Note 17)	299,000	-	-	(299,000)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	(62,909)	(62,909)
Unrealised loss on available-for-sale investments recognised directly in equity	-	-	(2,009)	-	(2,009)	-	(2,009)
Profit for the period		-	-	55,588	55,588	42,968	98,556
Total comprehensive income for the period	-	-	-	-	53,579	42,968	96,547
Non controlling interest arising on acquisition and incorporation of subsidiaries	-	-	-	-	-	1,692	1,692
Transfer to statutory reserve	-	5,558	-	(5,558)	-	-	-
Balance at 30 June 2011 (Unaudited)	**1,495,000**	**273,377**	**(9,503)**	**992,579**	**2,751,453**	**386,195**	**3,137,648**

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

Interim Condensed Consolidated Statement of Cash Flows
For the Six Month Period Ended 30 June 2011

	Six Month Period Ended 30 June	
	2011	2010
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	**409,568**	14,926
Cash flows from investing activities		
Loan from a related party	**-**	1,165
Purchase of property, plant and equipment	**(123,142)**	(79,375)
Proceeds from sale of property, plant and equipment	**34,675**	38,482
Acquisition of a subsidiary, net of cash acquired (Note 18)	**(1,351)**	-
Additional investment in subsidiary	**-**	(21,670)
Net cash used in investing activities	**(89,818)**	(61,398)
Cash flows from financing activities		
Dividends paid to non-controlling interests	**(62,909)**	(2,501)
(Repayments of)/proceeds from bank borrowings	**(210,844)**	56,626
Net cash (used in)/from financing activities	**(273,753)**	54,125
Net increase in cash and cash equivalents	**45,997**	7,653
Cash and cash equivalents at the beginning of the period	**588,130**	634,051
Cash and cash equivalents at the end of the period	**634,127**	641,704

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

Notes to the Interim Condensed Consolidated Financial Information For the Six Month Period Ended 30 June 2011

1. Establishment and operations

Arabtec Holding PJSC (the "Company") is a Public Joint Stock Company established under the laws of the United Arab Emirates pursuant to the resolution of the Department of Economic Development, Dubai, number 71 dated 2 July 2004. The Company commenced operations on 20 September 2004.

The principal object of the Company is to invest in the construction sector through the acquisition of contracting and related companies.

The Company's shares are listed on the Dubai Financial Market (DFM).

The registered office of the Company is P.O. Box 72122 Dubai, UAE.

The Company and its subsidiaries, referred to collectively in this financial information as the "Group" are primarily engaged in the construction of high-rise towers, buildings and residential villas, in addition to the execution of related services such as drainage, electrical and mechanical works, provision of readymix concrete and construction equipment supply and rental.

The Company has the following subsidiaries over which it exercises effective control:

Name of subsidiary and domicile	Percentage of beneficial holding	Principal activities
Arabtec Construction LLC, Dubai, U.A.E.	100%	Civil construction and related works
Austrian Arabian Ready Mix Concrete Co. LLC, Dubai, U.A.E.	100%	Manufacture and transportation of ready mix concrete products
House of Equipment Co. LLC, Dubai, UAE	66.67%	Trading and leasing of construction equipment
Arabtec Construction LLC, Doha, Qatar	49%	Civil construction and related works
Arabtec Precast LLC, Dubai, UAE	100%	Manufacture of precast panels
Nasser Bin Khaled Factory Ready Mix Concrete Co. LLC, Doha, Qatar	49%	Manufacture and transportation of ready mix concrete products
Emirates Falcon Electromechanical Co. EFECO LLC, Dubai, UAE	55%	Electrical mechanical and plumbing contracts
Arabtec Engineering Services LLC, Dubai, UAE	80%	Infrastructure construction works
Arabtec International Company, Limited, Republic of Mauritius	100%	Civil construction and related works
Arabtec Construction Syria LLC, Syrian Arab Republic	100%	Civil construction and related works
Arabtec Pakistan (Pvt) Limited, Pakistan	60%	Civil construction and related works
Target Engineering Construction Company, Abu Dhabi, UAE	60%	Civil construction and related works
Gulf Steel Industries FZC, Sharjah, UAE	55%	Fabrication of steel structures and profiles

