

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION AND INDEPENDENT  
AUDITOR'S REVIEW REPORT FOR THE PERIOD  
FROM JANUARY 1, 2009 TO SEPTEMBER 30, 2009**

**Arabtec Holding PJSC and its Subsidiaries  
Dubai - United Arab Emirates**

**Interim Condensed Consolidated Financial Information  
and Independent Auditor's Review Report  
For the Period from January 1, 2009 to September 30, 2009**

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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 September 30, 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the nine month period then ended. Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting (IAS 34). Our responsibility is to issue a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim 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 6 to the interim condensed consolidated financial information which describes a contractual dispute subject to arbitration proceedings, the probable outcome of which cannot currently be reasonably determined as the proceedings are at an early stage.

**Dubai**  
**October 28, 2009**

**Deloitte & Touche (M.E.)**



Anis F. Sadek  
(Registration No. 521)

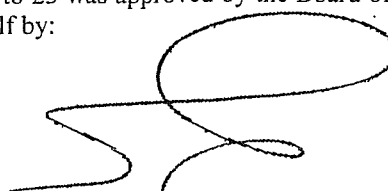
**Interim Condensed Consolidated Statement of Financial Position  
At September 30, 2009  
(In Thousand Arab Emirates Dirhams)**

	Note	September 30, 2009 (Un-audited)	December 31, 2008 (Audited)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		658,330	757,437
Other financial assets		129,872	92,925
Trade and other receivables		4,622,301	4,982,898
Due from related parties	7 (b)	416,021	278,024
Inventories		683,265	1,016,550
Other current assets		167,503	158,036
Deferred tax		414	345
<b>Total current assets</b>		<u>6,677,706</u>	<u>7,286,215</u>
<b>Non-current assets</b>			
Other financial assets		87,461	52,954
Intangible assets	9	207,349	242,340
Goodwill		252,265	252,265
Retentions and trade receivables – non-current portion		331,807	236,992
Other non-current assets		8,546	7,571
Property, plant and equipment	10	<u>1,345,148</u>	<u>1,381,323</u>
<b>Total non-current assets</b>		<u>2,232,576</u>	<u>2,173,445</u>
<b>Total Assets</b>		<u>8,910,282</u>	<u>9,459,660</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Bank borrowings	11	772,250	1,101,859
Trade and other payables		4,627,838	5,732,161
Due to related parties	7 (c)	327,435	172,963
Income tax payable		4,769	2,949
<b>Total current liabilities</b>		<u>5,732,292</u>	<u>7,009,932</u>
<b>Non-current liabilities</b>			
Bank borrowings	11	241,118	153,608
Provision for employees' end of service indemnity		128,293	114,059
Retentions payable - non-current portion		<u>107,040</u>	<u>64,119</u>
<b>Total non-current liabilities</b>		<u>476,451</u>	<u>331,786</u>
<b>Total Liabilities</b>		<u>6,208,743</u>	<u>7,341,718</u>
<b>Capital and reserves</b>			
Issued share capital	15	1,196,000	1,196,000
Statutory reserve		238,788	187,616
Fair value adjustment reserve		( 3,215)	( 5,941)
Retained earnings		<u>976,090</u>	<u>515,545</u>
<b>Equity attributable to equity holders of the Company</b>		<u>2,407,663</u>	<u>1,893,220</u>
Non-controlling interests		<u>293,876</u>	<u>224,722</u>
<b>Total Equity</b>		<u>2,701,539</u>	<u>2,117,942</u>
<b>Total Equity and Liabilities</b>		<u>8,910,282</u>	<u>9,459,660</u>

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

The interim condensed consolidated financial information on pages 2 to 25 was approved by the Board of Directors and authorized for issue on October 28, 2009 and signed on their behalf by:

.....  
Riad Kamal  
Chief Executive Officer and Board Member



**Interim Condensed Consolidated Statement of Income  
For the Period from January 1, 2009 to September 30, 2009  
(In Thousand Arab Emirates Dirhams)**

