

**Arabtec Holding PJSC and its
Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2015 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ARABTEC HOLDING PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Arabtec Holding PJSC and its subsidiaries (the "Group") as at 30 September 2015, comprising of the interim consolidated statement of financial position as at 30 September 2015 and the related interim consolidated statement of income and comprehensive income for the three-month and nine-month periods then ended and the related interim consolidated statements of cash flows and changes in equity for the nine-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed 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. Consequently, it 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 statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

We draw attention to notes 17 and 22 to the interim condensed consolidated financial statements which provide details on negotiations relating to contractual arrangements with clients and political uncertainty in Syria, the probable outcome of which cannot be determined with reasonable certainty at the date of this report.

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



Signed by
Ashraf Abu-Sharkh
Partner
Registration No. 690

10 November 2015

Dubai, United Arab Emirates

Arabtec Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2015 (Unaudited)

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2015 AED'000	2014 AED'000	2015 AED'000	2014 AED'000
Continuing operations					
Revenues		1,603,160	2,102,448	5,194,128	5,848,593
Direct costs		(2,220,503)	(1,833,916)	(6,363,865)	(5,034,243)
Gross (loss) / profit		(617,343)	268,532	(1,169,737)	814,350
Other operating income		2,184	8,073	15,547	18,784
General and administrative expenses		(302,021)	(225,383)	(679,663)	(569,028)
Impairment of development properties	8	(33,539)	-	(39,464)	-
Other income		13,272	3,441	26,376	29,959
Net interest income / (expenses) on non-current receivables and payables		520	1,324	(333)	322
Net investment income		221	3,385	810	5,868
Finance costs		(9,055)	(11,259)	(28,045)	(31,541)
Share of profit (loss) of associates	9	-	2,945	(5,579)	(37,535)
(Loss) / profit before tax from continuing operations		(945,760)	51,058	(1,880,088)	231,179
Income tax expense	6	(1,609)	(1,266)	(4,321)	(2,485)
(Loss) / profit for the period from continuing operations		(947,370)	49,792	(1,884,409)	228,694
Discontinued operations					
(Loss) / profit before tax from discontinued operations		(78,454)	40,206	(458,991)	126,917
Income tax expense		(61)	(32)	(240)	(306)
(Loss) / profit after tax for the period from discontinued operations	24	(78,515)	40,174	(459,231)	126,611
(Loss) / profit for the period		(1,025,885)	89,966	(2,343,640)	355,305
Attributable to:					
Equity holders of the Parent		(944,785)	68,651	(1,942,961)	308,987
Non-controlling interests		(81,100)	21,315	(400,679)	46,318
		(1,025,885)	89,966	(2,343,640)	355,305
Basic and diluted (Loss) / earnings per share (AED)	16	(0.20)	0.01	(0.42)	0.07

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements

Arabtec Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2015 (Unaudited)

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2015 AED'000</i>	<i>2014 AED'000</i>	<i>2015 AED'000</i>	<i>2014 AED'000</i>
(LOSS) / PROFIT FOR THE PERIOD	(1,025,885)	89,966	(2,343,640)	355,305
Other comprehensive income				
<i>Other comprehensive income that would be reclassified to profit or loss in subsequent periods:</i>				
Unrealised (loss) / gain on revaluation of available-for-sale investments	(537)	508	693	(996)
Net change in foreign currency translation reserve	(458)	(2,857)	3,325	2,384
Other comprehensive (loss) income for the period	(995)	(2,349)	4,018	1,388
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD, NET OF TAX	(1,026,880)	87,617	(2,339,622)	356,693
Attributable to:				
Equity holders of the Parent	(945,558)	67,809	(1,939,610)	310,409
Non-controlling interests	(81,322)	19,808	(400,012)	46,284
	(1,026,880)	87,617	(2,339,622)	356,693

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements

Arabtec Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	Notes	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	981,980	935,618
Investment properties		658,656	741,781
Development properties	8	20,000	59,464
Investments in associates	9	232,373	237,934
Goodwill		248,741	248,741
Other intangible assets	10	35,924	40,221
Trade and other receivables		809,529	387,778
Other financial assets	11	28,844	28,151
Deferred tax asset		3,387	3,216
		<u>3,019,434</u>	<u>2,682,904</u>
Current assets			
Trade and other receivables		5,767,472	6,650,922
Other financial assets	11	74,853	86,912
Inventories		196,743	197,183
Other current assets		504,108	320,530
Due from related parties	12	1,244,177	1,378,341
Cash and cash equivalents	13	868,353	1,080,942
		<u>8,655,706</u>	<u>9,714,830</u>
Assets of disposal group classified as held for sale	24	<u>1,521,464</u>	<u>1,947,065</u>
TOTAL ASSETS		<u>13,196,604</u>	<u>14,344,799</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14	4,615,065	4,395,300
Statutory reserve		1,152,593	1,152,593
Fair value adjustment reserve		3,603	3,084
Foreign currency translation reserve		11,898	9,066
Other reserves		(192,747)	(192,747)
(Accumulated losses) Retained earnings		(1,837,282)	325,444
		<u>3,753,130</u>	<u>5,692,740</u>
Equity attributable to equity holders of the Parent		<u>(133,808)</u>	<u>269,004</u>
Non-controlling interests			
Total equity		<u>3,619,322</u>	<u>5,961,744</u>
Non-current liabilities			
Bank borrowings		375,728	377,827
Provision for employees' end of service indemnity		226,116	183,606
Retentions payable		260,621	183,485
		<u>862,465</u>	<u>744,918</u>
Current liabilities			
Bank borrowings		1,331,022	869,025
Trade and other payables		5,783,503	5,299,344
Due to related parties	12	446,592	370,527
Income tax payable		14,694	12,645
		<u>7,575,811</u>	<u>6,551,541</u>
Total current liabilities		<u>7,575,811</u>	<u>6,551,541</u>
Liabilities directly associated with assets held for disposal	24	<u>1,139,006</u>	<u>1,086,596</u>
Total liabilities		<u>9,577,282</u>	<u>8,383,055</u>
TOTAL EQUITY AND LIABILITIES		<u>13,196,604</u>	<u>14,344,799</u>

Mohamed Al Fahim
Acting CEO
10 November 2015

Ravi Murthy
Acting CFO
10 November 2015

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements

Arabtec Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2015 (Unaudited)

