

**Drake & Scull International PJSC
and its Subsidiaries**

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**

30 JUNE 2009

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DRAKE & SCULL INTERNATIONAL PJSC

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Drake & Scull International PJSC (the "PJSC") and its subsidiaries (together "the Group") as at 30 June 2009, the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 17 November 2008 to 30 June 2009 and explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

Without qualifying our opinion we draw attention to Note 3 to the interim consolidated financial statements. At this stage, the PJSC has provisionally recorded the tangible assets and liabilities at the values at which they were carried in the books of Drake & Scull International LLC on the date of transfer. Adjustments to the provisional values will be recognised within twelve months of the transfer date as allowed by International Financial Reporting Standard 3 "Business Combinations".



Signed by
Farrukh Seer
Partner
Registration No. 491

29 July 2009
Dubai

Drake & Scull International PJSC and its Subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 June 2009 (Unaudited)

	<i>Notes</i>	<i>Three months ended 30 June 2009 AED'000</i>	<i>17 November 2008 to 30 June 2009 AED'000</i>
Contract revenues		512,033	1,295,228
Contract costs		(403,221)	(1,051,009)
GROSS PROFIT		108,812	244,219
Other income	5	21,139	58,037
Selling, general and administrative expenses		(33,502)	(103,987)
Finance cost		(2,612)	(8,915)
Management fee	15	(3,700)	(9,250)
PROFIT FOR THE PERIOD BEFORE PRE - INCORPORATION PROFIT		90,137	180,104
Pre-incorporation profit	6	-	41,956
PROFIT FOR THE PERIOD	7	90,137	222,060
Attributable to:			
Parent company		86,555	221,051
Minority interest		3,582	1,009
		90,137	222,060
Earnings per share - basic and diluted (AED)	24	0.040	0.102

The attached notes 1 to 29 form part of these interim consolidated financial statements.

Drake & Scull International PJSC and its Subsidiaries**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Period ended 30 June 2009 (Unaudited)

	<i>Three months ended 30 June 2009 AED'000</i>	<i>17 November 2008 to 30 June 2009 AED'000</i>
Profit for the period	90,137	222,060
Other comprehensive income	-	-
Total comprehensive income for the period	<u>90,137</u>	<u>222,060</u>
Attributable to:		
Parent company	86,555	221,051
Minority interest	3,582	1,009
	<u>90,137</u>	<u>222,060</u>

The attached notes 1 to 29 form part of these interim consolidated financial statements.

Drake & Scull International PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009 (Unaudited)

	Notes	AED'000
ASSETS		
Non current assets		
Property, plant and equipment	8	161,056
Goodwill and other intangible assets	9	830,464
Available-for-sale investments	10	12,576
Long term prepayments	15	37,000
		<u>1,041,096</u>
Current assets		
Development properties	11	30,032
Inventories	12	8,225
Contract work-in-progress	13	252,142
Contracts receivables and retentions	14	892,173
Due from related parties	15	14,613
Prepayments and other receivables		169,348
Trading securities		6,645
Bank balances and cash	16	1,185,499
		<u>2,558,677</u>
TOTAL ASSETS		<u><u>3,599,773</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	17	2,177,778
Treasury shares	17	(9,664)
Statutory reserve	18	13,450
Retained earnings		207,601
		<u>2,389,165</u>
Minority interest		23,337
		<u>2,412,502</u>
Non-current liabilities		
Employees' end of service benefits	19	25,944
Term loans	20	6,500
		<u>32,444</u>
Current liabilities		
Accounts payable and accruals	21	542,894
Due to related parties	15	14,195
Advances received from customers		286,087
Excess billings	13	171,668
Term loans	20	55,593
Due to banks	22	84,390
		<u>1,154,827</u>
Total liabilities		<u>1,187,271</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,599,773</u></u>

Chairman

29 July 2009

The attached notes 1 to 29 form part of these interim consolidated financial statements.

Chief Executive Officer
29 July 2009

دروك اند سكل انترنیشنل پ.ج.س.ا.

Drake & Scull International PJSC

P.O. Box: 65794, DUBAI, U.A.E.

