

**ARABTEC HOLDING PJSC AND ITS SUBSIDIARIES
DUBAI - UNITED ARAB EMIRATES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION AND INDEPENDENT
AUDITOR'S REVIEW REPORT FOR THE
NINE MONTH PERIOD ENDED 30 SEPTEMBER 2011**

Arabtec Holding PJSC and its Subsidiaries

**Interim Condensed Consolidated Financial Information
and Independent Auditor's Review Report
For the Nine Month Period Ended 30 September 2011**

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Independent Auditor's Review Report

The Directors
Arabtec Holding PJSC
Dubai
United Arab Emirates

Introduction

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

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

Emphasis of matter

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

Deloitte & Touche (M.E.)



Samir Madbak
Registration No. 386

30 October 2011

**Interim Condensed Consolidated Statement of Financial Position
At 30 September 2011**

	Note	30 September 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	8	580,686	588,130
Other financial assets	8	165,457	178,106
Trade and other receivables		3,890,833	4,171,772
Due from related parties	9(b)	770,898	723,563
Inventories		378,777	369,009
Other current assets		151,027	154,294
Deferred tax		331	331
Total current assets		5,938,009	6,185,205
Non-current assets			
Other financial assets	10	214,480	43,958
Investment in associate		3,200	3,200
Intangible assets	12	106,594	143,741
Goodwill	19	248,946	246,836
Retentions and trade receivables - non-current portion		631,213	774,524
Other non-current assets		9,824	10,396
Property, plant and equipment	13	1,185,780	1,272,230
Total non-current assets		2,400,037	2,494,885
Total Assets		8,338,046	8,680,090
LIABILITIES AND EQUITY			
Current liabilities			
Bank borrowings	14	494,168	626,672
Trade and other payables		3,851,678	4,155,334
Due to related parties	9(c)	450,797	348,075
Income tax payable		1,919	5,194
Total current liabilities		4,798,562	5,135,275
Non-current liabilities			
Bank borrowings	14	73,258	110,379
Provision for employees' end of service indemnity		144,672	128,286
Retentions payable - non-current portion		142,528	203,832
Total non-current liabilities		360,458	442,497
Total Liabilities		5,159,020	5,577,772
Capital and reserves			
Share capital	18	1,495,000	1,196,000
Statutory reserve		277,291	267,819
Fair value adjustment reserve		(10,111)	(7,494)
Retained earnings		1,027,794	1,241,549
Equity attributable to equity holders of the Parent		2,789,974	2,697,874
Non-controlling interests		389,052	404,444
Total Equity		3,179,026	3,102,318
Total Liabilities and Equity		8,338,046	8,680,090

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 Riad Kamal
 Chief Executive Officer and Board Member

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

**Interim Condensed Consolidated Statement of Income
For the Nine Month Period Ended 30 September 2011**

	Three Month Period Ended 30 September		Nine Month Period Ended 30 September	
	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	1,084,010	1,277,933	3,542,113	4,111,255
Direct costs	(973,814)	(1,096,056)	(3,131,362)	(3,492,745)
Gross profit	110,196	181,877	410,751	618,510
Other operating income	13,370	9,678	31,518	45,019
Other income	7,875	12,397	25,289	22,325
General and administrative expenses	(87,758)	(155,946)	(303,763)	(317,124)
Gain on derecognition of financial assets	19,725	-	19,725	-
Changes in fair value of non-current retentions and trade receivables	(2,057)	(308)	(5,423)	2,652
Finance costs	(5,886)	(6,064)	(23,032)	(27,440)
Profit before tax	55,465	41,634	155,065	343,942
Income tax expense (Note 15)	(668)	(556)	(1,713)	(1,095)
Profit for the period	54,797	41,078	153,352	342,847
Attributable to:				
Equity holders of the parent	39,129	6,801	94,717	252,427
Non controlling interests	15,668	34,277	58,635	90,420
	54,797	41,078	153,352	342,847
Basic earnings per share (AED)	0.026	0.005	0.06	0.17
(based on profit for the period attributable to equity holders of the parent and 1,495 million shares in issue throughout the period)				