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

1. Establishment and operations (continued)

Name of subsidiary and domicile	Percentage of beneficial holding	Principal activities
Arabtec Saudi Arabia LLC, Kingdom of Saudi Arabia	45%	Civil construction and related works
Arabtec Egypt for Construction SAE, Arab Republic of Egypt	55%	Civil construction and related works
Arabtec Construction LLC (Foreign Company), State of Palestine	100%	Civil construction and related works
Arabtec – Musawa W.L.L., Kingdom of Bahrain (under formation)	75%	Civil construction and related works
Arabtec Angola, Republic of Angola (under formation)	49%	Civil construction and related works
EFECO Kingdom of Saudi Arabia (under formation)	50%	Electrical, mechanical and plumbing contracts
EFECO Qatar W.L.L., Doha, Qatar	49%	Electrical, mechanical and plumbing contracts
EFECO LLC, Palestine	100%	Electrical, mechanical and plumbing contracts
Arabtec Construction Machinery Kingdom of Saudi Arabia (under formation)	58%	Trading and leasing of construction equipment
Austrian Arabian Ready Mix Kingdom of Saudi Arabia (under formation)	62%	Manufacture and transportation of ready mix concrete products
Idrotec Srl, Italy	48%	Civil construction and related works

The investment in Arabtec Pakistan (Pvt) Limited is held by third parties in trust and for the benefit of the Company. The investment in Arabtec Engineering LLC, Dubai is held by two of the shareholders on trust and for the benefit of the Company.

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

Name of associate and domicile	Percentage of beneficial holding	Principal activities
Polypod Middle East LLC, Abu Dhabi, UAE	40%	Assembly of bathroom pods and other types of pods on the same concept.

2. Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (IAS) No. 34: Interim Financial Reporting. This financial information is presented in United Arab Emirates Dirhams (AED) since that is the currency of the country in which the Parent Company is domiciled.

The interim condensed consolidated financial information does not include all the information required in the annual consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2010. In addition, results for the period from 1 January 2011 to 30 June 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

2. Basis of preparation (continued)

The interim condensed consolidated financial information incorporates the financial information of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Although the Company owns less than 50% of the equity shares in Arabtec Construction LLC, Qatar, Nasser Bin Khaled Factory Readymix Concrete Co. LLC, Qatar, Arabtec Saudi Arabia LLC, Kingdom of Saudi Arabia and Arabtec Angola, Republic of Angola, the Group has the power to govern the strategic operating and financial decisions of these companies and therefore recognises them as subsidiaries.

The results of subsidiaries acquired or disposed of during the period are included in the interim condensed consolidated Statement of Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. Application of new and revised International Financial Reporting Standards (IFRSs)

3.1 New and revised IFRSs adopted with no material effect on the interim condensed consolidated financial information

The following new and revised IFRSs have been adopted in these interim condensed consolidated financial statements. The adoption of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 1 relating to *Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters*	1 July 2010
IAS 24 *Related Party Disclosures* (revised in 2009)	1 January 2011
Amendments to IFRIC 14 relating to *Prepayments of a Minimum Funding Requirement*	1 January 2011
Improvements to IFRSs issued in 2010 covering amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13	1 January 2011, except IFRS 3 and IAS 27 which are effective from 1 July 2010
Amendments to IAS 32 Financial Instruments: *Presentation, relating to Classification of Rights Issues*	1 February 2010

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

3. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

3.2 New and revised IFRSs is in issue but not yet effective and not early adopted

The Group has not adopted the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 1 relating to *Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'*	1 July 2011
Amendments to IFRS 7 *Financial Instruments: Disclosures*, relating to Disclosures on Transfers of Financial Assets.	1 July 2011
IFRS 9 *Financial Instruments: Classification and Measurement*	1 January 2013
IFRS 10 *Consolidated Financial Statements*	1 1 January 2013
IFRS 11 *Joint Arrangements*	1 January 2013
IFRS 12 *Disclosures of Interests in Other Entities*	1 January 2013
IFRS 13 *Fair Value Measurement*	1 January 2013
Amendments to IAS 12 *Income Taxes* - Limited scope amendment (recovery of underlying assets)	1 January 2012

Management anticipates that these amendments will be adopted in the Group's financial statements for the period beginning 1 January 2012 or as and when they are applicable. The management are still in the process of evaluating the impact of adoptions of these new standards and interpretations on the Group's consolidated financial statements.