	Attributable to the equity holders of the Parent								
	Share capital AED'000	Statutory reserve AED'000	Fair value adjustment reserve AED'000	Foreign currency translation reserve AED'000	Other reserves AED'000	(Accumulated losses) Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2015 (audited)	4,395,300	1,152,593	3,084	9,066	(192,747)	325,444	5,692,740	269,004	5,961,744
Loss for the period	-	-	-	-	-	(1,942,961)	(1,942,961)	(400,679)	(2,343,640)
Other comprehensive income for the period	-	-	519	2,832	-	-	3,351	667	4,018
Total comprehensive income/(loss) for the period	-	-	519	2,832	-	(1,942,961)	(1,939,610)	(400,012)	(2,339,622)
Bonus shares issued (note 15)	219,765	-	-	-	-	(219,765)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(2,800)	(2,800)
Balance at 30 September 2015	4,615,065	1,152,593	3,603	11,898	(192,747)	(1,837,282)	3,753,130	(133,808)	3,619,322

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements

Arabtec Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2015 (Unaudited)

	Attributable to the equity holders of the Parent								
	Share capital AED'000	Statutory reserve AED'000	Fair value adjustment reserve AED'000	Foreign currency translation reserve AED'000	Other reserves AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2014 (audited)	3,139,500	1,131,138	9,465	5,894	(185,065)	1,413,636	5,514,568	249,458	5,764,026
Profit for the period	-	-	-	-	-	308,987	308,987	46,318	355,305
Other comprehensive income for the period	-	-	(569)	1,991	-	-	1,422	(34)	1,388
Total comprehensive income for the period	-	-	(569)	1,991	-	308,987	310,409	46,284	356,693
Transfer to statutory reserve	-	30,898	-	-	-	(30,898)	-	-	-
Remuneration paid to directors (note 15)	-	-	-	-	-	(18,000)	(18,000)	-	(18,000)
Capital contribution by a non-controlling shareholder	-	-	-	-	-	-	-	6,054	6,054
Net movement of non-controlling interest	-	-	-	-	(7,682)	-	(7,682)	(10,960)	(18,642)
Bonus shares issued (note 15)	1,255,800	-	-	-	-	(1,255,800)	-	-	-
Balance at 30 September 2014	4,395,300	1,162,036	8,896	7,885	(192,747)	417,925	5,799,295	290,836	6,090,131

Arabtec Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

At 30 September 2015 (Unaudited)

		Nine-month period ended 30 September	
	Notes	2015 AED'000	2014 AED'000
OPERATING ACTIVITIES			
(Loss) / Profit before tax from continuing operations		(1,880,088)	231,179
(Loss) / Profit before tax from discontinued operations		(458,991)	126,917
		(2,339,079)	358,096
Adjustments for:			
Depreciation of property, plant and equipment	7	207,633	191,080
Depreciation of investment properties		6,895	2,984
Amortisation of intangible assets	10	4,330	4,330
Provision for employees' end of service indemnity		71,996	55,928
Write back of provision for bonus		-	(31,168)
Gain on sale of property, plant and equipment		(11,492)	(1,835)
Loss on sale of investment properties		6,289	-
Impairment of development properties	8	39,464	-
Share of loss from associates		5,579	37,535
Finance costs		31,135	33,829
Interest income on non-current receivables and payables		333	(332)
Investment income		(810)	(5,868)
		(1,977,727)	644,579
Working capital changes			
Trade and other receivables		798,616	(1,886,421)
Due from related parties		116,315	(549,833)
Inventories		(14,411)	(13,695)
Other current assets		(163,674)	(94,209)
Trade and other payables		468,847	311,738
Due to related parties		11,818	598
Retentions payable		77,136	59,798
		(683,080)	(1,527,445)
Cash used in operating activities		(30,187)	(23,301)
Employees' end of service indemnity paid		(31,135)	(33,829)
Finance cost paid		-	(18,000)
Remunerations paid to directors	15	(12,624)	(4,266)
Income tax paid		810	5,868
Investment income received			
		(756,216)	(1,600,973)
Net cash flows used in operating activities			
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(211,089)	(270,735)
Additions of investment properties		(10,674)	(74,426)
Intangible assets recognised		(33)	(7,023)
Proceeds from disposal of property, plant and equipment		27,821	40,162
Proceeds from disposal of investment properties		80,615	-
Proceed from disposal of investment in associate		2,955	-
Acquisition of non-controlling interest		-	(289,800)
Capital contribution by a non-controlling interest		-	6,054
Net movement in other financial assets		12,059	45,083
Deposit maturing after three months		-	800,000
		(98,346)	249,315
Net cash flows (used in) from investing activities			
FINANCING ACTIVITIES			
Proceeds from bank borrowings, net		386,897	459,486
Dividends paid to non-controlling interests		(2,800)	-
		384,097	459,486
Net cash flows from financing activities			
NET DECREASE IN CASH AND CASH EQUIVALENTS		(470,465)	(892,172)
Cash and cash equivalents at 1 January		191,568	1,013,911
Net foreign exchange difference		3,325	2,384
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	13	(275,572)	124,123

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Unaudited)

1 ACTIVITIES

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 Company's shares are listed on the Dubai Financial Market ("DFM"). The registered office of the Company is P.O. Box 72122, Dubai, UAE.

Arabtec Holding PJSC and its Subsidiaries (the "Group") are primarily engaged in construction of high-rise towers, buildings and residential villas, in addition to the execution of related services such as drainage, electrical and mechanical works, provision of ready mix concrete and construction equipment supply and rental.

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

The interim condensed consolidated financial statements of the Group for the nine month period ended 30 September 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 10 November 2015.