Drake & Scull International PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2009

	<i>Attributable to equity holders of the parent</i>					<i>Minority interest AED '000</i>	<i>Total AED '000</i>
	<i>Share capital AED '000</i>	<i>Treasury shares AED '000</i>	<i>Statutory reserve AED '000</i>	<i>Retained earnings AED '000</i>	<i>Total AED '000</i>		
Capital introduced	2,177,778	-	-	-	2,177,778	-	2,177,778
Minority interest arising on business combination (note 3)	-	-	-	-	-	14,328	14,328
Minority interest contribution to subsidiary's capital	-	-	-	-	-	8,000	8,000
Total comprehensive income for the period from 17 November 2008 to 30 June 2009	-	-	-	221,051	221,051	1,009	222,060
Transfer to statutory reserve	-	-	13,450	(13,450)	-	-	-
Purchase of treasury shares	-	(9,664)	-	-	(9,664)	-	(9,664)
Balance at 30 June 2009	2,177,778	(9,664)	13,450	207,601	2,389,165	23,337	2,412,502

The attached notes 1 to 29 form part of these interim consolidated financial statements.

Drake & Scull International PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

Period ended 30 June 2009

		<i>17 November 2008 to 30 June 2009 AED'000</i>
ACTIVITIES	<i>Notes</i>	
Profit for the period		222,060
Adjustments for:		
Depreciation	8	18,738
Gain on sale of trading securities	5	(124)
Change in fair value of trading securities	5	(266)
Provision for employees' end of service benefits	19	8,032
Interest income	5	(54,014)
Finance charges		8,915
		203,341
Working capital changes:		
Development properties		(8,926)
Inventories		(6,161)
Contract work-in-progress		(25,955)
Contract receivables and retentions		(372,132)
Due from related parties		54
Prepayments and other receivables		(91,211)
Accounts payable and accruals		11,033
Due to related parties		(2,756)
Advances received from customers		5,208
Excess billings		144,120
		(143,385)
Net cash used in operations		(143,385)
Employees' end of service benefits paid	19	(1,867)
		(145,252)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	8	(10,264)
Proceeds from disposal of property, plant and equipment		2,000
Trading securities – net		5,841
Interest received		54,014
Net cash inflow on business combination	3	84,632
Purchase of treasury shares		(9,664)
		126,559
Net cash from investing activities		126,559
FINANCING ACTIVITIES		
Loan to a shareholder recovered		45,000
Movement in time deposits under lien		985
Share capital received in cash		1,197,778
Movement in due to banks		(9,807)
Term loans		(116,003)
Interest paid		(8,915)
Minority interest		8,000
		1,117,038
Net cash from financing activities		1,117,038
CASH AND CASH EQUIVALENTS AT 30 JUNE 2009	16	1,098,345

The attached notes 1 to 29 form part of these interim consolidated financial statements.

Drake & Scull International PJSC and its Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2009

1 ACTIVITIES

Drake & Scull International PJSC (the "PJSC") was incorporated on 17 November 2008 and registered on 21 January 2009 as a Public Joint Stock Company in accordance with UAE Federal Law No. 8 of 1984 (as amended). The PJSC is primarily engaged in carrying out contracting work relating to the construction industry, such as electrical, plumbing, air-conditioning and sanitation work. The PJSC's registered head office is P.O. Box 65794, Dubai, United Arab Emirates.

The PJSC and its following subsidiaries are referred to as "the Group" in the interim consolidated financial statements.

<i>Name</i>	<i>Beneficial ownership</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Drake & Scull International L.L.C. (Abu Dhabi)	100%	UAE	Contracting work relating to construction industry
Gulf Technical Construction Company L.L.C. [formerly Test Contracting Company L.L.C.]	80%	UAE	Mechanical, electrical and civil construction work

The Group, through Gulf Technical Construction Company L.L.C., also has a 50% interest in Ranya Test Joint Venture, a joint venture with Ranya General Contracting Company (L.L.C.) under a joint venture agreement dated 12 August 2005; and through Drake and Scull International L.L.C (Abu Dhabi), a 50% interest in King Abdullah University of Science and Technology project, a joint venture with Drake & Scull (W.L.L) under a joint venture agreement dated 15 January 2008.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting and applicable requirements of the UAE laws.