4. Significant accounting policies

The interim condensed consolidated financial information has been prepared under the historical cost basis, except for revaluation of certain assets. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2010.

The preparation of interim condensed consolidated financial information requires management to make judgments, 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 interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Group's annual consolidated financial statements as at and for the year ended 31 December 2010.

Profits are recognized on projects in the early stages of completion if it is anticipated that these projects will, by the year end, be at a stage of completion sufficient to warrant profit recognition.

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

5. Segment information

The Group has five reportable segments: building construction, precast and concrete production, drainage and electromechanical works, marine construction and trading. The building construction segment primarily engages in the construction of high-rise towers, buildings and residential villas. The precast and concrete production segment produces ready mix concrete and precast mainly to serve the building construction segment. The drainage and electro mechanical segment is involved in the execution of the drainage, electrical and mechanical works. The marine segment is involved in marine construction. The trading segment is involved in the trading of heavy equipment and steel.

The accounting policies of the operating segments are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2010. Arabtec Holding PJSC evaluates performance on the basis of profit or loss from operations before tax expense.

Intersegment sales and transfers are accounted for as if the sales or transfers were to third parties, i.e. at current market prices.

The reportable segments described above are strategic business units that offer different products and services. They are managed separately because each business requires different expertise, technology and marketing strategies. Most of the businesses were acquired/formed as individual units, and the management at the time of the acquisition was retained.

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

5. **Segment information (continued)**

Information about reportable segment profit or loss, assets and liabilities

30 June 2011 (Unaudited)	Building construction AED'000	Precast and concrete production AED'000	Drainage and electro-mechanical works AED'000	Marine construction AED'000	Trading AED'000	Total AED'000
Revenues from external customers	1,837,511	54,177	383,164	103,997	79,254	2,458,103
Inter-segment revenues	-	25,397	200,476	-	254	226,127
Other income	15,268	1,527	424	-	90	17,309
Interest expense	5,218	403	6,786	1,617	3,122	17,146
Depreciation	40,676	18,914	8,899	34,384	4,505	107,378
Reportable segment profit/ (loss) before tax	95,858	(20,011)	52,755	6,786	(1,888)	133,500
Income tax expense	1,045	-	-	-	-	1,045
Reportable segment assets	6,725,012	379,154	1,154,481	128,149	194,103	8,580,899
Expenditures for reportable segment non-current assets	99,527	1,647	2,377	11,223	1,590	116,364
Reportable segment liabilities	4,813,364	205,226	747,540	83,462	118,108	5,967,700

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

5. Segment information (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities:

	30 June 2011 AED'000 (Unaudited)
Revenues	
Total revenues for reportable segments	2,684,230
Elimination of intersegment revenues	(226,127)
Group's revenues	2,458,103
Profit	
Total profit before tax for reportable segments	133,500
Other corporate expenses	(33,899)
Income before income tax expense	99,601
Assets	
Total assets for reportable segments	8,580,899
Corporate assets	530,066
Elimination of inter-segments receivables	(745,325)
Group's assets	8,365,640
Liabilities	
Total liabilities for reportable segments	5,967,700
Corporate liabilities	5,617
Elimination of payable to corporate head quarter	(70,157)
Elimination of inter-segment payables	(675,168)
Group's liabilities	5,227,992