	Nine month period ended		Quarter ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Revenue	5,573,289	6,439,733	1,658,122	2,277,998
Direct costs	(4,652,516)	(5,309,398)	(1,381,284)	(1,898,524)
<b>Gross profit</b>	<b>920,773</b>	<b>1,130,335</b>	<b>276,838</b>	<b>379,474</b>
Other operating income	78,101	80,411	25,823	42,199
Other income	27,950	24,726	14,049	3,807
General and administrative expenses	(369,169)	(361,280)	(100,604)	(122,705)
Changes in fair value of non-current retentions and trade receivables	(5,708)	(6,937)	2,772	(6,588)
Finance costs	(43,851)	(5,142)	(7,588)	(2,079)
<b>Profit for the period before tax</b>	<b>608,096</b>	<b>862,113</b>	<b>211,290</b>	<b>294,108</b>
Income tax expense	(5,553)	(1,927)	(2,136)	(881)
<b>Profit for the period</b>	<b>602,543</b>	<b>860,186</b>	<b>209,154</b>	<b>293,227</b>
Attributable to:				
Equity holders of the parent	511,717	760,185	166,587	255,347
Non controlling interests	90,826	100,001	42,567	37,880
	602,543	860,186	209,154	293,227
<b>Basic earnings per share (AED)</b> (based on profit for the period attributable to equity holders of the parent and 1,196 million shares in issue throughout the period)	<b>0.43</b>	<b>0.64</b>	<b>0.14</b>	<b>0.21</b>

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

**Interim Condensed Consolidated Statement of Comprehensive Income  
For the Period from January 1, 2009 to September 30, 2009  
(In Thousand Arab Emirates Dirhams)**

	Nine month period ended ended September 30,		Quarter ended September 30,	
	2009 (Un-audited)	2008 (Un-audited)	2009 (Un-audited)	2008 (Un-audited)
Profit for the period	602,543	860,186	209,154	293,227
<i>Other comprehensive gain/(loss)</i>				
Available-for-sale financial assets	<u>2,726</u>	<u>(6,093)</u>	<u>4,520</u>	<u>(6,738)</u>
<b>Total comprehensive income for the period</b>	<b>605,269</b>	<b>854,093</b>	<b>213,674</b>	<b>286,489</b>
<i>Total comprehensive income attributable to:</i>				
Equity holders of the parent	514,443	754,092	171,107	248,609
Non-controlling interests	<u>90,826</u>	<u>100,001</u>	<u>42,567</u>	<u>37,880</u>
	<b>605,269</b>	<b>854,093</b>	<b>213,674</b>	<b>286,489</b>

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

**Interim Condensed Consolidated Statement of Changes in Shareholders' Equity  
For the Period from January 1, 2009 to September 30, 2009  
(In Thousand Arab Emirates Dirhams)**

	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Statutory reserve	Fair value adjustment reserve	Retained earnings	Total			
Balance at December 31, 2007 (Audited)	598,000	91,811	9,714	550,304	1,249,829	138,268	1,388,097	
Dividends paid (Note 16)	-	-	-	( 299,000)	( 299,000)	-	( 299,000)	
Dividends paid to non-controlling shareholders	-	-	-	-	-	( 32,843)	( 32,843)	
Profit for the period	-	-	-	760,185	760,185	100,001	860,186	
Reversal of fair value of available-for-sale investments sold	-	-	( 2,185)	-	( 2,185)	-	( 2,185)	
Unrealised loss on available-for-sale investments recognized directly in equity	-	-	( 6,093)	-	( 6,093)	-	( 6,093)	
Total income recognized for the period	-	-	-	-	751,907	100,001	851,908	
Non-controlling interests arising on the acquisition of a subsidiary	-	-	-	-	-	4,818	4,818	
Transfer to statutory reserve	-	76,019	-	( 76,019)	-	-	-	
Balance at September 30, 2008 (Un-audited)	598,000	167,830	1,436	935,470	1,702,736	210,244	1,912,980	
Balance at December 31, 2008 (Audited)	1,196,000	187,616	( 5,941)	515,545	1,893,220	224,722	2,117,942	
Dividends paid to non-controlling shareholders	-	-	-	-	-	( 21,672)	( 21,672)	
Profit for the period	-	-	-	511,717	511,717	90,826	602,543	
Unrealised gain on available-for-sale investments recognized directly in equity	-	-	2,726	-	2,726	-	2,726	
Total income recognized for the period	-	-	-	-	514,443	90,826	605,269	
Transfer to statutory reserve	-	51,172	-	( 51,172)	-	-	-	
<b>Balance at September 30, 2009 (Un-audited)</b>	<b>1,196,000</b>	<b>238,788</b>	<b>( 3,215)</b>	<b>976,090</b>	<b>2,407,663</b>	<b>293,876</b>	<b>2,701,539</b>	

