



**CONTRACT No GTC 626/2014A**

**CONSTRUCTION OF MEGA RESERVOIR PRPSs  
(PACKAGE A - UMM BIRKA)**

**CONTRACT DOCUMENTS  
(VOLUME 9 OF 19)**



**CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) (CCC) &  
TEYSEER CONTRACTING COMPANY W.L.L.  
JOINT VENTURE**

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**SECTION 13: APPENDIX E  
CONTRACTOR'S RESOURCES**

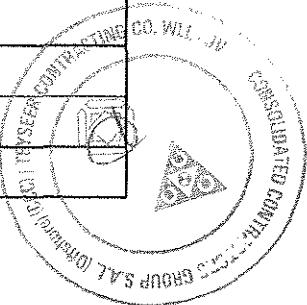
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**Qatar General Electricity & Water Corporation**  
Tender NO. GTC 626/2014  
**Construction of Mega Reservoir PRPSs**  
**(Packages A, B, C, D & E)**

## **ANNEXURE (9) UTILIZATION OF NATIONAL PRODUCTS & NATIONAL ORIGIN**

**CONTRACTOR** submits the following details, as a minimum, regarding utilization of National Products and Products of National Origin:



**SECTION 13: APPENDIX E**  
**CONTRACTOR'S RESOURCES**  
**Annexure 10: Contractor's General Information**



**Qatar General Electricity & Water Corporation**  
Tender NO. GTC 626/2014  
**Construction of Mega Reservoir PRPSs**  
**(Packages A, B, C, D & E)**

## **ANNEXURE (10) CONTRACTOR GENERAL INFORMATION**

Individual companies, and each partner of a joint venture (JV) shall complete the information in this form. Nationality information is to be provided for all owners/representatives of Applicants who are partnerships or individually owned companies. The lead partner of a joint venture shall be clearly indicated.

CONTRACTOR enters below brief company particulars. KAHRAMAA reserves the right to visit CONTRACTOR business premises to verify any of the information provided in order to ascertain CONTRACTOR capability of carrying out the WORK.

1. Individual company: Y/N
2. Joint Venture: Y/N
3. Name of JV
4. Name of CONTRACTOR:
5. Company Owner/Sponsor, name and Nationality:
6. Business Address/location:
7. Telephone No. :
8. Telefax No. :
9. Contact Person:
10. Date Company Formed:
11. Parent Company (if applicable):
12. Name and Address of any Qatar based associate Companies:
13. Main business activities and specialties of the Company:
14. Commercial Registration No.:
15. Bankers in Qatar:
16. Auditors in Qatar:
17. Insurance Company:
18. Audited B/S & P/L Account and Auditors Reports for the **last five years**. The information must show the financial situation of the Applicant, or each party of a Joint Venture, and not that of a sister or parent company:

**2012**

**2011**

**2010**





**Qatar General Electricity & Water Corporation**  
Tender NO. GTC 626/2014  
**Construction of Mega Reservoir PRPSs**  
**(Packages A, B, C, D & E)**

**2009**

**2008**

**16. Third Party Liability:**

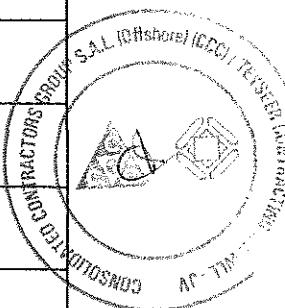
**17. Nature of work/services usually subcontracted: (if any)**

**18. Contractor's Personnel Details**

| <b>Personnel Details :</b>                             | <b>Number</b> |
|--|---------------|
| Management and Administration                          |               |
| Qualified Engineers : (Segregated by discipline)       |               |
| Technicians : (Segregated by discipline)               |               |
| Quantity Surveyors/Estimators :                        |               |
| Supervisors/Foreman : (Segregated by trade/discipline) |               |
| Tradesmen: (Segregated by trade)                       |               |
| Plant Operators/Drivers:                               |               |
| Semi skilled/unskilled labour :                        |               |

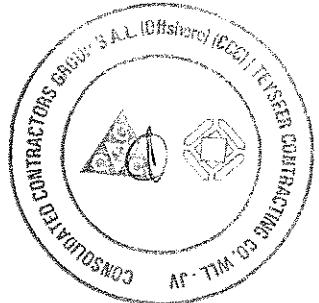
In the case of a Joint Venture, indicate role and extent of participation in respect of finance, planning, construction equipment provision of personnel and execution of the proposed works for each partner in the Joint Venture.

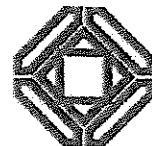
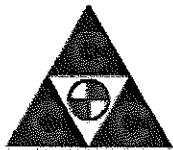
| JV Partner Participation                     | Lead Partner                               | Partner 1 | Partner 2 |
|--|--|-----------|-----------|
| Financial                                    |  |           |           |
| Planning                                     |  |           |           |
| Construction Equipment                       |  |           |           |
| Professional Personnel                       |  |           |           |
| Labour                                       |  |           |           |
| Execution of Work<br>(Provide details below) | Please find enclosed herein the following: |           |           |
|  | -Contractor General Information for CCC    |           |           |
|  | -Contractor General Information for TCC    |           |           |



## **APPENDIX E**

### **ANNEXURE (10)** **CONTRACTOR GENERAL INFORMATION – CCC**





## Technical Offer

**ANNEXURE (10) CONTRACTOR GENERAL INFORMATION**

Individual companies, and each partner of a joint venture (JV) shall complete the information in this form. Nationality information is to be provided for all owners/representatives of Applicants who are partnerships or individually owned companies. The lead partner of a joint venture shall be clearly indicated.

CONTRACTOR enters below brief company particulars. KAHRAMAA reserves the right to visit CONTRACTOR business premises to verify any of the information provided in order to ascertain CONTRACTOR capability of carrying out the WORK.

**CCC**

1. Individual company: Y/N
2. Joint Venture: Y/N
3. Name of JV

Consolidated Contractors Group S.A.L.  
(Offshore) (CCC) / Teyseer Contracting  
Company W.L.L. – Joint Venture

4. Name of CONTRACTOR:

Consolidated Contractors Group S.A.L.  
(Offshore) (CCC)

2. Company Owner/Sponsor, name and Nationality:

Owners Details:  
Consolidated Contractors Group S.A.L.  
(Holding Company) – Lebanon.

3. Business Address/location:

Ali Bin Abi Taleb Street, Street No. 820  
Al Assery Area, Zone 40  
P.O. Box 23897  
Doha – Qatar

4. Telephone No. :

(974) 4463 7111

5. Telefax No. :

(974) 4466 7053

6. Contact Person:

Mr. Nazih Abdul Kader  
Executive Vice President (Operations)

7. Date Company Formed:

8 August, 2007

8. Parent Company (if applicable)

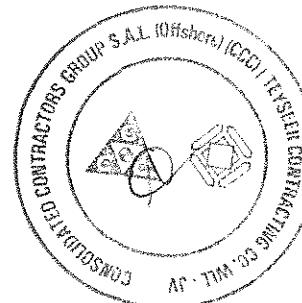
**Parent Company**

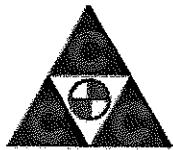
Consolidated Contractors Group S.A.L.  
(Holding Company)

Correspondence Address: 62B Kifisia Av.,  
P.O. Box 61092, Athens – Greece

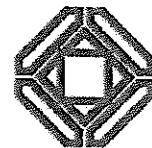
9. Name and Address of any Qatar based associated Companies:

Teyseer Contracting Company W.L.L.  
P.O. Box 2630, Doha – Qatar



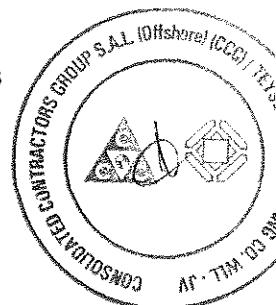


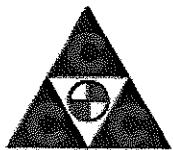
**TENDER NO. GTC 626/2014**  
**CONSTRUCTION OF MEGA RESERVOIR PRPSS**



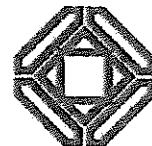
**Technical Offer**

10. Main business activities and specialties of the Project Management, Engineering, Procurement, Construction and Installation pertaining to the following:
- Buildings & Civil Engineering Works
  - Pipelines – Oil & Gas and Water
  - Mechanical Engineering Works
  - Heavy and Light Industrial Plants
  - Marine Works
  - Marine Docks, Harbours, Deep Sea Berths & Refinery Terminals
  - Offshore Installation
  - Maintenance of Mechanical Installation & Underwater Structures
11. Commercial Registration No.: Qatar Commercial Registration No. 38862  
*Please refer to Attachment 1 – Certified copy of the Commercial Registration.*
12. Bankers in Qatar: Standard Chartered Bank  
P.O. Box 29, Doha – Qatar  
  
Arab Bank Plc  
P.O. Box 172, Doha – Qatar  
  
Qatar National Bank  
P.O. Box 1000, Doha – Qatar  
  
Ernst & Young  
P.O. Box 164, Doha – Qatar
13. Auditors in Qatar: Qatar General Insurance Co.
14. Insurance Company: Qatar General Insurance Co.
15. Audited B / S & P / L Account and Auditors Reports for the **last five years**. The information must show the financial situation of the Applicant, or each party of a Joint Venture, and not that of a sister or parent company:  
**2012, 2011, 2010, 2009, 2008**  
Please refer to *Attachment 2 – Financial Statements for the years 2013 thru 2009 for CCGroup (Offshore) (CCC)*.
16. Third Party Liability: /
17. Nature of work/services usually subcontracted: (if any)
- 1. Structural Steel
  - 2. Aluminum Works
  - 3. Cladding
  - 4. Waterproofing
  - 5. Landscaping
  - 6. MEP Works
  - 7. Piling
  - 8. Marine Works





**TENDER NO. GTC 626/2014**  
**CONSTRUCTION OF MEGA RESERVOIR PRPSs**



**Technical Offer**

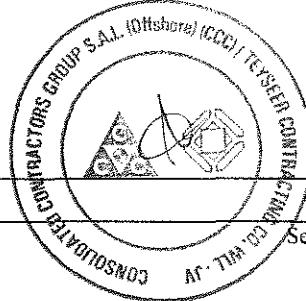
**18. Contractor's Personnel Details**

| <b>Personnel Details :</b>                             | <b>Number</b>   |                           |
|--|---|---------------------------|
|  | <b>CCG Holding</b>  | <b>CCC Qatar</b>          |
| Management and Administration                          | 6,696   | 1,186                     |
| Qualified Engineers: (Segregated by discipline)        | Civil: 606<br>Mechanical: 417<br>Electrical: 226<br>Others: 1,198 | 143<br>90<br>9<br>252     |
| Technicians: (Segregated by discipline)                | Civil: 271<br>Mechanical: 71<br>Electrical: 43<br>Others: 1,661   | 80<br>9<br>16<br>237      |
| Quantity Surveyors/Estimators:                         | 197   | 47                        |
| Supervisors/Foreman : (Segregated by trade/discipline) | Civil: 788<br>Mechanical: 280<br>Electrical: 543<br>Others: 4,196 | 168<br>16<br>125<br>1,126 |
| Tradesmen: (Segregated by trade)                       | 54,115  | 15,507                    |
| Plant Operators/Drivers:                               | 4,115   | 1,816                     |
| Semi skilled/unskilled labour:                         | 27,061  | 4,588                     |

In the case of a Joint Venture, indicate role and extent of participation in respect of finance, planning, construction equipment provision of personnel and execution of the proposed works for each partner in the Joint Venture.

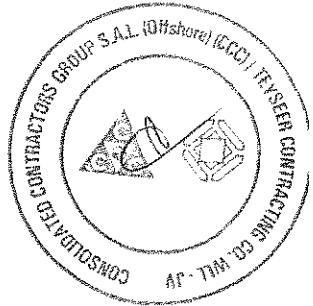
| JV Partner Participation                     | Lead Partner | Partner 1 | Partner 2 |
|--|--------------|-----------|-----------|
| Financial                                    |              |           |           |
| Planning                                     |              |           |           |
| Construction Equipment                       |              |           |           |
| Professional Personnel                       |              |           |           |
| Labour                                       |              |           |           |
| Execution of Work<br>(Provide details below) |              |           |           |
|  |              |           |           |

Tenderer clarifies that the members of the Joint Venture, Consolidated Contractors Group S.A.L. (Offshore) (CCC) and Teyseer Contracting Company W.L.L., are fully integrated with joint and several liability towards the Employer and are responsible for the full execution of the Work under the Contract as one entity. Therefore, there are no limits or split of liabilities/responsibilities between the two members.



## **APPENDIX E – ANNEXURE 10**

### **ATTACHMENT 1 – CERTIFIED COPY OF THE COMMERCIAL REGISTRATION – CCC**





مركز آسيا للترجمة والخدمات

# ASIA TRANSLATION & SERVICES CENTER

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منذ ١٩٨٧

## State of Qatar

### Ministry of Business and Trade

Department of Registration and  
Commercial Licenses

Date: 04/03/2014 Page 1/2

#### Extract of Commercial Registration Particulars

|                            |  |                               |
|----------------------------|--|-------------------------------|
| C/R No                     | 38862  | Main Firm                     |
| Trade Name                 | <i>Consolidated Contractors Group SAL (Offshore)</i><br><i>(C-C-C)</i> |                               |
| Date of Registration       | 15/04/2008   |                               |
| Valid upto                 | 15/04/2015   |                               |
| Type of the Company        | Foreign Company  | No. of branches : 0           |
| Nationality of the Company | Lebanese   |                               |
| Mark                       | /  |                               |
| Type of Registration       | Commercial Registration  |                               |
| Application No.            | 86   | Application Date : 13/04/2008 |
| Address                    | P.O. Box: 37022  | Tel No: 4667288               |
| Capital                    | 21,900,000   |                               |

#### Authorized Signatories:

| Sl. | Name                                   | Capacity | Nationality | D.O.B      |
|-----|--|----------|-------------|------------|
| 1.  | <i>Nazih Mohamed Abdulkader</i>        | Manager  | Palestinian | 1952       |
| 2.  | <i>Adel Hammoudi Mohamed Abdel Aal</i> | Manager  | Lebanese    | 01/01/1963 |
| 3.  | <i>Jamal Majeed Watfah</i>             | Manager  | Canadian    | 1958       |
| 4.  | <i>Mustafa Said Mohamed Younis</i>     | Manager  | Jordanian   | 1943       |

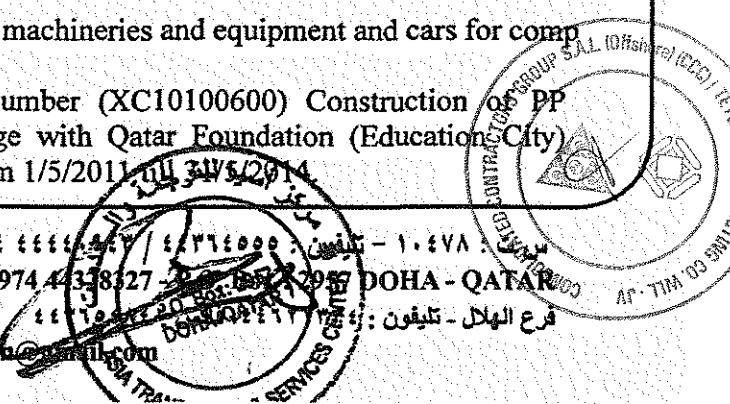
#### Commercial Activities:

##### Sl. Name of Activity

- (2003212) Importing primary raw materials, machineries, equipment and spares for company purpose.
- (2004298) Carrying out contract number (C2010/115) for carrying out F Ring Road Concluded with Public Works Authority to commence from 3/4/2011 to 6/5/2014.
- (2004299) Carrying out contract number (C2010/116) for carrying out Dukhan Highway project concluded with Public Works Authority to commence from 3/4/2 to 23/10/2014.
- (2002381) Import of materials, tools, machineries and equipment and cars for comp Purposes.
- (2004809) Carrying out contract number (XC10100600) Construction of PP number (16) Islamic Studies College with Qatar Foundation (Education City) concluded with QP to commence from 1/5/2011 until 31/12/2014.

رقم: ١٠٤٧٨ - العنوان: ٢٣٢٥٥٦ - فاكس: +٩٧٤ ٤٤٣٢٨٣٢٧ - ص.ب: ٢٩٥٧ - الوجهة - قطر  
C.R. No.: 10478 Tel : +974 44364555 / 44440943 - Fax : +974 44318327 - DOHA - QATAR  
Hilal Branch - تليفون: ٤٤٦٢١٣٣٤، فاكس: ٤٤٣٦٥٤٩٤

E-mail : [asiatranslation@mail.com](mailto:asiatranslation@mail.com)



Commercial Register No 38862 Date: 04/03/2014 Page 2/2

- 6- (2004688) Carrying out contract number (GC1-10112800) for carrying out project of engineering, procuring, installation and commissioning of multi-purpose administrative complex at Ras Laffan concluded with QP to commence from 12/06/2011 to 11/10/2014
- 7 (2005409) Carrying out contract number (EPC/C/154/2012) construction of infrastructure and frontage to multi-purpose hall at Lusail Sports Club till 28/11/2014
- 8 (2005488) Carrying out contract number (GTC07100300 (GTC07/144EM engineering and installation of requirements for commissioning anchorage infrastructure and port for Ras Laffan project concluded with QP till 27/3/2015.
- 9 (2005562) Carrying out contract number (NPP/0026) infrastructure for containers building and utilities building concluded with New Port Steering Committee to commence from 6/3/2013 till 16/3/2016
- 10 (2005600) Carrying out contract number (BAR-ONS-EPC-01) under contract number (P03100-001) for Barzan Project concluded in favor of Ras Gas to commence from 15/10/2011 till 30/6/2016.
- 11 (2005615) Carrying out contract number (BAR-ONS-EPC-01) under contract number (P-3140-003) for CONSTRUCTION OF PRE-DESIGNED CONSTRUCTIONS EXECUTED India FAVOR OF Ras Gas till 30/9/2015.

The Ministry of Business and Trade hereby certifies that the particulars given above are the true copy of the data registered with the Commercial Registry. This extract has been issued upon the C/R owner's request.

**Important Note:**

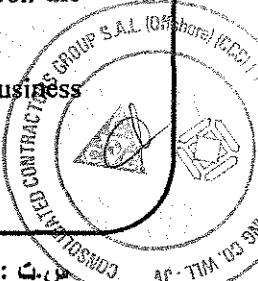
The photocopy of this extract will not be accepted until authenticated by the Ministry of Business and Trade, Commercial Affairs Department.

Director, Department of Commercial Affairs  
Signature and Seal

ش.ت : ١٠٤٧٨ - تليفون : ٤٤٣٦٤٥٥٥ / ٤٤٣٦٤٥٥٥ - فاكس : ٤٤٣٦٤٤٤٤٠٩٤٣ / ٤٤٣٦٤٤٤٤٠٩٤٣ - P.O. Box : 2957 DOHA - QATAR  
P.O. Box: 2957 : تليفون : +٩٧٤ ٤٤٣٦٤٥٥٥ / ٤٤٣٦٤٥٥٥ - فاكس : +٩٧٤ ٤٤٣٦٤٤٤٤٠٩٤٣ - Fax : +٩٧٤ ٤٤٣٦٤٤٤٤٠٩٤٣  
P.O. Box No.: 10478 Tel: +٩٧٤ ٤٤٣٦٤٥٥٥ / ٤٤٣٦٤٥٥٥ - Fax : +٩٧٤ ٤٤٣٦٤٣٢٨٣٢٧ - فاكس : +٩٧٤ ٤٤٣٦٤٣٢٨٣٢٧  
Doha, Qatar

Hilal Branch - تليفون : ٤٤٢١٣٣٤، فاكس : ٤٤٣٦٤٤٨٤، فاكس : ٤٤٢١٣٢٤

E-mail : asiatranslation@gmail.com





### مستخرج ببعض بيانات السجل

التاريخ: 2014/03/04 صفحه رقم: 1 من 2

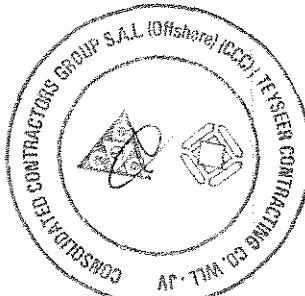
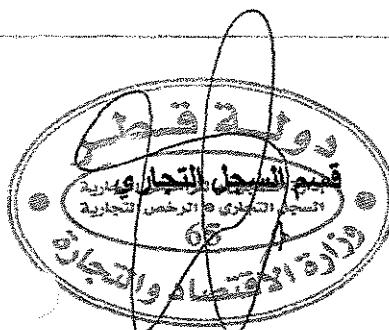
|   |                     |                               |
|---|---------------------|-------------------------------|
| مقر رئيسي                                 | 38862               | رقم السجل التجاري             |
| مجموعه اتحاد المقاولين اوف شور سبي سبي سي |                     | الاسم التجاري                 |
| 2015/04/15                                | تاريخ انتهاء السجل: | 2008/04/15 تاريخ انشاء السجل: |
| 0   | عدد الفروع:         | شركة أجنبية                   |
|   |                     | لبنان العنوان                 |
|   |                     | نوع السجل                     |
| 2008/04/13                                | تاريخ الموافقة:     | رقم الموافقة: 86              |
| 4667288                                   | رقم الهاتف:         | ص.ب : 37022                   |
|   |                     | رقم العمل                     |
|   |                     | 21900000                      |

### المخولون بالتوقيع

| الاسم                    | الصفة | الجنسية | تاريخميلاد |
|--------------------------|-------|---------|------------|
| نزهة محمد عبدالقادر      | مدير  | فلسطين  | 1952       |
| عادل حمودي محمد عبدالعال | مدير  | لبنان   | 1963/01/01 |
| جمال مجيد وظفه           | مدير  | كندا    | 1958       |
| محطفى سعيد محمد يونس     | مدير  | الأردن  | 1943       |

### الأنشطة التجارية

|   |   |
|---|---|
| 1 | 1 (2003212) لاستيراد المواد الأولية وقطع غيار الآليات والمعدات والسيارات لغرض الشركه  |
| 2 | 2 (2004298) تنفيذ العقد(C2010/115) لتنفيذ مشروع طريق الدائرى السادس(F-RING ROAD) المبرم بينها وبين هيئة الاشغال العامة والذى يبدأ تنفيذه من 3/4/2011م حتى 6/5/2014م |





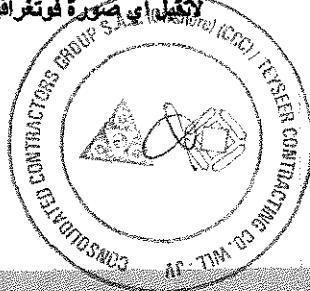
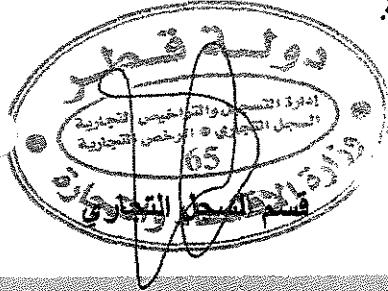
رقم السجل التجاري: 38862 التاريخ: 2014/03/04 صفة رقم: 2 من 2

|    |  |
|----|--|
| 3  | 2004299) تنفيذ العقد (C2010/116) لتنفيذ مشروع طريق نخان السريع المبرم بينها وبين هيئة الأشغال العامة والذي يبدأ من 3/4/2011م حتى 2014/10/23  |
| 4  | (2002381) استيراد المواد والأدوات والآليات والمعدات والسيارات الخاصة بالمشروع لأغراض الشركة  |
| 5  | (2004688) تنفيذ العقد رقم (GC10112800) لتنفيذ مشروع هندسة وتنبيه وتركيب وتشغيل تجاري للجمع الاداري متعدد الاغراض في راس لفان المبرم مع قطر للبترول والذي يبدأ من 12/06/2011م حتى 11/10/2014م |
| 6  | (2005488) تنفيذ العقد رقم (GTC07100300)(GTC07/144EM) لتنفيذ هندسة وتركيب الاحتياجات للتشغيل التجاري لبنيه المرسى والمبنية لمشروع ميناء راس لفان المبرم بينها وبين قطر للبترول حتى 27/03/2015 |
| 7  | (2005409) تنفيذ العقد رقم (EPC/C/154/2012) لإنشاء بنيه تحتية وواجهة متعددة الاغراض في نادي الوصل الرياضي حتى 28/11/2014  |
| 8  | (2005600) لتنفيذ العقد رقم (NPP/0026) لبنيه التحتية لمبنى الحاويات ومباني الخدمات المبرم بينها وبين لجنة تسيير مشروع الميناء الجديد يبدأ من 15/10/2011م حتى 16/03/2016                       |
| 9  | (2005615) لتنفيذ العقد رقم (BAR-ONS-EPC-01) بموجب عقد المقاولة رقم (P-3100-001) لمشروع بروزان المبرم لصالح راس غاز يبدأ من 30/06/2015م حتى 30/09/2015  |
| 10 | (2005615) لتنفيذ العقد رقم (BAR-ONS-EPC-01) بموجب عقد المقاولة رقم (P-3140-003) لمشروع بروزان المبرم لصالح راس غاز يبدأ من 15/10/2011م حتى 30/09/2015  |
| 11 | (2005615) لتنفيذ العقد رقم (BAR-ONS-EPC-01) بموجب عقد المقاولة رقم (P-3140-003) لمشروع بروزان المبرم لصالح راس غاز يبدأ من 15/10/2011م حتى 30/09/2015  |

تشهد وزارة الأعمال والتجارة بأن البيانات الواردة أعلاه مطابقة لبيانات السجل التجاري. وقد أعطى له هذا المستخرج بناءً على طلبه.

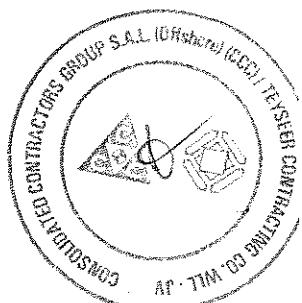
ملحوظة هامة:

الإنقلاب أي تغير في تفاصيل هذه الشهادة ما لم تكن مصدقة من وزارة الأعمال والتجارة - إدارة الشؤون التجارية.



## **APPENDIX E – ANNEXURE 10**

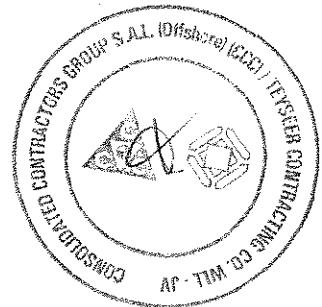
### **ATTACHMENT 2 – FINANCIAL STATEMENTS FOR CCGROUP (OFFSHORE) (CCC)**



**Consolidated Contractors Group  
S.A.L. (Offshore) - (CCC)**

**CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH AUDITORS' REPORT**

**31 DECEMBER 2013**





Building a better  
working world

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## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) – (CCC)

We have audited the accompanying consolidated financial statements of Consolidated Contractors Group S.A.L. (Offshore) – (CCC) and subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2013, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

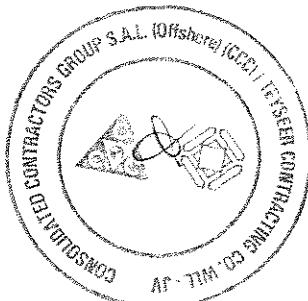
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

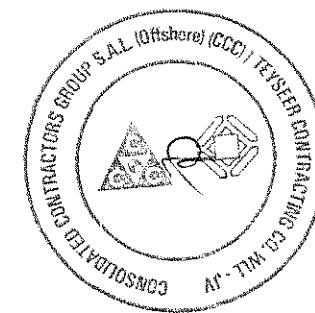
29 June 2014  
Beirut, Lebanon



**CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - CCC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2013**  
(Amounts expressed in '000 U.S. Dollars)

| <b>ASSETS</b>                              |              |                  |                           |                           | <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                |              |                  |                           |                           |
|--|--------------|------------------|---------------------------|---------------------------|--|--------------|------------------|---------------------------|---------------------------|
|  | <b>Notes</b> | <b>2013</b>      | <b>2012</b><br>(Restated) | <b>2011</b><br>(Restated) |  | <b>Notes</b> | <b>2013</b>      | <b>2012</b><br>(Restated) | <b>2011</b><br>(Restated) |
| <b>Current Assets:</b>                     |              |                  |                           |                           |  |              |                  |                           |                           |
| Cash and banks                             |              | 281,959          | 354,346                   | 323,061                   | Due to banks   | 10           | 164,082          | 119,117                   | 61,772                    |
| Accounts receivable, net                   | 5            | 257,684          | 353,669                   | 262,858                   | Accounts payable   |              | 140,300          | 102,080                   | 112,269                   |
| Other current assets                       | 8            | 632,453          | 344,055                   | 322,384                   | Other current liabilities                                  | 11           | 477,096          | 655,541                   | 575,098                   |
| Total Current Assets                       |              | <u>1,172,096</u> | <u>1,052,070</u>          | <u>908,303</u>            | Total Current Liabilities                                  |              | <u>781,478</u>   | <u>876,738</u>            | <u>749,139</u>            |
| <b>Property, Plant &amp; Equipment:</b>    |              |                  |                           |                           |  |              |                  |                           |                           |
| Property, Plant & Equipment, at cost       | 9            | 300,263          | 331,851                   | 225,739                   | Long-term debt   | 12           | 97,627           | 60,000                    | -                         |
| Less: Accumulated depreciation             | 9            | 170,950          | 167,535                   | 82,564                    | Provision for staff benefits                               |              | 66,279           | 72,499                    | 54,237                    |
| Total Property, Plant & Equipment          |              | <u>129,313</u>   | <u>164,316</u>            | <u>143,175</u>            | Other non current liabilities                              |              | <u>43,314</u>    | <u>41,693</u>             | <u>102,254</u>            |
|  |              |                  |                           |                           | Total Other Liabilities                                    |              | <u>207,220</u>   | <u>174,192</u>            | <u>156,491</u>            |
| <b>Other Assets:</b>                       |              |                  |                           |                           |  |              |                  |                           |                           |
| Investment in joint ventures               | 6            | 8,502            | 8,352                     | -                         | Equity attributable to Equity Holders of Parent Company:   |              |                  |                           |                           |
| Due from parent company & its subsidiaries |              | <u>178,837</u>   | <u>232,827</u>            | <u>179,467</u>            | Share capital - 60,000 shares of US\$ 100 each, fully paid |              | <u>6,000</u>     | <u>6,000</u>              | <u>6,000</u>              |
| Total Other Assets                         |              | <u>187,339</u>   | <u>241,179</u>            | <u>179,467</u>            | Statutory reserve  | 13           | <u>2,000</u>     | <u>2,000</u>              | <u>2,000</u>              |
| Total Assets                               |              | <u>1,488,748</u> | <u>1,457,565</u>          | <u>1,230,945</u>          | Retained earnings  |              | <u>492,975</u>   | <u>399,282</u>            | <u>317,907</u>            |
|  |              |                  |                           |                           | Non controlling interest                                   |              | <u>500,975</u>   | <u>407,282</u>            | <u>325,907</u>            |
|  |              |                  |                           |                           | Total equity   |              | <u>(925)</u>     | <u>(647)</u>              | <u>(592)</u>              |
|  |              |                  |                           |                           | Total Liabilities and Shareholders' Equity                 |              | <u>500,050</u>   | <u>406,635</u>            | <u>325,315</u>            |
|  |              |                  |                           |                           |  |              | <u>1,488,748</u> | <u>1,457,565</u>          | <u>1,230,945</u>          |

The attached notes 1 to 21 form part of these financial statements.



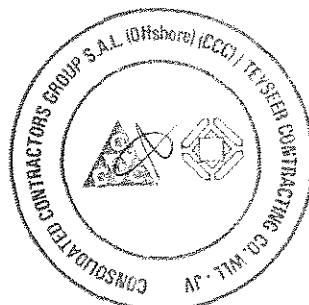
**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Year ended 31 December 2013  
(Amounts expressed in '000 U.S. Dollars)

|                                      | <i>Notes</i> | <b>2013</b>        | <b>2012<br/>(Restated)</b> |
|--------------------------------------|--------------|--------------------|----------------------------|
| Contract revenues                    |              | <b>1,402,594</b>   | 1,311,928                  |
| Contract costs                       |              | <b>(1,279,649)</b> | <b>(1,201,988)</b>         |
| <b>OPERATING PROFIT</b>              |              | <b>122,945</b>     | 109,940                    |
| Share of loss of joint ventures      | 6            | (15,097)           | (21,921)                   |
| Overhead recoveries, net             | 17           | 88,723             | 83,083                     |
| General and administrative expenses  | 15           | (107,609)          | (91,420)                   |
| Interest expense                     |              | (12,689)           | (7,102)                    |
| Interest income                      |              | 17,607             | 11,342                     |
| Other income, net                    | 14           | <b>5,952</b>       | <b>2,583</b>               |
| <b>Profit before taxation</b>        |              | <b>99,832</b>      | 86,505                     |
| Income taxes                         |              | <b>(6,417)</b>     | <b>(5,348)</b>             |
| <b>PROFIT FOR THE YEAR</b>           |              | <b>93,415</b>      | <b>81,157</b>              |
| <b>Attributable to:</b>              |              |                    |                            |
| Equity holders of the parent company |              | <b>93,693</b>      | 81,375                     |
| Non-controlling interests            |              | <b>(278)</b>       | <b>(218)</b>               |
|                                      |              | <b>93,415</b>      | <b>81,157</b>              |

The attached notes 1 to 21 form part of these consolidated financial statements.



Consolidated Contractors Group S.A.L. (Offshore) - CCC

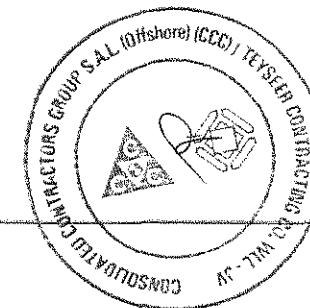
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Year ended 31 December 2013

(Amounts expressed in '000 U.S. Dollars)

|   | <i>Share<br/>capital</i> | <i>Statutory<br/>reserve</i> | <i>Retained<br/>earnings</i> | <i>Total</i>   | <i>Non<br/>controlling<br/>interests</i> | <i>Total<br/>equity</i> |
|---|--------------------------|------------------------------|------------------------------|----------------|--|-------------------------|
| <b>2013</b>                                 |                          |                              |                              |                |  |                         |
| Balance, beginning of year                  | 6,000                    | 2,000                        | 399,282                      | 407,282        | (647)                                    | 406,635                 |
| Total comprehensive income for the year     | -                        | -                            | 93,693                       | 93,693         | (278)                                    | 93,415                  |
| Balance, end of year                        | <u>6,000</u>             | <u>2,000</u>                 | <u>492,975</u>               | <u>500,975</u> | <u>(225)</u>                             | <u>500,050</u>          |
| <b>2012</b>                                 |                          |                              |                              |                |  |                         |
| Balance, beginning of year                  | 6,000                    | 2,000                        | 317,907                      | 325,907        | (592)                                    | 325,315                 |
| Total comprehensive income for the year     | -                        | -                            | 81,375                       | 81,375         | (218)                                    | 81,157                  |
| Other movement on non-controlling interests | -                        | -                            | -                            | -              | 163                                      | 163                     |
| Balance, end of year                        | <u>6,000</u>             | <u>2,000</u>                 | <u>399,282</u>               | <u>407,282</u> | <u>(647)</u>                             | <u>406,635</u>          |

The attached notes 1 to 21 form part of these consolidated financial statements.



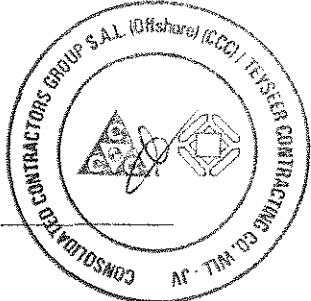
**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**CONSOLIDATED CASH FLOW STATEMENT**

Year ended 31 December 2013  
(Amounts expressed in '000 U.S. Dollars)

|   | <i>Notes</i> | <i>2013</i>           | <i>2012<br/>(Restated)</i> |
|---|--------------|-----------------------|----------------------------|
| <b>OPERATING ACTIVITIES</b>   |              |                       |                            |
| Profit for the year before taxation   |              | 99,832                | 86,505                     |
| Adjustments for:  |              |                       |                            |
| Depreciation of property, plant and equipment                               | 9            | 68,915                | 54,630                     |
| Share in loss of joint ventures   | 6            | 15,097                | 21,921                     |
| (Write back of charge) charge for provision for staff benefits, net         |              | (6,220)               | 18,262                     |
| Write back of charge for inventories, receivables and other provisions, net |              | (47,485)              | (23,548)                   |
| Gain on sale of property, plant and equipment                               | 14           | (1,347)               | (1,170)                    |
| Exchange adjustment on property, plant and equipment                        |              | 3,608                 | 499                        |
| Changes in operating assets and liabilities:                                |              |                       |                            |
| Decrease (increase) in accounts receivable, net                             |              | 95,982                | (91,496)                   |
| Increase in other current assets  |              | (288,466)             | (27,865)                   |
| Increase (decrease) in accounts payable                                     |              | 38,220                | (10,189)                   |
| (Decrease) increase in other current liabilities                            |              | (134,758)             | 107,208                    |
| Increase (decrease) in other non current liabilities                        |              | <u>1,621</u>          | <u>(60,561)</u>            |
| Cash (used in) from operations  |              | <u>(155,001)</u>      | <u>74,196</u>              |
| Income taxes paid   |              | <u>(2,548)</u>        | <u>(1,686)</u>             |
| Net cash (used in) from operating activities                                |              | <u>(157,549)</u>      | <u>72,510</u>              |
| <b>INVESTING ACTIVITIES</b>   |              |                       |                            |
| Purchase of property, plant and equipment                                   | 9            | (54,418)              | (54,772)                   |
| Proceeds from sale of property, plant and equipment                         |              | 1,790                 | 1,771                      |
| Financing provided to joint ventures  |              | <u>(15,247)</u>       | <u>(30,273)</u>            |
| Net cash used in investing activities                                       |              | <u>(67,875)</u>       | <u>(83,274)</u>            |
| <b>FINANCING ACTIVITIES</b>   |              |                       |                            |
| Bank borrowings   |              | 82,592                | 117,345                    |
| Non-controlling interests   |              | -                     | 163                        |
| Decrease (increase) in due from parent company and its subsidiaries         |              | <u>70,445</u>         | <u>(75,459)</u>            |
| Net cash from financing activities  |              | <u>153,037</u>        | <u>42,049</u>              |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>                 |              |                       |                            |
|   |              | (72,387)              | 31,285                     |
| Cash and cash equivalents, beginning of year                                |              | <u>354,346</u>        | <u>323,061</u>             |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                               |              | <b><u>281,959</u></b> | <b><u>354,346</u></b>      |

The attached notes 1 to 21 form part of these consolidated financial statements.



# Consolidated Contractors Group S.A.L. (Offshore) - CCC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2013

(Amounts expressed in '000 U.S. Dollars)

### 1 THE GROUP AND PRINCIPAL ACTIVITIES

Consolidated Contractors Group S.A.L. (Offshore) - (CCC) (the 'Company') is a Lebanese shareholding company registered under commercial registration number 1802045 dated 8 August 2007. The Company's registered office is at Beir Hasan, Nicolas Sarook Street, Sabbagh and Khoury Building, Beirut, Lebanon.

The Company and its subsidiaries (all together referred to as 'CCC') are principally engaged in construction activities. In addition, the Company participates with other contractors in consortium agreements and contracts undertaken as joint arrangements.

The Company is owned by Consolidated Contractors Group SAL (Holding Company) (the "Parent Company"), also incorporated in Lebanon.

The consolidated financial statements have been approved for issue by the Board of Directors on 29 June 2014.

### 2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2012, except for the following amendments to IFRS effective as of 1 January 2013:

#### IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

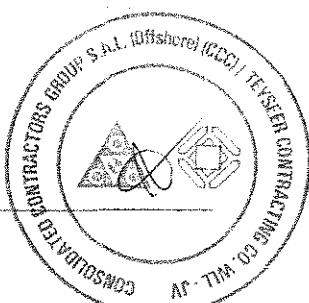
The application of this new standard had no impact on CCC.

#### IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, Jointly Controlled Entities that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. Assets, liabilities, revenues and expenses of Jointly Controlled Entities that meet the definition of a joint operation, should be accounted for with the International Financial Reporting Standard applicable to the particular assets, liabilities, revenues and expenses.

Management of the Company has performed an assessment of its investments in joint arrangements. Based on the assessment, joint arrangements were classified between joint ventures and joint arrangements as further explained in notes 6 and 7 to the consolidated financial statements.

Adoption of IFRS 11 had no impact on the net profit or retained earnings of CCC but affected classification of balances in the consolidated statement of financial position and consolidated statement of income.



Consolidated Contractors Group S.A.L. (Offshore) - CCC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 December 2013  
(Amounts expressed in '000 U.S. Dollars)

**2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES continued**

**IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for these entities.

The application of IFRS 12 Disclosure of Interests in Other Entities has resulted in additional disclosures in the consolidated financial statements. Furthermore, CCC does not have unconsolidated structured entities which require disclosure.

**IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS.

IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, CCC re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures.

Application of IFRS 13 has not materially impacted the fair value measurements of CCC's assets and liabilities.

**IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1**

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of overseas operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings).

The amendment affected presentation only and had no impact on CCC's financial position or performance.

**IAS 1 Clarification of the requirement for comparative information (Amendment)**

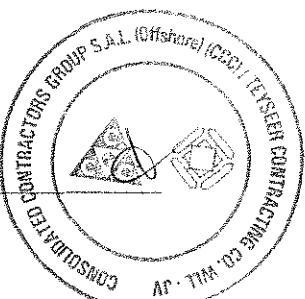
These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position (as at 1 January 2012 in the case of CCC), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes.

The application of this amendment had no impact on CCC.

**IAS 19 Employee Benefits (Revised 2011)**

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

The application of this revised standard had no impact on CCC.



Consolidated Contractors Group S.A.L. (Offshore) - CCC

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013

(Amounts expressed in '000 U.S. Dollars)

## **2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES** continued

### **Future changes in accounting policies - Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of CCC's consolidated financial statements are disclosed below:

- IFRS 9 Financial Instruments
  - IFRIC Interpretation 21 Levies (IFRIC 21)

### **Improvements to IFRSs**

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after 1 January 2014. The amendments listed below, are considered to have a reasonable possible impact on CCC:

- IFRS 9 Financial Instruments - hedge accounting (Amendments to IFRS 9, IFRS 7 and IAS 39)
  - Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
  - IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
  - IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
  - IAS 36 Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

CCC intends to adopt these standards, if applicable, when they become effective. Furthermore, CCC has assessed the impact from the adoption of the above new and amended standards on its financial position or performance to be insignificant.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements are prepared under the historical cost convention as modified for the measurement at fair value of derivatives and available for sale investments.

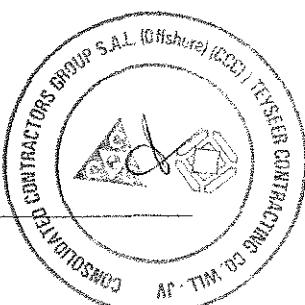
## **Principles of consolidation**

The consolidated financial statements comprise the financial statements of CCC and those of its subsidiaries as listed in note 19.

The financial statements of the subsidiaries are prepared for the same reporting year as CCC, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to CCC. CCC exercises control over all of its subsidiaries.

Control is achieved when CCC is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.



**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 December 2013**

**(Amounts expressed in '000 U.S. Dollars)**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

**Principles of consolidation continued**

Specifically, CCC controls an investee if and only if CCC has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When CCC has less than a majority of the voting or similar rights of an investee, CCC considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- CCC's voting rights and potential voting rights.

**Investments in a joint venture**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

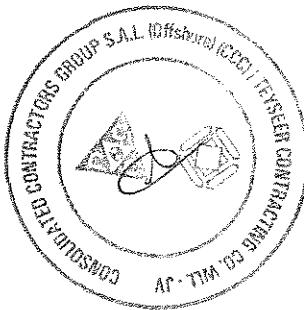
The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

CCC's investments in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in CCC's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects CCC's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of CCC's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, CCC recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between CCC and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of CCC's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.



# Consolidated Contractors Group S.A.L. (Offshore) - CCC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2013

(Amounts expressed in '000 U.S. Dollars)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

#### **Investments in a joint venture** continued

The financial statements of the joint venture are prepared for the same reporting period as CCC. When necessary, adjustments are made to bring the accounting policies in line with those of CCC.

After application of the equity method, CCC determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, CCC determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, CCC calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of joint control over the joint venture, CCC measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

#### **Joint operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

A joint operator shall recognise in relation to the interest in the joint operation:

- a. Its assets, including its share of any assets held jointly;
- b. Its liabilities, including its share of any liabilities incurred jointly;
- c. Its revenue from the sale of its share of the output arising from the joint operation;
- d. Its share of the revenue from the sale of the output by the joint operation; and
- e. Its expenses, including its share of any expenses incurred jointly.

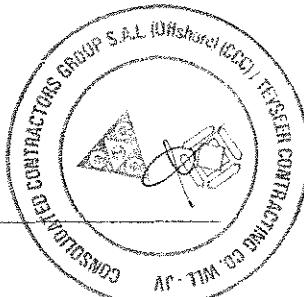
A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interests in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Adjustments are made in the financial statements to eliminate CCC's share of balances with joint operations, income and expenses and unrealized gains and losses on transactions between CCC and its jointly controlled operations. The joint operations are proportionately consolidated until the date in which CCC ceases to have joint control over its joint operations.

#### **Long-term contracts and income recognition**

Contract revenues are recognized using the percentage-of-completion method, whereby profits on long-term contracts are recorded on the basis of CCC's estimates of the percentage-of-completion of individual contracts based on the actual costs incurred to total estimated costs or the physical work done depending on the nature of the contract. Costs and estimated earnings in excess of billings on specific contracts and unbilled work are recorded as work-in-progress. Billings in excess of costs and estimated earnings on specified contracts are recorded as deferred income.

Contract costs include direct material, direct labour and contract related overheads. Mobilization expenditure and contract start-up costs are deferred and amortized based on the percentage of revenues earned to total contract value.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013

(Amounts expressed in '000 U.S. Dollars)

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

**Long-term contracts and income recognition continued**

Contract revenues and costs relating to contracts on which the work performed to the statement of financial position date is insignificant are recognised to the extent of costs incurred, and accordingly no profit is recognised.

Contract claims are recognized when they are accepted or when there is sufficient evidence of acceptability of the amount of the claim by the customer and the amount that it is probable will be accepted by the customer can be measured reliably. Variations in contract works are recognised when it is probable that the customer will approve the variations and the amount of revenues arising from the variations can be reliably measured.

Estimated future losses are provided for and included in contract costs when they become known and can be reasonably be estimated. Changes in estimates of contract revenues and costs may result in a revision to contract revenues and costs and are recognized in the consolidated statement of income in the period in which the change is made.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost, which comprises all costs of bringing inventory to its present location and condition, is determined using the average cost method. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

**Property, plant and equipment**

Property, plant and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of assets, other than land, as follows:

|                               |              |
|-------------------------------|--------------|
| Buildings                     | 6 - 50 years |
| Plant, machinery and vehicles | 3 - 10 years |
| Furniture and equipment       | 4 - 5 years  |

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

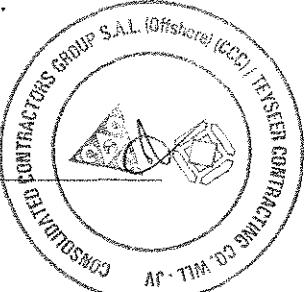
In accordance with IAS 36, property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever, the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the consolidated income statement. Reversal of impairment losses recognized in the prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

**Provision for staff benefits**

Staff benefits are provided for in accordance with the provisions, laws and practices of the countries in which CCC operates. The entitlement of these benefits is usually based upon the employees' length of service. The expected costs of these benefits are accrued over the period of employment.

**Foreign currency translation**

The consolidated financial statements are presented in US Dollars which is CCC's functional and presentation currency as a substantial portion of CCC's transactions are denominated in US Dollars. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to consolidated statement of income.



# Consolidated Contractors Group S.A.L. (Offshore) - CCC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2013

(Amounts expressed in '000 U.S. Dollars)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

#### Foreign currency translation continued

As at the reporting date, the assets and liabilities of subsidiaries with functional currency other than US Dollars are translated into US Dollars at the rate of exchange ruling at the statement of financial position date and, their income statements are translated at average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

#### Provisions

Provisions are recognised when CCC has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and balances and deposits with banks maturing within three months of the date of acquisition.

#### Impairment and uncollectability of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows discounted at original effective interest rates is recognised in the consolidated statement of income.

#### Accounts payable and accruals

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

#### Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. The uncollectible amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense in the consolidated income statement. Bad debts are written off as incurred.

#### Non-controlling interests

Non-controlling interests represent the portion of the profits or losses and net assets in subsidiaries not held by CCC and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from shareholders' equity. In cases where the non-controlling interests in the losses of subsidiaries are in excess of their share in the net assets of these subsidiaries, the excess, and any further losses applicable to the non-controlling interests, are charged to CCC's share in the net results of such subsidiaries, except to the extent that the non-controlling interests have a binding obligation to and are able to make an additional investment to cover the losses. Should the subsidiary companies recognize profits subsequently, the profits would be fully charged to CCC's share in the net results of these subsidiaries until the minority's share of losses previously absorbed by CCC, has been recovered.

#### Fair values

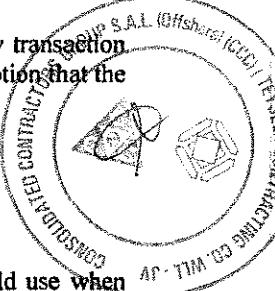
The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to CCC.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



# Consolidated Contractors Group S.A.L. (Offshore) - CCC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2013

(Amounts expressed in '000 U.S. Dollars)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

#### Taxes

CCC provides for taxes on income based on taxable profits realized in those countries which levy tax on income. Taxable profit differs from profit as reported in the consolidated statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. CCC's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

#### Leases

Leases which do not transfer to CCC substantially all the risks and benefits incidental to ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight line basis over the lease term.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowings costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that CCC incurs in connection with the borrowing of funds.

#### Impairment of non-financial assets

CCC assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, CCC estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

#### Interest revenue

Interest revenue is recognised as the interest accrues using the effective interest method.

#### Offsetting

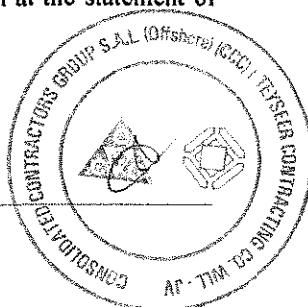
Financial assets and financial liabilities are only offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and CCC intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 4 KEY SOURCES OF ESTIMATION UNCERTAINTY

#### Construction contracts

When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the statement of financial position date. The outcome of the contract is considered to be reliably estimated when all the following conditions are satisfied:

- (a) total contract revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the contract will flow to CCC;
- (c) both the contract costs to complete the contract and the stage of contract completion at the statement of financial position date can be measured reliably; and



# Consolidated Contractors Group S.A.L. (Offshore) - CCC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2013

(Amounts expressed in '000 U.S. Dollars)

### 4 KEY SOURCES OF ESTIMATION UNCERTAINTY continued

#### **Construction contracts (continued)**

- (d) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

#### **Useful lives of property, plant and equipment**

CCC's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the current usage of the asset compared to full utilisation capabilities of the asset and physical wear and tear. Management reviews the residual value and useful lives annually.

#### **Impairment of accounts receivable**

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected to be recovered will be recognised in the consolidated income statement.

#### **Impairment of inventories**

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated income statement.

#### **Joint arrangements**

At inception of each joint arrangement, CCC determines whether the joint arrangement is a joint venture or joint operation by reference to the terms of the agreement. When CCC determines that it has rights to the net assets of the joint arrangement, the joint arrangement is accounted for as a joint venture using the equity method of accounting. When CCC determines that it has rights to the assets, and obligation for the liabilities relating to the arrangement, the arrangement is accounted for as a joint operation and accounts for its interest in the assets, liabilities, revenues and expenses in accordance with the applicable IFRS.



**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013

(Amounts expressed in '000 U.S. Dollars)

**5 ACCOUNTS RECEIVABLE, NET**

Accounts receivable comprise:

|                                    | <i>31 December<br/>2013</i> | <i>31 December<br/>2012<br/>(Restated)</i> |
|------------------------------------|-----------------------------|--|
| Trade receivables                  | 156,408                     | 256,313                                    |
| Retention receivables              | 67,197                      | 64,995                                     |
| Others                             | <u>34,767</u>               | <u>33,046</u>                              |
|                                    | 258,372                     | 354,354                                    |
| Less: provision for doubtful debts | <u>(688)</u>                | <u>(685)</u>                               |
|                                    | <b>257,684</b>              | <b>353,669</b>                             |

At 31 December 2013, other receivables at nominal value of 688 (2012 – 685) were impaired.

At 31 December, the ageing of trade receivables is as follows:

|                 | <i>Total</i> | <i>Neither past<br/>due nor<br/>impaired</i> | <i>Past due but not impaired</i> |                         |                          |                    |
|-----------------|--------------|--|----------------------------------|-------------------------|--------------------------|--------------------|
|                 |              |  | <i>&lt; 90 days</i>              | <i>3 - 6<br/>months</i> | <i>6 - 12<br/>months</i> | <i>&gt; 1 year</i> |
| 2013            | 156,408      | 112,266                                      | 3,500                            | 32,006                  | 4,359                    | 4,277              |
| 2012 (restated) | 256,313      | 111,644                                      | 109,762                          | 22,592                  | 1,318                    | 10,997             |

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

**6 JOINT VENTURES**

CCC has entered into joint venture agreements for several construction projects involving jointly controlled entities. CCC's interest in joint ventures is accounted for using the equity method in the consolidated financial statements.

The joint venture agreements are as follows:

|   | <i>Country</i> | <i>CCC<br/>participation<br/>interest</i> | <i>Total<br/>contract<br/>value</i> |
|---|----------------|---|-------------------------------------|
| Wood Group CCC Limited – Cyprus "Woods - CCC" | Oman / Iraq    | 50%                                       | 401,274                             |



**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 December 2013**  
**(Amounts expressed in '000 U.S. Dollars)**

**6 JOINT VENTURES continued**

Summarised financial information of the joint ventures, based on their IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

*Summarised statements of financial position:*

**Woods - CCC**

**31 December 2013**

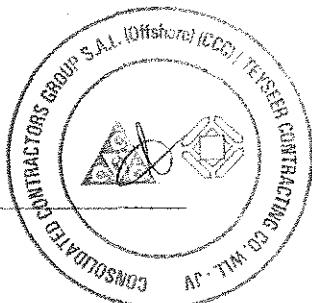
|                                   |               |
|-----------------------------------|---------------|
| Current assets                    | 74,978        |
| Non current assets                | <u>7,396</u>  |
|                                   | <u>82,374</u> |
|                                   |               |
| Current liabilities               | 60,612        |
| Non current liabilities           | <u>4,758</u>  |
|                                   | <u>65,370</u> |
|                                   |               |
| Equity                            | <u>17,004</u> |
| Proportion of CCC's ownership     | <u>50%</u>    |
| Carrying amount of the investment | <u>8,502</u>  |

*Summarised statements of income:*

**Woods - CCC**

**31 December 2013**

|                                     |                        |
|-------------------------------------|------------------------|
| Contract revenues                   | 197,384                |
| Contract costs                      | <u>(225,274)</u>       |
|                                     | <u>(27,890)</u>        |
| OPERATING LOSS                      | <u>(27,890)</u>        |
|                                     |                        |
| General and administrative expenses | (2,202)                |
| Interest expense                    | (46)                   |
| Other income, net                   | <u>(56)</u>            |
|                                     |                        |
| <b>LOSS FOR THE YEAR</b>            | <b><u>(30,194)</u></b> |
|                                     |                        |
| Proportion of CCC's ownership       | <u>50%</u>             |
| Share of loss for the year          | <u>(15,097)</u>        |



**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 December 2013**  
**(Amounts expressed in '000 U.S. Dollars)**

**6 JOINT VENTURES continued**

*Summarised statements of financial position:*

**Woods - CCC**

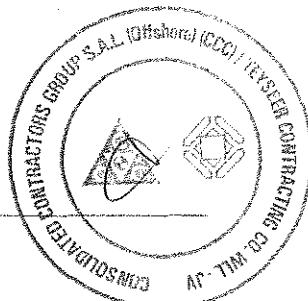
*31 December 2012 (restated)*

|                                   |               |
|-----------------------------------|---------------|
| Current assets                    | 56,056        |
| Non current assets                | <u>6,620</u>  |
|                                   | <u>62,676</u> |
|                                   |               |
| Current liabilities               | 41,892        |
| Non current liabilities           | <u>4,080</u>  |
|                                   | <u>45,972</u> |
|                                   |               |
| Equity                            | <u>16,704</u> |
|                                   |               |
| Proportion of CCC's ownership     | <u>50%</u>    |
| Carrying amount of the investment | <u>8,352</u>  |

*Summarised statements of income:*

**Woods - CCC**

|                                     |                        |
|-------------------------------------|------------------------|
| Contract revenues                   | 171,372                |
| Contract costs                      | <u>(214,782)</u>       |
|                                     |                        |
| <b>OPERATING LOSS</b>               | <b><u>(43,410)</u></b> |
|                                     |                        |
| General and administrative expenses | (432)                  |
| Interest expense                    | -                      |
| Other income, net                   | <u>-</u>               |
|                                     |                        |
| <b>LOSS FOR THE YEAR</b>            | <b><u>(43,842)</u></b> |
|                                     |                        |
| Proportion of CCC's ownership       | <u>50%</u>             |
| Share of loss for the year          | <u>(21,921)</u>        |



**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 December 2013**  
**(Amounts expressed in '000 U.S. Dollars)**

**7 JOINT OPERATIONS**

CCC undertakes certain projects as jointly controlled operations in conjunction with other third parties. The commercial arrangements between the parties are organised under unincorporated joint arrangement agreements.

The significant joint operations agreements are as follows:

|  | <i>Country</i> | <i>CCC participation interest</i> | <i>Total contract value</i> |
|--|----------------|-----------------------------------|-----------------------------|
| APLNG Export Pipeline (APLNG)                      | Australia      | 50%                               | 953,744                     |
| Queensland Curtis Export Pipeline (QCLNG)          | Australia      | 50%                               | 1,388,294                   |
| Dukhan Highway - Central Contract                  | Qatar          | 25%                               | 636,638                     |
| Barazan Central Contract Works                     | Qatar          | 10%                               | 509,535                     |
| Multipurpose Hall at Lusail Sport Club – Package 2 | Qatar          | 10%                               | 355,475                     |

Assets, liabilities, revenues and expenses of joint operations are accounted for in accordance with the International Financial Reporting Standard applicable to the particular assets, liabilities, revenues and expenses.

**8 OTHER CURRENT ASSETS**

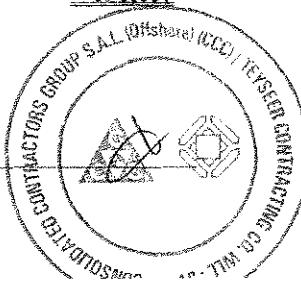
Other current assets comprise:

|                                     | <i>31 December<br/>2013</i> | <i>31 December<br/>2012<br/>(Restated)</i> | <i>31 December<br/>2011<br/>(Restated)</i> |
|-------------------------------------|-----------------------------|--|--|
| Inventories                         | 21,546                      | 34,482                                     | 26,317                                     |
| Work-in-progress                    | <u>430,451</u>              | 190,187                                    | 142,017                                    |
| Prepaid expenses                    | 41,701                      | 47,060                                     | 66,209                                     |
| Deposits                            | 1,785                       | 1,680                                      | 1,245                                      |
| Deferred mobilization expenditure   | 33,989                      | 57,638                                     | 81,713                                     |
| Due from affiliated companies       | 49,709                      | 6,562                                      | -  |
| Due from joint operations' partners | <u>53,272</u>               | <u>6,446</u>                               | <u>4,883</u>                               |
|                                     | <u><b>632,453</b></u>       | <u><b>344,055</b></u>                      | <u><b>322,384</b></u>                      |

At the statement of financial position date, gross inventories were 24,146 (2012 – 37,014, 2011 – 26,317) and the provision for obsolete and slow moving inventories was 2,600 (2012 – 2,532, 2011 - nil).

Work-in-progress comprises:

|                            | <i>31 December<br/>2013</i> | <i>31 December<br/>2012<br/>(Restated)</i> |
|----------------------------|-----------------------------|--|
| Cumulative revenues earned | 2,716,546                   | 1,895,447                                  |
| Less: progress billings    | <u>2,286,095</u>            | <u>1,705,260</u>                           |
| Work-in-progress           | <u><b>430,451</b></u>       | <u><b>190,187</b></u>                      |



**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

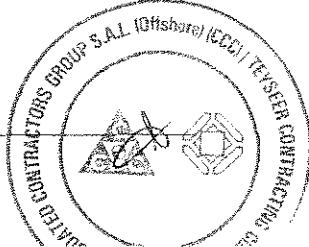
31 December 2013

(Amounts expressed in '000 U.S. Dollars)

**9 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment comprise:

|   | <i>Land</i>  | <i>Buildings</i> | <i>Plant,<br/>machinery<br/>and vehicles</i> | <i>Furniture<br/>and<br/>equipment</i> | <i>Total</i>   |
|---|--------------|------------------|--|--|----------------|
| <b>2013</b>   |              |                  |  |  |                |
| Cost:   |              |                  |  |  |                |
| At 1 January 2013 – as restated                     | 6,248        | 10,144           | 229,281                                      | 86,178                                 | 331,851        |
| Additions   | 142          | 27               | 42,792                                       | 11,457                                 | 54,418         |
| Transfer (to) from affiliated companies             | -            | -                | (60,888)                                     | 873                                    | (60,015)       |
| Transfers   | (1,080)      | 1,080            | -  | -                                      | -              |
| Disposals   | -            | -                | (21,534)                                     | (549)                                  | (22,083)       |
| Exchange adjustment                                 | (128)        | (527)            | (1,036)                                      | (2,217)                                | (3,908)        |
| At 31 December 2013                                 | <b>5,182</b> | <b>10,724</b>    | <b>188,615</b>                               | <b>95,742</b>                          | <b>300,263</b> |
| Accumulated depreciation:                           |              |                  |  |  |                |
| At 1 January 2013 – as restated                     | -            | 421              | 144,606                                      | 22,508                                 | 167,535        |
| Charge for the year                                 | -            | 177              | 53,703                                       | 15,035                                 | 68,915         |
| Relating to transfer (to) from affiliated companies | -            | -                | (44,308)                                     | 748                                    | (43,560)       |
| Disposals   | -            | -                | (21,096)                                     | (544)                                  | (21,640)       |
| Exchange adjustment                                 | -            | (28)             | (247)  | (25)                                   | (300)          |
| At 31 December 2013                                 | <b>-</b>     | <b>570</b>       | <b>132,658</b>                               | <b>37,722</b>                          | <b>170,950</b> |
| Net book value at 31 December 2013                  | <b>5,182</b> | <b>10,154</b>    | <b>55,957</b>                                | <b>58,020</b>                          | <b>129,313</b> |
| <b>2012 (restated)</b>                              |              |                  |  |  |                |
| Cost:   |              |                  |  |  |                |
| At 1 January 2012 – as previously reported          | 5,757        | 10,276           | 136,781                                      | 41,583                                 | 194,397        |
| Effect of adoption of IFRS 11                       | -            | -                | 33,087                                       | (1,745)                                | 31,342         |
| At 1 January 2012 – as restated                     | 5,757        | 10,276           | 169,868                                      | 39,838                                 | 225,739        |
| Additions   | 584          | 235              | 18,411                                       | 35,542                                 | 54,772         |
| Transfer from affiliated companies                  | -            | -                | 52,225                                       | 12,152                                 | 64,377         |
| Disposals   | -            | -                | (11,167)                                     | (1,340)                                | (12,507)       |
| Exchange adjustment                                 | (93)         | (367)            | (56)   | (14)                                   | (530)          |
| At 31 December 2012 – as restated                   | <b>6,248</b> | <b>10,144</b>    | <b>229,281</b>                               | <b>86,178</b>                          | <b>331,851</b> |
| Accumulated depreciation:                           |              |                  |  |  |                |
| At 1 January 2012 – as previously reported          | -            | 284              | 60,315                                       | 8,887                                  | 69,486         |
| Effect of adoption of IFRS 11                       | -            | -                | 13,420                                       | (342)                                  | 13,078         |
| At 1 January 2012 – as restated                     | -            | 284              | 73,735                                       | 8,545                                  | 82,564         |
| Charge for the year                                 | -            | 148              | 49,018                                       | 5,464                                  | 54,630         |
| Relating to transfer from affiliated companies      | -            | -                | 32,434                                       | 9,844                                  | 42,278         |
| Disposals   | -            | -                | (10,566)                                     | (1,340)                                | (11,906)       |
| Exchange adjustment                                 | -            | (11)             | (15)   | (5)                                    | (31)           |
| At 31 December 2012 – as restated                   | <b>-</b>     | <b>421</b>       | <b>144,606</b>                               | <b>22,508</b>                          | <b>167,535</b> |
| Net book value at 31 December 2012 - as restated    | <b>6,248</b> | <b>9,723</b>     | <b>84,675</b>                                | <b>63,670</b>                          | <b>164,316</b> |



**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013

(Amounts expressed in '000 U.S. Dollars)

**10 BANK FACILITIES**

CCC has general banking facilities with banks covering advances, guarantees and letters of credit which have been provided under agreements including various terms and conditions in the normal course of business. These facilities are mainly secured by the assignment of contract proceeds.

Due to banks comprise short-term loans and overdrafts taken mainly in respect of working capital and project finance.

Outstanding bank borrowings accrue interest at LIBOR plus pre-agreed margins.

**11 OTHER CURRENT LIABILITIES**

Other current liabilities comprise:

|                                   | <i>31 December<br/>2013</i> | <i>31 December<br/>2012<br/>(Restated)</i> | <i>31 December<br/>2011<br/>(Restated)</i> |
|-----------------------------------|-----------------------------|--|--|
| Advances on contracts             | 230,640                     | 238,939                                    | 222,333                                    |
| Provisions                        | 193,832                     | 241,388                                    | 268,153                                    |
| Accruals                          | 24,447                      | 104,172                                    | 25,220                                     |
| Deferred income                   | 21,832                      | 20,532                                     | 46,777                                     |
| Due to joint operations' partners | <u>6,345</u>                | <u>50,510</u>                              | <u>12,615</u>                              |
|                                   | <u><b>477,096</b></u>       | <u><b>655,541</b></u>                      | <u><b>575,098</b></u>                      |

Provisions include provisions for contracts costs, forecast contract losses, claims and other expenses.

Advances on contracts comprise:

|   | <i>31 December<br/>2013</i> | <i>31 December<br/>2012<br/>(Restated)</i> |
|---|-----------------------------|--|
| Total advances  | 273,859                     | 280,632                                    |
| Less: long-term portion classified under<br>non-current liabilities | <u>(43,219)</u>             | <u>(41,693)</u>                            |
|   | <u><b>230,640</b></u>       | <u><b>238,939</b></u>                      |

Deferred income comprises:

|                                  |                      |                      |
|----------------------------------|----------------------|----------------------|
| Progress billings                | 265,461              | 338,970              |
| Less: cumulative revenues earned | <u>243,629</u>       | <u>318,438</u>       |
| Deferred income                  | <u><b>21,832</b></u> | <u><b>20,532</b></u> |



**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 December 2013**  
**(Amounts expressed in '000 U.S. Dollars)**

**12 LONG-TERM DEBT**

Long-term debt comprises:

|   | <i>31 December<br/>2013</i> | <i>31 December<br/>2012<br/>(Restated)</i> |
|---|-----------------------------|--|
| Bank loans  | 122,627                     | 120,000                                    |
| Less: short-term portion, included under due to banks | <u>(25,000)</u>             | <u>(60,000)</u>                            |
| Long-term portion                                     | <u>97,627</u>               | <u>60,000</u>                              |

Long-term debt comprises the portion of bank loans borrowed by subsidiaries which is repayable after one year. As of December 31, all outstanding long term bank loans are repayable within five years.

Bank loans have a fixed interest rate.

**13 STATUTORY RESERVE**

Statutory reserve is mandatory and is set out of profit at the rate of 10% per annum until it equals one third of the share capital. This reserve is not available for distribution.

**14 OTHER INCOME, NET**

Other income, net, comprises:

|   | <i>31 December<br/>2013</i> | <i>31 December<br/>2012<br/>(Restated)</i> |
|---|-----------------------------|--|
| Gain on sale of property, plant and equipment | 1,347                       | 1,170                                      |
| Gain on foreign exchange                      | 4,406                       | 1,141                                      |
| Miscellaneous, net                            | <u>199</u>                  | <u>272</u>                                 |
|   | <u><b>5,952</b></u>         | <u><b>2,583</b></u>                        |

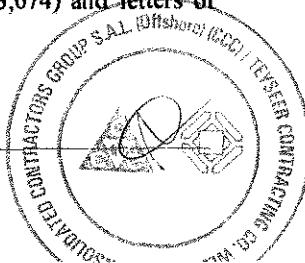
Miscellaneous income represents general, service and other income and expenses which are not directly related to contracting.

**15 GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses include administrative personnel, travel, premises, utilities, and office-related and other expenses. Staff costs included in general and administrative expenses amounted to 70,966 (2012 - 63,794).

**16 CONTINGENCIES AND COMMITMENTS**

As of December 31, 2013, CCC has outstanding letters of guarantee of 788,787 (2012 - 963,674) and letters of credit of 6,070 (2012 - 7,852).



**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 December 2013**  
**(Amounts expressed in '000 U.S. Dollars)**

**17 RELATED PARTY TRANSACTIONS**

Related parties comprise associated companies, major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners. The terms of these transactions are approved by senior management.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

|                          | <u>2013</u>   | <u>2012</u>   |
|--------------------------|---------------|---------------|
| Overhead recoveries, net | <u>88,723</u> | <u>83,083</u> |

Overhead recoveries comprise cost recoveries and charges for support services earned from affiliated companies.

Property, plant and equipment with a net book value of 16,455 (2012 – 22,099) were transferred to (2012 - transferred from) affiliated companies. This non-cash transaction was excluded from the statement of cash flows.

**Compensation of key management personnel**

The remuneration of key management personnel during the year is as follows:

|                    | <u>2013</u>  | <u>2012</u>  |
|--------------------|--------------|--------------|
| Total compensation | <u>2,970</u> | <u>2,800</u> |

**18 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and banks, accounts receivable, due from parent company and its subsidiaries and certain other assets. Financial liabilities consist of due to banks, long-term debts, accounts payable and certain other liabilities.

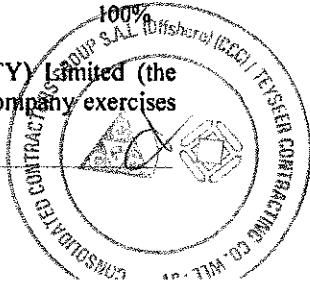
Management estimates that the fair values of financial instruments are not materially different from their carrying values.

**19 GROUP OPERATING ENTITIES**

The significant operating subsidiaries of the Company are as follows:

|   | <i>Country of incorporation/<br/>Registration</i> | <i>Percentage ownership</i> |             |
|---|---|-----------------------------|-------------|
|   |   | <u>2013</u>                 | <u>2012</u> |
| Consolidated Contracting Company S.A.                       | Panama  | 100%                        | 100%        |
| Real Estate Development S.A.E.                              | Egypt   | 100%                        | 100%        |
| Wedelin Investments 46 (PTY) Limited                        | South Africa                                      | 40%                         | 40%         |
| Equatorial Consolidated Group S.A.                          | Equatorial Guinea                                 | 60%                         | 60%         |
| Consolidated Contracting Company Australia PTY LTD          | Australia   | 100%                        | 100%        |
| Consolidated Contractors (Papua New Guinea) Company Limited | PNG   | 100%                        |             |

Although the Company owns 40% of the outstanding shares of Wedelin Investments 46 (PTY) Limited (the "Investee") as at 31 December 2013, the investment has been classified as a subsidiary as the Company exercises control over the Investee because it casts the majority of the votes on the board of directors.



**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 December 2013**  
**(Amounts expressed in '000 U.S. Dollars)**

**20 RISK MANAGEMENT**

The main risks arising from CCC's financial instruments are credit risk, liquidity risk, cash flow interest rate risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below:

**Credit risk**

CCC trades only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that CCC's exposure to bad debts is not significant. Credit risk is limited to the carrying value of the financial assets referred to above. Further details relating to credit risk with respect to accounts receivable are reflected in Note 5.