5. Segment information (continued)

Information about reportable segment profit or loss, assets and liabilities

30 June 2010 (Unaudited)	Building construction AED'000	Precast and concrete production AED'000	Drainage and electro-mechanical works AED'000	Marine construction AED'000	Trading AED'000	Total AED'000
Revenues from external customers	2,309,877	19,617	406,709	48,101	49,018	2,833,322
Inter-segment revenues	-	82,569	145,200	-	7,769	235,538
Other income	3,085	4,699	836	359	1,096	10,075
Interest expense	13,664	-	4,014	836	2,862	21,376
Depreciation	70,487	19,472	11,570	9,129	10,402	121,060
Reportable segment profit/(loss) before tax	252,855	(6,000)	94,600	5,798	(6,512)	340,741
Income tax expense/(credit)	702	(538)	375	-	-	539
31 December 2010 (Audited)						
Reportable segment assets	6,920,995	385,978	1,093,791	224,113	180,776	8,805,653
Expenditures for reportable segment non-current assets	197,861	10,600	11,415	58	1,958	221,892
Reportable segment liabilities	5,095,681	192,038	626,615	181,111	114,226	6,209,671

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

5. Segment information (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities:

	30 June 2010 AED'000 (Unaudited)
Revenues	
Total revenues for reportable segments	3,019,842
Other revenues	49,018
Elimination of intersegment revenues	(235,538)
Group's revenues	2,833,322
Profit	
Total profit for reportable segments	347,252
Other loss	(6,512)
Other corporate expenses	(38,432)
Income before income tax expense	302,308

	31 December, 2010 AED'000 (Audited)
Assets	
Total assets for reportable segments	8,805,653
Corporate assets	521,384
Elimination of inter-segment receivables	(646,947)
Group's assets	8,680,090
Liabilities	
Total liabilities for reportable segments	6,209,671
Corporate liabilities	15,049
Elimination of inter-segment payables	(576,790)
Elimination of payable to corporate headquarters	(70,158)
Group's liabilities	5,577,772

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

5. Segment information (continued)

Geographical information

	30 June 2011 Revenues AED'000 (Unaudited)	30 June 2011 Non-current assets AED'000 (Unaudited)	30 June 2010 Revenues AED'000 (Unaudited)	30 June 2010 Non-current assets AED'000 (Unaudited)
UAE	**1,887,940**	**1,429,382**	2,462,991	1,346,586
Other GCC Countries	**490,389**	**147,954**	370,331	83,124
Others	**79,774**	**11,631**	-	-

a) Revenues are attributed to countries on the basis of the construction projects' location.
b) Non-current assets exclude financial instruments and corporate assets.

Information about major customers

Revenues from 4 customers of the building construction segment represent approximately AED 717 million (30 June 2010: AED 1.1 billion) of the Group's total revenues.

6. Results for the period

The results for the six month period ended 30 June 2011 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.

Costs that occur unevenly during the financial year are anticipated or deferred in the interim condensed consolidated financial information only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Income tax expense arises from the Group's activities in Qatar and the Kingdom of Saudi Arabia and has increased as the activities in these jurisdictions have increased.

7. Contract dispute

On 25 December 2008, Arabtec Construction L.L.C. WCT Engineering Berhad (Dubai Branch) Joint Venture (the "Joint Venture") for the construction of the Nad Al Sheba racecourse in Dubai, in which the Group has a 50% share, received notice from the contract owner, Meydan L.L.C. ("Meydan") purporting to terminate the contract on 9 January 2009 for reasons which management consider did not justify such termination. Subsequently, by way of its notice dated 10 January 2009, the Joint Venture purported to terminate the contract on 24 January 2009 on a number of grounds including failure to pay certified amounts, the Joint Venture's exclusion from the site and Meydan's wrongful calls on the Performance Security and Advance Payment Guarantee.

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

7. Contract dispute (continued)

Notice of the call of the Performance Security amounting to AED 461.3 million (Group's share: AED 230.65 million) and the Advance Payment Guarantee amounting to AED 77.3 million (Group's share: AED 38.6 million) was received by the Joint Venture on 29 December 2008. Both securities were payable on demand and, on payment by the banks concerned, management has recorded a receivable for the net amount due from Meydan, pending resolution of the dispute. The corresponding liability recorded at the 31 December 2008 year end has since been converted into a loan taken from a bank in 2009 on which Arabtec Construction L.L.C. is paying interest, which will form part of the claim.

On 11 January 2009, the Joint Venture served its request for arbitration. Since then, the arbitration proceedings have commenced and the amount claimed by the Joint Venture is approximately AED 2.8 billion (Group's share: AED 1.4 billion). Management believes, based on continuing legal opinion received, that the prospects of success in the arbitration are good and that no additional provisions for the dispute are required at the end of the reporting period.