2 SUBSIDIARIES, ASSOCIATES AND JOINT OPERATIONS

<i>Name of subsidiary and domicile</i>	<i>% Holding (including indirect holding)</i>		<i>Principal activities</i>
	<i>30 September 2015</i>	<i>31 December 2014</i>	
Arabtec Construction LLC – Dubai, UAE	100%	100%	Civil construction and related works
Arabtec Construction Syria LLC, Syrian Arab Republic	100%	100%	Civil construction and related works
Arabtec Pakistan (Pvt.) Limited, Pakistan	60%	60%	Civil construction and related works
Arabtec Saudi Arabia LLC, Kingdom of Saudi Arabia *	45%	45%	Civil construction and related works
Arabtec Egypt for Construction SAE, Arab Republic of Egypt	55%	55%	Civil construction and related works
Arabtec Construction LLC (Foreign Company), State of Palestine	100%	100%	Civil construction and related works
Arabtec - Musawa W.L.L., Kingdom of Bahrain	75%	75%	Civil construction and related works
Arabtec Construction W.L.L., Qatar*	49%	49%	Civil construction and related works
Arabtec Construction LLC (Jordan foreign working entity), Jordan	100%	100%	Civil construction and electrical, mechanical, plumbing contracting and related works
Arabtec International Company, Limited, Republic of Mauritius	100%	100%	Civil construction and related works
Arabtec Construction India (Pvt) Limited, India	63%	63%	Civil construction and related works

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Unaudited)

2 SUBSIDIARIES, ASSOCIATES AND JOINT OPERATIONS (continued)

<i>Name of subsidiary and domicile</i>	<i>% Holding (including indirect holding)</i>		<i>Principal activities</i>
	<i>30 September 2015</i>	<i>31 December 2014</i>	
Arabtec Construction LLC - Abu Dhabi, UAE	100%	100%	Civil construction and related works
Arabtec Precast LLC, UAE	100%	100%	Manufacturing of precast panels
Arabtec Minority Holdings Limited, JAFZA	100%	100%	Investment holding company
Arabtec Building Equipment LLC, UAE	70%	70%	Trading and leasing of construction and building equipment
Arabtec Electromechanical LLC, UAE	100%	100%	Electrical mechanical and plumbing contracting
Arabtec Construction Machinery LLC Kingdom of Saudi Arabia	58%	58%	Trading and leasing of construction Equipment
Arabtec Engineering Services LLC, UAE	80%	80%	Infrastructure construction works
Arabtec-Envirogreen Facility Management Services LLC, UAE	67%	67%	Building maintenance and cleaning services, facilities management and security services
Arabtec Property Development LLC - Abu Dhabi, UAE	100%	100%	Real Estate , investment, development, and management
Arabtec Property Development LLC - Dubai, UAE	100%	100%	Real Estate development
Arabtec For General Maintenance LLC, UAE	100%	100%	Building general maintenance, electrical fittings, sewerage and water fittings maintenance, caravans maintenance
Arabtec Property Management LLC - Abu Dhabi, UAE	100%	100%	Management services
Arabtec Property Management LLC - Dubai, UAE	100%	100%	Leasing and management of third party property
Arabtec Facility Management LLC, UAE	100%	100%	Facilities management
Arabtec International Constructions Company LLC, UAE	100%	100%	Civil construction and related works
Arabtec Real Estate LLC - Abu Dhabi, UAE	100%	100%	Real estate leasing and management services
Arabtec Real Estate LLC - Dubai, UAE	100%	100%	Buying and selling of real estate

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2015 (Unaudited)

2 SUBSIDIARIES, ASSOCIATES AND JOINT OPERATIONS (continued)

<i>Name of subsidiary and domicile</i>	<i>% Holding (including indirect holding)</i>		<i>Principal activities</i>
	<i>30 September 2015</i>	<i>31 December 2014</i>	
Arabtec Living For Construction LLC, UAE	100%	100%	Civil construction and related works
Arabtec Construction Group LLC, UAE	100%	100%	Civil construction and related works, oil and gas facilities, and airports contracting
Arabtec Limited, JAFZA, UAE	100%	100%	General trading; commercial and real estate investments
Arabtec Trading Limited, JAFZA, UAE	100%	100%	General trading; commercial and real estate investments
Arabtec Consolidated Contractors Limited, JAFZA, UAE *	50%	50%	International business, general trading, and investments
Austrian Arabian Ready Mix Concrete Co. LLC - Dubai, UAE	100%	100%	Ready mixed concrete manufacturing
Emirates Falcon Electromechanical Co. (EFECO) LLC - Dubai, UAE	100%	100%	Electrical mechanical and plumbing contracting
EFECO Qatar W.L.L, Qatar*	49%	49%	Electrical, mechanical and plumbing contracting
EFECO LLC, State of Palestine	100%	100%	Electrical, mechanical and plumbing contracting
Emirates Falcon Electromechanical Co. (EFECO) LLC - Abu Dhabi, UAE	100%	100%	Electrical, mechanical & plumbing contracting
EFECO Saudi LLC, Kingdom of Saudi Arabia	53%	53%	Electrical, mechanical and plumbing contracting
Gulf Steel Industries FZC, UAE	100%	100%	Fabrication of steel structure and profiles
GSI Steel Construction Contracting LLC, UAE	100%	100%	Fabrication of steel structure and profiles
House of Equipment Co. LLC, UAE	67%	67%	Trading and leasing of construction Equipment
Idrotec Srl, Italy	96%	96%	Civil construction and related works
Lotus Limited, JAFZA, UAE	100%	100%	General trading; commercial and real estate investments
Magnolia Limited, JAFZA, UAE	100%	100%	General trading; commercial and real estate investments

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2015 (Unaudited)

2 SUBSIDIARIES, ASSOCIATES AND JOINT OPERATIONS (continued)

<i>Name of subsidiary and domicile</i>	<i>% Holding (including indirect holding)</i>		<i>Principal activities</i>
	<i>30 September 2015</i>	<i>31 December 2014</i>	
Mars Limited, JAFZA, UAE	100%	100%	General trading; commercial and real estate investments
Nasser Bin Khaled Factory Ready Mix Concrete Co. LLC, Qatar*	49%	49%	Manufacturing and transportation of ready mix concrete products
Neptune Limited, JAFZA, UAE	100%	100%	General trading; commercial and real estate investments
Powercon Switchgear Factory, UAE	75%	75%	Manufacturing of switch gears and power distribution panels
Stone Oil and Gas Inc, Canada**	-	70%	Consultancy and engineering
Saudi Austrian Arabian Ready Mix Co LLC Kingdom of Saudi Arabia	62%	62%	Manufacturing and transportation of ready mix concrete products
Saudi Target Engineering Construction Company LLC, Kingdom of Saudi Arabia	65%	65%	Civil construction and related works
Target Engineering Construction Company LLC, UAE	100%	100%	Civil construction and related works
Target Steel Industries LLC, UAE	97%	97%	Fabrication of steel structure and profiles
Target Engineering Construction Company L.L.C, Jordan	100%	100%	Civil construction and related works
Venus Limited, JAFZA, UAE	100%	100%	General trading; commercial and real estate investments
Arabtec Egypt for Property Development, Egypt	100%	100%	Real Estate , investment, development, and management
Arabtec Gulf for Property Investment LLC, UAE	100%	100%	Buying and selling of real estate as well as holding activities
Arabtec Interests Limited, JAFZA, UAE	100%	100%	Investment holding company

* Those represent indirect holdings of the Group. Although the Group holds 50% or less, it exercises control over these subsidiaries.