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

**Interim Condensed Consolidated Statement of Comprehensive Income
For the Nine Month Period Ended 30 September 2011**

	Three Month Period Ended 30 September 2011 AED'000 (Unaudited)	Nine Month Period Ended 30 September 2011 AED'000 (Unaudited)	Nine Month Period Ended 30 September 2010 AED'000 (Unaudited)
Profit for the period	54,797	153,352	342,847
<i>Other comprehensive (loss)/income</i>			
Net unrealized loss on revaluation of available for sale investments	(959)	(2,967)	(5,752)
Total comprehensive income for the period	53,838	150,385	337,095
<i>Total comprehensive income attributable to:</i>			
Equity holders of the parent	38,309	92,100	246,675
Non-controlling interests	15,529	58,285	90,420
	53,838	150,385	337,095

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

**Interim Condensed Consolidated Statement of Changes in Equity
For the Nine Month Period Ended 30 September 2011**

	Attributable to equity holders of the parent						
	Share capital AED'000	Statutory reserve AED'000	Fair value adjustment reserve AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 31 December 2009 (audited)	1,196,000	237,107	(2,342)	960,962	2,391,727	336,291	2,728,018
Dividends paid to non-controlling interests	-	-	-	-	-	(24,611)	(24,611)
Unrealised loss on available-for-sale investments recognised directly in equity	-	-	(5,752)	-	(5,752)	-	(5,752)
Profit for the period	-	-	-	252,427	252,427	90,420	342,847
Total comprehensive income for the period	-	-	-	-	246,675	90,420	337,095
Transfer from non-controlling interest on share purchase	-	-	-	4,181	4,181	(4,181)	-
Reduction in non-controlling interest due to purchase of additional shares	-	-	-	-	-	(21,670)	(21,670)
Transfer to statutory reserve	-	25,243	-	(25,243)	-	-	-
Balance at 30 September 2010 (unaudited)	1,196,000	262,350	(8,094)	1,192,327	2,642,583	376,249	3,018,832
Balance at 31 December 2010 (audited)	1,196,000	267,819	(7,494)	1,241,549	2,697,874	404,444	3,102,318
Capitalisation shares issued (Note 18)	299,000	-	-	(299,000)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	(69,990)	(69,990)
Unrealised loss on available-for-sale investments recognised directly in equity	-	-	(2,617)	-	(2,617)	(350)	(2,967)
Profit for the period	-	-	-	94,717	94,717	58,635	153,352
Total comprehensive income for the period	-	-	-	-	92,100	58,285	150,385
Non controlling interest arising on acquisition and incorporation of subsidiaries	-	-	-	-	-	(3,687)	(3,687)
Transfer to statutory reserve	-	9,472	-	(9,472)	-	-	-
Balance at 30 September 2011 (unaudited)	1,495,000	277,291	(10,111)	1,027,794	2,789,974	389,052	3,179,026

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

**Interim Condensed Consolidated Statement of Cash Flows
For the Nine Month Period Ended 30 September 2011**

	Nine Month Period Ended 30 September	
	2011	2010
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	321,104	194,849
Cash flows from investing activities		
Loan from a related party	-	1,112
Purchase of property, plant and equipment	(156,889)	(144,899)
Proceeds from sale of property, plant and equipment	67,956	48,276
Proceeds from disposal of available for sale investments	-	8,709
Additional investment in subsidiary	-	(21,670)
Net cash used in investing activities	(88,933)	(108,472)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(69,990)	(24,611)
Repayments of bank borrowings	(169,625)	(95,932)
Net cash used in financing activities	(239,615)	(120,543)
Net decrease in cash and cash equivalents	(7,444)	(34,166)
Cash and cash equivalents at the beginning of the period	588,130	634,051
Cash and cash equivalents at the end of the period	580,686	599,885