**Liquidity risk**

CCC monitors liquidity risk by considering the maturity of its financial assets and projected cash flows from operations. CCC's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and loans.

The table below summarises the maturity profile of CCC's undiscounted financial liabilities at 31 December 2013, based on contractual payment dates.

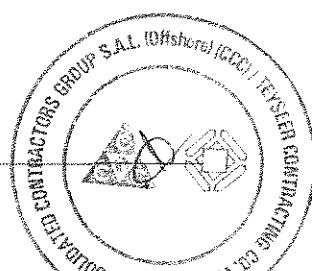
|   | <i>Less than<br/>one year</i> | <i>1 to 5<br/>years</i> | <i>&gt; 5 years</i> | <i>Total</i>   |
|---|-------------------------------|-------------------------|---------------------|----------------|
| <b><i>31 December 2013</i></b>            |                               |                         |                     |                |
| Due to banks                              | 169,333                       | -                       | -                   | 169,333        |
| Accounts payable                          | 140,300                       | -                       | -                   | 140,300        |
| Long-term debt                            | -                             | <u>103,374</u>          | -                   | <u>103,374</u> |
| <b>Total</b>                              | <u>309,633</u>                | <u>103,374</u>          | -                   | <u>413,007</u> |
| <b><i>31 December 2012 (restated)</i></b> |                               |                         |                     |                |
| Due to banks                              | 122,929                       | -                       | -                   | 122,929        |
| Accounts payable                          | 102,080                       | -                       | -                   | 102,080        |
| Long-term debt                            | -                             | <u>63,150</u>           | -                   | <u>63,150</u>  |
| <b>Total</b>                              | <u>225,009</u>                | <u>63,150</u>           | -                   | <u>288,159</u> |

**Cash flow interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. The following table estimates the sensitivity to a reasonable possible change in interest rates on CCC's consolidated income statement. The sensitivity of the consolidated income statement is the effect of the assumed changes (whether increase or decrease) in interest rates on the net interest income for one year, based on the floating rate financial assets and financial liabilities, denominated mainly in US dollars, held at 31 December 2013, with all other variables held constant.

|   | <i>2013</i> | <i>2012</i> |
|---|-------------|-------------|
| Assumed change in interest rates                              | 1%          | 1%          |
| Impact on profit for the year from increase in interest rates | (1,651)     | (896)       |
| Impact on profit for the year from decrease in interest rates | 1,651       | 896         |

(Amounts in brackets reflect decreases in profit for the year).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 December 2013**  
**(Amounts expressed in '000 U.S. Dollars)**

**20 RISK MANAGEMENT continued**

**Foreign currency risk**

CCC has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. CCC incurs currency risk as a result of purchases and borrowings in foreign currencies.

As CCC's financial assets and liabilities are denominated mainly in US dollars or in the foreign currencies of countries which are pegged to the US Dollar, the Company is not exposed to significant currency risk. It is CCC's policy that no trading in financial instruments shall be undertaken.

**Capital management**

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, to maximise shareholders' value and to ensure that it complies with externally imposed capital requirements.

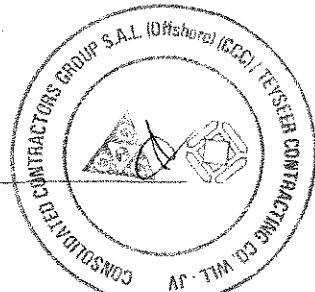
The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. Capital comprises share capital, statutory reserves and retained earnings and is measured at 500,975 at 31 December 2013 (2012 – 407,282).

**21 EFFECT OF ADOPTION OF NEW ACCOUNTING STANDARD**

As disclosed in note 2, CCC has adopted IFRS 11 as at 1 January 2013 as required by International Financial Reporting Standards. Management of CCC has performed an assessment of its investments in joint arrangements. Based on the assessment, joint arrangements were classified between joint ventures and joint arrangements.

- (a) Significant impact of change in accounting policies on the consolidated statement of financial position as at 31 December 2011 is summarised as follows:

|                                     | <i>At 31 December<br/>2011<br/>as previously<br/>reported</i> | <i>Restatements</i> | <i>At<br/>31 December<br/>2011 restated</i> |
|-------------------------------------|---|---------------------|---|
| Cash and banks                      | 218,511   | 104,550             | 323,061                                     |
| Accounts receivable, net            | 144,407   | 118,451             | 262,858                                     |
| Joint ventures' current assets      | 386,483   | (386,483)           | -   |
| Other current assets                | 168,669   | 153,715             | 322,384                                     |
| Joint ventures' current liabilities | 421,317   | (421,317)           | -   |
| Other current liabilities           | 219,273   | 355,825             | 575,098                                     |



**Consolidated Contractors Group S.A.L. (Offshore) - CCC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2013

(Amounts expressed in '000 U.S. Dollars)

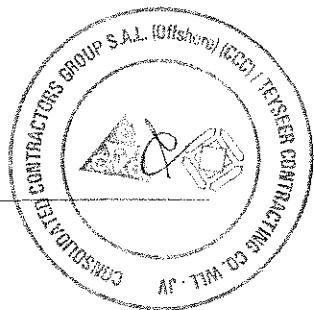
**21 EFFECT OF ADOPTION OF NEW ACCOUNTING STANDARD continued**

- (b) The major impact of change in accounting policies on the consolidated statement of financial position as at 31 December 2012

|                           | <i>At 31 December<br/>2012<br/>as previously<br/>reported</i> | <i>Restatements</i> | <i>At<br/>31 December<br/>2012 restated</i> |
|---------------------------|---|---------------------|---|
| Accounts receivable, net  | 197,449   | 156,220             | 353,669                                     |
| Other current assets      | 145,421   | 198,634             | 344,055                                     |
| Accounts payable          | 50,458  | 51,622              | 102,080                                     |
| Other current liabilities | 192,388   | 463,153             | 655,541                                     |

- (c) Impact of change in accounting policies on the consolidated statement of income for the year ended 31 December 2012

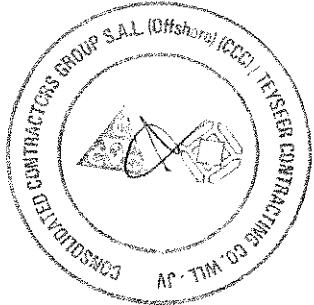
There was no significant impact on the consolidated statement of income for the year ended 31 December 2012 as a result of adopting International Financial Reporting Standard 11.



**Consolidated Contractors Group  
SAL (Offshore) - (CCC)**

**CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH AUDITORS' REPORT**

**31 DECEMBER 2012**





Ernst & Young p.c.c.  
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## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)

We have audited the accompanying consolidated financial statements of Consolidated Contractors Group S.A.L. (Offshore) - (CCC) and subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2012, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

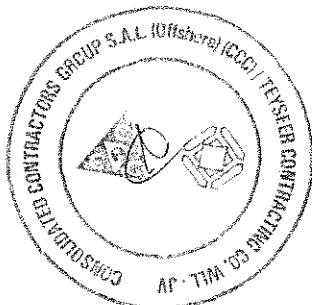
### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Ernst & Young

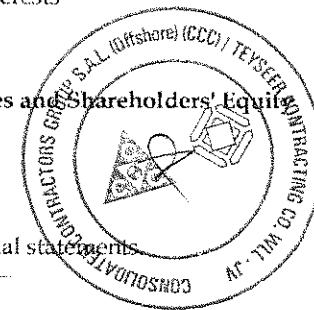
29 May 2013  
Beirut, Lebanon



**CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - CCC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2012**  
(Amounts expressed in '000 U.S. Dollars)

| <b>ASSETS</b>                                      | Notes |                  |                  | <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                |       |                  |                  |
|--|-------|------------------|------------------|--|-------|------------------|------------------|
|  |       | <b>2012</b>      | <b>2011</b>      | <b>Current Liabilities:</b>                                | Notes | <b>2012</b>      | <b>2011</b>      |
| <b>Current Assets:</b>                             |       |                  |                  |  |       |                  |                  |
| Cash and banks                                     |       | 308,973          | 218,511          | Due to banks   | 7     | 117,949          | 70,157           |
| Accounts receivable                                | 3     | 197,449          | 144,407          | Accounts payable   |       | 50,458           | 50,116           |
| Joint ventures' current assets                     | 4     | 428,255          | 386,483          | Joint ventures' current liabilities                        | 4     | 536,887          | 421,317          |
| Other current assets                               | 5     | 145,421          | 168,669          | Other current liabilities                                  | 8     | 192,388          | 219,273          |
| Total Current Assets                               |       | <u>1,080,098</u> | <u>918,070</u>   | Total Current Liabilities                                  |       | <u>897,682</u>   | <u>760,863</u>   |
| <b>Fixed Assets:</b>                               |       |                  |                  | <b>Other Liabilities:</b>                                  |       |                  |                  |
| Property, plant & equipment, at cost               | 6     | 283,534          | 194,397          | Long-term debt   | 7     | 60,000           | -                |
| Less: Accumulated depreciation                     | 6     | 136,214          | 69,486           | Provision for staff benefits                               |       | 53,073           | 39,038           |
|  |       | <u>147,320</u>   | <u>124,911</u>   | Other non current liabilities                              | 8     | 27,859           | 67,350           |
| Joint ventures' property, plant and equipment, net | 4     | 20,306           | 20,834           | Joint ventures' non current liabilities                    | 4     | 35,302           | 50,716           |
| Total property, plant & equipment                  |       | <u>167,626</u>   | <u>145,745</u>   | Total Other Liabilities                                    |       | <u>176,234</u>   | <u>157,104</u>   |
| Due from parent company and its subsidiaries       |       | <u>232,827</u>   | <u>179,467</u>   | <b>Shareholders' Equity:</b>                               |       |                  |                  |
| Total Assets                                       |       | <u>1,480,551</u> | <u>1,243,282</u> | Share capital - 60,000 shares of US \$ 100 each fully paid |       | 6,000            | 6,000            |
|  |       |                  |                  | Statutory reserve  | 10    | 2,000            | 2,000            |
|  |       |                  |                  | Retained earnings  |       | <u>399,282</u>   | <u>317,907</u>   |
|  |       |                  |                  | Non controlling interests                                  |       | (647)            | (592)            |
|  |       |                  |                  | Total Equity   |       | <u>406,635</u>   | <u>325,315</u>   |
|  |       |                  |                  | Total Liabilities and Shareholders' Equity                 |       | <u>1,480,551</u> | <u>1,243,282</u> |

The attached notes 1 to 16 form part of these consolidated financial statements.



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**

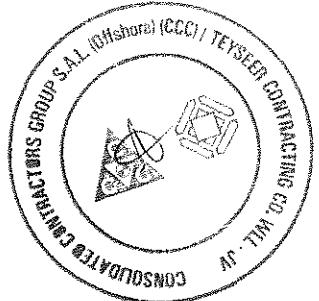
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Year ended 31 December 2012

(Amounts expressed in '000 U.S. Dollars)

|                                      | <i>Notes</i> | <b><u>2012</u></b>   | <b><u>2011</u></b>   |
|--------------------------------------|--------------|----------------------|----------------------|
| Contract revenues                    |              | 1,397,614            | 817,025              |
| Contract costs                       |              | <u>(1,309,378)</u>   | <u>(765,603)</u>     |
| <b>OPERATING PROFIT</b>              |              | <b>88,236</b>        | <b>51,422</b>        |
| General and administrative expenses  | 11           | (91,420)             | (83,710)             |
| Overhead recoveries, net             | 13           | 83,083               | 75,120               |
| Interest income                      |              | 11,342               | 8,856                |
| Interest expense                     |              | (7,319)              | (3,788)              |
| Other income, net                    | 14           | <u>2,583</u>         | <u>2,874</u>         |
| <b>PROFIT BEFORE TAXATION</b>        |              | <b>86,505</b>        | <b>50,774</b>        |
| Income taxes                         |              | <u>(5,348)</u>       | <u>(275)</u>         |
| <b>PROFIT FOR THE YEAR</b>           |              | <b><u>81,157</u></b> | <b><u>50,499</u></b> |
| Attributable to:                     |              |                      |                      |
| Equity holders of the Parent Company |              | 81,375               | 50,499               |
| Non-controlling interests            |              | <u>(218)</u>         | <u>.....</u>         |
|                                      |              | <b><u>81,157</u></b> | <b><u>50,499</u></b> |

The attached notes 1 to 16 form part of these consolidated financial statements.



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
Year ended 31 December 2012  
(Amounts expressed in '000 U.S. Dollars)

*Attributable to equity holders of the Parent Company*

|   | <i>Share capital</i> | <i>Statutory reserve</i> | <i>Retained earnings</i> | <i>Total</i>   | <i>Non-controlling interests</i> | <i>Total equity</i> |
|---|----------------------|--------------------------|--------------------------|----------------|----------------------------------|---------------------|
| <b><u>2012</u></b>                          |                      |                          |                          |                |                                  |                     |
| Balance, beginning of year                  | 6,000                | 2,000                    | 317,907                  | 325,907        | (592)                            | 325,315             |
| Total comprehensive income for the year     | -                    | -                        | 81,375                   | 81,375         | (218)                            | 81,157              |
| Other movement on non-controlling interests | -                    | -                        | -                        | -              | 163                              | 163                 |
| Balance, end of year                        | <u>6,000</u>         | <u>2,000</u>             | <u>399,282</u>           | <u>407,282</u> | <u>(647)</u>                     | <u>406,635</u>      |
| <b><u>2011</u></b>                          |                      |                          |                          |                |                                  |                     |
| Balance, beginning of year                  | 6,000                | 2,000                    | 267,408                  | 275,408        | (592)                            | 274,816             |
| Total comprehensive income for the year     | -                    | -                        | 50,499                   | 50,499         | -                                | 50,499              |
| Balance, end of year                        | <u>6,000</u>         | <u>2,000</u>             | <u>317,907</u>           | <u>325,907</u> | <u>(592)</u>                     | <u>325,315</u>      |

The attached notes 1 to 16 form part of these consolidated financial statements.



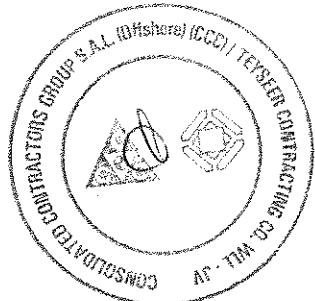
**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**

**CONSOLIDATED CASH FLOW STATEMENT**

Year ended 31 December 2012  
(Amounts expressed in '000 U.S. Dollars)

|   | Notes | <u>2012</u>           | <u>2011</u>           |
|---|-------|-----------------------|-----------------------|
| <b>OPERATING ACTIVITIES</b>   |       |                       |                       |
| Profit for the year before taxation                                     |       | 86,505                | 50,774                |
| Adjustments for:  |       |                       |                       |
| Depreciation of property, plant and equipment                           | 6     | 34,534                | 18,881                |
| Charge for provision for staff benefits, net                            |       | 14,035                | 6,693                 |
| (Write back of charge) charge for receivables and other provisions, net |       | (14,062)              | 30,984                |
| Gain on disposal of property, plant and equipment                       | 14    | (1,170)               | (870)                 |
| Exchange adjustment on property, plant and equipment                    |       | 431                   | 286                   |
| Changes in operating assets and liabilities:                            |       |                       |                       |
| Increase in accounts receivable   |       | (53,727)              | (61,626)              |
| Decrease (increase) in joint ventures' net current assets               |       | 73,798                | (121,000)             |
| Decrease (increase) in other current assets                             |       | 23,248                | (68,311)              |
| Increase in accounts payable  |       | 342                   | 24,028                |
| (Decrease) increase in other current liabilities                        |       | (15,797)              | 105,018               |
| (Decrease) increase in joint ventures' non current liabilities          |       | (15,414)              | 36,749                |
| (Decrease) increase in other non current liabilities                    |       | (39,491)              | 12,688                |
| Cash from operations  |       | 93,232                | 34,294                |
| Income taxes paid   |       | (1,689)               | (2,234)               |
| Net cash from operating activities                                      |       | <u>91,543</u>         | <u>32,060</u>         |
| <b>INVESTING ACTIVITIES</b>   |       |                       |                       |
| Purchase of property, plant and equipment                               | 6     | (35,804)              | (63,575)              |
| Proceeds from sale of property, plant and equipment                     |       | 1,604                 | 936                   |
| Decrease in joint ventures' property, plant and equipment, net          |       | 528                   | 365                   |
| Net cash used in investing activities                                   |       | (33,672)              | (62,274)              |
| <b>FINANCING ACTIVITIES</b>   |       |                       |                       |
| Increase (decrease) in bank borrowings                                  |       | 107,792               | (20,823)              |
| Non-controlling interest  |       | 163                   | -                     |
| (Increase) decrease in due from parent company and its subsidiaries     |       | (75,364)              | 1,462                 |
| Net cash from (used in) financing activities                            |       | <u>32,591</u>         | <u>(19,361)</u>       |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>             |       | <b>90,462</b>         | <b>(49,575)</b>       |
| Cash and cash equivalents, beginning of year                            |       | <u>218,511</u>        | <u>268,086</u>        |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                           |       | <b><u>308,973</u></b> | <b><u>218,511</u></b> |

The attached notes 1 to 16 form part of these consolidated financial statements.



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
31 December 2012  
(Amounts expressed in '000 U.S. Dollars)

## **1 THE COMPANY AND PRINCIPAL ACTIVITIES**

Consolidated Contractors Group S.A.L. (Offshore) - (CCC) (the 'Company') is a Lebanese shareholding company registered under commercial registration number 1802045 dated 8 August 2007. The Company's registered office is at Beir Hasan, Nicolas Sarook Street, Sabbagh and Khoury Building, Beirut, Lebanon.

The Company and its subsidiaries (all together referred to as 'CCC') are principally engaged in construction activities. In addition, the Company participates with other contractors in consortium agreements and contracts undertaken as joint ventures.

The Company is owned by Consolidated Contractors Group SAL (Holding Company) (the "Parent Company"), also incorporated in Lebanon.

The consolidated financial statements have been approved for issue by the Board of Directors on 29 May 2013.

## **2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **a. Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements are prepared under the historical cost convention.

### **b. Principles of consolidation**

#### *Subsidiaries*

The consolidated financial statements comprise the accounts of the Company and its subsidiaries. All significant inter-company transactions, profits and balances are eliminated on consolidation. The financial statements of subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. Where necessary, adjustments are made to the financial statements of a subsidiary to bring its accounting policies similar with those used by the Company.

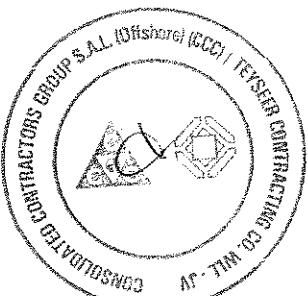
The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition, being the date on which CCC obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved where CCC has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities.

#### *Joint Ventures*

Investments in joint ventures which are jointly controlled entities are stated under the proportionate consolidation method, whereby CCC's proportionate share of current and non current assets, property, plant and equipment and current and non current liabilities are reflected separately in the consolidated statement of financial position. CCC's share of income or loss from joint ventures is included in the consolidated statement of comprehensive income on a line-by-line basis.

#### *Jointly controlled operations*

CCC participates with other contractors in consortium agreements to execute construction projects. The accompanying consolidated financial statements include CCC's interests in the assets, liabilities, income and expenses of such jointly controlled operations on a line-by-line basis.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

(Amounts expressed in '000 U.S. Dollars)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e. Long-term contracts and income recognition

Contract revenues are recognized using the percentage-of-completion method, whereby profits on long-term contracts are recorded on the basis of CCC's estimates of the percentage-of-completion of individual contracts based on the actual costs incurred to total estimated costs or the physical work done depending on the nature of the contract. Costs and estimated earnings in excess of billings on specific contracts and unbilled work are recorded as work-in-progress. Billings in excess of costs and estimated earnings on specified contracts are recorded as deferred income.

Contract costs include direct material, direct labour and contract related overheads. Mobilization expenditure and contract start-up costs are deferred and amortized based on the percentage of revenues earned to total contract value.

Contract revenues and costs relating to contracts on which the work performed to the statement of financial position date is insignificant are recognised to the extent of costs incurred, and accordingly no profit is recognised.

Contract claims are recognized when they are accepted or when there is sufficient evidence of acceptability of the amount of the claim by the customer and the amount that it is probable will be accepted by the customer can be measured reliably. Variations in contract works are recognised when it is probable that the customer will approve the variations and the amount of revenues arising from the variations can be reliably measured.

Estimated future losses are provided for and included in contract costs when they become known and can reasonably be estimated. Changes in estimates of contract revenues and costs may result in a revision to contract revenues and costs and are recognized in the consolidated statement of comprehensive income in the period in which the change is made.

#### d. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, which comprises all costs of bringing inventory to its present location and condition, is determined using the average cost method. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

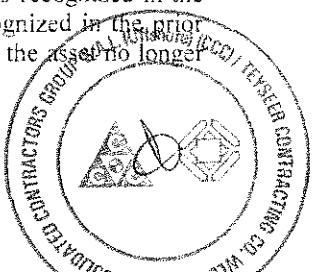
#### e. Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of assets, other than land, as follows:

|                               |              |
|-------------------------------|--------------|
| Buildings                     | 6 – 50 years |
| Plant, machinery and vehicles | 3 – 10 years |
| Furniture and equipment       | 4 – 5 years  |

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

In accordance with IAS 36, property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever, the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the consolidated statement of comprehensive income. Reversal of impairment losses recognized in the prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

(Amounts expressed in '000 U.S. Dollars)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f. Provision for staff benefits

Staff benefits are provided for in accordance with the provisions, laws and practices of the countries in which CCC operates. The entitlement of these benefits is usually based upon the employees' length of service. The expected costs of these benefits are accrued over the period of employment.

#### g. Foreign currency translation

The consolidated financial statements are presented in US Dollars which is the Company's functional and presentation currency as a substantial portion of CCC's transactions are denominated in US Dollars. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to consolidated statement of comprehensive income.

As at the reporting date, the assets and liabilities of subsidiaries with functional currency other than US Dollars are translated into US Dollars at the rate of exchange ruling at the statement of financial position date and, their statement of comprehensive income are translated at average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

#### h. Provisions

Provisions are recognised when CCC has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

#### i. Cash and cash equivalents

Cash and cash equivalents comprise cash and balances and deposits with banks maturing within three months of the date of acquisition.

#### j. Impairment and uncollectability of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows discounted at original effective interest rates is recognised in the consolidated statement of comprehensive income.

#### k. Accounts payable and accruals

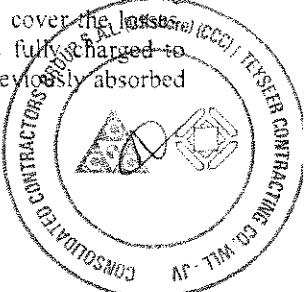
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

#### l. Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. The uncollectible amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense in the consolidated statement of comprehensive income. Bad debts are written off as incurred.

#### m. Non-controlling interests

Non-controlling interests represent the portion of the profits or losses and net assets in subsidiaries not held by CCC and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity. In cases where the non-controlling interests in the losses of subsidiaries are in excess of their share in the net assets of these subsidiaries, the excess, and any further losses applicable to the non-controlling interests, are charged to CCC's share in the net results of such subsidiaries, except to the extent that the non-controlling interests have a binding obligation to and are able to make an additional investment to cover the losses. Should the subsidiary companies recognize profits subsequently, the profits would be fully charged to CCC's share in the net results of these subsidiaries until the minority's share of losses previously absorbed by CCC, has been recovered.



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
31 December 2012  
(Amounts expressed in '000 U.S. Dollars)

**2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**n. Fair values**

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

**o. Taxes**

CCC provides for taxes on income based on taxable profits realized in those countries which levy tax on income. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. CCC's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

**p. Leases**

Leases which do not transfer to CCC substantially all the risks and benefits incidental to ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of comprehensive income on a straight line basis over the lease term.

**q. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowings costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that CCC incurs in connection with the borrowing of funds.

**r. Impairment of non-financial assets**

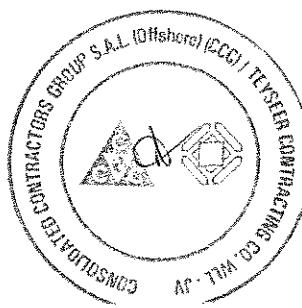
CCC assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, CCC estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**s. Interest revenue**

Interest revenue is recognised as the interest accrues using the effective interest method.

**t. Offsetting**

Financial assets and financial liabilities are only offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and CCC intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
31 December 2012  
(Amounts expressed in '000 U.S. Dollars)

**2.2 KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Construction contracts**

When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the statement of financial position date. The outcome of the contract is considered to be reliably estimated when all the following conditions are satisfied:

- (a) total contract revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the contract will flow to CCC;
- (c) both the contract costs to complete the contract and the stage of contract completion at the statement of financial position date can be measured reliably; and
- (d) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

**Useful lives of property, plant and equipment**

CCC's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the current usage of the asset compared to full utilisation capabilities of the asset and physical wear and tear. Management reviews the residual value and useful lives annually.

**Impairment of accounts receivable**

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected to be recovered will be recognised in the consolidated statement of comprehensive income.

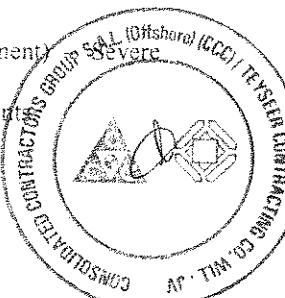
**Impairment of inventories**

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

**2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

- IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets;
- IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) Hyperinflation and Removal of Fixed Dates for First-Time Adopters; and
- IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
31 December 2012  
(Amounts expressed in '000 U.S. Dollars)

**2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES** continued

The adoption of the amendments is described below:

***IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets***

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and had no effect on CCC's financial position, performance or its disclosures.

***IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters***

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact on CCC.

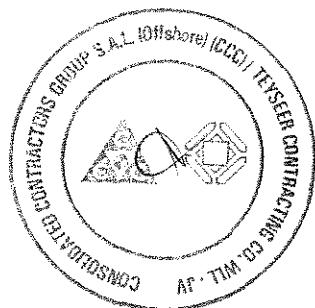
***IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements***

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of CCC's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. CCC does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

**2.4 FUTURE CHANGES IN ACCOUNTING POLICIES – STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Standards issued but not yet effective up to the date of the issuance of CCC's financial statements are listed below. This listing is of standards and interpretations issued, which CCC reasonably expects to be applicable at a future date. CCC intends to adopt those standards when they become applicable.

|          |   |
|----------|---|
| IAS 1    | Presentation of Items of Other Comprehensive Income – Amendments to IAS 1   |
| IAS 19   | Employee Benefits (Revised)   |
| IAS 28   | Investments in Associates and Joint Ventures (as revised in 2011)   |
| IAS 32   | Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32  |
| IFRS 1   | Government Loans – Amendments to IFRS 1   |
| IFRS 7   | Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7  |
| IFRS 10  | Consolidated Financial Statements, IAS 27 Separate Financial Statements   |
| IFRS 12  | Disclosure of Interests in Other Entities   |
| IFRS 13  | Fair Value Measurement  |
| IFRIC 20 | Stripping Costs in the Production Phase of a Surface Mine   |
| IFRS 11  | Joint Arrangements – IFRS 11 replaces IAS 31 Interests in Joint Ventures and removes the option to account for jointly controlled entities using proportionate consolidation. Instead, such entities that meet the definition of a joint venture must be accounted for using the equity method. |



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 December 2012**  
(Amounts expressed in '000 U.S. Dollars)

**2.4 FUTURE CHANGES IN ACCOUNTING POLICIES – STANDARDS ISSUED BUT NOT YET EFFECTIVE continued**

**Annual Improvements May 2012**

These improvements will not have an impact on CCC, but include:

|        |  |
|--------|--|
| IFRS 1 | First-time Adoption of International Financial Reporting Standards |
| IAS 1  | Presentation of Financial Statements                               |
| IAS 16 | Property Plant and Equipment                                       |
| IAS 32 | Financial Instruments, Presentation                                |
| IAS 34 | Interim Financial Reporting  |

Management is currently assessing the impact of adoption of the above new and amended standards and interpretation, on the consolidated financial position and performance of CCC.

**3 ACCOUNTS RECEIVABLE**

Accounts receivable comprise:

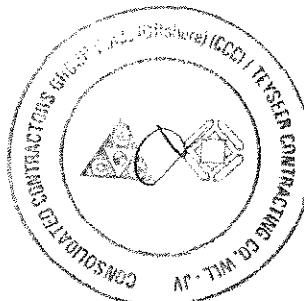
|                                    | <i>2012</i>    | <i>2011</i>    |
|------------------------------------|----------------|----------------|
| Trade receivables                  | 121,173        | 87,933         |
| Retentions receivable              | 49,943         | 30,259         |
| Others                             | <u>27,018</u>  | <u>26,215</u>  |
|                                    | 198,134        | 144,407        |
| Less: provision for doubtful debts | (685)          | —              |
|                                    | <u>197,449</u> | <u>144,407</u> |

At 31 December 2012, other receivables at nominal value of 685 (2011: nil) were impaired.

At 31 December, the ageing of trade receivables is as follows:

|             | <i>Total</i> | <i>Neither past due nor impaired</i> | <i>Past due but not impaired</i> |                     |                      |                       |
|-------------|--------------|--------------------------------------|----------------------------------|---------------------|----------------------|-----------------------|
|             |              |                                      | <i>&lt; 3 months</i>             | <i>3 - 6 months</i> | <i>6 - 12 months</i> | <i>&gt; 12 months</i> |
| <i>2012</i> | 121,173      | 78,896                               | 8,685                            | 21,277              | 1,318                | 10,997                |
| <i>2011</i> | 87,933       | 44,232                               | 32,437                           | 6,221               | 88                   | 4,955                 |

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**4 JOINT VENTURES**

CCC has entered into joint venture agreements ('JV') for several construction projects involving jointly controlled entities. CCC's share of the joint ventures' current and non current assets, property, plant and equipment and current and non current liabilities are consolidated and shown separately. The statements of comprehensive income of joint ventures are consolidated on a proportional basis.

The consolidated statement of comprehensive income includes CCC's share of the joint ventures' revenues and costs amounting to 847,836 and 804,164 (2011 – 501,583 and 498,909), respectively.

The significant joint venture agreements are as follows:

|   | <i>Country</i>   | <i>CCC participation interest</i> | <i>Total contract value</i> |
|---|------------------|-----------------------------------|-----------------------------|
| JV with Teyseer – Ras Laffan Port Expansion project                               | Qatar            | 25%                               | 1,543,000                   |
| JV with McConnell Dowell – QC LNG Export Pipeline and Gas Collection              | Australia        | 50%                               | 1,400,000                   |
| JV with McConnell Dowell – AP LNG Export Pipeline and Gas Collection              | Australia        | 50%                               | 909,000                     |
| JV with McConnell Dowell – PNG-LNG KOMO Airfield                                  | Papua New Guinea | 50%                               | 847,000                     |
| JV with Teyseer – Barazan Central Contract Works                                  | Qatar            | 40%                               | 362,000                     |
| JV with Teyseer – Dukhan Highway - Central Contract                               | Qatar            | 25%                               | 343,000                     |
| JV with Teyseer – Multipurpose Hall at Lusail Sport Club – Package 2 – Main Works | Qatar            | 50%                               | 319,000                     |

**5 OTHER CURRENT ASSETS**

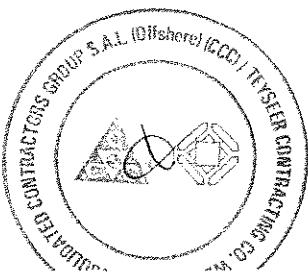
Other current assets comprise:

|                                    | <i>2012</i>    | <i>2011</i>    |
|------------------------------------|----------------|----------------|
| Inventories                        | 21,266         | 16,902         |
| Work-in-progress                   | 51,400         | 72,988         |
| Prepaid expenses                   | 35,091         | 38,149         |
| Deposits                           | 717            | 465            |
| Due from an affiliated company     | 6,562          | -              |
| Deferred mobilization expenditures | <u>30,385</u>  | <u>40,165</u>  |
|                                    | <u>145,421</u> | <u>168,669</u> |

At the statement of financial position date, gross inventories were 21,266 (2011 - 16,902) and the provision for obsolete and slow moving inventories was nil (2011 - nil).

Work-in-progress comprises:

|  | <i>2012</i>      | <i>2011</i>      |
|--|------------------|------------------|
| Costs incurred plus recognised profits less losses | 654,970          | 661,563          |
| Less: progress billings received and receivable    | <u>(603,570)</u> | <u>(588,575)</u> |
| Work-in-progress                                   | <u>51,400</u>    | <u>72,988</u>    |



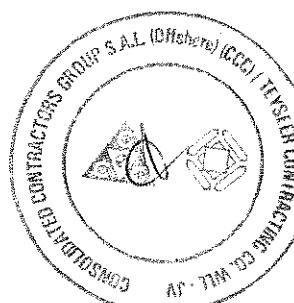
**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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(Amounts expressed in '000 U.S. Dollars)

**6 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment comprise:

|                                    | <i>Land</i>  | <i>Buildings</i> | <i>Plant,<br/>machinery<br/>and vehicles</i> | <i>Furniture<br/>and<br/>equipment</i> | <i>Total</i>   |
|------------------------------------|--------------|------------------|--|--|----------------|
| <b><i>2012</i></b>                 |              |                  |  |  |                |
| Cost:                              |              |                  |  |  |                |
| At 1 January 2012                  | 5,757        | 10,276           | 136,781                                      | 41,583                                 | 194,397        |
| Additions                          | 584          | 235              | 13,312                                       | 21,673                                 | 35,804         |
| Transfer from affiliated companies | -            | -                | 52,538                                       | 12,160                                 | 64,698         |
| Disposals                          | -            | -                | (9,579)                                      | (1,340)                                | (10,919)       |
| Exchange adjustment                | (93)         | (367)            | 28   | (14)                                   | (446)          |
| At 31 December 2012                | <b>6,248</b> | <b>10,144</b>    | <b>193,080</b>                               | <b>74,062</b>                          | <b>283,534</b> |
| Accumulated depreciation:          |              |                  |  |  |                |
| At 1 January 2012                  | -            | 284              | 60,315                                       | 8,887                                  | 69,486         |
| Charge                             | -            | 147              | 28,210                                       | 6,177                                  | 34,534         |
| Transfer from affiliated companies | -            | -                | 32,850                                       | 9,844                                  | 42,694         |
| Disposals                          | -            | -                | (9,145)                                      | (1,340)                                | (10,485)       |
| Exchange adjustment                | -            | (11)             | 1  | (5)                                    | (15)           |
| At 31 December 2012                | -            | <b>420</b>       | <b>112,231</b>                               | <b>23,563</b>                          | <b>136,214</b> |
| Net book value at 31 December 2012 | <b>6,248</b> | <b>9,724</b>     | <b>80,849</b>                                | <b>50,499</b>                          | <b>147,320</b> |
| <b><i>2011</i></b>                 |              |                  |  |  |                |
| Cost:                              |              |                  |  |  |                |
| At 1 January 2011                  | 5,328        | 8,864            | 36,878                                       | 24,776                                 | 75,846         |
| Additions                          | 113          | 1,162            | 47,306                                       | 14,994                                 | 63,575         |
| Transfer from affiliated companies | 382          | 468              | 54,171                                       | 2,108                                  | 57,129         |
| Disposals                          | -            | -                | (1,489)                                      | (285)                                  | (1,774)        |
| Exchange adjustment                | (66)         | (218)            | (85)   | (10)                                   | (379)          |
| At 31 December 2011                | <b>5,757</b> | <b>10,276</b>    | <b>136,781</b>                               | <b>41,583</b>                          | <b>194,397</b> |
| Accumulated depreciation:          |              |                  |  |  |                |
| At 1 January 2011                  | -            | 186              | 19,120                                       | 6,550                                  | 25,856         |
| Charge                             | -            | 103              | 16,330                                       | 2,448                                  | 18,881         |
| Transfer from affiliated companies | -            | -                | 26,372                                       | 178                                    | 26,550         |
| Disposals                          | -            | -                | (1,423)                                      | (285)                                  | (1,708)        |
| Exchange adjustment                | -            | (5)              | (84)   | (4)                                    | (93)           |
| At 31 December 2011                | -            | <b>284</b>       | <b>61,318</b>                                | <b>8,887</b>                           | <b>69,486</b>  |
| Net book value at 31 December 2011 | <b>5,757</b> | <b>9,982</b>     | <b>70,456</b>                                | <b>32,698</b>                          | <b>124,911</b> |

The depreciation charge for the year amounted to 34,534 (2011 - 18,881).



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**7 BANK FACILITIES**

CCC has general banking facilities with banks covering advances, guarantees and letters of credit which have been provided under agreements including various terms and conditions in the normal course of business. These facilities are mainly secured by the assignment of contract proceeds.

Due to banks comprise short-term loans and overdrafts taken mainly in respect of working capital and project finance.

Outstanding bank facilities accrue interest at LIBOR plus pre-agreed margins.

**8 OTHER CURRENT LIABILITIES**

Other current liabilities comprise:

|                       | <u>2012</u>    | <u>2011</u>    |
|-----------------------|----------------|----------------|
| Advances on contracts | 111,446        | 133,665        |
| Provisions            | 48,960         | 63,707         |
| Accruals              | 16,329         | 10,649         |
| Income tax            | 7,771          | 4,112          |
| Deferred income       | <u>7,882</u>   | <u>7,140</u>   |
|                       | <u>192,388</u> | <u>219,273</u> |

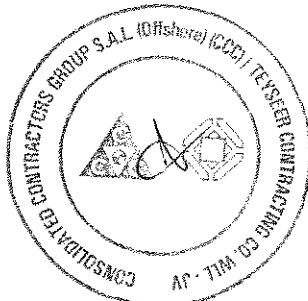
Provisions include provisions for contracts costs, expected contract losses, claims and other expenses.

Advances on contracts comprise:

|  | <u>2012</u>     | <u>2011</u>     |
|--|-----------------|-----------------|
| Total advances   | 139,305         | 201,015         |
| Less: long-term portion classified under other non-current liabilities | <u>(27,859)</u> | <u>(67,350)</u> |
|  | <u>111,446</u>  | <u>133,665</u>  |

Deferred income comprises:

|  | <u>2012</u>      | <u>2011</u>      |
|--|------------------|------------------|
| Progress billings received and receivable                | 258,550          | 152,371          |
| Less: costs incurred plus recognised profits less losses | <u>(250,668)</u> | <u>(145,231)</u> |
| Deferred income  | <u>7,882</u>     | <u>7,140</u>     |



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
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**9 GROUP OPERATING ENTITIES**

The significant operating subsidiaries of the Company are as follows:

|   | <i>Country of incorporation/<br/>Registration</i> | <i>Percentage ownership</i> |             |
|---|---|-----------------------------|-------------|
|   |   | <i>2012</i>                 | <i>2011</i> |
| Consolidated Contracting Company S.A.                       | Panama  | 100%                        | 100%        |
| Real Estate Development S.A.E.                              | Egypt   | 100%                        | 100%        |
| Wedelin Investments 46 (PTY) Limited                        | South Africa                                      | 40%                         | 40%         |
| Equatorial Consolidated Group S.A.                          | Equatorial Guinea                                 | 60%                         | 60%         |
| Consolidated Contracting Company Australia PTY LTD          | Australia   | 100%                        | 100%        |
| Consolidated Contractors (Papua New Guinea) Company Limited | PNG   | 100%                        | 100%        |

Although the Company owns 40% of the outstanding shares of Wedelin Investments 46 (PTY) Limited (the "Investee") as at 31 December 2012 (2011: 40%), the investment has been classified as a subsidiary as the Company exercises control over the Investee because it casts the majority of the votes on the board of directors.

**10 STATUTORY RESERVE**

Statutory reserve is mandatory and is set out of profit at the rate of 10% per annum until it equals one third of the share capital. This reserve is not available for distribution.

**11 GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses include administrative personnel, travel, premises, utilities, and office-related and other expenses. Staff costs included in general and administrative expenses amounted to 63,794 (2011 – 56,739).

**12 CONTINGENCIES AND COMMITMENTS**

As at December 31, 2012, the Company had outstanding letters of guarantee of 963,674 (2011 – 741,487) and letters of credit of 7,852 (2011 – 7,182).

**13 RELATED PARTY TRANSACTIONS**

Related parties comprise affiliated companies owned by the Parent Company, major shareholders, directors and key management personnel of the Company. Principal policies and terms of these transactions are approved by senior management.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

|   | <i>2012</i>   | <i>2011</i>   |
|---|---------------|---------------|
| Overhead recoveries, net  | <u>83,083</u> | <u>75,120</u> |
| Overhead recoveries comprise cost recoveries and charges for support services earned from affiliated companies. |               |               |

**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
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**13 RELATED PARTY TRANSACTIONS** continued

Property, plant and equipment with a net book value of 22,004 (2011 – 30,579) were transferred from affiliated companies. This non-cash transaction was excluded from the statement of cash flows.

**Compensation of key management personnel**

The remuneration of key management personnel during the year is as follows:

|                    | <u>2012</u>  | <u>2011</u>  |
|--------------------|--------------|--------------|
| Total compensation | <u>2,800</u> | <u>2,600</u> |

**14 OTHER INCOME, NET**

|   | <u>2012</u>  | <u>2011</u>  |
|---|--------------|--------------|
| Gain on sale of property, plant and equipment | 1,170        | 870          |
| Gain on foreign exchange                      | 1,141        | 1,759        |
| Miscellaneous, net                            | <u>272</u>   | <u>245</u>   |
|   | <u>2,583</u> | <u>2,874</u> |

**15 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and banks, accounts receivable, due from parent company and its subsidiaries and certain other assets. Financial liabilities consist of due to banks, long-term debt, accounts payable and certain other liabilities.

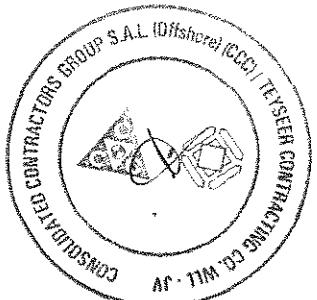
Management estimates that the fair values of financial instruments are not materially different from their carrying values.

**16 RISK MANAGEMENT**

The main risks arising from CCC's financial instruments are credit risk, liquidity risk, cash flow interest rate risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below:

**Credit risk**

CCC trades only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that CCC's exposure to bad debts is not significant. Credit risk is limited to the carrying value of the consolidated financial assets referred to above. Further details relating to credit risk with respect to accounts receivable are reflected in Note 3.



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 December 2012**  
(Amounts expressed in '000 U.S. Dollars)

**16 RISK MANAGEMENT** continued

**Liquidity risk**

CCC monitors liquidity risk by considering the maturity of its financial assets and projected cash flows from operations. CCC's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and loans.

The table below summarises the maturity profile of CCC's undiscounted financial liabilities at 31 December 2012, based on contractual payment dates.

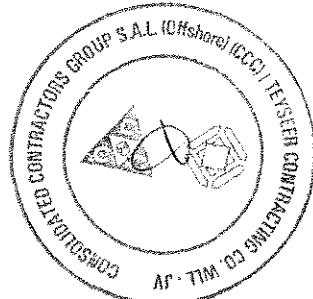
|   | <i>Less than<br/>one year</i> | <i>1 to 5<br/>years</i> | <i>&gt; 5 years</i> | <i>Total</i>   |
|---|-------------------------------|-------------------------|---------------------|----------------|
| <b><i>31 December 2012</i></b>          |                               |                         |                     |                |
| Due to banks                            | 121,723                       | -                       | -                   | 121,723        |
| Accounts payable                        | 50,458                        | -                       | -                   | 50,458         |
| Joint ventures' current liabilities     | 536,887                       | -                       | -                   | 536,887        |
| Long term debt                          | -                             | 63,150                  | -                   | 63,150         |
| Joint ventures' non current liabilities | -                             | <u>35,302</u>           | -                   | <u>35,302</u>  |
| <b>Total</b>                            | <b>709,068</b>                | <b>98,452</b>           | -                   | <b>807,520</b> |
| <b><i>31 December 2011</i></b>          |                               |                         |                     |                |
| Due to banks                            | 73,665                        | -                       | -                   | 73,665         |
| Accounts payable                        | 50,116                        | -                       | -                   | 50,116         |
| Joint ventures' current liabilities     | 421,317                       | -                       | -                   | 421,317        |
| Joint ventures' non current liabilities | -                             | <u>50,716</u>           | -                   | <u>50,716</u>  |
| <b>Total</b>                            | <b>545,098</b>                | <b>50,716</b>           | -                   | <b>595,814</b> |

**Cash flow interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. The following table estimates the sensitivity to a reasonable possible change in interest rates on CCC's statement of comprehensive income. The sensitivity of the statement of comprehensive income is the effect of the assumed changes (whether increase or decrease) in interest rates on the net interest income for one year, based on the floating rate financial assets and financial liabilities, denominated mainly in US dollars, held at 31 December 2012, with all other variables held constant.

|   | <i>2012</i> | <i>2011</i> |
|---|-------------|-------------|
| Assumed change in interest rates                              | 1%          | 1%          |
| Impact on profit for the year from increase in interest rates | (926)       | 1,110       |
| Impact on profit for the year from decrease in interest rates | 926         | (1,110)     |

(Amounts in brackets reflect decreases in profit for the year).



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
31 December 2012  
(Amounts expressed in '000 U.S. Dollars)

**16 RISK MANAGEMENT continued**

**Foreign currency risk**

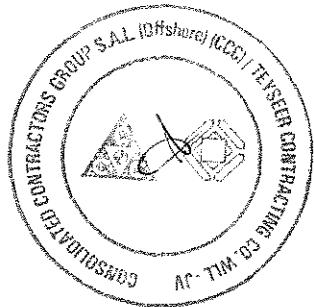
CCC has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. CCC incurs currency risk as a result of purchases and borrowings in foreign currencies.

CCC's financial assets and liabilities are denominated mainly in US dollars or in the foreign currencies of countries which are pegged to the US Dollar, CCC is not exposed to significant currency risk. It is CCC's policy that no trading in financial instruments shall be undertaken.

**Capital management**

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, to maximise shareholders' value and to ensure that it complies with externally imposed capital requirements.

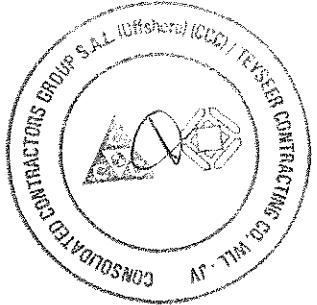
The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. Capital comprises share capital and reserves and is measured at 407,282 at 31 December 2012 (2011 – 325,907).



**Consolidated Contractors Group  
SAL (Offshore) - (CCC)**

**CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH AUDITORS' REPORT**

**31 DECEMBER 2011**



# ERNST & YOUNG

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## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)

We have audited the accompanying consolidated financial statements of Consolidated Contractors Group S.A.L. (Offshore) - (CCC) and subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2011, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

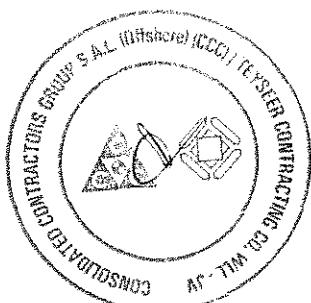
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Ernst & Young*  
Ernst & Young

29 May 2012  
Beirut, Lebanon



**CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - CCC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2011**  
(Amounts expressed in '000 U.S. Dollars)

| <b>ASSETS</b>                                      |       | <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |                |  |                  |
|--|-------|---|----------------|--|------------------|
|  | Notes | <b>2011</b>                                 | <b>2010</b>    |  | Notes            |
| <b>Current Assets:</b>                             |       |   |                | <b>Current Liabilities:</b>                                |                  |
| Cash and banks                                     |       | 218,511                                     | 268,086        | Due to banks   | 7                |
| Accounts receivable                                | 3     | 144,407                                     | 82,781         | Accounts payable   |                  |
| Joint ventures' current assets                     | 4     | 386,483                                     | 249,509        | Joint ventures' current liabilities                        | 4                |
| Other current assets                               | 5     | 168,669                                     | 100,352        | Other current liabilities                                  | 8                |
| Total Current Assets                               |       | <b>918,070</b>                              | <b>700,728</b> | Total Current Liabilities                                  | <b>760,863</b>   |
| Fixed Assets:                                      |       |   |                |  | <b>557,635</b>   |
| Property, plant & equipment, at cost               | 6     | 194,397                                     | 75,846         | Long-term debt   | 7                |
| Less: Accumulated depreciation                     | 6     | 69,486                                      | 25,856         | Provision for staff benefits                               |                  |
|  |       | <b>124,911</b>                              | <b>49,990</b>  | Other non current liabilities                              | 8                |
| Joint ventures' property, plant and equipment, net | 4     | 20,834                                      | 21,199         | Joint ventures' non current liabilities                    | 4                |
| Total property, plant & equipment                  |       | <b>145,745</b>                              | <b>71,189</b>  | Total Other Liabilities                                    | <b>157,104</b>   |
| Due from parent company and its subsidiaries       |       | <b>179,467</b>                              | <b>211,508</b> |  | <b>150,974</b>   |
| Total Assets                                       |       | <b>1,243,282</b>                            | <b>983,425</b> | <b>Shareholders' Equity:</b>                               |                  |
|  |       |   |                | Share capital - 60,000 shares of US \$ 100 each fully paid |                  |
|  |       |   |                | 10   | 6,000            |
|  |       |   |                | Statutory reserve  | 2,000            |
|  |       |   |                | Retained earnings  | <b>317,907</b>   |
|  |       |   |                |  | <b>267,408</b>   |
|  |       |   |                | Non controlling interests                                  | (592)            |
|  |       |   |                | Total equity   | <b>325,315</b>   |
|  |       |   |                | Total Liabilities and Shareholders' Equity                 | <b>1,243,282</b> |
|  |       |   |                |  | <b>983,425</b>   |

The attached notes 1 to 16 form part of these consolidated financial statements.



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Year ended 31 December 2011

(Amounts expressed in '000 U.S. Dollars)

|                                      | <i>Notes</i> | <i>2011</i>          | <i>2010</i>          |
|--------------------------------------|--------------|----------------------|----------------------|
| Contract revenues                    |              | 817,025              | 495,532              |
| Contract costs                       |              | <u>(765,603)</u>     | <u>(441,696)</u>     |
| <b>OPERATING PROFIT</b>              |              | <b>51,422</b>        | <b>53,836</b>        |
| General and administrative expenses  | 11           | (83,710)             | (83,713)             |
| Overhead recoveries, net             | 13           | 75,120               | 103,242              |
| Interest income                      |              | 8,856                | 7,158                |
| Interest expense                     |              | (3,788)              | (3,982)              |
| Other income (expenses), net         | 14           | <u>2,874</u>         | <u>(2,288)</u>       |
| <b>PROFIT BEFORE TAXATION</b>        |              | <b>50,774</b>        | <b>74,253</b>        |
| Income tax                           |              | <u>(275)</u>         | <u>(1,862)</u>       |
| <b>PROFIT FOR THE YEAR</b>           |              | <b><u>50,499</u></b> | <b><u>72,391</u></b> |
| Attributable to:                     |              |                      |                      |
| Equity holders of the Parent Company |              | 50,499               | 72,391               |
| Non-controlling interests            |              | —                    | —                    |
|                                      |              | <b><u>50,499</u></b> | <b><u>72,391</u></b> |

The attached notes 1 to 16 form part of these consolidated financial statements.



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

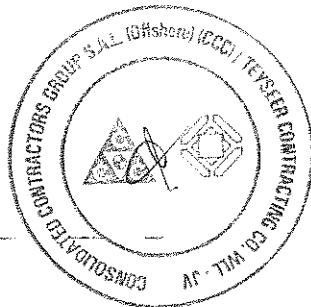
Year ended 31 December 2011

(Amounts expressed in '000 U.S. Dollars)

*Attributable to equity holders of the Parent Company*

|   | <i>Share<br/>capital</i> | <i>Statutory<br/>reserve</i> | <i>Retained<br/>earnings</i> | <i>Total</i>   | <i>Non-<br/>controlling<br/>interests</i> | <i>Total<br/>equity</i> |
|---|--------------------------|------------------------------|------------------------------|----------------|---|-------------------------|
| <b><i>2011</i></b>                      |                          |                              |                              |                |   |                         |
| Balance, beginning of year              | 6,000                    | 2,000                        | 267,408                      | 275,408        | (592)                                     | 274,816                 |
| Total comprehensive income for the year | —                        | —                            | 50,499                       | 50,499         | —   | 50,499                  |
| Balance, end of year                    | <u>6,000</u>             | <u>2,000</u>                 | <u>317,907</u>               | <u>325,907</u> | <u>(592)</u>                              | <u>325,315</u>          |
| <b><i>2010</i></b>                      |                          |                              |                              |                |   |                         |
| Balance, beginning of year              | 6,000                    | 2,000                        | 195,017                      | 203,017        | (592)                                     | 202,425                 |
| Total comprehensive income for the year | —                        | —                            | 72,391                       | 72,391         | —   | 72,391                  |
| Balance, end of year                    | <u>6,000</u>             | <u>2,000</u>                 | <u>267,408</u>               | <u>275,408</u> | <u>(592)</u>                              | <u>274,816</u>          |

The attached notes 1 to 16 form part of these consolidated financial statements.



## Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## **CONSOLIDATED STATEMENT OF CASH FLOW**

Year ended 31 December 2011

(Amounts expressed in '000 U.S. Dollars)

|   | <i>Notes</i> | <u>2011</u>     | <u>2010</u>      |
|---|--------------|-----------------|------------------|
| <b>OPERATING ACTIVITIES</b>   |              |                 |                  |
| Profit for the year before taxation                                       |              | 50,774          | 74,253           |
| Adjustments for:  |              |                 |                  |
| Depreciation of property, plant and equipment                             | 6            | 18,881          | 23,747           |
| Charge for provision for staff benefits, net                              |              | 6,693           | 2,879            |
| Charge for inventories and other provisions, net                          |              | 34,912          | (26,930)         |
| Gain on disposal of property, plant and equipment                         |              | (870)           | (59)             |
| Exchange adjustment on property, plant and equipment                      |              | 286             | 252              |
| Changes in operating assets and liabilities:                              |              |                 |                  |
| Increase in accounts receivable   |              | (61,626)        | (28,058)         |
| (Increase) decrease in joint ventures' net current assets                 |              | (121,000)       | 69,250           |
| Increase in other current assets  |              | (68,311)        | (58,847)         |
| Increase in accounts payable  |              | 24,028          | 728              |
| Increase in other current liabilities                                     |              | 101,090         | 4,357            |
| Increase in joint ventures' non current liabilities                       |              | 36,749          | 4,992            |
| Increase in other non current liabilities                                 |              | <u>12,688</u>   | <u>54,662</u>    |
| Cash from operations  |              | 34,294          | 121,226          |
| Income tax paid   |              | <u>(2,234)</u>  | <u>(2,974)</u>   |
| Net cash from operating activities  |              | <u>32,060</u>   | <u>118,252</u>   |
| <b>INVESTING ACTIVITIES</b>   |              |                 |                  |
| Purchase of property, plant and equipment                                 | 6            | (63,575)        | (15,642)         |
| Proceeds from sale of property, plant and equipment                       |              | 936             | 233              |
| Decrease (increase) in joint ventures' property, plant and equipment, net |              | <u>365</u>      | <u>(20,297)</u>  |
| Net cash used in investing activities                                     |              | <u>(62,274)</u> | <u>(35,706)</u>  |
| <b>FINANCING ACTIVITIES</b>   |              |                 |                  |
| (Decrease) increase in bank borrowings                                    |              | (20,823)        | 37,979           |
| Decrease (increase) in due from parent company and its subsidiaries       |              | <u>1,462</u>    | <u>(120,073)</u> |
| Net cash used in financing activities                                     |              | <u>(19,361)</u> | <u>(82,094)</u>  |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>               |              | (49,575)        | 452              |
| Cash and cash equivalents, beginning of year                              |              | <u>268,086</u>  | <u>267,634</u>   |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                             |              | <u>218,511</u>  | <u>268,086</u>   |

The attached notes 1 to 16 form part of these consolidated financial statements.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 1 THE COMPANY AND PRINCIPAL ACTIVITIES

Consolidated Contractors Group S.A.L. (Offshore) - (CCC) (the 'Company') is a Lebanese shareholding company registered under commercial registration number 1802045 dated 8 August 2007. The Company's registered office is at Beir Hasan, Nicolas Sarook Street, Sabbagh and Khoury Building, Beirut, Lebanon.

The Company and its subsidiaries (all together referred to as 'CCC') are principally engaged in construction activities. In addition, the Company participates with other contractors in consortium agreements and contracts undertaken as joint ventures.

The Company is owned by Consolidated Contractors Group SAL (Holding Company) (the "Parent Company"), also incorporated in Lebanon.

The consolidated financial statements have been approved for issue by the Board of Directors on 29 May 2012.

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements are prepared under the historical cost convention.

#### b. Principles of consolidation

##### *Subsidiaries*

The consolidated financial statements comprise the accounts of the Company and its subsidiaries. All significant inter-company transactions, profits and balances are eliminated on consolidation. The financial statements of subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. Where necessary, adjustments are made to the financial statements of a subsidiary to bring its accounting policies similar with those used by the Company.

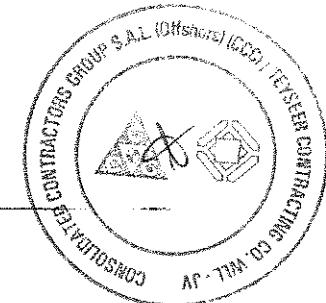
The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition, being the date on which CCC obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved where CCC has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities.

##### *Joint Ventures*

Investments in joint ventures which are jointly controlled entities are stated under the proportionate consolidation method, whereby CCC's proportionate share of current and non current assets, property, plant and equipment and current and non current liabilities are reflected separately in the consolidated statement of financial position. CCC's share of income or loss from joint ventures is included in the consolidated statement of comprehensive income on a line-by-line basis.

##### *Jointly controlled operations*

CCC participates with other contractors in consortium agreements to execute construction projects. The accompanying consolidated financial statements include CCC's interests in the assets, liabilities, income and expenses of such jointly controlled operations on a line-by-line basis.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### c. Long-term contracts and income recognition

Contract revenues are recognized using the percentage-of-completion method, whereby profits on long-term contracts are recorded on the basis of CCC's estimates of the percentage-of-completion of individual contracts based on the actual costs incurred to total estimated costs or the physical work done depending on the nature of the contract. Costs and estimated earnings in excess of billings on specific contracts and unbilled work are recorded as work-in-progress. Billings in excess of costs and estimated earnings on specified contracts are recorded as deferred income.

Contract costs include direct material, direct labour and contract related overheads. Mobilization expenditure and contract start-up costs are deferred and amortized based on the percentage of revenues earned to total contract value.

Contract revenues and costs relating to contracts on which the work performed to the statement of financial position date is insignificant are recognised to the extent of costs incurred, and accordingly no profit is recognised.

Contract claims are recognized when they are accepted or when there is sufficient evidence of acceptability of the amount of the claim by the customer and the amount that it is probable will be accepted by the customer can be measured reliably. Variations in contract works are recognised when it is probable that the customer will approve the variations and the amount of revenues arising from the variations can be reliably measured.

Estimated future losses are provided for and included in contract costs when they become known and can reasonably be estimated. Changes in estimates of contract revenues and costs may result in a revision to contract revenues and costs and are recognized in the consolidated statement of comprehensive income in the period in which the change is made.

#### d. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, which comprises all costs of bringing inventory to its present location and condition, is determined using the average cost method. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

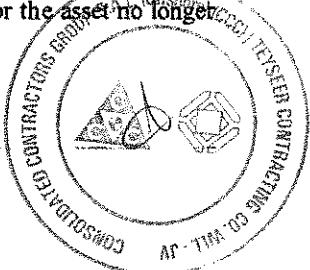
#### e. Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of assets, other than land, as follows:

|                               |              |
|-------------------------------|--------------|
| Buildings                     | 6 – 50 years |
| Plant, Machinery and Vehicles | 3 – 10 years |
| Furniture and Equipment       | 4 – 5 years  |

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

In accordance with IAS 36, property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever, the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the consolidated statement of comprehensive income. Reversal of impairment losses recognized in the prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f. Provision for staff benefits

Staff benefits are provided for in accordance with the provisions, laws and practices of the countries in which CCC operates. The entitlement of these benefits is usually based upon the employees' length of service. The expected costs of these benefits are accrued over the period of employment.

#### g. Foreign currency translation

The consolidated financial statements are presented in US Dollars which is the Company's functional and presentation currency as a substantial portion of CCC's transactions are denominated in US Dollars. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to consolidated statement of comprehensive income.

As at the reporting date, the assets and liabilities of subsidiaries with functional currency other than US Dollars are translated into US Dollars at the rate of exchange ruling at the statement of financial position date and, their statement of comprehensive income are translated at average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

#### h. Provisions

Provisions are recognised when CCC has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

#### i. Cash and cash equivalents

Cash and cash equivalents comprise cash and balances and deposits with banks maturing within three months of the date of acquisition.

#### j. Impairment and uncollectability of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows discounted at original effective interest rates is recognised in the consolidated statement of comprehensive income.

#### k. Accounts payable and accruals

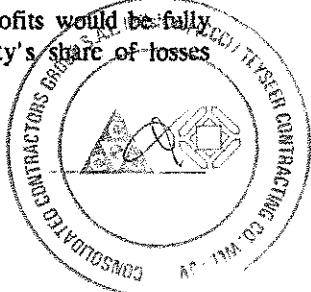
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

#### l. Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. The uncollectible amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense in the consolidated statement of comprehensive income. Bad debts are written off as incurred.

#### m. Non-controlling interests

Non-controlling interests represent the portion of the profits or losses and net assets in subsidiaries not held by CCC and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity. In cases where the non-controlling interests in the losses of subsidiaries are in excess of their share in the net assets of these subsidiaries, the excess, and any further losses applicable to the non-controlling interests, are charged to CCC's share in the net results of such subsidiaries, except to the extent that the non-controlling interests have a binding obligation to and are able to make an additional investment to cover the losses. Should the subsidiary companies recognize profits subsequently, the profits would be fully charged to CCC's share in the net results of these subsidiaries until the minority's share of losses previously absorbed by CCC, has been recovered.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a. Fair values

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

#### d. Taxes

CCC provides for taxes on income based on taxable profits realized in those countries which levy tax on income. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. CCC's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

#### p. Leases

Leases which do not transfer to CCC substantially all the risks and benefits incidental to ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of comprehensive income on a straight line basis over the lease term.

#### q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowings costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that CCC incurs in connection with the borrowing of funds.

#### r. Impairment of non-financial assets

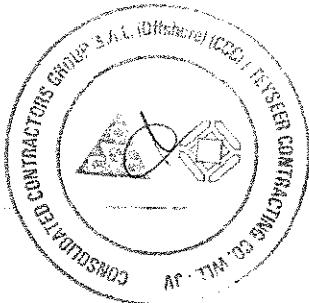
CCC assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, CCC estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

#### s. Interest revenue

Interest revenue is recognised as the interest accrues using the effective interest method.

#### t. Offsetting

Financial assets and financial liabilities are only offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and CCC intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 2.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

#### Construction contracts

When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the statement of financial position date. The outcome of the contract is considered to be reliably estimated when all the following conditions are satisfied:

- (a) total contract revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the contract will flow to CCC;
- (c) both the contract costs to complete the contract and the stage of contract completion at the statement of financial position date can be measured reliably; and
- (d) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

#### Useful lives of property, plant and equipment

CCC's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the current usage of the asset compared to full utilisation capabilities of the asset and physical wear and tear. Management reviews the residual value and useful lives annually.

#### Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected to be recovered will be recognised in the consolidated statement of comprehensive income.

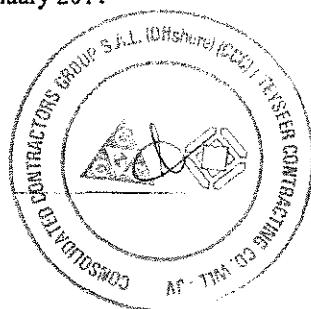
#### Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

### 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2011:

- IAS 24 *Related Party Disclosures* (amendment) effective 1 January 2011
- IAS 32 *Financial Instruments: Presentation* (amendment) effective 1 February 2010
- IFRIC 14 *Prepayments of a Minimum Funding Requirement* (amendment) effective 1 January 2011
- Improvements to IFRSs (May 2010)



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The adoption of the above standards and interpretations is as follows:

#### *IAS 24 Related Party Transactions (Amendment)*

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of CCC.

#### *IAS 32 Financial Instruments: Presentation (Amendment)*

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of CCC because CCC does not have these type of instruments.

#### *IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)*

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The amendment of the interpretation has no effect on the financial position nor performance of CCC.

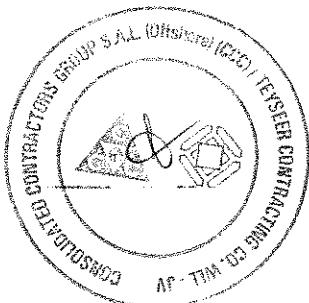
#### *Improvements to IFRSs*

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments did not have any impact on the financial position or performance of CCC.

- *IFRS 3 Business Combinations*: The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value. The amendments to IFRS 3 are effective for annual periods beginning on or after 1 July 2011.
- *IFRS 7 Financial Instruments – Disclosures*: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.
- *IAS 1 Presentation of Financial Statements*: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements.
- *IFRS 3 Business Combinations* (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008)).
- *IFRS 3 Business Combinations* (Un-replaced and voluntarily replaced share-based payment awards).
- *IAS 27 Consolidated and Separate Financial Statements*.
- *IAS 34 Interim Financial Statements*.

The following interpretation and amendments to interpretations did not have any impact on financial position or performance of CCC:

- *IFRIC 13 Customer Loyalty Programmes* (determining the fair value of award credits).
- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### **2.4 FUTURE CHANGES IN ACCOUNTING POLICIES – STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Standards issued but not yet effective up to the date of issuance of CCC's financial statements are listed below.

- IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income effective for annual periods beginning on or after 1 July 2012.
- IAS 12 Income Taxes – Recovery of Underlying Assets effective for annual periods beginning on or after 1 January 2012.
- IAS 19 Employee Benefits (Amendment) effective for annual periods beginning on or after 1 January 2013.
- IAS 27 Separate Financial Statements (as revised in 2011) effective for annual periods beginning on or after 1 January 2013.
- IAS 28 Investments in Associates and Joint Ventures (as revised in 2011) effective for annual periods beginning on or after 1 January 2013.
- IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements effective for annual periods beginning on or after 1 July 2011.
- IFRS 9 Financial Instruments: Classification and Measurement effective for annual periods beginning on or after 1 January 2015.
- IFRS 10 Consolidated Financial Statements effective for annual periods beginning on or after 1 January 2013.
- IFRS 12 Disclosure of Involvement with Other Entities effective for annual periods beginning on or after 1 January 2013.
- IFRS 13 Fair Value Measurement effective for annual periods beginning on or after 1 January 2013.
- IFRS 11 replaces IAS 31 Interests in Joint Ventures and removes the option to account for jointly controlled entities using proportionate consolidation. Instead, such entities that meet the definition of a joint venture must be accounted for using the equity method.

Except for the adoption of IFRS 11, the adoption of the other new and amended standards listed above is not expected to have a material impact on the financial statements of CCC.

### **3 ACCOUNTS RECEIVABLE**

Accounts receivable comprise:

|                       | <u>2011</u>           | <u>2010</u>          |
|-----------------------|-----------------------|----------------------|
| Trade receivables     | 87,933                | 43,257               |
| Retentions receivable | 30,259                | 17,981               |
| Others                | <u>26,215</u>         | <u>21,543</u>        |
|                       | <u><b>144,407</b></u> | <u><b>82,781</b></u> |

At 31 December 2011, trade receivables at nominal value of nil (2010: nil) were impaired.

At 31 December, the ageing of trade receivables is as follows:

|             | <i>Total</i> | <i>Past due but not impaired</i>             |                      |                         |                          |
|-------------|--------------|--|----------------------|-------------------------|--------------------------|
|             |              | <i>Neither past<br/>due nor<br/>impaired</i> | <i>&lt; 3 months</i> | <i>3 - 6<br/>months</i> | <i>6 - 12<br/>months</i> |
| <i>2011</i> | 87,933       | 44,232                                       | 32,437               | 6,221                   | 88                       |
| <i>2010</i> | 43,257       | 15,556                                       | 16,781               | 6,347                   | 2,552                    |

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 4 JOINT VENTURES

CCC has entered into joint venture agreements ('JV') for several construction projects involving jointly controlled entities. CCC's share of the joint ventures' current and non current assets, property, plant and equipment and current and non current liabilities are consolidated and shown separately. The statements of comprehensive income of joint ventures are consolidated on a proportional basis.

The consolidated statement of comprehensive income includes CCC's share of the joint ventures' revenues and costs amounting to 501,583 and 652,909 (2010 – 303,597 and 306,111), respectively.

The significant joint venture agreements are as follows:

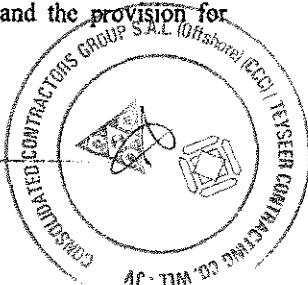
|  | <i>Country</i>   | <i>CCC participation interest</i> | <i>Total contract value</i> |
|--|------------------|-----------------------------------|-----------------------------|
| JV with Teyseer – Ras Laffan Port Expansion project                        | Qatar            | 25%                               | 1,515,000                   |
| JV with McConnell Dowell – QC LNG Export Pipeline and Gas Collection       | Australia        | 50%                               | 1,228,000                   |
| JV with McConnell Dowell – AP LNG Export Pipeline and Gas Collection       | Australia        | 50%                               | 876,000                     |
| JV with McConnell Dowell – PNG-LNG KOMO Airfield                           | Papua New Guinea | 50%                               | 652,000                     |
| JV with Teyseer – Barazan Central Contract Works                           | Qatar            | 40%                               | 360,000                     |
| JV with Teyseer – Dukhan Highway - Central Contract                        | Qatar            | 25%                               | 287,000                     |
| JV with Teyseer and Al Jaber Group – Doha Expressway F-Ring Road.          | Qatar            | 25%                               | 230,000                     |
| JV with Teyseer – EPIC of Gas Sweetening Facilities at Mesaieed and Dukhan | Qatar            | 50%                               | 223,000                     |
| JV with Teyseer – Qatar Faculty of Islamic Studies                         | Qatar            | 50%                               | 213,000                     |
| JV with Teyseer – Multi-Purpose Administration Complex Project – Phase 1   | Qatar            | 30%                               | 208,000                     |
| JV with Teyseer – New Doha Int'l Airport Packages A, C and D               | Qatar            | 25%                               | 190,000                     |
| JV with Teyseer – Barazan Early Works Project                              | Qatar            | 50%                               | 102,000                     |
| JV with RCC – Tsumeb Katwitwi road project                                 | Namibia          | 50%                               | 88,445                      |

### 5 OTHER CURRENT ASSETS

Other current assets comprise:

|                                    | <i>2011</i>    | <i>2010</i>    |
|------------------------------------|----------------|----------------|
| Inventories                        | 16,902         | 6,227          |
| Work-in-progress                   | 72,988         | 33,320         |
| Prepaid expenses                   | 38,149         | 56,934         |
| Deposits                           | 465            | 588            |
| Deferred mobilization expenditures | <u>40,165</u>  | <u>3,283</u>   |
|                                    | <u>168,669</u> | <u>100,352</u> |

At the statement of financial position date, gross inventories were 16,902 (2010 - 6,233) and the provision for obsolete and slow moving inventories was nil (2010 – 6).