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

**Interim Condensed Consolidated Statement of Cash Flows**  
**For the Period from January 1, 2009 to September 30, 2009**  
(In Thousand Arab Emirates Dirhams)

	<b>Nine month period ended</b>	
	<b>September 30,</b>	
	<u>2009</u>	<u>2008</u>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
<b>Net cash from operating activities</b>	<u><b>351,684</b></u>	<u>538,284</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	( 185,739)	( 607,881)
Proceeds from sale of property, plant and equipment	30,500	19,502
Proceeds from sale of investments in securities	-	57,875
Acquisition of investment in subsidiaries, net of cash acquired (Note 17)	-	( 16,220)
Investment in associate	( 3,200)	
Investments in other financial assets	( 26,860)	( 66,491)
(Increase)/decrease in loans due from a related party	<u>( 1,721)</u>	<u>1,851</u>
<b>Net cash used in investing activities</b>	<u>( 187,020)</u>	<u>( 611,364)</u>
<b>Financing activities</b>		
Proceeds from issue of shares to non-controlling interests - capital	-	147
Cash dividends received	-	271
Dividends paid to non-controlling shareholders	( 21,672)	( 32,843)
Dividends paid	-	( 299,000)
(Repayments)/proceeds from bank borrowings (net)	<u>( 242,099)</u>	<u>587,319</u>
<b>Net cash (used in)/generated from financing activities</b>	<u>( 263,771)</u>	<u>255,894</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>( 99,107)</b>	182,814
Cash and cash equivalents at the beginning of the period	<u>757,437</u>	<u>904,063</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>658,330</u></u>	<u><u>1,086,877</u></u>

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

**Notes to the Interim Condensed Consolidated Financial Information**  
**For the Period from January 1, 2009 to September 30, 2009**

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**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 a trade license issued by the Department of Economic Development, Dubai and the Ministry of Economy.

The principal object of the Company is to invest in the construction sector through the acquisition of construction 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, U.A.E.

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	33.33%	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 pre cast panels
Nasser Bin Khaled Factory Ready Mix Concrete Co. LLC, Doha, Qatar	49%	Manufacture and transportation of ready mix concrete product
Emirates Falcon Electromechanical Co. EFECO LLC, Dubai, UAE	55%	Electrical mechanical and plumbing contracts
Arabtec Engineering LLC, Dubai, UAE	100%	Infrastructure construction works
Arabtec International Company Limited, Mauritius	100%	Civil construction and related works
Arabtec Construction Syria LLC, Syria (under formation)	100%	Civil construction and related works
Arabtec Pakistan (Pvt) Limited, Pakistan (under formation)	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
AES-WCT Contracting LLC, Dubai, UAE	51%	Infrastructure construction works
Arabtec Saudi Arabia LLC, Saudi Arabia (under formation)	45%	Civil construction and related works

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

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**1. Establishment and operations (continued)**

<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.

The investment in House of Equipment Co. LLC is held by one of the shareholders on trust and for the benefit of the Company. The investment in Arabtec Pakistan (Pvt) Limited is held by third parties in trust and for the benefit of the Company.

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.

**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 Group is domiciled.

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 Group owns less than 50% of the equity shares in House of Equipment Co. LLC, Dubai, Arabtec Construction LLC, Doha, Nasser Bin Khaled Factory Readymix Concrete Co. LLC, Doha, and Arabtec Saudi Arabia LLC, Saudi Arabia, the Group has the power to govern the strategic operating and financial decisions of the companies.

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.