The interim consolidated financial statements have been presented in United Arab Emirates Dirhams and all values are rounded to the nearest thousand (AED'000), except where otherwise stated.

The interim consolidated financial statements have been prepared under the historical cost convention, modified to include measurement at fair value of trading securities.

In addition, results for the period ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial period ending 31 December 2009.

Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the PJSC and its subsidiaries as at 30 June 2009.

Subsidiaries are 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. Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group balances and transactions, including recognized profits, have been eliminated on consolidation.

Minority interests represent the portion of net assets not held by the Group and are presented within equity in the interim consolidated statement of financial position, separately from parent shareholders' equity.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting Standards and Interpretations

The Group has early adopted the following IFRS and IFRIC interpretations as of 17 November 2008:

IAS 1 Presentation of Financial Statements

A revised IAS 1 *Presentation of Financial Statements* was issued in September 2007 and becomes effective for the annual periods commencing on or after 1 January 2009. The application of the Standard resulted in amendments to the presentation of financial statements.

IFRS 8 Operating Segments

IFRS 8 *Operating Segments* was issued by the IASB in November 2006, becoming effective for periods commencing on or after 1 January 2009. IFRS 8 replaces IAS 14 *Segment Reporting* (IAS 14) upon its effective date.

The Group has not adopted other accounting standards and interpretations which have been issued but are not yet effective. The following changes are relevant to the Group:

IAS 23 Borrowing Costs

A revised IAS 23 *Borrowing Costs* was issued in March 2007 and becomes effective for financial years beginning on or after 1 January 2009. The Standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

IFRIC 15 Agreement for the Construction of Real Estate

IFRIC 15 was issued in July 2008 and becomes effective for financial years beginning on or after 1 January 2009. The Interpretation is to be applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is complete. Furthermore the Interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. IFRIC 15 does not have an impact on the current interim consolidated financial statement because the Group has not recognised any profit on development properties.

Improvements to IFRSs

In May 2008 IASB issued its first omnibus of amendments to its Standards primarily with a view to removing inconsistencies and clarifying wordings. There are separate transitional provisions for each Standard. All such improvements are applicable from future dates and none of them are considered significant by the Group. The Group has also concluded that there is no significant impact of any changes made by IASB in its Standards as part of such improvements.

Business combination and minority interests

Acquisitions of businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, plus any costs directly attributable to the business combination.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract revenues and cost

Revenue on contracts is recognized using the percentage of completion method. When the outcome of the contract can be reasonably estimated, revenue is recognized by reference to the proportion of the costs incurred to the period end as compared to the estimated total contract costs. When the contract is at an early stage or its outcome cannot be reliably estimated, contract revenue is recognized to the extent of contract costs that are considered recoverable. Provisions for foreseeable losses are made in full as soon as they are anticipated. The excess of costs over progress billings on individual jobs in progress is recorded as contract work-in-progress. Where the payments received and receivable for any contract exceed the cost plus attributable profit or less anticipated losses, the excess is shown as excess billings. Claims are only recognized when the outcome can be determined with reasonable certainty.

Costs include direct materials, subcontractors' costs and labour plus attributable overheads based on a normal level of activity.

Interests in joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual assets and liabilities on a line-by-line basis with similar items in the Group's statement of financial position. The Group recognised the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures. The Group does not recognize its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognized immediately if the loss provides evidence of a reduction in the net recognized value of current assets, or an impairment loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Land and capital work-in-progress are not depreciated.

Depreciation is calculated on a straight line basis over the estimated useful lives of assets as follows:

Plant and equipment	over 3 years
Motor vehicles	over 3 years
Furniture and fixtures	over 2 to 3 years
Buildings	over 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the interim consolidated income statement as the expense is incurred.

The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Development properties

Properties acquired, constructed or in the course of construction for sale are classified as development properties. Such properties are stated at the lower of cost or net recognized value. The cost of development properties includes the cost of land and other related expenditure which are recognized as and when activities that are necessary to get the properties ready for sale are in progress. Net recognized value represents the estimated selling price less costs to be incurred in completing and selling the property.