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 5 OTHER CURRENT ASSETS (continued)

Work-in-progress comprises:

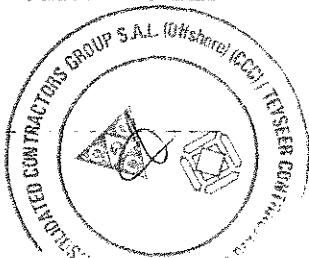
|  | <u>2011</u>      | <u>2010</u>      |
|--|------------------|------------------|
| Costs incurred plus recognised profits less losses | 661,563          | 334,596          |
| Less: progress billings received and receivable    | <u>(588,575)</u> | <u>(301,276)</u> |
| Work-in-progress                                   | <u>72,988</u>    | <u>33,320</u>    |

### 6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise:

|   | <u>Land</u>  | <u>Work<br/>in progress</u> | <u>Buildings</u> | <u>Plant,<br/>machinery<br/>and vehicles</u> | <u>Furniture<br/>and<br/>equipment</u> | <u>Total</u>   |
|---|--------------|-----------------------------|------------------|--|--|----------------|
| <b>2011</b>                             |              |                             |                  |  |  |                |
| Cost:                                   |              |                             |                  |  |  |                |
| At 1 January 2011                       | 5,328        | -                           | 8,864            | 36,878                                       | 24,776                                 | 75,846         |
| Additions                               | 113          | -                           | 1,162            | 47,306                                       | 14,994                                 | 63,575         |
| Transfer from affiliated companies      | 382          | -                           | 468              | 54,171                                       | 2,108                                  | 57,129         |
| Disposals                               | -            | -                           | -                | (1,489)                                      | (285)                                  | (1,774)        |
| Exchange adjustment                     | <u>(66)</u>  | <u>-</u>                    | <u>(218)</u>     | <u>(85)</u>                                  | <u>(10)</u>                            | <u>(379)</u>   |
| At 31 December 2011                     | <u>5,757</u> | <u>-</u>                    | <u>10,276</u>    | <u>136,781</u>                               | <u>41,583</u>                          | <u>194,397</u> |
| Accumulated depreciation:               |              |                             |                  |  |  |                |
| At 1 January 2011                       | -            | -                           | 186              | 19,120                                       | 6,550                                  | 25,856         |
| Charge                                  | -            | -                           | 103              | 16,330                                       | 2,448                                  | 18,881         |
| Transfer from affiliated companies      | -            | -                           | -                | 26,372                                       | 178                                    | 26,550         |
| Disposals                               | -            | -                           | -                | (1,423)                                      | (285)                                  | (1,708)        |
| Exchange adjustment                     | -            | -                           | (5)              | (84)   | (4)                                    | (93)           |
| At 31 December 2011                     | <u>-</u>     | <u>-</u>                    | <u>284</u>       | <u>60,315</u>                                | <u>8,887</u>                           | <u>69,486</u>  |
| Net book value at 31 December 2011      | <u>5,757</u> | <u>-</u>                    | <u>9,992</u>     | <u>76,466</u>                                | <u>32,696</u>                          | <u>124,911</u> |
| <b>2010</b>                             |              |                             |                  |  |  |                |
| Cost:                                   |              |                             |                  |  |  |                |
| At 1 January 2010                       | 3,333        | 5,347                       | -                | 72,881                                       | 20,293                                 | 101,854        |
| Additions                               | 1,995        | -                           | 3,777            | 7,719  | 2,151                                  | 15,642         |
| Transfer from (to) affiliated companies | -            | -                           | -                | (43,305)                                     | 2,353                                  | (40,952)       |
| Transfers                               | -            | (5,347)                     | 5,347            | -  | -                                      | -              |
| Disposals                               | -            | -                           | -                | (423)  | (27)                                   | (450)          |
| Exchange Adjustment                     | -            | -                           | (260)            | 6  | 6                                      | (248)          |
| At 31 December 2010                     | <u>5,328</u> | <u>-</u>                    | <u>8,864</u>     | <u>36,878</u>                                | <u>24,776</u>                          | <u>75,846</u>  |
| Accumulated depreciation:               |              |                             |                  |  |  |                |
| At 1 January 2010                       | -            | -                           | -                | 34,937                                       | 2,134                                  | 37,071         |
| Charge                                  | -            | -                           | 186              | 20,180                                       | 3,381                                  | 23,747         |
| Transfer from (to) affiliated companies | -            | -                           | -                | (35,724)                                     | 1,034                                  | (34,690)       |
| Disposals                               | -            | -                           | -                | (276)  | -                                      | (276)          |
| Exchange Adjustment                     | -            | -                           | -                | 3  | 1                                      | 4              |
| At 31 December 2010                     | <u>-</u>     | <u>-</u>                    | <u>186</u>       | <u>19,120</u>                                | <u>6,550</u>                           | <u>25,856</u>  |
| Net book value at 31 December 2010      | <u>5,328</u> | <u>-</u>                    | <u>8,678</u>     | <u>17,758</u>                                | <u>18,226</u>                          | <u>49,990</u>  |

The depreciation charge for the year amounted to 18,881 (2010 - 23,747).



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 7 BANK FACILITIES

CCC has general banking facilities with banks covering advances, guarantees and letters of credit which have been provided under agreements including various terms and conditions in the normal course of business. These facilities are mainly secured by the assignment of contract proceeds.

Due to banks comprise short-term loans and overdrafts taken mainly in respect of working capital and project finance.

Outstanding bank facilities accrue interest at LIBOR plus pre-agreed margins.

### 8 OTHER CURRENT LIABILITIES

Other current liabilities comprise:

|                       | <u>2011</u>    | <u>2010</u>   |
|-----------------------|----------------|---------------|
| Advances on contracts | 133,665        | 38,763        |
| Provisions            | 67,635         | 32,717        |
| Accruals              | 10,649         | 9,176         |
| Income tax            | 184            | 1,862         |
| Deferred income       | <u>7,140</u>   | <u>2,706</u>  |
|                       | <u>219,273</u> | <u>85,224</u> |

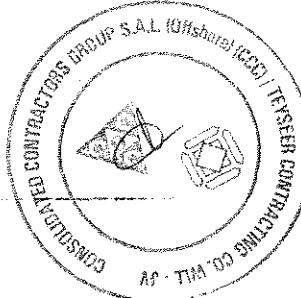
Provisions include provisions for contracts costs, expected contract losses, claims and other expenses.

Advances on contracts comprise:

|  | <u>2011</u>     | <u>2010</u>     |
|--|-----------------|-----------------|
| Total advances   | 201,015         | 93,425          |
| Less: long-term portion classified under other non-current liabilities | <u>(67,350)</u> | <u>(54,662)</u> |
|  | <u>133,665</u>  | <u>38,763</u>   |

Deferred income comprises:

|  | <u>2011</u>      | <u>2010</u>     |
|--|------------------|-----------------|
| Progress billings received and receivable                | 152,371          | 41,535          |
| Less: costs incurred plus recognised profits less losses | <u>(145,231)</u> | <u>(38,829)</u> |
| Deferred income  | <u>7,140</u>     | <u>2,706</u>    |



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 9 GROUP OPERATING ENTITIES

The significant operating subsidiaries of the Company are as follows:

|   | <i>Country of incorporation/<br/>Registration</i> | <i>Percentage ownership</i> |             |
|---|---|-----------------------------|-------------|
|   |   | <i>2011</i>                 | <i>2010</i> |
| Consolidated Contracting Company S.A.                       | Panama  | 100%                        | 100%        |
| Real Estate Development S.A.E.                              | Egypt   | 100%                        | 100%        |
| Wedelin Investments 46 (PTY) Limited                        | South Africa                                      | 40%                         | 40%         |
| Equatorial Consolidated Group S.A.                          | Equatorial Guinea                                 | 60%                         | 60%         |
| Consolidated Contracting Company Australia PTY LTD          | Australia   | 100%                        | 100%        |
| Consolidated Contractors (Papua New Guinea) Company Limited | PNG   | 100%                        | 100%        |

Although the Company owns 40% of the outstanding shares of Wedelin Investments 46 (PTY) Limited (the "Investee") as at 31 December 2011, the investment has been classified as a subsidiary as the Company exercises control over the Investee because it casts the majority of the votes on the board of directors.

### 10 STATUTORY RESERVE

Statutory reserve is mandatory and is set out of profit at the rate of 10% per annum until it equals one third of the share capital. This reserve is not available for distribution.

### 11 GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include administrative personnel, travel, premises, utilities, and office-related and other expenses. Staff costs included in general and administrative expenses amounted to 56,739 (2010 – 58,093).

### 12 CONTINGENCIES AND COMMITMENTS

As at December 31, 2011, the Company had outstanding letters of guarantee of 741,487 (2010 – 606,731) and letters of credit of 7,182 (2010 – 8,320).

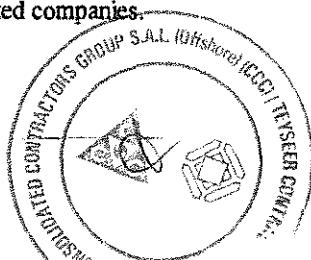
### 13 RELATED PARTY TRANSACTIONS

Related parties comprise affiliated companies owned by the Parent Company, major shareholders, directors and key management personnel of the Company. Principal policies and terms of these transactions are approved by senior management.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

|                          | <i>2011</i> | <i>2010</i> |
|--------------------------|-------------|-------------|
| Overhead recoveries, net | 75,120      | 103,242     |

Overhead recoveries comprise cost recoveries and charges for support services earned from affiliated companies.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 13 RELATED PARTY TRANSACTIONS (continued)

Property, plant and equipment with a net book value of 30,579 (2010 – 6,262) were transferred from (2010 – transferred to) affiliated companies. This non-cash transaction was excluded from the statement of cash flows.

#### Compensation of key management personnel

The remuneration of key management personnel during the year is as follows:

|                    | <u>2011</u>  | <u>2010</u>  |
|--------------------|--------------|--------------|
| Total compensation | <u>2,600</u> | <u>2,400</u> |

### 14 OTHER INCOME (EXPENSES), NET

|   | <u>2011</u>  | <u>2010</u>    |
|---|--------------|----------------|
| Gain on sale of property, plant and equipment | 870          | 59             |
| Gain (loss) on foreign exchange               | 1,759        | (2,347)        |
| Miscellaneous, net                            | <u>245</u>   | <u>–</u>       |
|   | <u>2,874</u> | <u>(2,288)</u> |

### 15 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and banks, accounts receivable, due from parent company and its subsidiaries and certain other assets. Financial liabilities consist of due to banks, long-term debts, accounts payable and certain other liabilities.

Management estimates that the fair values of financial instruments are not materially different from their carrying values.

### 16 RISK MANAGEMENT

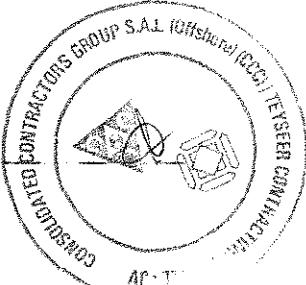
The main risks arising from CCC's financial instruments are credit risk, liquidity risk, cash flow interest rate risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below:

#### Credit risk

CCC trades only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that CCC's exposure to bad debts is not significant. Credit risk is limited to the carrying value of the consolidated financial assets referred to above. Further details relating to credit risk with respect to accounts receivable are reflected in Note 3.

#### Liquidity risk

CCC monitors liquidity risk by considering the maturity of its financial assets and projected cash flows from operations. CCC's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and loans.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 16 RISK MANAGEMENT (continued)

#### Liquidity risk (continued)

The table below summarises the maturity profile of CCC's undiscounted financial liabilities at 31 December 2011, based on contractual payment dates.

|   | <i>Less than<br/>one year</i> | <i>1 to 5<br/>years</i> | <i>&gt; 5 years</i> | <i>Total</i>   |
|---|-------------------------------|-------------------------|---------------------|----------------|
| <b><i>31 December 2011</i></b>          |                               |                         |                     |                |
| Due to banks                            | 73,665                        | -                       | -                   | 73,665         |
| Accounts payable                        | 50,116                        | -                       | -                   | 50,116         |
| Joint ventures' current liabilities     | 421,317                       | -                       | -                   | 421,317        |
| Joint ventures' non current liabilities | -                             | 50,716                  | -                   | 50,716         |
| <b>Total</b>                            | <b>545,098</b>                | <b>50,716</b>           | -                   | <b>595,814</b> |
| <b><i>31 December 2010</i></b>          |                               |                         |                     |                |
| Due to banks                            | 43,439                        | -                       | -                   | 43,439         |
| Accounts payable                        | 26,088                        | -                       | -                   | 26,088         |
| Joint ventures' current liabilities     | 405,343                       | -                       | -                   | 405,343        |
| Long-term debt                          | -                             | 55,119                  | -                   | 55,119         |
| Joint ventures' non current liabilities | -                             | 13,967                  | -                   | 13,967         |
| <b>Total</b>                            | <b>474,870</b>                | <b>69,086</b>           | -                   | <b>543,956</b> |

#### Cash flow interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. The following table estimates the sensitivity to a reasonable possible change in interest rates on CCC's statement of comprehensive income. The sensitivity of the statement of comprehensive income is the effect of the assumed changes (whether increase or decrease) in interest rates on the net interest income for one year, based on the floating rate financial assets and financial liabilities, denominated mainly in US dollars, held at 31 December 2011, with all other variables held constant.

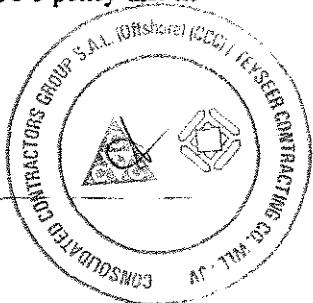
|   | <i>2011</i> | <i>2010</i> |
|---|-------------|-------------|
| Assumed change in interest rates                              | 1%          | 1%          |
| Impact on profit for the year from increase in interest rates | 1,110       | 1,287       |
| Impact on profit for the year from decrease in interest rates | (1,110)     | (1,287)     |

(Amounts in brackets reflect decreases in profit for the year).

#### Foreign currency risk

CCC has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. CCC incurs currency risk as a result of purchases and borrowings in foreign currencies.

CCC's financial assets and liabilities are denominated mainly in US dollars or in the foreign currencies of countries which are pegged to the US Dollar, CCC is not exposed to significant currency risk. It is CCC's policy that no trading in financial instruments shall be undertaken.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

(Amounts expressed in '000 U.S. Dollars)

### 16 RISK MANAGEMENT (continued)

#### Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, to maximise shareholders' value and to ensure that it complies with externally imposed capital requirements.

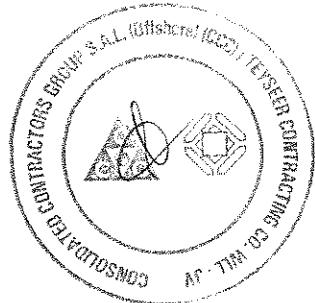
The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. Capital comprises share capital and reserves and is measured at 325,907 at 31 December 2011 (2010 - 275,408).



**Consolidated Contractors Group  
SAL (Offshore) - (CCC)**

**CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH AUDITORS' REPORT**

**31 DECEMBER 2010**



 EY ERNST & YOUNG

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF  
CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)**

We have audited the accompanying consolidated financial statements of Consolidated Contractors Group S.A.L. (Offshore) - (CCC) and subsidiaries (The "Company"), which comprise the consolidated statement of financial position as at 31 December 2010, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Directors' Responsibility for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

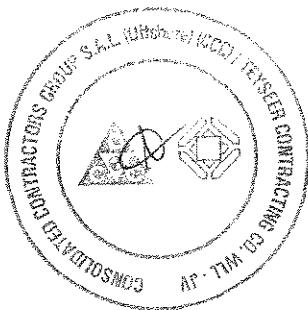
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Ernst & Young*

19 May 2011  
Beirut, Lebanon



**CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - CCC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2010**  
(Amounts expressed in '000 U.S. Dollars)

| <b>ASSETS</b>                                      |       |                |                | <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                |                |
|--|-------|----------------|----------------|--|----------------|
|  | Notes | 2010           | 2009           |  | Notes          |
| <b>Current Assets:</b>                             |       |                |                | <b>Current Liabilities:</b>                                |                |
| Cash and banks                                     |       | 268,086        | 267,634        | Due to banks   | 7              |
| Accounts receivable, net                           | 3     | 82,781         | 54,723         | Accounts payable   |                |
| Joint ventures' current assets                     | 4     | 249,509        | 147,014        | Joint ventures' current liabilities                        | 4              |
| Other current assets                               | 5     | 100,352        | 41,511         | Other current liabilities                                  | 8              |
| Total Current Assets                               |       | <u>700,728</u> | <u>510,882</u> | Total Current Liabilities                                  |                |
|  |       |                |                |  | <u>557,635</u> |
|  |       |                |                |  | <u>370,874</u> |
| <b>Fixed Assets:</b>                               |       |                |                | <b>Other Liabilities:</b>                                  |                |
| Property, plant & equipment, at cost               | 6     | 75,846         | 101,854        | Long-term debt   | 7              |
| Less: Accumulated depreciation                     | 6     | 25,856         | 37,071         | Provision for staff benefits                               |                |
|  |       | <u>49,990</u>  | <u>64,783</u>  | Other non current liabilities                              | 8              |
| Joint ventures' property, plant and equipment, net | 4     | <u>21,199</u>  | <u>902</u>     | Joint ventures' non current liabilities                    | 4              |
| Total property, plant & equipment                  |       | <u>71,189</u>  | <u>65,685</u>  | Total Other Liabilities                                    |                |
|  |       |                |                |  | <u>150,974</u> |
|  |       |                |                |  | <u>88,441</u>  |
| Due from parent company and its subsidiaries       |       | <u>211,508</u> | <u>85,173</u>  | <b>Shareholders' Equity:</b>                               |                |
| Total Assets                                       |       | <u>983,425</u> | <u>661,740</u> | Share capital - 60,000 shares of US \$ 100 each fully paid |                |
|  |       |                |                | Statutory reserve  | 10             |
|  |       |                |                | Retained earnings  |                |
|  |       |                |                | Non controlling interests                                  |                |
|  |       |                |                | Total equity   |                |
|  |       |                |                | Total Liabilities and Shareholders' Equity                 |                |
|  |       |                |                |  | <u>983,425</u> |
|  |       |                |                |  | <u>661,740</u> |

The attached notes 1 to 16 form part of these consolidated financial statements.



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Year ended 31 December 2010

(Amounts expressed in '000 U.S. Dollars)

|                                      | <i>Notes</i> | <b>2010</b>      | <b>2009</b>    |
|--------------------------------------|--------------|------------------|----------------|
| Contract revenues                    |              | <b>495,532</b>   | 486,565        |
| Contract costs                       |              | <b>(441,696)</b> | (375,931)      |
| <b>OPERATING PROFIT</b>              |              | <b>53,836</b>    | 110,634        |
| General and administrative expenses  | 11           | (83,713)         | (44,351)       |
| Overhead recoveries, net             | 13           | 103,242          | 80,227         |
| Interest income                      |              | 7,158            | 3,593          |
| Interest expense                     |              | (3,982)          | (5,314)        |
| Other expenses, net                  | 14           | <b>(2,288)</b>   | <b>(6,257)</b> |
| <b>PROFIT BEFORE TAXATION</b>        |              | <b>74,253</b>    | 138,532        |
| Income tax                           |              | <b>(1,862)</b>   | <b>(2,974)</b> |
| <b>PROFIT FOR THE YEAR</b>           |              | <b>72,391</b>    | <b>135,558</b> |
| Attributable to:                     |              |                  |                |
| Equity holders of the Parent Company |              | <b>72,391</b>    | 136,387        |
| Non-controlling interests            |              | <b>-</b>         | <b>(829)</b>   |
|                                      |              | <b>72,391</b>    | <b>135,558</b> |

The attached notes 1 to 16 form part of these consolidated financial statements.



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Year ended 31 December 2010

(Amounts expressed in '000 U.S. Dollars)

*Attributable to equity holders of the Parent Company*

|   | <i>Share<br/>capital</i> | <i>Statutory<br/>reserve</i> | <i>Retained<br/>earnings</i> | <i>Total</i>   | <i>Non-<br/>controlling<br/>interests</i> | <i>Total<br/>equity</i> |
|---|--------------------------|------------------------------|------------------------------|----------------|---|-------------------------|
| <b><u>2010</u></b>                          |                          |                              |                              |                |   |                         |
| Balance, beginning of year                  | 6,000                    | 2,000                        | 195,017                      | 203,017        | (592)                                     | 202,425                 |
| Total comprehensive income for the year     | -                        | -                            | 72,391                       | 72,391         | -   | 72,391                  |
| Balance, end of year                        | <u>6,000</u>             | <u>2,000</u>                 | <u>267,408</u>               | <u>275,408</u> | <u>(592)</u>                              | <u>274,816</u>          |
| <b><u>2009</u></b>                          |                          |                              |                              |                |   |                         |
| Balance, beginning of year                  | 6,000                    | 2,000                        | 58,630                       | 66,630         | 9,443                                     | 76,073                  |
| Total comprehensive income for the year     | -                        | -                            | 136,387                      | 136,387        | (829)                                     | 135,558                 |
| Other movement in non controlling interests | -                        | -                            | -                            | -              | (9,206)                                   | (9,206)                 |
| Balance, end of year                        | <u>6,000</u>             | <u>2,000</u>                 | <u>195,017</u>               | <u>203,017</u> | <u>(592)</u>                              | <u>202,425</u>          |

The attached notes 1 to 16 form part of these consolidated financial statements.



**Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**

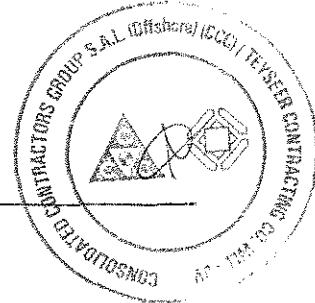
**CONSOLIDATED STATEMENT OF CASH FLOW**

Year ended 31 December 2010

(Amounts expressed in '000 U.S. Dollars)

|   | <i>Notes</i> | <b><u>2010</u></b>      | <b><u>2009</u></b>      |
|---|--------------|-------------------------|-------------------------|
| <b>OPERATING ACTIVITIES</b>   |              |                         |                         |
| Profit for the year before taxation                                 |              | <b><u>74,253</u></b>    | <b><u>138,532</u></b>   |
| Adjustments for:  |              |                         |                         |
| Depreciation of property, plant and equipment                       | 6            | <b><u>23,747</u></b>    | <b><u>33,477</u></b>    |
| Charge for provision for staff benefits, net                        |              | <b><u>2,879</u></b>     | <b><u>21,840</u></b>    |
| Charge for inventories and other provisions, net                    |              | <b><u>(26,930)</u></b>  | <b><u>7,847</u></b>     |
| Gain on disposal of property, plant and equipment                   |              | <b><u>(59)</u></b>      | <b><u>(51)</u></b>      |
| Exchange adjustment on property, plant and equipment                |              | <b><u>252</u></b>       | <b><u>-</u></b>         |
| Changes in operating assets and liabilities:                        |              |                         |                         |
| (Increase) decrease in accounts receivable                          |              | <b><u>(28,058)</u></b>  | <b><u>210,519</u></b>   |
| Decrease in joint ventures' net current assets                      |              | <b><u>69,250</u></b>    | <b><u>86,851</u></b>    |
| (Increase) decrease in other current assets                         |              | <b><u>(58,847)</u></b>  | <b><u>14,268</u></b>    |
| Decrease in due from a related party                                |              | <b><u>-</u></b>         | <b><u>80,002</u></b>    |
| Increase (decrease) in accounts payable                             |              | <b><u>728</u></b>       | <b><u>(19,671)</u></b>  |
| Increase (decrease) in other current liabilities                    |              | <b><u>4,357</u></b>     | <b><u>(221,882)</u></b> |
| Increase in joint ventures' non current liabilities                 |              | <b><u>4,992</u></b>     | <b><u>8,975</u></b>     |
| Increase (decrease) in other non current liabilities                |              | <b><u>54,662</u></b>    | <b><u>(95,114)</u></b>  |
| Cash from operations  |              | <b><u>121,226</u></b>   | <b><u>265,593</u></b>   |
| Income tax paid   |              | <b><u>(2,974)</u></b>   | <b><u>(936)</u></b>     |
| Net cash from operating activities                                  |              | <b><u>118,252</u></b>   | <b><u>264,657</u></b>   |
| <b>INVESTING ACTIVITIES</b>   |              |                         |                         |
| Purchase of property, plant and equipment                           | 6            | <b><u>(15,642)</u></b>  | <b><u>(72,442)</u></b>  |
| Proceeds from sale of property, plant and equipment                 |              | <b><u>233</u></b>       | <b><u>3,520</u></b>     |
| Increase in joint ventures' property, plant and equipment, net      |              | <b><u>(20,297)</u></b>  | <b><u>(902)</u></b>     |
| Net cash used in investing activities                               |              | <b><u>(35,706)</u></b>  | <b><u>(69,824)</u></b>  |
| <b>FINANCING ACTIVITIES</b>   |              |                         |                         |
| Increase (decrease) in bank borrowings                              |              | <b><u>37,979</u></b>    | <b><u>(3,629)</u></b>   |
| Non controlling interests   |              | <b><u>-</u></b>         | <b><u>(9,206)</u></b>   |
| (Increase) decrease in due from parent company and its subsidiaries |              | <b><u>(120,073)</u></b> | <b><u>15,949</u></b>    |
| Net cash (used in) from financing activities                        |              | <b><u>(82,094)</u></b>  | <b><u>3,114</u></b>     |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                    |              |                         |                         |
| Cash and cash equivalents, beginning of year                        |              | <b><u>267,634</u></b>   | <b><u>69,687</u></b>    |
| <b><u>CASH AND CASH EQUIVALENTS, END OF YEAR</u></b>                |              | <b><u>268,086</u></b>   | <b><u>267,634</u></b>   |

The attached notes 1 to 16 form part of these consolidated financial statements.



# **Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 December 2010**

**(Amounts expressed in '000 U.S. Dollars)**

### **1 THE COMPANY AND PRINCIPAL ACTIVITIES:**

Consolidated Contractors Group S.A.L. (Offshore) - (CCC) (the 'Company') is a Lebanese shareholding company registered under commercial registration number 1802045 dated 8 August 2007. The Company's registered office is at Beir Hasan, Nicolas Sarook Street, Sabbagh and Khoury Building, Beirut, Lebanon.

The Company and its subsidiaries (all together referred to as 'CCC') are principally engaged in construction activities. In addition, the Company participates with other contractors in consortium agreements and contracts undertaken as joint ventures.

The Company is owned by Consolidated Contractors Group SAL (Holding Company) (the "Parent Company"), also incorporated in Lebanon.

The consolidated financial statements have been approved for issue by the Board of Directors on 19 May 2011.

### **2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### **a. Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements are prepared under the historical cost convention.

#### **b. Principles of consolidation**

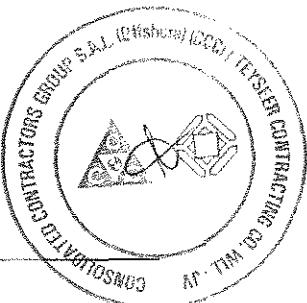
##### *Subsidiaries*

The consolidated financial statements comprise the accounts of the Company and its subsidiaries. All significant inter-company transactions, profits and balances are eliminated on consolidation. The financial statements of subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. Where necessary, adjustments are made to the financial statements of a subsidiary to bring its accounting policies similar with those used by the Company.

The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition, being the date on which CCC obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved where CCC has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities.

##### *Joint Ventures*

Investments in joint ventures which are jointly controlled entities are stated under the proportionate consolidation method, whereby CCC's proportionate share of current and non current assets, property, plant and equipment and current and non current liabilities are reflected separately in the consolidated statement of financial position. CCC's share of income or loss from joint ventures is included in the consolidated statement of comprehensive income on a line-by-line basis.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

(Amounts expressed in '000 U.S. Dollars)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

#### c. Long-Term contracts and income recognition

Contract revenues are recognized using the percentage-of-completion method, whereby profits on long-term contracts are recorded on the basis of CCC's estimates of the percentage-of-completion of individual contracts based on the actual costs incurred to total estimated costs or the physical work done depending on the nature of the contract. Costs and estimated earnings in excess of billings on specific contracts and unbilled work are recorded as work-in-progress. Billings in excess of costs and estimated earnings on specified contracts are recorded as deferred income.

Contract costs include direct material, direct labour and contract related overheads. Mobilization expenditure and contract start-up costs are deferred and amortized based on the percentage of revenues earned to total contract value.

Contract revenues and costs relating to contracts on which the work performed to the statement of financial position date is insignificant are recognised to the extent of costs incurred, and accordingly no profit is recognised.

Contract claims are recognized when they are accepted or when there is sufficient evidence of acceptability of the amount of the claim by the customer and the amount that it is probable will be accepted by the customer can be measured reliably. Variations in contract works are recognised when it is probable that the customer will approve the variations and the amount of revenues arising from the variations can be reliably measured.

Estimated future losses are provided for and included in contract costs when they become known and can reasonably be estimated. Changes in estimates of contract revenues and costs may result in a revision to contract revenues and costs and are recognized in the consolidated statement of comprehensive income in the period in which the change is made.

#### d. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, which comprises all costs of bringing inventory to its present location and condition, is determined using the average cost method. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

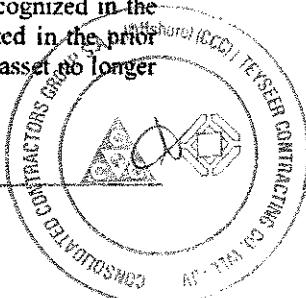
#### e. Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of assets, other than land, as follows:

|                               |              |
|-------------------------------|--------------|
| Buildings                     | 6 – 50 years |
| Plant, Machinery and Vehicles | 3 – 10 years |
| Furniture and Equipment       | 4 – 5 years  |

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

In accordance with IAS 36, property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever, the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the consolidated statement of comprehensive income. Reversal of impairment losses recognized in the prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

(Amounts expressed in '000 U.S. Dollars)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

#### f. Provision for staff benefits

Staff benefits are provided for in accordance with the provisions, laws and practices of the countries in which CCC operates. The entitlement of these benefits is usually based upon the employees' length of service. The expected costs of these benefits are accrued over the period of employment.

#### g. Foreign currency translation

The consolidated financial statements are presented in US Dollars which is the Company's functional and presentation currency as a substantial portion of CCC's transactions are denominated in US Dollars. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to consolidated statement of comprehensive income.

As at the reporting date, the assets and liabilities of subsidiaries with functional currency other than US Dollars are translated into US Dollars at the rate of exchange ruling at the statement of financial position date and, their statement of comprehensive income are translated at average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

#### h. Provisions

Provisions are recognised when CCC has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

#### i. Cash and cash equivalents

Cash and cash equivalents comprise cash and balances and deposits with banks maturing within three months of the date of acquisition.

#### j. Impairment and uncollectability of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows discounted at original effective interest rates is recognised in the consolidated statement of comprehensive income.

#### k. Accounts payable and accruals

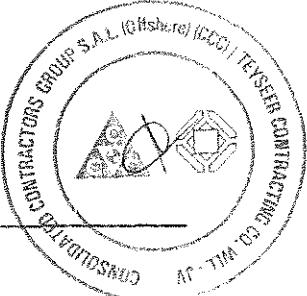
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

#### l. Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. The uncollectible amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense in the consolidated statement of comprehensive income. Bad debts are written off as incurred.

#### m. Non-controlling interests

Non-controlling interests represent the portion of the profits or losses and net assets in subsidiaries not held by CCC and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

(Amounts expressed in '000 U.S. Dollars)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

#### n. Fair values

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

#### o. Taxes

CCC provides for taxes on income based on taxable profits realized in those countries which levy tax on income. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. CCC's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

#### p. Leases

Leases which do not transfer to CCC substantially all the risks and benefits incidental to ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of comprehensive income on a straight line basis over the lease term.

#### q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowings costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that CCC incurs in connection with the borrowing of funds.

#### r. Impairment of non-financial assets

CCC assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, CCC estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

#### s. Interest revenue

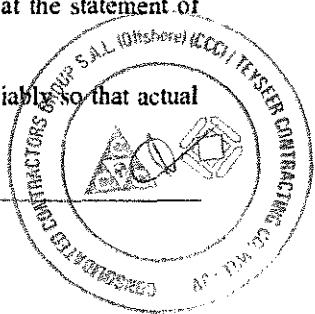
Interest revenue is recognised as the interest accrues using the effective interest method.

### 2.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

#### Construction contracts

When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the statement of financial position date. The outcome of the contract is considered to be reliably estimated when all the following conditions are satisfied:

- (a) total contract revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the contract will flow to CCC;
- (c) both the contract costs to complete the contract and the stage of contract completion at the statement of financial position date can be measured reliably; and
- (d) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.



# **Consolidated Contractors Group S.A.L. (Offshore) - (CCC)**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 December 2010**

**(Amounts expressed in '000 U.S. Dollars)**

### **2.2 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)**

When the outcome of a construction contract cannot be estimated reliably revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

#### **Impairment of accounts receivable**

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected to be recovered will be recognised in the consolidated statement of comprehensive income.

#### **Useful lives of property, plant and equipment**

CCC's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the current usage of the asset compared to full utilisation capabilities of the asset and physical wear and tear. Management reviews the residual value and useful lives annually.

#### **Impairment of inventories**

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

### **2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The accounting policies adopted are consistent with those of the previous financial year, except as follows:

Amendments resulting from improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or the performance of CCC:

- IFRS 2 Share-based Payments: Group Cash-settled Share-based Payment Transactions effective 1 January 2010,
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5, IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009
- IFRIC 17 Distributions of Non-cash Assets to Owners effective 1 July 2009
- IFRS 5 Non-current Assets Held for sale and Discontinued Operations effective 1 January 2010
- IFRS 2 Share based payments
- IAS 1 Presentation of financial statements
- IAS 17 Leases
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- Improvements to IFRSs



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

(Amounts expressed in '000 U.S. Dollars)

### 2.4 FUTURE CHANGES IN ACCOUNTING POLICIES – STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of CCC's financial statements are listed below. This listing is of standards and interpretations issued, which the CCC reasonably expects to be applicable at a future date. CCC intends to adopt those standards when they become applicable.

- IFRS 9 *Financial Instruments*
- IFRS 9 as issued reflects the first phase of IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the Board will address impairment and hedge accounting. The completion of this project is expected in mid 2011.
- IAS 24 Related Party Disclosures (Amendment)
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues ( Amendment)
- IFRIC 14 Prepayments of a minimum funding requirement (Amendment)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Improvements to IFRSs (issued in May 2010)

### 3 ACCOUNTS RECEIVABLE

Accounts receivable comprise:

|                       | <u>2010</u>          | <u>2009</u>          |
|-----------------------|----------------------|----------------------|
| Trade receivables     | 43,257               | 36,898               |
| Retentions receivable | 17,981               | 11,054               |
| Others                | <u>21,543</u>        | <u>6,771</u>         |
|                       | <u><b>82,781</b></u> | <u><b>54,723</b></u> |

At 31 December 2010, trade receivables at nominal value of nil (2009: nil) were impaired.

At 31 December, the ageing of trade receivables is as follows:

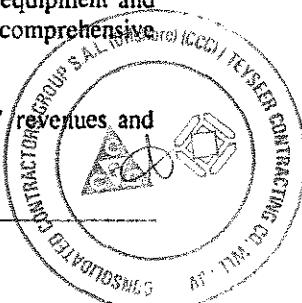
|             | <i>Total</i> | <i>Past due but not impaired</i>             |                      |                         |                          |                           |
|-------------|--------------|--|----------------------|-------------------------|--------------------------|---------------------------|
|             |              | <i>Neither past<br/>due nor<br/>impaired</i> | <i>&lt; 3 months</i> | <i>3 - 6<br/>months</i> | <i>6 - 12<br/>months</i> | <i>&gt;<br/>12 months</i> |
| <i>2010</i> | 43,257       | 15,556                                       | 16,781               | 6,347                   | 2,552                    | 2,021                     |
| <i>2009</i> | 36,898       | 34,748                                       | -                    | -                       | 2,150                    | -                         |

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

### 4 JOINT VENTURES

CCC has entered into joint venture agreements ('JV') for several construction projects involving jointly controlled entities. CCC's share of the joint ventures' current and non current assets, property, plant and equipment and current and non current liabilities are consolidated and shown separately. The statements of comprehensive income of joint ventures are consolidated on a proportional basis.

The consolidated statement of comprehensive income includes CCC's share of the joint ventures' revenues and costs amounting to 303,597 and 306,111 (2009 – 278,859 and 240,955), respectively.



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

(Amounts expressed in '000 U.S. Dollars)

### 4 JOINT VENTURES (continued)

The significant joint venture agreements are as follows:

|   | <i>Country</i>   | <i>CCC participation interest</i> | <i>Total contract value</i> |
|---|------------------|-----------------------------------|-----------------------------|
| JV with Teyseer – Ras Laffan Port Expansion project                         | Qatar            | 25%                               | 1,678,000                   |
| JV with McConnell Dowell – QC LNG Export Pipeline and Gas Collection        | Australia        | 50%                               | 694,000                     |
| JV with Teyseer – EPIC of Ras Laffan Common Cooling Seawater System Phase 2 | Qatar            | 25%                               | 580,000                     |
| JV with McConnell Dowell – PNG-LNG KOMO Airfield                            | Papua New Guinea | 50%                               | 557,000                     |
| JV with Teyseer – EPIC of Gas Sweetening Facilities at Mesaieed and Dukhan  | Qatar            | 50%                               | 218,000                     |
| JV with Teyseer – Qatalum – Reduction Area Foundation                       | Qatar            | 40%                               | 183,000                     |
| JV with RCC – Tsumeb Katwitwi road project                                  | Namibia          | 50%                               | 103,000                     |
| JV with Teyseer – Barazan Early Works Project                               | Qatar            | 50%                               | 96,000                      |

### 5 OTHER CURRENT ASSETS

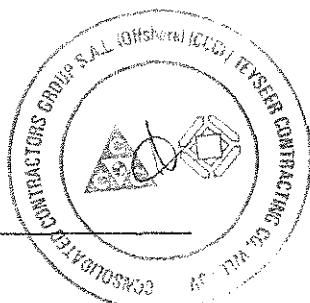
Other current assets comprise:

|                                   | <i>2010</i>    | <i>2009</i>   |
|-----------------------------------|----------------|---------------|
| Inventories                       | 6,227          | 5,656         |
| Work-in-progress                  | 33,320         | 14,431        |
| Prepaid expenses                  | 56,934         | 19,232        |
| Deposits                          | 588            | 494           |
| Deferred mobilization expenditure | <u>3,283</u>   | <u>1,698</u>  |
|                                   | <u>100,352</u> | <u>41,511</u> |

At the statement of financial position date, gross inventories were 6,233 (2009 - 5,656) and the provision for obsolete and slow moving inventories was 6 (2009 - nil).

Work-in-progress comprises:

|  | <i>2010</i>   | <i>2009</i>   |
|--|---------------|---------------|
| Costs incurred plus recognised profits less losses | 334,596       | 299,466       |
| Less: progress billings received and receivable    | (301,276)     | (285,035)     |
| Work-in-progress                                   | <u>33,320</u> | <u>14,431</u> |



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

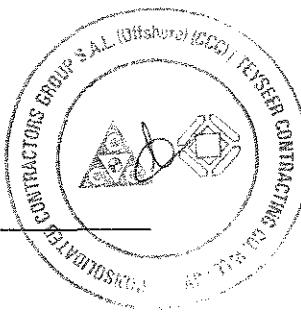
(Amounts expressed in '000 U.S. Dollars)

### 6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise:

|   | <u>Land</u>  | <u>Work in progress</u> | <u>Buildings</u> | <u>Plant, machinery and vehicles</u> | <u>Furniture and equipment</u> | <u>Total</u>   |
|---|--------------|-------------------------|------------------|--------------------------------------|--------------------------------|----------------|
| <b>2010</b>                             |              |                         |                  |                                      |                                |                |
| Cost:                                   |              |                         |                  |                                      |                                |                |
| At 1 January 2010                       | 3,333        | 5,347                   | -                | 72,881                               | 20,293                         | 101,854        |
| Additions                               | 1,995        | -                       | 3,777            | 7,719                                | 2,151                          | 15,642         |
| Transfer from (to) affiliated companies | -            | -                       | -                | (43,305)                             | 2,353                          | (40,952)       |
| Transfers                               | -            | (5,347)                 | 5,347            | -                                    | -                              | -              |
| Disposals                               | -            | -                       | -                | (423)                                | (27)                           | (450)          |
| Exchange Adjustment                     | -            | -                       | (260)            | 6                                    | 6                              | (248)          |
| At 31 December 2010                     | <b>5,328</b> | -                       | <b>8,864</b>     | <b>36,878</b>                        | <b>24,776</b>                  | <b>75,846</b>  |
| Accumulated depreciation:               |              |                         |                  |                                      |                                |                |
| At 1 January 2010                       | -            | -                       | -                | 34,937                               | 2,134                          | 37,071         |
| Charge                                  | -            | -                       | 186              | 20,180                               | 3,381                          | 23,747         |
| Transfer from (to) affiliated companies | -            | -                       | -                | (35,724)                             | 1,034                          | (34,690)       |
| Disposals                               | -            | -                       | -                | (276)                                | -                              | (276)          |
| Exchange Adjustment                     | -            | -                       | -                | 3                                    | 1                              | 4              |
| At 31 December 2010                     | -            | -                       | <b>186</b>       | <b>19,120</b>                        | <b>6,550</b>                   | <b>25,856</b>  |
| Net book value at 31 December 2010      | <b>5,328</b> | -                       | <b>8,678</b>     | <b>17,758</b>                        | <b>18,226</b>                  | <b>49,990</b>  |
| <b>2009</b>                             |              |                         |                  |                                      |                                |                |
| Cost:                                   |              |                         |                  |                                      |                                |                |
| At 1 January 2009                       | -            | -                       | -                | 34,770                               | 1                              | 34,771         |
| Additions                               | 3,333        | 5,347                   | -                | 43,387                               | 20,375                         | 72,442         |
| Disposals                               | -            | -                       | -                | (5,276)                              | (83)                           | (5,359)        |
| At 31 December 2009                     | <b>3,333</b> | <b>5,347</b>            | -                | <b>72,881</b>                        | <b>20,293</b>                  | <b>101,854</b> |
| Accumulated depreciation:               |              |                         |                  |                                      |                                |                |
| At 1 January 2009                       | -            | -                       | -                | 5,484                                | -                              | 5,484          |
| Charge                                  | -            | -                       | -                | 31,343                               | 2,134                          | 33,477         |
| Disposals                               | -            | -                       | -                | (1,890)                              | -                              | (1,890)        |
| At 31 December 2009                     | -            | -                       | -                | <b>34,937</b>                        | <b>2,134</b>                   | <b>37,071</b>  |
| Net book value at 31 December 2009      | <b>3,333</b> | <b>5,347</b>            | -                | <b>37,944</b>                        | <b>18,159</b>                  | <b>64,783</b>  |

The depreciation charge for the year amounted to 23,747 (2009 - 33,477).



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

(Amounts expressed in '000 U.S. Dollars)

### 7 BANK FACILITIES

CCC has general banking facilities with banks covering advances, guarantees and letters of credit which have been provided under agreements including various terms and conditions in the normal course of business. These facilities are mainly secured by the assignment of contract proceeds.

Due to banks comprise short-term loans and overdrafts taken mainly in respect of working capital and project finance.

Outstanding bank facilities accrue interest at LIBOR plus pre-agreed margins.

### 8 OTHER CURRENT LIABILITIES

Other current liabilities comprise:

|                       | <u>2010</u>   | <u>2009</u>    |
|-----------------------|---------------|----------------|
| Advances on contracts | 38,763        | 38,412         |
| Provisions            | 32,717        | 59,653         |
| Accruals              | 9,176         | 5,998          |
| Income tax            | 1,862         | 2,974          |
| Deferred income       | <u>2,706</u>  | <u>1,878</u>   |
|                       | <u>85,224</u> | <u>108,915</u> |

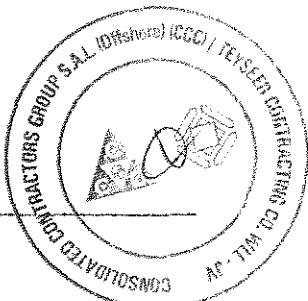
Provisions include provisions for contracts costs, expected contract losses, claims and other expenses.

Advances on contracts comprise:

|  | <u>2010</u>     | <u>2009</u>   |
|--|-----------------|---------------|
| Total advances   | 93,425          | 38,412        |
| Less: long-term portion classified under other non-current liabilities | <u>(54,662)</u> | —             |
|  | <u>38,763</u>   | <u>38,412</u> |

Deferred income comprises:

|  | <u>2010</u>     | <u>2009</u>  |
|--|-----------------|--------------|
| Progress billings received and receivable                | 41,535          | 2,772        |
| Less: costs incurred plus recognised profits less losses | <u>(38,829)</u> | <u>(894)</u> |
| Deferred income  | <u>2,706</u>    | <u>1,878</u> |



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

(Amounts expressed in '000 U.S. Dollars)

### 9 GROUP OPERATING ENTITIES

The significant operating subsidiaries of the Company are as follows:

|   | <i>Country of incorporation/<br/>Registration</i> | <i>Percentage ownership</i> |             |
|---|---|-----------------------------|-------------|
|   |   | <i>2010</i>                 | <i>2009</i> |
| Consolidated Contracting Company S.A.                       | Panama  | 100%                        | 100%        |
| Real Estate Development S.A.E.                              | Egypt   | 100%                        | 100%        |
| Wedelin Investments 46 (PTY) Limited                        | South Africa                                      | 40%                         | 40%         |
| Equatorial Consolidated Group S.A.                          | Equatorial Guinea                                 | 60%                         | 60%         |
| Consolidated Contracting Company Australia PTY LTD          | Australia   | 100%                        | 100%        |
| Consolidated Contractors (Papua New Guinea) Company Limited | PNG   | 100%                        | 100%        |

Although the Company owns 40% of the outstanding shares of Wedelin Investments 46 (PTY) Limited (the "investee") as at 31 December 2010, the investment has been classified as a subsidiary as the Company exercises control over the investee because it casts the majority of the votes on the board of directors.

### 10 STATUTORY RESERVE

Statutory reserve is mandatory and is set out of profit at the rate of 10% per annum until it equals one third of the share capital. This reserve is not available for distribution.

### 11 GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include administrative personnel, travel, premises, utilities, and office-related and other expenses. Staff costs included in general and administrative expenses amounted to 58,093 (2009 – 32,784).

### 12 CONTINGENCIES AND COMMITMENTS

As at December 31, 2010, the Company had outstanding letters of guarantee of 606,731 (2009 – 252,825) and letters of credit of 8,320 (2009 – 14,125).

### 13 RELATED PARTY TRANSACTIONS

Related parties comprise affiliated companies owned by the Parent Company, major shareholders, directors and key management personnel of the Company. Principal policies and terms of these transactions are approved by senior management.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

|                          | <i>2010</i>    | <i>2009</i> |
|--------------------------|----------------|-------------|
| Overhead recoveries, net | <u>103,242</u> | 80,227      |

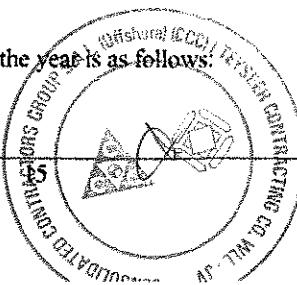
Overhead recoveries comprise cost recoveries and charges for support services earned from affiliated companies.

Property, plant and equipment with a net book value of 6,262 (2009 – nil) were transferred to affiliated companies. This non-cash transaction was excluded from the statement of cash flows.

#### Compensation of key management personnel

The remuneration of key management personnel during the year is as follows:

|                    |              |       |
|--------------------|--------------|-------|
| Total compensation | <u>2,400</u> | 2,100 |
|--------------------|--------------|-------|



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

(Amounts expressed in '000 U.S. Dollars)

### 14 OTHER EXPENSES, NET

|   | <u>2010</u>    | <u>2009</u>    |
|---|----------------|----------------|
| Gain on sale of property, plant and equipment | 59             | 51             |
| Loss on foreign exchange                      | <u>(2,347)</u> | <u>(6,308)</u> |
|   | (2,288)        | (6,257)        |

### 15 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and banks, accounts receivable, due from parent company and its subsidiaries and certain other assets. Financial liabilities consist of due to banks, accounts payable and certain other liabilities.

Management estimates that the fair values of financial instruments are not materially different from their carrying values.

### 16 RISK MANAGEMENT

The main risks arising from CCC's financial instruments are credit risk, liquidity risk, cash flow interest rate risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below:

#### Credit risk

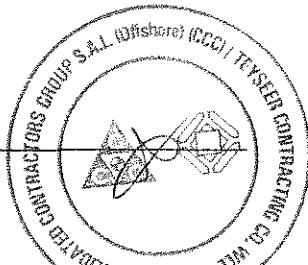
CCC trades only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that CCC's exposure to bad debts is not significant. Credit risk is limited to the carrying value of the consolidated financial assets referred to above. Further details relating to credit risk with respect to accounts receivable are reflected in Note 3.

#### Liquidity risk

CCC monitors liquidity risk by considering the maturity of its financial assets and projected cash flows from operations. CCC's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and loans.

The table below summarises the maturity profile of CCC undiscounted financial liabilities at 31 December 2010, based on contractual payment dates.

|   | <i>Less than<br/>one year</i> | <i>1 to 5<br/>years</i> | <i>&gt; 5 years</i> | <i>Total</i>   |
|---|-------------------------------|-------------------------|---------------------|----------------|
| <b><i>31 December 2010</i></b>          |                               |                         |                     |                |
| Due to banks                            | 43,439                        | -                       | -                   | 43,439         |
| Accounts payable                        | 26,088                        | -                       | -                   | 26,088         |
| Joint ventures' current liabilities     | 405,343                       | -                       | -                   | 405,343        |
| Long-term debt                          | -                             | 55,119                  | -                   | 55,119         |
| Joint ventures' non current liabilities | -                             | <u>13,967</u>           | -                   | <u>13,967</u>  |
| <b>Total</b>                            | <b>474,870</b>                | <b>69,086</b>           | -                   | <b>543,956</b> |



# Consolidated Contractors Group S.A.L. (Offshore) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

(Amounts expressed in '000 U.S. Dollars)

### 16 RISK MANAGEMENT continued

#### Liquidity risk continued

|   | <i>Less than<br/>one year</i> | <i>1 to 5<br/>years</i> | <i>&gt; 5 years</i> | <i>Total</i>   |
|---|-------------------------------|-------------------------|---------------------|----------------|
| <b><i>31 December 2009</i></b>          |                               |                         |                     |                |
| Due to banks                            | 3,225                         | -                       | -                   | 3,225          |
| Accounts payable                        | 25,360                        | -                       | -                   | 25,360         |
| Joint ventures' current liabilities     | 233,598                       | -                       | -                   | 233,598        |
| Long-term debt                          | 2,875                         | 55,840                  | -                   | 58,715         |
| Joint ventures' non current liabilities | -                             | 8,975                   | -                   | 8,975          |
| <b>Total</b>                            | <b>265,058</b>                | <b>64,815</b>           | <b>-</b>            | <b>329,873</b> |

#### Cash flow interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. The following table estimates the sensitivity to a reasonable possible change in interest rates on CCC's statement of comprehensive income. The sensitivity of the statement of comprehensive income is the effect of the assumed changes (whether increase or decrease) in interest rates on the net interest income for one year, based on the floating rate financial assets and financial liabilities, denominated mainly in US dollars, held at 31 December 2010, with all other variables held constant.

|   | <i>2010</i> | <i>2009</i> |
|---|-------------|-------------|
| Assumed change in interest rates                              | 1%          | 1%          |
| Impact on profit for the year from increase in interest rates | 1,287       | 1,585       |
| Impact on profit for the year from decrease in interest rates | (1,287)     | (1,585)     |

(Amounts in brackets reflect decreases in profit for the year).

#### Foreign currency risk

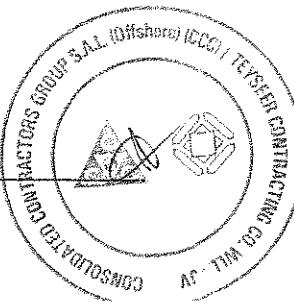
CCC has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. CCC incurs currency risk as a result of purchases and borrowings in foreign currencies.

CCC's financial assets and liabilities are denominated mainly in US dollars or in the foreign currencies of countries which are pegged to the US Dollar. CCC is not exposed to significant currency risk. It is CCC's policy that no trading in financial instruments shall be undertaken.

#### Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, to maximise shareholders' value and to ensure that it complies with externally imposed capital requirements.

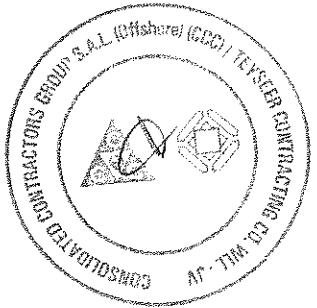
The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. Capital comprises share capital and reserves and is measured at 275,408 at 31 December 2010 (2009 – 203,017).



**Consolidated Contractors Group  
SAL (Offshore) - (CCC)**

**CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH AUDITORS' REPORT**

**31 DECEMBER 2009**





Ernst & Young p.c.c.  
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## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) – (CCC)

We have audited the accompanying consolidated financial statements of Consolidated Contractors Group S.A.L. (Offshore) - (CCC) and subsidiaries (The "Company"), which comprise the consolidated statement of financial position as at 31 December 2009, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

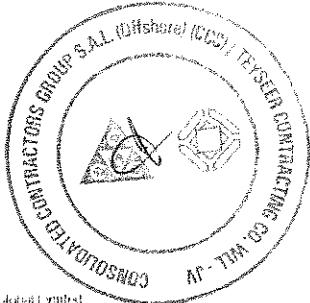
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2009 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

13 May 2010  
Beirut, Lebanon



**CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - CCC**  
**STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2009**

(Amounts expressed in '000 U.S. Dollars)

| <b><u>ASSETS</u></b>                               | Notes |                       |                       | <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>         | Notes                                       |
|--|-------|-----------------------|-----------------------|--|---|
|  |       | <b><u>2009</u></b>    | <b><u>2008</u></b>    |  |   |
| <b>Current Assets:</b>                             |       |                       |                       | <b>Current Liabilities:</b>                                |   |
| Cash and banks                                     |       | 267,634               | 69,687                | Due to banks   | 7 3,001                                     |
| Accounts receivable, net                           | 3     | 54,723                | 265,242               | Accounts payable   | 25,360 45,031                               |
| Due from a related party                           |       | -                     | 80,002                | Joint ventures' current liabilities                        | 4 233,598 2,916                             |
| Joint ventures' current assets                     | 4     | 147,014               | 3,183                 | Other current liabilities                                  | 8 108,915 320,765                           |
| Other current assets                               | 5     | 41,511                | 55,632                |  |   |
| Total Current Assets                               |       | <b><u>510,882</u></b> | <b><u>473,746</u></b> | Total Current Liabilities                                  | <b><u>370,874</u></b> <b><u>425,342</u></b> |
| <b>Non-Current Assets:</b>                         |       |                       |                       | <b>Other Liabilities:</b>                                  |   |
| Property, plant & equipment, at cost               | 6     | 101,854               | 34,771                | Long-term debt   | 7 50,000 -                                  |
| Less: Accumulated depreciation                     | 6     | 37,071                | 5,484                 | Provision for staff benefits                               | 29,466 7,626                                |
|  |       | <b><u>64,783</u></b>  | <b><u>29,287</u></b>  | Other non current liabilities                              | - 95,114                                    |
| Joint ventures' property, plant and equipment, net |       | 902                   | -                     | Joint ventures' non current liabilities                    | 8,975 -                                     |
| Total property, plant & equipment                  |       | <b><u>65,685</u></b>  | <b><u>29,287</u></b>  | Total Other Liabilities                                    | <b><u>88,441</u></b> <b><u>102,740</u></b>  |
| Due from parent company and its subsidiaries       |       | <b><u>85,173</u></b>  | <b><u>101,122</u></b> |  |   |
| <b>Total Assets</b>                                |       | <b><u>661,740</u></b> | <b><u>604,155</u></b> | <b>Shareholders' Equity:</b>                               |   |
|  |       |                       |                       | Share capital - 60,000 shares of US \$ 100 each fully paid | 6,000 6,000                                 |
|  |       |                       |                       | Statutory reserve  | 10 2,000 2,000                              |
|  |       |                       |                       | Retained earnings  | 195,017 58,630                              |
|  |       |                       |                       | Minority interests   | 203,017 66,630                              |
|  |       |                       |                       | Total equity   | (592) 9,443                                 |
|  |       |                       |                       |  | <b><u>202,425</u></b> <b><u>76,073</u></b>  |
|  |       |                       |                       | Total Liabilities and Shareholders' Equity                 | <b><u>661,740</u></b> <b><u>604,155</u></b> |

The attached notes 1 to 16 form part of these consolidated financial statements

**CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)**

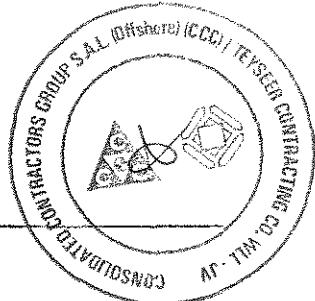
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Year ended 31 December 2009

(Amounts expressed in '000 U.S. Dollars)

|                                      | Notes | <u>2009</u>           | <u>2008</u>          |
|--------------------------------------|-------|-----------------------|----------------------|
| Contract revenues                    |       | 486,565               | 309,180              |
| Contract costs                       |       | (375,931)             | (245,458)            |
| <b>OPERATING PROFIT</b>              |       | <b>110,634</b>        | <b>63,722</b>        |
| Interest income                      |       | 3,593                 | 2,034                |
| General and administrative expenses  | 11    | (44,351)              | (11,407)             |
| Overhead recoveries, net             | 13    | 80,227                | 17,352               |
| Interest expense                     |       | (5,314)               | (440)                |
| Other expenses, net                  | 14    | (6,257)               | (204)                |
| <b>PROFIT BEFORE TAXATION</b>        |       | <b>138,532</b>        | <b>71,057</b>        |
| Income tax                           |       | (2,974)               | (936)                |
| <b>PROFIT FOR THE YEAR</b>           |       | <b><u>135,558</u></b> | <b><u>70,121</u></b> |
| Attributable to:                     |       |                       |                      |
| Equity holders of the Parent Company |       | 136,387               | 60,678               |
| Minority interests                   |       | (829)                 | 9,443                |
|                                      |       | <b><u>135,558</u></b> | <b><u>70,121</u></b> |

The attached notes 1 to 16 form part of these consolidated financial statements.



**CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)**

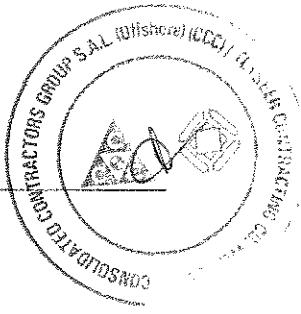
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Year ended 31 December 2009

(Amounts expressed in '000 U.S. Dollars)

|   | <i>Attributable to equity holders of the Parent Company</i> |                              |                              |                |                               |                         |
|---|---|------------------------------|------------------------------|----------------|-------------------------------|-------------------------|
|   | <i>Share<br/>capital</i>                                    | <i>Statutory<br/>reserve</i> | <i>Retained<br/>earnings</i> | <i>Total</i>   | <i>Minority<br/>interests</i> | <i>Total<br/>equity</i> |
| <b><u>2009</u></b>                      |   |                              |                              |                |                               |                         |
| Balance, beginning of year              | 6,000   | 2,000                        | 58,630                       | 66,630         | 9,443                         | 76,073                  |
| Total comprehensive income for the year | -   | -                            | 136,387                      | 136,387        | (829)                         | 135,558                 |
| Other movement in minority interests    | -   | -                            | -                            | -              | (9,206)                       | (9,206)                 |
| Balance, end of year                    | <u>6,000</u>  | <u>2,000</u>                 | <u>195,017</u>               | <u>203,017</u> | <u>(592)</u>                  | <u>202,425</u>          |
| <b><u>2008</u></b>                      |   |                              |                              |                |                               |                         |
| Balance, beginning of year              | 6,000   | -                            | (48)                         | 5,952          | -                             | 5,952                   |
| Statutory reserve                       | -   | 2,000                        | (2,000)                      | -              | -                             | -                       |
| Total comprehensive income for the year | -   | -                            | 60,678                       | 60,678         | 9,443                         | 70,121                  |
| Balance, end of year                    | <u>6,000</u>  | <u>2,000</u>                 | <u>58,630</u>                | <u>66,630</u>  | <u>9,443</u>                  | <u>76,073</u>           |

The attached notes 1 to 16 form part of these consolidated financial statements.



**CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)**

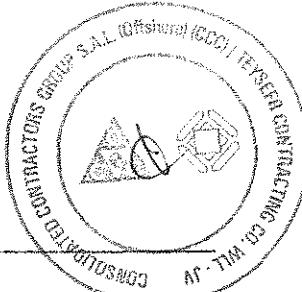
**CONSOLIDATED STATEMENT OF CASH FLOW**

Year ended 31 December 2009

(Amounts expressed in '000 U.S. Dollars)

|   | Notes | <u>2009</u>     | <u>2008</u>   |
|---|-------|-----------------|---------------|
| <b>OPERATING ACTIVITIES</b>   |       |                 |               |
| Profit for the year   |       | <b>135,558</b>  | 70,121        |
| Adjustments for:  |       |                 |               |
| Depreciation of property, plant and equipment                       | 6     | 33,477          | 5,484         |
| Charge for provision for staff benefits, net                        |       | 21,840          | 7,626         |
| Charge for inventories and other provisions, net                    |       | 7,847           | 53,843        |
| (Gain) loss on disposal of property, plant and equipment            |       | (51)            | 18            |
| Changes in operating assets and liabilities:                        |       |                 |               |
| Decrease (increase) in accounts receivable                          |       | 210,519         | (265,242)     |
| Decrease (increase) in joint ventures' net current assets           |       | 86,851          | (267)         |
| Decrease (increase) in other current assets                         |       | 14,268          | (55,632)      |
| Decrease (increase) in due from a related party                     |       | 80,002          | (80,002)      |
| (Decrease) increase in accounts payable                             |       | (19,671)        | 45,029        |
| (Decrease) increase in other current liabilities                    |       | (219,844)       | 266,919       |
| Increase in joint ventures' non current liabilities                 |       | 8,975           | -             |
| (Decrease) increase in other non current liabilities                |       | (95,114)        | 95,114        |
| Net cash from operating activities                                  |       | <b>264,657</b>  | 143,011       |
| <b>INVESTING ACTIVITIES</b>   |       |                 |               |
| Purchase of property, plant and equipment                           | 6     | (72,442)        | (34,789)      |
| Proceeds from sale of property, plant and equipment                 |       | 3,520           | -             |
| Increase in joint ventures' property, plant and equipment, net      |       | (902)           | -             |
| Net cash used in investing activities                               |       | <b>(69,824)</b> | (34,789)      |
| <b>FINANCING ACTIVITIES</b>   |       |                 |               |
| (Decrease) increase in bank borrowings                              |       | (3,629)         | 56,630        |
| Minority interests  |       | (9,206)         | -             |
| Decrease (increase) in due from parent company and its subsidiaries |       | <b>15,949</b>   | (96,022)      |
| Net cash from (used in) financing activities                        |       | <b>3,114</b>    | (39,392)      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                    |       |                 |               |
| Cash and cash equivalents, beginning of year                        |       | <b>69,687</b>   | 68,830        |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                       |       | <b>267,634</b>  | <b>69,687</b> |

The attached notes 1 to 16 form part of these consolidated financial statements.



# **CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 December 2009**

(Amounts expressed in '000 U.S. Dollars)

### **1 THE COMPANY AND PRINCIPAL ACTIVITIES:**

Consolidated Contractors Group S.A.L. (Offshore) - (CCC) (the 'Company') is a Lebanese shareholding company registered under commercial registration number 1802045 dated 8 August 2007. The Company's registered office is at Beir Hasan, Nicolas Sarsook Street, Sabbagh and Khoury Building, Beirut, Lebanon.

The Company and its subsidiaries (all together referred to as 'CCC') are principally engaged in construction activities. In addition, the Company participates with other contractors in consortium agreements and contracts undertaken as joint ventures.

The Company is owned by Consolidated Contractors Group SAL (Holding Company) (the "Parent Company"), also incorporated in Lebanon.

The consolidated financial statements have been approved for issue by the Board of Directors on 13 May 2010.

### **2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### **a. Basis of Preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements are prepared under the historical cost convention.

#### **b. Principles of Consolidation**

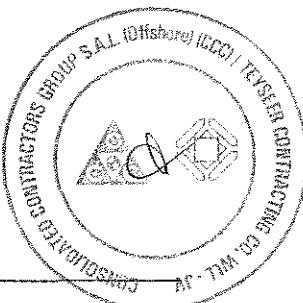
##### *Subsidiaries*

The consolidated financial statements comprise the accounts of the Company and its subsidiaries. All significant inter-company transactions, profits and balances are eliminated on consolidation. The financial statements of subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. Where necessary, adjustments are made to the financial statements of a subsidiary to bring its accounting policies similar with those used by the Company.

The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition, being the date on which CCC obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved where CCC has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities.

##### *Joint Ventures*

Investments in joint ventures which are jointly controlled entities are stated under the proportionate consolidation method, whereby CCC's proportionate share of current and non current assets, property, plant and equipment and current and non current liabilities are reflected separately in the consolidated statement of financial position. CCC's share of income or loss from joint ventures is included in the consolidated statement of comprehensive income on a line-by-line basis.



# CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCG)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2009

(Amounts expressed in '000 U.S. Dollars)

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### e. Long-Term Contracts and Income Recognition

Contract revenues are recognized using the percentage-of-completion method, whereby profits on long-term contracts are recorded on the basis of the Company's estimates of the percentage-of-completion of individual contracts based on the actual costs incurred to total estimated costs or the physical work done depending on the nature of the contract. Costs and estimated earnings in excess of billings on specific contracts and unbilled work are recorded as work-in-progress. Billings in excess of costs and estimated earnings on specified contracts are recorded as deferred income.

Contract costs include direct material, direct labour and contract related overheads. Mobilization expenditure and contract start-up costs are deferred and amortized based on the percentage of revenues earned to total contract value.

Contract revenues and costs relating to contracts on which the work performed to the statement of financial position date is insignificant are recognised to the extent of costs incurred, and accordingly no profit is recognised.

Contract claims are recognized when they are accepted or when there is sufficient evidence of acceptability of the amount of the claim by the customer and the amount that it is probable will be accepted by the customer can be measured reliably. Variations in contract works are recognised when it is probable that the customer will approve the variations and the amount of revenues arising from the variations can be reliably measured.

Estimated future losses are provided for and included in contract costs when they become known and can reasonably be estimated. Changes in estimates of contract revenues and costs may result in a revision to contract revenues and costs and are recognized in the consolidated statement of comprehensive income in the period in which the change is made.

#### d. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, which comprises all costs of bringing inventory to its present location and condition, is determined using the average cost method. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

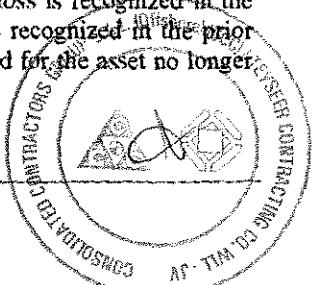
#### e. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of assets, other than land, as follows:

|                               |              |
|-------------------------------|--------------|
| Buildings                     | 6 - 50 years |
| Plant, Machinery and Vehicles | 3 - 10 years |
| Furniture and Equipment       | 4 - 5 years  |

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

In accordance with IAS 36, property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever, the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the consolidated statement of comprehensive income. Reversal of impairment losses recognized in the prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.



# **CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 December 2009**

**(Amounts expressed in '000 U.S. Dollars)**

### **2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

#### **f. Provision for Staff Benefits**

Staff benefits are provided for in accordance with the provisions, laws and practices of the countries in which the Company operates. The entitlement of these benefits is usually based upon the employees' length of service. The expected costs of these benefits are accrued over the period of employment.

#### **g. Foreign Currency Translation**

The consolidated financial statements are presented in US Dollars which is the Company's functional and presentation currency as a substantial portion of the Company's transactions are denominated in US Dollars. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to consolidated statement of comprehensive income.

As at the reporting date, the assets and liabilities of subsidiaries with functional currency other than US Dollars are translated into US Dollars at the rate of exchange ruling at the statement of financial position date and, their statement of comprehensive income are translated at average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

#### **h. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

#### **i. Cash and cash equivalents**

Cash and cash equivalents comprise cash and balances and deposits with banks maturing within three months of the date of acquisition.

#### **j. Impairment and uncollectability of financial assets**

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows discounted at original effective interest rates is recognised in the consolidated statement of comprehensive income.

#### **k. Accounts payable and accruals**

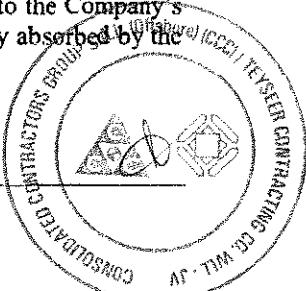
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

#### **l. Accounts receivable**

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. The uncollectible amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense in the consolidated statement of comprehensive income. Bad debts are written off as incurred.

#### **m. Minority interests**

Minority interests represent the portion of the profits or losses and net assets in subsidiaries not held by the Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity. In cases where the minority interests in the losses of subsidiaries are in excess of their share in the net assets of these subsidiaries, the excess, and any further losses applicable to the minority interests, are charged to the Company's share in the net results of such subsidiaries, except to the extent that the minority interests have a binding obligation to and are able to make an additional investment to cover the losses. Should the subsidiary companies recognize profits subsequently, the profits would be fully charged to the Company's share in the net results of these subsidiaries until the minority's share of losses previously absorbed by the Company, has been recovered.



# **CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 December 2009**

(Amounts expressed in '000 U.S. Dollars)

### **2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

#### **n. Fair values**

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same, recent transactions or is based on expected discounted cash flows.

#### **o. Taxes**

The Company provides for taxes on income based on taxable profits realized in those countries which levy tax on income. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

#### **p. Leases**

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

### **2.2 KEY SOURCES OF ESTIMATION UNCERTAINTY**

#### **Construction contracts**

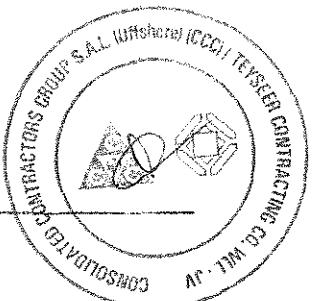
When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the statement of financial position date. The outcome of the contract is considered to be reliably estimated when all the following conditions are satisfied:

- (a) total contract revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the contract will flow to the Company;
- (c) both the contract costs to complete the contract and the stage of contract completion at the statement of financial position date can be measured reliably; and
- (d) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

#### **Impairment of accounts receivable**

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected to be recovered will be recognised in the consolidated statement of comprehensive income.



# **CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 December 2009**

(Amounts expressed in '000 U.S. Dollars)

### **2.2 KEY SOURCES OF ESTIMATION UNCERTAINTY continued**

#### **Impairment of inventories**

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

### **2.3 CHANGES IN ACCOUNTING POLICIES**

The accounting policies are consistent with those adopted in the previous year except as follows:

The Company adopted the following new and amended IFRS as of 1 January 2009:

#### ***IFRS 7 Financial Instruments: Disclosures***

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

#### ***IAS 1 Presentation of Financial Statements (Revised)***

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present one statement.

#### ***Improvements to IFRSs***

In May 2008 and April 2009 the IASB issued several amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of these amendments resulted in change to accounting policies but did not have any impact on the financial position or performance of CCC.

### **2.4 STANDARDS ISSUES BUT NOT YET EFFECTIVE**

#### ***IFRS 3R Business combinations and IAS 27R Consolidated and Separate Financial Statements***

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control and transactions with non-controlling interests.

The Company does not expect that any other new or amended standards applicable for the year ending 31 December 2010 will have a significant effect on its consolidated financial statements.



# CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2009

(Amounts expressed in '000 U.S. Dollars)

### **3 ACCOUNTS RECEIVABLE**

Accounts receivable comprise:

|                       | <u>2009</u>          | <u>2008</u>           |
|-----------------------|----------------------|-----------------------|
| Trade receivables     | 36,898               | 195,329               |
| Retentions receivable | 11,054               | 20,459                |
| Others                | <u>6,771</u>         | <u>49,454</u>         |
|                       | <b><u>54,723</u></b> | <b><u>265,242</u></b> |

At 31 December 2009, trade receivables at nominal value of nil (2008: nil) were impaired.