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

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**3. Significant accounting policies**

The interim condensed financial information has been prepared under the historical cost basis, except for revaluation of financial instruments. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2008, except for the impact of the adoption of the accounting policies and standards described below:

▪ ***Investments in associates***

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these interim condensed consolidated financial information using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the interim condensed consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

- ***IAS 1 (revised 2007) Presentation of Financial Statements*** (effective for annual periods beginning on or after January 1, 2009)

The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Group.

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

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**3. Significant accounting policies (continued)**

- **IFRS 8 Operating segments** (effective for annual periods beginning on or after January 1, 2009)

IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (see Note 4), but has had no impact on the reported results or financial position of the Group.

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 expense. 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 consolidated financial statements as at and for the year ended December 31, 2008.

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.

**4. Segment information**

The Group has four reportable segments: building construction, precast and concrete production, drainage and electromechanical works and marine construction. 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 electromechanical segment is involved in the execution of drainage, electrical and mechanical works. The fourth segment is involved in marine construction.

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 December 31, 2008. Arabtec Holding PJSC evaluates performance on the basis of profit or loss from operations before tax expense.

Arabtec Holding PJSC accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Arabtec Holding PJSC's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different 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 Period from January 1, 2009 to September 30, 2009

4. Segment information (continued)

Information about reportable segment profit or loss, assets and liabilities

	Building construction AED '000	Precast and concrete production AED '000	Drainage and electro- mechanical works AED'000	Marine construction AED'000	All other AED '000	Total AED'000
<i>September 30, 2009 (Un-audited)</i>						
Revenues from external customers	4,854,041	20,604	469,261	108,329	121,054	5,573,289
Inter-segment revenues	-	276,024	297,356	-	17,362	590,742
Interest income	27,950	-	-	-	-	27,950
Interest expense	28,766	100	4,257	1,816	8,912	43,851
Depreciation	121,969	30,342	16,082	3,390	24,079	195,862
Reportable segment profit before tax	495,667	33,648	116,479	7,510	10,325	663,629
Income tax expense	4,316	333	904	-	-	5,553
Reportable segment assets	7,081,451	385,146	888,704	145,797	272,465	8,773,563
Expenditures for reportable segment non-current assets	126,474	24,237	6,533	1,751	26,744	185,739
Reportable segment liabilities	5,515,170	154,801	667,109	136,088	160,409	6,633,577

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

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**4. Segment information (continued)**

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

	<b>September 30, 2009</b>
	<b>AED '000</b>
	<b>(Un-audited)</b>
<b>Revenues</b>	
Total revenues for reportable segments	6,042,977
Other revenues	121,054
Elimination of inter-segment	( 590,742)
<b>Group's revenues</b>	<b><u>5,573,289</u></b>
<b>Profit</b>	
Total profit for reportable segments	653,304
Other profit	10,325
Other corporate expenses	( 55,533)
<b>Group's profit before income tax expense</b>	<b><u>608,096</u></b>
<b>Assets</b>	
Total assets for reportable segments	8,501,098
Other assets	272,465
Corporate assets	599,414
Elimination of inter-segments receivables	( 462,695)
<b>Group's assets</b>	<b><u>8,910,282</u></b>
<b>Liabilities</b>	
Total liabilities for reportable segments	6,473,168
Other liabilities	160,409
Corporate liabilities	37,861
Elimination of inter-segment payables	( 425,945)
Elimination of payable to corporate headquarters	( 36,750)
<b>Group's liabilities</b>	<b><u>6,208,743</u></b>

Notes to the Interim Condensed Consolidated Financial Information - continued  
For the Period from January 1, 2009 to September 30, 2009

4. Segment information (continued)

Information about reportable segment profit or loss, assets and liabilities

	Building construction AED '000	Precast and concrete production AED'000	Drainage and electro- mechanical works AED'000	Marine construction AED'000	All other AED '000	Total AED '000
<i>September 30, 2008 (Un-audited)</i>						
Revenues from external customers	5,593,618	104,482	276,428	232,831	232,374	6,439,733
Inter-segment revenues	-	327,847	361,578	-	28,754	718,179
Interest income	24,726	-	-	-	-	24,726
Interest expense	527	145	31	-	4,439	5,142
Depreciation	62,725	21,957	10,915	2,147	11,581	109,325
Reportable segment profit before tax	708,576	50,327	77,786	17,688	58,738	913,115
Income tax expense	1,765	162	-	-	-	1,927
<i>December 31, 2008 (Audited)</i>						
Reportable segment assets	7,822,642	405,194	600,146	65,677	354,449	9,248,108
Expenditures for reportable segment non-current assets	488,743	89,236	144,861	32,709	112,114	867,663
Reportable segment liabilities	6,766,579	204,730	454,724	49,210	243,202	7,718,445