Impairment and uncollectibility of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the interim consolidated income statement. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the interim consolidated income statement.
- (b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts receivable

Accounts receivable are stated at original invoice less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 60 days past due) are considered indicators that the accounts receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase the asset.

Trading securities

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Gains or losses and change in fair value on investments held for trading are recognized in profit and loss. Interest and other revenues generated from trading securities are included in other income in the interim consolidated income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale investments

Available-for-sale investments are recognized and derecognized, on a trade date basis, when the Group becomes, or ceases to be, a party to the contractual provisions of the instrument.

Investments designated as available-for-sale investments are initially recorded at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component of equity. Upon impairment any loss, or upon derecognition any gain or loss, previously reported as "cumulative changes in fair value" within equity is included in the interim consolidated income statement for the period.

Cash and cash equivalents

For the purpose of the interim consolidated cash flow statement, cash and cash equivalents consist of cash in hand, bank balances and short term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the interim consolidated income statement on a straight-line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the consolidated income statement.

Drake & Scull International PJSC and its Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2009

3 BUSINESS COMBINATIONS

As at 17 November 2008, assets and liabilities of Drake & Scull International (LLC) and its subsidiaries (the "LLC") were transferred to the PJSC as an in-kind contribution for 45% interest in the PJSC. The PJSC has provisionally recorded tangible assets and liabilities at the value they were carried in the books of the LLC on the date of transfer, as summarised below:

	<i>AED'000</i>
Tangible assets:	
Property, plant and equipment	171,530
Available-for-sale investments	12,576
Development properties	21,106
Inventories	2,064
Contract work-in-progress	226,187
Contract receivables and retentions	520,041
Due from related parties	14,667
Prepayments and other receivables	115,137
Trading securities	12,096
Loan to a shareholder	45,000
Bank balances and cash	162,328
Total tangible assets	1,302,732
Liabilities:	
Employees' end of service benefits	(19,779)
Term loans	(178,096)
Due to related parties	(16,951)
Accounts payable and accruals	(531,861)
Advances received from customers	(280,879)
Due to banks	(83,754)
Excess billings	(27,548)
Total liabilities	(1,138,868)
Book value of net tangible assets acquired	163,864
Total fair value of the LLC (note 17)	980,000
Book value of net tangible assets acquired, as above	(163,864)
Minority interest acquired	14,328
Goodwill and other intangible assets (note 9)	830,464
Net cash inflow on business combination:	
Net cash acquired on business combination	162,328
Less: Time deposits under lien	(45,803)
Less: Bank overdrafts	(31,893)
Net cash inflow	84,632

Adjustments to the provisional values will be recognised within twelve months of the transfer date as allowed by International Financial Reporting Standard 3 "Business Combinations".

Drake & Scull International PJSC and its Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2009

4 SEGMENT INFORMATION

Business segment:

For management purposes, the Group is organised into three major business segments; i.e M.E.P., I.W.P. and Civil works.

The M.E.P. segment carries out contracting work relating to the construction industry, such as mechanical, electrical, plumbing and sanitation work.

The I.W.P. segment carries out contracting work relating to the construction industry, such as infrastructure, water treatment plants, district cooling plants and power plants.

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

Income from sources other than the above business segments is included in other operating income.

Period from 17 November 2008 to 30 June 2009

	<i>M.E.P</i> <i>AED'000</i>	<i>I.W.P</i> <i>AED'000</i>	<i>Civil works</i> <i>AED'000</i>	<i>Eliminations</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Revenue					
External customers	850,570	192,421	252,237	-	1,295,228
Internal - segment	19,601	-	38,098	(57,699)	-
	<u>870,171</u>	<u>192,421</u>	<u>290,335</u>	<u>(57,699)</u>	<u>1,295,228</u>
Segment profit	<u>153,876</u>	<u>40,140</u>	<u>28,044</u>	<u>-</u>	<u>222,060</u>
Depreciation	11,888	712	6,138	-	18,738
Capital expenditure	7,158	1,954	1,152	-	10,264
Segment assets					
at 30 June 2009	<u>3,019,425</u>	<u>276,387</u>	<u>527,497</u>	<u>(223,536)</u>	<u>3,599,773</u>

Interest income and interest expense have not been disclosed by segment as these items are managed on a group basis.