At 31 December, the ageing of trade receivables is as follows:

|      | <i>Total</i> | <i>Neither past due nor impaired</i> | <i>Past due but not impaired</i> |                     |                      |                       |
|------|--------------|--------------------------------------|----------------------------------|---------------------|----------------------|-----------------------|
|      |              |                                      | <i>&lt; 3 months</i>             | <i>3 - 6 months</i> | <i>6 - 12 months</i> | <i>&gt; 12 months</i> |
|      |              |                                      |                                  |                     |                      |                       |
| 2009 | 36,898       | 34,748                               | -                                | -                   | 2,150                | -                     |
| 2008 | 195,329      | 155,425                              | 39,904                           | -                   | -                    | -                     |

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

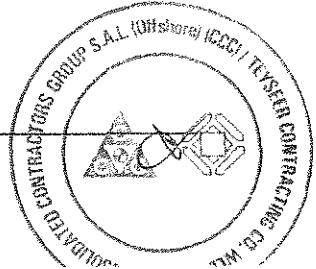
### **4 JOINT VENTURES**

CCC has entered into joint venture agreements ('JV') for several construction projects involving jointly controlled entities. CCC's share of the joint ventures' current and non current assets, property, plant and equipment and current and non current liabilities are consolidated and shown separately. The statements of comprehensive income of joint ventures are consolidated on a proportional basis.

The consolidated statement of comprehensive income includes CCC's share of the joint ventures' revenues and costs amounting to 278,859 and 240,955 (2008 - 9,168 and 8,902), respectively.

The significant joint venture agreements are as follows:

|   | <i>Country</i> | <i>CCC participation interest</i> | <i>Total contract value</i> |
|---|----------------|-----------------------------------|-----------------------------|
| JV with Teyseer - Ras Laffan Port Expansion project                         | Qatar          | 25%                               | 1,687,000                   |
| JV with Teyseer - EPIC of Ras Laffan Common Cooling Seawater System Phase 2 | Qatar          | 25%                               | 579,500                     |
| JV with Teyseer - Qatalum - Reduction Area Foundations                      | Qatar          | 40%                               | 172,200                     |
| JV with Hochtief / QDVC Q.S.C. / Vinci - Qatar Bahrain causeway             | Qatar          | 29%                               | 59,000                      |
| JV with RCC - Tsumeb Katwitwi road project                                  | Namibia        | 50%                               | 92,500                      |



**CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCO)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2009

(Amounts expressed in '000 U.S. Dollars)

**5 OTHER CURRENT ASSETS**

Other current assets comprise:

|                                   | <u>2009</u>          | <u>2008</u>          |
|-----------------------------------|----------------------|----------------------|
| Inventories                       | 5,656                | 12,003               |
| Work-in-progress                  | 14,431               | 221                  |
| Prepaid expenses                  | 19,232               | 23,919               |
| Deposits                          | 494                  | 208                  |
| Deferred mobilization expenditure | 1,698                | 19,281               |
|                                   | <b><u>41,511</u></b> | <b><u>55,632</u></b> |

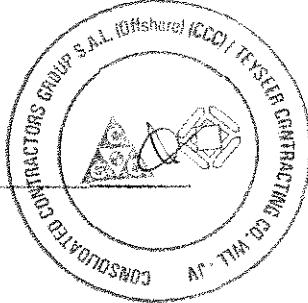
At the statement of financial position date, gross inventories were 5,656 (2008 - 12,150) and the provision for obsolete and slow moving inventories was nil (2008 – 147).

**6 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment comprise:

|                                    | <i>Land</i>         | <i>Work in progress</i> | <i>Plant machinery and vehicles</i> | <i>Furniture and equipment</i> | <i>Total</i>          |
|------------------------------------|---------------------|-------------------------|-------------------------------------|--------------------------------|-----------------------|
| <b>2009</b>                        |                     |                         |                                     |                                |                       |
| Cost:                              |                     |                         |                                     |                                |                       |
| At 1 January 2009                  | -                   | -                       | 34,770                              | 1                              | 34,771                |
| Additions                          | 3,333               | 5,347                   | 43,387                              | 20,375                         | 72,442                |
| Disposals                          | -                   | -                       | (5,276)                             | (83)                           | (5,359)               |
| At 31 December 2009                | <b><u>3,333</u></b> | <b><u>5,347</u></b>     | <b><u>72,881</u></b>                | <b><u>20,293</u></b>           | <b><u>101,854</u></b> |
| Accumulated depreciation:          |                     |                         |                                     |                                |                       |
| At 1 January 2009                  | -                   | -                       | 5,484                               | -                              | 5,484                 |
| Charge                             | -                   | -                       | 31,343                              | 2,134                          | 33,477                |
| Disposals                          | -                   | -                       | (1,890)                             | -                              | (1,890)               |
| At 31 December 2009                | -                   | -                       | <b><u>34,937</u></b>                | <b><u>2,134</u></b>            | <b><u>37,071</u></b>  |
| Net book value at 31 December 2009 | <b><u>3,333</u></b> | <b><u>5,347</u></b>     | <b><u>37,944</u></b>                | <b><u>18,159</u></b>           | <b><u>64,783</u></b>  |
| <b>2008</b>                        |                     |                         |                                     |                                |                       |
| Cost:                              |                     |                         |                                     |                                |                       |
| At 1 January 2008                  | -                   | -                       | -                                   | -                              | -                     |
| Additions                          | -                   | -                       | 34,788                              | 1                              | 34,789                |
| Disposals                          | -                   | -                       | (18)                                | -                              | (18)                  |
| At 31 December 2008                | -                   | -                       | <b><u>34,770</u></b>                | <b><u>1</u></b>                | <b><u>34,771</u></b>  |
| Accumulated depreciation:          |                     |                         |                                     |                                |                       |
| At 1 January 2008                  | -                   | -                       | -                                   | -                              | -                     |
| Charge                             | -                   | -                       | 5,484                               | -                              | 5,484                 |
| At 31 December 2008                | -                   | -                       | <b><u>5,484</u></b>                 | <b><u>-</u></b>                | <b><u>5,484</u></b>   |
| Net book value at 31 December 2008 | -                   | -                       | <b><u>29,286</u></b>                | <b><u>1</u></b>                | <b><u>29,287</u></b>  |

The depreciation charge for the year amounted to 33,477 (2008 – 5,484).



# **CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2009

(Amounts expressed in '000 U.S. Dollars)

### **7 BANK FACILITIES**

The Company has general banking facilities with banks covering advances, guarantees and letters of credit which have been provided under agreements including various terms and conditions in the normal course of business. These facilities are mainly secured by the assignment of contract proceeds.

Due to banks comprise short-term loans and overdrafts taken mainly in respect of working capital and project finance.

Outstanding bank borrowings accrue interest at LIBOR plus pre-agreed margins.

### **8 OTHER CURRENT LIABILITIES**

Other current liabilities comprise:

|                       | <u>2009</u>    | <u>2008</u>    |
|-----------------------|----------------|----------------|
| Advances on contracts | 38,412         | 149,788        |
| Provisions            | 59,653         | 53,696         |
| Accruals              | 5,998          | 7,476          |
| Income tax            | 2,974          | 937            |
| Deferred income       | <u>1,878</u>   | <u>108,868</u> |
|                       | <u>108,915</u> | <u>320,765</u> |

Provisions include provisions for contracts costs, and other expenses in the normal course of business.

Advances on contracts comprise:

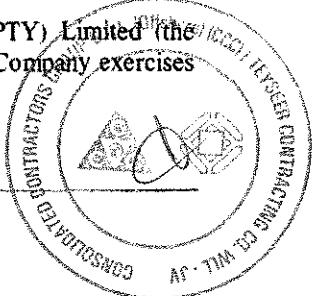
|  | <u>2009</u>   | <u>2008</u>    |
|--|---------------|----------------|
| Total advances   | 38,412        | 244,902        |
| Less: long-term portion classified under other non-current liabilities | —             | 95,114         |
|  | <u>38,412</u> | <u>149,788</u> |

### **9 GROUP OPERATING ENTITIES**

The significant operating subsidiaries of the Company are as follows:

|                                       | <i>Country of incorporation/<br/>Registration</i> | <i>Percentage ownership</i> |
|---------------------------------------|---|-----------------------------|
| Consolidated Contracting Company S.A. | Panama  | 100%                        |
| Real Estate Development S.A.E.        | Egypt   | 100%                        |
| Wedelin Investments 46 (PTY) Limited  | South Africa                                      | 40%                         |
| Equatorial Consolidated Group S.A.    | Equatorial Guinea                                 | 60%                         |

Although the Company owns 40% of the outstanding shares of Wedelin Investments 46 (PTY) Limited (the "investee") as at 31 December 2009, the investment has been classified as a subsidiary as the Company exercises control over the investee because it casts the majority of the votes on the board of directors.



**CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2009

(Amounts expressed in '000 U.S. Dollars)

**10 STATUTORY RESERVE**

Statutory reserve is mandatory and is set out of profit at the rate of 10% per annum until it equals one third of the share capital. This reserve is not available for distribution.

**11 GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses include administrative personnel, travel, premises, utilities, and office-related and other expenses. Staff costs included in general and administrative expenses amounted to 32,784 (2008 - 7,066).

**12 CONTINGENCIES AND COMMITMENTS**

As at December 31, 2009, the Company had outstanding letters of guarantee of 252,825 (2008 - 560,943) and letters of credit of 14,125 (2008 - 20,004).

**13 RELATED PARTY TRANSACTIONS**

Related parties comprise affiliated companies owned by the Parent Company, major shareholders, directors and key management personnel of the Company. Principal policies and terms of these transactions are approved by senior management.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

|                          | <u>2009</u>   | <u>2008</u>   |
|--------------------------|---------------|---------------|
| Overhead recoveries, net | <u>80,227</u> | <u>17,352</u> |

Overhead recoveries comprise cost recoveries and charges for support services earned from affiliated companies.

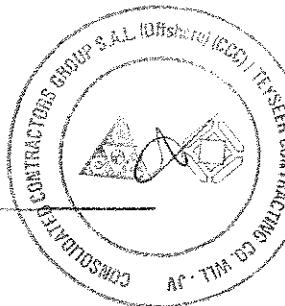
**Compensation of key management personnel**

The remuneration of key management personnel during the year is as follows:

|                    |              |              |
|--------------------|--------------|--------------|
| Total compensation | <u>2,100</u> | <u>1,030</u> |
|--------------------|--------------|--------------|

**14 OTHER EXPENSES, NET**

|  | <u>2009</u>    | <u>2008</u>  |
|--|----------------|--------------|
| Gain (loss) on sale of property, plant and equipment | 51             | (18)         |
| Loss on foreign exchange                             | <u>(6,308)</u> | <u>(186)</u> |
|  | <u>(6,257)</u> | <u>(204)</u> |



# CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2009

(Amounts expressed in '000 U.S. Dollars)

### **15 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and banks, accounts receivable, due from a related party, due from parent company and its subsidiaries and certain other assets. Financial liabilities consist of due to banks, accounts payable, due to a related party and certain other liabilities.

Management estimates that the fair values of financial instruments are not materially different from their carrying values.

### **16 RISK MANAGEMENT**

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, cash flow interest rate risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below:

#### **Credit risk**

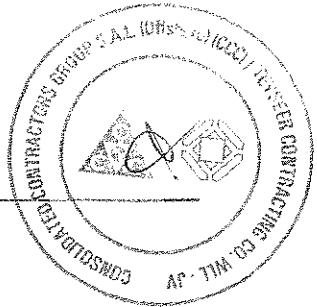
The Company trades only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Credit risk is limited to the carrying value of the consolidated financial assets referred to above. Further details relating to credit risk with respect to accounts receivable are reflected in Note 3.

#### **Liquidity risk**

The Company monitors liquidity risk by considering the maturity of its financial assets and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and loans.

The table below summarises the maturity profile of the Company undiscounted financial liabilities at 31 December 2009, based on contractual payment dates.

|   | <i>Less than<br/>one year</i> | <i>1 to 5<br/>years</i> | <i>&gt; 5 years</i> | <i>Total</i>          |
|---|-------------------------------|-------------------------|---------------------|-----------------------|
| <b><i>31 December 2009</i></b>          |                               |                         |                     |                       |
| Due to banks                            | <b>3,225</b>                  | -                       | -                   | <b>3,225</b>          |
| Accounts payable                        | <b>25,360</b>                 | -                       | -                   | <b>25,360</b>         |
| Joint ventures' current liabilities     | <b>233,598</b>                | -                       | -                   | <b>233,598</b>        |
| Other current liabilities               | <b>108,915</b>                | -                       | -                   | <b>108,915</b>        |
| Long-term debt                          | <b>2,875</b>                  | <b>55,840</b>           | -                   | <b>58,715</b>         |
| Joint ventures' non current liabilities | -                             | <b>8,975</b>            | -                   | <b>8,975</b>          |
| <b>Total</b>                            | <b><u>373,973</u></b>         | <b><u>64,815</u></b>    | <b><u>-</u></b>     | <b><u>438,788</u></b> |



**CONSOLIDATED CONTRACTORS GROUP S.A.L. (OFFSHORE) - (CCC)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2009

(Amounts expressed in '000 U.S. Dollars)

**16 RISK MANAGEMENT continued**

**Liquidity risk continued**

|                                     | <i>Less than<br/>one year</i> | <i>1 to 5<br/>years</i> | <i>&gt; 5 years</i> | <i>Total</i>   |
|-------------------------------------|-------------------------------|-------------------------|---------------------|----------------|
| <b><i>31 December 2008</i></b>      |                               |                         |                     |                |
| Due to banks                        | 60,028                        | -                       | -                   | 60,028         |
| Accounts payable                    | 45,031                        | -                       | -                   | 45,031         |
| Joint ventures' current liabilities | 2,916                         | -                       | -                   | 2,916          |
| Other current liabilities           | 320,765                       | -                       | -                   | 320,765        |
| Other non current liabilities       | -                             | 95,114                  | -                   | 95,114         |
| <b>Total</b>                        | <b>428,740</b>                | <b>95,114</b>           | -                   | <b>523,854</b> |

**Cash flow interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. The following table estimates the sensitivity to a reasonable possible change in interest rates on the Company's statement of comprehensive income. The sensitivity of the statement of comprehensive income is the effect of the assumed changes (whether increase or decrease) in interest rates on the net interest income for one year, based on the floating rate financial assets and financial liabilities, denominated mainly in US dollars, held at 31 December 2009, with all other variables held constant.

|   | <i>2009</i> | <i>2008</i> |
|---|-------------|-------------|
| Assumed change in interest rates                              | 1%          | 1%          |
| Impact on profit for the year from increase in interest rates | 1,585       | 67          |
| Impact on profit for the year from decrease in interest rates | (1,585)     | (67)        |

(Amounts in brackets reflect decreases in profit for the year).

**Foreign currency risk**

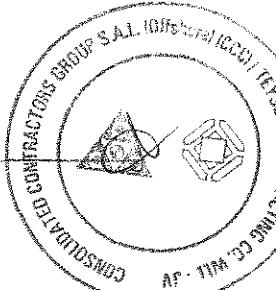
The Company has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Company incurs currency risk as a result of purchases and borrowings in foreign currencies.

As the Company's financial assets and liabilities are denominated mainly in US dollars or in the foreign currencies of countries which are pegged to the US Dollar, the Company is not exposed to significant currency risk. It is the Company's policy that no trading in financial instruments shall be undertaken.

**Capital management**

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, to maximise shareholders' value and to ensure that it complies with externally imposed capital requirements.

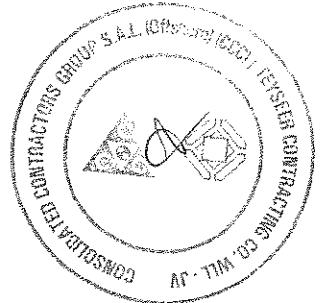
The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. Capital comprises share capital and reserves and is measured at 203,017 at 31 December 2009 (2008 – 66,630).

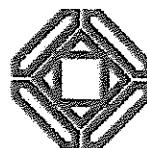
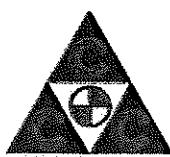


**APPENDIX E**

**ANNEXURE (10)**

**CONTRACTOR GENERAL INFORMATION – TCC**





## Technical Offer

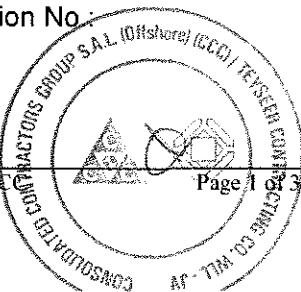
**ANNEXURE (10) CONTRACTOR GENERAL INFORMATION**

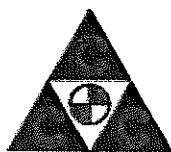
Individual companies, and each partner of a joint venture (JV) shall complete the information in this form. Nationality information is to be provided for all owners/representatives of Applicants who are partnerships or individually owned companies. The lead partner of a joint venture shall be clearly indicated.

CONTRACTOR enters below brief company particulars. KAHRAMAA reserves the right to visit CONTRACTOR business premises to verify any of the information provided in order to ascertain CONTRACTOR capability of carrying out the WORK.

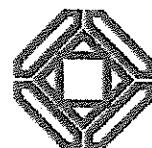
**TCC**

1. Individual company: Y/N
2. Joint Venture: Y/N
3. Name of JV  
|  
Consolidated Contractors Group S.A.L.  
(Offshore) (CCC) / Teyseer Contracting  
Company W.L.L. – Joint Venture
4. Name of CONTRACTOR:  
Teyseer Contracting Company W.L.L.
2. Company Owner/Sponsor, name and  
Nationality:  
Teyseer Trading & Contracting – Qatar &  
CCGroup S.A.L. (Holding Company) – Lebanon
3. Business Address/location:  
Ali Bin Abi Taleb Street, Bldg. #79  
P.O. Box 23897  
Doha – State of Qatar
4. Telephone No.:  
(974) 4467 260
5. Telefax No.:  
(974) 4467 809
6. Contact Person:  
Mr. Mustafa Younis  
General Manager
7. Date Company Formed:  
Year 1974
8. Parent Company (if applicable)  
Teyseer Trading & Contracting (70%)  
CCGroup (Holding Company) (30%)
9. Name and Address of any Qatar based  
associated Companies:  
Teyseer Trading Company
10. Main business activities and specialties of the  
Company:  
Contracting, Construction, Installation &  
Maintenance of Mechanical, Civil, Electrical,  
Pipelines, Road Works & Infrastructure Works in  
projects associated with Oil & Gas and other  
sectors.
11. Commercial Registration No.:  
Qatar Commercial Registration No. 21218  
*Please refer to Attachment 1 – Certified copy of  
the Commercial Registration.*
12. Bankers in Qatar:  
Standard Chartered Bank  
P.O. Box 29, Doha – Qatar





**TENDER NO. GTC 626/2014**  
**CONSTRUCTION OF MEGA RESERVOIR PRPSs**



**Technical Offer**

Arab Bank Plc  
P.O. Box 172, Doha – Qatar

13. Auditors in Qatar:

Ernst & Young  
P.O. Box 164, Doha – Qatar  
Tel.: 4414599 / Fax: 4414649

14. Insurance Company:

Qatar General Insurance & Reinsurance Co.  
P.O. Box 4500  
Doha – Qatar  
Tel.: 417800 / Fax: 437302

15. Audited B / S & P / L Account and Auditors Reports for the **last five years**. The information must show the financial situation of the Applicant, or each party of a Joint Venture, and not that of a sister or parent company:

**2012, 2011, 2010, 2009, 2008**

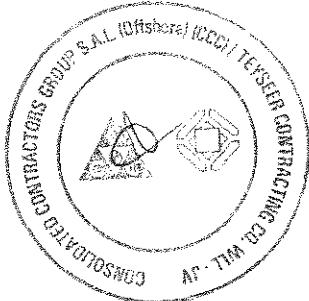
Please refer to *Attachment 2 – Financial Statements for the years 2013 thru 2009 for Teyseer Contracting Company W.L.L.*

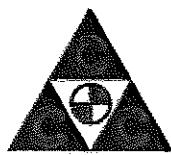
16. Third Party Liability:

/

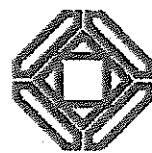
17. Nature of work/services usually subcontracted:  
(if any)

1. Structural Steel
2. Aluminum Works
3. Cladding
4. Waterproofing
5. Landscaping
6. MEP Works
7. Piling
8. Marine Works





**TENDER NO. GTC 626/2014**



**CONSTRUCTION OF MEGA RESERVOIR PRPSs**

**Technical Offer**

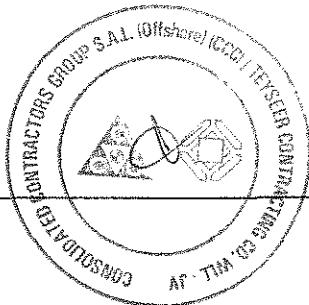
**18. Contractor's Personnel Details**

| <b>Personnel Details :</b>                             | <b>Number</b>  |
|--|--|
| Management and Administration                          | - Management and Administration: 126                           |
| Qualified Engineers: (Segregated by discipline)        | - Design Disciplines: 0  |
| Technicians: (Segregated by discipline)                | - Façade Engineers: 3  |
| Quantity Surveyors/Estimators:                         | - Structural Engineers: 4                                      |
| Supervisors/Foreman : (Segregated by trade/discipline) | - Civil Engineers: 10  |
| Tradesmen: (Segregated by trade)                       | - Technicians: 100   |
| Plant Operators/Drivers:                               | - Quantity Surveyors/Estimators: 4                             |
| Semi skilled/unskilled labour:                         | - Supervisors/Foremen: 100<br>(Segregated by trade/discipline) |
|  | - Tradesmen: 600<br>(Segregated by trade/discipline)           |
|  | - Plant Operators/Drivers: 100                                 |
|  | - Semi skilled/Unskilled labour: 863                           |
|  | - Safety Engineer: 4   |
|  | - Pre Comm. And Comm. Manager: 2                               |

In the case of a Joint Venture, indicate role and extent of participation in respect of finance, planning, construction equipment provision of personnel and execution of the proposed works for each partner in the Joint Venture .

| JV Partner Particin                          | Lead Partner | Partner 1 | Partner 2 |
|--|--------------|-----------|-----------|
| Financial                                    |              |           |           |
| Planning                                     |              |           |           |
| Construction Equipment                       |              |           |           |
| Professional Personnel                       |              |           |           |
| Labour                                       |              |           |           |
| Execution of Work<br>(Provide details below) |              |           |           |
|  |              |           |           |

Tenderer clarifies that the members of the Joint Venture, Consolidated Contractors Group S.A.L. (Offshore) (CCC) and Teyseer Contracting Company W.L.L., are fully integrated with joint and several liability towards the Employer and are responsible for the full execution of the Work under the Contract as one entity. Therefore, there are no limits or split of liabilities/responsibilities between the two members.



## **APPENDIX E – ANNEXURE 10**

### **ATTACHMENT 1 – CERTIFIED COPY OF THE COMMERCIAL REGISTRATION – TCC**





مركز آسيا للترجمة والخدمات  
ASIA TRANSLATION & SERVICES CENTER  
Leading Legal Translators متّحدين قانونيون متخصصون  
Since 1987 منذ ١٩٨٧

State of Qatar  
Ministry of Business and Trade

Department of Commercial  
Registration and Licences

Date: 12/11/2013  
Page: 1/2

**Extract of Commercial Registration Particulars**

|                            |                                |             |
|----------------------------|--------------------------------|-------------|
| C/R No                     | 21218                          | Main Branch |
| Trade Name                 | Teyseer Contracting Co. W.L.L. |             |
| Date of Registration       | 07/02/1999                     |             |
| Valid upto                 | 07/02/2015                     |             |
| Type of the Company        | W.L.L                          |             |
| Number of Branches         | 1                              |             |
| Nationality of the Company | Qatari                         |             |
| Mark                       | /                              |             |
| Type of Registration       | Commercial Registration        |             |
| Address                    | P.O. Box: /                    | Tel No.: /  |
| Capital                    | 15,000,000/=                   |             |

**Partners:**

**Natural Persons:**

| Sl. | Name   | Nationality | D.O.B            |
|-----|--|-------------|------------------|
| 1.  | Teyseer Trading & Contracting Co.                          | Qatari      | 07/02/1999 70.00 |
| 2.  | Consolidated Contractors Group S.A.L.<br>(Holding Company) | Lebanese    | 26/11/1984 30.00 |

**Authorized Signatories:**

| Sl. | Name                             | Capacity | Nationality | D.O.B      |
|-----|----------------------------------|----------|-------------|------------|
| 1.  | Abdel Rahamn Eissa Al Mannai     | -        | Qatari      | 01/01/1928 |
| 2.  | Nazeeh Mohamed Abdel Kader       | Director | Palestinian | 01/01/1952 |
| 3.  | Adnan Abdel Rahman Ali Al Mannai | Director | Qatari      | 1955       |
| 4.  | Adel Hamoudy M. Abdel Aal        | Director | Lebanese    | 01/01/1963 |
| 5.  | Mustafa Saeed Mohd Younes        | Director | Jordanian   | 1943       |

Commercial Registry Division  
Signature and Seal





مركز آسيا للترجمة والخدمات

ASIA TRANSLATION & SERVICES CENTER

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مترجمون قانونيون متخصصون  
منذ : ١٩٨٧

State of Qatar  
Ministry of Business and Trade

Department of Commercial  
Registration and Licences

C.R No. 21218

Date: 12/11/2013  
Page: 2/2

Commercial Activities:

1. (422300) Sewage water treatment works.
2. (452000) General constructions (general contracting)
3. (544300) Trade in drainage pipes.
4. (538425) Importing Jabroo and lime stones
5. (712200) Leasing construction equipment and machinery works and civil engineering.
6. (457060) Electrical works (electrical equipment) such as extending wires, making connections and repairs.
7. (544700) Trade in safety and security equipment
8. (456350) Installation and maintenance of scaffolding.
9. (536900) Importing Radioactive Materials

Branches:

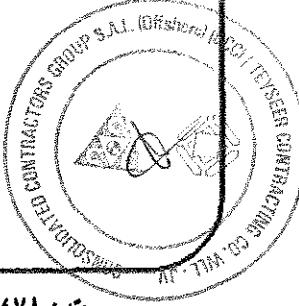
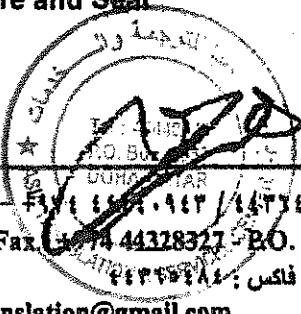
| Name of Branch          | SI Number | Status of the Branch |
|-------------------------|-----------|----------------------|
| Teyseer Contracting Co. | 1         |                      |

The Ministry of Business and Trade hereby certifies that the particulars given above are the true copy of the data registered with the Commercial Registry. This extract has been issued upon the C/R owner's request.

Important Note:

No photocopy of this extract will be accepted until authenticated by the Ministry of Business and Trade, Commercial Affairs Department.

Director, Commercial Affairs Department  
Signature and Seal



س.ت : ٤٧٨ - تيلون : ٤٤٣٦٠٥٥ / ٤٤٣٦٢٤٤ - فاكس : ٩٧٤ ٤٤٣٦٥٥٥ - فاكس : ٩٧٤ ٤٤٣٦٣٣٤ - البرهان - قطر  
C.R. No.: 10478 Tel : +974 44364555 / 44440943 - Fax : +974 44328327 - P.O. Box : 2957 DOHA - QATAR  
Hilal Branch - Tel.: 44621334, Fax : 44365484  
E-mail : asiatranslation@gmail.com



### مستخرج ببعض بيانات السجل

التاريخ: 2013/11/12 صفة رقم: 1 من 2

|             |                        |                     |
|-------------|------------------------|---------------------|
| مقر رئيسى   | 21218                  | رقم السجل التجارى   |
|             | شركة التيسير للمقاولات | الاسم التجارى       |
| 2015/02/07  | 1999/02/07             | تاريخ انتهاء السجل: |
| 1           | ذمم                    | تاريخ إنشاء السجل:  |
| عدد الفروع: | قطر                    | نوع المنشأة         |
|             |                        | جنسية الشركة        |
|             |                        | الستمة              |
|             | سجل تجاري              | نوع السجل           |
|             | رقم الهاتف:            | العنوان             |
|             | من ب:                  | رأس المال           |
|             | 15000000               |                     |

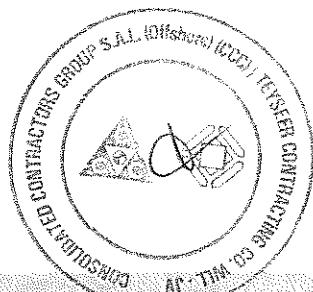
### الشركاء

#### الأشخاص طبيعون

| الاسم                           | ال الجنسية | تاريخ الميلاد | النسبة |
|---------------------------------|------------|---------------|--------|
| شركة التيسير للتجارة والمقاولات | قطر        | 1999/02/07    | 70.00  |
| مجموعة اتحاد المقاولين ش.م.ل    | لبنان      | 1984/11/26    | 30.00  |

### المخولون بالتوقيع

| الاسم                           | الصفة | الجنسية | تاريخ الميلاد |
|---------------------------------|-------|---------|---------------|
| عبد الرحمن عيسى المناعي         | —     | قطر     | 1928/01/01    |
| نزية محمد عبدالقادر             | مدير  | فلسطين  | 1952/01/01    |
| حنان عبدالرحمن عيسى على المناعي | مدير  | قطر     | 1955          |
| عادل حمودي محمد عبدالعال        | مدير  | لبنان   | 1963/01/01    |
| مصطفى سعيد محمد يونس            | مدير  | الأردن  | 1943          |





رقم السجل التجاري: 21218 صفحـة رقم: 2 من 2 التاريخ: 2013/11/12

### الأنشطة التجارية

| اسم النشاط   |   |
|--|---|
| (452000) انشاءات عامة (مقاولات عامه)   | 1 |
| (538425) استيراد الحصى الجلي والجليو   | 3 |
| (457060) اعمال كهربائية(تجهيزات كهربائية) مثل تهديد الالات ومعدات الانتاج والهندسة المدنية | 5 |
| الوصلات و ... واصلاحها   |   |
| (456350) تركيب المقاولات وصيانتها  | 7 |
| (536900) استيراد المواد المشععة  |   |

### الفروع

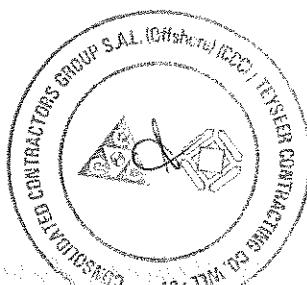
| الرقم التسلسلي | الاسم                  |
|----------------|------------------------|
| 1              | شركة التيسير للمقاولات |

تشهد وزارة الأعمال والتجارة بأن البيانات الواردة أعلاه مطابقة لبيانات السجل التجاري. وقد أعطي له هذا المستخرج بناء على طلبه.

ملاحظة هامة:  
لا تقبل أي صورة فوتغرافية لهذه الشهادة ما لم تكن مصدقة من وزارة الأعمال والتجارة - إدارة الشئون التجارية.

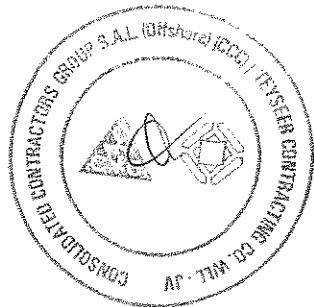


قسم السجل التجاري



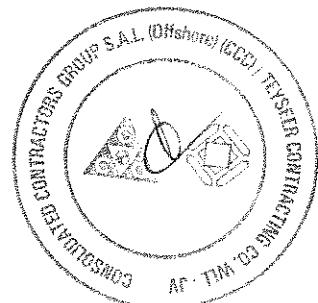
## **APPENDIX E – ANNEXURE 10**

### **ATTACHMENT 2 – FINANCIAL STATEMENTS FOR TEYSEER CONTRACTING COMPANY W.L.L.**



ERNST & YOUNG

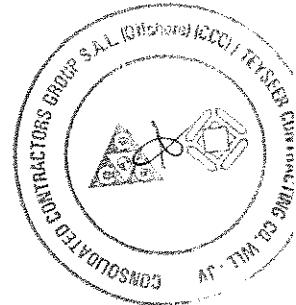
ERNST & YOUNG



**Teyseer Contracting Company W.L.L.**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2013**





Building a better  
working world

EY LLP, P.O. Box 500,  
P.O. Box 500  
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Plains, NY,  
New York 10601-1000

Tel: +971 4 366 1000  
Fax: +971 4 366 1001  
E-mail: [teyseer.audit@ey.com](mailto:teyseer.audit@ey.com)

## INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF TEYSEER CONTRACTING COMPANY W.L.L.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Teyseer Contracting Company W.L.L. (the "Company"), which comprise the statement of financial position as at 31 December 2013 and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Financial Statements***

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

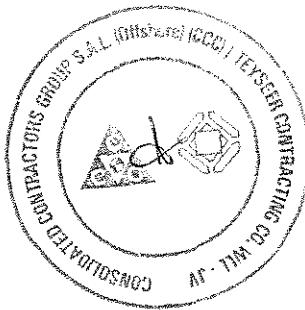
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### ***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.





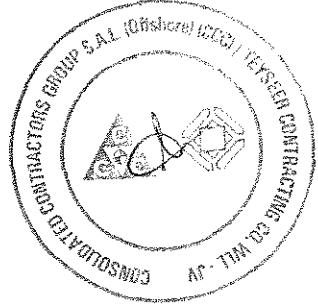
## INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF TEYSEER CONTRACTING COMPANY W.L.L. (CONTINUED)

### Report on Legal and Other Requirements

Furthermore, in our opinion proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Company or on its financial position.

Miad Aader  
of Ernst & Young  
Auditor's Registration No. 258

Date: 28 April 2014  
Doha



Teyseer Contracting Company W.L.L.

STATEMENT OF COMPREHENSIVE INCOME  
Year Ended 31 December 2013

|   | Notes | 2013<br>QR'000 | 2012<br>QR'000 |
|---|-------|----------------|----------------|
| Contract revenues   |       | 2,006,261      | 1,982,439      |
| Contract costs  |       | (2,919,447)    | (1,781,799)    |
| <b>GROSS (LOSS) PROFIT</b>                                |       | (913,186)      | 200,640        |
| Other income  | 4     | 71,585         | 24,383         |
| General and administrative expenses                       | 5     | (6,959)        | (16,948)       |
| <b>OPERATING (LOSS) PROFIT</b>                            |       | (348,560)      | 208,075        |
| Finance costs   |       | (8,510)        | -              |
| Finance income  |       | 264            | 7,263          |
| <b>(LOSS) PROFIT FOR THE YEAR BEFORE TAX</b>              |       | (856,806)      | 215,338        |
| Income tax expense  | 6     | -              | (3,763)        |
| <b>NET (LOSS) PROFIT FOR THE YEAR</b>                     |       | (856,806)      | 209,575        |
| Other comprehensive income for the year                   |       | -              | -              |
| <b>TOTAL COMPREHENSIVE (LOSS) INCOME<br/>FOR THE YEAR</b> |       | (856,806)      | 209,575        |

The attached notes 1 to 24 form part of these financial statements.

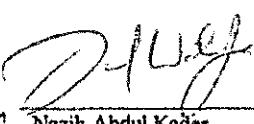


# Teyseer Contracting Company W.L.L.

## STATEMENT OF FINANCIAL POSITION

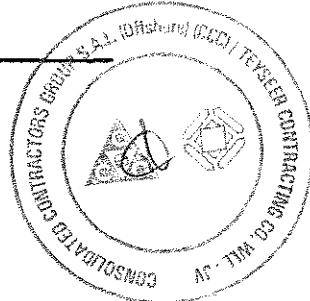
At 31 December 2013

|  | Notes | 2013<br>QR'000   | 2012<br>QR'000   |
|--|-------|------------------|------------------|
| <b>ASSETS</b>                                |       |                  |                  |
| <b>Non-current assets</b>                    |       |                  |                  |
| Plant and equipment                          | 8     | 18,827           | 60,565           |
| Other non current assets                     | 9     | 185,493          | 108,224          |
| Deferred mobilisation expenses               | 10    | 118,354          | 96,524           |
|  |       | <u>322,674</u>   | <u>265,313</u>   |
| <b>Current assets</b>                        |       |                  |                  |
| Inventories                                  | 11    | 109,875          | 122,977          |
| Amounts due from customers for contract work | 19    | 1,125,355        | 1,063,071        |
| Trade and other receivables                  | 12    | 816,315          | 543,564          |
| Prepayments                                  |       | 124,565          | 60,084           |
| Amounts due from related parties             | 21    | 925,554          | 1,460,729        |
| Bank balances and cash                       | 13    | 118,769          | 267,894          |
|  |       | <u>3,220,433</u> | <u>3,518,319</u> |
| <b>TOTAL ASSETS</b>                          |       | <u>3,543,107</u> | <u>3,783,632</u> |
| <b>EQUITY AND LIABILITIES</b>                |       |                  |                  |
| <b>Equity</b>                                |       |                  |                  |
| Share capital                                | 14    | 15,000           | 15,000           |
| Legal reserve                                | 15    | 7,500            | 7,500            |
| Retained earnings                            |       | 393,578          | 1,250,384        |
| Partners' accounts                           |       | 427,116          | 369,860          |
| <b>Total equity</b>                          |       | <u>843,194</u>   | <u>1,642,744</u> |
| <b>Non-current liabilities</b>               |       |                  |                  |
| Other non-current liabilities                | 16    | 32,801           | 69,822           |
| Employees' end of service benefits           | 17    | 130,877          | 91,567           |
|  |       | <u>163,678</u>   | <u>161,389</u>   |
| <b>Current liabilities</b>                   |       |                  |                  |
| Accounts payable and accruals                | 18    | 1,575,479        | 1,333,268        |
| Amounts due to customers for contract work   | 19    | 124,769          | 12,121           |
| Amounts due to related parties               | 21    | 546,052          | 628,347          |
| Bank overdrafts                              |       | 289,935          | -                |
| Income tax payable                           |       | -                | 5,763            |
|  |       | <u>2,536,235</u> | <u>1,979,499</u> |
| <b>Total liabilities</b>                     |       | <u>2,699,913</u> | <u>2,140,888</u> |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |       | <u>3,543,107</u> | <u>3,783,632</u> |



Nazih Abdul Kader  
Executive Vice President Operations

The attached notes 1 to 24 form part of these financial statements.



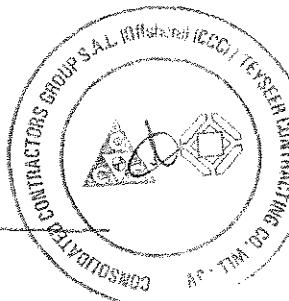
Teyseer Contracting Company W.L.L.

STATEMENT OF CASH FLOWS

Year Ended 31 December 2013

|  | <i>Notes</i> | 2013<br>QR'000 | 2012<br>QR'000 |
|--|--------------|----------------|----------------|
| <b>OPERATING ACTIVITIES</b>  |              |                |                |
| (Loss) profit for the year before tax  |              | (856,806)      | 215,338        |
| Non-cash adjustments:  |              |                |                |
| Depreciation   | 8            | 39,189         | 75,658         |
| Provision for employees' end of service benefits                                     | 17           | 45,469         | 22,557         |
| (Profit) loss on disposal of plant and equipment                                     |              | (374)          | 688            |
| Amortisation of deferred mobilisation expenses                                       | 10           | 61,596         | 44,080         |
| Interest income  |              | 8,510          | (7,263)        |
| Finance costs  |              | (264)          | -              |
|  |              | (702,680)      | 351,058        |
| Working capital adjustments:   |              |                |                |
| (Increase) decrease in trade, other receivables, prepayments and construction assets |              | (399,516)      | 565,740        |
| Increase (decrease) in accounts payable, accruals and construction liabilities       |              | 354,859        | (961,235)      |
| Decrease (increase) in inventory   |              | 13,102         | (30,296)       |
| Net movement in amounts due from and due to related parties                          |              | 457,598        | 388,667        |
| Cash (used in) from operations   |              | (276,637)      | 313,934        |
| Income tax paid  |              | (5,763)        | (12,733)       |
| Finance costs paid   |              | (8,510)        | -              |
| Employees' end of service benefits paid  | 17           | (14,829)       | (12,430)       |
| Net cash flows (used in) from operating activities                                   |              | (305,739)      | 288,771        |
| <b>INVESTING ACTIVITIES</b>  |              |                |                |
| Movement in restricted term deposit  |              | -              | 15,415         |
| Purchase of plant and equipment  | 8            | (170)          | (96)           |
| Proceeds from disposal of plant and equipment  |              | 3,341          | 1,962          |
| Additions to deferred mobilisation expenses  | 10           | (79,722)       | (67,443)       |
| Interest received  |              | 264            | 7,263          |
| Net cash flows used in investing activities  |              | (76,287)       | 42,899         |
| <b>FINANCING ACTIVITIES</b>  |              |                |                |
| (Decrease) increase in other non-current liabilities                                 |              | (37,021)       | (151,996)      |
| (Increase) decrease in other non-current assets                                      |              | (77,269)       | (64,667)       |
| Movement in bank overdrafts  |              | 289,935        | -              |
| Net movement in partners' accounts   |              | 57,256         | 34,063         |
| Net cash flows from (used in) financing activities                                   |              | 232,901        | 250,726        |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>   |              |                |                |
| Cash and cash equivalents at 1 January   |              | 267,894        | 272,748        |
| <b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>                                      | 13           | <b>118,769</b> | <b>267,894</b> |

The attached notes 1 to 24 form part of these financial statements.



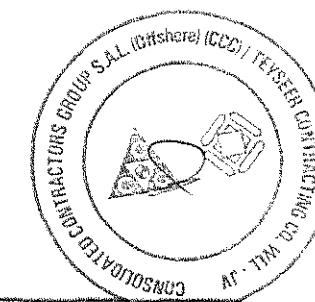
## Teyseer Contracting Company W.L.L.

### STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2013

|   | <i>Share<br/>capital<br/>QR'000</i> | <i>Legal<br/>reserve<br/>QR'000</i> | <i>Retained<br/>earnings<br/>QR'000</i> | <i>Partners'<br/>accounts<br/>QR'000</i> | <i>Total<br/>QR'000</i> |
|---|-------------------------------------|-------------------------------------|---|--|-------------------------|
| Balance at 1 January 2012               | <u>15,000</u>                       | <u>7,500</u>                        | <u>1,040,809</u>                        | <u>403,923</u>                           | <u>1,467,232</u>        |
| Total comprehensive income for the year | -                                   | -                                   | 209,575                                 | -  | 209,575                 |
| Movement in partners' accounts          | -                                   | -                                   | -                                       | (34,063)                                 | (34,063)                |
| Balance at 31 December 2012             | <u>15,000</u>                       | <u>7,500</u>                        | <u>1,250,384</u>                        | <u>369,860</u>                           | <u>1,642,744</u>        |
| Total comprehensive loss for the year   | -                                   | -                                   | (856,806)                               | -  | (856,806)               |
| Movement in partners' accounts          | -                                   | -                                   | -                                       | 57,256                                   | 57,256                  |
| Balance at 31 December 2013             | <u>15,000</u>                       | <u>7,500</u>                        | <u>393,578</u>                          | <u>427,116</u>                           | <u>843,194</u>          |

The attached notes 1 to 24 form part of these financial statements.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

### 1 ACTIVITIES

Teyseer Contracting Company W.L.L. (the "Company") is registered in the State of Qatar as a limited liability company under commercial registration No. 21218.

The principal activity of the Company is to carry out various types of construction activities in the State of Qatar. The Company's registered office is at P.O.Box 2630, Doha, State of Qatar.

In addition, the Company also participates as a joint venture partner with other contractors under the form of an unincorporated joint venture for the purpose of executing projects in Qatar.

The financial statements of Teyseer Contracting Company W.L.L. for the year ended 31 December 2013 were authorized for issue by the management representative on behalf of the Board of Directors on 28 April 2014.

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

The financial statements are prepared under the historical cost convention.

The financial statements are presented in Qatari Riyals, which is the functional currency of the Company and all values are rounded to the nearest thousand (QR'000) except where otherwise indicated.

#### 2.2 Significant accounting policies

##### Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards and interpretations effective as of 1 January 2013 as noted below:

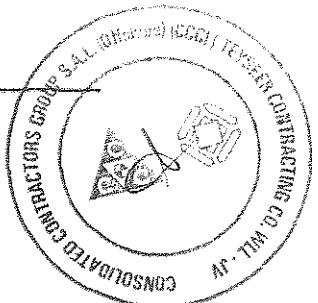
| Standard  | Content   |
|-----------|---|
| IFRS 7 :  | Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 |
| IFRS 11 : | Joint Arrangements  |
| IFRS 13 : | Fair Value Measurement  |
| IAS 28 :  | Investments in Associates and Joint Ventures  |

The adoption of the standards or interpretations is described below:

##### *IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation.

The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Company's financial position or performance.



**Teyseer Contracting Company W.L.L.**

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**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2013

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**2.2 Significant accounting policies (continued)**

**Changes in accounting policies (continued)**

***IFRS 11 Joint Arrangements (Effective for annual periods beginning on or after 1 January 2013)***

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCE's) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This amendment did not have any impact on the Company's financial statement.

**IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures.

***IAS 28 Investments in Associates and Joint Ventures***

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. This amendment does not have any impact on the Company's financial statements.

**Standards issued but not effective**

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

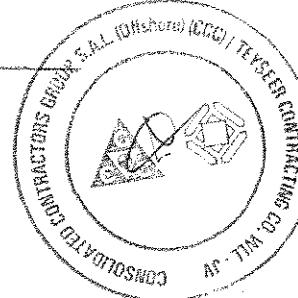
The Company is currently considering the implications of the new IFRSs which are effective for future accounting periods and has not early adopted any of the new Standards as listed below:

**IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32**

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments become effective for annual periods beginning on or after 1 January 2014 and are not expected to impact the Company's financial position or performance.

**IFRS 9 Financial Instruments: Classification and Measurement**

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2012, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

### 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Significant accounting policies (continued)

##### **Annual Improvements May 2013**

These improvements are effective for annual periods beginning on or after 1 January 2013. These improvements will not have an impact on the Company, but include:

##### **IAS 1 Presentation of Financial Statements**

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

##### **IAS 16 Property Plant and Equipment**

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property; plant and equipment are not inventory.

##### **IAS 32 Financial Instruments, Presentation**

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

##### **Revenue recognition**

###### *Contract revenue*

The Company principally operates fixed price contracts. If the outcome of such a contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end.

The outcome of a construction contract can be estimated reliably when; (i) the total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates. When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and the estimated costs to complete.

Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: labour costs, costs of materials used in construction; depreciation of equipment used on the contract and other direct costs and indirect cost.

Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and revenue and are recognised in the period in which the revisions are determined.

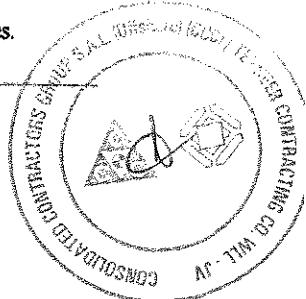
When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

###### *Interest income*

Interest income is recognised as the interest accrues using the effective interest rate method.

###### *Equipment rental income*

Equipment rental income represents the invoiced value of services rendered net of discounts and allowances.



## **Teyseer Contracting Company W.L.L.**

### **NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2013

#### **2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **2.2 Significant accounting policies (continued)**

###### **Revenue recognition (continued)**

###### ***Manpower rental income***

Manpower rental income represents the difference between the invoiced value of services rendered and direct costs incurred by the Company during the year. The Manpower rental income is recognised when the service is rendered and the outcome of the transactions can be estimated reliably.

###### **Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line method. The rates of depreciation are based upon the following estimated percentages:

|  |            |
|--|------------|
| Cranes                                       | 15%        |
| Earth moving equipment                       | 15%        |
| Civil engineering and construction equipment | 20%        |
| Vehicles                                     | 20%        |
| Other assets                                 | 15% to 20% |

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

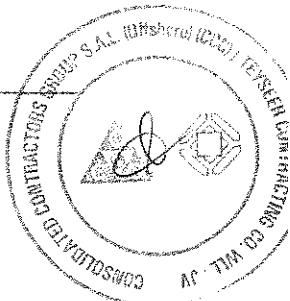
Expenditure incurred to replace a component of an item of plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

###### **Amount due from/to customers for contract work**

Amount due from customers for contract work is valued at cost plus profit less recognised losses to date in excess of progress billings. Profit is recognised on a percentage completion basis when the outcome of a contract can be assessed with reasonable certainty. The value of due from customers under construction contracts is recorded within contract revenue. The excess of progress billings over the cost plus recognised profits less recognised losses to date is presented as amount due to customers for contract work.



**Teyseer Contracting Company W.L.L.**

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**NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2013

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**2.2 Significant accounting policies (continued)**

**Derecognition of financial assets and liabilities**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- » The rights to receive cash flows from the asset have expired
- » The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and reward of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

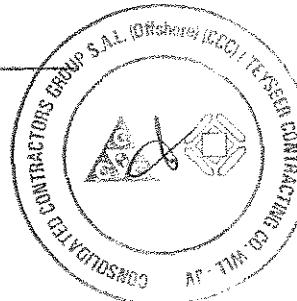
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If an evidence of impairment exists, an impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value;
- (b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

***Non-Financial Assets***

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of comprehensive income.



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

#### 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.2 Significant accounting policies (continued)

###### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each item to its present location and condition. Inventories are included at purchase cost on weighted average basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

###### Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint arrangement is either a joint operation or a joint venture.

###### Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

A joint operator shall recognise in relation to its interest in a joint operation:

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly

A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Adjustments are made in the financial statements to eliminate the Company's share of intergroup balances, income and expenses and unrealized gains and losses on transactions between the Company and its jointly controlled operations. The joint operations are proportionately consolidated until the date in which the Company ceases to have joint control over the joint operations.

###### Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

A joint venturer shall recognise its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.

###### Income tax

Taxation is provided in accordance with the requirements of Income Tax Laws applicable in State of Qatar.

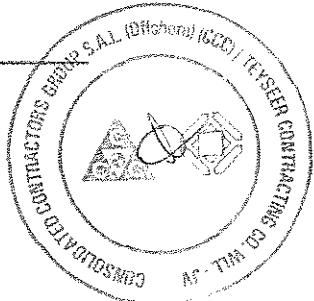
The Company uses the liability method to account for deferred income taxes. Under this method, deferred tax assets and liabilities are recognised on temporary differences resulting between the tax bases of assets and liabilities and their carrying value for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

###### Deferred mobilisation expenses

Mobilisation expenses represent contract start-up costs which are amortized based on the percentage of revenue earned to total contract value less any salvage value.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

### 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Significant accounting policies (continued)

##### Contracts receivable

Contracts receivable represent amount billed less impairment for non-collectability of these receivables. An allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the payment. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

##### Accounts payable and accruals

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

##### Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

##### Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method, with any differences between the cost and final settlement values being recognised in the statement of comprehensive income over the period of borrowings. Instalments due within one year at amortised cost are shown as a current liability.

##### Employees' end of service benefits

The Company provides end of service benefits to its employees in accordance with the Labour Law No. 14 of 2004 and employment contracts. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service year. The expected costs of these benefits are accrued over the year of employment. The Company has no expectation of settling all its employees' end of service benefits within the next 12 month period and hence has classified the same as a non current liability.

##### Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting date. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the approximate exchange rates as at the dates of the initial transactions.

##### Fair values

The fair value is the estimated amount for which assets could reasonably be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the buyer and seller has each acted knowledgeably, prudently and without compulsion.

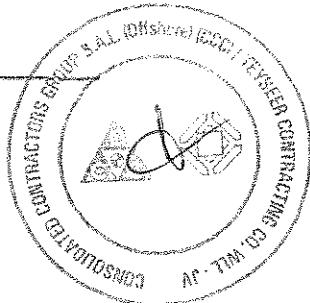
##### Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

##### Cash and cash equivalents

Bank balances and cash in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of restricted deposits held under lien against letters of guarantees.



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

#### 3 INTERESTS IN JOINT OPERATIONS

The Company undertakes certain projects in Qatar in conjunction with other contractors. The commercial arrangements between the parties are organised under unincorporated joint arrangement agreements.

The Company's proportionate interest in the assets, liabilities, revenues and other income, and costs and expenses of the unincorporated joint operations as of 31 December are as follows:

| <i>31 December 2013</i>  | <b>BCA<br/>QR'000</b> | <b>BOP<br/>QR'000</b> | <b>DHP<br/>QR'000</b> | <b>FMW<br/>QR'000</b> | <b>GSF<br/>QR'000</b> | <b>MPAC<br/>QR'000</b> | <b>QFIS<br/>QR'000</b> | <b>AMH<br/>QR'000</b>  | <b>SHML1<br/>QR'000</b> | <b>SHML2<br/>QR'000</b> | <b>Others<br/>QR'000</b> | <b>Total<br/>QR'000</b> |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|--------------------------|-------------------------|
| Non-current assets       | 1,100                 | 137,592               | 50,683                | 10,800                | 11,028                | 5,910                  | 21,994                 | 3,141                  | 2,253                   | 26,262                  | 34,881                   | 305,644                 |
| Current assets           | 645,627               | 53,005                | 488,686               | 42,183                | 62,639                | 74,242                 | 45,895                 | 39,821                 | 4,834                   | 65,463                  | 1,786,492                | 3,308,887               |
| Non-current liabilities  | -                     | (54,551)              | (19,452)              | (673)                 | (9,298)               | (11,445)               | (11,353)               | (105)                  | -                       | (30,049)                | (16,901)                 | (153,827)               |
| Current liabilities      | (149,303)             | (568,447)             | (521,632)             | (56,960)              | (211,724)             | (161,051)              | (55,708)               | (35,006)               | (16,747)                | (196,619)               | (1,966,479)              | (3,939,676)             |
| Revenue and other income | 56,178                | 655,718               | 483,891               | 73,661                | 26,426                | 203,550                | 115,456                | 45,327                 | 46,584                  | 286,651                 | 73,090                   | 2,066,532               |
| Costs and expenses       | (26,092)              | (1,043,402)           | (476,887)             | (80,264)              | (114,030)             | (295,900)              | (124,584)              | (37,475)               | (56,244)                | (421,593)               | (240,772)                | (2,917,243)             |
| <i>31 December 2012</i>  | <b>BCA<br/>QR'000</b> | <b>BOP<br/>QR'000</b> | <b>DHP<br/>QR'000</b> | <b>FMW<br/>QR'000</b> | <b>GSF<br/>QR'000</b> | <b>MAT<br/>QR'000</b>  | <b>MPAC<br/>QR'000</b> | <b>NDAB<br/>QR'000</b> | <b>RLP<br/>QR'000</b>   | <b>QFIS<br/>QR'000</b>  | <b>Others<br/>QR'000</b> | <b>Total<br/>QR'000</b> |
| Non-current assets       | 4,917                 | 45,606                | 38,072                | 8,157                 | 10,907                | 31,213                 | 10,837                 | 31,626                 | 201                     | 27,635                  | 784                      | 209,955                 |
| Current assets           | 710,805               | 125,905               | 272,935               | 51,798                | 143,045               | 121,599                | 66,688                 | 170,985                | 770,831                 | 45,916                  | 450,006                  | 2,930,513               |
| Non-current liabilities  | -                     | (43,650)              | (42,113)              | (3,059)               | (16,536)              | (3,431)                | (11,200)               | (14,914)               | (1,788)                 | (12,361)                | (2,202)                  | (151,254)               |
| Current liabilities      | (248,384)             | (172,578)             | (277,614)             | (54,942)              | (197,169)             | (45,018)               | (66,319)               | (271,045)              | (584,362)               | (51,233)                | (114,517)                | (2,083,181)             |
| Revenue and other income | 177,887               | 247,881               | 334,832               | 98,227                | 259,528               | 37,579                 | 141,682                | 283,511                | 139,076                 | 166,659                 | 8,349                    | 1,895,211               |
| Costs and expenses       | (76,542)              | (292,597)             | (315,014)             | (95,886)              | (256,194)             | (29,427)               | (141,676)              | (335,385)              | (49,712)                | (156,702)               | (13,159)                 | (1,762,294)             |



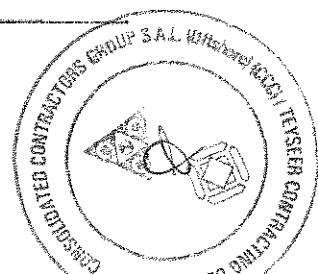
**Teyseer Contracting Company W.L.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2013

**4 OTHER INCOME**

|   | <i>2013</i><br><i>QR'000</i> | <i>2012</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Manpower rental income                    | 33,797                       | 4,850                        |
| Equipment rental income                   | 23,999                       | 9,068                        |
| Profit on disposal of plant and equipment | 374                          | —                            |
| Miscellaneous income                      | <u>13,415</u>                | <u>10,465</u>                |
|   | <u>71,585</u>                | <u>24,383</u>                |

**5 GENERAL AND ADMINISTRATIVE EXPENSES**

|   | <i>2013</i><br><i>QR'000</i> | <i>2012</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Staff costs and related benefits        | 3,366                        | 5,825                        |
| Premises, utilities and office services | 1,585                        | 1,916                        |
| Less on disposal of plant and equipment | —                            | 688                          |
| Other administrative expenses           | <u>2,008</u>                 | <u>8,519</u>                 |
|   | <u>6,959</u>                 | <u>16,948</u>                |



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

#### 6 INCOME TAX EXPENSE

The tax amount calculated in the statement of comprehensive income represents tax on income relating to the foreign equity partner. Qatar Income Tax Laws have conferred exemption on the profits attributable to the Qatari equity partner, therefore income tax has been computed on the profits attributable to foreign equity partner.

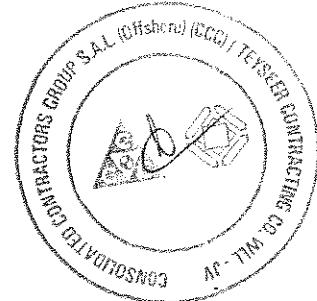
A reconciliation between income tax and the product of accounting profit multiplied by the effective tax rate for the year is as follows:

|  | 2013<br>QR'000   | 2012<br>QR'000 |
|--|------------------|----------------|
| Accounting (loss) profit   | (856,806)        | 215,338        |
| Add:   |                  |                |
| Future estimated losses  | 258,131          | -              |
| Provision for air tickets  | 42,228           | -              |
| Accounting depreciation  | 39,189           | 75,658         |
| Donations  | 60               | -              |
| Fines and penalties  | 11               | -              |
| Loss on disposal of plant and equipment                                    | -                | 688            |
| Less:  |                  |                |
| Tax depreciation   | (39,189)         | (54,181)       |
| Profit on disposal of plant and equipment                                  | (374)            | -              |
| Profit from tax exempt projects  | -                | (44,724)       |
| Taxable (loss) profit  | <u>(556,750)</u> | <u>192,779</u> |
| Effective tax rate for the share of profit attributable to foreign partner | -                | 3%             |
| Income tax expense   | <u>-</u>         | <u>5,763</u>   |

#### 7 PROFIT AND TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR

Profit and total comprehensive income (loss) for the year is stated after charging:

|                                  | 2013<br>QR'000 | 2012<br>QR'000 |
|----------------------------------|----------------|----------------|
| Staff costs and related benefits | <u>585,043</u> | <u>387,691</u> |
| Depreciation                     | <u>39,189</u>  | <u>75,658</u>  |



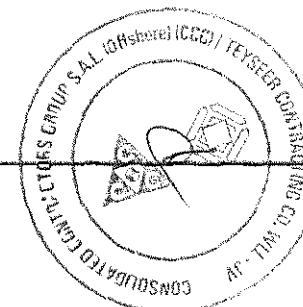
**Teyseer Contracting Company W.L.L.**

**NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2013

**8 PLANT AND EQUIPMENT**

|                                  | Cranes<br>QR'000 | Earth moving<br>equipment<br>QR'000 | Civil<br>engineering<br>and<br>construction<br>equipment<br>QR'000 | Vehicles<br>QR'000 | Other<br>assets<br>QR'000 | Total<br>QR'000 |
|----------------------------------|------------------|-------------------------------------|--|--------------------|---------------------------|-----------------|
| <b>Cost:</b>                     |                  |                                     |  |                    |                           |                 |
| At 1 January 2013                | 294,418          | 7,772                               | 53,770   | 17,317             | 31,303                    | 404,580         |
| Additions                        | -                | -                                   | -  | 149                | 21                        | 170             |
| Net transfers                    | (1,227)          | 460                                 | (148)  | 689                | (846)                     | (1,072)         |
| Disposals                        | (12,703)         | -                                   | -  | (4,030)            | (271)                     | (17,004)        |
| At 31 December 2013              | <u>280,488</u>   | <u>8,232</u>                        | <u>53,622</u>  | <u>14,125</u>      | <u>30,207</u>             | <u>386,674</u>  |
| <b>Depreciation:</b>             |                  |                                     |  |                    |                           |                 |
| At 1 January 2013                | 245,772          | 6,380                               | 49,349   | 15,937             | 26,577                    | 344,015         |
| Depreciation charge for the year | 30,050           | 818                                 | 4,328  | 893                | 3,067                     | 39,156          |
| Net transfers                    | (1,073)          | 409                                 | (148)  | 332                | (807)                     | (1,287)         |
| Disposals                        | (10,202)         | -                                   | -  | (3,671)            | (164)                     | (14,037)        |
| At 31 December 2013              | <u>264,547</u>   | <u>7,607</u>                        | <u>53,529</u>  | <u>13,491</u>      | <u>28,673</u>             | <u>367,847</u>  |
| <b>Net carrying amount</b>       |                  |                                     |  |                    |                           |                 |
| At 31 December 2013              | <u>15,941</u>    | <u>625</u>                          | <u>93</u>  | <u>634</u>         | <u>1,534</u>              | <u>18,827</u>   |



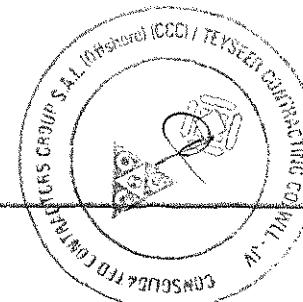
## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

#### 8 PLANT AND EQUIPMENT (continued)

|                                  | <i>Cranes</i><br>QR'000 | <i>Earth moving<br/>equipment</i><br>QR'000 | <i>Civil<br/>engineering<br/>and<br/>construction<br/>equipment</i><br>QR'000 | <i>Vehicles</i><br>QR'000 | <i>Other<br/>assets</i><br>QR'000 | <i>Total</i><br>QR'000 |
|----------------------------------|-------------------------|---|---|---------------------------|-----------------------------------|------------------------|
| <b>Cost:</b>                     |                         |   |   |                           |                                   |                        |
| At 1 January 2012                | 342,552                 | 23,400                                      | 87,342  | 80,296                    | 32,087                            | 565,677                |
| Additions                        | -                       | -   | -   | 96                        | -                                 | 96                     |
| Net transfers                    | (44,807)                | (15,628)                                    | (32,498)  | (59,335)                  | (203)                             | (152,471)              |
| Disposals                        | (3,327)                 | -   | (1,074)   | (3,740)                   | (581)                             | (8,722)                |
| <b>At 31 December 2012</b>       | <b>294,418</b>          | <b>7,772</b>                                | <b>53,770</b>   | <b>17,317</b>             | <b>31,303</b>                     | <b>404,580</b>         |
| <b>Depreciation:</b>             |                         |   |   |                           |                                   |                        |
| At 1 January 2012                | 234,080                 | 13,362                                      | 65,996  | 62,699                    | 22,588                            | 398,725                |
| Depreciation charge for the year | 48,146                  | 2,178                                       | 12,243  | 8,354                     | 4,663                             | 75,584                 |
| Net transfers                    | (34,791)                | (9,160)                                     | (27,816)  | (52,245)                  | (210)                             | (124,222)              |
| Disposals                        | (1,663)                 | -   | (1,074)   | (2,871)                   | (464)                             | (6,072)                |
| <b>At 31 December 2012</b>       | <b>245,772</b>          | <b>6,380</b>                                | <b>49,349</b>   | <b>15,937</b>             | <b>26,577</b>                     | <b>344,015</b>         |
| <b>Net carrying amount</b>       |                         |   |   |                           |                                   |                        |
| <b>At 31 December 2012</b>       | <b>48,646</b>           | <b>1,392</b>                                | <b>4,421</b>  | <b>1,380</b>              | <b>4,726</b>                      | <b>60,565</b>          |



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS At 31 December 2013

#### 8 PLANT AND EQUIPMENT (continued)

The reconciliation of depreciation charge reflected in the statement of comprehensive income is as follows:

|   | 2013<br>QR'000 | 2012<br>QR'000 |
|---|----------------|----------------|
| Depreciation charge reflected in the plant and equipment note | 39,156         | 75,584         |
| Depreciation charge allocated by a related party              | 33             | 74             |
|   | <u>39,189</u>  | <u>75,658</u>  |

#### 9 OTHER NON CURRENT ASSETS

|   | 2013<br>QR'000 | 2012<br>QR'000 |
|---|----------------|----------------|
| Retentions receivable – non-current portion (i) | <u>185,493</u> | <u>108,224</u> |
|   | <u>185,493</u> | <u>108,224</u> |

#### Notes

- (i) Retentions receivable represent amounts withheld by the customers in accordance with contract terms and conditions. These amounts are to be released upon fulfillment of contractual obligations.

#### 10 DEFERRED MOBILISATION EXPENSES

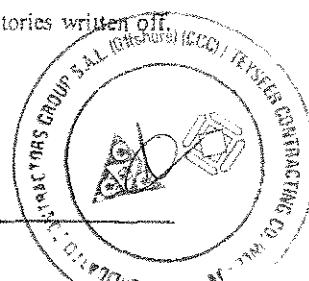
|   | 2013<br>QR'000 | 2012<br>QR'000  |
|---|----------------|-----------------|
| Balance as at 1 January                     | 96,524         | 107,983         |
| Mobilisation costs incurred during the year | 79,722         | 67,443          |
| Amortisation for the year                   | (61,596)       | (44,080)        |
| Net transfers                               | <u>3,704</u>   | <u>(34,822)</u> |
|   | <u>118,354</u> | <u>96,524</u>   |

#### 11 INVENTORIES

|                                   | 2013<br>QR'000 | 2012<br>QR'000 |
|-----------------------------------|----------------|----------------|
| Construction materials            | 58,825         | 73,610         |
| Consumables and other inventories | 49,144         | 46,725         |
| Spare parts                       | <u>1,906</u>   | <u>2,642</u>   |
|                                   | <u>109,875</u> | <u>122,977</u> |

#### Note:

During 2013, an amount of nil (2012: QR 3,290,385) was recognised as an expense for inventories written off. This is was recognised under construction costs as it relates to one of the projects.



Teyseer Contracting Company W.L.L.

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2013

12 TRADE AND OTHER RECEIVABLES

|   | 2013<br>QR'000 | 2012<br>QR'000 |
|---|----------------|----------------|
| Contracts receivable                    | 681,390        | 463,432        |
| Other receivables                       | 76,697         | 66,878         |
| Retentions receivable – current portion | <u>58,228</u>  | <u>13,254</u>  |
|   | <u>816,315</u> | <u>543,564</u> |

At 31 December, there were no impaired receivables. The aging of unimpaired receivables is as follows:

|      | Total<br>QR'000 | Neither<br>past due nor<br>impaired<br>QR'000 | <i>Past due but not impaired</i> |                      |                      |                       |                    |
|------|-----------------|---|----------------------------------|----------------------|----------------------|-----------------------|--------------------|
|      |                 |   | < 3 months<br>QR'000             | 3-6 months<br>QR'000 | 6-9 months<br>QR'000 | 9-12 months<br>QR'000 | ≥ 1 year<br>QR'000 |
| 2013 | 816,315         | 74,320  | 728,190                          | 3,532                | 10,273               | -                     | -                  |
| 2012 | 543,564         | 382,484                                       | 132,550                          | 28,530               | -                    | -                     | -                  |

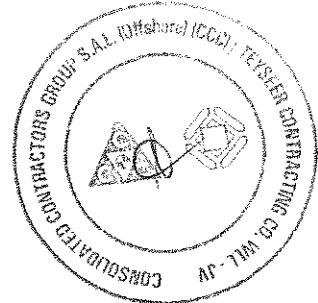
13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows consist of the following statement of financial position amounts:

|                        | 2013<br>QR'000 | 2012<br>QR'000 |
|------------------------|----------------|----------------|
| Bank balances and cash | <u>118,769</u> | <u>267,894</u> |
|                        | <u>118,769</u> | <u>267,894</u> |

14 SHARE CAPITAL

|                                      | 2013<br>QR'000 | 2012<br>QR'000 |
|--------------------------------------|----------------|----------------|
| Authorized, issued and fully paid up | <u>15,000</u>  | <u>15,000</u>  |



Teyseer Contracting Company W.L.L.  
 NOTES TO THE FINANCIAL STATEMENTS  
 At 31 December 2013

**14 SHARE CAPITAL (continued)**

The share capital is distributed among the shareholders as follows:

|  | %<br>2013 | QR'000<br>2013 | %<br>2012     | QR'000<br>2012 |
|--|-----------|----------------|---------------|----------------|
| Teyseer Trading and Contracting W.L.L. | 70%       | 10,500         | 10,500        | 10,500         |
| Consolidated Contractors Group S.A.L.  | 30%       | <u>4,500</u>   | <u>4,500</u>  | <u>4,500</u>   |
|  |           | <u>15,000</u>  | <u>15,000</u> | <u>15,000</u>  |

**15 LEGAL RESERVE**

In accordance with the Qatar Commercial Companies Law No. 5 of 2002, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve equals 50% of the share capital. The Company has resolved to discontinue further transfers as the reserve equals 50% of the paid up share capital.

The reserve is not normally available for distribution, except in the circumstances stipulated by the above mentioned law.

**16 OTHER NON CURRENT LIABILITIES**

|  | 2013<br>QR'000 | 2012<br>QR'000 |
|--|----------------|----------------|
| Retentions payable -- non-current portion (i)  | 22,362         | 20,981         |
| Advances from customers -- non-current portion | <u>10,439</u>  | <u>48,841</u>  |
|  | <u>32,801</u>  | <u>69,822</u>  |

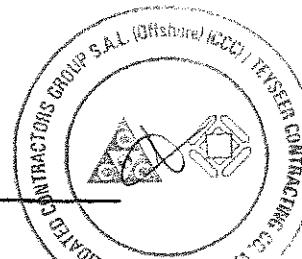
*Note:*

- (i) Retentions payable represent the amounts withheld from the payments to contractors. These amounts will be settled upon completion of the maintenance period subject to satisfactory discharge of the obligations of the contractors.

**17 EMPLOYEES' END OF SERVICE BENEFITS**

The movements in the provision recognised in the statement of financial position are as follows:

|                              | 2013<br>QR'000  | 2012<br>QR'000  |
|------------------------------|-----------------|-----------------|
| Balance at 1 January         | 91,567          | 92,368          |
| Provided during the year     | 45,469          | 22,557          |
| End of service benefits paid | <u>(14,829)</u> | <u>(12,430)</u> |
| Net transfers                | <u>8,670</u>    | <u>(10,928)</u> |
|                              | <u>130,877</u>  | <u>91,567</u>   |



**Teyseer Contracting Company W.L.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2013

**18 ACCOUNTS PAYABLE AND ACCRUALS**

|   | <b>2013</b><br><b>QR'000</b> | <b>2012</b><br><b>QR'000</b> |
|---|------------------------------|------------------------------|
| Accrued expenses and other payables       | 766,942                      | 763,739                      |
| Due to subcontractors and suppliers       | 418,526                      | 250,031                      |
| Advances from customers – current portion | 342,862                      | 292,942                      |
| Retention payables – current portion      | <u>47,149</u>                | <u>26,556</u>                |
|   | <u>1,575,479</u>             | <u>1,333,268</u>             |

**19 CONSTRUCTION CONTRACTS**

Details of contracts in progress at the statement of financial position date are as follows:

|  | <b>2013</b><br><b>QR'000</b> | <b>2012</b><br><b>QR'000</b> |
|--|------------------------------|------------------------------|
| Contracts cost incurred plus recognised profits less recognised losses to date | 12,524,811                   | 10,827,722                   |
| Less: progress billing   | <u>(11,524,225)</u>          | <u>(9,776,772)</u>           |
|  | <u>1,000,586</u>             | <u>1,050,950</u>             |

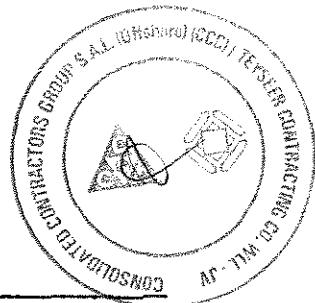
Recognised and included in the financial statements as amounts due:

|  | <b>2013</b><br><b>QR'000</b> | <b>2012</b><br><b>QR'000</b> |
|--|------------------------------|------------------------------|
| Amounts due from customers for contract work | 1,125,355                    | 1,063,071                    |
| Amount due to customers for contract work    | <u>(124,769)</u>             | <u>(12,121)</u>              |
|  | <u>1,000,586</u>             | <u>1,050,950</u>             |

**20 CONTINGENT LIABILITIES**

The Company had the following contingent liabilities including its share of joint ventures from which it is anticipated that no material liabilities will arise.

|                      | <b>2013</b><br><b>QR'000</b> | <b>2012</b><br><b>QR'000</b> |
|----------------------|------------------------------|------------------------------|
| Letters of guarantee | <u>1,971,307</u>             | <u>2,277,411</u>             |
| Letters of credit    | <u>62,232</u>                | <u>45,302</u>                |



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS At 31 December 2013

#### 21 RELATED PARTY DISCLOSURES

##### **Related parties transactions**

Related parties represent transactions with the major partners, associate companies and members of Board of Directors, senior management or companies in which they have significant interest or any other parties of important influence in the Company's financial or operation decisions. Pricing policies and terms of these transactions are approved by the management of the Company.