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

**Notes to the Interim Condensed Consolidated Financial Information
For the Nine Month Period Ended 30 September 2011**

1. Establishment and operations

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

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

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

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

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

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

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

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

1. Establishment and operations (continued)

<u>Name of subsidiary and domicile</u>	<u>Percentage of beneficial holding</u>	<u>Principal activities</u>
Arabtec Saudi Arabia LLC, Kingdom of Saudi Arabia	45%	Civil construction and related works
Arabtec Egypt for Construction SAE, Arab Republic of Egypt	55%	Civil construction and related works
Arabtec Construction LLC (Foreign Company), State of Palestine	100%	Civil construction and related works
Arabtec – Musawa W.L.L., Kingdom of Bahrain (under formation)	75%	Civil construction and related works
Arabtec Angola, Republic of Angola (under formation)	49%	Civil construction and related works
EFECO Kingdom of Saudi Arabia	50%	Electrical, mechanical and plumbing contracts
EFECO Qatar W.L.L., Doha, Qatar	49%	Electrical, mechanical and plumbing contracts
EFECO LLC, Palestine	100%	Electrical, mechanical and plumbing contracts
Arabtec Construction Machinery Kingdom of Saudi Arabia (under formation)	58%	Trading and leasing of construction equipment
Austrian Arabian Ready Mix Kingdom of Saudi Arabia (under formation)	62%	Manufacture and transportation of ready mix concrete products
Idrotec Srl, Italy	48%	Civil construction and related works
Arabtec Construction LLC, State of Kuwait (under formation)	100%	Civil construction and related works
Arabtec-Envirogreen Building Services and Facility Management	51%	Building maintenance and cleaning services, facilities management and security services

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

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

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

2. Basis of preparation

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

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

2. Basis of preparation (continued)

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

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

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

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

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

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

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

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

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 1 relating to <i>Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters</i>	1 July 2010
IAS 24 <i>Related Party Disclosures</i> (revised in 2009)	1 January 2011
Amendments to IFRIC 14 relating to <i>Prepayments of a Minimum Funding Requirement</i>	1 January 2011
Amendments to IFRS 1 relating to <i>Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'</i>	1 July 2011
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> , relating to Disclosures on Transfers of Financial Assets.	1 July 2011
IFRS 9 <i>Financial Instruments: Classification and Measurement</i>	1 January 2013
IFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013

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

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

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

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 11 <i>Joint Arrangements</i>	1 January 2013
IFRS 12 <i>Disclosures of Interests in Other Entities</i>	1 January 2013
IFRS 13 <i>Fair Value Measurement</i>	1 January 2013
Amendments to IAS 12 <i>Income Taxes</i> - Limited scope amendment (recovery of underlying assets)	1 January 2012
Amendments to IAS 1 <i>Presentation of Financial Statements</i> - <i>Amendments to revise the way other comprehensive income is presented</i>	1 July 2012
Amendments to IAS 19 <i>Employee Benefits</i> - Amended Standard resulting from the <i>Post-Employment Benefits and Termination Benefits projects</i>	1 January 2013
IAS 27 <i>Consolidated and Separate Financial Statements</i> - Reissued as IAS 27 <i>Separate Financial Statements</i>	1 January 2013
IAS 28 <i>Investments in Associates</i> - Reissued as IAS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
IAS 34 <i>Interim Financial Reporting</i> - <i>Amendments resulting from May 2010 Annual Improvements to IFRSs</i>	1 July 2011

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

4. Significant accounting policies

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

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

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

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

4. Significant accounting policies (continued)

Held to maturity

Investments which have fixed or determinable payments with fixed maturities which the Group has the intention and ability to hold to maturity, are classified as held to maturity investments and are included in other financial assets (non current assets). Held to maturity investments are carried at amortized cost, using effective interest rate method less any impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition using an effective interest rate method.

Any gain or loss on such investments is recognised in the consolidated income statement when the investment is derecognised or impaired.

Investments classified as held to maturity and not close to their maturity, cannot ordinarily be sold or reclassified without impacting the Group's ability to use this classification and cannot be designated as a hedged item with respect to interest rate or prepayment risk, reflecting the longer-term nature of these investments.