Geographic segments:

The Group is presently engaged in carrying out contracting work relating to the construction industry in the United Arab Emirate and Saudi Arabia.

Period from 17 November 2008 to 30 June 2009

	<i>U.A.E</i> <i>AED'000</i>	<i>Other</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>	<i>Eliminations</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Revenue from external customers	1,147,471	147,757	1,295,228	-	1,295,228
Non current assets	<u>1,038,983</u>	<u>2,113</u>	<u>1,041,096</u>	<u>-</u>	<u>1,041,096</u>

The above revenue information is based on the location of the contract site.

Revenue from two largest customers amounted to AED 94,648 thousand and AED 67,776 thousand relating to IWP and MEP segments respectively.

5 OTHER INCOME

	<i>Three months ended 30 June 2009 AED'000</i>	<i>17 November 2008 to 30 June 2009 AED'000</i>
Interest income	20,172	54,014
Change in fair value of trading securities	238	266
Gain on sale of trading securities	68	124
Others	661	3,633
	<u>21,139</u>	<u>58,037</u>

6 PRE-INCORPORATION PROFIT

This represents the income earned on investing the money received from IPO subscriptions between the first day of public subscription and the date of incorporation of the PJSC, net of expenses related to its incorporation as follows:

	<i>AED'000</i>
Interest income from deposits	45,035
Offering fee	43,556
	<u>88,591</u>
Pre incorporation expenses	(46,635)
	<u>41,956</u>

7 PROFIT FOR THE PERIOD

	<i>Three months ended 30 June 2009 AED'000</i>	<i>17 November 2008 to 30 June 2009 AED'000</i>
The profit for the period is stated after charging:		
Staff costs	<u>25,262</u>	<u>70,812</u>
Rental expenses	<u>2,420</u>	<u>5,104</u>

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8 PROPERTY, PLANT AND EQUIPMENT

Cost:	Land AED '000	Buildings AED '000	Plant and equipment AED '000	Motor vehicles AED '000	Furniture and fixtures AED '000	Capital work-in-progress AED '000	Total AED '000
Transfer from the LLC	94,267	23,615	21,651	13,310	3,234	15,453	171,530
Additions	-	2,913	6,719	217	415	-	10,264
Transfers	-	-	2,887	-	-	(2,887)	-
Disposals	-	-	(2,422)	(26)	-	-	(2,448)
At 30 June 2009	94,267	26,528	28,835	13,501	3,649	12,566	179,346
Depreciation:							
Charge for the period	-	4,600	9,143	4,149	846	-	18,738
Disposals	-	-	(438)	(10)	-	-	(448)
At 30 June 2009	-	4,600	8,705	4,139	846	-	18,290
Net carrying amount							
At 30 June 2009	94,267	21,928	20,130	9,362	2,803	12,566	161,056

Motor vehicles and equipment with a net book value of AED 6,764 thousand and AED 9,212 thousand respectively are mortgaged as security for term loans. Title deeds for properties with a net book value of AED 28,212 thousand are held in name of a shareholder on behalf of the Group.

The depreciation charge has been allocated in the interim consolidated income statement as follows:

	Three months ended	17 November 2008 to 30 June 2009 AED '000
Cost of sales	4,122	8,844
Selling, general and administrative expenses	3,259	9,894
	7,381	18,738

9 GOODWILL AND OTHER INTANGIBLE ASSETS

As explained in note 3, adjustments to provisionally recognised value will be recognised within twelve months of the date of business combination. Completion of the initial allocation of intangible assets and related impairment test will be performed after adjustments to the provisional values have been recognised.

10 AVAILABLE-FOR-SALE INVESTMENTS

This comprises:

- AED 5,214 thousand representing the acquisition cost of the investment in Deera Real Estate LLC, a company based in the Kingdom of Jordan, in which the Group holds less than 5% of the issued share capital.
- AED 7,362 thousand representing the acquisition cost of the investment in Ajman Real Estate Holding Ltd., in which the Group holds less than 10% of the issued share capital.