Transactions with related parties included in the statement of comprehensive income are as follows:

|                                  | 2013<br>QR'000        | 2012<br>QR'000       |
|----------------------------------|-----------------------|----------------------|
| <i>Income:</i>                   |                       |                      |
| Equipment rental income          | 23,999                | 9,068                |
| Manpower rental income           | 2,344                 | 4,850                |
| Miscellaneous income             | <u>1,265</u>          | <u>526</u>           |
|                                  | <u><b>27,608</b></u>  | <u><b>14,444</b></u> |
| <i>Expenses:</i>                 |                       |                      |
| Overhead costs and other charges | 114,159               | 45,133               |
| Miscellaneous expenses           | <u>5,681</u>          | <u>1,065</u>         |
|                                  | <u><b>119,840</b></u> | <u><b>46,198</b></u> |

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

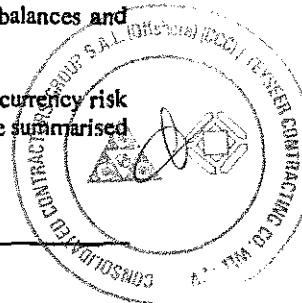
|   | 2013<br>Receivables<br>QR'000 | 2013<br>Payables<br>QR'000 | 2012<br>Receivables<br>QR'000 | 2012<br>Payables<br>QR'000 |
|---|-------------------------------|----------------------------|-------------------------------|----------------------------|
| <i>Joint ventures.</i>                          |                               |                            |                               |                            |
| Amounts due to joint ventures                   | -                             | 536,062                    | -                             | 622,573                    |
| Amounts due from joint ventures                 | <u>925,554</u>                | <u>-</u>                   | <u>1,460,729</u>              | <u>-</u>                   |
| <i>Others related parties</i>                   |                               |                            |                               |                            |
| Teyseer Motors W.L.L.                           | -                             | 871                        | -                             | 1,299                      |
| Teyseer Industrial Supplies and Services W.L.L. | -                             | 1,398                      | -                             | 1,260                      |
| Teyseer Service Company W.L.L.                  | -                             | 1,497                      | -                             | 1,956                      |
| Others  | <u>-</u>                      | <u>6,224</u>               | <u>-</u>                      | <u>1,259</u>               |
|   | <u><b>925,554</b></u>         | <u><b>546,052</b></u>      | <u><b>1,460,729</b></u>       | <u><b>628,347</b></u>      |

#### 22 FINANCIAL RISK MANAGEMENT

##### **Objective and policies**

The Company's principal financial liabilities comprise of due to subcontractors and suppliers, amounts due to related parties, retentions payable, interest bearing loans and borrowings and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as contracts receivable, retentions receivable, amounts due from related parties, bank balances and cash and other receivables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, currency risk and credit risk. The management reviews and agrees policies for managing each of these risks which are summarised below.



**Teyseer Contracting Company W.L.L.**

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**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2013

**22 FINANCIAL RISK MANAGEMENT (continued)**

**Interest rate risk**

The Company's financial assets and liabilities that are subject to interest rate risk comprise of bank call deposits and interest bearing loans and borrowings.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's financial assets and liabilities with floating interest rates.

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

|                                    | <i>Changes in<br/>basis points</i> | <i>Effect on<br/>profit<br/>QR '000</i> |
|------------------------------------|------------------------------------|---|
| <b>2013</b>                        |                                    |   |
| Floating interest rate instruments | +25                                | (590)                                   |
| <b>2012</b>                        |                                    |   |
| Floating interest rate instruments | +25                                | 373                                     |

**Foreign currency risk**

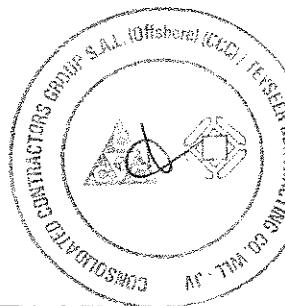
Foreign currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

The Company does not hedge its currency exposure. At 31 December, the Company has currency risks on its bank balances and due to subcontractors and suppliers which is denominated in EURO and GBP.

As the Qatari Riyals is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

The table below indicates the Company's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the QR currency rate against the EURO and GBP with all other variables held constant, on the statement of comprehensive income (due to the fair value of currency sensitive monetary assets). The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

|             | <i>Change in Euro and<br/>GBP rates to the QR</i> | <i>Effect on<br/>profit<br/>QR '000</i> |
|-------------|---|---|
| <b>2013</b> |   |   |
| Euro        | 5%  | 1,160                                   |
| GBP         | 5%  | 11                                      |
| <b>2012</b> |   |   |
| Euro        | 5%  | 570                                     |
| GBP         | 5%  | (160)                                   |



**Teyseer Contracting Company W.L.L.**

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**NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2013

**22 FINANCIAL RISK MANAGEMENT (continued)**

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of receivables and bank balances.

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as follows;

|                                  | <b>2013</b><br><b>QR'000</b> | <b>2012</b><br><b>QR'000</b> |
|----------------------------------|------------------------------|------------------------------|
| Contracts receivable             | 680,412                      | 463,432                      |
| Retentions receivable            | 243,721                      | 121,478                      |
| Bank balances                    | 116,990                      | 261,010                      |
| Amounts due from related parties | 925,554                      | 1,460,729                    |
| Other receivables                | 77,675                       | 66,879                       |
|                                  | <b>2,044,352</b>             | <b>2,373,528</b>             |

The Company reduces the exposure of credit risk arising from financial assets by maintaining bank accounts with reputable banks and providing services only to the creditworthy counter parties.

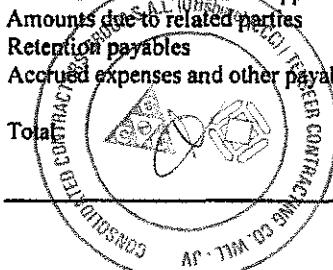
**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company limits its liquidity risk by ensuring bank facilities and funding from partners are available. The Company's credit term requires amounts to be paid within 45-90 days from the invoiced date.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

|                                     | <i>Less than 6<br/>months<br/>QR'000</i> | <i>6 to 12<br/>months<br/>QR'000</i> | <i>1 to 5<br/>years<br/>QR'000</i> | <i>&gt; 5 years<br/>QR'000</i> | <i>Total<br/>QR'000</i> |
|-------------------------------------|--|--------------------------------------|------------------------------------|--------------------------------|-------------------------|
| <b>2013</b>                         |  |                                      |                                    |                                |                         |
| Due to subcontractors and suppliers | 418,526                                  | -                                    | -                                  | -                              | 418,526                 |
| Amounts due to related parties      | -  | 546,052                              | -                                  | -                              | 546,052                 |
| Retention payables                  | -  | 47,149                               | 22,362                             | -                              | 69,511                  |
| Bank overdrafts                     | 289,935                                  | -                                    | -                                  | -                              | 289,935                 |
| Accrued expenses and other payables | <u>786,371</u>                           | <u>-</u>                             | <u>-</u>                           | <u>-</u>                       | <u>786,371</u>          |
| <b>Total</b>                        | <b><u>1,494,832</u></b>                  | <b><u>593,201</u></b>                | <b><u>22,362</u></b>               | <b><u>-</u></b>                | <b><u>2,110,395</u></b> |
| <b>2012</b>                         |  |                                      |                                    |                                |                         |
| Due to subcontractors and suppliers | 250,031                                  | -                                    | -                                  | -                              | 250,031                 |
| Amounts due to related parties      | -  | 628,348                              | -                                  | -                              | 628,348                 |
| Retention payables                  | -  | 26,556                               | 20,981                             | -                              | 47,537                  |
| Accrued expenses and other payables | 776,295                                  | -                                    | -                                  | -                              | 776,295                 |
| <b>Total</b>                        | <b><u>1,026,326</u></b>                  | <b><u>654,904</u></b>                | <b><u>20,981</u></b>               | <b><u>-</u></b>                | <b><u>1,702,211</u></b> |



## **Teyseer Contracting Company W.L.L.**

### **NOTES TO THE FINANCIAL STATEMENTS** At 31 December 2013

#### **22 FINANCIAL RISK MANAGEMENT (continued)**

##### **Capital management**

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and to sustain future development of the business. The management monitors the capital, which the Company defines as total partners' equity which includes share capital and retained earnings and is measured at QR 408,578 thousand on 31 December 2013 (2012: QR 1,265,384 thousand).

The Company manages its capital structure and makes adjustments to it, in light of changes in business conditions and partners' expectation. To maintain or adjust the capital structure, the Company may adjust the dividend payment to partners or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 2012.

#### **23 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and cash, retentions receivable, contracts receivable, amounts due from related parties and other receivables. Financial liabilities consist of interest bearing loans and borrowings, due to subcontractors and suppliers, amounts due to related parties, retentions payable and other payables.

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

#### **24 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### *Percentage of completion:*

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

##### *Impairment of receivables*

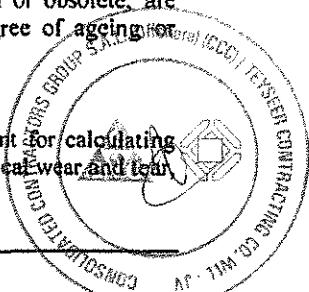
An estimate of the collectible amount of receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively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

##### *Impairment of inventories*

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

##### *Useful lives of plant and equipment*

The Company's management determines the estimated useful lives of its plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.



**Teyseer Contracting Company W.L.L.**

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**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2013

**24 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

*Impairment of non-financial assets*

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. All non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows.

*Construction cost estimates*

The Company uses internal quantity surveyors together with project managers and engineers to estimate the costs to complete construction contracts. Factors such as escalation of material prices, labor costs and other costs are included in the contracts costs estimates based on best estimates.

*Contract variations*

Contract revenue represents initial contract value and approved variation orders and claims. If variations to initial contracts are in negotiation, as a prudent estimate the management recognizes the minimum which the Company will be successful in obtaining when the negotiations over the value of variations are resolved.

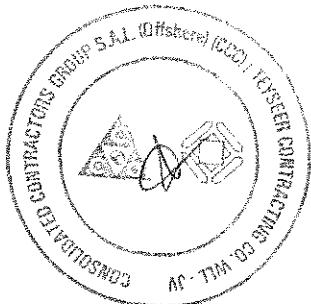
*Provision for maintenance*

A provision for maintenance expenses is recognized in respect of completed contracts. The provision relates to maintenance expenses that may be incurred during the contractual maintenance period. The reserve is calculated based on the Company's past experience of expenses incurred.

As with any other provisions, the provision for maintenance has been made based on the management's best estimate of the likely outcome of the maintenance period. However the actual outcomes could differ from these estimates.

*Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.



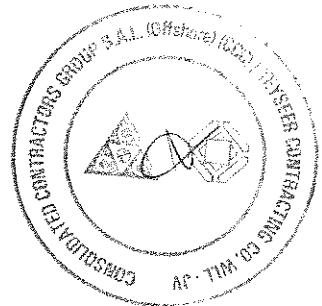
**Teyseer Contracting Company W.L.L.**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

Ernst & Young

**ERNST & YOUNG**





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## INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF TEYSEER CONTRACTING COMPANY W.L.L.

We have audited the accompanying financial statements of Teyseer Contracting Company W.L.L. (the "Company"), which comprise the statement of financial position as at 31 December 2012, and the statements of comprehensive income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes. The financial statements have been prepared by management using the basis of preparation and accounting policies described in Notes 2 and 3 to the financial statements.

### ***Management's Responsibility for the financial statements***

Management is responsible for the preparation of these financial statements in accordance with the basis of preparation and accounting policies described in Notes 2 and 3 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' responsibility***

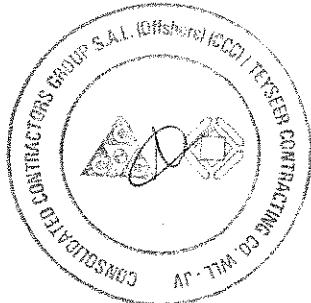
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2012 and its financial performance and its cash flows for to the year then ended in accordance with the basis of preparation and accounting policies described in Notes 2 and 3 to the financial statements.





## INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF TEYSEER CONTRACTING COMPANY W.L.L. (CONTINUED)

### *Basis of accounting and restriction on use*

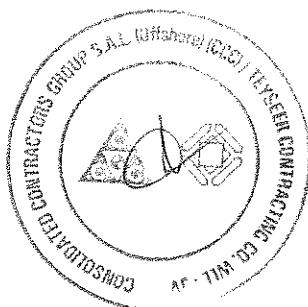
Without modifying our opinion, we draw attention to Notes 2 and 3 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the Company to meet the requirements of the Income Tax Laws applicable in the State of Qatar. As a result, the financial statements may not be suitable for another purpose. Our auditors' report is intended solely for the Company and the Public Revenues and Taxes Department (PRTD) and should not be used by any other parties.

### **Report on other legal and regulatory requirements**

Furthermore, in our opinion proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have a material effect on the business of the Company or on its financial position.

Ziad Nader  
of Ernst & Young  
Auditor's Registration No. 258

Date: 29 April 2013  
Doha

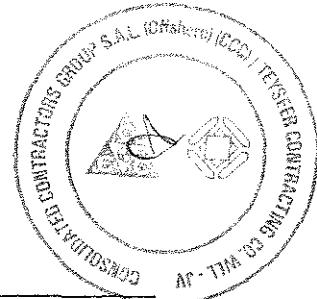


Teyseer Contracting Company W.L.L.

STATEMENT OF COMPREHENSIVE INCOME  
Year Ended 31 December 2012

|   | Notes | 2012<br>QR'000 | 2011<br>QR'000 |
|---|-------|----------------|----------------|
| Contract revenues   |       | 1,979,738      | 3,980,095      |
| Contract costs  |       | (1,761,856)    | (3,201,417)    |
| <b>GROSS PROFIT</b>   |       | <b>217,882</b> | <b>778,678</b> |
| Other income  | 5     | 27,083         | 35,185         |
| General and administrative expenses                           | 6     | (16,071)       | (75,149)       |
| <b>Operating profit</b>                                       |       | <b>228,894</b> | <b>738,714</b> |
| Finance income  |       | <u>7,247</u>   | <u>8,531</u>   |
| <b>PROFIT FOR THE YEAR BEFORE TAX</b>                         |       | <b>236,141</b> | <b>747,245</b> |
| Income tax expense  | 7     | (5,763)        | (13,367)       |
| <b>PROFIT AND TOTAL COMPREHENSIVE<br/>INCOME FOR THE YEAR</b> | 8     | <b>230,378</b> | <b>733,878</b> |

The attached notes 1 to 25 form part of these financial statements.



**Teyseer Contracting Company W.L.L.**

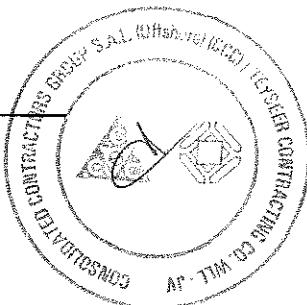
**STATEMENT OF FINANCIAL POSITION**

At 31 December 2012

|  | <i>Notes</i> | <i>2012</i><br><i>QR'000</i> | <i>2011</i><br><i>QR'000</i> |
|--|--------------|------------------------------|------------------------------|
| <b>ASSETS</b>                                |              |                              |                              |
| <b>Non-current assets</b>                    |              |                              |                              |
| Plant and equipment                          | 9            | 134,942                      | 220,424                      |
| Other non-current assets                     | 10           | 108,899                      | 43,932                       |
| Deferred mobilisation expenses               | 11           | 93,393                       | 106,188                      |
|  |              | <u>337,234</u>               | <u>370,544</u>               |
| <b>Current assets</b>                        |              |                              |                              |
| Inventories                                  | 12           | 117,534                      | 85,670                       |
| Amounts due from customers for contract work | 21           | 1,063,071                    | 959,575                      |
| Trade and other receivables                  | 13           | 540,101                      | 1,069,517                    |
| Prepayments                                  |              | 59,135                       | 66,634                       |
| Amounts due from related parties             | 23           | 1,461,029                    | 1,731,401                    |
| Bank balances and cash                       | 14           | 263,149                      | 273,551                      |
|  |              | <u>3,504,019</u>             | <u>4,186,348</u>             |
| <b>TOTAL ASSETS</b>                          |              | <u>3,841,253</u>             | <u>4,556,892</u>             |
| <b>EQUITY AND LIABILITIES</b>                |              |                              |                              |
| <b>Equity</b>                                |              |                              |                              |
| Share capital                                | 15           | 15,000                       | 15,000                       |
| Legal reserve                                | 16           | 7,500                        | 7,500                        |
| Retained earnings                            |              | 1,336,507                    | 1,106,129                    |
| Partners' accounts                           |              | 369,807                      | 404,030                      |
| Total equity                                 |              | <u>1,728,814</u>             | <u>1,532,659</u>             |
| <b>Non-current liabilities</b>               |              |                              |                              |
| Other non-current liabilities                | 17           | 69,822                       | 220,149                      |
| Employees' end of services benefits          | 18           | 89,737                       | 90,190                       |
|  |              | <u>159,559</u>               | <u>310,339</u>               |
| <b>Current liabilities</b>                   |              |                              |                              |
| Accounts payable and accruals                | 19           | 1,307,253                    | 2,256,017                    |
| Amounts due to customers for contract work   | 21           | 12,121                       | 15,890                       |
| Amounts due to related parties               | 23           | 627,743                      | 429,254                      |
| Income tax payable                           |              | 5,763                        | 12,733                       |
|  |              | <u>1,952,880</u>             | <u>2,713,894</u>             |
| <b>Total liabilities</b>                     |              | <u>2,112,439</u>             | <u>3,024,233</u>             |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |              | <u>3,841,253</u>             | <u>4,556,892</u>             |

Nazih Abdul Kader  
Executive Vice President Operations

The attached notes 1 to 25 form part of these financial statements.



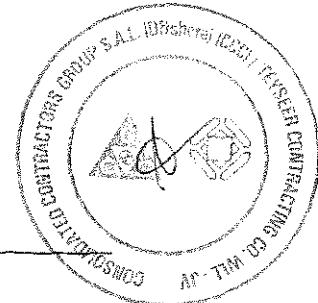
Teyseer Contracting Company W.L.L.

STATEMENT OF CASH FLOWS

Year Ended 31 December 2012

|   | Notes | 2012<br>QR'000 | 2011<br>QR'000 |
|---|-------|----------------|----------------|
| <b>OPERATING ACTIVITIES</b>                             |       |                |                |
| Profit for the year before tax                          |       | 236,141        | 747,245        |
| Non-cash adjustments:                                   |       |                |                |
| Depreciation  | 9     | 54,477         | 75,233         |
| Provision for employees' end of service benefits        | 18    | 22,433         | 26,321         |
| Loss on disposal of plant and equipment                 | 6     | 688            | 35,840         |
| Amortisation of deferred mobilisation expenses          | 11    | 31,598         | 61,917         |
| Interest income   |       | (7,247)        | (8,531)        |
|   |       | 338,090        | 938,025        |
| Working capital adjustments:                            |       |                |                |
| Receivables   |       | 638,824        | (1,356,281)    |
| Payables  |       | (904,668)      | 570,089        |
| Inventories   |       | (31,864)       | 87,864         |
| Cash flows from operations                              |       | 40,382         | 239,697        |
| Income tax paid   |       | (12,733)       | (11,017)       |
| Employees' end of service benefits paid                 | 18    | (12,252)       | (37,387)       |
| Net cash flows from operating activities                |       | 15,397         | 191,293        |
| <b>INVESTING ACTIVITIES</b>                             |       |                |                |
| Movement in restricted term deposits                    |       | 15,415         | 4,145          |
| Purchase of plant and equipment                         | 9     | (401)          | (357)          |
| Proceeds from disposal of plant and equipment           |       | 1,962          | 3,493          |
| Addition in deferred mobilisation expenses              | 11    | (68,151)       | (108,788)      |
| Interest income received                                |       | 7,247          | 8,531          |
| Net cash used in investing activities                   |       | (43,928)       | (92,976)       |
| <b>FINANCING ACTIVITIES</b>                             |       |                |                |
| Repayment of interest bearing loans and borrowings      |       | -              | (12,012)       |
| Net movement in partners' accounts                      |       | 33,544         | (594,851)      |
| Net cash flows from (used in) financing activities      |       | 33,544         | (606,863)      |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b> |       |                |                |
|   |       | 5,013          | (508,546)      |
| Cash and cash equivalents at 1 January                  |       | 258,136        | 766,682        |
| <b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>         | 14    | <b>263,149</b> | <b>258,136</b> |

The attached notes 1 to 25 form part of these financial statements.



Teyseer Contracting Company W.L.L.

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2012

|  | <i>Share<br/>capital<br/>QR'000</i> | <i>Legal<br/>reserve<br/>QR'000</i> | <i>Retained<br/>earnings<br/>QR'000</i> | <i>Partners'<br/>accounts<br/>QR'000</i> | <i>Total<br/>QR'000</i> |
|--|-------------------------------------|-------------------------------------|---|--|-------------------------|
| Balance at 1 January 2011                                    | 8,000                               | 4,000                               | 382,751                                 | 1,160,940                                | 1,555,691               |
| Profit and total comprehensive income for the year           | -                                   | -                                   | 733,878                                 | -  | 733,878                 |
| Increase in share capital                                    | 7,000                               | -                                   | (7,000)                                 | -  | -                       |
| Transferred to legal reserve                                 | -                                   | 3,500                               | (3,500)                                 | -  | -                       |
| Movement in partners' accounts                               | -                                   | -                                   | -                                       | (756,910)                                | (756,910)               |
| Balance at 31 December 2011                                  | 15,000                              | 7,500                               | 1,106,129                               | 404,030                                  | 1,532,659               |
| Profit and total comprehensive income for the year (Note 15) | -                                   | -                                   | 230,378                                 | -  | 230,378                 |
| Movement in partners' accounts                               | -                                   | -                                   | -                                       | (34,223)                                 | (34,223)                |
| <b>Balance at 31 December 2012</b>                           | <b>15,000</b>                       | <b>7,500</b>                        | <b>1,336,507</b>                        | <b>369,807</b>                           | <b>1,728,814</b>        |

The attached notes 1 to 25 form part of these financial statements.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2012

### 1 ACTIVITIES

Teyseer Contracting Company W.L.L. (the "Company") is registered in the State of Qatar as a limited liability company under commercial registration No. 21218.

The principal activity of the Company is to carry out various types of construction activities in the State of Qatar. The Company's registered office is at P.O.Box 2630, Doha, State of Qatar.

In addition, the Company participates as a joint venture partner with other contractors under the form of an unincorporated joint venture for the purpose of executing projects in Qatar.

The financial statements of Teyseer Contracting Company W.L.L. for the year ended 31 December 2012 were authorised for issue by management representative on behalf of the Board of Directors on 29 April 2013.

### 2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention. The financial statements are presented in Qatari Riyals (QR) and all values are rounded to the nearest thousand. The financial statements of the Company have been prepared in accordance with generally applicable accounting standards and the requirements of the Income Tax Laws applicable in State of Qatar.

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### Revenue recognition

##### *Contract revenue*

Contract revenue is recognised using the percentage of completion method. When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the contract is at an early stage or its outcome cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and revenue and are recognised in the period in which the revisions are determined.

##### *Interest income*

Interest income is recognised as the interest accrues using the effective interest rate method.

##### *Equipment rental income*

Equipment rental income represents the invoiced value of services rendered net of discounts and allowances.

##### *Manpower rental income*

Manpower rental income represents the difference between the invoiced value of services rendered and direct costs incurred by the Company during the year. The Manpower rental income is recognised when the service is rendered and the outcome of the transactions can be estimated reliably.



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS At 31 December 2012

#### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line method and declining method based on the asset category. The rates of depreciation are based upon the following estimated useful lives:

|  |            |
|--|------------|
| Cranes                                       | 15% to 20% |
| Earth moving equipment                       | 15% to 20% |
| Civil engineering and construction equipment | 20%        |
| Vehicles                                     | 20%        |
| Other assets                                 | 15% to 33% |

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

##### **Contract costs**

Contract costs comprise direct contract costs and other costs relating to the contracting activity in general and which can be allocated to contracts. In addition, contract costs include other costs that are specifically chargeable to the customer under the terms of the contracts.

Costs that cannot be related to contract activity or cannot be allocated to a contract are excluded from the contract costs and are included in general and administrative expenses.

##### **Amount due from/to customers for contract work**

Amount due from customers for contract work is valued at cost plus profit less recognised losses to date in excess of progress billings. Profit is recognised on a percentage completion basis when the outcome of a contract can be assessed with reasonable certainty. The value of due from customers under construction contracts is recorded within contract revenue. The excess of progress billings over the cost plus recognised profits less recognised losses to date is presented as amount due to customers for contract work.

##### **Inventories**

Inventories are stated at cost which includes those expenses incurred in bringing each item to its present location and condition. Cost is determined on weighted average basis.

##### **Income tax**

Income taxation is provided in accordance with the requirements of the Income Tax Laws applicable in the State of Qatar.

##### **Deferred mobilisation expenses**

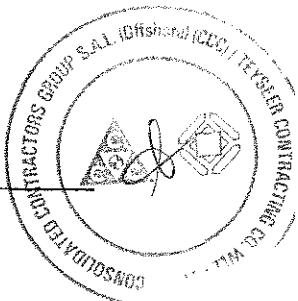
Mobilisation expenses represent contract start-up costs which are amortised based on the percentage of revenue earned to total contract value less any salvage value.

##### **Contracts receivable**

Contracts receivable represent amount billed and outstanding at the reporting date.

##### **Accounts payable and accruals**

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



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2012

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Provisions**

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

#### **Interests in joint ventures**

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest.

#### *Interests in unincorporated joint ventures*

The Company recognizes its interests in the unincorporated joint ventures using proportionate consolidation. The Company combines its share of the assets, liabilities, income and expenses of the joint ventures with similar items, line by line, in its financial statements. The financial statements of the joint ventures are prepared for the same reporting period as the Company. Adjustments are made where necessary to bring the accounting policies in line with those of the Company.

Adjustments are made in the financial statements to eliminate the Company's share of intergroup balances, income and expenses and unrealized gains and losses on transactions between the Company and its jointly controlled entities. The joint ventures are proportionately consolidated until the date in which the Company ceases to have joint control over the joint ventures.

#### *Interest in incorporated joint venture*

The interest in incorporated joint venture is accounted for using the cost method.

#### **Interest bearing loans and borrowings**

Interest bearing loans and borrowings are recognised initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method, with any differences between the cost and final settlement values being recognised in the statement of comprehensive income over the period of borrowings. Instalments due within one year at amortised cost are shown as a current liability.

#### **Employees' end of service benefits**

The Company provides for end of service benefits to its employees in accordance with employment contracts and Qatar Labor Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The Company has no expectation of settling all its employees' end of service benefits within the next 12 month period and hence has classified the same as a non current liability.

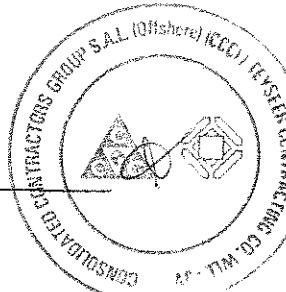
#### **Foreign currencies**

The financial statements are presented in Qatari Riyals, which is the Company's functional and presentational currency. Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income. Non-monetary items measured in terms of historical costs in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

#### **Cash and cash equivalents**

Bank balances and cash in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts and restricted deposits held under lien against letters of guarantees.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2012

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

#### Fair values

The fair value is the estimated amount for which assets could reasonably be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the buyer and seller has each acted knowledgeably, prudently and without compulsion.

### 4 INTERESTS IN JOINT VENTURES

The Company's proportionate interest in the assets, liabilities, revenues, other income, costs and expenses of the unincorporated joint ventures as of 31 December are as follows:

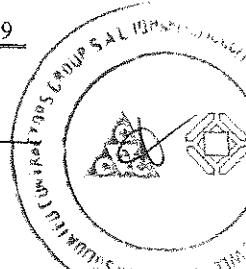
|                                   | 2012<br>QR'000   | 2011<br>QR'000   |
|-----------------------------------|------------------|------------------|
| Share of non-current assets       | <u>209,955</u>   | <u>132,208</u>   |
| Share of current assets           | <u>2,930,513</u> | <u>3,082,025</u> |
| Share of non-current liabilities  | <u>151,254</u>   | <u>283,915</u>   |
| Share of current liabilities      | <u>2,083,181</u> | <u>2,160,510</u> |
| Share of revenue and other income | <u>1,895,211</u> | <u>2,515,033</u> |
| Share of costs and expenses       | <u>1,762,294</u> | <u>2,572,226</u> |

### 5 OTHER INCOME

|                         | 2012<br>QR'000 | 2011<br>QR'000 |
|-------------------------|----------------|----------------|
| Manpower rental income  | 7,550          | 4,955          |
| Equipment rental income | 9,068          | 1,289          |
| Miscellaneous income    | <u>10,465</u>  | <u>28,941</u>  |
|                         | <u>27,083</u>  | <u>35,185</u>  |

### 6 GENERAL AND ADMINISTRATIVE EXPENSES

|   | 2012<br>QR'000 | 2011<br>QR'000 |
|---|----------------|----------------|
| Staff costs and related benefits        | 5,825          | 25,531         |
| Premises, utilities and office services | 1,916          | 2,265          |
| Loss on disposal of plant and equipment | 688            | 35,840         |
| Other administrative expenses           | <u>7,642</u>   | <u>11,513</u>  |
|   | <u>16,071</u>  | <u>75,149</u>  |



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS At 31 December 2012

#### 7 INCOME TAX EXPENSE

The tax amount calculated in the statement of comprehensive income represents tax on income relating to the foreign equity partner. Qatar Income Tax Laws has conferred exemption on the profits attributable to the Qatari equity partner; therefore income tax has been computed on the profits attributable to foreign equity partner.

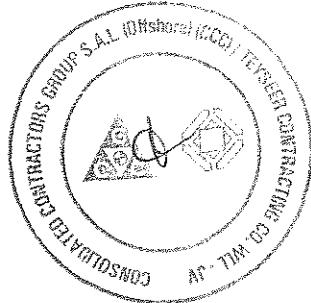
Reconciliation between income tax and the product of accounting profit multiplied by the effective tax rate for the year is as follows:

|  | <i>2012</i><br><i>QR'000</i> | <i>2011</i><br><i>QR'000</i> |
|--|------------------------------|------------------------------|
| Accounting profit  | 236,141                      | 747,245                      |
| <i>Less:</i>   |                              |                              |
| Profit from tax exempt projects  | (44,725)                     | (358,665)                    |
| Loss on disposal of plant and equipment                                    | <u>688</u>                   | <u>35,840</u>                |
| Taxable profit   | <u>192,104</u>               | <u>424,420</u>               |
| Effective tax rate for the share of profit attributable to foreign partner | 3%                           | 3%                           |
| Income tax expense   | <u>5,763</u>                 | <u>13,367</u>                |

#### 8 PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit and total comprehensive income for the year is stated after charging:

|                                  | <i>2012</i><br><i>QR'000</i> | <i>2011</i><br><i>QR'000</i> |
|----------------------------------|------------------------------|------------------------------|
| Staff costs and related benefits | <u>387,993</u>               | <u>532,502</u>               |
| Depreciation                     | <u>54,477</u>                | <u>75,233</u>                |

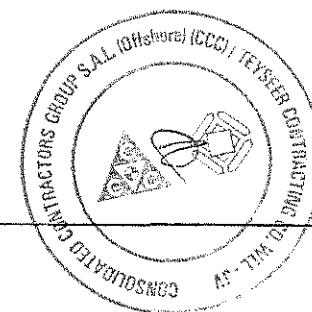


Teyseer Contracting Company W.L.L.

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2012

**9 PLANT AND EQUIPMENT**

|                                  | <i>Cranes</i><br><i>QR'000</i> | <i>Earth moving equipment</i><br><i>QR'000</i> | <i>Civil engineering and construction equipment</i><br><i>QR'000</i> | <i>Vehicles</i><br><i>QR'000</i> | <i>Other assets</i><br><i>QR'000</i> | <i>Total</i><br><i>QR'000</i> |
|----------------------------------|--------------------------------|--|--|----------------------------------|--------------------------------------|-------------------------------|
| <b>Cost:</b>                     |                                |  |  |                                  |                                      |                               |
| At 1 January 2012                | 342,329                        | 23,002   | 86,933   | 79,273                           | 31,297                               | 562,834                       |
| Additions                        | -                              | -  | 253  | 96                               | 52                                   | 401                           |
| Net transfers                    | (44,804)                       | (15,268)                                       | (33,035)   | (57,882)                         | (914)                                | (151,903)                     |
| Disposals                        | (3,327)                        | -  | (1,074)  | (3,336)                          | (581)                                | (8,318)                       |
| At 31 December 2012              | <u>294,198</u>                 | <u>7,734</u>                                   | <u>53,077</u>  | <u>18,151</u>                    | <u>29,854</u>                        | <u>403,014</u>                |
| <b>Depreciation:</b>             |                                |  |  |                                  |                                      |                               |
| At 1 January 2012                | 213,459                        | 12,287   | 51,103   | 48,416                           | 17,145                               | 342,410                       |
| Depreciation charge for the year | 39,866                         | 2,174  | 5,295  | 4,753                            | 2,092                                | 54,180                        |
| Net transfers                    | (34,788)                       | (8,852)  | (28,100)   | (50,702)                         | (408)                                | (122,850)                     |
| Disposals                        | (1,663)                        | -  | (1,074)  | (2,467)                          | (464)                                | (5,668)                       |
| At 31 December 2012              | <u>216,874</u>                 | <u>5,609</u>                                   | <u>27,224</u>  | <u>-</u>                         | <u>18,365</u>                        | <u>268,072</u>                |
| Net carrying amount              |                                |  |  |                                  |                                      |                               |
| <b>At 31 December 2012</b>       | <b><u>77,324</u></b>           | <b><u>2,125</u></b>                            | <b><u>25,853</u></b>   | <b><u>18,151</u></b>             | <b><u>11,489</u></b>                 | <b><u>134,942</u></b>         |



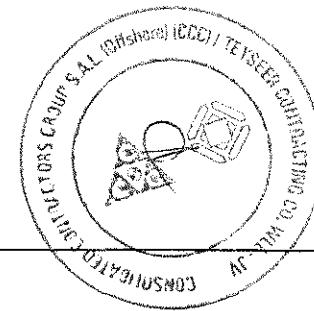
Teyseer Contracting Company W.L.L.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2012

**9 PLANT AND EQUIPMENT (continued)**

|                                  | <i>Cranes</i><br><i>QR'000</i> | <i>Earth moving<br/>equipment</i><br><i>QR'000</i> | <i>Civil engineering<br/>and construction<br/>equipment</i><br><i>QR'000</i> | <i>Vehicles</i><br><i>QR'000</i> | <i>Other<br/>assets</i><br><i>QR'000</i> | <i>Total</i><br><i>QR'000</i> |
|----------------------------------|--------------------------------|--|--|----------------------------------|--|-------------------------------|
| <b>Cost:</b>                     |                                |  |  |                                  |  |                               |
| At 1 January 2011                | 525,389                        | 23,555   | 88,486   | 81,646                           | 37,137                                   | 756,213                       |
| Additions                        | -                              | -  | -  | 294                              | 63                                       | 357                           |
| Net transfers                    | (128,373)                      | (76)   | (1,063)  | (1,109)                          | (4,113)                                  | (134,734)                     |
| Disposals                        | (54,687)                       | (477)  | (490)  | (1,558)                          | (1,790)                                  | (59,002)                      |
| At 31 December 2011              | <u>342,329</u>                 | <u>23,002</u>                                      | <u>86,933</u>  | <u>79,273</u>                    | <u>31,297</u>                            | <u>562,834</u>                |
| <b>Depreciation:</b>             |                                |  |  |                                  |  |                               |
| At 1 January 2011                | 253,528                        | 10,001   | 44,753   | 42,670                           | 17,321                                   | 368,273                       |
| Depreciation charge for the year | 54,190                         | 2,702  | 7,646  | 7,653                            | 2,627                                    | 74,818                        |
| Net transfers                    | (77,677)                       | (49)   | (821)  | (675)                            | (1,790)                                  | (81,012)                      |
| Disposals                        | (16,582)                       | (367)  | (475)  | (1,232)                          | (1,013)                                  | (19,669)                      |
| At 31 December 2011              | <u>213,459</u>                 | <u>12,287</u>                                      | <u>51,103</u>  | <u>48,416</u>                    | <u>17,145</u>                            | <u>342,410</u>                |
| <b>Net carrying amount</b>       |                                |  |  |                                  |  |                               |
| At 31 December 2011              | <u>128,870</u>                 | <u>10,715</u>                                      | <u>35,830</u>  | <u>30,857</u>                    | <u>14,152</u>                            | <u>220,424</u>                |



**Teyseer Contracting Company W.L.L.**

**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2012

**9 PLANT AND EQUIPMENT (continued)**

The reconciliation of depreciation charge reflected in the statement of comprehensive income is as follows;

|   | <i>2012</i><br><i>QR'000</i> | <i>2011</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Depreciation charge reflected in the plant and equipment note | 54,180                       | 74,818                       |
| Depreciation charge allocated by a related party              | 297                          | 415                          |
|   | <u>54,477</u>                | <u>75,233</u>                |

**10 OTHER NON CURRENT ASSETS**

|   | <i>2012</i><br><i>QR'000</i> | <i>2011</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Retentions receivable – non-current portion (i) | 108,224                      | 43,557                       |
| Interest in incorporated joint venture (ii)     | 675                          | 375                          |
|   | <u>108,899</u>               | <u>43,932</u>                |

*Notes:*

- (i) Retentions receivable represent amounts withheld by customers in accordance with contract terms and conditions. These amounts are to be released upon fulfillment of contractual obligations.
- (ii) The Company owns 75% share in Consolidated Contractors Teyseer JV W.L.L., a joint venture formed to carry out various types of construction activities in the State of Qatar.

**11 DEFERRED MOBILISATION EXPENSES**

|   | <i>2012</i><br><i>QR'000</i> | <i>2011</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Balance as at 1 January                     | 106,188                      | 173,314                      |
| Mobilisation costs incurred during the year | 68,151                       | 108,788                      |
| Amortisation for the year                   | (31,598)                     | (61,917)                     |
| Net transfers                               | <u>(49,348)</u>              | <u>(113,997)</u>             |
|   | <u>93,393</u>                | <u>106,188</u>               |



Teyseer Contracting Company W.L.L.

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2012

**12 INVENTORIES**

|                                   | <i>2012</i><br><i>QR'000</i> | <i>2011</i><br><i>QR'000</i> |
|-----------------------------------|------------------------------|------------------------------|
| Construction materials            | 70,350                       | 50,675                       |
| Consumables and other inventories | 44,542                       | 32,055                       |
| Spare parts                       | <u>2,642</u>                 | <u>2,940</u>                 |
|                                   | <u>117,534</u>               | <u>85,670</u>                |

**13 TRADE AND OTHER RECEIVABLES**

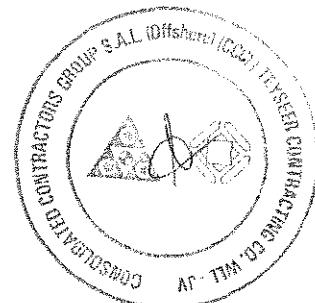
|   | <i>2012</i><br><i>QR'000</i> | <i>2011</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Contracts receivable                    | 462,187                      | 904,149                      |
| Other receivables                       | 64,660                       | 116,216                      |
| Retentions receivable – current portion | <u>13,254</u>                | <u>49,152</u>                |
|   | <u>540,101</u>               | <u>1,069,517</u>             |

**14 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the statement of cash flows consist of the following statement of financial position amounts:

|                                | <i>2012</i><br><i>QR'000</i> | <i>2011</i><br><i>QR'000</i> |
|--------------------------------|------------------------------|------------------------------|
| Bank balances and cash         | 263,149                      | 273,551                      |
| Less: restricted term deposits | <u>-</u>                     | <u>(15,415)</u>              |
|                                | <u>263,149</u>               | <u>258,136</u>               |

The restricted term deposit at 31 December 2011 was denominated in US Dollars, is held under lien against letter of guarantees and carries an interest rate at market rate.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2012

### 15 SHARE CAPITAL

|                                      | 2012<br>QR'000 | 2011<br>QR'000 |
|--------------------------------------|----------------|----------------|
| Authorized, issued and fully paid up | <u>15,000</u>  | <u>15,000</u>  |

*Note:*

- (i) On 27 October 2011, the Extraordinary General Assembly of the Company has resolved to increase the share capital by QR 7 Million. The increase has been transferred out from the retained earnings to share capital.

The share capital is distributed among the shareholders as follows:

|  | %<br>Teyseer Trading and Contracting W.L.L.<br>Consolidated Contractors Group S.A.L. | 2012<br>QR'000<br>70%<br>10,500 | 2011<br>QR'000<br>30%<br>4,500 |
|--|--|---------------------------------|--------------------------------|
|  |  | <u>15,000</u>                   | <u>15,000</u>                  |
|  |  | <u>15,000</u>                   | <u>15,000</u>                  |

### 16 LEGAL RESERVE

In accordance with the Qatar Commercial Companies Law No. 5 of 2002, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve equals 50% of the share capital. The Company has resolved to discontinue further transfers as the reserve equals 50% of the paid up share capital.

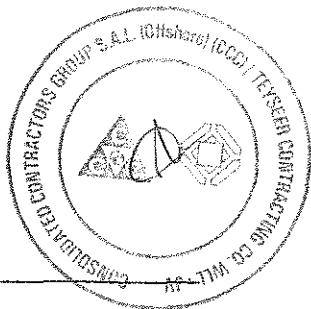
The reserve is not normally available for distribution, except in the circumstances stipulated by the above mentioned law.

### 17 OTHER NON CURRENT LIABILITIES

|   | 2012<br>QR'000 | 2011<br>QR'000 |
|---|----------------|----------------|
| Retentions payable – non-current portion (i)  | 20,981         | 15,208         |
| Advances from customers – non-current portion | <u>48,841</u>  | <u>204,941</u> |
|   | <u>69,822</u>  | <u>220,149</u> |

*Note:*

- (i) Retentions payable represent the amounts withheld from the payments to contractors. These amounts will be settled upon completion of the maintenance period subject to satisfactory discharge of the obligations of the contractors.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2012

### 18 EMPLOYEES' END OF SERVICE BENEFITS

The movements in the provision recognised in the statement of financial position are as follows:

|                              | 2012<br>QR'000  | 2011<br>QR'000 |
|------------------------------|-----------------|----------------|
| Provision as at 1 January    | 90,190          | 106,916        |
| Provided during the year     | 22,433          | 26,321         |
| End of service benefits paid | (12,252)        | (37,387)       |
| Net transfers                | <u>(10,634)</u> | <u>(5,660)</u> |
| Provision as at 31 December  | <u>89,737</u>   | <u>90,190</u>  |

### 19 ACCOUNTS PAYABLE AND ACCRUALS

|   | 2012<br>QR'000   | 2011<br>QR'000   |
|---|------------------|------------------|
| Accrued expenses and other payables       | 743,703          | 1,678,117        |
| Due to sub-contractors and suppliers      | 247,495          | 294,077          |
| Advances from customers – current portion | 292,942          | 264,956          |
| Retentions payable – current portion      | 23,113           | 18,183           |
| Derivative liability (Note 20)            | <u>-</u>         | <u>684</u>       |
|   | <u>1,307,253</u> | <u>2,256,017</u> |

### 20 DERIVATIVES

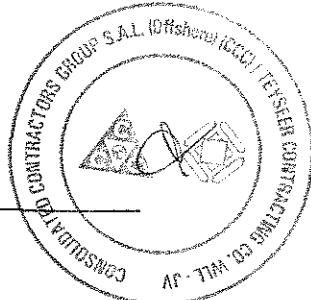
The Company utilises currency derivatives to hedge its future cash flow transactions. The Company is party to a variety of foreign currency forward contracts for the management of its foreign exchange rate exposures. This derivative is not designated as cash flow or fair value hedges and is entered into for periods generally one to 12 months.

At the statement of financial position date, the total notional amount of outstanding forward foreign exchange contracts that the company has committed is as shown below. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor credit risk.

*Forward foreign exchange contracts that do not qualify for hedge accounting:*

|                                       | 2012<br>QR'000 | 2011<br>QR'000 |
|---------------------------------------|----------------|----------------|
| Notional amount (Buy Euro 19,600,000) | <u>-</u>       | <u>684</u>     |

The Company does not apply hedge accounting as contemplated in IAS 39 and accordingly, the net gain or loss on the fair values of forward foreign exchange contracts have been reflected in the statement of comprehensive income and the resulting liability/asset have been recognised on the statement of financial position under current liabilities/current asset.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2012

### 21 CONSTRUCTION CONTRACTS

Details of contracts in progress at the statement of financial position date are as follows:

|  | 2012<br>QR'000          | 2011<br>QR'000        |
|--|-------------------------|-----------------------|
| Contracts cost incurred plus recognised profits less recognised losses to date | 10,827,722              | 8,766,127             |
| Less: progress billing   | <u>(9,776,772)</u>      | <u>(7,822,442)</u>    |
|  | <u><b>1,050,950</b></u> | <u><b>943,685</b></u> |

Recognised and included in the financial statements as follow:

|  | 2012<br>QR'000          | 2011<br>QR'000        |
|--|-------------------------|-----------------------|
| Amounts due from customers for contract work | 1,063,071               | 959,575               |
| Amount due to customers for contract work    | <u>(12,121)</u>         | <u>(15,890)</u>       |
|  | <u><b>1,050,950</b></u> | <u><b>943,685</b></u> |

### 22 CONTINGENT LIABILITIES

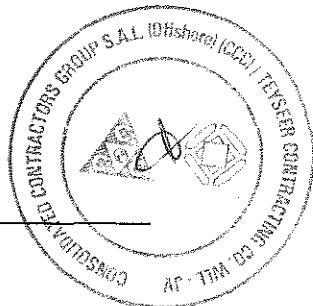
The Company had the following contingent liabilities including its share of joint ventures from which it is anticipated that no material liabilities will arise.

|                      | 2012<br>QR'000   | 2011<br>QR'000   |
|----------------------|------------------|------------------|
| Letters of guarantee | <u>2,276,042</u> | <u>2,823,161</u> |
| Letters of credit    | <u>45,302</u>    | <u>95,028</u>    |

### 23 RELATED PARTY DISCLOSURES

#### Related parties transactions

Related parties represent transactions with the major shareholders, associate companies and members of Board of Directors, senior management or companies in which they have significant interest or any other parties of important influence in the Company's financial or operation decisions. Pricing policies and terms of these transactions are approved by the management of the Company.



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS At 31 December 2012

#### 23 RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with related parties included in the statement of comprehensive income are as follows:

|                                  | 2012<br>QR'000       | 2011<br>QR'000       |
|----------------------------------|----------------------|----------------------|
| <i>Income:</i>                   |                      |                      |
| Manpower rental income           | 4,850                | 4,955                |
| Equipment rental income          | 9,068                | 1,290                |
| Miscellaneous income             | <u>526</u>           | <u>256</u>           |
|                                  | <u><u>14,444</u></u> | <u><u>6,501</u></u>  |
| <i>Expenses:</i>                 |                      |                      |
| Overhead costs and other charges | 45,133               | 36,785               |
| Miscellaneous expenses           | <u>1,065</u>         | <u>307</u>           |
|                                  | <u><u>46,198</u></u> | <u><u>37,092</u></u> |

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

|   | 2012                                |                                  | 2011                                |                                  |
|---|-------------------------------------|----------------------------------|-------------------------------------|----------------------------------|
|   | <i>Receivables</i><br><i>QR'000</i> | <i>Payables</i><br><i>QR'000</i> | <i>Receivables</i><br><i>QR'000</i> | <i>Payables</i><br><i>QR'000</i> |
| <i>Joint ventures:</i>                          |                                     |                                  |                                     |                                  |
| Amounts due from joint ventures                 | 1,461,029                           | -                                | 1,730,882                           | -                                |
| Amounts due to joint ventures                   | -                                   | <u>621,988</u>                   | -                                   | <u>420,979</u>                   |
| <i>Other related parties:</i>                   |                                     |                                  |                                     |                                  |
| Teyseer Motors W.L.L.                           | -                                   | 1,294                            | -                                   | 1,004                            |
| Teyseer Service Company W.L.L.                  | -                                   | 1,955                            | -                                   | 6,661                            |
| Teyseer Industrial Supplies and Services W.L.L. | -                                   | 1,260                            | -                                   | 565                              |
| Others  | -                                   | <u>1,246</u>                     | 519                                 | 45                               |
|   | <u><u>1,461,029</u></u>             | <u><u>627,743</u></u>            | <u><u>1,731,401</u></u>             | <u><u>429,254</u></u>            |

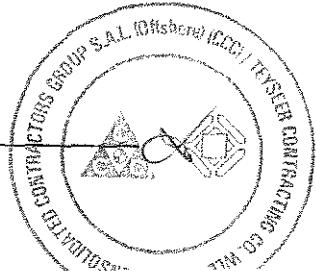
#### 24 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Percentage of completion:*

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



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2012

### 24 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### *Construction cost estimates*

The Company uses internal quantity surveyors together with project managers and engineers to estimate the costs to complete construction contracts. Factors such as escalation of material prices, labor costs and other costs are included in the construction cost estimates based on best estimates.

#### *Contract variations*

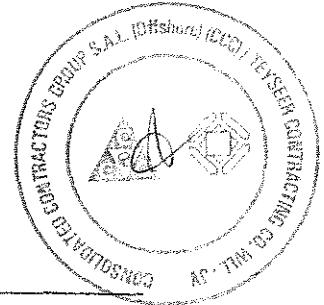
Contract revenue represents initial contract value and approved variation orders and claims. If variations to initial contracts are in negotiation, as a prudent estimate the management recognizes the minimum which the Company will be successful in obtaining when the negotiations over the value of variations are resolved.

#### *Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

### 25 COMPARATIVE FIGURES

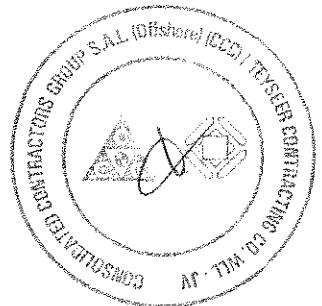
Certain amounts in the 2012 financial statements and supporting note disclosures have been reclassified to conform with the current year's presentation. Such reclassifications do not have an impact on the previously reported net profit or retained earnings.



**Teyseer Contracting Company W.L.L.**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2011**





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## INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF TEYSEER CONTRACTING COMPANY W.L.L.

We have audited the accompanying financial statements of Teyseer Contracting Company W.L.L. (the "Company"), which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes. The financial statements have been prepared by management using the basis of preparation and accounting policies described in Notes 2 and 3 to the financial statements.

### *Management's Responsibility for the Financial statements*

Management is responsible for the preparation of these financial statements in accordance with the basis of preparation and accounting policies described in Notes 2 and 3 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation and accounting policies described in Notes 2 and 3 to the financial statements.





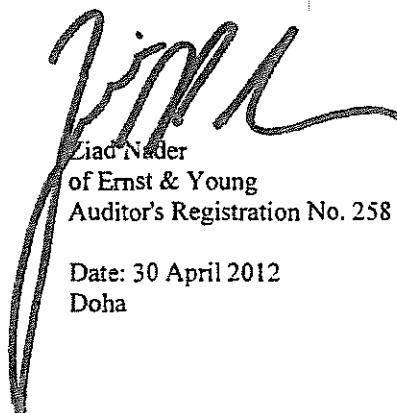
## INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF TEYSEER CONTRACTING COMPANY W.L.L. (CONTINUED)

### *Basis of accounting and restriction on use*

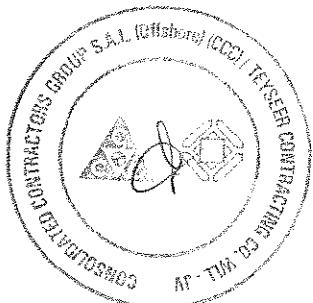
Without modifying our opinion, we draw attention to Notes 2 and 3 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the Company to meet the requirements of the Income Tax Laws applicable in State of Qatar. As a result, the financial statements may not be suitable for another purpose. Our auditors' report is intended solely for the Company and the Public Revenues and Taxes Department (PRTD) and should not be used by any other parties.

### **Report on other legal and regulatory**

Furthermore, in our opinion proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have a material effect on the business of the Company or on its financial position.

  
Liad Nader  
of Ernst & Young  
Auditor's Registration No. 258

Date: 30 April 2012  
Doha

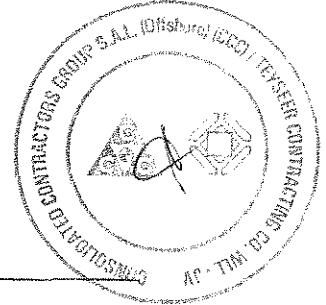


Teyseer Contracting Company W.L.L.

**STATEMENT OF COMPREHENSIVE INCOME**  
Year Ended 31 December 2011

|   | <i>Notes</i> | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|---|--------------|------------------------------|------------------------------|
| Contract revenues   |              | 3,951,555                    | 5,977,383                    |
| Contract costs  |              | (3,187,149)                  | (5,705,038)                  |
| <b>GROSS PROFIT</b>   |              | <b>764,406</b>               | <b>272,345</b>               |
| Other income  | 5            | 46,336                       | 73,082                       |
| General and administrative expenses                           | 6            | (72,028)                     | (16,340)                     |
| <b>Operating profit</b>                                       |              | <b>738,714</b>               | <b>329,087</b>               |
| Finance costs   |              | -                            | (509)                        |
| Finance income  |              | 8,531                        | 30,739                       |
| <b>PROFIT FOR THE YEAR BEFORE TAX</b>                         |              | <b>747,245</b>               | <b>359,317</b>               |
| Income tax expense  | 7            | (13,367)                     | (10,383)                     |
| <b>PROFIT AND TOTAL COMPREHENSIVE<br/>INCOME FOR THE YEAR</b> | 8            | <b>733,878</b>               | <b>348,934</b>               |

The attached notes 1 to 26 form part of these financial statements.



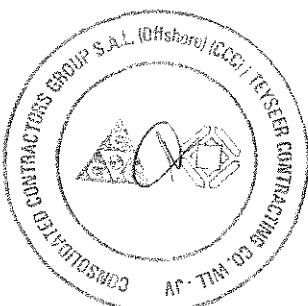
Teyseer Contracting Company W.L.L.

STATEMENT OF FINANCIAL POSITION  
At 31 December 2011

|  | Notes | 2011<br>QR'000   | 2010<br>QR'000   |
|--|-------|------------------|------------------|
| <b>ASSETS</b>                                |       |                  |                  |
| Non-current assets                           |       |                  |                  |
| Plant and equipment                          | 9     | 220,424          | 387,940          |
| Other non current assets                     | 10    | 43,932           | 50,251           |
| Deferred mobilisation expenses               | 11    | 106,188          | 173,314          |
|  |       | <u>370,544</u>   | <u>611,505</u>   |
| Current assets                               |       |                  |                  |
| Inventories                                  | 12    | 85,670           | 173,534          |
| Amounts due from customers for contract work | 22    | 959,575          | 584,113          |
| Trade and other receivables                  | 13    | 1,069,776        | 557,037          |
| Prepayments                                  |       | 66,375           | 67,225           |
| Amounts due from related parties             | 24    | 1,731,401        | 1,256,152        |
| Bank balances and cash                       | 14    | 273,551          | 786,242          |
|  |       | <u>4,186,348</u> | <u>3,424,303</u> |
| <b>TOTAL ASSETS</b>                          |       | <u>4,556,892</u> | <u>4,035,808</u> |
| <b>EQUITY AND LIABILITIES</b>                |       |                  |                  |
| Equity                                       |       |                  |                  |
| Share capital                                | 15    | 15,000           | 8,000            |
| Legal reserve                                | 16    | 7,500            | 4,000            |
| Retained earnings                            |       | 1,106,129        | 382,751          |
| Partners' accounts                           |       | 404,030          | 1,160,940        |
| Total equity                                 |       | <u>1,532,659</u> | <u>1,555,691</u> |
| Non-current liabilities                      |       |                  |                  |
| Other non current liabilities                | 17    | 220,149          | 50,256           |
| Employees' end of services benefits          | 18    | 90,190           | 106,916          |
|  |       | <u>310,339</u>   | <u>157,172</u>   |
| Current liabilities                          |       |                  |                  |
| Accounts payable and accruals                | 20    | 2,256,017        | 2,212,261        |
| Amounts due to customers for contract work   | 22    | 15,890           | 5,549            |
| Amounts due to related parties               | 24    | 429,254          | 82,740           |
| Interest bearing loans and borrowings        | 19    | -                | 12,012           |
| Income tax payable                           |       | 12,733           | 10,383           |
|  |       | <u>2,713,894</u> | <u>2,322,945</u> |
| Total liabilities                            |       | <u>3,024,233</u> | <u>2,480,117</u> |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |       | <u>4,556,892</u> | <u>4,035,808</u> |

Nazih Abdul Kader  
Managing Director Operations

The attached notes 1 to 26 form part of these financial statements.



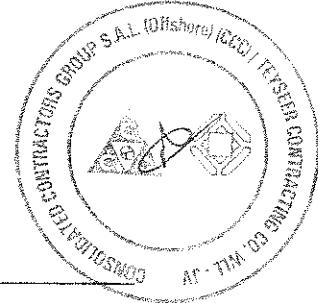
**Teyseer Contracting Company W.L.L.**

**STATEMENT OF CASH FLOWS**

Year Ended 31 December 2011

|   | <i>Notes</i> | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|---|--------------|------------------------------|------------------------------|
| <b>OPERATING ACTIVITIES</b>                         |              |                              |                              |
| Profit for the year before tax                      |              | 747,245                      | 359,317                      |
| Non-cash adjustments:                               |              |                              |                              |
| Depreciation  | 9            | 75,233                       | 103,422                      |
| Provision for employees' end of service benefits    | 18           | 26,321                       | 38,537                       |
| Loss (profit) on disposal of plant and equipment    |              | 35,840                       | (253)                        |
| Amortisation of deferred mobilisation expenses      | 11           | 61,917                       | 127,255                      |
| Interest income                                     |              | (8,531)                      | (30,739)                     |
| Finance costs                                       |              | -                            | 509                          |
|   |              | 938,025                      | 598,048                      |
| Working capital adjustments:                        |              |                              |                              |
| Receivables   |              | (1,356,474)                  | (391,259)                    |
| Payables  |              | 570,089                      | (231,032)                    |
| Inventories   |              | 87,864                       | 14,383                       |
|   |              |                              |                              |
| Cash from (used in) from operations                 |              | 239,504                      | (9,860)                      |
| Finance costs paid                                  |              | -                            | (509)                        |
| Income tax paid                                     |              | (11,017)                     | (1,736)                      |
| Employees' end of service benefits paid             | 18           | (37,387)                     | (34,519)                     |
| Net cash from (used in) operating activities        |              | 191,100                      | (46,624)                     |
| <b>INVESTING ACTIVITIES</b>                         |              |                              |                              |
| Movement in restricted term deposits                |              | 4,145                        | (4,196)                      |
| Purchase of plant and equipment                     | 9            | (357)                        | (3,460)                      |
| Proceeds from disposal of plant and equipment       |              | 3,686                        | 17,745                       |
| Addition in deferred mobilisation expenses          | 11           | (108,788)                    | (42,659)                     |
| Interest income received                            |              | 8,531                        | 30,739                       |
| Net cash used in investing activities               |              | (92,783)                     | (1,831)                      |
| <b>FINANCING ACTIVITIES</b>                         |              |                              |                              |
| Proceeds from interest bearing loans and borrowings |              | -                            | (12,045)                     |
| Repayment of interest bearing loans and borrowings  |              | (12,012)                     | 12,012                       |
| Net movement in partners' accounts                  |              | (594,851)                    | (220,350)                    |
| Net cash used in financing activities               |              | (606,863)                    | (220,383)                    |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>        |              |                              |                              |
|   |              | (508,546)                    | (268,838)                    |
| Cash and cash equivalents at 1 January              |              | 766,682                      | 1,035,520                    |
| <b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>     | <b>14</b>    | <b>258,136</b>               | <b>766,682</b>               |

The attached notes 1 to 26 form part of these financial statements.



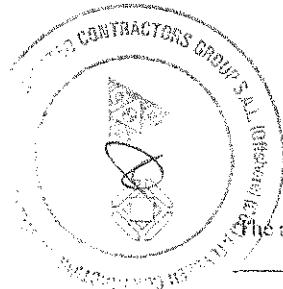
Teyseer Contracting Company W.L.L.

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2011

|  | <i>Share<br/>capital<br/>QR'000</i> | <i>Legal<br/>reserve<br/>QR'000</i> | <i>Retained<br/>earnings<br/>QR'000</i> | <i>Partners'<br/>accounts<br/>QR'000</i> | <i>Total<br/>QR'000</i> |
|--|-------------------------------------|-------------------------------------|---|--|-------------------------|
| Balance at 1 January 2011                          | 8,000                               | 4,000                               | 382,751                                 | 1,160,940                                | 1,555,691               |
| Profit and total comprehensive income for the year | -                                   | -                                   | 733,878                                 | -  | 733,878                 |
| Increase in share capital                          | 7,000                               | -                                   | (7,000)                                 | -  | -                       |
| Transferred to legal reserve                       | -                                   | 3,500                               | (3,500)                                 | -  | -                       |
| Movement in partners' accounts                     | -                                   | -                                   | -                                       | (756,910)                                | (756,910)               |
| <b>Balance at 31 December 2011</b>                 | <b>15,000</b>                       | <b>7,500</b>                        | <b>1,106,129</b>                        | <b>404,030</b>                           | <b>1,532,659</b>        |
| Balance at 1 January 2010                          | 8,000                               | 4,000                               | 33,817                                  | 1,401,660                                | 1,447,477               |
| Profit and total comprehensive income for the year | -                                   | -                                   | 348,934                                 | -  | 348,934                 |
| Movement in partners' accounts                     | -                                   | -                                   | -                                       | (240,720)                                | (240,720)               |
| <b>Balance at 31 December 2010</b>                 | <b>8,000</b>                        | <b>4,000</b>                        | <b>382,751</b>                          | <b>1,160,940</b>                         | <b>1,555,691</b>        |

The attached notes 1 to 26 form part of these financial statements.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2011

### 1 ACTIVITIES

Teyseer Contracting Company W.L.L. (the "Company") is registered in the State of Qatar as a limited liability company under commercial registration No. 21218.

The principal activity of the Company is to carry out various types of construction activities in the State of Qatar. The Company's registered office is at P.O.Box 2630, Doha, State of Qatar.

In addition, the Company participates as a joint venture partner with other contractors under the form of an unincorporated joint venture for the purpose of executing projects in Qatar.

The financial statements of Teyseer Contracting Company W.L.L. for the year ended 31 December 2011 were authorised for issue by management representative on behalf of the Board of Directors on 30 April 2012.

### 2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention. The financial statements are presented in Qatari Riyals (QR) and all values are rounded to the nearest thousand. The financial statements of the Company have been prepared in accordance with generally applicable accounting standards and the requirements of the Income Tax Laws applicable in State of Qatar.

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### Revenue recognition

##### *Contract revenue*

Contract revenue is recognised using the percentage of completion method. When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the contract is at an early stage or its outcome cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and revenue and are recognised in the period in which the revisions are determined.

##### *Interest income*

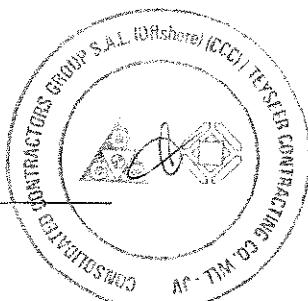
Interest income is recognised as the interest accrues using the effective interest rate method.

##### *Equipment rental income*

Equipment rental income represents the invoiced value of services rendered net of discounts and allowances.

##### *Manpower rental income*

Manpower rental income represents the difference between the invoiced value of services rendered and direct costs incurred by the Company during the year. The Manpower rental income is recognised when the service is rendered and the outcome of the transactions can be estimated reliably.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2011

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line method and declining method based on the asset category. The rates of depreciation are based upon the following estimated useful lives:

|  |            |
|--|------------|
| Cranes                                       | 15% to 20% |
| Earth moving equipment                       | 15% to 20% |
| Civil engineering and construction equipment | 20%        |
| Vehicles                                     | 20%        |
| Other fixed assets                           | 15% to 33% |

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

#### Contract costs

Contract costs comprise direct contract costs and other costs relating to the contracting activity in general and which can be allocated to contracts. In addition, contract costs include other costs that are specifically chargeable to the customer under the terms of the contracts.

Costs that cannot be related to contract activity or cannot be allocated to a contract are excluded from the contract costs and are included in general and administrative expenses.

#### Amount due from/to customers for contract work

Amount due from customers for contract work is valued at cost plus profit less recognised losses to date in excess of progress billings. Profit is recognised on a percentage completion basis when the outcome of a contract can be assessed with reasonable certainty. The value of due from customers under construction contracts is recorded within contract revenue. The excess of progress billings over the cost plus recognised profits less recognised losses to date is presented as amount due to customers for contract work.

#### Inventories

Inventories are stated at cost which includes those expenses incurred in bringing each item to its present location and condition. Cost is determined on weighted average basis.

#### Income tax

Income taxation is provided in accordance with the requirements of the Income Tax Laws applicable in the State of Qatar.

#### Deferred mobilisation expenses

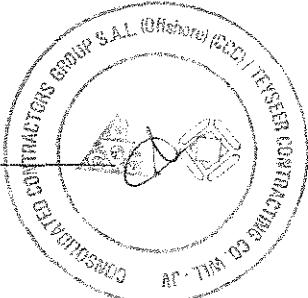
Mobilisation expenses represent contract start-up costs which are amortised based on the percentage of revenue earned to total contract value less any salvage value.

#### Contracts receivable

Contracts receivable represent amount billed and outstanding at the reporting date.

#### Accounts payable and accruals

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



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2011

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

#### Interests in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest.

#### Interests in unincorporated joint ventures

The Company recognizes its interests in the unincorporated joint ventures using proportionate consolidation. The Company combines its share of the assets, liabilities, income and expenses of the joint ventures with similar items, line by line, in its financial statements. The financial statements of the joint ventures are prepared for the same reporting period as the Company. Adjustments are made where necessary to bring the accounting policies in line with those of the Company.

Adjustments are made in the financial statements to eliminate the Company's share of intragroup balances, income and expenses and unrealized gains and losses on transactions between the Company and its jointly controlled entities. The joint ventures are proportionately consolidated until the date in which the Company ceases to have joint control over the joint ventures.

#### Interest in incorporated joint venture

The interest in incorporated joint venture is accounted for using the cost method.

#### Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method, with any differences between the cost and final settlement values being recognised in the statement of comprehensive income over the period of borrowings. Instalments due within one year at amortised cost are shown as a current liability.

#### Employees' end of service benefits

The Company provides for end of service benefits to its employees in accordance with employment contracts and Qatar Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The Company has no expectation of settling all its employees' end of service benefits within the next 12 month period and hence has classified the same as a non current liability.

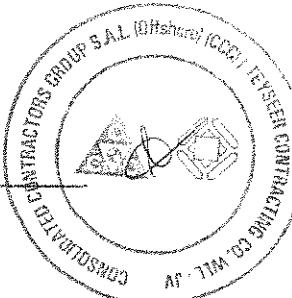
#### Foreign currencies

The financial statements are presented in Qatari Riyals, which is the Company's functional and presentational currency. Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income. Non-monetary items measured in terms of historical costs in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

#### Cash and cash equivalents

Bank balances and cash in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts and restricted deposits held under lien against letters of guarantees.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2011

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

#### Fair values

The fair value is the estimated amount for which assets could reasonably be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the buyer and seller has each acted knowledgeably, prudently and without compulsion.

### 4 INTERESTS IN JOINT VENTURES

The Company's proportionate interest in the assets, liabilities, revenues, other income, costs and expenses of the unincorporated joint ventures as of 31 December are as follows:

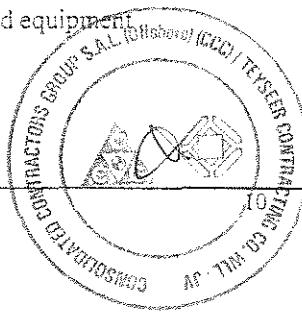
|                                   | 2011<br>QR'000   | 2010<br>QR'000   |
|-----------------------------------|------------------|------------------|
| Share of non-current assets       | <u>91,722</u>    | <u>200,043</u>   |
| Share of current assets           | <u>3,152,946</u> | <u>2,419,217</u> |
| Share of non-current liabilities  | <u>274,543</u>   | <u>91,225</u>    |
| Share of current liabilities      | <u>2,197,247</u> | <u>1,693,840</u> |
| Share of revenue and other income | <u>2,499,796</u> | <u>3,612,323</u> |
| Share of costs and expenses       | <u>2,553,919</u> | <u>3,235,189</u> |

### 5 OTHER INCOME

|   | 2011<br>QR'000 | 2010<br>QR'000 |
|---|----------------|----------------|
| Manpower rental income                    | 4,955          | 43,677         |
| Equipment rental income                   | 1,289          | 5,610          |
| Profit on disposal of plant and equipment | -              | 253            |
| Miscellaneous income                      | <u>40,092</u>  | <u>23,542</u>  |
|   | <u>46,336</u>  | <u>73,082</u>  |

### 6 GENERAL AND ADMINISTRATIVE EXPENSES

|   | 2011<br>QR'000 | 2010<br>QR'000 |
|---|----------------|----------------|
| Staff costs and related benefits        | 29,691         | 10,245         |
| Premises, utilities and office services | 1,574          | 684            |
| Loss on disposal of plant and equipment | 35,840         | -              |
| Other administrative expenses           | <u>4,923</u>   | <u>5,411</u>   |
|   | <u>72,028</u>  | <u>16,340</u>  |



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2011

### 7 INCOME TAX EXPENSE

The tax amount calculated in the statement of comprehensive income represents tax on income relating to the foreign equity partner. Qatar Income Tax Laws has conferred exemption on the profits attributable to the Qatari equity partner, therefore income tax has been computed on the profits attributable to foreign equity partner.