5. Segment information

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

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

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

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

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

5. Segment information (continued)

Information about reportable segment profit or loss, assets and liabilities

30 September 2011 (Unaudited)	Building construction AED'000	Precast and concrete production AED'000	Drainage and electro- mechanical works AED'000	Marine construction AED'000	Trading AED'000	Total AED'000
Revenues from external customers	2,520,805	425,860	392,272	165,717	37,459	3,542,113
Inter-segment revenues	47,795	324,919	-	-	407	373,121
Other income	16,806	3,192	566	882	3,500	24,946
Interest expense	10,114	553	5,833	2,440	4,092	23,032
Depreciation	106,472	28,039	18,505	1,429	3,726	158,171
Reportable segment profit/(loss) before tax	121,193	38,400	22,071	10,924	(14,359)	178,229
Income tax expense	1,468	-	-	245	-	1,713
Reportable segment assets	6,633,535	344,131	1,185,418	176,906	192,419	8,532,409
Expenditures for reportable segment						
non-current assets	101,415	461	6,316	40,330	2,140	150,662
Reportable segment liabilities	4,692,221	187,292	734,271	139,666	112,381	5,865,831

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

5. Segment information (continued)

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

	30 September 2011
	AED'000
	(Unaudited)
Revenues	
Total revenues for reportable segments	4,199,191
Elimination of intersegment revenues	(657,078)
Group's revenues	3,542,113
Profit	
Total profit before tax for reportable segments	178,097
Other corporate expenses	(23,032)
Income before income tax expense	155,065
Assets	
Total assets for reportable segments	8,532,409
Corporate assets	933,849
Elimination of inter-segments receivables	(1,128,212)
Group's assets	8,338,046
Liabilities	
Total liabilities for reportable segments	5,865,831
Corporate liabilities	7,870
Elimination of payable to corporate head quarters	(1,761)
Elimination of inter-segment payables	(712,920)
Group's liabilities	5,159,020

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

5. Segment information (continued)

Information about reportable segment profit or loss, assets and liabilities

30 September 2010 (Unaudited)	Building construction AED'000	Precast and concrete production AED'000	Drainage and electro- mechanical works AED'000	Marine construction AED'000	Trading AED'000	Total AED'000
Revenues from external customers	3,345,788	33,312	584,370	72,255	75,530	4,111,255
Inter-segment revenues	-	96,932	369,342	-	13,233	479,507
Other income	22,177	5,196	735	349	5,063	33,520
Interest expense	18,302	-	4,274	890	3,947	27,413
Depreciation	104,107	28,988	14,457	3,852	14,659	166,063
Reportable segment profit/(loss) before tax	267,550	(19,518)	120,695	8,366	(5,840)	371,253
Income tax expense/ (credit)	1,359	(639)	375	-	-	1,095
31 December 2010 (Audited)						
Reportable segment assets	6,920,995	385,978	1,093,791	224,113	180,776	8,805,653
Expenditures for reportable segment non-current assets	197,861	10,600	11,415	58	1,958	221,892
Reportable segment liabilities	5,095,681	192,038	626,615	181,111	114,226	6,209,671

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

5. Segment information (continued)

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

	30 September 2010 AED'000 (Unaudited)
Revenues	
Total revenues for reportable segments	4,515,032
Other revenues	75,730
Elimination of intersegment revenues	(479,507)
Group's revenues	<u>4,111,255</u>
Profit	
Total profit before tax for reportable segments	377,093
Other loss	(5,840)
Other corporate expenses	(27,311)
Income before income tax expense	<u>343,942</u>
	31 December 2010 AED'000 (Audited)
Assets	
Total assets for reportable segments	8,805,653
Other assets	521,384
Elimination of inter-segment receivables	(646,947)
Group's assets	<u>8,680,090</u>
Liabilities	
Total liabilities for reportable segments	6,209,671
Other liabilities	15,049
Elimination of inter-segment payables	(576,790)
Elimination of payable to corporate headquarters	(70,158)
Group's liabilities	<u>5,577,772</u>

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

5. Segment information (continued)

Geographical information

	30 September 2011	30 September 2011	30 September 2010	30 September 2010
	Revenues AED'000 (Unaudited)	Non-current assets AED'000 (Unaudited)	Revenues AED'000 (Unaudited)	Non-current assets AED'000 (Unaudited)
UAE	2,708,044	2,217,480	3,432,428	2,137,824
Other GCC Countries	701,405	157,672	678,827	108,885
Others	132,664	24,885	-	-

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

Information about major customers

Revenues from 4 customers of the building construction segment represent approximately AED 890 million (30 September 2010: AED 1.36 billion) of the Group's total revenues.