**During 2014, the Group disposed of its investment in one of its subsidiary, Stone Oil Gas Inc. Legal formalities relating to this disposal have been completed during the period ended 30 September 2015.

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Unaudited)

2 SUBSIDIARIES, ASSOCIATES AND JOINT OPERATIONS (continued)

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

<i>Name of associate and domicile</i>	<i>% Holding (including indirect holding)</i>		<i>Principal activities</i>
	<i>30 September 2015</i>	<i>31 December 2014</i>	
Depa Limited, Dubai, UAE ("DEPA")	24%	24%	Luxury fit-out of five star hotels, yachts and facilities and related services
Polypod Middle East LLC, Abu Dhabi, UAE ("Polypod")	40%	40%	Assembly of bathroom pods and other types of pods on the same concept
Jordan Wood Industries PSC	14%	14%	Production and distribution of furniture and fixtures
Gulf Capital PJSC – Salboukh project, Kingdom of Saudi Arabia	24%	24%	Development of Salboukh residential compound

The Company has the following branches:

- Arabtec Holding PJSC – Abu Dhabi branch
- Arabtec Construction LLC, St Petersburg and Kazan, Russia
- Arabtec Construction LLC, Riyadh, Kingdom of Saudi Arabia
- Arabtec Saudi Arabia LLC, Riyadh, Kingdom of Saudi Arabia
- House of Equipment LLC - Abu Dhabi
- Idrotec SRL - Abu Dhabi
- ACC Arabtec JV SAL - Syrian Arab Republic branch
- Target Engineering Construction Company – Dubai branch
- Target Engineering Construction Company – Sharjah branch
- Target Engineering Construction Company – Fujairah branch
- Target Engineering Construction Company WLL – Qatar branch
- Arabtec Construction LLC – branch, Abu Dhabi
- GSI Steel Construction Contracting LLC – Abu Dhabi branch
- Gulf Steel Industries FZE – Jordan branch
- Arabtec Construction LLC – Egypt branch
- Arabtec Consolidated Contractors Limited – Astana City Branch, Kazakhstan
- Austrian Arabian Ready-Mix Co LLC – Abu Dhabi branch

Joint operations of the Group are disclosed in Note 18.

3 ACCOUNTING POLICIES

3.1 Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") specifically International Accounting Standard 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED") being the functional and reporting currency of the Group. All numbers are rounded off to the nearest thousands except as otherwise stated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2014.

3 ACCOUNTING POLICIES (continued)

3.1 Basis of preparation (continued)

Although the Group owns less than 50% of the equity shares of Arabtec Construction WLL, Qatar; Nasser Bin Khaled Factory Ready Mix Concrete Co. LLC, Qatar; Arabtec Saudi Arabia LLC, Kingdom of Saudi Arabia and EFECO Qatar W.L.L., the Group is exposed, or has rights, to variable returns from its involvement with these entities and has the ability to affect those returns through its power to direct their strategic, operating and financial decisions and, therefore, recognises them as subsidiaries.

3.2 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group have defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The Group does not have any impact as a result of these improvements.

IFRS 3 Business Combinations

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

3 ACCOUNTING POLICIES (continued)

3.2 Changes in accounting policies (continued)

IFRS 8 Operating Segments

The amendments clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 5 in these financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and include:

IFRS 3 Business Combinations

The amendment clarifies the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Group itself is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

3 ACCOUNTING POLICIES (continued)

3.3 Standards, amendments and interpretations issued but not effective

Standards issued but not yet effective up to the date of issuance of the Group's interim condensed consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contract with Customers*. The standard applies to revenue from contract with customers and replaces all of the revenue standards and interpretation in IFRS, including IAS 11 *Construction contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions involving Advertising Services*.

IFRS 15 creates a single source of revenue requirements for all entities in all industries using a principal based approach with increased judgement. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group is currently evaluating the impact of the new standard.

4 SEASONALITY OF OPERATIONS

The results for the nine-month period ended 30 September 2015 reflect the results of the Group's continuing projects and new projects commenced during the period and are not significantly affected by any seasonal or cyclical operations.

Management has concluded that this does not constitute "highly seasonal" as considered by IAS 34 *Interim Financial Reporting*. Notwithstanding, the results for the nine-month period ended 30 September 2015 are not necessarily indicative of the results that might be expected for the year ending 31 December 2015.

5 SEGMENT INFORMATION

The management of the Group assessed the Group into four operating segments: Construction; MEP; Oil & Gas, Infrastructure and Power; and Other.

The Construction segment primarily engages in the construction of high-rise towers, buildings and residential villas. The MEP segment is involved in the execution of drainage, electrical and mechanical works. The Oil & Gas, Infrastructure and Power segment is involved in all works related to, intended to be used for, and/or for clients in the industries of Oil & Gas, Infrastructure and Power. The Other segment is involved in all other work that does not fall into the previous three segments in addition to the headquarters.

The above segments are the basis on which the Group reports its segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis and eliminated on consolidation.

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Unaudited)

5 SEGMENT INFORMATION (continued)

Segment wise consolidated statement of comprehensive income information for the nine-month period ended 30 September 2015 and three-month period ended 30 September 2015 is presented below:

Nine-month period ended 30 September 2015

	Construction AED'000	Mechanical, electrical and plumbing AED'000	Oil & Gas, infrastructure and power AED'000	Others AED'000	Elimination AED'000	Total AED'000
Revenues	3,145,094	396,856	1,704,474	325,710	(378,006)	5,194,128
Direct costs	(3,984,430)	(387,396)	(2,095,557)	(273,420)	376,938	(6,363,865)
Gross (loss) / profit	(839,336)	9,460	(391,083)	52,290	(1,068)	(1,169,737)
Other income and other expenses	18,142	104	18,352	1,314	(1,091)	36,821
General and administrative expenses	(299,104)	(55,665)	(137,381)	(228,068)	1,091	(719,127)
Finance costs	(6,285)	(970)	(8,780)	(12,010)	-	(28,045)
Income tax	(2,950)	(3)	(368)	(1,000)	-	(4,321)
Net segment results	(1,129,533)	(47,074)	(519,260)	(187,474)	(1,068)	(1,884,409)