These investments are carried at cost as their fair value cannot be reliably determined due to the unpredictable nature of future cash flows.

11 DEVELOPMENT PROPERTIES

Development properties amounting to AED 30,032 thousand comprise parcels of land acquired and held for future development and resale and the related development cost. These properties are held in the name of a shareholder on behalf of the Group. To date, no revenue has been recognised on development properties. The development properties are expected to be realised in the Group's operating cycle more than 12 months after the statement of financial position date.

12 INVENTORIES

	<i>AED'000</i>
Inventories	11,594
Less: Provision for slow moving items	(3,369)
	<u>8,225</u>

13 CONTRACT WORK-IN-PROGRESS

	<i>AED'000</i>
Costs and estimated earnings	3,741,230
Less: Progress billings	(3,660,756)
	<u>80,474</u>
Disclosed in the interim consolidated statement of financial position as follows:	
Contracts work-in-progress	252,142
Excess billings	(171,668)
	<u>80,474</u>

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14 CONTRACT RECEIVABLES AND RETENTIONS

	<i>AED'000</i>
Contract receivables	724,179
Retentions receivable	174,626
Provision for receivables	(6,632)
	<u>892,173</u>

Contract receivables and retentions receivable include AED 15,572 thousand due from certain customers of Drake & Scull International L.L.C (Abu Dhabi). The subsidiary commenced legal proceedings against these customers claiming compensation of AED 18,007 million for the work performed and delays caused by the customers. The legal cases are yet to be decided upon by the concerned court. Management, based on advice received from the subsidiary's legal advisor, expects a favorable outcome and is confident of recovering at least the amount recorded as receivable at the statement of financial position date.

Gross contract receivables and retentions receivable include AED 198,418 thousand and AED 94,850 thousand respectively assigned in favor of the Group's bankers as security against facilities granted to the Group (note 22).

Retentions receivable represent contract retentions due from customers. Retentions receivable include AED 134,537 thousand due more than twelve months after the statement of financial position date.

As at 30 June 2009, contract and retention receivables at nominal value of AED 6,632 thousand were impaired. Movements in the allowance for impairment of contract and retention receivables were as follows:

	<i>AED'000</i>
Transferred from LLC (note 3)	12,964
Unused amounts reversed	(2,033)
Contract receivables written off	(4,299)
	<u>6,632</u>

At the statement of financial position date, the ageing of unimpaired contract and retention receivables is as follows:

	<i>Total AED'000</i>	<i>Neither past due nor impaired AED'000</i>	<i>Past due but not impaired</i>			
			<i><30 days AED'000</i>	<i>30-60 days AED'000</i>	<i>60-90 days AED'000</i>	<i>>90 days AED'000</i>
30 June 2009	<u>892,173</u>	<u>539,199</u>	<u>117,943</u>	<u>79,771</u>	<u>51,412</u>	<u>103,848</u>

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

15 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions between the PJSC and its subsidiaries, which are related parties of the PJSC, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties included in the interim consolidated income statement are as follows:

	<i>Three months ended 30 June 2009</i>		<i>17 November 2008 to 30 June 2009</i>	
	<i>Joint ventures AED'000</i>	<i>Other related parties AED'000</i>	<i>Joint ventures AED'000</i>	<i>Other related parties AED'000</i>
Sales	-	-	-	179
Purchases	-	-	-	4,202
Management fee income	-	-	1,243	-
Management fee expenses	-	3,700	-	9,250
	<u>-</u>	<u>3,700</u>	<u>-</u>	<u>9,250</u>

Balances with related parties included in the interim consolidated statement of financial position are as follows:

	<i>Receivables AED'000</i>	<i>Payables AED'000</i>
Joint ventures	13,914	13,371
Other related parties	699	824
	<u>14,613</u>	<u>14,195</u>

Long term prepayments represent management fee paid in advance for the period from 1 July 2010 to 31 December 2012.

For the period ended 30 June 2009, the Group has not recorded any impairment of amounts owned by related parties.