6. Results for the period

The results for the nine month period ended 30 September 2011 reflect the results of the Group's continuing projects and new projects commenced during the period and are not significantly affected by any seasonal or cyclical operations.

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

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

During the period, as a result of collections made, the Group reversed allowances for doubtful debts amounting to AED 23 million (30 September 2010: AED 117 million) which is recorded as a credit to general and administrative expenses.

7. Contract dispute

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

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

7. Contract dispute (continued)

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

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

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

8. Cash and cash equivalents

	30 September 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
Cash and bank balances	299,478	243,733
Fixed deposits maturing within three months	281,208	344,397
Cash and cash equivalents	<u>580,686</u>	<u>588,130</u>
Deposits under lien	158,202	164,624
Fixed deposits maturing after three months	7,255	13,482
	<u>165,457</u>	<u>178,106</u>
Bank balances and cash located:-		
Within UAE	592,341	620,741
Outside UAE	153,802	145,495
	<u>746,143</u>	<u>766,236</u>
Bank balances and cash denominates in following currencies:-		
United Arab Dirham (AED)	534,880	620,741
United States Dollar (USD)	26,986	33,249
Qatar Riyals (QR)	82,485	60,778
Pakistan Rupees (RS)	6,582	-
Saudi Riyals (SAR)	76,868	48,001
Other currencies	18,342	3,467
	<u>746,143</u>	<u>766,236</u>

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

8. Cash and cash equivalents (continued)

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

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

9. Related party transactions

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

	30 September 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
<i>Joint ventures</i>		
Amounts due from joint venture partners	360,825	395,151
<i>Other related parties</i>		
<i>Entities with common ownership and management</i>		
Al Waab City W.L.L., Doha, Qatar	247,296	256,094
National Industrial Contracting Company WLL, Qatar	-	876
Nasser Bin Khaled Al-Thani and Sons Group and its related parties, Qatar	11,479	11,002
Advance Vision Co., Kingdom of Saudi Arabia	79,741	53,541
Saudi Bin Laden Group, Kingdom of Saudi Arabia	45,421	-
Others	26,136	6,899
	410,073	328,412
	770,898	723,563

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

9. Related party transactions (continued)

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

	30 September 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
<i>Joint ventures</i>		
Amounts due to joint venture partners	241,474	221,379
<i>Other related parties</i>		
<i>Entities with common ownership and management</i>		
Nasser Bin Khaled Al-Thani and Sons Group its related parties, Qatar	45,624	54,008
WCT Engineering Berhad, Malaysia	8,105	8,890
Depa Interiors LLC, Dubai, UAE	63,018	17,067
Others	14,036	567
Advance for capital and establishment expenses pertaining to Saudi Austrian Arabian Ready Mix Concrete	14,571	-
<i>Current account of a director and major shareholder of the parent company</i>		
Mr. Riad Kamal - a Director and major shareholder	19,819	20,815
Current accounts of shareholders in subsidiaries/unpaid dividend to non-controlling interests	44,150	25,349
	209,323	126,696
	450,797	348,075

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

	Three Month Period Ended 30 September		Nine Month Period Ended 30 September	
	2011 AED'000 (Unaudited)	2010 AED'000 (Unaudited)	2011 AED'000 (Unaudited)	2010 AED'000 (Unaudited)
<i>Other related parties</i>				
Contract and other revenue	220,397	82,836	511,354	334,190
Wages and salaries	1,827	3,630	8,336	9,735
Interest received on loans	6	71	342	21
Rent income	551	653	2,195	1,823
Purchase of property, plant and equipment	593	281	4,140	683
Manpower and other charges to joint ventures	7,642	18,856	26,758	67,860
Equipment hire	887	232	2,700	1,502

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

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

9. Related party transactions (continued)

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

	Three Month Period Ended		Nine Month Period Ended	
	30 September		30 September	
	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Attendance fees to directors	350	500	1,350	1,500
Short term benefits	4,192	447	16,105	14,698
Post-employment benefits	90	20	322	93

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

g) Included in trade and other payables is an amount of AED 21.60 million (31 December 2010: AED 22.3 million) representing voluntary contributions from employees and directors which are ring fenced in order to fund certain benefits for employees on an ad-hoc basis, as determined by the appointed committee. Assets of the scheme are included in the interim condensed consolidated statement of financial position under cash and cash equivalents of AED 13.12 million (31 December 2010: AED 12.2 million) and other current assets of AED 8.17 million (31 December 2010: AED 9.2 million).