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Unaudited)

5 SEGMENT INFORMATION (continued)

Three-month period ended 30 September 2015

	Construction AED'000	Mechanical, electrical and plumbing AED'000	Oil & Gas, infrastructure and power AED'000	Others AED'000	Elimination AED'000	Total AED'000
Revenues	855,594	133,012	548,098	145,604	(79,148)	1,603,160
Contract costs	(1,198,226)	(146,813)	(865,726)	(88,717)	78,979	(2,220,503)
Gross (loss) / profit	(342,632)	(13,801)	(317,628)	56,887	(169)	(617,343)
Other income and other expenses	4,304	31	9,217	2,829	(184)	16,197
General and administrative expenses	(121,206)	(38,737)	(78,551)	(97,250)	184	(335,560)
Finance costs	(2,625)	414	(2,954)	(3,890)	-	(9,055)
Income tax	(609)	-	-	(1,000)	-	(1,609)
Net segment results	(462,768)	(52,093)	(389,916)	(42,424)	(169)	(947,370)

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Unaudited)

5 SEGMENT INFORMATION (continued)

Segment wise consolidated statement of comprehensive income information for the nine-month period ended 30 September 2014 and three-month period ended 30 September 2014 is presented below:

Nine-month period ended 30 September 2014

	Construction AED'000	Mechanical, electrical and plumbing AED'000	Oil & Gas, infrastructure and power AED'000	Others AED'000	Elimination AED'000	Total AED'000
Revenues	4,107,367	405,091	1,717,364	176,610	(557,839)	5,848,593
Contract costs	(3,438,148)	(412,574)	(1,568,260)	(168,628)	553,367	(5,034,243)
Gross profit / (loss)	669,219	(7,483)	149,104	7,982	(4,472)	814,350
Other income and other expenses	22,673	506	7,503	(10,471)	(2,813)	17,398
General and administrative expenses	(188,052)	(44,316)	(90,515)	(248,958)	2,813	(569,028)
Finance costs	(4,041)	(11,565)	(11,086)	(4,849)	-	(31,541)
Income tax	(1,174)	(9)	(1,028)	(274)	-	(2,485)
Net segment results	498,625	(62,867)	53,978	(256,570)	(4,472)	228,694

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Unaudited)

5 SEGMENT INFORMATION (continued)

Three-month period ended 30 September 2014

	Construction AED '000	Mechanical, electrical and plumbing AED '000	Oil & Gas, infrastructure and power AED '000	Others AED '000	Elimination AED '000	Total AED '000
Revenues	1,418,773	159,836	653,336	60,496	(189,993)	2,102,448
Contract costs	(1,221,556)	(162,093)	(574,343)	(64,864)	188,940	(1,833,916)
Gross profit / (loss)	197,217	(2,257)	78,993	(4,368)	(1,053)	268,532
Other income and other expenses	10,412	324	4,472	(6,201)	10,161	19,168
General and administrative expenses	(77,797)	(14,957)	(33,439)	(86,472)	(12,718)	(225,383)
Finance costs	(1,342)	(3,584)	(4,112)	(2,221)	-	(11,259)
Income tax	(665)	(18)	(309)	(274)	-	(1,266)
Net segment results	127,825	(20,492)	45,605	(99,536)	(3,610)	49,792

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Unaudited)

5 SEGMENT INFORMATION (continued)

The following table presents segment assets, segment liabilities and other information of the Group's operating segments as at 30 September 2015 and 31 December 2014.

30 September 2015 (Unaudited)

Segment assets

Segment liabilities

31 December 2014 (Audited)

Segment assets

Segment liabilities

	Construction AED '000	Mechanical, electrical and plumbing AED '000	Oil & Gas, infrastructure and power AED '000	Others AED '000	Elimination AED '000	Total AED '000
30 September 2015 (Unaudited)						
Segment assets	7,813,860	745,765	3,365,019	4,084,873	(2,812,913)	13,196,604
Segment liabilities	(7,600,431)	(856,352)	(2,429,556)	(1,503,856)	2,812,913	(9,577,282)
31 December 2014 (Audited)						
Segment assets	8,782,155	695,379	3,612,436	4,338,947	(3,084,118)	14,344,799
Segment liabilities	(6,820,930)	(754,850)	(2,416,016)	(1,475,377)	3,084,118	(8,383,055)

6 INCOME TAX

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings, i.e., the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

The major components of income tax expense in the interim condensed consolidated statement of comprehensive income are:

	<i>"Nine-month" period ended 30 September</i>	
	<i>2015</i>	<i>2014</i>
	<i>AED'000</i>	<i>AED'000</i>
Income taxes		
Current tax expense	4,150	9,276
Deferred tax expense relating to the origination of temporary differences	171	(6,791)
Total income tax expense from continuing operations	4,321	2,485

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

	<i>"Nine-month" period ended 30 September</i>	
	<i>2015</i>	<i>2014</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>(Loss) / Profit before tax</i>		
Attributable to continuing operations	(1,880,088)	231,179
Attributable to discontinued operations (Note 24)	(458,991)	126,917
<i>Income tax expense</i>		
Attributable to continuing operations	(4,321)	(2,485)
Attributable to discontinued operations (Note 24)	(240)	(306)

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

7 PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended 30 September 2015, the Group acquired various types of property, plant and equipment with a cost of AED 211 million (nine-month period ended 30 September 2014: AED 270.7 million). Assets with a net book value of AED 16.3 million were disposed off by the Group during the nine-month period ended 30 September 2015 (nine-month period ended 30 September 2014: AED 38.3 million). Depreciation expense for the period was AED 207.6 million (nine-month period ended 30 September 2014: AED 191.1 million).

8 DEVELOPMENT PROPERTIES

During the nine-month period ended 30 September 2015, the Group has written-off certain amounts relating to development properties under construction where the scope of work has been significantly scaled down.

9 INVESTMENTS IN ASSOCIATES

DEPA Limited

On 21 November 2012, the Group acquired shares in Depa Limited ("DEPA") for AED 241,706 thousand representing a 24.329% interest in the Company's share capital upon acquisition. The investment in DEPA was classified as an associate as the Group obtained significant influence over the operating and financial policies of the company.