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	<i>Three months ended 30 June 2009 AED'000</i>	<i>17 November 2008 to 30 June 2009 AED'000</i>
Short-term benefits	7,717	18,649
Employees' end of service benefits	668	1,629
	<u>8,385</u>	<u>20,278</u>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2009

16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the interim consolidated statement of cash flow consist of the following statement of financial position amounts:

	<i>AED'000</i>
Cash on hand	1,330
Cash at bank	123,065
Time deposits	1,061,104
Bank balances and cash	1,185,499
Time deposits under lien	(44,818)
Bank overdrafts (note 22)	(42,336)
Cash and cash equivalents	1,098,345

17 SHARE CAPITAL

	<i>AED'000</i>
<i>Authorised, issued and fully paid</i>	
1,197,777,778 shares of AED 1 each paid in cash	1,197,778
980,000,000 shares of AED 1 each paid in kind	980,000
	2,177,778

As noted in note 3, assets and liabilities of Drake & Scull International LLC and its subsidiaries, were transferred to the PJSC as an in-kind contribution for 45% interest in the PJSC by the shareholders.

During the period, the Company obtained necessary regulatory approval to undertake a share buy-back program. A total of 10,589 thousand shares were purchased from the market at an average price of AED 0.91 per share amounting to AED 9,664 thousand.

18 STATUTORY RESERVE

In accordance with the Commercial Companies Law of 1984 (as amended) and the PJSCs Articles of Association, 10% of the annual net profit of the PJSC is required to be transferred to a statutory reserve. Further transfer to the reserve will be made only at the end of the financial year. This reserve is not available for distribution except as stipulated by the law.

19 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the interim consolidated statement of financial position are as follows:

	<i>AED'000</i>
Transfer from the LLC (note 3)	19,779
Provided during the period	8,032
End of service benefits paid	(1,867)
Provision as at end of the period	25,944

An actuarial valuation has not been performed as the net impact of discount rates and future increases in benefits is not likely to be material.

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20 TERM LOANS

	<i>AED'000</i>
Term loans	62,093
Non current portion	(6,500)
Current portion of term loans	55,593

Term loans were taken to finance the purchase of motor vehicles and equipment and new construction contracts. The loans carry interest that range between 7.5% and 8.25% per annum and are repayable in 12 to 60 monthly installments. Installments due within one year are disclosed under current liabilities. The loans are secured by lien on the motor vehicles and equipment purchased and the labour camp at Dubai Investment Park.

21 ACCOUNTS PAYABLE AND ACCRUALS

	<i>AED'000</i>
Due to suppliers and subcontractors	220,185
Retention payable	67,486
Accrued expenses and other payables	237,095
Provision for maintenance	18,128
	542,894

22 DUE TO BANKS

	<i>AED'000</i>
Trust receipts and other borrowings	42,054
Bank overdrafts	42,336
	84,390

The banking facilities carry interest at prevailing market rates and are secured by one or more of the following:

- Assignment of project receivables and insurance policy over the asset financed.
- Assignment of guarantees issued by subcontractors.
- Lien over time deposits.
- Guarantees of certain related parties.

Drake & Scull International PJSC and its Subsidiaries

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23 INVESTMENT IN JOINT VENTURES

The Group, through Gulf Technical Construction Co. L.L.C. [formerly the Test Contracting Co. L.L.C.] has a 50% interest in Ranya Test Joint Venture, a joint venture with Ranya General Contracting Company (L.L.C.) under a joint venture agreement dated 12 August 2005.

The Group through its subsidiary Drake & Scull International LLC (Abu Dhabi) has a 50% interest in King Abdullah University of Science and Technology project, a joint venture with Drake & Scull (W.L.L) under a joint venture agreement dated 15 January 2008.