10. Other financial assets

Held to maturity investment amounting to AED 182.23 million (2010: AED nil) represents *Anka'a Sukuk Bonds issued by Anka'a Sukuk Limited (Nakheel PJSC)* included in the other financial assets under non current assets. This investment carries guaranteed interest rates of 10% p.a. The investment will be redeemed upon maturity on the period ended August, 31, 2015.

11. Joint ventures

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

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

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

11. Joint ventures (continued)

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

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

	30 September 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
Current assets	1,171,796	1,497,777
Non-current assets	96,699	158,585
Current liabilities	1,103,254	1,431,487
Non-current liabilities	65,526	54,280
Contingent liabilities	667,310	655,064

	Three Month Period Ended 30 September 2011 AED'000 (Unaudited)		Nine Month Period Ended 30 September 2011 AED'000 (Unaudited)	
	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	171,965	155,525	601,285	768,849
Expenses	179,551	151,404	574,368	739,113

12. Intangible assets

During the period, amortization of intangible assets was approximately AED 37.15 million (during the same period in 2010: AED 38.3 million). There were no additions to intangible assets during the period.

13. Property, plant and equipment

During the period, the Group purchased approximately AED 156.90 million (during the same period in 2010: AED 144.9 million) of various types of property, plant and equipment and disposed of property, plant and equipment with a net book value of AED 81.38 million (during the same period in 2010: AED 41.9 million) for proceeds of AED 67.96 million (during the same period in 2010: AED 48.3 million).

Property, plant and equipment (NBV) located:-

	UAE AED'000	Other GCC AED'000	Non GCC AED'000	Total AED'000
As of 30 September 2011 (Unaudited)	1,038,413	131,334	16,033	1,185,780
As of 31 December 2010 (Audited)	1,158,398	113,832	-	1,272,230

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

14. Bank borrowings

During the period, the Group obtained new short-term bank loans in the amount of AED 18.96 million (during the same period in 2010: AED 97.7 million). The loans bear interest at variable market rates and are repayable within 1 year. The proceeds were used to meet short-term expenditure needs. Repayments of other bank loans amounting to AED 188.53 million (during the same period in 2010: AED 193.60 million) were made in line with agreed repayment terms.

15. Income tax charge

Interim period income tax is accrued based on the estimated average annual effective income tax rate on taxable income of 1.7% (9 months ended 30 September 2010: 0.78%). The increase in the tax charge for the period is as a result of an increase in profit earned in taxable jurisdictions.

16. Operating leases

The Group as lessee:

	Three Month Period Ended		Nine Month Period Ended	
	30 September		30 September	
	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Minimum lease payments under operating leases recognized as expense during the period	<u>15,485</u>	<u>7,082</u>	<u>51,991</u>	<u>36,968</u>

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

	30 September	31 December
	2011	2010
	AED'000	AED'000
	(Unaudited)	(Audited)
Within one year	32,839	34,745
In the second to fifth years inclusive	13,477	11,642
	<u>46,316</u>	<u>46,387</u>

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

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

17. Commitments and contingencies

	30 September 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
<i>Commitments</i>		
Commitments for the acquisition of property, plant and equipment	40,333	41,295
<i>Contingent liabilities</i>		
Performance and bid bonds	2,429,706	2,620,708
Advance payment bonds	1,023,678	1,110,433
Financial guarantees	38,742	41,649
Retention bonds	502,896	487,937
Labour guarantees	41,900	26,135
Letters of credit	143,620	192,092

18. Share capital

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

19. Acquisition of subsidiaries

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

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

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

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

19. Acquisition of subsidiaries (continued)

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

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

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

20. Approval of the interim condensed consolidated financial information

The interim condensed consolidated financial information for the nine month period ended 30 September 2011 was approved by the Board of Directors and authorised for issue on 30 October 2011.