A reconciliation between income tax and the product of accounting profit multiplied by the effective tax rate for the year is as follows:

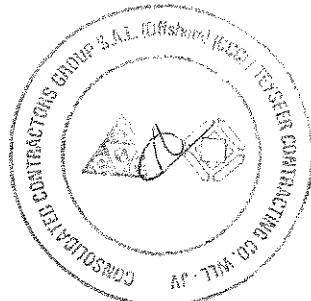
|  | 2011<br>QR'000   | 2010<br>QR'000  |
|--|------------------|-----------------|
| Accounting profit  | 747,245          | 359,317         |
| <i>Less</i>  |                  |                 |
| Profit from tax exempt projects  | <u>(358,665)</u> | <u>(12,980)</u> |
| Loss (profit) on disposal of plant and equipment                           | <u>35,840</u>    | <u>(253)</u>    |
| Taxable profit   | <u>424,420</u>   | <u>346,084</u>  |
| Effective tax rate for the share of profit attributable to foreign partner | 3%               | 3%              |
| Income tax expense (i)   | <u>13,367</u>    | <u>10,383</u>   |

(i) During 2011, there was additional assessed tax of QR 634,440 from Qatar Tax Authority relating to taxable year ended 31 December 2009

### 8 PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit and total comprehensive income for the year is stated after charging:

|                                  | 2011<br>QR'000 | 2010<br>QR'000 |
|----------------------------------|----------------|----------------|
| Staff costs and related benefits | <u>532,502</u> | <u>884,779</u> |
| Depreciation                     | <u>75,233</u>  | <u>103,422</u> |



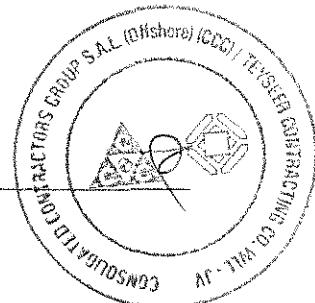
Teyseer Contracting Company W.L.L.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2011

**9 PLANT AND EQUIPMENT**

|                                  | Cranes<br>QR'000 | Earth<br>moving<br>equipment<br>QR'000 | Civil<br>engineering<br>and<br>construction<br>equipment<br>QR'000 | Vehicles<br>QR'000 | Other<br>assets<br>QR'000 | Total<br>QR'000 |
|----------------------------------|------------------|--|--|--------------------|---------------------------|-----------------|
| <b>Cost:</b>                     |                  |  |  |                    |                           |                 |
| At 1 January 2011                | 525,389          | 23,555                                 | 88,486   | 81,646             | 37,137                    | 756,213         |
| Additions                        | -                | -                                      | -  | 294                | 63                        | 357             |
| Net transfers                    | (128,373)        | (76)                                   | (1,063)  | (1,109)            | (4,113)                   | (134,734)       |
| Disposals                        | (54,687)         | (477)                                  | (490)  | (1,558)            | (1,790)                   | (59,002)        |
| At 31 December 2011              | 342,329          | 23,002                                 | 86,933   | 79,273             | 31,297                    | 562,834         |
| <b>Depreciation:</b>             |                  |  |  |                    |                           |                 |
| At 1 January 2011                | 253,528          | 10,001                                 | 44,753   | 42,670             | 17,321                    | 368,273         |
| Depreciation charge for the year | 54,190           | 2,702                                  | 7,646  | 7,653              | 2,627                     | 74,818          |
| Net transfers                    | (77,677)         | (49)                                   | (821)  | (675)              | (1,790)                   | (81,012)        |
| Disposals                        | (16,582)         | (367)                                  | (475)  | (1,232)            | (1,013)                   | (19,669)        |
| At 31 December 2011              | 213,459          | 12,287                                 | 51,103   | 48,416             | 17,145                    | 342,410         |
| <b>Net carrying amount</b>       |                  |  |  |                    |                           |                 |
| <b>At 31 December 2011</b>       | <b>128,870</b>   | <b>10,715</b>                          | <b>35,830</b>  | <b>30,857</b>      | <b>14,152</b>             | <b>220,424</b>  |



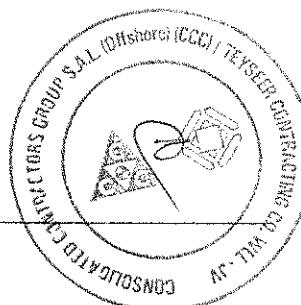
Teyseer Contracting Company W.L.L.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2011

**9 PLANT AND EQUIPMENT (continued)**

|                                  | Cranes<br>QR'000 | Earth<br>moving<br>equipment<br>QR'000 | Civil<br>engineering<br>and<br>construction<br>equipment<br>QR'000 | Vehicles<br>QR'000 | Other<br>assets<br>QR'000 | Total<br>QR'000 |
|----------------------------------|------------------|--|--|--------------------|---------------------------|-----------------|
| <b>Cost:</b>                     |                  |  |  |                    |                           |                 |
| At 1 January 2010                | 601,903          | 23,812                                 | 91,359   | 83,775             | 43,739                    | 844,588         |
| Additions                        | 3,363            | -                                      | -  | 79                 | 18                        | 3,460           |
| Net transfers                    | (60,493)         | (257)                                  | (2,873)  | (855)              | (5,768)                   | (70,246)        |
| Disposals                        | (19,384)         | -                                      | -  | (1,353)            | (852)                     | (21,589)        |
| At 31 December 2010              | <u>525,389</u>   | <u>23,555</u>                          | <u>88,486</u>  | <u>81,646</u>      | <u>37,137</u>             | <u>756,213</u>  |
| <b>Depreciation:</b>             |                  |  |  |                    |                           |                 |
| At 1 January 2010                | 210,707          | 6,930                                  | 35,536   | 33,783             | 14,508                    | 301,464         |
| Depreciation charge for the year | 73,365           | 3,263                                  | 11,065   | 9,983              | 5,422                     | 103,098         |
| Net transfers                    | (27,089)         | (192)                                  | (1,848)  | (659)              | (2,404)                   | (32,192)        |
| Disposals                        | (3,455)          | -                                      | -  | (437)              | (205)                     | (4,097)         |
| At 31 December 2010              | <u>253,528</u>   | <u>10,001</u>                          | <u>44,753</u>  | <u>42,670</u>      | <u>17,321</u>             | <u>368,273</u>  |
| <b>Net carrying amount</b>       |                  |  |  |                    |                           |                 |
| At 31 December 2010              | <u>271,861</u>   | <u>13,554</u>                          | <u>43,733</u>  | <u>38,976</u>      | <u>19,816</u>             | <u>387,940</u>  |



**Teyseer Contracting Company W.L.L.**

**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2011

**9 PLANT AND EQUIPMENT (continued)**

The reconciliation of depreciation charge reflected in the statement of comprehensive income is as follows:

|   | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Depreciation charge reflected in the plant and equipment note | 74,818                       | 103,098                      |
| Depreciation charge allocated by a related party              | 415                          | 324                          |
|   | <u>75,233</u>                | <u>103,422</u>               |

**10 OTHER NON CURRENT ASSETS**

|   | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Retentions receivable – non current portion (i) | 43,557                       | 49,049                       |
| Other assets (ii)                               | -                            | 827                          |
| Interest in incorporated joint venture (iii)    | 375                          | 375                          |
|   | <u>43,932</u>                | <u>50,251</u>                |

*Notes:*

- (i) Retentions receivable represent amounts withheld by customers in accordance with contract terms and conditions. These amounts are to be released upon fulfillment of contractual obligations.
- (ii) Other assets represent sponsorship fees paid in advance which are amortised over the project period.
- (iii) The Company owns 75% share in Consolidated Contractors Teyseer JV W.L.L., a joint venture formed to carry out various types of construction activities in the State of Qatar.

**11 DEFERRED MOBILISATION EXPENSES**

|   | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Balance as at 1 January                     | 173,314                      | 223,334                      |
| Mobilisation costs incurred during the year | 108,788                      | 42,659                       |
| Amortisation for the year                   | (61,917)                     | (127,255)                    |
| Net transfers                               | (113,997)                    | 34,576                       |
|   | <u>106,188</u>               | <u>173,314</u>               |



Teyseer Contracting Company W.L.L.

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2011

**12 INVENTORIES**

|                                   | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|-----------------------------------|------------------------------|------------------------------|
| Construction materials            | 50,675                       | 140,560                      |
| Consumables and other inventories | 32,055                       | 28,028                       |
| Spare parts                       | 2,940                        | 4,946                        |
|                                   | <hr/> <u>85,670</u>          | <hr/> <u>173,534</u>         |

**13 TRADE AND OTHER RECEIVABLES**

|   | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Contracts receivable                    | 904,149                      | 425,758                      |
| Other receivables                       | 116,475                      | 123,375                      |
| Retentions receivable – current portion | 49,152                       | 7,904                        |
|   | <hr/> <u>1,069,776</u>       | <hr/> <u>557,037</u>         |

**14 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the statement of cash flows consist of the following statement of financial position amounts:

|                                | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|--------------------------------|------------------------------|------------------------------|
| Bank balances and cash         | 273,551                      | 786,242                      |
| Less: restricted term deposits | (15,415)                     | (19,560)                     |
|                                | <hr/> <u>258,136</u>         | <hr/> <u>766,682</u>         |

The restricted term deposit is denominated in US Dollars, is held under lien against letter of guarantees and carries an interest rate at market rate.



**Teyseer Contracting Company W.L.L.**

**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2011

**15 SHARE CAPITAL**

|                                      | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|--------------------------------------|------------------------------|------------------------------|
| Authorized, issued and fully paid up | <u>15,000</u>                | <u>8,000</u>                 |

*Note:*

- (i) On 27 October 2011, the Extraordinary General Assembly of the Company has resolved to increase the share capital by QR 7 Million. The increase has been transferred out from the retained earnings to share capital.

The share capital is distributed among the shareholders as follows:

|  | <i>2011</i><br><i>%</i> | <i>2010</i><br><i>QR'000</i> |
|--|-------------------------|------------------------------|
| Teyseer Trading and Contracting W.L.L. | 70%                     | 10,500                       |
| Consolidated Contractors Group S.A.L.  | 30%                     | 4,500                        |
|  |                         | <u>15,000</u>                |
|  |                         | <u>8,000</u>                 |

**16 LEGAL RESERVE**

In accordance with the Qatar Commercial Companies Law No. 5 of 2002, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve equals 50% of the share capital. The Company has resolved to discontinue further transfers as the reserve equals 50% of the paid up share capital.

The reserve is not normally available for distribution, except in the circumstances stipulated by the above mentioned law.

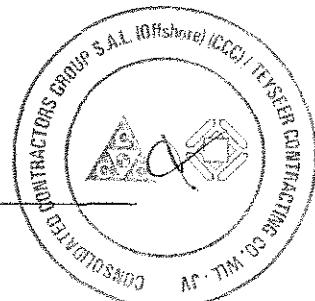
During the year the Company transferred an amount of QR 3.5 million from its profit for the year to legal reserve. The legal reserve reached 50% of the share capital.

**17 OTHER NON CURRENT LIABILITIES**

|   | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Retentions payable – non current portion (i)  | 15,208                       | 20,224                       |
| Advances from customers – non current portion | <u>204,941</u>               | <u>30,032</u>                |
|   | <u>220,149</u>               | <u>50,256</u>                |

*Note:*

- (i) Retentions payable represent the amounts withheld from the payments to contractors. These amounts will be settled upon completion of the maintenance period subject to satisfactory discharge of the obligations of the contractors.



**Teyseer Contracting Company W.L.L.**

**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2011

**18 EMPLOYEES' END OF SERVICE BENEFITS**

The movements in the provision recognised in the statement of financial position are as follows:

|                              | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|------------------------------|------------------------------|------------------------------|
| Provision as at 1 January    | 106,916                      | 86,005                       |
| Provided during the year     | 26,321                       | 38,537                       |
| End of service benefits paid | (37,387)                     | (34,519)                     |
| Net transfers                | (5,660)                      | 16,892                       |
| Provision as at 31 December  | <u>90,190</u>                | <u>106,916</u>               |

**19 INTEREST BEARING LOANS AND BORROWINGS**

|                  | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|------------------|------------------------------|------------------------------|
| Short term loans | 12,012                       | 12,012                       |

*Note:*

Short term loans represent revolving advance facility obtained from a bank to finance the working capital requirements. The loans carry interest at LIBOR plus 0.5% to 1% and are secured by the corporate guarantees of Consolidated Contractors Group S.A.L.

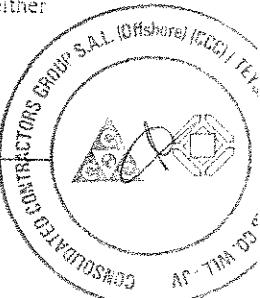
**20 ACCOUNTS PAYABLE AND ACCRUALS**

|   | <i>2011</i><br><i>QR'000</i> | <i>2010</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Accrued expenses and other payables       | 1,678,117                    | 1,683,010                    |
| Due to sub-contractors and suppliers      | 294,077                      | 247,636                      |
| Advances from customers – current portion | 264,956                      | 275,432                      |
| Retentions payable – current portion      | 18,183                       | 6,183                        |
| Derivative liability (Note 21)            | 684                          | -                            |
|   | <u>2,256,017</u>             | <u>2,212,261</u>             |

**21 DERIVATIVES**

The Company utilises currency derivatives to hedge its future cash flow transactions. The Company is party to a variety of foreign currency forward contracts for the management of its foreign exchange rate exposures. This derivative is not designated as cash flow or fair value hedges and is entered into for periods generally one to 12 months.

At the statement of financial position date, the total notional amount of outstanding forward foreign exchange contracts that the company has committed is as shown below. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor credit risk.



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS At 31 December 2011

#### 21 DERIVATIVES (CONTINUED)

*Forward foreign exchange contracts that do not qualify for hedge accounting:*

|                                       | 2011<br>QR'000 | 2010<br>QR'000 |
|---------------------------------------|----------------|----------------|
| Notional amount (Buy Euro 19,600,000) | <u>2,737</u>   | *              |

The Company does not apply hedge accounting as contemplated in IAS 39 and accordingly, the net gain or loss on the fair values of forward foreign exchange contracts have been reflected in the statement of comprehensive income and the resulting liability/asset have been recognised on the statement of financial position under current liabilities/current asset.

#### 22 CONSTRUCTION CONTRACTS

Details of contracts in progress at the statement of financial position date are as follows:

|  | 2011<br>QR'000     | 2010<br>QR'000     |
|--|--------------------|--------------------|
| Contracts cost incurred plus recognised profits less recognised losses to date | 8,766,127          | 7,213,357          |
| Less: progress billing   | <u>(7,822,442)</u> | <u>(6,634,793)</u> |
|  | <u>943,685</u>     | <u>578,564</u>     |

Recognised and included in the financial statements as follow:

|  | 2011<br>QR'000  | 2010<br>QR'000 |
|--|-----------------|----------------|
| Amounts due from customers for contract work | 959,575         | 584,113        |
| Amount due to customers for contract work    | <u>(15,890)</u> | <u>(5,549)</u> |
|  | <u>943,685</u>  | <u>578,564</u> |

#### 23 CONTINGENT LIABILITIES

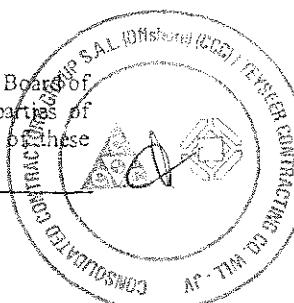
The Company had the following contingent liabilities including its share of joint ventures from which it is anticipated that no material liabilities will arise.

|                      | 2011<br>QR'000   | 2010<br>QR'000   |
|----------------------|------------------|------------------|
| Letters of guarantee | <u>2,823,161</u> | <u>2,684,412</u> |
| Letters of credit    | <u>95,028</u>    | <u>37,291</u>    |

#### 24 RELATED PARTY DISCLOSURES

##### Related parties transactions

Related parties represent transactions with the major shareholders, associate companies and members of Boards of Directors, senior management or companies in which they have significant interest or any other parties of important influence in the Company's financial or operation decisions. Pricing policies and terms of these transactions are approved by the management of the Company.



## Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2011

24 RELATED PARTY DISCLOSURES (CONTINUED)

### Related parties balances

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

|                                 | 2011                  |                    | 2010                  |                    |
|---------------------------------|-----------------------|--------------------|-----------------------|--------------------|
|                                 | Receivables<br>QR'000 | Payables<br>QR'000 | Receivables<br>QR'000 | Payables<br>QR'000 |
| <i>Joint ventures:</i>          |                       |                    |                       |                    |
| Amounts due from joint ventures | 1,730,882             | -                  | 1,254,899             | -                  |
| Amounts due to joint ventures   | -                     | 420,979            | -                     | 79,604             |
| <i>Other related parties:</i>   |                       |                    |                       |                    |
| Teyseer Motors W.L.L.           | -                     | 1,004              | -                     | 1,277              |
| Teyseer Service Company W.L.L.  | -                     | 6,661              | -                     | 1,120              |
| Others                          | 519                   | 610                | 1,253                 | 739                |
|                                 | 1,731,401             | 429,254            | 1,256,152             | 82,740             |

## **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Percentage of completion:*

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

### *Construction cost estimates*

The Company uses internal quantity surveyors together with project managers and engineers to estimate the costs to complete construction contracts. Factors such as escalation of material prices, labor costs and other costs are included in the construction cost estimates based on best estimates.

### *Contract variations*

Contract revenue represents initial contract value and approved variation orders and claims. If variations to initial contracts are in negotiation, as a prudent estimate the management recognizes the minimum which the Company will be successful in obtaining when the negotiations over the value of variations are resolved.

### *Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

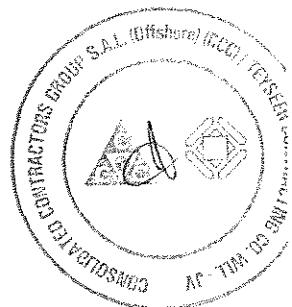
26 COMPARATIVE FIGURES

Certain amounts in the 2011 financial statements and supporting note disclosures have been reclassified to conform with the current year's presentation. Such reclassifications do not have an impact on the previously reported net profit or retained earnings.

**Teyseer Contracting Company W.L.L.**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2010**





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Doha, State of Qatar  
Tel: +974 445 74111 / 444 14599  
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## INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF TEYSEER CONTRACTING COMPANY W.L.L.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Teyseer Contracting Company W.L.L. (the "Company"), which comprise the statement of financial position as at 31 December 2010 and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

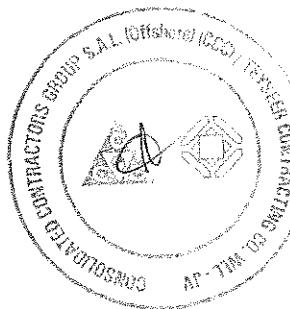
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

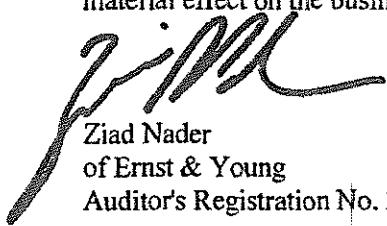




**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
TEYSEER CONTRACTING COMPANY W.L.L. (continued)**

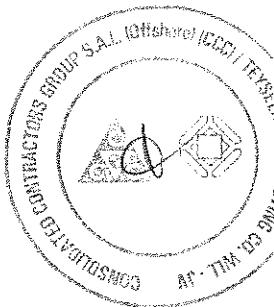
**Report on Legal and Other Requirements**

Furthermore, in our opinion proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Company or on its financial position.



Ziad Nader  
of Ernst & Young  
Auditor's Registration No. 258

Date: 30 April 2011  
Doha

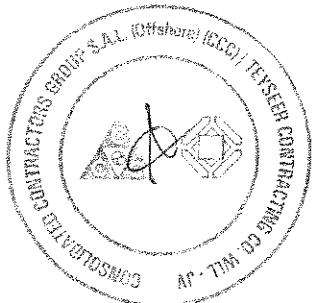


Teyseer Contracting Company W.L.L.

STATEMENT OF COMPREHENSIVE INCOME  
Year Ended 31 December 2010

|   | <i>Notes</i> | <i>2010</i><br><i>QR'000</i> | <i>2009</i><br><i>QR'000</i> |
|---|--------------|------------------------------|------------------------------|
| Contract revenues   |              | 5,977,383                    | 6,803,197                    |
| Contract costs  |              | (5,731,104)                  | (6,886,783)                  |
| <b>GROSS PROFIT (LOSS)</b>                                    |              | <b>246,279</b>               | <b>(83,586)</b>              |
| Other income  | 4            | 103,958                      | 127,820                      |
| General and administrative expenses                           | 5            | (16,502)                     | (23,465)                     |
| Finance costs   |              | (509)                        | (2,997)                      |
| <b>PROFIT FOR THE YEAR BEFORE TAX</b>                         |              | <b>333,226</b>               | <b>17,772</b>                |
| Income tax expense  | 6            | (10,383)                     | (1,736)                      |
| <b>PROFIT AND TOTAL COMPREHENSIVE<br/>INCOME FOR THE YEAR</b> | 7            | <b>322,843</b>               | <b>16,036</b>                |

The numbered notes 1 to 26 form part of these financial statements.



Teyseer Contracting Company W.L.L.

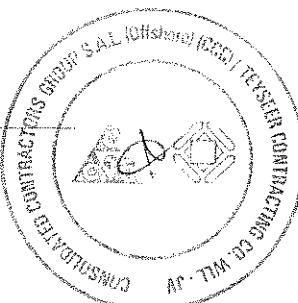
STATEMENT OF FINANCIAL POSITION

At 31 December 2010

|                                       | Assets | 2010<br>QR'000   | 2009<br>QR'000   |
|---------------------------------------|--------|------------------|------------------|
| <b>ASSETS</b>                         |        |                  |                  |
| Non-current assets                    |        |                  |                  |
| Plant and equipment                   | 8      | 362,384          | 546,406          |
| Other non current assets              | 9      | 50,400           | 72,525           |
| Deferred mobilisation expenses        | 10     | <u>227,213</u>   | <u>353,579</u>   |
|                                       |        | 639,997          | 972,510          |
| Current assets                        |        |                  |                  |
| Inventories                           | 11     | 199,135          | 232,476          |
| Accounts receivable and prepayments   | 12     | 1,631,966        | 2,092,229        |
| Amounts due from related parties      | 22     | 1,256,152        | 404,359          |
| Bank balances and cash                | 13     | <u>847,408</u>   | <u>1,146,646</u> |
|                                       |        | 3,934,661        | 3,874,703        |
| <b>TOTAL ASSETS</b>                   |        | <b>4,574,658</b> | <b>4,847,213</b> |
| <b>EQUITY AND LIABILITIES</b>         |        |                  |                  |
| Equity                                |        |                  |                  |
| Share capital                         | 14     | 8,000            | 8,000            |
| Legal reserve                         | 15     | 4,000            | 3,994            |
| Retained earnings                     |        | 345,168          | 22,031           |
| Partners' accounts                    |        | 1,161,642        | 1,401,826        |
| Total equity                          |        | <b>1,518,810</b> | <b>1,436,151</b> |
| Non-current liabilities               |        |                  |                  |
| Other non current liabilities         | 16     | 50,256           | 169,243          |
| Employees' end of service benefits    | 17     | <u>118,994</u>   | <u>133,594</u>   |
|                                       |        | 169,250          | 302,830          |
| Current liabilities                   |        |                  |                  |
| Interest bearing loans and borrowings | 18     | 12,612           | 23,733           |
| Accounts payable and accruals         | 19     | 2,444,776        | 2,794,736        |
| Amounts due to related parties        | 22     | 419,427          | 376,018          |
| Income tax payable                    |        | 10,383           | 1,736            |
|                                       |        | 2,886,598        | 3,168,223        |
| Total liabilities                     |        | <b>3,053,848</b> | <b>3,411,061</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |        | <b>4,574,658</b> | <b>4,847,213</b> |

Nazih Abdul Kader  
Senior Group Vice President - Zone 1

The numbered notes 1 to 26 form part of these financial statements



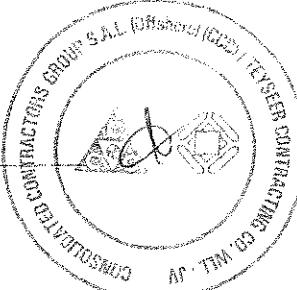
Teyseer Contracting Company W.L.L.

STATEMENT OF CASH FLOWS

Year Ended 31 December 2010

|   | Notes | 2010<br>QR'000 | 2009<br>QR'000   |
|---|-------|----------------|------------------|
| <b>OPERATING ACTIVITIES</b>                                 |       |                |                  |
| Profit for the year before tax                              |       | 333,226        | 17,772           |
| Non-cash adjustments:                                       |       |                |                  |
| Depreciation  | 8     | 130,177        | 135,535          |
| Provision for employees' end of service benefits            | 17    | 45,869         | 56,843           |
| Profit on disposal of plant and equipment                   | 4     | (253)          | -                |
| Plant and equipment written off                             |       | -              | 3,836            |
| Amortisation of deferred mobilisation expenses              | 10    | 154,620        | 268,183          |
| Interest income   | 4     | (30,876)       | (26,078)         |
| Finance costs   |       | 509            | 2,997            |
|   |       | 633,272        | 459,038          |
| Working capital adjustments:                                |       |                |                  |
| Accounts receivable and prepayments                         |       | 460,263        | 438,566          |
| Accounts payable and accruals                               |       | (259,960)      | 1,104,593        |
| Inventories   |       | 33,341         | (90,420)         |
| Net movement in amounts due from and due to related parties |       | (808,393)      | (691,060)        |
| Cash from operations  |       | 58,523         | 1,220,767        |
| Finance costs paid  |       | (509)          | (2,997)          |
| Income tax paid   |       | (1,736)        | (1,515)          |
| Employees' end of service benefits paid                     | 17    | (56,604)       | (37,092)         |
| Net cash from operating activities                          |       | (326)          | 1,179,163        |
| <b>INVESTING ACTIVITIES</b>                                 |       |                |                  |
| Movement in restricted term deposit                         | 13    | (5,152)        | (133)            |
| Purchase of plant and equipment                             | 8     | (3,462)        | (104,396)        |
| Proceeds from disposal of plant and equipment               |       | 17,745         | -                |
| Addition to deferred mobilisation expenses                  | 10    | (91,984)       | (135,266)        |
| Interest income   | 4     | 30,876         | 26,078           |
| Net cash used in investing activities                       |       | (51,977)       | (213,717)        |
| <b>FINANCING ACTIVITIES</b>                                 |       |                |                  |
| Other non-current liabilities                               |       | (118,989)      | (56,939)         |
| Other non-current assets                                    |       | 22,125         | 34,139           |
| Repayment of interest bearing loans and borrowings          |       | (13,721)       | (37,704)         |
| Proceeds from interest bearing loans and borrowings         |       | -              | 25,733           |
| Net movement in partners' accounts                          |       | (140,504)      | 80,493           |
| Net cash (used in) from financing activities                |       | (251,089)      | 45,772           |
| <b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>     |       |                |                  |
|   |       | (303,392)      | 1,011,213        |
| Cash and cash equivalents at 1 January                      |       | 1,130,284      | 115,026          |
| <b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>             | 13    | <b>826,892</b> | <b>1,130,284</b> |

The attached notes 1 to 26 form part of these financial statements



Feysee Contracting Company W.L.L.

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2010

|  | <i>Share<br/>capital<br/>QAR'mm</i> | <i>Legal<br/>reserve<br/>QR'mm</i> | <i>Retained<br/>earnings<br/>QR'mm</i> | <i>Partners'<br/>accounts<br/>QR'mm</i> | <i>Total<br/>QR'mm</i> |
|--|-------------------------------------|------------------------------------|--|---|------------------------|
| Balance at 1 January 2010                          | 8,000                               | 3,993                              | 22,331                                 | 1,401,926                               | 1,436,151              |
| Profit and total comprehensive income for the year | -                                   | -                                  | 322,843                                | -                                       | 322,843                |
| Transferred to legal reserve                       | -                                   | 6                                  | (6)                                    | -                                       | -                      |
| Movement in partners' accounts                     | -                                   | -                                  | -                                      | (240,184)                               | (240,184)              |
| <b>Balance at 31 December 2010</b>                 | <b>8,000</b>                        | <b>4,000</b>                       | <b>345,168</b>                         | <b>1,161,642</b>                        | <b>1,518,810</b>       |
| Balance at 1 January 2009                          | 8,000                               | 2,390                              | 7,899                                  | 1,363,278                               | 1,381,567              |
| Profit and total comprehensive income for the year | -                                   | -                                  | 16,036                                 | -                                       | 16,036                 |
| Transferred to legal reserve                       | -                                   | 1,604                              | (1,604)                                | -                                       | -                      |
| Movement in partners' accounts                     | -                                   | -                                  | -                                      | 38,548                                  | 38,548                 |
| <b>Balance at 31 December 2009</b>                 | <b>8,000</b>                        | <b>3,904</b>                       | <b>72,331</b>                          | <b>1,401,926</b>                        | <b>1,436,151</b>       |

The attached notes 1 to 26 form part of these financial statements.



Feysee Contracting Co. LLC

TM

# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

### 1 ACTIVITIES

Teyseer Contracting Company W.L.L. (the "Company") is registered in the State of Qatar as a limited liability company under commercial registration No. 21218.

The principal activity of the Company is to carry out various types of construction activities in the State of Qatar. The Company's registered office is at P.O.Box 2650, Doha, State of Qatar.

In addition, the Company also participates as a joint venture partner with other contractors under the form of an unincorporated joint venture for the purpose of executing projects in Qatar.

The financial statements of Teyseer Contracting Company W.L.L. for the year ended 31 December 2010 were authorized for issue by the management representative on behalf of the Board of Directors on 30 April 2011.

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The financial statements are prepared under the historical cost convention. The financial statements are presented in Qatari Riyals, which is the functional currency of the Company and all values are rounded to the nearest thousand (QR'000) except where otherwise indicated.

#### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

#### Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amendments and interpretations became effective in 2010, but were not relevant to the Company's operations:

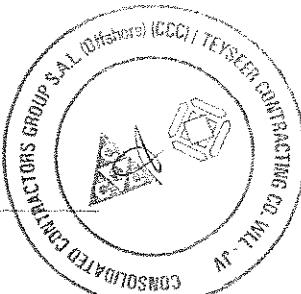
| <i>Standard/Interpretation</i> | <i>Content</i>   |
|--------------------------------|--|
| IFRS 2                         | Share-based Payment (Revised)  |
| IFRS 3                         | Business Combinations (Revised)  |
| IFRIC 17                       | Distributions of Non-cash Assets to Owners                                 |
| IAS 19                         | Employee Benefits  |
| IAS 27                         | Consolidated and Separate Financial Statements (Amended)                   |
| IAS 39                         | Financial Instruments: Recognition and Measurement – Eligible Hedged Items |

#### *Improvements to IFRSs*

In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of those amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

#### *Improvements to IFRSs*

In May 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adopting of these amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Standards, amendments and interpretations issued but not adopted

The following standard, amendment and interpretation have been issued but are mandatory for accounting periods beginning on or after 1 January 2011 or later periods and are not expected to be relevant to the Company:

| Standard/<br>Interpretation | Content   | Effective date |
|-----------------------------|---|----------------|
| IFRIC 14                    | Prepayments of a minimum funding requirement (Amendment)                          | 1 January 2011 |
| IFRIC 19                    | Extincting Financial Liabilities with Equity Instruments                          | 1 January 2011 |
| IAS 24                      | Related Party Disclosures (Revised)   | 1 January 2011 |
| IAS 32                      | Financial Instruments: Presentation – Classification of Rights Issues (Amendment) | 1 January 2011 |
| FRS 9                       | Financial instruments part 1: Classification and measurement                      | 1 January 2013 |

The Company did not early adopt any new or amended standards in 2010.

#### Revenue recognition

##### *Contract revenue*

The Company principally operates fixed price contracts. If the outcome of such a contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end.

The outcome of a construction contract can be estimated reliably when; (i) the total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates. When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and the estimated costs to complete.

Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: labour costs, costs of materials used in construction; depreciation of equipment used on the contract and other direct costs and indirect cost.

Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and revenue and are recognised in the period in which the revisions are determined.

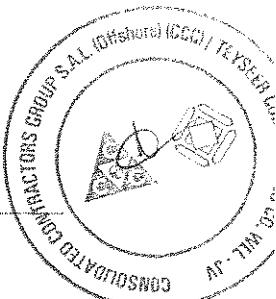
When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

##### *Interest income*

Interest income is recognised as the interest accrues.

##### *Equipment rental income*

Equipment rental income represents the invoiced value of services rendered net of discounts and allowances.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue recognition (continued)

##### *Manpower rental income*

Manpower rental income represents the difference between the invoiced value of services rendered and direct costs incurred by the Company during the year. The Manpower rental income is recognised when the service is rendered and the outcome of the transactions can be estimated reliably.

#### Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets, which are as follows:

|  |            |
|--|------------|
| Cranes                                       | 15%        |
| Earth moving equipment                       | 15%        |
| Civil engineering and construction equipment | 20%        |
| Vehicles                                     | 20%        |
| Other fixed assets                           | 15% to 20% |

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

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

#### Amount due from/to customers for contract work

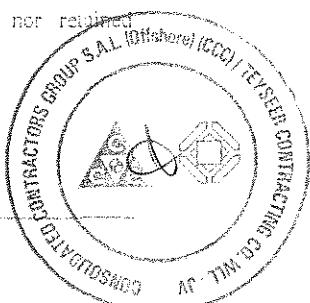
Amount due from customers for contract work is valued at cost plus profit less recognised losses to date in excess of progress billings. Profit is recognised on a percentage completion basis when the outcome of a contract can be assessed with reasonable certainty. The value of due from customers under construction contracts is recorded within contract revenue. The excess of progress billings over the cost plus recognised profits less recognised losses to date is presented as amount due to customers for contract work.

#### Derecognition of financial assets and liabilities

##### *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Derecognition of financial assets and liabilities (continued)

##### *Financial assets (continued)*

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

#### Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

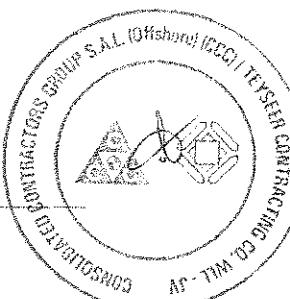
Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for plant and equipment previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each item to its present location and condition. Inventories are included at purchase cost on weighted average basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

#### **2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Interests in joint ventures**

The Company has interests in joint ventures which are jointly controlled entities, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entities. The Company recognizes its interest in the joint ventures using proportionate consolidation. The Company combines its share of each of the assets, liabilities, income and expenses of the joint ventures with similar items, line by line, in its financial statements. The financial statements of the joint ventures are prepared for the same reporting period as the Company. Adjustments are made where necessary to bring the accounting policies in line with those of the Company.

Adjustments are made in the financial statements to eliminate the Company's share of intragroup balances, income and expenses and unrealized gains and losses on transactions between the Company and its jointly controlled entities. Losses on transactions are recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets or an impairment loss. The joint ventures are proportionately consolidated until the date in which the Company ceases to have joint control over the joint ventures.

##### **Income tax**

Taxation is provided in accordance with the requirements of Income Tax Laws applicable in State of Qatar.

The Company uses the liability method to account for deferred income taxes. Under this method, deferred tax assets and liabilities are recognised on temporary differences resulting between the tax bases of assets and liabilities and their carrying value for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

##### **Deferred mobilisation expenses**

Mobilisation expenses represent contract start-up costs which are amortized based on the percentage of revenue earned to total contract value less any salvage value.

##### **Contracts receivable**

Contracts receivable represent amount billed less impairment for non-collectability of these receivables. An allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the payment. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

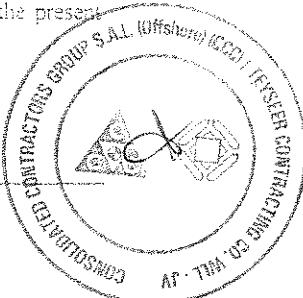
##### **Accounts payable and accruals**

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

##### **Impairment and uncollectibility of financial assets**

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

- (a) For assets carried at fair value, impairment is the difference between cost and fair value;
- (b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

#### Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method, with any differences between the cost and final settlement values being recognised in the statement of comprehensive income over the period of borrowings. Instalments due within one year at amortised cost are shown as a current liability.

#### Employees' end of service benefits

The Company provides end of service benefits to its employees in accordance with the Labour Law No. 14 of 2004 and employment contracts. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service year. The expected costs of these benefits are accrued over the year of employment. The Company has no expectation of settling all its employees' end of service benefits within the next 12 month period and hence has classified the same as a non-current liability.

#### Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting date. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the approximate exchange rates as at the dates of the initial transactions.

#### Fair values

The fair value is the estimated amount for which assets could reasonably be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the buyer and seller has each acted knowledgeably, prudently and without compulsion.

#### Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

#### Cash and cash equivalents

Bank balances and cash in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of restricted deposits held under lien against letters of guarantees.



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

#### 3 INTERESTS IN JOINT VENTURES

The Company undertakes certain projects in Qatar in conjunction with other contractors. The commercial arrangements between the parties are organised under unincorporated joint venture agreements.

The Company's proportionate interest in the assets, liabilities, revenues, other income, costs and expenses of the joint ventures as of 31 December are as follows:

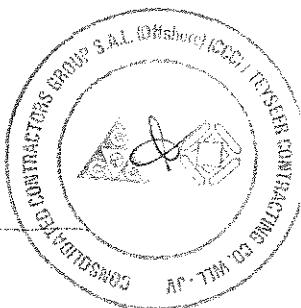
|                                    | 2010<br>QR'000   | 2009<br>QR'000   |
|------------------------------------|------------------|------------------|
| Share of non-current assets        | <u>254,975</u>   | <u>364,499</u>   |
| Share of current assets            | <u>3,052,444</u> | <u>3,432,718</u> |
| Share of non-current liabilities   | <u>103,303</u>   | <u>244,129</u>   |
| Share of current liabilities       | <u>3,237,806</u> | <u>3,310,497</u> |
| Share of revenues and other income | <u>3,612,460</u> | <u>3,553,491</u> |
| Share of costs and expenses        | <u>3,235,228</u> | <u>3,201,469</u> |

#### 4 OTHER INCOME

|   | 2010<br>QR'000 | 2009<br>QR'000 |
|---|----------------|----------------|
| Manpower rental income                    | 43,677         | 49,710         |
| Interest income                           | 30,876         | 26,078         |
| Equipment rental income                   | 5,610          | 12,171         |
| Profit on disposal of plant and equipment | 253            | -              |
| Miscellaneous income                      | <u>23,542</u>  | <u>39,861</u>  |
|   | <u>103,958</u> | <u>127,820</u> |

#### 5 GENERAL AND ADMINISTRATIVE EXPENSES

|   | 2010<br>QR'000 | 2009<br>QR'000 |
|---|----------------|----------------|
| Staff costs and related benefits        | 10,245         | 11,217         |
| Premises, utilities and office services | 684            | 760            |
| Other administrative expenses           | <u>5,573</u>   | <u>11,488</u>  |
|   | <u>16,502</u>  | <u>23,465</u>  |



**Teyseer Contracting Company W.L.L.**

**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2010

**6 INCOME TAX EXPENSE**

The tax amount calculated in the statement of comprehensive income represents tax on income relating to the foreign equity partner. Qatar Income Tax Laws have conferred exemption on the profits attributable to the Qatari equity partner, therefore income tax has been computed on the profits attributable to foreign equity partner.

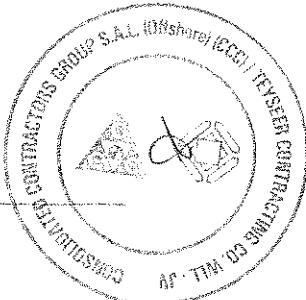
A reconciliation between income tax and the product of accounting profit multiplied by the effective tax rate for the year is as follows:

|  | <i>2010</i><br><i>QR'000</i> | <i>2009</i><br><i>QR'000</i> |
|--|------------------------------|------------------------------|
| Accounting profit  | 333,226                      | 17,772                       |
| Add:   |                              |                              |
| Accounting depreciation  | 130,177                      | 135,535                      |
| Less:  |                              |                              |
| Profit from tax exempt projects  | (12,980)                     | -                            |
| Profit on disposal of plant and equipment                                  | (253)                        | -                            |
| Tax depreciation   | <u>(103,341)</u>             | <u>(135,535)</u>             |
| Taxable profit   | 346,829                      | 17,772                       |
| Effective tax rate for the share of profit attributable to foreign partner | 3%                           | 9.6%                         |
| Income tax expense   | <u>10,383</u>                | <u>1,736</u>                 |

**7 PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR**

Profit and total comprehensive income for the year is stated after charging:

|                                  | <i>2010</i><br><i>QR'000</i> | <i>2009</i><br><i>QR'000</i> |
|----------------------------------|------------------------------|------------------------------|
| Staff costs and related benefits | 884,558                      | 1,141,366                    |
| Depreciation                     | 130,177                      | 135,535                      |



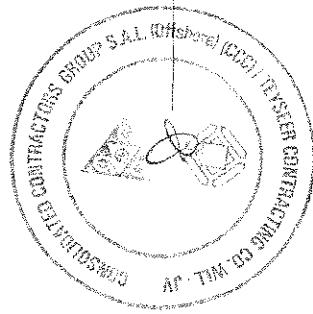
Teyser Contracting Company W.L.L.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2010

**8 PLANT AND EQUIPMENT**

| Cost                             | Capital  |                                     |                    | Other<br>assets<br>QR'000 | Total<br>QR'000 |
|----------------------------------|--|-------------------------------------|--------------------|---------------------------|-----------------|
|                                  | Fair<br>value<br>moving<br>equipment<br>QR'000 | construction<br>equipment<br>QR'000 | Vehicles<br>QR'000 |                           |                 |
| Crimes                           | 24,356   | 92,620                              | 37,115             | 44,775                    | 852,734         |
| QR'000                           | —  | —                                   | 79                 | 20                        | 3,462           |
| Net transfers                    | (307)  | (3,514)                             | (1,962)            | (6,619)                   | (74,767)        |
| Disposals                        | —  | —                                   | (1,353)            | (852)                     | (21,595)        |
| At 31 December 2010              | 24,049   | 89,109                              | 33,879             | 37,224                    | 759,840         |
| Depreciation:                    |  |                                     |                    |                           |                 |
| At 1 January 2010                | 211,836  | 7,248                               | 36,391             | 35,993                    | 14,860          |
| Depreciation charge for the year | 95,862   | 3,550                               | 17,183             | 16,436                    | 7,442           |
| Net transfers                    | (28,249)                                       | (226)                               | (2,271)            | (1,458)                   | (2,748)         |
| Disposals                        | (3,455)  | —                                   | —                  | (437)                     | (205)           |
| At 31 December 2010              | 265,994  | 10,576                              | 51,303             | 50,534                    | 19,049          |
| Net carrying amount:             |  |                                     |                    |                           |                 |
| At 31 December 2010              | 259,495  | 13,473                              | 37,206             | 33,345                    | 18,275          |
|                                  |  |                                     |                    |                           | 362,384         |



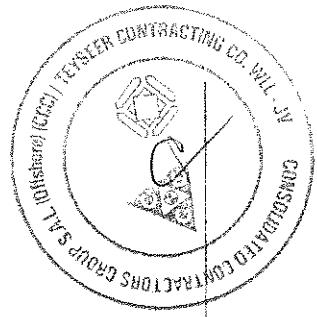
Keyser Contracting Company W.I.L.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2010

8 PLANT AND EQUIPMENT (continued)

|                                  | Civil engineering and construction equipment |        |                 | Other assets |                 |          | Total   |
|----------------------------------|--|--------|-----------------|--------------|-----------------|----------|---------|
|                                  | Carryover                                    | Cost   | Less write-down | Carrying     | Less write-down | Carrying | QR'000  |
| <b>Cost:</b>                     |  |        |                 |              |                 |          |         |
| At 1 January 2009                | 515,953                                      | 32,567 | 89,286          | 78,898       | —               | 36,754   | 743,451 |
| Additions                        | 81,271                                       | 1,374  | 5,316           | 7,529        | —               | 8,906    | 104,396 |
| Net transfers                    | 9,069  | 415    | (1,976)         | 1,565        | —               | 361      | 9,434   |
| Disposals                        | (2,425)                                      | —      | —               | (877)        | —               | (1,245)  | (4,547) |
| At 31 December 2009              | 603,868                                      | 24,356 | 92,620          | 87,115       | —               | 44,775   | 852,734 |
| <b>Depreciation:</b>             |  |        |                 |              |                 |          |         |
| At 1 January 2009                | 122,482                                      | 3,510  | 19,710          | 19,044       | 7,422           | 174,865  |         |
| Depreciation charge for the year | 89,928                                       | 3,507  | 17,714          | 16,503       | 7,983           | 135,535  |         |
| Net transfers                    | (265)  | 234    | (1,023)         | 664          | (18)            | (361)    |         |
| Disposals                        | (369)  | —      | —               | (242)        | —               | (127)    | (714)   |
| At 31 December 2009              | 211,836                                      | 7,248  | 36,391          | 35,993       | 14,360          | 106,328  |         |
| Net carrying amount              |  |        |                 |              |                 |          |         |
| At 31 December 2009              | 392,032                                      | 17,108 | 56,229          | 51,122       | 29,915          | 546,406  |         |



Teyseer Contracting Company W.L.L.

NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2010

**9 OTHER NON CURRENT ASSETS**

|   | 2010<br>QR'000 | 2009<br>QR'000 |
|---|----------------|----------------|
| Retentions receivable – non current portion (i) | 49,573         | 36,788         |
| Other assets (ii)                               | <u>827</u>     | <u>35,737</u>  |
|   | <u>50,400</u>  | <u>72,525</u>  |

*Notes:*

- (i) Retentions receivable represent amounts withheld by the customers in accordance with contract terms and conditions. These amounts are to be released upon fulfillment of contractual obligations.
- (ii) Other assets represent a sponsorship fees paid in advance which is amortised over the project period.

**10 DEFERRED MOBILISATION EXPENSES**

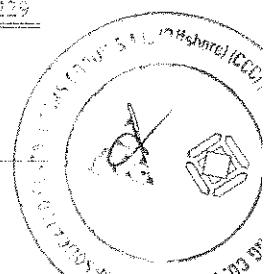
|   | 2010<br>QR'000  | 2009<br>QR'000  |
|---|-----------------|-----------------|
| Balance as at 1 January                     | 353,579         | 527,542         |
| Mobilisation costs incurred during the year | 91,984          | 135,266         |
| Amortisation for the year                   | (154,620)       | (268,183)       |
| Net transfers                               | <u>(63,730)</u> | <u>(41,046)</u> |
|   | <u>227,213</u>  | <u>353,579</u>  |

**11 INVENTORIES**

|                                   | 2010<br>QR'000 | 2009<br>QR'000 |
|-----------------------------------|----------------|----------------|
| Construction materials            | 162,770        | 200,382        |
| Consumables and other inventories | 30,936         | 22,426         |
| Spare parts                       | <u>5,379</u>   | <u>9,668</u>   |
|                                   | <u>199,135</u> | <u>232,476</u> |

**12 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

|   | 2010<br>QR'000   | 2009<br>QR'000   |
|---|------------------|------------------|
| Amount due from customers for contract work (Note 20) | 665,642          | 349,633          |
| Contracts receivable                                  | 616,344          | 980,664          |
| Prepaid expenses and other receivables                | 342,876          | 724,938          |
| Retentions receivable – current portion               | <u>7,904</u>     | <u>37,054</u>    |
|   | <u>1,631,966</u> | <u>2,091,229</u> |



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

### 12 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

At 31 December, there were no impaired financial assets. The aging of unimpaired financial assets is as follows:

|      | Past due but not impaired |                       |                           |            |             |          |
|------|---------------------------|-----------------------|---------------------------|------------|-------------|----------|
|      | Neither                   |                       | Past due but not impaired |            |             |          |
|      | Total                     | past due nor impaired | < 3 months                | 3-6 months | 9-12 months | > 1 year |
|      | QR'000                    | QR'000                | QR'000                    | QR'000     | QR'000      | QR'000   |
| 2010 | 2,079,271                 | 2,079,271             | -                         | -          | -           | -        |
| 2009 | 1,583,204                 | 1,461,531             | 109,781                   | 11,892     | -           | -        |

### 13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows consist of the following statement of financial position amounts:

|                                | 2010           | 2009             |
|--------------------------------|----------------|------------------|
|                                | QR'000         | QR'000           |
| Bank balances and cash         | 847,408        | 1,145,648        |
| Less: restricted term deposits | (20,516)       | (15,364)         |
|                                | <u>826,892</u> | <u>1,130,284</u> |

*Note:*

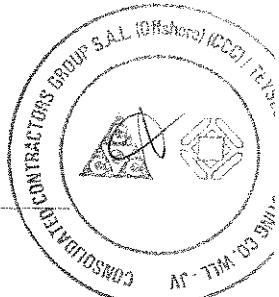
The restricted term deposit is held under lien against letter of guarantees and carries interest at market rates.

### 14 SHARE CAPITAL

|   | 2010   | 2009   |
|---|--------|--------|
|   | QR'000 | QR'000 |
| Authorised, issued and fully paid<br>8,000 ordinary shares of QR 1,000 each | 8,000  | 8,000  |

The share capital is distributed among the shareholders as follows:

|  | 2010         | 2009         |
|--|--------------|--------------|
|  | QR'000       | QR'000       |
| Teyseer Trading and Contracting W.L.L. | 70%          | 5,600        |
| Con-olidated Contractors Group S.A.L.  | 30%          | 2,400        |
|  | <u>8,000</u> | <u>8,000</u> |



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

#### 15 LEGAL RESERVE

As required by Qatar Commercial Companies' Law No.5 of 2002, 10% of the profit for the year has been transferred to legal reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the capital. The reserve is not normally available for distribution except in the circumstances stipulated in the above mentioned law.

#### 16 OTHER NON CURRENT LIABILITIES

|   | 2010<br>QR '000 | 2009<br>QR '000 |
|---|-----------------|-----------------|
| Retentions payable – non current portion (i)  | 20,224          | 19,137          |
| Advances from customers – non current portion | <u>30,032</u>   | <u>150,108</u>  |
|   | <u>50,256</u>   | <u>169,245</u>  |

Note:

- (i) Retentions payable represent the amounts withheld from the payments to contractors. These amounts will be settled upon completion of the maintenance period subject to satisfactory discharge of the obligations of the contractors.

#### 17 EMPLOYEES' END OF SERVICE BENEFITS

The movements in the provision recognised in the statement of financial position are as follows.

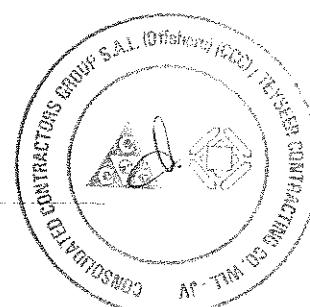
|                              | 2010<br>QR '000   | 2009<br>QR '000 |
|------------------------------|-------------------|-----------------|
| Balance at 1 January         | 133,594           | 103,149         |
| Provided during the year     | <u>45,869</u>     | <u>56,843</u>   |
| End of service benefits paid | <u>(\\$6,604)</u> | <u>(37,092)</u> |
| Net transfers                | <u>(3,865)</u>    | <u>10,694</u>   |
|                              | <u>118,994</u>    | <u>133,594</u>  |

#### 18 INTEREST BEARING LOANS AND BORROWINGS

|                  | 2010<br>QR '000 | 2009<br>QR '000 |
|------------------|-----------------|-----------------|
| Short term loans | <u>12,012</u>   | <u>25,733</u>   |

Note:

Short term loans represent revolving advance facility obtained from a bank to finance the working capital requirements. The loans carry interest at market rates and are secured by the corporate guarantees of Consolidated Contractors Group S.A.L.



**Teyseer Contracting Company W.L.L.**

**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2010

**19 ACCOUNTS PAYABLE AND ACCRUALS**

|   | <i>2010</i><br><i>QR'000</i> | <i>2009</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Accrued expenses and other payables                 | 1,742,622                    | 1,037,477                    |
| Due to subcontractors and suppliers                 | 311,453                      | 321,522                      |
| Advances from customers – current portion           | 274,042                      | 368,684                      |
| Amount due to customers for contract work (Note 20) | 97,052                       | 957,320                      |
| Retention payables – current portion                | 19,607                       | 19,733                       |
|   | <u>2,444,776</u>             | <u>2,704,736</u>             |

**20 CONSTRUCTION CONTRACTS**

Details of contracts in progress at the statement of financial position date are as follows:

|  | <i>2010</i><br><i>QR'000</i> | <i>2009</i><br><i>QR'000</i> |
|--|------------------------------|------------------------------|
| Contracts cost incurred plus recognised profits less recognised losses to date | 14,558,877                   | 14,323,846                   |
| Less: progress billing   | <u>(13,990,287)</u>          | <u>(14,931,533)</u>          |
|  | <u>568,590</u>               | <u>(607,687)</u>             |

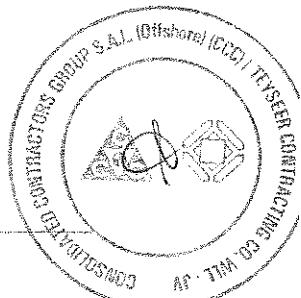
Recognised and included in the financial statements as amounts due:

|  | <i>2010</i><br><i>QR'000</i> | <i>2009</i><br><i>QR'000</i> |
|--|------------------------------|------------------------------|
| From customers for contract work (Note 12) | 665,642                      | 349,633                      |
| To customers for contract work (Note 19)   | <u>(97,052)</u>              | <u>(957,320)</u>             |
|  | <u>568,590</u>               | <u>(607,687)</u>             |

**21 CONTINGENT LIABILITIES**

The Company had the following contingent liabilities including its share of joint ventures from which it is anticipated that no material liabilities will arise.

|                      | <i>2010</i><br><i>QR'000</i> | <i>2009</i><br><i>QR'000</i> |
|----------------------|------------------------------|------------------------------|
| Letters of guarantee | 3,019,759                    | 4,318,883                    |
| Letters of credit    | <u>73,311</u>                | <u>134,111</u>               |



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

### 22 RELATED PARTY DISCLOSURES

#### Related parties transactions

Related parties represent transactions with the major partners, associate companies and members of Board of Directors, senior management or companies in which they have significant interest or any other parties of important influence in the Company's financial or operation decisions. Pricing policies and terms of these transactions are approved by the management of the Company.

#### Related parties balances

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

|                                 | 2010                  |                    | 2009                  |                    |
|---------------------------------|-----------------------|--------------------|-----------------------|--------------------|
|                                 | Receivables<br>QR'000 | Payables<br>QR'000 | Receivables<br>QR'000 | Payables<br>QR'000 |
| <i>Joint ventures:</i>          |                       |                    |                       |                    |
| Amounts due to joint ventures   | -                     | 416,191            | -                     | 372,023            |
| Amounts due from joint ventures | 1,254,899             | -                  | 403,473               | -                  |
| <i>Others related parties</i>   |                       |                    |                       |                    |
| Teyseer Motors W.L.L.           | -                     | 1,327              | -                     | 1,424              |
| Teyseer Service Company W.L.L.  | -                     | 1,133              | -                     | 1,186              |
| Others                          | 1,253                 | 776                | 877                   | 1,385              |
|                                 | <u>1,256,152</u>      | <u>419,427</u>     | <u>404,350</u>        | <u>376,018</u>     |

### 23 FINANCIAL RISK MANAGEMENT

#### Objective and policies

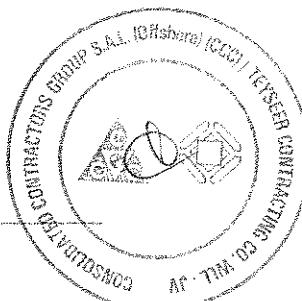
The Company's principal financial liabilities comprise of due to subcontractors and suppliers, amounts due to related parties, retentions payable, interest bearing loans and borrowings and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as contracts receivable, retentions receivable, amounts due from related parties, bank balances and cash and other receivables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, currency risk and credit risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

#### Interest rate risk

The Company's financial assets and liabilities that are subject to interest rate risk comprise of bank call deposits and interest bearing loans and borrowings.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's financial assets and liabilities with floating interest rates



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

### 23 FINANCIAL RISK MANAGEMENT (continued)

#### Interest rate risk (continued)

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

|                                    | <i>Changes in<br/>basis points</i> | <i>Effect on<br/>profit<br/>QR'000</i> |
|------------------------------------|------------------------------------|--|
| <b>2010</b>                        |                                    |  |
| Floating interest rate instruments | +25                                | 1,558                                  |
| <b>2009</b>                        |                                    |  |
| Floating interest rate instruments | +25                                | 2,792                                  |

#### Foreign currency risk

Foreign currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

The Company does not hedge its currency exposure. At 31 December, the Company has currency risks on its bank balances and due to subcontractors and suppliers which is denominated in EURO and GBP.

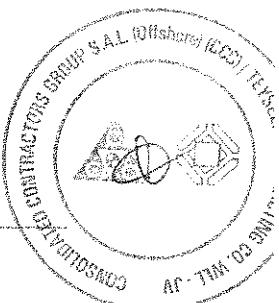
As the Qatari Riyals is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

The table below indicates the Company's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the QR currency rate against the EURO and GBP with all other variables held constant, on the statement of comprehensive income (due to the fair value of currency sensitive monetary assets). The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

|             | <i>Change in Euro and<br/>GBP rates to the QR</i> | <i>Effect on<br/>profit<br/>QR'000</i> |
|-------------|---|--|
| <b>2010</b> |   |  |
| Euro        | 5%  | 418                                    |
| GBP         | 5%  | (105)                                  |
| <b>2009</b> |   |  |
| Euro        | 5%  | 1,578                                  |
| GBP         | 5%  | (100)                                  |

#### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of receivables and bank balances.



**Teyseer Contracting Company W.L.L.**

**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2010

**23 FINANCIAL RISK MANAGEMENT (continued)**

**Credit risk (continued)**

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as follows:

|                                  | <i>2010</i><br><i>QR'000</i> | <i>2009</i><br><i>QR'000</i> |
|----------------------------------|------------------------------|------------------------------|
| Contracts receivable             | 616,344                      | 980,604                      |
| Retentions receivable            | 57,477                       | 73,842                       |
| Bank balances                    | 844,787                      | 1,142,981                    |
| Amounts due from related parties | 1,256,152                    | 404,350                      |
| Other receivables                | 147,888                      | 124,408                      |
|                                  | <u>2,922,648</u>             | <u>2,726,185</u>             |

The Company reduces the exposure of credit risk arising from financial assets by maintaining bank accounts with reputable banks and providing services only to the creditworthy counter parties.

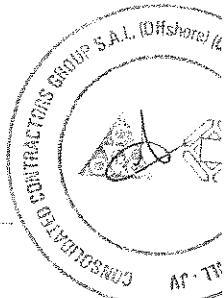
**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company limits its liquidity risk by ensuring bank facilities and funding from partners are available. The Company's credit term requires amounts to be paid within 45-90 days from the invoiced date.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current marked interest rates

|                                       | <i>6 to 12<br/>months</i><br><i>QR'000</i> | <i>1 to 5<br/>years</i><br><i>QR'000</i> | <i>&gt; 5 years</i><br><i>QR'000</i> | <i>Total</i><br><i>QR'000</i> |
|---------------------------------------|--|--|--------------------------------------|-------------------------------|
| <b>2010</b>                           |  |  |                                      |                               |
| Due to subcontractors and suppliers   | 311,453                                    | -  | -                                    | 311,453                       |
| Amounts due to related parties        | 419,427                                    | -  | -                                    | 419,427                       |
| Retention payables                    | 19,607                                     | 20,224                                   | -                                    | 39,831                        |
| Interest bearing loans and borrowings | 12,192                                     | -  | -                                    | 12,192                        |
| Accrued expenses and other payables   | <u>1,671,566</u>                           | <u>-</u>                                 | <u>-</u>                             | <u>1,671,566</u>              |
| <b>Total</b>                          | <b>2,434,245</b>                           | <b>20,224</b>                            | <b>-</b>                             | <b>2,454,469</b>              |
|                                       | <i>6 to 12<br/>months</i><br><i>QR'000</i> | <i>1 to 5<br/>years</i><br><i>QR'000</i> | <i>&gt; 5 years</i><br><i>QR'000</i> | <i>Total</i><br><i>QR'000</i> |
| <b>2009</b>                           |  |  |                                      |                               |
| Due to subcontractors and suppliers   | 321,522                                    | -  | -                                    | 321,522                       |
| Amounts due to related parties        | 376,018                                    | -  | -                                    | 376,018                       |
| Retention payables                    | 19,733                                     | 19,137                                   | -                                    | 38,870                        |
| Interest bearing loans and borrowings | 26,119                                     | -  | -                                    | 26,119                        |
| Accrued expenses and other payables   | <u>1,010,963</u>                           | <u>-</u>                                 | <u>-</u>                             | <u>1,010,963</u>              |
| <b>Total</b>                          | <b>1,754,355</b>                           | <b>19,137</b>                            | <b>-</b>                             | <b>1,773,492</b>              |



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

### 23 FINANCIAL RISK MANAGEMENT (continued)

#### Capital management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and to sustain future development of the business. The management monitors the capital, which the Company defines as total partners' equity which includes share capital and retained earnings and is measured at QR 353,168 thousand on 31 December 2010 (2009: QR 30,331 thousand).

The Company manages its capital structure and makes adjustments to it, in light of changes in business conditions and partners' expectation. To maintain or adjust the capital structure, the Company may adjust the dividend payment to partners or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 2009.

### 24 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and cash, retentions receivable, contracts receivable, amounts due from related parties and other receivables. Financial liabilities consist of interest bearing loans and borrowings, due to subcontractors and suppliers, amounts due to related parties, retentions payable and other payables.

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

### 25 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Percentage of completion*

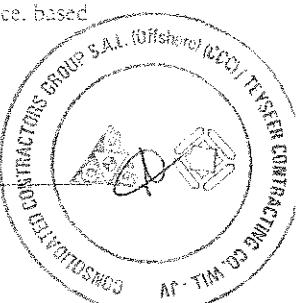
The Company uses the percentage of completion method for recognition of contract revenue. Use of the percentage of completion method requires the Company to estimate the costs incurred to date on contracts as a proportion of the total contract costs to be incurred. The accuracy of this estimate has a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

#### *Impairment of receivables*

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

#### *Impairment of inventories*

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.



## Teyseer Contracting Company W.L.L.

### NOTES TO THE FINANCIAL STATEMENTS At 31 December 2010

#### 25 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

##### *Useful lives of plant and equipment*

The Company's management determines the estimated useful lives of its plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

##### *Impairment of non-financial assets*

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. All non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows.

##### *Construction cost estimates*

The Company uses internal quantity surveyors together with project managers and engineers to estimate the costs to complete construction contracts. Factors such as escalation of material prices, labor costs and other costs are included in the contracts costs estimates based on best estimates.

##### *Contract variations*

Contract revenue represents initial contract value and approved variation orders and claims. If variations to initial contracts are in negotiation, as a prudent estimate the management recognizes the minimum which the Company will be successful in obtaining when the negotiations over the value of variations are resolved.

##### *Provision for maintenance*

A provision for maintenance expenses is recognized in respect of completed contracts. The provision relates to maintenance expenses that may be incurred during the contractual maintenance period. The reserve is calculated based on the Company's past experience of expenses incurred.

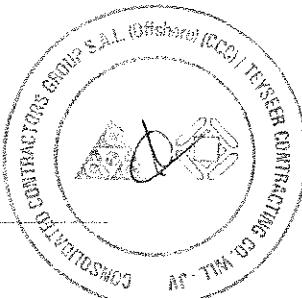
As with any other provisions, the provision for maintenance has been made based on the management's best estimate of the likely outcome of the maintenance period. However the actual outcomes could differ from these estimates.

##### *Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

#### 26 COMPARATIVE FIGURES

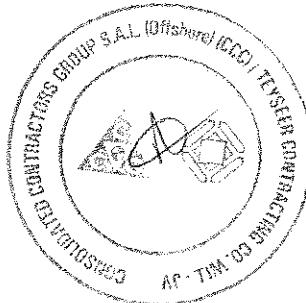
Certain amounts in the 2009 financial statements and supporting note disclosures have been reclassified to conform with the current year's presentation. Such reclassifications do not have an impact on the previously reported net profit or retained earnings.



**Teyseer Contracting Company W.L.L.**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2009**



# ERNST & YOUNG

Ernst & Young  
Jeffrey W. Schmid, CPA  
Managing Partner  
David Schmid, CPA  
Audit Director  
Troy, Michigan, USA

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TEYSEER CONTRACTING COMPANY W.L.L.

### Report on the Financial Statements

We have audited the accompanying financial statements of Teyseer Contracting Company W.L.L. (the "Company"), which comprise the statement of financial position as at 31 December 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

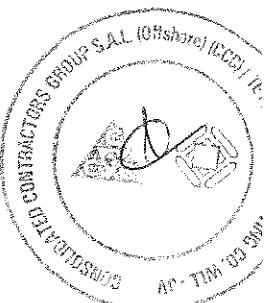
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



# ERNST & YOUNG

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TEYSEER CONTRACTING COMPANY W.L.L. (continued)

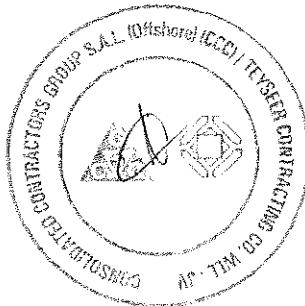
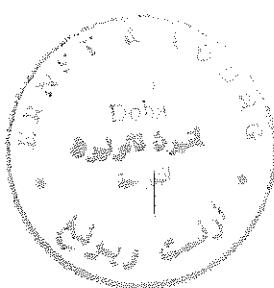
### Report on Legal and Other Requirements

Furthermore, in our opinion proper books of account have been kept by the Company. An inventory count has been conducted in accordance with established principles and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Company or on its financial position.

*P. E. Sexton*

P. E. Sexton,  
of Ernst & Young  
Auditors Registration No. 114

Date: 1 June 2010  
Doha



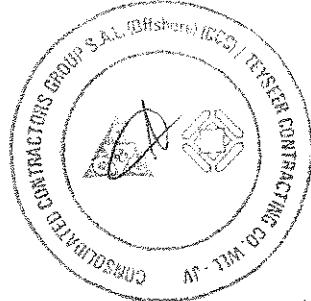
Teyseer Contracting Company W.L.L.

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2009

|   | 2009<br>AED's<br>QR'000 | 2008<br>AED's<br>QR'000 |
|---|-------------------------|-------------------------|
| Contract revenues   | 6,803,197               | 3,848,481               |
| Contract costs  | (6,886,783)             | (3,971,521)             |
| <b>GROSS LOSS</b>   | <b>(83,586)</b>         | <b>(13,436)</b>         |
| Other income  | 127,820                 | 50,618                  |
| General and administrative expenses                       | (23,465)                | (13,081)                |
| Finance costs   | (2,997)                 | (1,781)                 |
| <b>PROFIT FOR THE YEAR BEFORE TAX</b>                     | <b>17,572</b>           | <b>12,744</b>           |
| Income tax expense  | (1,736)                 | (1,815)                 |
| <b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> | <b>16,036</b>           | <b>11,244</b>           |

The attached notes 1 to 26 form part of these financial statements.



J

Feyseer Contracting Company W.L.L.

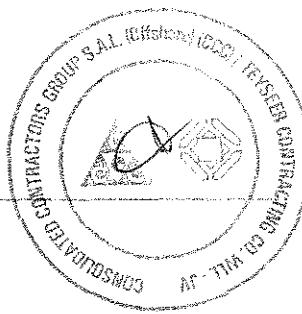
STATEMENT OF FINANCIAL POSITION

At 31 December 2009

|                                       | Notes | 2009<br>QR'000   | 2008<br>QR'000   |
|---------------------------------------|-------|------------------|------------------|
| <b>ASSETS</b>                         |       |                  |                  |
| Non-current assets                    |       |                  |                  |
| Plant and equipment                   | 8     | 546,406          | 571,582          |
| Other non-current assets              | 9     | 72,525           | 106,714          |
| Deferred mobilisation expenses        | 10    | 353,579          | 327,542          |
|                                       |       | <u>972,510</u>   | <u>1,005,838</u> |
| Current assets                        |       |                  |                  |
| Inventories                           | 11    | 232,476          | 142,055          |
| Accounts receivable and prepayments   | 12    | 2,092,129        | 2,530,785        |
| Amounts due from related parties      | 22    | 404,350          | 638              |
| Bank balances and cash                | 13    | 1,145,648        | 1,170,721        |
|                                       |       | <u>3,874,703</u> | <u>2,841,180</u> |
| <b>TOTAL ASSETS</b>                   |       | <b>4,847,213</b> | <b>4,836,018</b> |
| <b>EQUITY AND LIABILITIES</b>         |       |                  |                  |
| Equity                                |       |                  |                  |
| Share capital                         | 14    | 8,000            | 8,000            |
| Legal reserve                         | 15    | 3,994            | 2,394            |
| Retained earnings                     |       | 22,331           | 7,827            |
| Partners' accounts                    |       | 1,401,826        | 1,363,276        |
| Total equity                          |       | <u>1,436,151</u> | <u>1,381,467</u> |
| Non-current liabilities               |       |                  |                  |
| Other non-current liabilities         | 16    | 169,245          | 229,184          |
| Group溢價/ end-of-service benefits      | 17    | 133,594          | 103,144          |
|                                       |       | <u>302,839</u>   | <u>332,328</u>   |
| Current liabilities                   |       |                  |                  |
| Banks overdrafts                      | 13    | -                | 20,414           |
| Interest bearing loans and borrowings | 18    | 25,733           | 37,234           |
| Accounts payable and accruals         | 19    | 2,704,736        | 1,660,143        |
| Amounts due to related parties        | 22    | 376,018          | 685,356          |
| Income tax payable                    |       | 1,736            | 1,515            |
|                                       |       | <u>3,108,223</u> | <u>2,339,122</u> |
| Total liabilities                     |       | <u>3,411,062</u> | <u>2,668,251</u> |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |       | <b>4,847,213</b> | <b>4,056,012</b> |

Nazir Abdul Kader  
GVP - Zone I

The attached notes 1 to 26 form part of these financial statements.



5/5

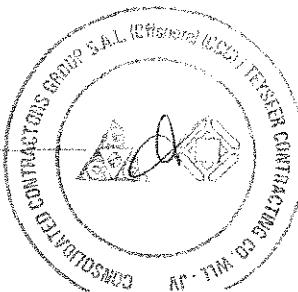
Teyseer Contracting Company W.L.L.

STATEMENT OF CASH FLOWS

Year Ended 31 December 2009

|   | 2009<br>Notes | QR'000           | 2008<br>QAR'000  |
|---|---------------|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>                                 |               |                  |                  |
| Profit for the year before tax                              | 17,772        | 12,792           |                  |
| Adjustments for:  |               |                  |                  |
| Depreciation  | 8             | 135,535          | 96,167           |
| Provision for employees' end of service benefits            | 17            | 56,843           | 41,251           |
| Profit on disposal of plant and equipment                   |               | -                | (311)            |
| Plant and equipment written off                             |               | 3,836            | -                |
| An amortisation of deferred mobilization expenses           | 17            | 268,183          | 134,767          |
| Interest income   | 4             | (26,078)         | (1,985)          |
| Finance costs   |               | 2,997            | 3,753            |
|   |               | <u>459,088</u>   | <u>324,635</u>   |
| Working capital changes:                                    |               |                  |                  |
| Accounts receivable and prepayments                         |               | 438,566          | (1,416,918)      |
| Accounts payable and accruals                               |               | 1,104,593        | 642,813          |
| Inventories   |               | (90,420)         | (62,154)         |
| Other non current liabilities                               |               | (56,939)         | 67,282           |
| Other non current assets                                    |               | 34,189           | (67,925)         |
| Net movement in amounts due from and due to related parties |               | (691,069)        | 593,921          |
|   |               | <u>(691,069)</u> | <u>593,921</u>   |
| Cash from operations  |               | 1,198,017        | 106,384          |
| Finance costs paid  |               | (2,997)          | (1,751)          |
| Income tax paid   |               | (1,515)          | -                |
| Employees' end of service benefits paid                     | 17            | (37,092)         | (7,338)          |
|   |               | <u>1,156,413</u> | <u>97,275</u>    |
| <b>INVESTING ACTIVITIES</b>                                 |               |                  |                  |
| Movement in restricted term deposit                         |               | (133)            | (8,387)          |
| Purchase of plant and equipment                             | 8             | (104,396)        | (247,115)        |
| Proceeds from disposal of plant and equipment               |               | -                | 311              |
| Addition to deferred mobilization expenses                  | 17            | (135,266)        | (338,167)        |
| Interest income   | 4             | 26,078           | 3,853            |
|   |               | <u>(213,717)</u> | <u>(588,743)</u> |
| <b>FINANCING ACTIVITIES</b>                                 |               |                  |                  |
| Net movement in interest bearing loans and borrowings       |               | (11,971)         | 23,831           |
| Net movement in partners' accounts                          |               | 80,493           | (10,632)         |
|   |               | <u>68,522</u>    | <u>40,199</u>    |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>     |               |                  |                  |
|   |               | <u>1,011,218</u> | <u>128,134</u>   |
| Cash and cash equivalents at 1 January                      |               | <u>119,066</u>   | <u>147,358</u>   |
| <b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>             | <b>15</b>     | <b>1,130,284</b> | <b>179,000</b>   |

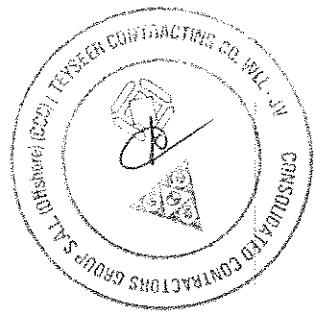
The attached notes 1 to 26 form part of these financial statements.