The Group's share in the joint ventures' assets and liabilities included in the interim consolidated financial statements is as follows:

	<i>AED'000</i>
Current assets	253,798
Non-current assets	3,852
Current liabilities	(176,605)
Net assets	<u>81,045</u>

The Group's share in the operating results of the joint ventures included in the interim consolidated financial statements is as follows:

	<i>Three months ended 30 June 2009 AED'000</i>	<i>17 November 2008 to 30 June 2009 AED'000</i>
Revenue	<u>101,792</u>	<u>232,665</u>
Profit for the period	<u>19,851</u>	<u>56,754</u>

24 EARNINGS PER SHARE

	<i>Three months ended 30 June 2009</i>	<i>17 November 2008 to 30 June 2009</i>
Earnings:		
Profit for the period attributable to equity holders of the Parent (AED'000)	<u>86,555</u>	<u>221,051</u>
Shares:		
Weighted average number of shares outstanding during the period	<u>2,177,777,778</u>	<u>2,177,777,778</u>
Basic and diluted earnings per share (AED)	<u>0.04</u>	<u>0.102</u>

25 EXPENDITURE COMMITMENTS

	<i>AED'000</i>
Operating lease commitments	
Future minimum lease payments:	
Within one year	8,445
After more than one year	454
More than five years	1,724
Total operating lease expenditure contracted for at the statement of financial position date	10,623

26 CONTINGENCIES

	<i>AED'000</i>
Performance bonds	413,431
Labour and other guarantees	285,546

27 RISK MANAGEMENT

Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, due to banks, and term loans). The Group's interest-bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The sensitivity analyses below have been determined based on the exposure to interest rates for bank deposit, due to banks and term loans at the statement of financial position date. For bank deposits, due to banks and term loans, the analysis is prepared assuming the amount of deposit with banks and amount due to banks and term loans outstanding at the statement of financial position date was outstanding for the whole period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

There is no direct impact on the Group's equity other than the impact resulting from the effect on profit for the period.

	<i>Increase/ decrease in basis points</i>	<i>Effect on profit for the three months period ended 30 June 2009 AED'000</i>	<i>Effect on profit for the period from 17 November 2008 to 30 June 2009 AED'000</i>
AED	+50	11,840	29,600
AED	-50	(11,840)	(29,600)

Currency risk

The Group is not exposed to any significant currency risks as almost all transactions, except those relating to the joint venture in Saudi Arabia, are in United Arab Emirates Dirhams. The transactions relating to the joint venture in Saudi Arabia are in Saudi Arabian Riyals. Both Saudi Arabian Riyals and Arab Emirates Dirhams are pegged to US Dollars.

27 RISK MANAGEMENT (continued)**Credit risk**

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables and retentions due from the customers.

The Group limits its credit risk with regard to bank deposits by dealing with reputable banks only.

With respect to credit risk arising from the other financial assets of the Group, including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Group limits its liquidity risk by ensuring bank facilities and funding from the shareholders are available.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 30 June 2009, based on contractual payment dates and current market interest rates.

	<i>Less than 3 months AED'000</i>	<i>3 to 12 months AED'000</i>	<i>1 to 5 years AED'000</i>	<i>>5 years AED'000</i>	<i>Total AED'000</i>
Accounts payable and accruals	200,002	287,532	55,360	-	542,894
Due to related parties	595	-	13,600	-	14,195
Due to banks	85,655	-	-	-	85,655
Term loans	3,085	55,874	7,292	-	66,251
Total	<u>289,337</u>	<u>343,406</u>	<u>76,252</u>	<u>-</u>	<u>708,995</u>

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group has raised capital through public subscription. Capital comprises share capital, treasury shares, statutory reserve and retained earnings and is measured at AED 2,389,165 thousand at 30 June 2009.

28 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of contract receivables, due from related parties, trading investments, available for sale investments, bank balances and cash. Financial liabilities consist of bank overdrafts, due to related parties, term loans and payables.

The fair values of financial instruments are not materially different from their carrying values.

29 KEY SOURCES OF ESTIMATION UNCERTAINTY**Percentage of completion**

The Group uses the percentage of completion method when accounting for contracting revenue. Use of the percentage of completion method requires the Group to estimate the costs incurred to date on contracts as a proportion of the total contract costs to be incurred. The accuracy of this estimate has a material impact on the amount of revenue and related profits recognised. Any revision to profit arising from changes in estimates is accounted for in the period when the changes become known.

29 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment of accounts receivable

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

At the statement of financial position date, gross contracts receivables and retentions receivable were AED 898,805 thousand and the provision for doubtful debts was AED 6,632 thousand. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated income statement.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The Group will perform its first test of impairment of goodwill before the end of the current financial period, after adjustments to the provisional values have been recognised.