The company operates in the luxury fit-out sector, focusing primarily on hospitality, commercial and residential property developments through a combination of multiple subsidiaries, joint ventures and associates across a number of countries and market segments. The company operates in the Middle East/North Africa region, Europe and Asia.

Summarised financial information of DEPA as of 30 September 2015 is not available as DEPA has not declared its results at the date of approval of these interim condensed consolidated financial statements. DEPA is listed in the Dubai International Financial Center (DIFC) on the NASDAQ Dubai.

Management has recognized the Group's share of profit in this associate amounted to AED 3.64 million (30 September 2014: loss of AED 36.79 million) using the previously published financial statements as of 30 June 2015, however a loss of AED 9.16 million was recognized during the period to adjust the share of profits recognized as of Dec 2014 using the analysts' projections, which resulted is a net loss from this associate of AED 5.52 M during this period.

The fair market value of the investment in DEPA as of 30 September 2015, based on listed bid prices, was approximately AED 252.6 million (31 December 2014: AED 285.6 million) which is higher than its carrying value of AED 221.9 million (31 December 2014: AED 227.4 million).

Jordan Wood Industries PSC

During 2013, the Group acquired shares in Jordan Wood Industries PSC ("JWICO") for AED 11,088 thousand representing a 14% interest in the Company's share capital upon acquisition. The investment in JWICO was classified as an associate as the Group obtained significant influence over the operating and financial policies of the company. JWICO deals in manufacturing, trading and distribution of various types of furniture.

The Group's share of loss in this associate for the "nine-month" period ended 30 September 2015 is AED 59 thousand (nine-month period ended 30 September 2014: loss of AED 740 thousand).

The carrying value of the investment in JWICO is AED 10.4 million as at 30 September 2015 (31 December 2014: AED 10.5 million). The fair market value of the investment in JWICO as of 30 September 2015, based on listed bid prices, was approximately AED 5.8 million (31 December 2014: AED 6.1 million). Based on the book value of JWICO and the estimates of future profits, management is of the opinion that the investment in associate is not impaired.

Polypod Middle East LLC

On 6 May 2009, Polypod Middle East LLC ("Polypod"), Abu Dhabi was incorporated with the Company holding a 40% interest in Polypod at cost of AED 3,200 thousand, being equivalent to the Company's share of the issued share capital. On 7 March 2012, the Board of Directors approved to write off the investment in Polypod, due to continuous losses incurred. Management is in the process of restructuring this business with a view to allowing the business to positively trade out of its existing deficits.

10 OTHER INTANGIBLE ASSETS

During the period, the amortisation of other intangible assets amounted to AED 4.3 million (nine-month period ended 30 September 2014: AED 4.3 million). There were addition of AED 33 thousand during the period (nine-month period ended 30 September 2014: AED 7 million).

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Unaudited)

11 OTHER FINANCIAL ASSETS

	<i>Current</i>		<i>Non-current</i>	
	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Financial assets at fair value				
<i>Available-for-sale investments</i>				
Quoted equity shares (a)	-	-	9,784	9,091
	<u>-</u>	<u>-</u>	<u>9,784</u>	<u>9,091</u>
Financial assets at cost				
<i>Available-for-sale investments</i>				
Unquoted equity shares (b)	-	-	17,282	17,282
	<u>-</u>	<u>-</u>	<u>17,282</u>	<u>17,282</u>
Financial assets at amortised cost				
Fixed deposits under lien	43,526	59,915	-	-
Margin deposits	31,327	26,997	-	-
Loans to related parties	-	-	1,778	1,778
	<u>74,853</u>	<u>86,912</u>	<u>1,778</u>	<u>1,778</u>
Total other financial assets	<u>74,853</u>	<u>86,912</u>	<u>28,844</u>	<u>28,151</u>

- a) Quoted equity securities represent investments in listed equity securities and non-listed shares that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of these securities is based on the quoted market prices where available.
- b) Unquoted equity shares represent an investment in Al Waab City project, Qatar. As the fair value of this investment cannot be reliably determined, it is carried at cost less provision for impairment of AED 1,110 thousand (2014: AED 1,110 thousand). The Group intends to hold this investment for future growth or until an appropriate exit is found.

Impairment on quoted available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost. Based on these criteria, the Group did not identify any impairment (2014: Nil) on available-for-sale investments in quoted shares.

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Unaudited)

12 RELATED PARTY TRANSACTIONS AND BALANCES

The following table provides the total amount of transactions that have been entered into with related parties during the "nine-month" periods ended 30 September 2015 and 30 September 2014, as well as balances with related parties as of 30 September 2015 and 31 December 2014:

	<i>Nine-month period ended 30 September 2015</i>		<i>At 30 September 2015</i>	
	<i>Revenues AED'000</i>	<i>Other expenses AED'000</i>	<i>Amount due to AED'000</i>	<i>Amount due from AED'000</i>
Joint operations	100,697	-	383,892	356,110
Shareholder	132,456	-	-	861,297
Other related parties	312,974	2,605	62,700	26,770
	<u>546,127</u>	<u>2,605</u>	<u>446,592</u>	<u>1,244,177</u>

	<i>Nine-month period ended 30 September 2014</i>		<i>At 31 December 2014 (Audited)</i>	
	<i>Revenues AED'000</i>	<i>Other expenses AED'000</i>	<i>Amount due to AED'000</i>	<i>Amount due from AED'000</i>
Joint operations	113,471	-	329,977	377,563
Shareholder	798,657	-	-	904,276
Other related parties	955,262	7,071	40,550	96,502
	<u>1,867,390</u>	<u>7,071</u>	<u>370,527</u>	<u>1,378,341</u>

Contract claims are recognised as revenue only when management believes that an advanced stage of negotiation has been reached and the revenue can be estimated with reasonable certainty. Management reviews the judgement related to these contract claims periodically and adjustments are made in the future periods, if assessments indicates that such adjustments are appropriate. The amount of claim receivable impaired during the period is AED 122 million (2014: nil).