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

**4. Segment information (continued)**

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

	September 30, 2008 <u>AED '000</u> (Un-audited)
<i>Revenues</i>	
Total revenues for reportable segments	6,925,538
Other revenues	232,374
Elimination of intersegment revenues	( 718,179)
<b>Group's revenues</b>	<b><u>6,439,733</u></b>
<i>Profit</i>	
Total profit for reportable segments	854,377
Other profit	58,738
Other corporate expenses	( 51,002)
<b>Group's profit before income tax expense</b>	<b><u>862,113</u></b>
	December 31, 2008 <u>AED '000</u> (Audited)
<i>Assets</i>	
Total assets for reportable segments	8,893,659
Other assets	354,449
Corporate assets	617,025
Elimination inter-segments receivables	( 405,473)
<b>Group's assets</b>	<b><u>9,459,660</u></b>
<i>Liabilities</i>	
Total liabilities for reportable segments	7,475,243
Other liabilities	243,202
Corporate liabilities	28,745
Elimination of inter-segment payables	( 356,238)
Elimination of payable to corporate headquarters	( 49,235)
<b>Group's liabilities</b>	<b><u>7,341,717</u></b>

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

**4. Segment information (continued)**

*Geographical information*

	September 30, 2009		September 30, 2008	
	Revenues	Non-current assets	Revenues	Non-current assets
	AED '000	AED '000	AED '000	AED '000
GCC Countries	5,529,960	1,335,656	6,421,052	1,196,246
Pakistan	2,396	783	1,321	1,865
Levant	40,933	8,709	17,360	3,108

- 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 1.90 billion (September 30, 2008: 2.96 billion) of the Group's total revenues.

**5. Results for the period**

The results for the nine months ended September 30, 2009 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.

**6. Contract dispute**

On December 25, 2008, the 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 January 9, 2009 for reasons which management consider did not justify such termination. Subsequently, by way of its notice dated January 10, 2009, the Joint Venture purported to terminate the contract on January 24, 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.

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 December 29, 2008. Management has accrued the amount payable in the consolidated financial statements, and has simultaneously recorded a receivable for the same amount from Meydan, pending resolution of the dispute.

Notes to the Interim Condensed Consolidated Financial Information - continued  
For the Period from January 1, 2009 to September 30, 2009

6. Contract dispute (continued)

The following balances relating to the above contract are held in the Group's interim condensed consolidated financial information:

	<u>(Group's 50% share)</u>	
	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
	<u>AED '000</u> <u>(Un-audited)</u>	<u>AED '000</u> <u>(Audited)</u>
<i>Statement of income</i>		
Contract revenue	65,477	710,242
Contract costs	( 65,477)	( 710,242)
Gross contract margin	-	-
<i>Statement of financial position</i>		
<i>Assets</i>		
Cash and cash equivalents	3,047	-
Contract receivables	57	57
Performance security and advance payment guarantee amount receivable	269,282	269,282
Retention receivable - current portion	45,301	51,762
Amounts due from customer for contract work	242,848	260,764
Advances paid to suppliers and subcontractors	68,793	71,392
Property, plant and equipment	10,800	19,497
	<u>640,128</u>	<u>672,754</u>
<i>Liabilities</i>		
Trade payables	17,907	12,587
Due to related parties	13,340	-
Performance security and advance payment guarantee amount payable	269,282	269,282
Amounts payable to subcontractors, excluding retentions	17,436	7,532
Provisions for subcontractors and other accruals	239,178	273,493
Retentions payable - current portion	7,096	5,692
Advance received from customer	75,889	104,168
	<u>640,128</u>	<u>672,754</u>

On January 11, 2009, the Joint Venture served its request for arbitration and has subsequently filed a claim for amounts substantially in excess of the amounts shown as receivable above. Management believes, based on legal opinion they have received, that the prospects of success in the arbitration are good and that no additional provisions for the dispute are required at the statement of financial position date.