In accordance with the Group's accounting policy relating to contracts where the outcome cannot be estimated reliably, revenue has been recognised only to the extent of contract costs incurred to date, which management considers is not doubtful of recovery and therefore no provision has been made against the amounts due from the customer for contract work. No profit has been recognised on the contract to date pending the outcome of the Group's claim and conclusion of the arbitration proceedings.

8. Bank Balances and Cash

	30 June 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
Cash and bank balances	**350,220**	243,733
Fixed deposits maturing within three months	**283,907**	344,397
Cash and cash equivalents	**634,127**	588,130
Deposits under lien	**181,889**	164,624
Fixed deposits maturing after three months	**4,455**	13,482
	186,344	178,106
Bank balances and cash located:-		
Within UAE	**674,395**	620,741
Outside UAE	**146,076**	145,495
	820,471	766,236
Bank balances and cash denominates in following currencies:-		
United Arab Dirham (AED)	**632,528**	620,741
United States Dollar (USD)	**19,447**	33,249
Qatar Riyals (QR)	**101,108**	60,778
Pakistan Rupees (RS)	**6,531**	-
Saudi Riyals (SAR)	**19,083**	48,001
Other currencies	**41,774**	3,467
	820,471	766,236

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

8. Bank balances and cash (continued)

Cash at banks earns interest at floating rates based on prevailing bank deposit rates. Short term fixed deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Fixed deposits having a maturity after three months earn interest at rates between 2.25% to 4.35% per annum (31 December 2010: between 2.5% to 4.7% per annum).

9. Related party transactions

a) The Group entered into a variety of transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24: *Related Party Disclosures*. Related parties comprise the Group's major shareholders, directors and entities related to them, companies and entities under common ownership and/or common management and control, their partners and key management personnel. Management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges.

b) At the reporting date, due from related parties comprised the following:

	30 June 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
Joint ventures		
Amounts due from joint venture partners	**359,376**	395,151
Other related parties		
Entities with common ownership and management		
Al Waab City W.L.L., Doha, Qatar	**249,649**	256,094
National Industrial Contracting Company WLL, Qatar	**2,111**	876
Nasser Bin Khaled Al-Thani and Sons Group and its related parties, Qatar	**11,348**	11,002
Advance Vision Co., Kingdom of Saudi Arabia	**65,816**	53,541
Saudi Bin Laden Group, Kingdom of Saudi Arabia	**111,197**	-
Others	**24,816**	6,899
	464,937	328,412
	824,313	723,563

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

9. Related party transactions (continued)

c) At the reporting date, due to related parties comprised the following:

	30 June 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
Joint ventures		
Amounts due to joint venture partners	**241,424**	221,379
Other related parties		
Entities with common ownership and management		
Nasser Bin Khaled Al-Thani and Sons Group its related parties, Qatar	**45,261**	54,008
WCT Engineering Berhad, Malaysia	**8,176**	8,890
Depa Interiors LLC, Dubai, UAE	**63,100**	17,067
Saudi Bin Laden Group, Kingdom of Saudi Arabia	**-**	-
Others	**9,854**	567
Current account of a director and major shareholder of the parent company		
Mr. Riad Kamal - a Director and major shareholder	**18,339**	20,815
Current accounts of shareholders in subsidiaries/unpaid dividend to non-controlling interests	**54,878**	25,349
	199,608	126,696
	441,032	348,075

d) The nature of significant related party transactions and the amounts involved were as follows:

	Three Month Period Ended 30 June		Six Month Period Ended 30 June	
	2011 AED'000 (Unaudited)	2010 AED'000 (Unaudited)	2011 AED'000 (Unaudited)	2010 AED'000 (Unaudited)
Other related parties				
Contract and other revenue	**182,371**	82,503	**290,957**	251,354
Wages and salaries	**4,048**	3,359	**6,509**	6,105
Interest received on loans	**104**	173	**336**	92
Rent income	**327**	404	**1,644**	1,170
Purchase of property, plant and equipment	**4,226**	161	**4,669**	402
Manpower and other charges to joint ventures	**20,017**	31,729	**30,084**	49,004
Equipment hire	**1,813**	594	**1,813**	1,270

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

9. Related party transactions (continued)

e) The Group has provided loans (included in other financial assets) of AED 1.5 million (31 December 2010: AED 1.5 million) to a non-controlling shareholder in House of Equipment Co. LLC and AED 1.9 million (31 December 2010: AED 1.8 million) to the shareholders of Polypod Middle East LLC. Interest on the loans is charged at 7% per annum.