Compensation of key management personnel

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

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2015 AED'000</i>	<i>2014 AED'000</i>	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Attendance fees to directors	-	-	-	18,280
Short term benefits	6,772	5,029	15,507	17,211
Employees' end of service indemnity	1,541	287	2,068	977
Discretionary bonus	1,456	-	7,803	35,561
	<u>9,769</u>	<u>5,316</u>	<u>25,378</u>	<u>72,029</u>

Arabtec Holding PJSC and its Subsidiaries

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13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	30 September 2015 AED'000	31 December 2014 AED'000 (Audited)
Cash and bank balances	742,581	911,389
Short term bank deposits	125,772	169,553
Bank balances and cash	868,353	1,080,942
Bank overdrafts	(687,125)	(614,124)
Attributable to continued operations	181,228	466,818
Attributable to discontinued operations	(456,800)	(275,250)
	<u>(275,572)</u>	<u>191,568</u>

14 SHARE CAPITAL

	30 September 2015 AED'000	31 December 2014 AED'000 (Audited)
<i>Authorised issued and fully paid up:</i>		
4,615,065 thousand (31 December 2014: 4,395,300 thousand)		
share of AED 1 each	<u>4,615,065</u>	<u>4,395,300</u>

15 DIVIDENDS

At the Board of Directors meeting held on 19 March 2015, a dividend was proposed of AED 0.05 per share to be distributed as bonus share at 5% of share capital (1 bonus share for each 20 shares held, totaling 219,765 thousand shares). At the Annual General Meeting held on 30 April 2015, the shareholders approved bonus share dividends of 5% of share capital (1 bonus share for each 20 shares held, totaling 219,765 thousand shares).

At the Board of Directors meeting held on 18 March 2014, a dividend was proposed of AED 0.4 per share to be distributed as bonus share at 30% of share capital (1 bonus share for each 3.3 shares held, totaling 941,850 thousand shares) and the distribution of cash dividends at AED 0.1 per share, or 10% cash dividends, totaling AED 313,950 thousand. This was subject to approval at the forthcoming Annual General Meeting of the Company.

At the Annual General Meeting held on 30 April 2014, the shareholders approved bonus share dividends of 40% of share capital (1 bonus share for each 2.5 shares held, totaling 1,255,800 thousand shares) and to distribute remuneration to the members of the Board of Directors amounting to AED 18,000 thousand.

16 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss for the period attributable to the shareholders of the parent company of AED 1,943 million (nine-month period ended 30 September 2014: Profit of AED 308.9 million) by the weighted average number of shares outstanding during the period of 4,615,065 thousand (2014: 4,615,065 thousand).

The basic and diluted earnings per share of AED 0.01 and AED 0.07 as reported for the three-month period ended 30 September 2014 and nine-month period ended 30 September 2014 respectively (previously reported as AED 0.02 and AED 0.07 for the three-month period ended 30 September 2014 and nine-month period ended 30 September 2014 respectively) has been adjusted for the effect of the shares to be issued in 2015 as a result of the stock dividend approved by shareholders as per Note 15.

Arabtec Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Unaudited)

16 EARNINGS PER SHARE (continued)

The Company has not issued any instruments during 2015 which would have a dilutive impact on earnings per share.

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Basic and diluted (loss) / earnings per share (AED)	<u>(0.20)</u>	<u>0.01</u>	<u>(0.42)</u>	<u>0.07</u>

17 AMICABLE DISCUSSION ON CONTRACTUAL ARRANGEMENT

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

Notice of the call of the Performance Security amounting to AED 461.3 million (Group's share: AED 230.7 million) and the Advance Payment Guarantee amounting to AED 77.3 million (Group's share: AED 38.6 million) was received by the Joint Arrangement 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 LLC is paying interest, which is being expensed.

On 11 January 2009, the Joint Arrangement served its request for arbitration after which the arbitration proceedings commenced. The amount claimed by the Joint Arrangement was approximately AED 2.7 billion (Group's share: AED 1.4 billion). In June 2012, Meydan has further lodged a claim before Dubai Court contesting the validity of the arbitration tribunal and claiming a sum of AED 3.5 billion plus interest.

During the first quarter of 2013, the arbitration process was suspended in order to allow for the civil and penal cases in connection with the parties to proceed. Subsequently, in February 2013, the Board of Directors of the Company (the "Board") approved the withdrawal of the arbitration proceedings. Following the Board of Directors' approval in February 2013, the tribunal of DIAC CASE 2/ 2009 issued a partial order terminating the proceedings between Meydan and the Company, without prejudice to the parties' respective rights and obligations. The purpose of withdrawing the proceedings is to engage in and progress amicable settlement discussions. Management is in the process of engaging in these settlement discussions.

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18 JOINT OPERATIONS

The Group has the following significant interests in joint operations:

	<i>Share in JO's</i>
a) Samsung/Arabtec joint operation project, UAE	40%
b) Six Construct/Arabtec joint operation projects, UAE	50%
c) Samsung/Six Construct/Arabtec joint operation project, UAE	30%
d) Arabtec/Max Bogl joint operation projects, UAE	50%
e) Arabtec/Aktor joint operation projects, UAE	60%
f) Arabtec/Emirates Sunland joint operation projects, UAE	50%
g) Arabtec/WCT Engineering joint operation projects, UAE	50%
h) Arabtec/Engineering Enterprises Company joint operation projects, Jordan	50%
i) Arabtec/Dubai Contracting Company joint operation project, UAE	50%
j) Target Engineering and Construction Company LLC/ Marintek Middle East and Asia FLE joint operation project UAE	65%
k) Arabtec Engineering Services/WCT Engineering joint operation project, UAE	50%
l) Arabian Construction Company/Arabtec joint operation project, Syria	50%
m) Arabtec/National Projects and Construction joint operation project, UAE	50%
n) Arabtec/AI Saad joint operation project, KSA	66.66%
o) Arabtec/Combined Group Contracting Company Joint operation, Kuwait	60%
p) TAV/CCC/Arabtec Joint operation, UAE	33%
q) Oger Abu Dhabi LLC/Constructora San Jose SA/Arabtec Joint operation, UAE	33%
r) CCC/Arabtec Joint operation, Kazakhstan	50%
s) ATC/CCC/DSC Joint Venture Limited, Jordan	33%
t) ATC/SIAC joint operation project, Egypt	55%
u) ATC/ Constructora San Jose SA joint operation project, UAE	50%
v) EFECO/ACC joint operation project, Kazakhstan	40%
w) Arabtec Al Mukawilon Joint operation, Palestine	60%
x) ACC Arabtec Joint operation, Lebanon	50%

The Group is entitled to a proportionate share of the joint operations' assets and revenues and bears a proportionate share of their liabilities and expenses.