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

**6. Contract dispute (continued)**

In accordance with the Group's accounting policy relating to contracts where the outcome cannot be estimated reliably, revenue has been recognized 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 taken on the contract to date pending the outcome of the Group's claims and conclusion of the arbitration proceedings. As per the original terms of the contract, approximately AED 179 million - Group's share AED 89.5 million would have been recognised at the date of termination.

**7. 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 interim condensed consolidated statement of financial position date, due from related parties comprised the following:

	<b>September 30,</b> <b>2009</b>	<b>December 31,</b> <b>2008</b>
	<b>AED '000</b>	<b>AED '000</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
<b><i>Joint ventures</i></b>		
Amounts due from joint venture partners	<u>319,736</u>	<u>197,467</u>
<b><i>Other related parties</i></b>		
<i>Entities with common ownership and management</i>		
Al Waab City W.L.L., Doha, Qatar	-	60,097
National Industrial Contracting Company WLL, Qatar	6,075	2,540
Nasser Bin Khaled Al-Thani and Sons Group and its related parties, Qatar	52,209	10,100
Others	<u>38,001</u>	<u>7,820</u>
	<u>96,285</u>	<u>80,557</u>
	<u>416,021</u>	<u>278,024</u>

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

**7. Related party transactions (continued)**

- (c) At the interim condensed consolidated statement of financial position date, due to related parties comprised the following:

	<b>September 30, 2009</b>	December 31, 2008
	<b>AED '000</b>	AED '000
	<b>(Un-audited)</b>	(Audited)
<i>Joint ventures</i>		
Amounts due to joint venture partners	<u>205,181</u>	<u>51,654</u>
<i>Other related parties</i>		
<i>Entities with common ownership and management</i>		
Nasser Bin Khaled Al-Thani and Sons Group and its related parties, Qatar	32,406	34,206
WCT Engineering Berhad, Malaysia	6,762	17,728
Target Construct Corporation, Abu Dhabi, U.A.E.	3,396	12,410
Depa Interiors LLC, Dubai, U.A.E.	20,560	5,669
Marintek Gulf, U.A.E.	1,823	4,565
Nouman Fouad Trading, Abu Dhabi, U.A.E.	4,203	11,636
<i>Current account of a director and major shareholder of the parent company</i>		
Mr. Riad Kamal	36,168	24,710
<i>Current accounts of shareholders in subsidiaries</i>		
Other shareholders	16,809	2,586
Others	<u>127</u>	<u>7,799</u>
	<u>122,254</u>	<u>121,309</u>
	<u>327,435</u>	<u>172,963</u>

Notes to the Interim Condensed Consolidated Financial Information - continued  
For the Period from January 1, 2009 to September 30, 2009

7. Related party transactions (continued)

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

	Nine-month period ended		Quarter ended	
	September 30,		September 30,	
	2009	2008	2009	2008
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	AED '000	AED '000	AED '000	AED '000
<i>Joint ventures</i>				
Manpower and other charges to joint ventures	78,101	80,411	25,823	42,199
<i>Other related parties</i>				
Contract revenue	669,756	384,972	208,846	181,114
Sub-contracting costs	36,998	196,621	9,170	72,172
Wages and salaries	6,760	684	3,726	-
Interest received on loans	121	149	41	41
Rent income	2,550	3,947	592	1,367
Miscellaneous charges	-	2,490	-	1,508
Purchase of property, plant and equipment	17,785	7,710	10,648	2,260
Sale of property, plant and equipment	11,035	-	10,786	-
Assets purchased/hired	2,800	27,541	710	25,280
Fair value increase arising on investments held in trust by a director/shareholder	1,831	-	4,402	-

- (e) The Group has provided a loan (included in other financial assets - non-current) of AED 4.2 million (December 31, 2008: AED 2.5 million) to a non-controlling shareholder in House of Equipment Co. LLC. Interest on the loan is charged at 7% per annum.
- (f) The remuneration of directors and other members of key management during the period were as follows:

	Nine-month period ended		Quarter ended	
	September 30,		September 30,	
	2009	2008	2009	2008
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	AED '000	AED '000	AED '000	AED '000
Management fees to directors	1,350	1,350	450	450
Short term benefits	48,529	73,330	11,151	30,229
End of service indemnity	432	274	65	103

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

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

**7. Related party transactions (continued)**

(g) Amounts due from key management personnel included in other current assets:

	<b>September 30, 2009</b>	<b>December 31, 2008</b>
	<b>AED '000</b>	<b>AED '000</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
Balance at beginning of the period/year	684	5,237
Repayments during the period/year	( 274)	( 4,602)
Interest charged during the period/year	<u>5</u>	<u>49</u>
Balance at end of the period/year	<u><u>415</u></u>	<u><u>684</u></u>

(h) Amounts due to key management personnel included in trade and other payables:

	<b>September 30, 2009</b>	<b>December 31, 2008</b>
	<b>AED '000</b>	<b>AED '000</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
Accrued during the period/year	<u><u>1,750</u></u>	<u><u>2,000</u></u>

(i) Included in trade and other payables is an amount of AED 23,050,106 (December 31, 2008: AED 12,164,984) representing contributions from employees and directors towards a staff welfare scheme. Assets of the scheme are included in the interim condensed consolidated statement of financial position under cash and cash equivalents AED 10,866,021 (December 31, 2008: AED 3,704,484) and other current assets AED 12,184,085 (December 31, 2008: AED 8,460,500).

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

**8. Joint ventures**

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

	<u>Share in JV</u>
a) Abu Dhabi Investment Authority/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/Mace joint venture project	50%
f) Arabtec/Aktor joint venture projects	50%/60%
g) Arabtec/Emirates Sunland joint venture projects	50%
h) Arabtec/WCT Engineering joint venture projects	50%
i) Arabtec/Engineering Enterprises Company joint venture projects	50%
j) Arabtec/AMN Holdings joint venture project	60%
k) Arabtec/Dubai Contracting Company joint venture project	50%
l) Target Engineering and Construction Company LLC/Marintek Middle East and Asia FZE joint venture project	65%
m) Arabtec Engineering Services/WCT Engineering joint venture project	50%
n) Arabian Construction Company/Arabtec joint venture project	50%
o) Arabtec/National Projects and Construction joint venture project	50%

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 statement of financial information as a result of the proportionate consolidation of the joint ventures:

	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>		<u>September 30,</u> <u>2009</u>	<u>September 30,</u> <u>2008</u>
	AED '000	AED '000		AED '000	AED '000
	(Un-audited)	(Audited)		(Un-audited)	(Un-audited)
Current assets	1,550,346	1,529,581		861,944	1,527,550
Non-current assets	143,599	138,864		857,340	1,442,132
Current liabilities	1,433,174	1,475,594		324,050	540,142
Non-current liabilities	52,533	32,515		320,614	526,070
Commitments	-	623			
Contingent liabilities	752,779	604,071			

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

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**9. Intangible assets**

During the period, amortization of intangible assets was approximately AED 34.99 million. There were no additions to intangible assets during the period.

**10. Property, plant and equipment**

During the period, the Group purchased approximately AED 185.73 million (during the same period in 2008: AED 607.88 million) of various types of property, plant and equipment and disposed of property, plant and equipment with a net book value of AED 26.04 million (during the same period in 2008: AED 18.33 million) for proceeds of AED 30.5 million (during the same period in 2008: AED 19.5 million).

**11. Bank borrowings**

During the period, the Group obtained new short-term bank loans in the amount of AED 480.5 million (during the same period in 2008: AED 789.6 million). The loans bear interest at variable market rates. The proceeds were used to meet short-term expenditure needs. Repayments of other bank loans amounting to AED 722.6 million (during the same period in 2008: AED 201.3 million) were made in line with previously disclosed repayment terms.

**12. Income tax charge**

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 17.07% applied to taxable income arising in Qatar (nine months ended September 30, 2008: 17.07%).