**Teisseer Contracting Company W.L.L.**  
**STATEMENT OF CHANGES IN EQUITY**  
Year Ended 31 December 2009

|   | <i>Share Capital</i> | <i>Capital Reserves</i> | <i>Partners' Drawings</i> | <i>Partners' Equity</i> |
|---|----------------------|-------------------------|---------------------------|-------------------------|
| <i>Profit and loss for the year</i>                       | <i>1,265</i>         | <i>(2,331)</i>          | <i>807,565</i>            | <i>\$14,606</i>         |
| <i>Transferred to legal reserve</i>                       | <i>-</i>             | <i>(1,248)</i>          | <i>-</i>                  | <i>1,248</i>            |
| <i>Movement in partners' accounts</i>                     | <i>1,123</i>         | <i>(1,123)</i>          | <i>-</i>                  | <i>\$55,213</i>         |
| <i>Balance at 1 January 2008</i>                          | <i>\$ 0.00</i>       | <i>2,390</i>            | <i>7,909</i>              | <i>1,363,373</i>        |
| <i>Profit and total comprehensive income for the year</i> | <i>-</i>             | <i>-</i>                | <i>-</i>                  | <i>-</i>                |
| <i>Transferred to legal reserve</i>                       | <i>-</i>             | <i>-</i>                | <i>-</i>                  | <i>-</i>                |
| <i>Movement in partners' accounts</i>                     | <i>-</i>             | <i>-</i>                | <i>-</i>                  | <i>-38,548</i>          |
| <i>Balance at 31 December 2008</i>                        | <i>\$ 0.00</i>       | <i>3,094</i>            | <i>22,331</i>             | <i>\$101,826</i>        |
| <i>Profit and loss for the year</i>                       | <i>3,094</i>         | <i>(2,331)</i>          | <i>807,565</i>            | <i>\$14,606</i>         |
| <i>Transferred to legal reserve</i>                       | <i>-</i>             | <i>(1,664)</i>          | <i>-</i>                  | <i>1,664</i>            |
| <i>Movement in partners' accounts</i>                     | <i>-</i>             | <i>-</i>                | <i>-</i>                  | <i>-</i>                |
| <i>Balance at 31 December 2009</i>                        | <i>\$ 0.00</i>       | <i>3,094</i>            | <i>22,331</i>             | <i>\$101,826</i>        |

The audited financial statements were prepared in accordance with International Financial Reporting Standards.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2009

### 1 ACTIVITIES

Teyseer Contracting Company W.L.L. (the "Company") is registered in the State of Qatar as a limited liability company under commercial registration No. 21118.

The principal activity of the Company is to carry out various types of construction activities in the State of Qatar. The Company's registered office is at P.O.Box 2437, Doha, State of Qatar.

In addition, the Company also participates as a joint venture partner with other contractors under the form of an undivided joint venture for the purpose of executing projects in Qatar.

The financial statements of Teyseer Contracting Company W.L.L. for the year ended 31 December 2009 were authorized for issue by the management representative on behalf of the Board of Directors on 1 June 2010.

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The financial statements are prepared under the historical cost convention. The financial statements are presented in Qatar Riyals, which is the functional currency of the Company and all values are rounded to the nearest thousand (QR'000) except where otherwise indicated.

#### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

#### Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS's which became effective during the year. Adoption of these new or revised standards did not have any effect on the financial performance or position of the Company. They did however give rise to additional disclosures.

#### IAS 1 "Presentation of Financial Statements" (hereinafter)

The revised standard requires changes in equity arising from transactions with owners in their capacity as owners (i.e. owner changes in equity) to be presented in the statement of changes in equity. All other changes in equity (i.e. non-owner changes in equity) are required to be presented separately in a performance statement (statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. The Company has elected to present one statement.

#### IFRS 7 "Financial Instruments: Disclosures"

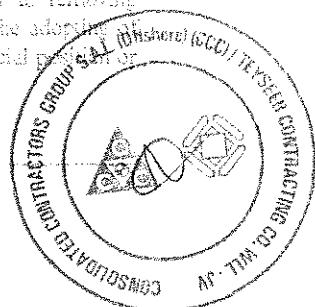
The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition reconciliation between the beginning and ending balance for level 3 fair value measurements is required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

#### IFRS 23 "Borrowing costs"

The standard has been revised to require capitalisation of borrowing costs when such cost relate to a qualifying asset. A qualifying asset is an asset that, necessary takes a substantial period of time to get ready for its intended use or sale.

#### Improvements to IFRS's

In May 2008, the IASB issued errata of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of these amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.



**Teyseer Contracting Company W.L.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**At 31 December 2019**

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Changes in accounting policies and disclosures (continued)**

The following amendments and interpretations became effective in 2019, but were not relevant to the Company's operations:

| <i>Standard/Amendment</i>    | <i>Content</i>   |
|------------------------------|--|
| IFRS 17                      | Hedges of net investment in a foreign operation                      |
| IFRIC 9 and IAS 39           | Embedded derivatives   |
| IAS 32 and IAS 1 (Amendment) | Putable financial instruments and obligations arising on acquisition |
| IFRS 2                       | Share-based payments – Vesting conditions and cancellations          |
| IFRIC 17                     | Customer Loyalty Programmes  |

**Standards, amendments and interpretations issued but not adopted**

The following standards, amendments and interpretations have been issued but are mandatory for adoption, period beginning on or after 1 July 2019 or later periods and are expected to be relevant to the Company:

| <i>Standard/Amendment</i> | <i>Content</i>  | <i>Effective date</i> |
|---------------------------|---|-----------------------|
| IFRS 1 and IAS 27         | New investment in a subsidiary, jointly controlled entity or associate    | 1 July 2020           |
| IFRS 3                    | Business combinations   | 1 July 2019           |
| IAS 27                    | Consolidated and separate financial statements                            | 1 July 2019           |
| IAS 39                    | Financial instruments: Recognition and measurement – eligible hedge items | 1 July 2019           |
| IFRIC 17                  | Distribution of non-cash assets to owners                                 | 1 July 2019           |
| IFRIC 18                  | Transfers of assets from customers  | 1 July 2019           |
| IFRS 9                    | Financial instruments part I: Classification and measurement              | 1 January 2021        |

The Company is considering the implications of the above standards, the impact on the Company, and the timing of their adoption by the Company. The Company did not early adopt new or amended standards in 2019.

**Revenue recognition**

**Contract revenue**

Contract revenue is recognised using the percentage of completion method. When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date, which is determined based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and irrevocable payments are included to the extent that they have been agreed with the customer.

When the contract is at an early stage or its outcome cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Changes in job performance, job conditions and estimated profitability, including those arising from settlements, provisions and final contract settlements, only result in revisions to costs and revenue and are recognised in the period in which the revisions are determined.

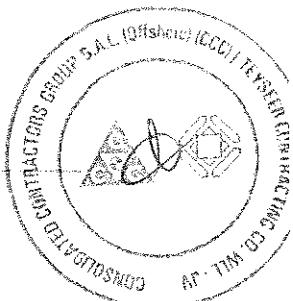
When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**Interest income**

Interest income is recognised as the interest accrued.

**Rental income**

Equipment rental income represents the involved value of services rendered net of discounts.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2009

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue recognition (continued)

##### *Marginal rental income*

Marginal rental income represents the difference between the invoice value of services rendered and direct costs incurred by the Company during the year. The Marginal rental income is recognised when the service is rendered, and the outcome of the transactions can be estimated reliably.

#### Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets, which are as follows:

|  |            |
|--|------------|
| Cranes                                       | 15%        |
| Earth moving equipment                       | 15%        |
| Civil engineering and construction equipment | 20%        |
| Vehicles                                     | 20%        |
| Other fixed assets                           | 15% to 20% |

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

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and method of depreciation are reviewed and adjusted if appropriate at each financial year end.

#### Contract costs

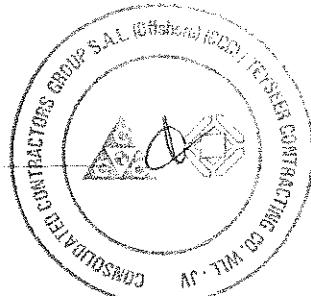
Contract costs comprise direct contract costs and other costs relating to the contracting activity in general and which can be allocated to contracts. In addition, contract costs include other costs that are specifically chargeable to the customer under the terms of the contracts.

Costs that cannot be related to contract activity or cannot be allocated to a contract are excluded from the contract costs and are included in general and administrative expenses.

Main contract costs, expected to be incurred after the completion of the contract, but before the expiry of the original maintenance year, are provided for during the construction year and charged to contract costs. A provision is recognised based on the past experience of management. The unutilised provisions are credited to the statement of comprehensive income upon expiry of contractual maintenance year.

#### Due from to customers under construction contracts

Due from customers under construction contracts is valued at cost plus recognised profits less recognised losses to date in excess of progress billings. Profit is recognised on a percentage completion basis when the outcome of a contract can be assessed with reasonable certainty. The value of due from customers under construction contracts is recorded within contract revenue. The excess of progress billings over the cost plus recognised profit less recognised losses to date is presented as due to customer under construction contracts.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2009

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Derecognition of financial assets and liabilities

##### *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each item to its present location and condition. Inventories are included at purchase cost on weighted average basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred in completion and disposal.

#### Interests in joint ventures

The Company has interests in joint ventures which are jointly controlled entities, whereby the ventures have a contractual arrangement that establishes joint control over the economic activities of the entities. The Company recognises its interest in the joint ventures using proportionate consolidation. The Company combines its share of each of the assets, liabilities, income and expenses of the joint ventures with similar items, line by line, in its financial statements. The financial statements of the joint ventures are prepared for the same reporting period as the Company. Adjustments are made where necessary to bring the accounting policies in line with those of the Company.

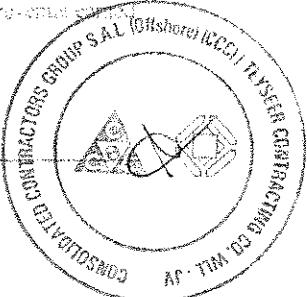
Adjustments are made in the financial statements to eliminate the Company's share of intragroup balances, income and expenses and unrealized gains and losses on transactions between the Company and its jointly controlled entities. Losses on transactions are recognized immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint ventures are proportionately consolidated until the date in which the Company ceases to have joint control over the joint venture.

#### Income tax

Income taxation is provided in accordance with the provisions of the Qatar Income Tax Law No. 11 of 1983.

#### Deferred mobilisation expenses

Mobilisation expenses represent contract start-up costs which are amortized based on the percentage of revenue recognised to total contract value less any salvage value.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2009

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Contracts receivable

Contracts receivable represent amount billed less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

#### Accounts payable and accruals

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

#### Impairment and uncollectibility of financial assets

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

- (i) For assets carried at fair value, impairment is the difference between cost and fair value;
- (ii) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- (iii) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

#### Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

#### Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method. Installments due within one year at amortised cost are shown as a current liability.

Gains or losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process. Interest costs are recognised as an expense when incurred.

#### Employers' end of service benefits

The Company provides for end of service benefits to its employees based upon the employees' length of service and the completion of a minimum service period. The Company has no expectation of settling all its employees' end of service benefits within the next 12 month period and hence has classified the same as non-current liability.

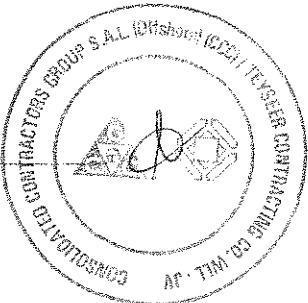
#### Foreign currencies

The financial statements are presented in Qatari Riyal which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income. Non-monetary items measured in terms of historical costs in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

#### Cash and cash equivalents

Bank balances and cash in the statement of financial position comprise of cash at banks and on hand and short term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above net of outstanding bank overdrafts and restricted term deposit held under letter against letter of guarantees.



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2009

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Contingencies:

Contingent Liabilities are not recognized in the financial statement. They are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

### 3 INTERESTS IN JOINT VENTURES

The Company undertakes certain projects in Qatar in conjunction with other contractors. The contractual arrangements between the parties are organized under unincorporated joint venture agreements.

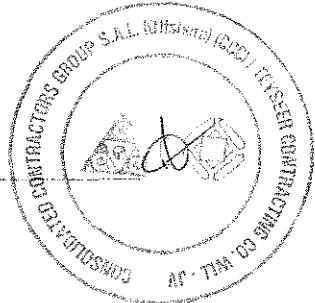
During the year, Consolidated Contractors Teyseer FZ LLC, a joint venture company which is 75% owned by the Company has subcontracted the operators of its two projects namely Qatar Gas project and Ras Gas project to the Company effective from 1 January 2009. The results of the operations of these two projects for the current year are included in these financial statements.

The Company's proportionate interest in the assets, liabilities, revenues, other income, costs and expenses of the joint ventures as of 31 December are as follows:

|                                    | 2009<br>QR'000 | 2008<br>QR'000 |
|------------------------------------|----------------|----------------|
| Share of non-current assets        | 364,492        | 351,257        |
| Share of current assets            | 3,432,718      | 2,426,138      |
| Share of non-current liabilities   | 244,129        | 301,113        |
| Share of current liabilities       | 3,310,497      | 2,254,757      |
| Share of revenues and other income | 3,553,491      | 3,671,471      |
| Share of costs and expenses        | 3,201,469      | 2,887,757      |

### 4 OTHER INCOME

|   | 2009<br>QR'000 | 2008<br>QR'000 |
|---|----------------|----------------|
| Machinery rental income                   | 49,710         | 115,615        |
| Miscellaneous income                      | 39,420         | 7,271          |
| Interest income                           | 26,078         | 4,481          |
| Equipment rental income                   | 12,171         | 17,377         |
| Other income                              | 431            | 8,398          |
| Profit on disposal of plant and equipment | —              | 313            |
|   | <b>127,820</b> | <b>138,578</b> |



**Teyseer Contracting Company W.L.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2009

**5 GENERAL AND ADMINISTRATIVE EXPENSES**

|   | 2009<br>QR'000 | 2008<br>QR'000 |
|---|----------------|----------------|
| Staff costs and related benefits        | 11,217         | 6,156          |
| Premises, utilities and office services | 760            | 641            |
| Other administrative expenses           | 11,488         | 6,172          |
|   | <b>23,465</b>  | <b>12,369</b>  |

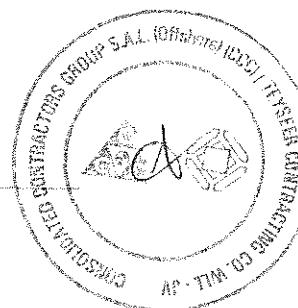
**6 INCOME TAX EXPENSE**

The tax amount calculated in the statement of comprehensive income represents tax on income relating to the foreign equity partners i.e. Non-GCC equity partners. The Qatari and GCC equity partners are not subject to income tax in the State of Qatar and accordingly the tax provision stated in the financial statements relates only to the Non-GCC equity partners. Taxation is provided in accordance with the provisions of the Income Tax Law No. 11 of 1992.

**7 PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR**

Profit and total comprehensive income for the year is stated after charging:

|                                  | 2009<br>QR'000 | 2008<br>QR'000 |
|----------------------------------|----------------|----------------|
| Staff costs and related benefits | 1,141,566      | 1,029,751      |
| Depreciation                     | 135,635        | 104,167        |



Toysor Contracting Company Ltd.  
 NOTES TO THE FINANCIAL STATEMENTS  
 At 31 December 2009

8. PLANT AND EQUIPMENT

|                                  | <i>Plant and machinery</i> | <i>Vehicle equipment</i> | <i>Tools and fixtures</i> | <i>Office and furniture</i> | <i>Office equipment</i> | <i>Other</i> |
|----------------------------------|----------------------------|--------------------------|---------------------------|-----------------------------|-------------------------|--------------|
| <i>Cost</i>                      |                            |                          |                           |                             |                         |              |
| At 1 January 2009                | £15,953                    | 20,867                   | 80,040                    | 76,898                      | 36,753                  | 743,451      |
| Additions                        | 81,271                     | 1,374                    | 5,316                     | 7,829                       | 5,906                   | 101,366      |
| Net transfers                    | 9,069                      | 415                      | (1,976)                   | 1,565                       | 361                     | 9,334        |
| Disposals                        | (2,425)                    | —                        | —                         | (877)                       | —                       | (4,542)      |
| At 31 December 2009              | 603,806                    | 34,386                   | 92,630                    | 87,145                      | 41,773                  | 852,734      |
| <i>Depreciation</i>              |                            |                          |                           |                             |                         |              |
| At 1 January 2009                | 12,482                     | 3,810                    | 10,710                    | 19,041                      | 7,429                   | 171,868      |
| Depreciation charge for the year | 89,978                     | 4,807                    | 17,214                    | 16,503                      | 7,383                   | 105,535      |
| Net transfers                    | 4,265                      | 231                      | (4,033)                   | 664                         | (18)                    | 1361         |
| Disposals                        | (3,691)                    | —                        | —                         | (215)                       | (127)                   | (711)        |
| At 31 December 2009              | 211,836                    | 7,248                    | 30,391                    | 15,393                      | 13,806                  | 366,328      |
| <i>Net carrying amount</i>       |                            |                          |                           |                             |                         |              |
| At 31 December 2009              | 392,932                    | 23,106                   | 56,229                    | 51,915                      | 29,915                  | 546,406      |

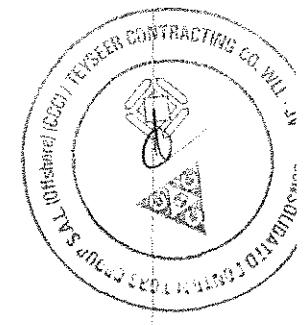


**Teyseer Contracting Company W.L.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2009

**8. PLANT AND EQUIPMENT (continued)**

|                            | Cost    | Less accumulated depreciation | Carrying amount |
|----------------------------|---------|-------------------------------|-----------------|
| <i>Plant and equipment</i> |         |                               |                 |
| Office equipment           | 6,658   | 3,985                         | 4,673           |
| Office furniture           | 16,645  | 15,113                        | 1,536           |
| Office vehicles            | 952     | 4,227                         | (4,227)         |
| Office fixtures            | (1,688) |                               | (1,688)         |
| Office computers           |         |                               |                 |
| At 31 December 2008        | 315,953 | 22,567                        | 293,386         |
| Depreciation               |         |                               |                 |
| At 1 January 2008          | 51,137  | 3,852                         | 47,285          |
| Additions                  | 141,392 | 10,788                        | 130,604         |
| Net transfers              | 50,740  | 40                            | 50,740          |
| Disposals                  |         |                               |                 |
| At 31 December 2008        | 132,482 | 10,810                        | 121,672         |
| Net carrying amount        | 303,871 | 12,757                        | 291,114         |
| At 31 December 2009        | 303,871 | 69,518                        | 234,353         |

At 31 December 2009, the carrying amount of plant and equipment was \$234,353.



**Teyseer Contracting Company W.L.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2009

**9 OTHER NON CURRENT ASSETS**

|   | 2009<br>QR '000 | 2008<br>QR '000 |
|---|-----------------|-----------------|
| Retention receivables - non current portion (i) | 36,788          | 45,943          |
| Other assets (ii)                               | <u>35,737</u>   | <u>63,671</u>   |
|   | <b>72,525</b>   | <b>(10,718)</b> |

Notes:

- (i) Retention receivables represent amounts withheld by the customers in accordance with contract terms and conditions. These amounts are to be released upon fulfillment of contractual obligations.
- (ii) Other assets represent a sponsorship fee paid to DHL which is amortized over the project period.

**10 DEFERRED MOBILISATION EXPENSES**

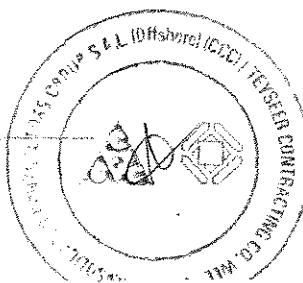
|  | 2009<br>QR '000  | 2008<br>QR '000  |
|--|------------------|------------------|
| Balance as of 1 January                      | 527,542          | 365,837          |
| Mobilisation costs incurred during the year: | 135,266          | 338,007          |
| Americanization for the year                 | <u>(268,183)</u> | <u>(194,964)</u> |
| Net transfers                                | <u>(41,046)</u>  | <u>77,671</u>    |
|  | <b>353,579</b>   | <b>327,542</b>   |

**11 INVENTORIES**

|                                   | 2009<br>QR '000 | 2008<br>QR '000 |
|-----------------------------------|-----------------|-----------------|
| Construction material             | 200,382         | 116,762         |
| Consumables and other inventories | 22,426          | 20,903          |
| Spare parts                       | <u>9,668</u>    | <u>9,353</u>    |
|                                   | <b>232,476</b>  | <b>146,018</b>  |

**12 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

|   | 2009<br>QR '000  | 2008<br>QR '000  |
|---|------------------|------------------|
| Contracts receivable  | 980,604          | 881,987          |
| Prepaid expenses and other receivables                      | 724,938          | 782,782          |
| Due from customers under construction contracts (Note 2(i)) | 349,633          | 350,003          |
| Retention receivables - current portion                     | <u>37,054</u>    | <u>-</u>         |
|   | <b>2,092,229</b> | <b>2,330,772</b> |



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2009

### 12 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

At 31 December 2009 and 2008, there were no impaired financial assets. The aging of unimpaired financial assets is as follows:

|      |  | <i>Past due but not impaired</i>     |           |            |            |            |          |
|------|--|--------------------------------------|-----------|------------|------------|------------|----------|
|      |  | <i>Neither past due nor impaired</i> |           |            |            |            |          |
|      |  | Total                                | Impaired  | < 3 months | 3-6 months | 6-9 months | ≥ 1 year |
|      |  | QR'000                               | QR'000    | QR'000     | QR'000     | QR'000     | QR'000   |
| 2009 |  | 1,583,204                            | 1,461,531 | 109,781    | 11,892     | -          | -        |
| 2008 |  | 937,279                              | 922,597   | 64,682     | -          | -          | -        |

### 13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows consist of the following statement of financial position amounts:

|                               |  | 2009      | 2008     |
|-------------------------------|--|-----------|----------|
|                               |  | QR'000    | QR'000   |
| Bank balances and cash        |  | 1,145,648 | 130,721  |
| Less: Restricted term deposit |  | (15,364)  | (15,331) |
|                               |  | 1,130,284 | 115,420  |
| Bank overdrafts               |  | -         | (16,424) |
|                               |  | 1,130,284 | 98,996   |

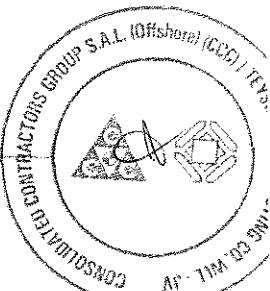
The restricted term deposit is denominated in US Dollars, is held under lien against letter of guarantee and carries an interest rate of 4.22%.

### 14 SHARE CAPITAL

|  |  | 2009   | 2008   |
|--|--|--------|--------|
|  |  | QR'000 | QR'000 |
| Authorized, issued and fully paid-in<br>8,000 ordinary shares of QR 1,100 each |  | 8,000  | 8,000  |

The share capital is distributed among the shareholders as follows:

|  |     | 2009   | 2008   |
|--|-----|--------|--------|
|  | %   | QR'000 | QR'000 |
| Teyseer Trading and Contracting W.L.L. | 70% | 5,600  | 5,500  |
| Consolidated Contractors Group S.A.L.  | 30% | 2,400  | 2,400  |
|  |     | 8,000  | 8,000  |



# Teyseer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2009

### 15 LEGAL RESERVE

As required by Qatar Commercial Companies' Law No.5 of 2002, 10% of the profit for the year has been transferred to legal reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the capital. The reserve is not normally available for distribution except if the circumstances stipulated in the above mentioned law.

### 16 OTHER NON CURRENT LIABILITIES

|   | 2009<br>QR'000 | 2008<br>QR'000 |
|---|----------------|----------------|
| Retention payable - non current portion (i)   | 19,437         | 23,733         |
| Advances from customers - non current portion | 350,108        | 302,446        |
|   | <b>169,245</b> | <b>223,179</b> |

#### Note:

- (i) Retention payables represent amounts withheld from the payments to contractors. These amounts will be added upon completion of the maintenance period subject to satisfactory discharge of the obligations of the contractors.

### 17 EMPLOYEES' END OF SERVICE BENEFITS

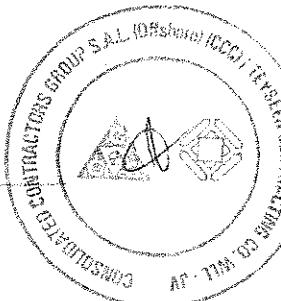
The movements in the provision recognised in the statement of financial position are as follows:

|                              | 2009<br>QR'000 | 2008<br>QR'000 |
|------------------------------|----------------|----------------|
| Balance at 1 January         | 163,149        | 56,618         |
| Provided during the year     | 56,843         | 44,253         |
| End of service benefits paid | (37,092)       | (31,658)       |
| Net transfers                | 16,694         | 8,347          |
| <br>Balances at 31 December  | <b>133,594</b> | <b>103,14</b>  |

### 18 INTEREST BEARING LOANS AND BORROWINGS

|                       | 2009<br>QR'000 | 2008<br>QR'000 |
|-----------------------|----------------|----------------|
| Short term bank loans | 23,733         | 37,718         |

Short term loans represent revolving advance facility obtained from a bank to finance the working capital requirements. The loans carry interest at LIBOR plus 0.5% to 0%. and are secured by the corporate guarantees of Consolidated Contractors Group S.A.L.



**Teyseer Contracting Company W.L.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2009

**19 ACCOUNTS PAYABLE AND ACCRUALS**

|   | 2009<br>QR'000   | 2008<br>QR'000   |
|---|------------------|------------------|
| Accrued expenses and other payables                     | 1,037,477        | 561,643          |
| Due to customers under construction contracts (Note 20) | 957,320          | 138,934          |
| Advances from customers - current portion               | 368,684          | 416,357          |
| Due to subcontractors and suppliers                     | 321,522          | 439,406          |
| Retention payables - current portion                    | <u>19,733</u>    | <u>—</u>         |
|   | <b>2,704,736</b> | <b>1,610,143</b> |

**20 CONSTRUCTION CONTRACTS**

Details of contracts in progress at the statement of financial position date are as follows:

|   | 2009<br>QR'000      | 2008<br>QR'000     |
|---|---------------------|--------------------|
| Contract cost incurred plus recognised profits less recognised losses to date | 14,323,846          | 7,657,841          |
| Less: progress billing  | <u>(14,931,533)</u> | <u>(6,921,429)</u> |
|   | <b>(607,687)</b>    | <b>727,414</b>     |

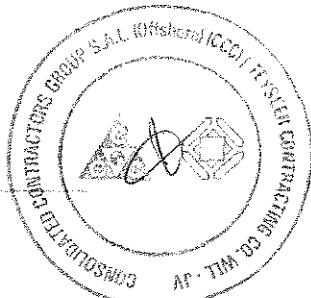
Recognised and included in the financial statements as amounts due:

|   | 2009<br>QR'000   | 2008<br>QR'000 |
|---|------------------|----------------|
| From customers under construction contracts (Note 12) | 349,633          | 804,051        |
| To customers under construction contracts (Note 19)   | <u>(957,320)</u> | <u>138,934</u> |
|   | <b>(607,687)</b> | <b>727,114</b> |

**21 CONTINGENT LIABILITIES**

The Company had the following contingent liabilities from which it is anticipated that no material liability will arise:

|   | 2009<br>QR'000 | 2008<br>QR'000 |
|---|----------------|----------------|
| Performance and tender bonds guarantees | 4,318,883      | 1,680,118      |
| Letters of credits                      | <u>134,111</u> | <u>17,511</u>  |



**Teyseer Contracting Company W.L.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2009

**22 RELATED PARTY DISCLOSURES**

**Related party transactions**

Related parties represent affiliated companies, major shareholders and key management personnel of the Company and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Company's management.

**Related party balances**

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

|   | 2009<br>Receivables<br>QR'000 | 2009<br>Payables<br>QR'000 |  | 2008<br>Receivables<br>QR'000 | 2008<br>Payables<br>QR'000 |
|---|-------------------------------|----------------------------|--|-------------------------------|----------------------------|
| <i>Joint ventures</i>                                   |                               |                            |  |                               |                            |
| Amounts due to joint ventures                           |                               | 372,023                    |  |                               | 650,275                    |
| Amounts due from joint ventures                         | 403,473                       |                            |  |                               |                            |
| <i>Others related parties</i>                           |                               |                            |  |                               |                            |
| Teyseer Mixers W.L.L.                                   |                               | 1,424                      |  |                               | 3,121                      |
| Teyseer Industrial Supplies & Services Company W.L.L.   |                               | 1,285                      |  |                               | 1,871                      |
| Teyseer Service Company W.L.L.                          |                               | 1,186                      |  |                               | 1,743                      |
| Teyseer Building Materials and Transport Company W.L.L. |                               | 8                          |  |                               | 8,152                      |
| Others  | 377                           | 92                         |  | 668                           | 32                         |
|   | <b>304,350</b>                | <b>376,018</b>             |  | <b>603</b>                    | <b>668,132</b>             |

**23 FINANCIAL RISK MANAGEMENT**

**Objective and policies**

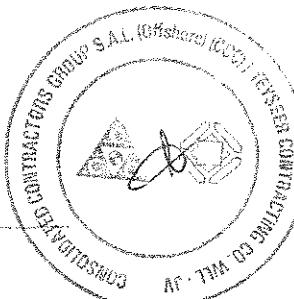
The Company's principal financial liabilities comprise of due to subcontractors and suppliers, amounts due to related parties, bank overdrafts, retention payables, interest bearing loans and borrowings, and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as contracts, receivables, retention receivables, amount due from related parties, and balances and cash and other receivable, which arise directly from its operations.

The main risks arising from the Company's financial instruments are market risk, credit risk, foreign currency risk and liquidity risk. Market risk is the risk that changes in market prices, such as interest rates and foreign exchange, exchange rates will affect the Company's income or the value of its holdings of financial instruments. The management reviews and agrees policies for managing each of these risks which are summarised below.

**Interest rate risk**

The Company's financial assets and liabilities that are subject to interest rate risk comprise bank call, deposits, bank overdrafts and interest bearing loans and borrowings.

The Company's exposure to the risk of changes in market profit rates relates primarily to the Company's financial assets and liabilities with floating profit rates.



Teyseer Contracting Company W.L.L.  
 NOTES TO THE FINANCIAL STATEMENTS  
 At 31 December 2009

**23 FINANCIAL RISK MANAGEMENT (continued)**

**Interest rate risk (continued)**

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates for one year based on the funding rate financial assets and financial liabilities held at 31 December. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

|                                    | <i>Changes in<br/>basis points</i> | <i>Effect on<br/>profit<br/>QR '000</i> |
|------------------------------------|------------------------------------|---|
| <b>2009</b>                        |                                    |   |
| Floating interest rate instruments | +25                                | 2,691                                   |
| <b>2008</b>                        |                                    |   |
| Floating interest rate instruments | -25                                | 1,158                                   |

**Foreign currency risk**

Foreign currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

The Company does not hedge its currency exposure. At 31 December, the Company has currency risks on its cash balances and due to subcontractors and suppliers which is denominated in EUR, RSD and GBP.

As the Qatari Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

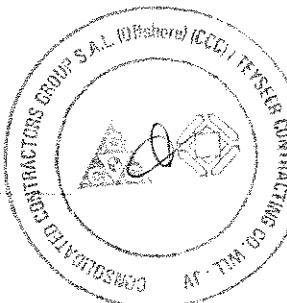
The table below indicates the Company's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the QR currency rate against the EUR, RSD and GBP with all other variables held constant on the statement of comprehensive income (due to the fair value of currency sensitive monetary assets). The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

|             | <i>Change in Euro and<br/>GBP rates to the QR</i> | <i>Effect on<br/>profit<br/>QR '000</i> |
|-------------|---|---|
| <b>2009</b> |   |   |
| Euro        | 5%  | 1,578                                   |
| GBP         | 5%  | (100)                                   |
| <b>2008</b> |   |   |
| Euro        | 5%  | 1,157                                   |
| GBP         | 5%  | (24)                                    |

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of receivables and bank balances.

The Company provides construction services only to limited creditworthy customers. The Company's maximum exposure with reference to the retentions receivable and contracts receivable reflected at the reporting date is QR 1,074,446,000 (2008: QR 924,978,000).



**Teyseer Contracting Company W.L.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
At 31 December 2009

**23 FINANCIAL RISK MANAGEMENT (continued)**

**Credit risk (continued)**

With respect to credit risk arising from the other financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as follows:

|                                  | 2009<br>QR'000   | 2008<br>QR'000   |
|----------------------------------|------------------|------------------|
| Bank balances                    | 1,142,981        | 1,072,284        |
| Amounts due from related parties | -104,350         | (619)            |
| Other receivable                 | 124,408          | 61,603           |
|                                  | <b>1,671,739</b> | <b>1,130,395</b> |

The Company reduces the exposure of credit risk arising from other financial assets by maintaining bank accounts with reputed banks and providing services only to the creditworthy counter parties.

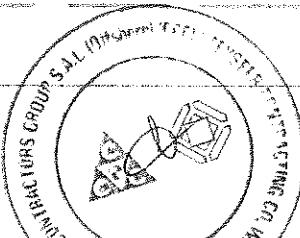
**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company limits its liquidity risk by ensuring bank facilities and funding from partners are available. The Company's credit term requires amounts to be paid within 45-90 days from the invoice date.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

|                                       | Due from<br>On demand<br>QR'000 | 6 months<br>QR'000 | 1 to 12<br>months<br>QR'000 | 1 to 5<br>years<br>QR'000 | > 5 years<br>QR'000 | Total<br>QR'000  |
|---------------------------------------|---------------------------------|--------------------|-----------------------------|---------------------------|---------------------|------------------|
| <b>2009</b>                           |                                 |                    |                             |                           |                     |                  |
| Due to subcontractors and suppliers   | 321,522                         | -                  | -                           | -                         | -                   | 321,522          |
| Amounts due to related parties        | -                               | -                  | 376,018                     | -                         | -                   | 376,018          |
| Interest bearing loans and borrowings | -                               | 26,119             | -                           | -                         | -                   | 26,119           |
| Other payables                        | 146,817                         | -                  | 19,137                      | -                         | -                   | 165,954          |
| <b>Total</b>                          | <b>458,438</b>                  | <b>376,018</b>     | <b>19,137</b>               | <b>-</b>                  | <b>-</b>            | <b>883,583</b>   |
| <b>2008</b>                           |                                 |                    |                             |                           |                     |                  |
| Bank overdrafts                       | 36,424                          | -                  | -                           | -                         | -                   | 36,424           |
| Due to subcontractors and suppliers   | 489,969                         | -                  | -                           | -                         | -                   | 489,969          |
| Amounts due to related parties        | -                               | -                  | 663,336                     | -                         | -                   | 663,336          |
| Interest bearing loans and borrowings | -                               | 38,270             | -                           | -                         | -                   | 38,270           |
| Other payables                        | 152,444                         | -                  | 23,738                      | -                         | -                   | 176,182          |
| <b>Total</b>                          | <b>36,424</b>                   | <b>680,713</b>     | <b>663,336</b>              | <b>23,738</b>             | <b>-</b>            | <b>1,484,211</b> |



# Teyscer Contracting Company W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS At 31 December 2009

### 23 FINANCIAL RISK MANAGEMENT (continued)

#### Capital management

The management's policy is to maintain a strong capital base so as to maintain investor credit and to sustain future development of the business. The management monitors the capital which the Company defines as total shareholders' equity which includes share capital and retained earnings and is measured at QR 31,331,000 on 31 December 2009 (2008: QR 15,899,000).

The Company manages its capital structure and makes adjustments to it, in light of changes in business conditions and shareholders' expectation. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 2008.

### 24 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and cash, retention receivables, contractors receivables, amounts due from related parties and other receivables. Financial liabilities consist of interest bearing loans and borrowings, due to subcontractors and suppliers, amounts due to related parties, retention payables and other payables.

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

### 25 SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Percentage of completion*

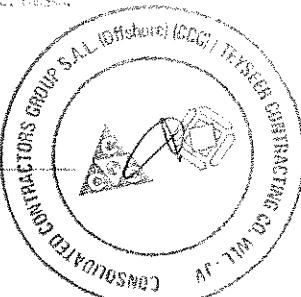
The Company uses the percentage of completed method for recognition of contract revenue. The profit percentage of completion method requires the Company to estimate the costs incurred to date on contracts as a proportion of the total contract costs to be incurred. The accuracy of this estimate has a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

#### *Impairment of receivables*

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

#### *Impairment of inventories*

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.



**Toyseer Contracting Company W.L.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**At 31 December 2009**

**25 SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)**

*Useful lives of plant and equipment*

The Company's management determines the estimated useful lives of its plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

*Construction cost estimates*

The Company uses internal quantity surveyors together with project managers and engineers to estimate the costs to complete construction contracts. Factors such as escalation of material prices, labor costs and other costs are included in the contracts costs estimates based on best estimates.

*Contract variations*

Contract revenue represents initial contract value and approved variation orders and claims. If variations to initial contracts are in negotiation, as a prudent estimate the management recognises the minimum which the Company will be successful in obtaining when the negotiations over the value of variations are resolved.

*Provision for maintenance*

A provision for maintenance expenses is recognised in respect of completed contracts. The provision relates to maintenance expenses that may be incurred during the contractual maintenance period. The reserve is calculated based on the Company's past experience of expenses incurred.

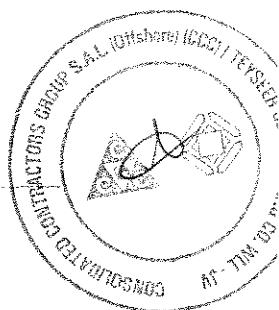
As with any other provisions, the provision for maintenance has been made based on the management's best estimate of the likely outcome of the maintenance period. However the actual outcomes could differ from these estimates.

*Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

**26 COMPARATIVE FIGURES**

Certain amounts in the 2008 financial statements and supporting note disclosures have been reclassified in accordance with the current year's presentation. Such reclassifications do not have an impact on the previously reported net profit or retained earnings.



**SECTION 13: APPENDIX E**  
**CONTRACTOR'S RESOURCES**  
**Annexure 11: List of Customers and Projects**



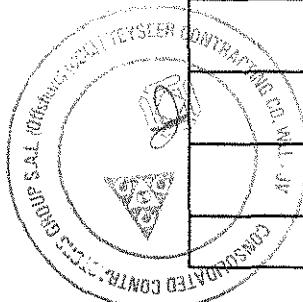
**Qatar General Electricity & Water Corporation**  
Tender NO. GTC 626/2014  
**Construction of Mega Reservoir PRPSs**  
**(Packages A, B, C, D & E)**

## **ANNEXURE (11) LIST OF CUSTOMERS AND PROJECTS**

CONTRACTOR shall submit a verifiable reference list demonstrating its previous experience of carrying out works of a similar nature, size and complexity as the tendered works during the last 5 years, including completion date, value and the Client contact name and address. The list shall demonstrate the CONTRACTOR's experience worldwide during the last 5 years and should demonstrate experience within the GCC of at least 2 years.

KAHRAMAA reserves the right to verify the statements made by CONTRACTOR and to solicit formation from past clients nominated below. The list shall be completed for all members of a JV. Tenderers shall submit with their Tender, completion certificate and/or form of agreement for all major relevant references.

| CONTRACT Name and Number | Brief Description of Scope of work                        | Client Name /contact Persons Name/ Telephone / Fax No. | Contract Value | Completion Date |
|--------------------------|---|--|----------------|-----------------|
|                          |   |  |                |                 |
|                          |   |  |                |                 |
|                          |   |  |                |                 |
|                          | Please find enclosed herein the List of Similar Projects. |  |                |                 |
|                          |   |  |                |                 |
|                          |   |  |                |                 |
|                          |   |  |                |                 |
|                          |   |  |                |                 |





## CONSOLIDATED CONTRACTORS COMPANY

### PIPELINE PROJECTS - PROJECTS COMPLETED IN THE LAST 10 YEARS AND IN PROGRESS

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 TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, UR=Unit Rate, JV=Joint Venture, SC=Subcontractor

| PROJECT NAME & DESCRIPTION   | LOCATION   | CLIENT   | PRIME CONTRACTOR   | TYPE OF CONTRACT | CCC SCOPE OF WORK | CONTRACT VALUE (US\$ MILL.) | PROJECT START | END   |
|--|------------|--|--|------------------|-------------------|-----------------------------|---------------|-------|
| <b>Bab Habshan 1 Development (Phase I) &amp; Expansion of Bab Gas Compression (Phase II)</b><br>Civil structural erection, mechanical, pipeline, piping spool fabrication, electrical, instrumentation, telecom works and EPC 28 no. buildings (4,136 m <sup>2</sup> ), temporary facilities of:<br><b>Phase I:</b> Construction of 12 oil well producers and 12 water injection wells, transfer lines, flow lines, brown field work.<br><b>Phase II:</b> Drill and tie-in 32 new wells, increase of compression capacity from 1.8 to 2.4 BSCF. New 600 MMSCFD compression station. Upgrade of gas gathering network to cater for 24 new gas wells, and upgrading of 3 existing substations. | Abu Dhabi  | Abu Dhabi Co. for Onshore Oil Operations (ADCO)  | PETROFAC<br>P.O. Box 23467<br>Petrofac Tower<br>Al Khan Road<br>Sharjah, UAE<br>Tel.: +971-6 5740999<br>Fax: +971-6 5740099<br>Att.: Mr. Erik Roeterdink, Project Director<br>Tel.: +971-6 5173735 | UR               | C & EPC Buildings | 180.0                       | 09/13         | 11/15 |
| <b>Tie-in of 12 New Wells to the Gas Gathering System</b><br>Installation of 12 production wells at 3 pads and related facilities, connection to existing production manifold, MEG injection systems for 3 pads, and annulus bleeding system for system for 3 pads.  | Abu Dhabi  | Abu Dhabi Gas Development Co. (Al Hosn Gas)  | CCC  | LSTK             | E, P, C, COM      | 44.6                        | 02/14         | 08/15 |
| <b>Permanent Raw Water Pipeline</b><br>EPC 159 km 42" x 8.52 mm thick externally 3 LPE coated and internally cement lined CS seawater pipeline, pumping station including 3 seawater pumps, 4 surge vessels, 2000 m <sup>3</sup> GRE tank, 3.4 MW power plant (2+1 generators), and tank farm with a 600 m <sup>3</sup> HFO steel tank and 50 m <sup>3</sup> LFO steel tank.   | Mauritania | Tasiast Mauritania Ltd. S.A. (TMLSA) (a Kinross Co.)<br>ZRA 50, P.O. Box 5051<br>Nouakchott, Mauritania<br>Tel.: +222 525 2428<br>Fax: +222 529 3895<br>Att.: Joe Wahba, Project Director                      | CCC  | LSTK             | E, P, C, COM      | 183.6                       | 02/13         | 04/15 |
| <b>Shah Sulphur Station &amp; Pipelines</b><br>Shipping of liquid sulphur through a dual 11 km pipeline, storage of liquid sulphur, blocking, granulation, railcar loading, storage of elemental granular sulphur, conveyor and stacker/reclaimer systems, utilities, and infrastructure facilities.   | Abu Dhabi  | Abu Dhabi Gas Development Co. (Al Hosn Gas)  | CCC  | LSTK             | E, P, C, COM      | 550.0                       | 05/11         | 09/14 |
| <b>APLNG Pipelines, Queensland</b><br>EPC 386 km 42", 78 km 36", 92 km 30", 71.4 km 24", and 39.5 km 18" coal seam gas pipelines from the Surat basin to Gladstone to the APLNG's LNG process facility on Curtis Island. Four main valve stations, 13 scraper stations and various facilities for each pipeline.   | Australia  | Australia Pacific LNG Pty Ltd. (APLNG)<br>(an Origin Energy, ConocoPhillips & Sinopec JV)<br>12 Cribb Street,<br>Milton, QLD 4064, Australia<br>Att.: Graeme Hogarth, Project Manager<br>Tel.: +61-7 3867 0725 | CCC/McConnell Dowell JV<br>(CCC share - 50%)   | LSTK             | E, P, C, COM      | JV: 898.1                   | 01/10         | 05/14 |



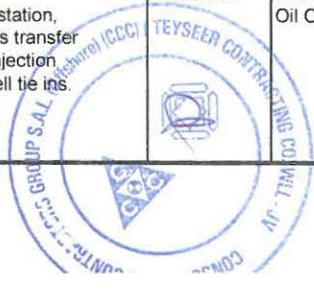
# CONSOLIDATED CONTRACTORS COMPANY

## PIPELINE PROJECTS - PROJECTS COMPLETED IN THE LAST 10 YEARS AND IN PROGRESS

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TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, UR=Unit Rate, JV=Joint Venture, SC/Subcontractor

|  | PROJECT NAME & DESCRIPTION   | LOCATION  | CLIENT  | PRIME CONTRACTOR                              | TYPE OF CONTRACT                   | CCC SCOPE OF WORK  | CONTRACT VALUE (US\$ MILL.)  | PROJECT START | END   |
|--|--|-----------|---|---|------------------------------------|--------------------|------------------------------|---------------|-------|
|  | <b>New Export Transit Pipelines from BS-171 to AGRP at Mina Al Ahmadi</b><br>EPC 60 km 24" dia. gas export line, 60 km 14" dia. condensate export line, 15 km 8" dia. Pigging liquids disposal line, tie-ins with existing facilities, and 500 m 8" dia. liquid condensate pipeline. Civil, E&I and mechanical works.  | Kuwait    | Kuwait Oil Co.<br>P.O. Box 1070<br>Safat 13011, Kuwait  | CCC   | LSTK                               | E, P, C, COM       | 90.0                         | 09/11         | 07/16 |
|  | <b>Hassyan Digs Pipeline</b><br>EPC 38.7 km 48" buried natural gas pipeline, API 5L X65 SAW, sour service 23.8 mm thick, 66.2 Barg SFBE/DFBE coated. Launcher/receiver stations, block valve stations, tie-in to existing facilities.  | Dubai     | Dubai Supply Authority (DUSUP)  | CCC   | LS (UR for Pipeline final measure) | Residual E, P, COM | 18.3                         | 01/13         | 03/14 |
|  | <b>QCLNG Export Pipeline &amp; Collection Header, Queensland</b><br>Detailed design and construction of a 334 km 42" diameter buried natural gas export pipeline, 196.6 km 42" buried natural gas collection header, 6 connections from the Central Processing Plants to the collection Header (laterals) of 20" & 26" dia. pipelines, pigging facilities and receipt station.   | Australia | QCLNG Pipeline Co. Pty Ltd.<br>(a British Gas Group Co.)<br>98 Chernith Road,<br>Targinnie, Qld 4694<br>Australia<br>Att.: Norman Ingram,<br>General Manager<br>Tel.: +61-7 3024 7075 | McConnell Dowell / CCC JV<br>(CCC share: 50%) | LSTK                               | EPC                | JV: 750.3                    | 07/10         | 01/14 |
|  | <b>QCLNG Export Pipeline - Narrows Crossing</b><br>EPC LNG export Pipeline consisting of:<br>Phillipies Landing Road:, 2.5 km onshore pipeline.<br>Creek Section, 1.5 km traversing 2 creeks.<br>Marshland Section, 2.1 km in marshy tidal mud flats.<br>Narrows Section, 2 km in tidal water course (max water depth 12 m LAT).<br>Curtis Island Section, 4.8 km onshore pipeline.                                    | Australia | QCLNG Pipeline Co. Pty Ltd.<br>(a British Gas Group Co.)<br>98 Chernith Road,<br>Targinnie, Qld 4694<br>Australia<br>Att.: Norman Ingram,<br>General Manager<br>Tel.: +61-7 3024 7075 | CCC/McConnell Dowell JV<br>(CCC Share: 50%)   | LSTK                               | E, P, C            | JV: 319.6                    | 09/10         | 01/14 |
|  | <b>Sahil, Asab &amp; Shah (SAS) Full Fields Development</b><br>Construction and EPC Main Oil Lines to Asab and 8 no. buildings.<br>Upgrade existing CDS and 2 RDS at Shah. Upgrade existing CDS and 1 RDS at Sahil.<br>New 315 km trunklines and flowlines 3" - 16".<br>107 km 16" main oil line (Shah & Sahil to Asab).<br>Demolition of 31 km of pipelines 6" - 30".<br>Connections to well heads at Sahil and Shah. | Abu Dhabi | Abu Dhabi Co. for Onshore Oil Operations (ADCO)   | CCC/Technicas Reunidas Consortium             | LSTK                               | EPC                | Consortium: 1,182.4          | 01/09         | 01/14 |
|  | <b>Qusahwira Field 1.8 MMBOPD Project</b><br>EPC new central degassing station 30 KBOPD, new remote degassing station, 118 km 4" - 8" produced oil flow lines, 9 km 20" transfer line, 7 km 6" gas transfer line, 64 km 3" gas injection lines, 80 km 14" main oil line, 2 new water injection clusters including 5 injection wells and 8 km 6" - 8" flow lines, and 57 well tie ins.                                  | Abu Dhabi | Abu Dhabi Co. for Onshore Oil Operations (ADCO)   | Nat'l. Petroleum Construction Co. (NPCC)      | LS SC                              | C                  | Overall: 517.0<br>CCC: 271.6 | 12/10         | 12/13 |





# CONSOLIDATED CONTRACTORS COMPANY

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TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, UR=Unit Rate, JV=Joint Venture, SC=Subcontractor

| PROJECT NAME & DESCRIPTION  | LOCATION  | CLIENT  | PRIME CONTRACTOR  | TYPE OF CONTRACT | CCC SCOPE OF WORK                                      | CONTRACT VALUE (US\$ MILL.) | PROJECT START | END   |
|---|-----------|---|---|------------------|--|-----------------------------|---------------|-------|
| <b>Bab Thamama G &amp; Habshan 2 Development 1.88 MM BOPD Project</b><br>Fabrication and erection, laying flow lines and pipelines, EPC field erected tanks, 4 remote degassing stations and BCDS with all associated works, mechanical and E&I works.  | Abu Dhabi | Abu Dhabi Co. for Onshore Oil Operations (ADCO)<br>P.O. Box 270<br>Att.: Area Engineering Manager (Bab)   | Nat'l. Petroleum Construction Co. (NPCC)<br>P.O. Box 2058<br>Abu Dhabi, UAE<br>Tel.: +971-2 5549000<br>Fax: +971-2 5549111<br>Att.: Bakr Abou Harb, Vice President-Onshore Projects   | LS SC            | Construction E, Part P, All C, Part COM, EPC Buildings | Overall: 683.3 CCC: 327.8   | 03/10         | 12/13 |
| <b>Barzan Offshore Project - Onshore Pipeline Works</b><br>Construction of 2 x 32 gas pipeline and 4.5" MEG pipeline, 5.2 km each. Onshore interface, planning and procedures, pre-construction survey works, civil works, right of way, pipeline, NDT field joint coating, pipeline installation, testing, cathodic protection, line pipe and valves handling and transportation, sand supply, cable laying, temporary access road and winch foundation. | Qatar     | Ras Laffan Liquefied Natural Gas Co. (RasGas)   | Hyundai Heavy Industries Co.<br>Offshore & Eng'g. Division<br>Offshore Civil & Department<br>1, Jeonha-Dong, Dong-Ku Ulsan Korea 682-792<br>Tel.: +82 52 2031780<br>Fax: +82 52 2031743<br>Att.: Mr. S.M. Lim, Head of Department Manager | LS SC            | C  | 12.1                        | 10/11         | 11/13 |
| <b>12" km Pipeline from Takreer Petrochemical Refining Plant to APC/ITM Umm Al Nar Power &amp; Desalination Plant</b><br>3,400 m 12' Pipeline, 2 meter/filter skids, 2 tie-ins, 4,000 m FOC cables, DCS upgrade, civil & E/I works.   | Abu Dhabi | Arabian Power Co.   | CCC   | LSTK             | EPC, COMM support                                      | 8.9                         | 02/11         | 04/12 |
| <b>Block 3 &amp; 4 Development Project (Phase II) - Farha &amp; Saiwan Stations</b><br>Civil, mechanical, structural & E/I works for 3 stations and 2 no. 10" & 16" dia. crude oil pipelines.   | Oman      | CC Energy Development (Oman Branch)<br>Bait Al Reem Building<br>Way No. 2409<br>Al Thaqafa Street,<br>Al Khuwait District<br>Muscat, Oman<br>Att.: Shakrokh Etebar, Managing Director | CCC   | LS               | C, PRE-COM, COM Assist                                 | 78.3                        | 09/11         | 02/12 |





## CONSOLIDATED CONTRACTORS COMPANY

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TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, UR=Unit Rate, JV=Joint Venture, SC=Subcontractor

| PROJECT NAME & DESCRIPTION   | LOCATION   | CLIENT  | PRIME CONTRACTOR  | TYPE OF CONTRACT | CCC SCOPE OF WORK                  | CONTRACT VALUE (US\$ MILL.) | PROJECT START | END   |
|--|------------|---|---|------------------|------------------------------------|-----------------------------|---------------|-------|
| <b>Australia Pacific LNG (APLNG) Main Pipeline Early Works, Queensland</b><br>Early works for a 380 km 42", 46 km 36", and 40 km 30" pipelines   | Australia  | Australia Pacific LNG Pty Ltd. (APLNG)<br>(an Origin Energy, ConocoPhillips & Sinopec JV)<br>12 Cribb Street,<br>Milton, QLD 4064, Australia<br>Att.: Graeme Hogarth,<br>Project Manager<br>Tel.: +62-7 3867 0725   | McConnell Dowell / CCC JV<br>with KBR as nominated subcontractor for E&PS<br>(CCC share: 50%)   | Reimbursable     | EPC                                | JV: 10.0                    | 01/10         | 12/10 |
| <b>Ambatovy Project - Nickel Slurry &amp; Tailings Pipeline</b><br>220 km 24" CS ore slurry pipeline, valve station and 3 pressure monitoring stations.<br>29.5 km 24" CS and 10 km 30" HDPE water pipelines, terminal facility tailings pipeline<br>(10.5 km 28" HDPE lined CS pipe, 3.5 km 28" CS pipe above ground, and<br>14.7 km 36" HDPE pipe).<br>Electrical works and installation of fiber conduit and cable adjacent to the slurry pipeline. | Madagascar | Ambatovy Minerals SA<br>[consortium consisting of Sherritt (40%), Sumitomo (27.5%), Kores (27.5%), & SNC-Lavalin (5%)]<br>Ambatovy Project-Plant Site,<br>Fokontany d'Amboakarivo,<br>Commune d'Amboditandoroho,<br>Toamasina II – Region<br>Atsinanana,<br>Toamasina 501,<br>Madagascar<br>Att.: Mr. Roger Nendick,<br>Project Director-OPG<br>Email: RNendick@sherrit.com | CCC   | LS & UR SC       | C, P (partial), PRECOM, COM assist | 258.0                       | 02/08         | 12/10 |
| <b>Bu Hasa - Habshan Gas Pipeline</b><br>EPC 50 km 36" pipeline, scrapper receiver and launcher facilities, corrosion inhibitor systems, slug catcher and disposal pumps, and associated electrical and instrumentation systems.   | Abu Dhabi  | Abu Dhabi Gas Industries (GASCO)<br>P.O., Box 665<br>Abu Dhabi, UAE<br>Tel: +971-2 6030000<br>Fax: +971-2 6037414<br>Att: Mr. Mohammed A. Sahoo<br>Al Suwaidi, CEO  | Construction Co. (NPCC)<br>P.O. Box 2058<br>Abu Dhabi, UAE<br>Tel.: +971-2 5549000<br>Fax: +971-2 5549111<br>Att.: Mr. Aqeel Madhi, CEO | LSTK SC          | E, P, C, COM                       | 52.9                        | 08/06         | 10/10 |





# CONSOLIDATED CONTRACTORS COMPANY

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TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, UR=Unit Rate, JV=Joint Venture, SC=Subcontractor

| PROJECT NAME & DESCRIPTION   | LOCATION  | CLIENT  | PRIME CONTRACTOR  | TYPE OF CONTRACT | CCC SCOPE OF WORK | CONTRACT VALUE (US\$ MILL.)  | PROJECT START | END   |
|--|-----------|---|---|------------------|-------------------|------------------------------|---------------|-------|
| <b>Offshore Associated Gas Project, EPC Package 3-Onshore Pipeline &amp; Habshan Facilities</b><br>EPC 96.36 km 30" onshore dense phase sour gas pipeline from landfall to Habshan Plant and 4.6 km 12" liquid NGL pipeline from Habshan to Bab. Addition of process units to Habshan Plant for feed separation, stabilization, vapour recompression and debutanizer, and tie-ins to existing facilities.  | Abu Dhabi | Abu Dhabi Gas Industries (GASCO)<br>P.O., Box 665<br>Abu Dhabi, UAE<br>Tel: +971-2 6030000<br>Fax: +971-2 6037414<br>Att: Mr. Mohammed A. Sahoo<br>Al Suwaidi, CEO                                | National Petroleum Construction Co. (NPCC)<br>P.O. Box 2058<br>Abu Dhabi, UAE<br>Tel.: +971-2 5549000<br>Fax: +971-2 5549111<br>Att: Mr. Aqeel Madhi, CEO | LSTK SC          | E, P, C, COM      | 299.0                        | 06/06         | 09/10 |
| <b>EPC Eastern Gas Distribution System Upgrade Works – East &amp; West Systems</b><br><u>East Systems:</u> EPC connection of Al Ain Gas Terminal to 30" Maqta-Al Ain pipeline by hot tapping. Expansion of existing control building, SCADA, telecom works, and modification of existing block valve station.<br><u>West System:</u> EPC station works including modification for header, piping, valves, tie-ins. Installation of new fire and gas detection system. Replacement of field instruments, cables, etc. Construction of new Operations Administration building, mosque, and workshop. Modification works. New pipeline connections. SCADA. Telecom works. New 6 km 36" dia. gas pipeline. Cathodic protection system. One 240 m highway crossing (HDD), one 820 m channel crossing (HDD), 7 small crossings (TB). | Abu Dhabi | Dolphin Energy Ltd.<br>PO Box 33777, Abu Dhabi,<br>Tel +971-2 5027560<br>Fax +971-2 5027545<br>Att: Mr. Anwar Zuarub,<br>Senior Project Manager   | CCC/Sicon Consortium  | LSTK             | E, P, C           | 166.2                        | 05/06         | 08/09 |
| <b>Onshore Gas Development, Phase III - Upstream Project at Bab</b><br>Civil works for 84 wells and 6 remote manifold stations. Installation 372 km 6" - 18" gas gathering and injection pipelines. 708 crossings (asphalt road, pipelines, cables and track crossings), 3,000,000 m3 sand dune dozing. Demolition 260 km existing gas lines (injection, gathering and sweet gas). Tie-ins to existing process and utility pipework at Bab. Demolition and removal of redundant existing facilities. SCADA/telecommunication system.   | Abu Dhabi | Abu Dhabi Co. for Onshore Oil Operations (ADCO)<br>P.O. Box 270<br>Abu Dhabi, UAE<br>Tel: +971-2 6040000<br>Fax: +971-2 6669765<br>Att: Mr. Saleh Al Wahedi, Engineering & Major Projects Manager | NPCC<br>P.O. Box 2058<br>Abu Dhabi, UAE<br>Tel: +971-2 5549000<br>Fax: +971-2 5549111<br>Att: Mr. Aqeel Madhi, General Manager                            | LS SC            | C                 | Overall: 374.5<br>CCC: 186.0 | 05/05         | 03/08 |
| <b>Ras Laffan to Mesaieed Sweet Gas Pipeline</b><br>126 km 36" dia. and 12 km 24" API 5L X-65 underground pipeline, 3 launching/receiving trap stations, 4 ball valve stations, 3 spur stations, and laying fiber optic cable. Output - 1,000 MMSCFD   | Qatar     | Qatar Petroleum<br>P.O. Box 3212<br>Doha, Qatar<br>Tel: +974-4491491<br>Att: Mr. Ali Ahmed Al Mohannadi, Assistant Engineering Manager<br>Tel: +974-4946222<br>Fax: +974-4946584                  | CCC   | LSTK             | E, P, C, COM      | 86.0                         | 04/04         | 12/06 |





## CONSOLIDATED CONTRACTORS COMPANY

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| PROJECT NAME & DESCRIPTION   | LOCATION   | CLIENT   | PRIME CONTRACTOR  | TYPE OF CONTRACT | CCC SCOPE OF WORK | CONTRACT VALUE (US\$ MILL.) | PROJECT START | END   |
|--|------------|--|---|------------------|-------------------|-----------------------------|---------------|-------|
| <b>Dusup - DEWA H Power Station 36" Pipeline</b><br>Construction of 37 km and 54 km 36" pipelines, Grade X-65, 16.9 mm thick, 11 BVS and launcher/receiver facilities, 3 no. new 24", 20" and 16" launcher/receiver facilities and piping modification to existing pipelines. All related mechanical, E/I works.   | Dubai      | Margham Dubai Est.<br>P.O. Box 17114<br>Jebel Ali Free Zone<br>Dubai, UAE<br><br>Tel: +971-4 8803680/8028888<br>Fax: +971-4 8803460  | CCC   | LS               | C                 | 20.0                        | 12/05         | 08/06 |
| <b>North East Bab Project, Phase I</b><br>Installation 504.6 km onshore pipelines, 4.5 km shallow water pipelines and civil works for 2 central processing plants and clusters (150,000 barrels of oil/day).<br>EPC 4 no. 220 kV substations, 2 control buildings, 2 ITR buildings, and 2 guard houses, inclusive of HVAC, electrical, plumbing works (total 5,263.4 m <sup>2</sup> area).<br>Construction of 13.6 km peripheral roads and inside the central processing plants. | Abu Dhabi  | Abu Dhabi Co. for Onshore Operations   | Technip/Nat'l. Petroleum<br>Petroleum<br>Construction Co.<br>Consortium | SC               | C, COMM assist    | Overall: 566.0<br>CCC: 95.5 | 01/04         | 08/06 |
| <b>42" South Caucasus Gas Export Pipeline</b><br>443 km 42" X-70 gas pipeline, block valve stations, pig launching stations, check valve and powered block valve stations, and laying fibre optic cables.  | Azerbaijan | BP Exploration (Shah Deniz)<br>Ltd. on behalf of South<br>Caucasus Pipeline Co.<br>153 Neftechiler Ave.,<br>BP Xazar Centre, Port Baku,<br>Baku, Azerbaijan AZ 1010<br>Att.: Gordon Birrel<br>Tel.: +994-12 5993000<br>Fax: +994-12 5993665<br>E-mail: gordon.birell@uk.bp.com | CCC   | LSTK             | E, P, C, COM      | 100.0                       | 08/04         | 03/06 |
| <b>Mina Al Fahal - Sohar Crude Oil Pipeline</b><br>266 km 24" oil pipeline (116,000 BPSD), 12 block valve stations, pig launcher and receiver stations, mixing and metering facilities, leak detection and location system, cathodic protection system, SCADA including 2 control rooms, 36 core fiber optic cable, electrical power supply and instrumentation.   | Oman       | Oman Refinery Co.<br>Project Manager:<br>Oman Gas Co.<br>ORC: P.O. Box 3568<br>Ruwis, PC 112, Oman<br>Att: Mr. Adel A. Al-Yafey,<br>Manager (PP, BD & M)<br>Tel: +968 24570712<br>Fax: +968 24564490<br><a href="mailto:a.yafey@refinery.co.om">a.yafey@refinery.co.om</a>     | CCC/Saipem JV<br>(CCC share 50%)  | LSTK             | E, P, C, COM      | JV: 87.9                    | 05/04         | 01/06 |





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TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, UR=Unit Rate, JV=Joint Venture, SC=Subcontractor

| PROJECT NAME & DESCRIPTION   | LOCATION                  | CLIENT   | PRIME CONTRACTOR   | TYPE OF CONTRACT | CCC SCOPE OF WORK | CONTRACT VALUE (US\$ MILL.) | PROJECT START | END   |
|--|---------------------------|--|--|------------------|-------------------|-----------------------------|---------------|-------|
| <b>Baku-Tbilisi-Ceyhan Oil Pipeline</b><br>443 km 42" X-70 oil pipeline, block valve stations, [og ;aimcjomg statopms, check valve and powered block valve stations, and laying fibre optic cables.  | Azerbaijan                | Baku-Tbilisi-Ceyhan Pipeline Co. Ltd. (BTC)<br>90A Nizami Street<br>Landmark 3<br>Baku<br>Azerbaijan<br>Att: Mr. Craig Wiggs,<br>General Manager<br>Tel: +994-12 599 3000<br>Fax: +994-12 5993876<br>Email: <a href="mailto:wiggscl1@bp.com">wiggscl1@bp.com</a> | CCC  | LSTK             | E, P, C, COM      | 149.3                       | 08/02         | 09/05 |
| <b>Thammana C &amp; F Units 6 &amp; 7 Gas Wells Tie-in</b><br>Flow lines and tie-in to wellheads. Construction 22 km 8" pipeline.  | Abu Dhabi                 | Abu Dhabi Co. for Onshore Operations (ADCO)  | National Petroleum Construction Co. (NPCC)                         | LS SC            | C, CM, COM assist | CCC: 7.5                    | 12/04         | 08/05 |
| <b>Installation of New BS 131 &amp; Interconnecting Lines with GCs &amp; BS-130, Rawdhatain Oilfield</b><br>Installation of a new 250 MMSCFD booster compressor station, upgrading of an existing booster station and three gathering stations including chemical injection packages, new fuel gas treatment skid, pig launchers and receivers and tie-ins. Laying 50 km 6" - 42" dia pipeline.  | Kuwait                    | Kuwait Oil Co.   | Snamprogetti   | LS SC            | C, CM, COM assist | Overall: 125.0<br>CCC: 56.6 | 03/02         | 05/05 |
| <b>Mozambique to Secunda (South Africa) Natural Gas Pipeline</b><br>860 km 26" coated gas pipeline with average gas throughput of 190,000 normal Crossing: 10 railway, 5 road, 1 canal and 1 river (HDD method). Civil, building, E/I and telecommunication-related works. Mechanical works including Pressure Protection Station (PPS) and all associated in-plant piping. Cathodic protection 6 no. scraper stations, and 24 no. valve stations. The line pipe supply contract was placed by the Client and was novated by the JV. | Mozambique & South Africa | Sasol Technology (Pty) Ltd.<br>Stander Building<br>Synfield Road<br>Private Bag X1034<br>Secunda 2302<br>South Africa<br>Tel.: +27 17 619 0111<br>Fax: +27 17 619 2444<br>Att: Mr. Stephan Botha, Owner's Representative   | CCC/Grinaker-LTA/<br>McConnell Dowell<br>(CCC share: 40% - Leader) | LSTK             | E, P, C, COM      | JV: 275.0                   | 04/02         | 04/04 |





# CONSOLIDATED CONTRACTORS COMPANY

## WATER & SEWAGE PIPELINE PROJECTS COMPLETED IN THE LAST 10 YEARS & IN PROGRESS

| PROJECT NAME  | LOCATION   | CLIENT  | CONSULTANT | PRIME CONTRACTOR | PROJECT VALUE (US\$ MILL.) | PERCENT PARTICIPATION IN PROJECT | PIPE MATERIAL                          | PRESSURE CLASS (BAR) | DIA. (MM)                     | LENGTH (KM)                             | PROJECT START FINISH       |       |       |
|---|------------|---|------------|------------------|----------------------------|----------------------------------|--|----------------------|-------------------------------|---|----------------------------|-------|-------|
|   |            |   |            |                  |                            |                                  |  |                      |                               |   |                            |       |       |
| Permanent Raw Water Pipeline  | Mauritania | Tasiast Mauritanie Ltd. S.A. (TMLSA)<br>(a Kinross Co.) |            |                  | 183.6                      | 100.00%                          | CS                                     |                      | 42"                           | 159.000                                 | 02/13                      | 04/15 |       |
| A'Seeb Collection and Conveyance System,<br>Al Khoudh Gravity Sewer Networks – Contract 5B,<br>Oman         |            | Haya Water  |            |                  | 153.0                      | 100.00%                          | HDPE<br>UPVC<br>HDPE                   |                      | 300-800<br>150-250<br>300-800 | 15.125<br>40.654<br>23.365              | 10/09                      | 11/12 |       |
| Khalifa Port & Industrial Zone - Industrial Zone<br>Infrastructure North, Abu Dhabi                         |            | Abu Dhabi Ports Co.                                     |            |                  | 131.4                      | 100.00%                          |  |                      | 79.144                        | 09/10                                   | 08/12                      |       |       |
| Infrastructure Works for Al-Reehan, Ramallah & Al-Jenin Neighbourhood Housing Projects, Palestine           |            | Abu Dhabi Municipality                                  |            |                  | 15.0                       | 100.00%                          | HDPE<br>UPVC<br>UPVC & DI              |                      | 0.450<br>8.700<br>4.000       | 11.000<br>3.000<br>12.000               | 01/11                      | 04/12 |       |
| EPC Ras Laffan Port Expansion - Berths & Port Infrastructure, Qatar   |            | Qatar Petroleum   |            |                  | 1,800.8                    | 100.00%                          | Cement Lined GRE/PE<br>VC<br>PVC Ducts |                      |                               | 26.000                                  | 03/08                      | 12/11 |       |
| Princess Noura Bint Abdulrahman University for Package 3 – Site Works Infrastructure & Utility Saudi Arabia |            | Ministry of Finance / Dar Al                            |            |                  | JV: 2,086.4                | 50.00%                           |  |                      |                               | 594.000<br>11.632<br>168.837<br>774.469 | 425.000                    | 01/09 | 08/11 |
| EPC Common Cooling Water System, Phase II, Category 2, Ras Laffan, Qatar                                    |            | Qatar Petroleum   |            |                  | 576.2                      | 100.00%                          | GRP Water Headers                      |                      | 900-3,450                     | 90.000                                  | 01/08                      | 11/10 |       |
| Tulkarem water Supply & Sewage Project Lot 3: Water Distribution Network, Palestine                         |            | Tulkarem Municipality                                   |            |                  | 5.0                        | 100.00%                          | Steel<br>HDPE                          |                      |                               | 3-12"<br>25-50                          | 23.000<br>10.000<br>33.000 | 01/07 | 05/10 |
| Ruwais 3rd NGL Train, Abu Dhabi   |            | Abu Dhabi Gas Industries Ltd. (GASCO)                   |            |                  | 265.0                      | 100.00%                          | GRP<br>PVC                             |                      |                               | 2,400                                   | 5.000<br>72.000<br>77.000  | 07/05 | 09/09 |
| Hawiyah NGL Recovery Plant (NGL Package), Saudi Arabia  |            | JGC / Jacobs, Canada                                    |            |                  | 152.0                      | S/C - 100%                       | Sewer & Drainage                       |                      | 315 - 1,200                   | 29.100                                  | 11/05                      | 09/08 |       |
| Salalah Port Expansion (Phase II) - Breakwater & Container Berths 5 & 6, Oman                               |            | Ministry of Transport & Communications                  |            |                  | 260.7                      | 50.00%                           | DI<br>HDPE                             |                      |                               | 9.740<br>2.810<br>12.550                | 08/05                      | 07/08 |       |
| Sohar Port & Industrial Area Infrastructure, Oman   |            | Ministry of Transport & Communications                  |            |                  | 154.9                      |                                  | Sewage Networks<br>Potable & Fire      |                      |                               | 25.250<br>49.800<br>75.050              | 08/04                      | 02/08 |       |



## CONSOLIDATED CONTRACTORS COMPANY

### WATER & SEWAGE PIPELINE PROJECTS COMPLETED IN THE LAST 10 YEARS & IN PROGRESS

| PROJECT NAME   | LOCATION | CLIENT   | CONSULTANT | PRIME CONTRACTOR | PROJECT VALUE (US\$ MILL.) | PERCENT PARTICIPATION IN PROJECT | PIPE MATERIAL  | PRESSURE CLASS (BAR) | DIA (MM)  | LENGTH (KM)  | PROJECT START | PROJECT FINISH |
|--|----------|--|------------|------------------|----------------------------|----------------------------------|--|----------------------|---|--|---------------|----------------|
| EPC Ras Laffan 'B' Water Pipeline, Qatar   |          | Qatar General Electricity & Water Corp. (KAHRAMAA)                         |            |                  | 147.6                      | 100.00%                          | DI   |                      | 1,600<br>1,400<br>1,200<br>800<br>400                                     | 68.000<br>17.570<br>2.352<br>0.096<br>0.025<br><br>88.043  | 03/05         | 01/08          |
| Fahd Al Ahmed Housing Project, Kuwait  |          | Public Authority for Housing   |            |                  | 26.1                       | 100.00%                          | Concrete<br>Clay<br>DI<br>UPVC   |                      | 300 - 1800<br>200 - 250<br>100 - 800<br>100                               | 10.700<br>11.700<br>38.000<br>18.000<br><br>78.400   | 12/05         | 12/07          |
| EPC Supply of Seawater to Qatargas LNG-1 & Cracker 2 (W4) from Existing Cooling Seawater Qatar |          | Qatar Petroleum  |            |                  | 107.4                      | 100.00%                          | GRP  |                      | 1200-2800   | 16.000   | 06/05         | 08/07          |
| EPC Doha South Sewage Treatment Works, Qatar   |          | Ministry of Municipal Affairs & Agriculture / Hyder Consulting Middle East |            |                  | 42.1                       | 100.00%                          | DI   |                      | 300-1800  | 4.700  | 05/04         | 08/07          |
| Al Khiran New Town Infrastructure Works of 3 and 7 of Neighbourhood 1, Kuwait                  |          | Ministry of Public Works   |            |                  | 63.7                       | 100.00%                          | Underground Storm Water Lines<br>HDPE<br>HDPE<br>HDPE<br>HDPE<br>HDPE<br>Underground Sanitary Sewer Lines<br>HDPE<br>Underground Fresh Water Network |                      | 300<br>400<br>500<br>600<br>700<br>900<br>200<br>100<br>150<br>200<br>300 | 14.500<br>7.000<br>3.100<br>1.900<br>0.520<br>0.620<br>25.960<br>9.400<br>24.500<br>5.800<br>0.950<br><br>94.250 | 09/04         | 03/07          |
| Bajil Sanitation Project, Contract 1, Yemen  |          | Hodeidah Water Supply & Corp. / Consulting Engineering (CES)               |            |                  | 8.3                        | 100.00%                          | UPVC   |                      | 500<br>400<br>300<br>250<br>200<br>150                                    | 5.300<br>0.024<br>0.090<br>3.300<br>64.000<br>39.800<br><br>112.514  | 04/04         | 05/06          |
| Dualization of Onitsha - Owerri Road & Eastern   | Nigeria  | Federal Ministry of Works & Siraj Consulting Engineers                     |            |                  | 200.0                      | 100.00%                          |  |                      | 900   | 11.700   | 9-02          | 9-05           |
| EPC Ras Laffan Common Cooling Water System, Qatar  |          | Qatar Petroleum  |            |                  | 310.6                      | 100.00%                          | Steel/GRP  |                      | 1,775-3,500   | 90.000   | 01/02         | 03/05          |





## CONSOLIDATED CONTRACTORS COMPANY

### WATER & SEWAGE PIPELINE PROJECTS COMPLETED IN THE LAST 10 YEARS & IN PROGRESS

| PROJECT NAME   | LOCATION | CLIENT   | CONSULTANT | PRIME CONTRACTOR | PROJECT VALUE (US\$ MILL.) | PERCENT PARTICIPATION IN PROJECT | PIPE MATERIAL      | PRESSURE CLASS (BAR) | DIA. (MM) | LENGTH (KM)                    | PROJECT START FINISH       |             |
|--|----------|--|------------|------------------|----------------------------|----------------------------------|--------------------|----------------------|-----------|--------------------------------|----------------------------|-------------|
|  |          |  |            |                  |                            |                                  |                    |                      |           |                                | START                      | FINISH      |
| Jebel Ali DS 87/3 Dubai Hydrological Study, Dubai        |          | Dubai Municipality / Khatib & Metcalf & Eddy Inc.            |            |                  | 12.0                       | 100.00%                          | AC                 |                      |           | 300-1200                       | 32.000                     | 08/03 01/05 |
| EPC Al Dhakhira Area Sewerage, Qatar                     |          | Ministry of Municipal Affairs & Agriculture / ASCO-Qatar WLL |            |                  | 14.1                       | 100.00%                          |                    |                      |           | 300-400<br>150-700             | 2.100<br>38.000            | 10/02 10/04 |
| Sharjah Sewage Treatment Works, Phase 6,                 |          | Sharjah Municipality/<br>Halcrow Int'l. Partnership          |            |                  | 25.9                       | 100.00%<br>EPC                   | GRP<br>Other pipes |                      |           | 150-1400<br>80-315             | 3.500<br>2.000<br>5.500    | 05/02 05/04 |
| Main Pumping Station 'Q', Dubai                          |          | Dubai Municipality/<br>Montgomery Watson                     |            |                  | 19.0                       | 100.00%                          | PVC<br>GRP<br>AC   |                      |           | 160-350<br>400-1400<br>400-700 | 102.000<br>10.000<br>5.000 | 05/02 01/04 |
| Surface Water Schemes PS 14 Refurbishment & Qatar        |          | Ministry of Municipal Affairs & KEO Int'l. Consultants       |            |                  | 6.1                        | 100.00%                          |                    |                      |           |                                | 117.000                    | 05/02 11/03 |
| Bobonong Interconnection RVWS & Sanitation,              |          | Dept. of Water Affairs/<br>Arup Consulting Engineers         |            |                  | 11.2                       | 100.00%                          | UPVC               | Class 12             |           | 160                            | 4.000                      | 10/01 10/03 |
|  |          |  |            |                  |                            |                                  | UPVC               | Class 16             |           | 315                            | 11.000                     |             |
|  |          |  |            |                  |                            |                                  | UPVC               | Class 6              |           | 63                             | 21.300                     |             |
|  |          |  |            |                  |                            |                                  | UPVC               | Class 6              |           | 90                             | 24.000                     |             |
|  |          |  |            |                  |                            |                                  | UPVC               | Class 6              |           | 110                            | 3.500                      |             |
|  |          |  |            |                  |                            |                                  | UPVC               | Class 6              |           | 160                            | 8.000                      |             |
|  |          |  |            |                  |                            |                                  | UPVC               | Class 6              |           | 200                            | 18.000                     |             |
|  |          |  |            |                  |                            |                                  | UPVC               | Class 6              |           | 250                            | 6.000                      |             |
|  |          |  |            |                  |                            |                                  | UPVC               | Class 6              |           | 315                            | 8.400                      |             |
|  |          |  |            |                  |                            |                                  | UPVC               | Class 6              |           | 355                            | 0.300                      |             |
|  |          |  |            |                  |                            |                                  |                    | Gravity pipework     |           |                                | 84.000                     |             |
|  |          |  |            |                  |                            |                                  |                    | Pressure pipework    |           |                                | 3.400                      |             |
|  |          |  |            |                  |                            |                                  |                    |                      |           |                                | 191.900                    |             |
| Mogoditshane Water Supply & Sanitation Project, Botswana |          | Dept. of Water Affairs/<br>Gauff Liebenberg & Stander        |            |                  | 62.5                       | 33.33%                           | GRP                |                      |           | 900                            | 5.000                      | 08/99 11/03 |
|  |          |  |            |                  |                            |                                  | GRP                |                      |           | 375                            | 1.000                      |             |
|  |          |  |            |                  |                            |                                  | GRP                |                      |           | 400                            | 2.500                      |             |
|  |          |  |            |                  |                            |                                  | GRP                |                      |           | 600                            | 3.000                      |             |
|  |          |  |            |                  |                            |                                  | GRP                |                      |           | 350-675                        | 29.000                     |             |
|  |          |  |            |                  |                            |                                  | GRP                |                      |           | 700                            | 6.000                      |             |
|  |          |  |            |                  |                            |                                  | GRP                |                      |           | 600-750                        | 10.000                     |             |
|  |          |  |            |                  |                            |                                  | GRP                |                      |           | 500-800                        | 22.000                     |             |
|  |          |  |            |                  |                            |                                  | UPVC               |                      |           | 63-110                         | 150.000                    |             |
|  |          |  |            |                  |                            |                                  | UPVC               |                      |           | 110                            | 0.800                      |             |
|  |          |  |            |                  |                            |                                  | UPVC               |                      |           | 160                            | 110.000                    |             |
|  |          |  |            |                  |                            |                                  | UPVC               |                      |           | 200                            | 2.000                      |             |
|  |          |  |            |                  |                            |                                  | UPVC               |                      |           | 160-315                        | 33.000                     |             |
|  |          |  |            |                  |                            |                                  | UPVC               |                      |           | 110-400                        | 70.000                     |             |
|  |          |  |            |                  |                            |                                  | UPVC               |                      |           | 500                            | 7.000                      |             |
|  |          |  |            |                  |                            |                                  | HDPE               |                      |           | 20-50                          | 40.000                     |             |
|  |          |  |            |                  |                            |                                  |                    |                      |           |                                | 491.300                    |             |





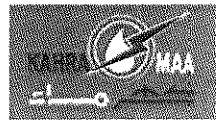
## CONSOLIDATED CONTRACTORS COMPANY

### WATER & SEWAGE PIPELINE PROJECTS COMPLETED IN THE LAST 10 YEARS & IN PROGRESS

| PROJECT NAME                    | LOCATION | CLIENT  | CONSULTANT | PRIME CONTRACTOR | PROJECT VALUE (US\$ MILL.) | PERCENT PARTICIPATION IN PROJECT | PIPE MATERIAL  | PRESSURE CLASS (BAR) | DIA (MM)                         | LENGTH (KM)                                 | PROJECT START | FINISH |
|---------------------------------|----------|---|------------|------------------|----------------------------|----------------------------------|--|----------------------|----------------------------------|---|---------------|--------|
| Main Pumping Station 'K', Dubai |          | Dubai Municipality/<br>Khatib & Alami and Metcalf & Eddy Int'l. |            |                  | 17.0                       | 100.00%                          | GRP rising main<br>GRP rising main<br>GRP gravity line<br>GRP gravity line |                      | 1,300<br>1,200<br>1,100<br>1,300 | 11.000<br>8.000<br>1.100<br>0.500<br>20.600 | 07/01         | 03/03  |



**SECTION 13: APPENDIX E**  
**CONTRACTOR'S RESOURCES**  
**Annexure 12: List of Current Commitments**



**Qatar General Electricity & Water Corporation**  
Tender NO. GTC 626/2014  
**Construction of Mega Reservoir PRPSs**  
**(Packages A, B, C, D & E)**

## **ANNEXURE (12) LIST OF CURRENT COMMITMENT**

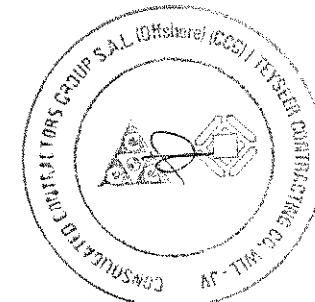
CONTRACTOR shall submit list stating all current commitment stating nature, size and complexity, including scheduled completion date, value and the Client contact name and address.