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

	Three Month Period Ended 30 June		Six Month Period Ended 30 June	
	2011	2010	**2011**	2010
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Attendance fees to directors	**450**	500	**1,000**	1,000
Short term benefits	**3,170**	8,343	**10,359**	14,251
Post-employment benefits	**75**	43	**232**	73

The remuneration of directors and key executives is determined by the Board of Directors having regard to individual performance and market trends.

g) Included in trade and other payables is an amount of AED 22.03 million (31 December 2010: AED 22.3 million) representing voluntary contributions from employees and directors which are ring fenced in order to fund certain benefits for employees on an ad-hoc basis, as determined by the appointed committee. Assets of the scheme are included in the interim condensed consolidated statement of financial position under cash and cash equivalents of AED 13.07 million (31 December 2010: AED 12.2 million) and other current assets of AED 8.72 million (31 December 2010: AED 9.2 million).

10. Joint ventures

The Group had the following significant interests in joint ventures (JV):

		Share in JV
a)	Samsung/Arabtec joint venture project	40%
b)	Six Construct/Arabtec joint venture projects	50%
c)	Samsung/Six Construct/Arabtec joint venture project	30%
d)	Arabtec/Max Bogl joint venture projects	50%
e)	Arabtec/Aktor joint venture projects	50%/60%
f)	Arabtec/Emirates Sunland joint venture projects	50%
g)	Arabtec/WCT Engineering joint venture projects	50%
h)	Arabtec/Engineering Enterprises Company joint venture projects	50%
i)	Arabtec/AMN Holdings joint venture project	60%
j)	Arabtec/Dubai Contracting Company joint venture project	50%
k)	Target Engineering and Construction Company LLC/ Marintek Middle East and Asia FZE joint venture project	65%
l)	Arabtec Engineering Services/WCT Engineering joint venture project	50%
m)	Arabian Construction Company/Arabtec joint venture project	50%
n)	Arabtec/National Projects and Construction joint venture project	50%
o)	Arabtec/Al Saad joint venture project	66.66%
p)	Arabtec/Al Mukawilon joint venture project	60%

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

10. Joint ventures (continued)

The Group is entitled to a proportionate share of the joint ventures' assets and revenues and bears a proportionate share of the liabilities and outgoings.

The following amounts are included in the Group's interim condensed consolidated financial information as a result of the proportionate consolidation of the joint ventures:

	30 June 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
Current assets	**1,201,833**	1,497,777
Non-current assets	**104,927**	158,585
Current liabilities	**1,153,311**	1,431,487
Non-current liabilities	**64,033**	54,280
Contingent liabilities	**638,689**	655,064

	Three Month Period Ended 30 June		**Six Month Period Ended 30 June**	
	2011 AED'000 (Unaudited)	2010 AED'000 (Unaudited)	**2011 AED'000 (Unaudited)**	2010 AED'000 (Unaudited)
Revenue	**181,484**	315,266	**429,320**	613,324
Expenses	**177,502**	305,411	**394,817**	587,709

11. Intangible assets

During the period, amortization of intangible assets was approximately AED 24.76 million (during the same period in 2010: AED 26.8 million). There were no additions to intangible assets during the period.

12. Property, plant and equipment

During the period, the Group purchased approximately AED 123.14 million (during the same period in 2010: AED 79.38 million) of various types of property, plant and equipment and disposed of property, plant and equipment with a net book value of AED 89.05 million (during the same period in 2010: AED 33.42 million) for proceeds of AED 34.68 million (during the same period in 2010: AED 38.48 million).