**13. Operating lease**

*The Group as lessee:*

	<b>Nine-month period ended</b>		<b>Quarter ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	AED '000	AED '000	AED '000	AED '000
Minimum lease payments under operating leases recognized as expense for the period	37,990	40,284	12,663	15,042

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

**13. Operating lease (continued)**

At the interim condensed consolidated statement of financial position date, the Group had outstanding commitments under cancelable operating leases, which fall due as follows:

	<b>September 30, 2009</b>	<b>December 31, 2008</b>
	<b>AED '000</b>	<b>AED '000</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
Within one year	32,592	60,518
In the second to fifth years inclusive	22,625	36,287
Later than five years	<u>750</u>	<u>933</u>
	<u><u>55,967</u></u>	<u><u>97,738</u></u>

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

**14. Commitments and contingencies**

	<b>September 30, 2009</b>	<b>December 31, 2008</b>
	<b>AED '000</b>	<b>AED '000</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
<b><i>Commitments</i></b>		
Commitments for the acquisition of property, plant and equipment	<u>190,783</u>	<u>169,698</u>
<b><i>Contingent liabilities</i></b>		
Performance and bid bonds	2,666,984	3,252,297
Advance payment bonds	1,341,447	2,083,376
Financial guarantees	36,990	125,616
Retention bonds	432,645	455,781
Labour guarantees	25,266	31,262
Letters of credit	288,811	286,513
Bid Bonds	<u>133,135</u>	<u>-</u>

**15. Share capital**

Share capital as at September 30, 2009 amounted to AED 1.196 billion (September 30, 2008: AED 598 million). There were no movements in the share capital of the Company in either the current or the prior interim reporting period.

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

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**16. Dividend declaration**

No dividends were proposed by the directors for the year ended December 31, 2008.

Based on the results for the year ended December 31, 2007, the directors proposed a cash dividend of 50% of share capital or AED 299 million, for which approval has been received at the Annual General Meeting of the shareholders held on March 24, 2008.

**17. Acquisition of subsidiary**

On January 3, 2008, the Group acquired 55% of the issued share capital of Gulf Steel Industries FZC for cash consideration of AED 27.5 million. This transaction has been accounted for by the purchase method of accounting in accordance with IFRS 3: Business Combinations.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	<u>AED '000</u>
<i>Net assets acquired at fair value:</i>	
Property, plant and equipment	6,783
Inventories	4,526
Trade and other receivables	8,476
Bank and cash balances	11,280
Provision for employees' end of service indemnity	( 178)
Trade and other payables	( 15,134)
Due to related parties	( 4,403)
Bank borrowings	( 970)
	<u>10,380</u>
Less: Non-controlling interests	( 4,670)
Intangible asset	2,452
Goodwill	<u>19,338</u>
<b>Total consideration, satisfied by cash</b>	<b>27,500</b>
<i>Net cash outflow arising on acquisition:</i>	
Cash consideration paid	27,500
Cash and cash equivalents acquired	( 11,280)
	<u>16,220</u>

**Notes to the Interim Condensed Consolidated Financial Information - continued**  
**For the Period from January 1, 2009 to September 30, 2009**

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**17. Acquisition of subsidiary (continued)**

In applying the purchase method of accounting to the acquisition of Gulf Steel Industries FZC, management, assisted by Messrs. Moore Stephens, Dubai, prepared a purchase price allocation report for determining the value of intangible assets based on the requirements of IFRS 3 – *Business Combinations* and IAS 38 – *Intangible Assets* and made the following determinations and assumptions

- the fair values of tangible assets and monetary financial assets and liabilities at the acquisition date approximate their carrying value in the financial statements of Gulf Steel FZC.
- the fair value of the lease agreement for a plot of land was identified based on the significant savings compared to the average market rental rates charged in the surrounding areas.

The goodwill arising on the acquisition of Gulf Steel Industries FZC is attributable to the anticipated future profitability of the company's products and services and the anticipated future operating synergies from the combination with the Group.

Gulf Steel Industries FZC contributed AED 5.5 million to Group's profit for the period between the date of acquisition and the consolidated statement of financial position as at September 30, 2008.