KAHRAMAA reserves the right to verify the statements made by CONTRACTOR and to solicit formation from clients nominated below.

| CONTRACT Name and Number | Brief Description of Scope of work | Client Name /contact Persons Name/ Telephone / Fax No. | Contract Value | Completion Date |
|--------------------------|------------------------------------|--|----------------|-----------------|
|                          |                                    |  |                |                 |
|                          |                                    |  |                |                 |
|                          |                                    |  |                |                 |
|                          |                                    |  |                |                 |
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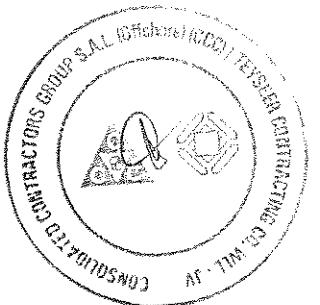
Please find enclosed herein the following:

- List of Projects in Progress for CCC
- List of Projects in Progress for TCC



## **APPENDIX E – ANNEXURE 12**

### **LIST OF PROJECTS IN PROGRESS - CCC**





# CONSOLIDATED CONTRACTORS COMPANY

## PROJECTS IN PROGRESS

SCOPE OF WORK: E=Engineering, P=Procurement, PS=Procurement Services, I=Installation, C=Construction, CM=Construction Management, COM=Commissioning, O=Operation, M=Maintenance  
 TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, LSPB=Lump Sum Procure Build, UR=Unit Rate, CP=Cost Plus, JV=Joint Venture, SC=Subcontractor

| PROJECT NAME & DESCRIPTION   | LOCATION   | CLIENT   | PRIME CONTRACTOR  | TYPE OF CONTRACT | CCC SCOPE OF WORK              | CONTRACT VALUE (US\$ MILL.) | PROJECT START | END   |
|--|------------|--|---|------------------|--------------------------------|-----------------------------|---------------|-------|
| <b>BUILDINGS</b>   |            |  |   |                  |                                |                             |               |       |
| <b>Abu Dhabi Plaza, Package 4 - Main Works, Astana</b><br>Development, design, procurement, construction, installation, testing, operation, maintenance and management of a mixed use development of 500,000 m <sup>2</sup> , comprising 5 towers and retail podium over a basement car park:<br>14 storey 4-star hotel, a 75 storey mixed use tower 310 m high, 2 office and apartment buildings 27 & 30 storeys, a 16 storey residential tower, a 4 storey basement, and a 2 storey above ground retail podium.  | Kazakhstan | Aldar EuroAsia LLP (ALDAR)<br>P. O. Box 51133<br>Abu Dhabi, UAE<br>Tel.: +971-2 28105555<br>Fax: +971-2 28105550<br>Att.: R.D. Goundry, Director, Aldar Kazakhstan<br>Taisir Al Saqri, Sr. Contracts Manager, Aldar Abu Dhabi    | CCC/Arabtec JV (CCC share - 50% - Technical Leader)       | LS               | Devpt., EPIC, O, M, Management | JV: 1,049.4                 | 03/13         | 12/16 |
| <b>Abu Dhabi International Airport - Midfield Terminal Building</b><br>Construction of a terminal building with a built-up area approx. 700,000 m <sup>2</sup> with a capacity of 20 million passengers per year. Construction of multi-storey car park, and landside and airside developments.<br>The project will meet IATA level of service 'A' - the highest levels of space allocation for passenger processing areas.<br><i>The Abu Dhabi International Airport has been awarded a 3 Pearl Design Rating by the Emirate's Urban Planning Council</i> | Abu Dhabi  | Abu Dhabi Airports Co. (ADAC)<br>P. O. Box 94449<br>Abu Dhabi, UAE<br>Tel.: +971-2 5095000<br>Fax: +971-2 5758300  | CCC/TAV/Arabtec JV (CCC share: 33.33%)                    | LS               | C, COM                         | JV: 3,000                   | 08/12         | 12/16 |
| <b>King Hussein Cancer Center Outpatient Tower &amp; East Tower, Package 3 - Main Contract Works</b><br>Construction of 2 towers 10 and 12 floors respectively sharing the ground floor and 3 basement levels with a total built-up area of 23,670 m <sup>2</sup> and 182 rooms. Works include all architectural finishes, MEP, communication, IT and low voltage, landscaping, conveying system, standby power generator and construction of a power station.   | Jordan     | King Hussein Cancer Foundation<br>Queen Rania Abdullah Street<br>P.O. Box 1269<br>Al-Jubeiha Amman<br>11941 Jordan<br>Tel.: +962-6 5300460<br>Fax: +962-6 5342567<br>E-mail: info@khcc.jo<br>Att.: Dr. Asem Mansour, KHCC CEO/DG | CCC/Haddadin Engineering Co. for (CCC share 60% - Leader) | UR               | C                              | JV: 91.0                    | 04/14         | 03/16 |
| <b>Opera House, Main Building Works</b><br>Construction of the opera house building and parking structure, total area 64,550 m <sup>2</sup>  | Dubai      | EMAAR Properties PJSC<br>P.O. Box 9440<br>Dubai, UAE<br>Tel.: +971-4 367333<br>Fax: +971-4 3673000<br>E-mail: enquiry@emaar.ae<br>Att.: Mr. Ahmad Al Matrooshi, Managing Director  | CCC   | UR               | C & M (12)                     | 190.0                       | 12/13         | 01/16 |



# CONSOLIDATED CONTRACTORS COMPANY

## PROJECTS IN PROGRESS

SCOPE OF WORK: E=Engineering, P=Procurement, PS=Procurement Services, I=Installation, C=Construction, CM=Construction Management, COM=Commissioning, O=Operation, M=Maintenance

TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, LSPB=Lump Sum Procure Build, UR=Unit Rate, CP=Cost Plus, JV=Joint Venture, SC=Subcontractor

| PROJECT NAME & DESCRIPTION   | LOCATION | CLIENT  | PRIME CONTRACTOR  | TYPE OF CONTRACT | CCC SCOPE OF WORK                           | CONTRACT VALUE (US\$ MILL.) | PROJECT START | PROJECT END |
|--|----------|---|---|------------------|---|-----------------------------|---------------|-------------|
| <b>Nile Corniche Towers (St. Regis Hotel), Cairo</b><br>197,324 m <sup>2</sup> mixed-use development built-up area located on a 9,360 m <sup>2</sup> site.<br>Early enabling and off-site coordination and engineering works.<br>Construction of 2 towers, 29 floors (131 m high), and 30 floors (135 m high) above ground and sitting on a 7 storey podium, underground services and parking.                           | Egypt    | Qatari Diar Real Estate Investments, Egypt (LLC)<br>2005A Corniche El Nile Str.<br>Nile City Towers, South Tower,<br>11264 Cairo, Egypt<br><br>Att.: Mr. Ayman El Marakby,<br>Country Manager - Egypt<br>Tel.: (202) 24616800<br>Fax: (202) 24616887<br>E-mail: aelmarakby@qataridiar.com | CCC   | CP               | Pre-C & C Design-Build                      | 534.8                       | 09/09         | 12/15       |
| <b>Outstanding Works at Saraya Aqaba</b><br>Mixed use resort development (634,000 m <sup>2</sup> ) composed of 4 hotels, 14 bungalows, water park, conference centre, restaurants, retail, offices and small apartments, villas, apartments. The resort surrounds a manmade lagoon.<br>Scope includes civil/site development works, completion of buildings, utility and support works.                                  | Jordan   | Saray Aqaba Real Estate Development Co. PSC<br>P.O. Box 85321<br>Amman 11180<br><br>Jordan<br>Tel.: +962-6 5505444<br>Fax: +962-6 5561738<br>Att.: Saud Soror, General Manager<br>Thaer A. Haj Ahmad, Project Director<br>E-mail: SAQproject@sarayaqaqaba.com                             | CCC/Arabtec/Drake & Scull JV<br>(CCC share - 33.33% - Leader) | LS               | E, Redesign, Value Eng'g., P, C, Test, COM, | JV: 629.0                   | 07/13         | 11/15       |
| <b>Design &amp; Build of School, Sales Center for Artisanal Products, Social Cultural &amp; Sports Center, Dialysis Center &amp; Motel</b><br>Design and build of a school (4,000 m <sup>2</sup> ), sales center for artisanal products (3,561 m <sup>2</sup> ), social cultural and sports center (3,650 m <sup>2</sup> ), dialysis center (1,316 m <sup>2</sup> ), and motel with royal suite (3,065 m <sup>2</sup> ). | Morocco  | Private Engineering Office<br>P.O. Box 23723<br>Doha, Qatar<br><br>Tel.: +974 44998555<br>Fax: +974 44998585<br>Att.: Managing Director   | CCC   | LS               | E & C                                       | 26.8                        | 06/14         | 10/15       |
| <b>Multipurpose Real Estate Property Complex in Staoueli "Forum El Djazair", Zone 2 - Office Buildings, Zone 3 - Commercial Center, and Zone 4 - Villas</b><br>Construction of a shopping mall, 3 office buildings and 15 villas. Built-up area 90,000 m <sup>2</sup> .  | Algeria  | Société Algéro-Emiratie de Promotion Immobilière (EMIRAL)<br>4, Ahmed Ouaked Road<br>Dely Ibrahim<br>Wilaya of Algiers<br>Algeria<br>Tel.: +213 21 91 09 31<br>Fax: +213 21 91 09 81<br>Att.: Mohamed Hassan Elamin El Sheikh, Chairman   | CCC/Drake & Scull Construction<br>(CCC share 50%)             | LS               | C   | JV: 125.4                   | 02/13         | 07/15       |





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|---|-----------|---|---|------------------|-------------------|-----------------------------|---------------|-------------|
| <b>Palestine Monetary Authority Headquarters Building</b><br>Construction of a 4-storey building including 4 basement levels.<br>Total built-up area 22,646 m <sup>2</sup> .  | Palestine | Palestine Monetary Authority (PMA)  | CCC   | UR               | C                 | 26.7                        | 02/13         | 02/15       |
| <b>Presidential Palace - Interior Design &amp; Fit-out Package</b><br>Provision, supply and installation of interior design, fit-out, fixtures and equipment, landscape works including hard finishes, furniture and fabric, table ware and linen, signage and way finding, chandeliers and decorative lighting, interior structural steel and miscellaneous items. | Abu Dhabi | Ministry of Presidential Affairs represented by the Executive Committee for the Presidential Palace Project (ECPPP)<br>P.O. Box 280<br>Abu Dhabi, UAE<br>Tel: +971-2 6222221<br>Fax: +971-2 6662586<br>Mr. Ahmad Juma'a Al Zu'abi, President of Executive Committee for Presidential Palace Project | CCC   | LS               | C                 | 608.5                       | 06/13         | 11/14       |
| <b>Forum El-Djazair, Zone 1 - Residential Buildings</b><br>Construction of 4 residential high rise buildings (124 apartments), each comprising 3 basements, ground, mezzanine and 22 floors and terrace.<br>Built-up area - 211,960 m <sup>2</sup> .  | Algeria   | Société Algéro-Emirat de Promotion Immobilière (EMIRAL)<br>4, Ahmed Ouaked Road<br>Dely Ibrahim<br>Wilaya of Algiers<br>Algeria<br>Tel.: +213 21 91 09 31<br>Fax: +213 21 91 09 81<br>Att.: Mohamed Hassan Elamin El Sheikh, Chairman   | CCC/Drake & Scull Construction Co. LLC (CCC share: 50%) | LS               | C                 | JV: 230.0                   | 11/11         | 11/14       |
| <b>Presidential Palace, Package LP/1 - Hardscape</b><br>Hardscape works, furniture, external lighting, car park shades, pavilions/ pergola structures, external pavings, arcades and drop-offs external cladding.   | Abu Dhabi | Ministry of Presidential Affairs represented by the Executive Committee for the Presidential Palace Project (ECPPP)<br>P.O. Box 280<br>Abu Dhabi, UAE<br>Tel: +971-2 6222221<br>Fax: +971-2 6662586<br>Mr. Ahmad Juma'a Al Zu'abi, President of Executive Committee for Presidential Palace Project | CCC   | LS               | C                 | 306.3                       | 08/13         | 10/14       |





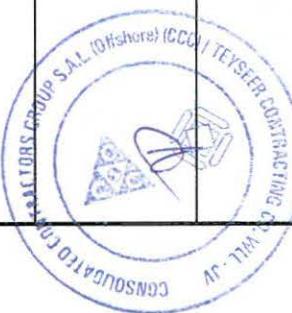
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|---|-----------|---|------------------|------------------|-------------------|-----------------------------|---------------|-------------|
| <b>Multipurpose Administration Complex Phase 1, Ras Laffan</b><br>EPC canteen building, medical centre with helicopter landing pad and helipad pump house, central plant and 22 kV substation, external works and services. Total area 34,820 m2.   | Qatar     | Qatar Petroleum<br>P.O. Box 3212<br>Doha, Qatar<br>Att.: Mr. Abdulla Hiji Al-Sulaiti,<br>Project Manager - Ras Laffan<br>(EDR)<br>Fax: +974 44293655  | CCC              | LSTK             | EPIC              | 208.0                       | 06/11         | 09/14       |
| <b>Qatar Faculty of Islamic Studies</b><br>Supply, installation, testing, commissioning and maintenance during warranty period of faculty facilities including classrooms, auditorium, exhibition space, faculty offices, prayer areas, and underground car park.<br>The building consists of 2 basements and 5 floors with a total built-up area of 41,770 m2. | Qatar     | Qatar Foundation for Education, Science & Community Development<br>Att.: Mr. Moh'd S. Badran, Chief Operating Officer   | CCC              | LS               | P, C, COM         | 213.0                       | 05/11         | 09/14       |
| <b>Presidential Palace - Ancillary Buildings Package</b><br>Construction of staff & military accommodation buildings, 4 substation buildings, guard towers, gates, and boundary wall. Civil, architectural, structural and MEP works.   | Abu Dhabi | Ministry of Presidential Affairs represented by the Executive Committee for the Presidential Palace Project (ECPPP)<br>P.O. Box 280<br>Abu Dhabi, UAE<br>Tel: +971-2 6222221<br>Fax: +971-2 6662586<br>Mr. Ahmad Juma'a Al Zu'abi, President of Executive Committee for Presidential Palace Project | CCC              | LS               |                   | 210.1                       | 04/12         | 08/14       |
| <b>Sheikh Khalifa Bin Zayed Al Nahyan Specialized Medical Centre in Casablanca - Main Works</b><br>Construction of a modern 4 floor medical facility comprising 133 beds, 8 operating theaters with support areas and other specialized departments with a total built-up area of 41,037 m2.  | Morocco   | Khalifa Bin Zayed Al Nahyan Foundation<br>P.O. Box 28<br>Abu Dhabi, UAE<br>Tel.: +971-2 4994999<br>Fax: +971-2 4994994  | CCC              | LS               | C                 | 100.0                       | 09/11         | 05/14       |





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|---|--------------|--|---|------------------|-------------------|-----------------------------|---------------|-------------|
| <b>HEAVY CIVIL</b>  |              |  |   |                  |                   |                             |               |             |
| <b>Riyadh Metro, Package 1, Lines 1 &amp; 2</b><br>Design, construction, train cars, signalling, electrification and integration of the new lines to the system.<br>Line 1 (38 km and 26 stations) and Line 2 (25.3 km and 15 stations).<br>The new lines will feature stations powered by renewable energy and fully automatic trains. | Saudi Arabia | Arriyadh Development Authority (ADA)<br>P.O. Box 94501<br>Arriyadh 11614<br>Saudi Arabia<br>Tel.: +966-1 4883331<br>Fax: +966-14829331<br>Att: Mr. Ibrahim Al Sultan, President                              | Bechtel, Al Mabani, CCC, Siemens Consortium<br>(CCC share 26.25%) | LSTK             | EPC               | Consortium: 10,087.1        | 10/13         | 10/18       |
| <b>Osubi Airport, Delta State</b><br>Construction of a new 4 km runway and support facilities, perimeter fence, gate house, internal roads, car parks, airforce apron, hangar, and taxiway.   | Nigeria      | State Tenders Board<br>Office of the Deputy Governor<br>PMB 1017<br>Asaba, Delta State, Nigeria<br>Tel.: +234 56 870732  | CCC   | UR               | C                 | 252.5                       | 01/13         | 01/17       |
| <b>Muscat International Airport, Main Contract 1 Runways, Roads &amp; Utilities</b><br>Phase 1: Construction of a 4 km runway, taxiways and utilities.<br>Phase 2: 56 km of multi-lane carriageway, 2-lane interchanges, 8 bridges and utilities.   | Oman         | Ministry of Transport & Communication,<br>Directorate General of Safety & Aviation Services<br>P.O. Box 1, PC 111, Oman<br>Tel.: +968 2451-9315 / 2451-9790<br>Fax: +968 2451-9707<br>Att: Mr. Saif Al Hinai | TAV/CCC JV<br>(CCC share 50%)                                     | UR               | C                 | JV: 1,176.4                 | 08/09         | 09/16       |
| <b>New Port Project - Container Terminal Infrastructure and Utility Buildings</b><br>Construction of Container Terminal-1, internal and external port roads network, pump stations, water collection and treatment system, 2 no. sewage treatment plant electrical substations, and EPC 9 no. buildings.                                | Qatar        | New Port Project Steering Committee (NPPSC)<br>P.O. Box 28333<br>Doha, Qatar<br>Tel.: +974 4406 4444<br>Fax: +974 4406 4422<br>Att: Nabell Mohammed Al-Buenain, Project Executive Director                   | CCC   | LS               | C, EPC Buildings  | 292.6                       | 03/13         | 03/16       |



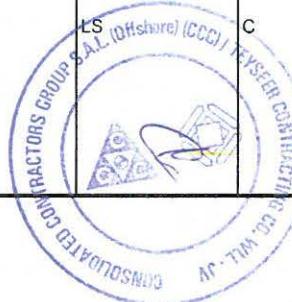


# CONSOLIDATED CONTRACTORS COMPANY

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|--|--------------|---|--|---------------------|-------------------|-----------------------------|---------------|-------------|
| <b>Mila &amp; Tamda Substations</b><br>EPC 2 no. conventional 60/30 kV 2 x 40 MVA substations.   | Algeria      | Société Algérienne de Gestion du Réseau de Transport de l'Électricité<br>Route Nationale No. 38<br>Immeuble des 500 Bureaux Gué de Constantine Kouba<br>Algiers, Algeria<br>Tel.: +213 21 830797<br>Fax: +213 21 839660<br>Att.: Mohamed Arkab, President | CCC/EI Sewedy Consortium (CCC share 57.7%)   | LS                  | E, P, C, COM      | Consortium: 17.8            | 08/13         | 09/15       |
| <b>Future Growth Project / Wellhead Pressure Management Project - 3GP Site Preparation &amp; Fencing</b><br>Disinvestment of existing services and roads, earth and road works, fencing, construction of 2 building and 2 mechanical packages. Installation of electrical, fire and gas, and telecommunication systems. Installation of carbon steel & HDPE pipelines.   | Kazakhstan   | Tengizchevroil  | CCC  | UR                  | C                 | 47.0                        | 05/14         | 08/15       |
| <b>Rabab Harweel Integrated Project, Early Civil Works</b><br>Earthworks, cutting, filling (3.5 million m <sup>3</sup> imported fill), leveling, grading and compaction.   | Oman         | Petroleum Development Oman (PDO)<br>P.O. Box 81<br>Muscat 113, Oman   | CCC  | UR                  | C                 | 89.0                        | 10/13         | 06/15       |
| <b>Ras Al-Khair Power &amp; Desalination Plant, Phase 1 - Package P, 2400 MW Combined Cycle Power Plant - Civil Works</b><br>Civil and building construction works including soil stabilization (piling/stone columns/DC, backfilling, excavation, foundations, buildings, structural steel, and roads.  | Saudi Arabia | Saline Water Conversion Corp. (SWCC)<br>P.O. Box 5968<br>Riyadh 11432<br>Saudi Arabia<br>Att.: Mr. Samir Baroum, Director General, Projects Execution Department<br>Tel: +966-1 4631111, Ext. 13100<br>Fax: +966-1 4621015                                | SEPCO III<br>P.O. Box 30168<br>Dammam - 31952<br>Saudi Arabia<br>Att.: Construction Director | UR SC               | C                 | 282.9                       | 05/11         | 01/15       |
| <b>Multipurpose Hall at Lusail Sports Club, Package 1 - Substructure Works, Package 2 - Super Structure &amp; Façade Works</b><br><b>Package 1:</b> Enabling works (site facilities, hoarding, dewatering and site clearance) and substructure works (excavation, concrete foundations, basement and waterproofing).<br><b>Package 2:</b> Façade, architectural and finishing works, all related MEP works, full interior fit-outs and external works. | Qatar        | Qatar Olympic Committee<br>QOC Building, West Bay<br>P.O. Box 7494<br>Doha, Qatar   | CCC  | LS (Offshore) (CCC) | C                 | 344.5                       | 11/12         | 11/14       |





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|---|--------------|---|---|------------------|-------------------|-----------------------------|---------------|-------------|
| <b>NETWORKS</b>   |              |   |   |                  |                   |                             |               |             |
| <b>Al Amerat Wastewater Project, Contract A3 - Sewer &amp; Treated Effluent Pipelines, Al Amerat Northern Area</b><br>Laying 112.5 km of sewer lines, 4200 no. manholes, 13.25 km of treated effluent lines with chambers, and 230 km of telecommunication ducts and chambers.                              | Oman         | Haya Water<br>P.O. Box 1047<br>PC 133, Al Khuwair<br>Muscat, Oman<br>Att.: Mr. Omar Al Wahaibi, Chief Executive Officer<br>Tel: +968 24693412<br>Fax: +968 24693418 | CCC   | UR               | C                 | 42.2                        | 05/14         | 11/17       |
| <b>North South Carrier 2 Water Transfer</b><br>Laying 85 km 48" buried CS pipeline and 11 crossings. Construction of 2 break pressure tanks, 1 pumping station, 1 feeder tank, 6 pigging stations, and E&I works.   |              |   |   |                  |                   |                             |               |             |
| <b>King Abdul Aziz International Airport Development Phase 1, Jeddah - Service Corridor for Landside &amp; Airside</b><br>Supply and installation of underground piping for chilled water, fire fighting, potable water, storm water, waste water, grey water networks, MV and LV communication duct banks. | Saudi Arabia | General Authority of Civil Aviation<br>P.O. Box 887<br>Jeddah 21165<br>Saudi Arabia<br>Mr. Mohamed A. Abed<br>Executive Supervisor of KAIA<br>Tel: +966-548900900   | Saudi Bin Laden<br>P.O. Box 14173<br>Jeddah 21424<br>Saudi Arabia<br>Tel: +966-2-6927107<br>Fax: +966-2-6922198<br>Mr. Maher Chabaklo,<br>Project Director<br>E-mail: mchabaklo@sbgoi.com | UR               | C                 | 261.3                       | 06/11         | 01/15       |
| <b>Bausher Wastewater Network, Contract B4 - Qurum &amp; Ilam Areas, Muscat</b><br>Laying 106 km of sewer lines, manholes, inspection chambers, lifting and pumping stations, telecommunication ducts and chambers.   | Oman         | Haya Water<br>P.O. Box 1047<br>PC 133, Al Khuwair<br>Muscat, Oman<br>Att.: Mr. Omar Al Wahaibi, Chief Executive Officer<br>Tel: +968 24693412<br>Fax: +968 24693418 | CCC   | UR               | C, 1 year M       | 69.4                        | 06/12         | 12/14       |
| <b>ROADS &amp; BRIDGES</b>  |              |   |   |                  |                   |                             |               |             |
| <b>Batinah Expressway - Package 6</b><br>45 km dual 2x4-lane road, 4 interchanges, 4 wadi bridges, 2 flyover bridges, 2 underpasses and 128 single and multi-cell RC box culverts, 2 weighing stations, and 2 rest areas.   | Oman         | Ministry of Transport & Communications<br>P.O. 338<br>Ruwi, PC 112, Oman<br>Tel.: +968 24686655<br>Fax: +968 24685543   | CCC   | UR               | C                 | 322.0                       | 10/13         | 10/16       |





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|--|------------|---|---------------------------------|------------------|-------------------|-----------------------------|---------------|-------------|
| <b>Atar - Tidjikja Road, Lots 1 &amp; 2</b><br>205 km asphalt road 7 m wide, box culverts, and Irish crossings.  | Mauritania | Ministry of Equipment & Transport   | CCC/CDE JV<br>(CCC share - 20%) | UR               | C                 | JV: 83.0                    | 08/11         | 12/15       |
| <b>Dualization of Ughelli-Asaba Road (Sector A)</b><br>Dualisation 39 km of expressway and a 4 km spur road and construction of new carriageway.   | Nigeria    | Directorate of Special Infrastructure,<br>Governor's Office,<br>P.M.B 5001,<br>Asaba, Delta State,<br>Nigeria<br>Att.: Honourable Commissioner  | CCC                             | UR               | C                 | 123.1                       | 02/13         | 06/15       |
| <b>Flyover at Anwai/Nnebisi/Okpanam Intersection, Asaba</b><br>Construction of a flyover bridge with 4 lanes over existing roundabout, and rehabilitation of road inside the roundabout.                           | Nigeria    | Ministry of Works,<br>Delta State   | CCC                             | UR               | C                 | 22.2                        | 07/13         | 04/15       |
| <b>Effurun Roundabout Flyover, Ramps &amp; Motorways, Uvwie Local Government Area</b><br>Construction of a flyover bridge with 4 lanes over existing roundabout, and rehabilitation of road inside the roundabout. | Nigeria    | Ministry of Works,<br>Delta State   | CCC                             | UR               | C                 | 26.3                        | 07/13         | 04/15       |
| <b>Falaj Al-Qabael Roundabout Upgrade</b><br>Construction of an interchange over an existing roundabout, and 4 km 6-lane road works and relevant services.   | Oman       | Ministry of Transport & Communications<br>P.O. 338<br>Ruwi, PC 112, Oman<br>Tel.: +968 24686655<br>Fax: +968 24685543   | CCC                             | UR               | C, M (1 year)     | 46.4                        | 10/13         | 03/15       |
| <b>Design and Construction of Al Mahaj Roundabout Interchange</b><br>Design and construction of an interchange, 100 m wadi bridge, box culvert, and secondary road.  | Oman       | Diwan of Royal Court<br>Office of the Head of Muscat Municipality<br>Muscat Municipality<br>P.O. Box 70, PC 100<br>Muscat, Oman<br>Tel.: +968 24753000<br>Fax: +968 24753050<br>Att.: Assistant Director General of Roads | CCC                             | UR               | E & C             | 69.1                        | 10/12         | 03/15       |
| <b>Agricultural Feeder Roads, Phase 2</b><br>Reconstruction of 15 agricultural feeder roads to bitumen standard totaling 22 km with associated structures and drainage works.                                      | Grenada    | Ministry of Works, Physical Development & Public Utilities  | CCC                             | UR               | C                 | 16.8                        | 06/13         | 12/14       |



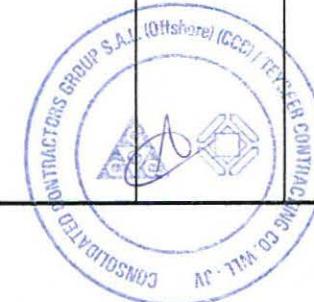
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|--|-----------|---|---|------------------|-------------------|-----------------------------|---------------|-------------|
| <b>VDN 3rd Section, Lots 1A &amp; 1B - Golf Club - Tivaouane Peuhl Intersection</b><br>Lot 1A - 8.7 km 2-lane dual carriageway 7.3 m wide, and 3 bridges.<br>Lot 1B - 8.7 km 2-laned dual carriageway 7.3 m wide.                  | Senegal   | Agence des Travaux & de Gestion des Routes (AGEROUTE)   | CCC/CDE JV (CCC share 50% - Leader) Leader) | Lump Sum         | C                 | JV: 60.0                    | 12/12         | 12/14       |
| <b>Mirfaa - Daris Road</b><br>Dualization of existing 17 km single carriageway.  | Oman      | Ministry of Transport & Communications  | CCC   | UR               | C                 | 78.1                        | 01/12         | 12/14       |
| <b>Doha Expressway, Package 12 (R-Ring Road)</b><br>6.94 km road consisting of 4 lanes in each directionand 2 interchanges, infrastructure and landscaping.  | Qatar     | Public Works Authority (ASHGHAL)<br>Contracts Department<br>P.O. Box 22188<br>Doha, Qatar<br>Tel.: +974 4950000<br>Fax: +974 4950999<br>Att.: Mr. Yassin I. Askar, Project Manager  | CCC   | UR               | C                 | 229.9                       | 04/11         | 12/14       |
| <b>Dualization of Ughelli – Asaba Road (Sector B)</b><br>Construction of a 53 km new lane, rehabilitation of the existing lane, and construction of a 270 m long x 11 m width, 13 span bridge, 20.5 m each over the Ossissa River. | Nigeria   | Directorate of Special Infrastructure, Governor's Office, P.M.B 5001, Asaba, Delta State, Nigeria<br>Att.: Honourable Commissioner  | CCC   | UR               | C                 | 147.4                       | 03/09         | 12/14       |
| <b>Presidential Palace Project - Infrastructure &amp; Roads Package</b><br>Construction of 192,000 m2 of roads, utilities network, rock revetment and marine excavation, and boundary walls,                                       | Abu Dhabi | Ministry of Presidential Affairs represented by the Executive Committee for the Presidential Palace Project (ECPPP)<br>P.O. Box 280<br>Abu Dhabi, UAE<br>Tel: +971-2 6222221<br>Fax: +971-2 6662586<br>Mr. Ahmad Juma'a Al Zu'abi, President of Executive Committee for Presidential Palace Project | CCC   | LS               | C                 | 241.8                       | 10/12         | 12/14       |



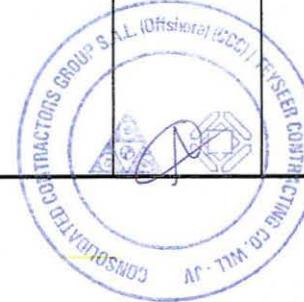


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|--|----------|--|------------------|------------------|-------------------|-----------------------------|---------------|-------------|
| <b>Development of Warri Industrial Business Park, Phase 1-Road Infrastructure</b><br>Construction of 3 dual carriageways 10.9 m wide and 2 m wide each, total length 5.95 km   | Nigeria  | Delta State Government, Project Implementation Committee of the Warri Industrial Business Park Project   | CCC              | UR               | C                 | 44.2                        | 08/13         | 11/14       |
| <b>Dukhan Highway-Central Contract</b><br>EPC 15 km 4-lane dual carriageway with 3 grade separated interchange. 15 km cycle track, 40 km surfaced CD roads and relocation of electricity, water, and telephone lines.                        | Qatar    | Public Works Authority (ASHGHAL)<br>Contracts Department<br>P.O. Box 22188<br>Doha, Qatar<br>Tel.: +974 44950077<br>Fax: +974 44950777<br>Att.: Mr. Yassin I. Askar, Project Manager               | CCC              | UR               | EPC               | 287.5                       | 04/11         | 09/14       |
| <b>Rehabilitation of 9th Mile - Enugu - Port Harcourt Dual Carriageway in Enugu/Abia States</b><br>Reconstruction of a 70 km road and repair of 10 km road. Repairs to existing bridge.  | Nigeria  | Federal Ministry of Works, Housing & Urban Development, Highway Construction & Rehabilitation Department Headquarters, Abuja, Nigeria<br>Tel.: 5211833 - 8   | CCC              | LS               | C                 | 59.8                        | 05/09         | 06/14       |
| <b>Obstacle Free Zone for Asaba International Airport Runway, Sector C</b><br>Earthworks to clear the laterite hill and provide obstruction free zone for the runway. Filling of low lying areas around the runway using excavated material. | Nigeria  | Asaba International Airport<br>Asaba, Delta State<br>Nigeria<br>Att.: Special Project Director   | CCC              | UR               | C                 | 19.1                        | 04/12         | 05/14       |
| <b>Rehabilitation of Onitsha Bound Carriageway of the Onitsha - Enugu Road (Phase 2 of Section 1) in Anambra State</b><br>Rehabilitation of a 52 km carriageway. Repairs and overlay to existing road.                                       | Nigeria  | Federal Ministry of Works, Housing & Urban Development, Highway Construction & Rehabilitation Department Headquarters, Abuja, Nigeria<br>Att.: Engr. S.S. Jijjngi, Deputy Highway (C&R) South-East | CCC              | UR               | C                 | 30.8                        | 12/09         | 05/14       |



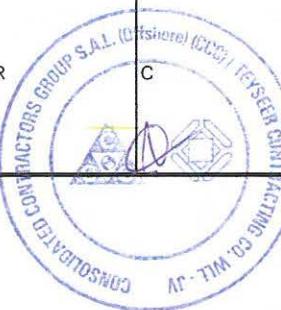


# CONSOLIDATED CONTRACTORS COMPANY

## PROJECTS IN PROGRESS

SCOPE OF WORK: E=Engineering, P=Procurement, PS=Procurement Services, I=Installation, C=Construction, CM=Construction Management, COM=Commissioning, O=Operation, M=Maintenance  
 TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, LSPB=Lump Sum Procure Build, UR=Unit Rate, CP=Cost Plus, JV=Joint Venture, SC=Subcontractor

| PROJECT NAME & DESCRIPTION  | LOCATION | CLIENT   | PRIME CONTRACTOR   | TYPE OF CONTRACT | CCC SCOPE OF WORK                    | CONTRACT VALUE (US\$ MILL.)  | PROJECT START | PROJECT END |
|---|----------|--|--|------------------|--------------------------------------|------------------------------|---------------|-------------|
| <b>Rehabilitation Enugu Bound Carriageway of the Onitsha - Enugu Road (Phase 1 of Section 1) in Anambra State</b><br><br>Reconstruction of a 52 km carriageway 7.3 m wide with 2-lane / 3-lane 3.65 m each and 2.75 m wide shoulders on both sides. Repair of 1 bridge.<br>Concrete median drain, side drains, pipe culvert, and precast concrete kerbs | Nigeria  | Federal Ministry of Works, Housing & Urban Development, Highway Construction & Rehabilitation Department Headquarters, Abuja, Nigeria<br>Att.: Engr. S.S. Jijjngi, Deputy Highway (C&R) South-East | CCC  | UR               | C                                    | 49.0                         | 05/09         | 05/14       |
| <b>Rehabilitation of Onitsha-Enugu Old Road (Nkpor Junction-Amawibia Section)</b><br><br>Construction of double lane single carriageway 27.7 km long and 10.5 m width in second section and 12m in width in first section. 7.3 m wide trafficked carriageway with shoulders on both sides. Construction of concrete side drains, and pipe culverts.     | Nigeria  | Anambra State Ministry of Works<br>Anambra State Secretariat P.M.B. 5029 - Awka<br>Nigeria<br>Att.: Engineer P.U. Udoye, Deputy Director of Works<br>Mobile: +234 803 383 0278                     | CCC  | UR               | C                                    | 47.0                         | 10/08         | 05/14       |
| <b>INDUSTRIAL &amp; PROCESS PLANTS</b>  |          |  |  |                  |                                      |                              |               |             |
| <b>Mina Abdullah EPC Package 1, Clean Fuels Project</b><br><br>Construction of new units (greenfield), new units in an existing facility and revamping of existing units (brownfield) in the refinery.<br>Scope also includes EPC maintenance and operation buildings, and substations.   | Kuwait   | Kuwait National Petroleum Co. (KNPC)   | Petrofac/Samsung/CB&I JV<br><b>PETROFAC</b><br>P.O. Box 23467<br>Petrofac Tower<br>Al Khan Road<br>Sharjah, UAE<br>Tel.: +971-6 5740999<br>Fax: +971-6 5740999<br>Att.: Mr. Prashant Bokil, Project Director | UR SC            | Buildings & Substations - Others - C | Total: 3,793.0<br>CCC: 528.0 | 06/14         | 01/18       |
| <b>Engineering &amp; Maintenance Contract (EMC) in Bahja, Marmul &amp; Nimir</b><br><br>7 year engineering and maintenance contract. Terminal facilities, infrastructure assets and government gas assets including EPC and commissioning of green and brown field EMC projects and maintenance support.  | Oman     | Petroleum Development Oman (PDO)   | Wood Group-CCC Ltd.  | O & M            | 840.0                                | 10/10                        | 10/17         |             |
| <b>Mina Al Ahmadi Refinery, Tank Cleaning, Repair, Fibergalssing &amp; Painting Works at Refinery &amp; Gas Liquid Production Facilities</b>  | Kuwait   | Kuwait National Petroleum Co. (KNPC)   | CCC  | UR               | C                                    | 24.4                         | 02/12         | 08/17       |





# CONSOLIDATED CONTRACTORS COMPANY

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 TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, LSPB=Lump Sum Procure Build, UR=Unit Rate, CP=Cost Plus, JV=Joint Venture, SC=Subcontractor

| PROJECT NAME & DESCRIPTION   | LOCATION     | CLIENT   | PRIME CONTRACTOR   | TYPE OF CONTRACT | CCC SCOPE OF WORK                              | CONTRACT VALUE (US\$ MILL.)  | PROJECT START | PROJECT END |
|--|--------------|--|--|------------------|--|------------------------------|---------------|-------------|
| <b>Khazzan Gas Project, Central Processing Facilities</b><br>2 no. x 14.87 million Sm3/day (525 MMSCFD), one liquid train 225.25 m3/hr (34,000 BCPD) of stabilized condensate, Produced water treatment processing 265 m3/hr (40,000 BWPD) and all utilities, and infrastructure.  | Oman         | BP Exploration (Epsilon) Ltd.  | Petrofac<br>P.O. Box 23467<br>Petrofac Tower<br>Al Khan Road<br>Sharjah, UAE<br>Tel.: +971-6 5740999<br>Fax: +971-6 5740999<br>Att.: Elie Lahoud, Project Director                                       | LS SC            | Civil & Buildings<br>EPC<br>Others - C         | Total: 1,200.0<br>CCC: 290.0 | 09/14         | 04/17       |
| <b>Jazan Refinery, Package 4 - North Tank Farm &amp; Loading Arms Facilities &amp; Package 5 - South Tank Farm</b><br>Package 4: Construction of blending system, refinery effluent treatment system, truck loading facilities and fire training area.<br>Package 5: Construction of crude tanks 1 - 7 and crude tankage support facilities. | Saudi Arabia | Saudi Aramco   | PETROFAC<br>NSH Tower<br>Al Khobar-Dammam Highway<br>P.O. Box 77378<br>PC 31952, Al Khobar<br>Saudi Arabia<br>Att.: C.S. Raju, Project Director<br>Tel.: +66-3 8101222, Ext. 7305<br>Fax: +966-3 8148917 | UR               | C, Pre-COM,<br>COM Assistance<br>EPC Buildings | 357.0                        | 07/13         | 02/17       |
| <b>Laffan Refinery 2 - General Construction Work</b><br>Construction of condensate refinery to produce 126,000 BPSD of refined products. The plant includes process units, utilities, green and brown field works. Civil works, precast pipe racks, structural steel erection, piping fabrication and installation, and E&I works.           | Qatar        | Qatar Liquefied Gas Co. (QATARGAS)   | Chiyoda-CTCI JV<br>Att.: Ikuo Okamura, Project Manager   | UR               | C, Pre-COM,<br>COM Assist,<br>EPC Buildings    | 185.0                        | 10/13         | 04/16       |
| <b>Procurement &amp; Construction Contract for Mechanical Projects &amp; Associated Works at Shuaiba Refinery</b><br>Civil, Mechanical, HVAC, Electrical and Instrumentation works.  | Kuwait       | Kuwait National Petroleum Co. (KNPC)<br>Shuaiba Refinery<br>P.O. Box 70<br>Safat 13001, Kuwait<br>Att.: Mr. Taqi Al-Harbi, Leader GRTA-2011 - SHU<br>Tel.: +965 2320-6227<br>Fax: +965 2320-6251<br>E-mail: t.harbi@knpc.com | CCC  | UR               | P & C  | 15.4                         | 11/10         | 12/15       |





# CONSOLIDATED CONTRACTORS COMPANY

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TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, LSPB=Lump Sum Procure Build, UR=Unit Rate, CP=Cost Plus, JV=Joint Venture, SC=Subcontractor

| PROJECT NAME & DESCRIPTION  | LOCATION     | CLIENT   | PRIME CONTRACTOR   | TYPE OF CONTRACT | CCC SCOPE OF WORK | CONTRACT VALUE (US\$ MILL.) | PROJECT START | PROJECT END |
|---|--------------|--|--|------------------|-------------------|-----------------------------|---------------|-------------|
| <b>Bab Habshan 1 Development (Phase I) &amp; Expansion of Bab Gas Compression (Phase II)</b><br>EPC 23 buildings (4,136 m <sup>2</sup> ).<br><b>Phase I:</b> Construction of 12 oil well producers and 12 water injection wells, transfer lines, flow lines, brown field work.<br><b>Phase II:</b> Drill and tie-in 32 new wells, increase of compression capacity from 1.8 to 2.4 BSCF. New 600 MMSCFD compression station. Upgrade of gas gathering network to cater for 24 new gas wells, and upgrading of 3 existing substations. | Abu Dhabi    | Abu Dhabi Co. for Onshore Oil Operations (ADCO)  | PETROFAC<br>P.O. Box 23467<br>Petrofac Tower<br>Al Khan Road<br>Sharjah, UAE<br>Tel.: +971-6 5740999<br>Fax: +971-6 5740099<br>Att.: Mr. Eirk Roeterdink, Project Director<br>Tel.: +971-6 5173735 | UR SC            | C & EPC Buildings | 180.0                       | 09/13         | 11/15       |
| <b>Wasit Gas Development Project, Package 1 - Inlet &amp; Gas Processing Facilities</b><br>Construction of inlet separator, sour water/rich solvent area and related loading area, MEG storage area, AGR/TEG storage area, sulfur handling facilities (partial) and flare KO drum area (partial). Civil, buildings (substation, PIB and 3 shelters), mechanical piping, E&I, painting, insulation and precommissioning works.   | Saudi Arabia | Saudi Aramco   | SK Engineering & Construction Co.<br>192-18, Gwanhun-dong, Jongno-gu, Seoul 110-300, Korea<br>Tel.: +82-2 3700 7114<br>Fax: +82-2 3700 8225<br>Att.: Derek Kim, Head of Contract Office            | UR               | C                 | 110.0                       | 12/12         | 05/15       |
| <b>First Commercial Production Gas Plant (FCP) - Slug Catcher, Majnoon Field, Rumailah</b><br>Slug Catcher: Construction of a finger type slug catcher with 48" pipes and valves. Balance of Plant Works: Civil works, EPC buildings, piping fabrication, steel structure erection, equipment installation, E&I works, painting of piping, NDT, PWHT and hydrotesting.  | Iraq         | Shell Iraq Petroleum Development B.V. Convention Tower P.O. Box 11677 Dubai, UAE<br>Tel.: +971 566 035068<br>E-mail: james.j.harrison@shell.com                                | CCC  | CP & LS          | EPC               | 74.0                        | 06/14         | 03/15       |
| <b>Sadara CHEM III Hydrogen Peroxide Unit</b><br>Civil works, installation of underground cooling water system, piping prefabrication and erection, equipment erection, E&I works, and process building construction.   | Saudi Arabia | Sadara Chemical Co. Dammam Khobar Highway 5000 Dhahran, 31311, Saudi Arabia<br>Attn.: Mr. Khaled Dossary Project Manager<br>Tel.: +966 3 866 0900<br>khaled.dossary@sadara.com | CCC  | LSPB             | C                 | 77.0                        | 06/13         | 03/15       |
| <b>100 MBD Das Facilities Upgrade Project, Das Island</b><br>Main Process package comprising separators, scrubbers, stripper, crude pumps, crude oil blending facilities, sour charge heaters and product pumps<br>Main Utilities package comprising boiler, condensate bay, condensate treatment unit modifications, FG skid, dosing skid and pumps.<br>Demolition, relocation and tie-in to existing facilities.  | Abu Dhabi    | Abu Dhabi Marine Operating Co. (ADMA-OPCO)<br>P.O. Box 303<br>Abu Dhabi, UAE<br>Att.: Ali R. Al Jarwan, CEO  | CCC  | LSTK             | E, P, C, COM      | 118.5                       | 09/11         | 01/15       |





# CONSOLIDATED CONTRACTORS COMPANY

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| PROJECT NAME & DESCRIPTION   | LOCATION     | CLIENT   | PRIME CONTRACTOR  | TYPE OF CONTRACT       | CCC SCOPE OF WORK              | CONTRACT VALUE (US\$ MILL.) | PROJECT START | PROJECT END |
|--|--------------|--|---|------------------------|--------------------------------|-----------------------------|---------------|-------------|
| <b>Barzan Central Contract, Package 1 - Process Area (A000) &amp; Building Works, Ras Laffan</b><br>Processing of 1.9 Billion SCFD of feed gas.<br>Construction of the process plant area, including piping fabrication and erection, civil works, EPC buildings, stel structure erection, equipment erection, E&I, painting, insulation and common scaffolding. | Qatar        | Qatar Petroleum & ExxonMobil   | JGC<br>3-1, Minato Mirai 2,<br>Chome, Nishi-Ku,<br>Yojkohama 220-6001<br>Japan<br>Tel.: 045 682 1111<br>Fax: 045 682 1112<br>Att.: Minoru Harada,<br>Construction Manager -<br>Barzan Onshore Project | UR & LSTK<br>Buildings | C - Process<br>EPC - Buildings | 332.4                       | 09/11         | 12/14       |
| <b>Al Jubail 10 General Construction Works</b><br>Foundation works and erection of equipment for 2 HYCO process trains and one Ammonia (NH3) plant. EPC 3 substation building, office building/control room and warehouse.   | Saudi Arabia | Sadara Chemical Co.<br>(Sadara)<br>(Saudi Aramco/Dow Chemical Co. Joint Venture)   | Linde Arabian Contracting Co.<br>Suite # 301, Eastern Cement<br>Towers,<br>Al Khobar-Dammad Highway,<br>P.O. Box 31431,<br>Al Khobar 31952,<br>Saudi Arabia   | UR SC                  | C, EPC                         | 90.0                        | 08/12         | 10/14       |
| <b>Shah Sulphur Station &amp; Pipelines</b><br>Shipping of liquid sulphur through a dual 11 km pipeline, storage of liquid sulphur, blocking, granulation, railcar loading, storage of elemental granular sulphur, conveyor and stacker/reclaimer systems, utilities, and infrastructure facilities.   | Abu Dhabi    | Abu Dhabi Gas Development Co. (Al Hosn Gas)  | CCC   | LSTK                   | EPC                            | 550.0                       | 05/11         | 09/14       |
| <b>Two Eocene Tanks &amp; Two Chemical Storage Tanks at Main Gathering Center</b><br>EPC 1 no. 100,000 BBL stock tank with gas boot, 1 no. 50,000 BBL free water knock-out tank with gas boot and 2 no. 25,000 US gallon chemical storage tanks and associated facilities.   | Kuwait       | Saudi Arabian Chevron Inc. - Kuwait Gulf Oil Co. Joint Operations<br>P.O. Box 9720<br>Ahmadi 61008, Kuwait<br>Tel.: (965) 23983639, Ext. 2919<br>Fax: (965) 23981345<br>A/Ameer Al-Mehanna,<br>Team Leader Contracts | CCC   | LSTK                   | E, P, C, COM                   | 20.7                        | 10/11         | 11/14       |
| <b>PIPELINES</b>   |              |  |   |                        |                                |                             |               |             |
| <b>New Export Transit Pipelines from BS-171 to AGRP at Mina Al Ahmadi</b><br>EPC 60 km 24" dia. gas export line, 60 km 14" dia. condensate export line, 15 km 8" dia. Pigging liquids disposal line, tie-ins with existing facilities, and 500 m 8" dia. liquid condensate pipeline. Civil, E&I and mechanical works.  | Kuwait       | Kuwait Oil Co.<br>P.O. Box 1070<br>Safat 13011, Kuwait   | CCC   | LSTK                   | E, P, C, COM                   | 90.0                        | 09/11         | 07/16       |





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### PROJECTS IN PROGRESS

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 TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, LSPB=Lump Sum Procure Build, UR=Unit Rate, CP=Cost Plus, JV=Joint Venture, SC=Subcontractor

| PROJECT NAME & DESCRIPTION  | LOCATION   | CLIENT  | PRIME CONTRACTOR                          | TYPE OF CONTRACT                   | CCC SCOPE OF WORK  | CONTRACT VALUE (US\$ MILL.) | PROJECT START | PROJECT END |
|---|------------|---|---|------------------------------------|--------------------|-----------------------------|---------------|-------------|
| <b>Tie-in of 12 New Wells to the Gas Gathering System</b><br>Installation of 12 production wells at 3 pads and related facilities, connection to existing production manifold, MEG injection systems for 3 pads, and annulus bleeding system for system for 3 pads.   | Abu Dhabi  | Abu Dhabi Gas Development Co. (Al Hosn Gas)   | CCC                                       | LSTK                               | E, P, C, COM       | 44.6                        | 02/14         | 08/15       |
| <b>Permanent Raw Water Pipeline</b><br>EPC 159 km 42" seawater pipeline, pumping station including 3 seawater pumps, 4 surge vessels, 2000 m3 GRE tank, 3.4 MW power plant (2+1 generators), and tank farm with a 600 m3 HFO steel tank and 50 m3 LFO steel tank.   | Mauritania | Tasiast Mauritanie Ltd. S.A. (TMLSA) (a Kinross Co.)<br>ZRA 50, P.O. Box 5051<br>Nouakchott, Mauritania<br>Tel.: +222 525 2428<br>Fax: +222 529 3895<br>Att: Joe Wahba, Project Director                      | CCC                                       | LSTK                               | E, P, C, COM       | 183.6                       | 02/13         | 04/15       |
| <b>Integration of Masama &amp; Makhujuwane Wellfields Boreholes into the North South Carrier 1 Pipeline</b><br>Equipping 24 existing boreholes to pump into collector steel tanks which in turn pump into a 26 million litre concrete reservoir from which water will be injected into the existing North-South Carrier 1 Water Pipeline. | Botswana   | Water Utility Corporation<br>Sedibeng House<br>Lot 17530 Luthuli Road<br>Private Bag 00276<br>Gaborone, Botswana<br>Tel: +267 3604400<br>Fax: +267 3973852<br>E-mail: metsi@wuc.bw                            | CCC                                       | UR                                 | E, P, C, COM       | 27.5                        | 11/13         | 09/14       |
| <b>Hassyan Digs Pipeline</b><br>EPC 38.7 km 48" buried natural gas pipeline, 2 L/R stations, block valve stations and tie-in to existing facilities   | Dubai      | Dubai Supply Authority (DUSUP)<br>P.O. Box 8144<br>Dubai, UAE<br>Tel.: +971-4 8028741<br>Fax: +971-4 8803466<br>Att: Richard Schotte, Project Manager   | CCC                                       | LS (UR for Pipeline final measure) | Residual E, P, COM | 18.3                        | 01/13         | 05/14       |
| <b>APLNG Pipelines, Queensland</b><br>EPC 386 km 42", 78 km 36", 92 km 30", 71.4 km 24", and 39.5 km 18" pipelines from the Surat basin to Gladstone to the APLNG's LNG process facility on Curtis Island.  | Australia  | Australia Pacific LNG Pty Ltd. (APLNG)<br>(an Origin Energy, ConocoPhillips & Sinopec JV)<br>12 Cribb Street,<br>Milton, QLD 4064, Australia<br>Att: Graeme Hogarth, Project Manager<br>Tel.: +61-7 3867 0725 | CCC/McConnell Dowell JV (CCC share - 50%) | LSTK                               | E, P, C, COM       | JV: 898.1                   | 01/10         | 05/14       |



**APPENDIX E – ANNEXURE 12**

**LIST OF PROJECTS IN PROGRESS - TCC**





# TEYSEER CONTRACTING COMPANY W.L.L.

## TCC PROJECTS IN PROGRESS

SCOPE OF WORK: E=Engineering, P=Procurement, PS=Procurement Services, I=Installation, C=Construction, CM=Construction Management, COM=Commissioning, O=Operation, M=Maintenance

TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, UR=Unit Rate, JV=Joint Venture, SC=Subcontractor

| PROJECT   | LOCATION | CLIENT  | EPC CONTRACTOR | TYPE OF CONTRACT | TCC SCOPE OF WORK        | CONTRACT VALUE (US\$ MILL.)     | PROJECT |         | PERCENTAGE SHARE |     |
|---|----------|---|----------------|------------------|--------------------------|---------------------------------|---------|---------|------------------|-----|
|   |          |   |                |                  |                          |                                 | START   | END     | CCC              | TCC |
| New Doha International Airport - Midfield Telecommunication Building and North & South Telecommunication Interface Buildings<br>Procurement, construction, start-up and commissioning and elements of the buildings and substation. Total area 2,688 m <sup>2</sup> .             | Qatar    | New Doha Int'l. Airport (NDIA) Steering Committee | CCC/TCC        | LS               | P, C, COM                | 24.2                            | 11/10   | 12/11   | 50%              | 50% |
| New Doha International Airport - Midfield Area Access System<br>EPC for 2 cross-taxiways, passenger apron and taxi lanes and 2 road tunnels 815m long each. All architectural, electrical and mechanical works  | Qatar    | New Doha Int'l. Airport (NDIA) Steering Committee | CCC/TCC        | LS               | E, P, C, COM             | 330.7                           | 05/07   | 05/11   | 25% (CCIC)       | 75% |
| New Doha International Airport - CP-93<br>Main Fire Station, Satellite Fire Station & Airport Surveillance Radar Building - Package A   | Qatar    | NDIA / OBI  | CCC/TCC        | LS               | C                        | 43                              | 01 / 11 | 12 / 12 | 50%              | 50% |
| New Doha International Airport - CP-95<br>Administration Building Blocks A & B, Medical Center and Employee Village - Package C   | Qatar    | NDIA / OBI  | CCC/TCC        | LS               | C                        | 53                              | 01 / 11 | 02 / 12 | 50%              | 50% |
| New Doha International Airport - CP-96<br>General Aviation Hangar, General Aviation Terminal and Solid Waste Handling Facility - Package D  | Qatar    | NDIA / OBI  | CCC/TCC        | LS               | C                        | 75                              | 01 / 11 | 05 / 12 | 50%              | 50% |
| Gas Sweetening Facilities at Mesaieed & Dukhan<br>Upgrade of a Sulphur recovery unit and construction of an acid gas (removal plant at Dukhan to supply 450 MMSCFD sweet Khuff gas to fuel gas grid for industrial consumers. EPC concrete buildings and Jetty works at Mesaieed. | Qatar    | Qatar Petroleum                                   | PETROFAC       | LS SC            | C, EPC Buildings & Jetty | Overall: 646.0<br>CCC/TCC=218.0 | 12/10   | 05/13   | 50%              | 50% |





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TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, UR=Unit Rate, JV=Joint Venture, SC=Subcontractor

| PROJECT   | LOCATION | CLIENT  | EPC CONTRACTOR | TYPE OF CONTRACT | TCC SCOPE OF WORK | CONTRACT VALUE (US\$ MILL.) | PROJECT        |                | PERCENTAGE SHARE |     |
|---|----------|---|----------------|------------------|-------------------|-----------------------------|----------------|----------------|------------------|-----|
|   |          |   |                |                  |                   |                             | START          | END            | CCC              | TCC |
| Dukhan Highway Project - Central Contract<br>Construction of a four lane dual carriageway of approximately 15 KM with grade separated interchanges to replace the existing two lane dual carriageway and grade junction, including 40 KM of surfaced collector - distributor roads, 3 grade separated junctions and associated structures, drainage works, Duct infrastructure for future intelligent transportation system & street lighting.  | Qatar    | Ashghal   | CCC/TCC        | LS               |                   | 287.4                       | 04/11          | 09/13          | 50%              | 50% |
| Doha Expressway Package 12 (F-Ring Road)<br>Construction of a new 8.7 KM roadway as the mainline of the F-Ring Road, consisting of 3 to 4 lanes in each direction separated by a divided median, including 3 bridges, frontage road on each side, new asphalt pavement, utility upgrading and relocation, full roadway lighting, traffic signs, roadmarking, traffic signals, relocation of foul sewage rising main pipelines, etc.   | Qatar    | Ashghal   | CCC/TCC        | LS               |                   | 229.8                       | 04/11          | 04/13          | 50%              | 50% |
| BP#16 - Qatar Faculty of Islamic Studies<br>Supply, installation, construction, testing and commissioning of main buildings, mosque and car park. All Architectural, civil and structural works including the design, supply and installation of Glass Façade and curtain walls, all building services and utilities. Total Built up area 35,270 M2.  | Qataf    | Qatar Petroleum for Qatar Foundation  | CCC/TCC        | LS               | E.P.C. CON        | 213                         | 05/11          | 05/13          | 50%              | 50% |
| EPIC for Multipurpose Administration Complex at Ras Laffan - Phase I<br>Engineering, Procurement, Installation, Testing and commissioning of Phase 1 of the Multi-purpose Administration Complex at Ras Laffan which comprises of: Buildings total area 34,820 M2, consisting of Office and Canteen Building (Over eleven floors), Medical Centre, Helicopter Landing Pad and Heliport Pump House, Central Plant and 33 kV Substation with all adjoining external works and services. | Qatar    | Qatar Petroleum   | CCC/TCC        | LS               | C                 | 208                         | 06/11          | 10/13          | 30%              | 70% |
| Barzan Gas Project (BGP)<br>Barzan Onshore Facilities - Building Package (1, 2 & 3)<br>a) Building Works Package 1<br>b) General Contract Work : Package 1 for Process area (a000)  | Qatar    | ExxonMobil Barzan Limited (Owner)<br>Chiyoda (FEED Contractor)<br>JGC Corporation (Main Contractor) | CCC/TCC        | LS               | C                 | 28+304 = 332                | 10/11<br>09/11 | 12/12<br>06/14 | 40%              | 60% |





## TEYSEER CONTRACTING COMPANY W.L.L.

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TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, UR=Unit Rate, JV=Joint Venture, SC=Subcontractor

| PROJECT   | LOCATION | CLIENT   | EPC CONTRACTOR | TYPE OF CONTRACT | TCC SCOPE OF WORK | CONTRACT VALUE (US\$ MILL.) | PROJECT |       | PERCENTAGE SHARE |     |
|---|----------|--|----------------|------------------|-------------------|-----------------------------|---------|-------|------------------|-----|
|   |          |  |                |                  |                   |                             | START   | END   | CCC              | TCC |
| c) Barzan Offshore Pipeline Works<br>Onshore interface, planning and procedures, pre-construction survey works, civil works, right of way, pipeline welding, NDT, field joint coating, pipeline installation, pipeline testing, cathodic protection, line pipe & valves handling and transportation, sand supply, cable laying, temporary access road, winch foundation, and permit to work from local authorities to perform site works.   | Qatar    | ExxonMobil Barzan Limited (Owner)<br>Hyundai Heavy Industries Co. Ltd. (Korea) | CCC/TCC        | LS               | C                 | 12                          | 10 / 11 | 09/13 |                  |     |
| d) Barzan Project - Pre-Engineered Building<br>Pre-Engineered Building works at Barzan Onshore Project at Ras Laffan  | Qatar    | Exxon Mobile Barzan Ltd. (Owner)<br>JGC Ciroiratuib (Main Contractor_          | CCC/TCC - JV   | LS               | C                 | 27.7                        | 02/12   | 09/13 |                  |     |
| Multipurpose Hall at Lusail Sports Club - Package 1<br>Package 1 scope of work covers the enabling works (site facilities, hoarding, dewatering & site clearance) and substructure works (excavation, concrete foundations and basement & waterproofing)  | Qatar    | Qatar Olympic Committee<br>ASTAD Project Management                            | CCC/TCC-JV     | LS               | C                 | 25.8                        | 11/12   | 7/13  |                  |     |
| New Port Project - Containter Terminal,<br>Infrastructure and Utility Buildings - NPP/0026<br><br>Construction of Container Terminal-1 and the internal and the external port roads network including all services including pump stations for potable and fire fighting water supply, foul water collection and treatment system, treated sewage effluent (Irrigation) system, electrical substations, telecommunications and associated networks designed by the Employer.<br>Additionally, thirteen buildings will be executed on a Design and Construct basis |          | New Port Project Steering Committee  | TCC/CCC-JV     | LS               | C                 | 292.5                       | 03/13   | 03/16 |                  |     |





# TEYSEER CONTRACTING COMPANY W.L.L.

## TCC PROJECTS IN PROGRESS

SCOPE OF WORK: E=Engineering, P=Procurement, PS=Procurement Services, I=Installation, C=Construction, CM=Construction Management, COM=Commissioning, O=Operation, M=Maintenance

TYPE OF CONTRACT: LS=Lump Sum, LSTK=Lump Sum Turnkey, UR=Unit Rate, JV=Joint Venture, SC=Subcontractor

| PROJECT   | LOCATION | CLIENT  | EPC CONTRACTOR | TYPE OF CONTRACT | TCC SCOPE OF WORK | CONTRACT VALUE (US\$ MILL.) | PROJECT |       | PERCENTAGE SHARE |     |
|---|----------|---|----------------|------------------|-------------------|-----------------------------|---------|-------|------------------|-----|
|   |          |   |                |                  |                   |                             | START   | END   | CCC              | TCC |
| <b>Construction of Super Structure and Façade Works for Multipurpose Hall at Lusail Sports Club</b><br><b>Package 2</b><br><br>Construct an Olympic Multipurpose hall for three sports (Handball, Basketball, and Volley Ball) designed to achieve at least three stars under the Qatar QSAS system. The total plot site area is approximately 387,100m <sup>2</sup> and the site will consist of three main buildings:<br>Building No. 1: Multipurpose Hall, main Arena hall with footprint coverage area around 49,000m <sup>2</sup> , containing the main arena & two training halls, VIP areas and VVIP lounge.<br>Building No. 2: Cooling Tower Building, underground structure opened to sky, plot area approx. 910m <sup>2</sup> .<br>Building No. 3: Microwave Tower<br>Including: Maintaining the existing client site facilities & hoarding, Superstructure from Ground Floor (Cast-in-place concrete, precast bleachers, masonry walls), Anchor bolts, base plates and bearings for Structural steel & Cladding Works, Finishes, Landscaping (approx. 275,000m <sup>2</sup> ), MEP works |          | Qatar Olympic Committee (QOC)<br>Managed by ASTAD                                   | CCC/TCC-JV     | LS               | C                 | 318                         | 01/13   | 11/14 |                  |     |
| <b>NDIA - Aircraft Maintenance Hangar &amp; AEO Building - Demolitions, Alterations and Additions</b>   |          | NDIA Steering Committee<br>Consultant ADPI<br>Designers & Partners<br>PM-MACE Int'l | CCC/TCC-JV     | LS               | C                 | 30.8%                       | 10/13   |       |                  |     |