Property, plant and equipment (NBV) located:-

	UAE AED'000	**Other GCC AED'000**	**Non GCC AED'000**	**Total AED'000**
As of 30 June 2011 (Unaudited)	**1,114,392**	**124,703**	**11,632**	**1,250,727**
As of 31 December 2010 (Audited)	1,158,398	113,832	-	1,272,230

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

13. Bank borrowings

During the period, the Group obtained new short-term bank loans in the amount of AED 18.96 million (during the same period in 2010: AED 97.7 million). The loans bear interest at variable market rates and are repayable within 1 year. The proceeds were used to meet short-term expenditure needs. Repayments of other bank loans amounting to AED 229.80 million (during the same period in 2010: AED 162.1 million) were made in line with agreed repayment terms.

14. Income tax charge

Interim period income tax is accrued based on the estimated average annual effective income tax rate on taxable income of 3.3% (6 months ended 30 June 2010: 2.3%). The increase in the tax charge for the period is as a result of an increase in profit earned in taxable jurisdictions.

15. Operating leases

The Group as lessee:

	Three Month Period Ended 30 June		Six Month Period Ended 30 June	
	2011	2010	**2011**	2010
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Minimum lease payments under operating leases recognized as expense during the period	**5,398**	14,040	**36,506**	29,886

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

	30 June 2011	31 December 2010
	AED'000	AED'000
	(Unaudited)	(Audited)
Within one year	**26,898**	34,745
In the second to fifth years inclusive	**13,408**	11,642
	40,306	46,387

Operating lease payments represent rentals payable by the Group for land, certain labour camps and vehicles.

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

16. Commitments and contingencies

	30 June 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
Commitments		
Commitments for the acquisition of property, plant and equipment	**40,518**	41,295
Contingent liabilities		
Performance and bid bonds	**2,428,347**	2,620,708
Advance payment bonds	**1,044,473**	1,110,433
Financial guarantees	**43,527**	41,649
Retention bonds	**480,928**	487,937
Labour guarantees	**41,948**	26,135
Letters of credit	**176,603**	192,092

17. Share capital

Share capital as at 30 June 2011 amounted to AED 1.495 billion and 31 December 2010 amounted to AED 1.196 billion. The increase in share capital is as a result of a bonus share dividend of 299,000,000 shares on the basis of 1 bonus share for each 4 shares in issue at 31 December 2010, approved at the Annual General Meeting held on 3 April 2011.

18. Acquisition of subsidiaries

On 19 April 2011, the Group acquired 48 per cent of the issued share capital of Idrotec Srl for a cash consideration of AED 2.204 million (EUR 450,000). This transaction has been accounted for using the purchase method of accounting in accordance with IFRS 3 Business Combinations.

The net assets acquired in the transaction stated at fair value, and the goodwill arising, are as follows:

	AED'000 (Unaudited)
Net assets acquired at fair value:	
Property, plant and equipment	**145**
Inventories	**859**
Trade and other receivables	**2,537**
Bank and cash balances	**49**
Trade and other payables	**(3,472)**
	118
Less: Non-controlling interest	**(24)**
Goodwill	**2,110**
Total	**2,204**

Notes to the Interim Condensed Consolidated Financial Information - continued
For the Six Month Period Ended 30 June 2011

18. Acquisition of subsidiaries (continued)

	AED'000 (Unaudited)
Total consideration satisfied by:	
Paid by cash	**1,400**
Payable	**804**
	2,204
Net cash outflow arising on acquisition:	
Cash consideration paid	**1,400**
Cash and cash equivalents acquired	**(49)**
	1,351

In accordance with IFRS 3, *Business Combinations*, the Group made a provisional assessment of the fair value of assets, liabilities and contingent liabilities of the acquired business. A detailed assessment of the fair value will be carried out within twelve months of the acquisition date.

Based on the provisional assessment of the fair value of assets, liabilities and contingent liabilities of the acquired business, goodwill amounting to AED 2.1 million arose on the acquisition because the consideration paid effectively includes amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

19. Approval of the interim condensed consolidated financial information

The interim condensed consolidated financial information for the six month period ended 30 June 2011 was approved by the Board of Directors and authorised for issue on 4 August 2011.