19 OPERATING LEASE ARRANGEMENTS

	<i>Nine-month period ended 30 September</i>	
	<i>2015</i>	<i>2014</i>
	<i>AED'000</i>	<i>AED'000</i>
Minimum lease payments under operating leases recognised as expense during the period	206,025	61,383

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

	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Future minimum lease payments:		
Within one year	272,040	86,748
Two to five years	756,990	403,636
More than five years	658,813	282,059
Total operating lease expenditure contracted for at the reporting date	1,687,843	772,443

20 CONTINGENCIES AND COMMITMENT

At 30 September 2015, the Group had contingent liabilities in respect of performance and bid bonds, advance payment bonds, financial guarantees, retention bonds, labour guarantees and letters of credit amounting to AED 6,899 million (31 December 2014: AED 6,797 million (Audited)).

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

At 30 September 2015, the Group had commitments for the acquisition or development of property, plant and equipment amounting to AED 1,090 million (31 December 2014: AED 1,079 million (Audited)).

21 GOODWILL

Goodwill is tested for impairment annually or when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual financial statements for the year ended 31 December 2014.

22 POLITICAL UNREST IN SYRIA

The Group has a project in Syria that has been suspended as a result of the current political events and civil unrest in the country. The Group management has taken proactive measures by entering into negotiations with its Syrian client in order to realise its assets and ensure that any exposure on its financial statements is covered.

While it is difficult to quantify the effect of these events on the future financial statements, the significance of this impact will depend on the extent to which these events and their effect will last. In management's opinion, the events in Syria will not materially affect the Group's financial position or performance.

23 FAIR VALUES

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances and cash, trade and other receivables, other financial assets, other current assets, investment properties and due from related parties. Financial liabilities consist of bank borrowings, trade and other payables, due to related parties and income tax payable.

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

- Bank balances and cash, trade receivables, other financial assets, other current assets, due from related parties bank borrowings, trade and other payables, due to related parties and income tax payable approximate their carrying amounts, largely due to the short-term maturities of these instruments.
- Long term receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, provisions are taken to account for the expected losses of these receivables. As at 30 September 2015, the carrying amounts of such receivables, net of provisions, are not materially different from their fair values.

23 FAIR VALUES (continued)

- Fair value of bank borrowings and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities.
- The fair value of the investment properties is determined by a qualified and independent property consultant, which is done on annual basis. The property consultant is a specialist in valuing these types of investment properties. The fair value stated in the consultant reports is determined using transactions observable in the market.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of financial instruments and investment properties are as follows:

<i>At 30 September 2015</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Assets measured at fair value				
Available-for-sale investments	9,784	-	-	9,784
Assets for which fair values are disclosed				
Investment properties	-	-	658,656	658,656
	<u>9,784</u>	<u>-</u>	<u>658,656</u>	<u>668,440</u>
<i>At 31 December 2014 (Audited)</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Assets measured at fair value				
Available-for-sale investments	9,091	-	-	9,091
Assets for which fair values are disclosed				
Investment properties	-	-	713,166	713,166
	<u>9,091</u>	<u>-</u>	<u>713,166</u>	<u>722,257</u>

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24 DISCONTINUED OPERATIONS

At the year ended 31 December 2014, the Board of Directors of the Group have approved a plan to dispose of the Group's equity interest in Arabtec Saudi Arabia LLC, Kingdom of Saudi Arabia, Arabtec Construction Machinery LLC, Kingdom of Saudi Arabia, Saudi Austrian Arabian Ready Mix Co LLC, Kingdom of Saudi Arabia and EFECO Saudi LLC, Kingdom of Saudi Arabia. As a result, the Group's net interest in above entities, has been classified as assets held for sale and disclosed as discontinued operations as per IFRS 5: *Non-current assets held for sale and discontinued operations*.

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2015 AED'000</i>	<i>2014 AED'000</i>	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Revenues	139,682	300,804	259,277	1,119,036
Direct costs	(196,558)	(260,909)	(674,615)	(962,244)
Gross (loss) / profit	(56,876)	39,895	(415,338)	156,792
General and administrative expenses	(21,938)	(16,165)	(45,445)	(48,515)
Other income	1,384	17,398	4,882	20,928
Finance costs	(1,024)	(922)	(3,090)	(2,288)
(Loss) / profit before tax from discontinued operations	(78,454)	40,206	(458,991)	126,917
Income tax expense	(61)	(32)	(240)	(306)
(Loss) / profit for the period from discontinued operations	(78,515)	40,174	(459,231)	126,611

As required by IFRS 5, assets held for sale shall be measured at the lower of their net carrying amount and fair value less cost to sell. Revenue for the period includes adjustments in relation to changes in estimates to reflect the net realisable value of the disposal group based on fair value less costs to sell.

The major classes of assets and liabilities of the disposal group classified as held for sale as at the reporting date are as follows:

	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000</i>
ASSETS		
Non- current assets		
Property, plant and equipment	189,356	248,591
Investments in associates	26,047	29,020
	215,403	277,611
Current assets		
Trade and other receivables	1,131,458	1,468,708
Inventories	45,634	30,783
Other current assets	30,310	50,214
Due from related parties	73,328	55,479
Cash and cash equivalents	25,331	64,270
	1,306,061	1,669,454
Total assets	1,521,464	1,947,065

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24 DISCONTINUED OPERATIONS (continued)

	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000</i>
LIABILITIES		
Non-current liabilities		
Provision for employees' end of service indemnity	36,643	37,344
Current liabilities		
Bank borrowings	482,131	339,520
Trade and other payables	548,549	563,861
Due to related parties	71,683	135,930
Income tax payable	-	9,941
	<u>1,102,363</u>	<u>1,049,252</u>
Total liabilities	<u>1,139,006</u>	<u>1,086,596</u>
Net assets directly associated with disposal group	<u>382,458</u>	<u>860,469</u>

Net cash flows of the discontinued operations are as follows:

	<i>Nine-month period ended 30 September</i>	
	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Operating activities	(193,303)	16,934
Investing activities	11,753	(25,804)
Financing activities	142,611	(5,599)
Net cash outflow	<u>(38,939)</u>	<u>(14,469)</u>

25 USE OF ESTIMATES AND JUDGMENTS

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

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

- Percentage-of-completion and cost to complete estimates of construction contracts*

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

25 USE OF ESTIMATES AND JUDGMENTS (continued)

- *Contract variations*

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

- *Contract claims*

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

As a result of the above, adjustments to revenues were made during the period, including expected future losses arising on onerous contracts.