ARABTEC HOLDING PJSC (FORMERLY ARAB TECHNICAL CONSTRUCTION COMPANY PJSC) AND ITS SUBSIDIARIES
DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT FOR THE PERIOD FROM JANUARY 1, 2006 TO JUNE 30, 2006

Arabtec Holding PJSC (formerly Arab Technical Construction Company PJSC) and its Subsidiaries
Dubai - United Arab Emirates

Interim Condensed Consolidated Financial Statements and Review Report
For the Period from January 1, 2006 to June 30, 2006

Table of Contents

	Page
Review Report	**1**
Interim Condensed Consolidated Balance Sheet	**2**
Interim Condensed Consolidated Income Statement	**3**
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity	**4**
Interim Condensed Consolidated Cash Flow Statement	**5**
Notes to the Interim Condensed Consolidated Financial Statements	**6 - 14**

Ref.: 31875FS06-PJSC-June2006

Report on Review of Interim Financial Statements

The Shareholders
Arabtec Holding PJSC (formerly Arab Technical Construction Company PJSC)
Dubai
United Arab Emirates

We have reviewed the accompanying interim condensed consolidated balance sheet of **Arabtec Holding PJSC (formerly Arab Technical Construction Company PJSC) (the "Company") and its Subsidiaries (collectively the "Group")** as at June 30, 2006 and the related interim condensed consolidated statements of income, changes in shareholders' equity and cash flows for the period from January 1, 2006 to June 30, 2006. These financial statements are the responsibility of the Directors of the Company. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with International Standard on review engagements (ISRE 2400). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Group personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly in all material respects, in accordance with International Accounting Standard No.34.

Deloitte & Touche

Saba Sindaha (Reg. No. 410)

Dubai
July 22, 2006

Interim Condensed Consolidated Balance Sheet
As of June 30, 2006
(In Arab Emirates Dirhams)

	Note	June 30, 2006 (reviewed)	December 31, 2005 (audited)
Assets			
Current assets			
Cash and cash equivalents		**298,230,069**	93,907,569
Other financial assets		**22,885,463**	27,825,420
Trade and other receivables		**951,210,363**	936,194,657
Due from related parties	6(b)	**33,637,621**	29,576,492
Inventories		**73,544,875**	95,405,616
Other current assets		**44,930,280**	32,012,789
Total current assets		**1,424,438,671**	1,214,922,543
Non-current assets			
Available for sale investments		**4,785,858**	11,659,723
Intangible assets	8	**95,434,097**	101,040,097
Goodwill		**88,896,366**	88,896,366
Retentions receivable – non-current portion		**53,606,461**	128,629,676
Loan to a related party	6(e)	**1,306,050**	-
Other non-current assets		**13,696,381**	13,140,145
Property, plant and equipment	9	**371,052,338**	331,484,165
Total non-current assets		**628,777,551**	674,850,172
Total Assets		**2,053,216,222**	1,889,772,715
Liabilities and Shareholders' Equity			
Current liabilities			
Bank borrowings		**3,984,623**	-
Trade and other payables		**1,258,466,207**	1,217,627,383
Due to related parties	6(c)	**3,211,968**	9,066,453
Total current liabilities		**1,265,662,798**	1,226,693,836
Non-current liabilities			
Provision for employees' end of service indemnity		**40,932,687**	32,041,556
Retentions payable – non-current portion		**60,099,890**	57,080,473
Total non-current liabilities		**101,032,577**	89,122,029
Total Liabilities		**1,366,695,375**	1,315,815,865
Capital and reserves			
Share capital	12	**520,000,000**	400,000,000
Statutory reserve		**27,946,846**	16,585,671
Fair value adjustment reserve		**2,514,874**	8,100,140
Retained earnings		**131,521,613**	149,271,039
Equity attributable to equity holders of the parent		**681,983,333**	573,956,850
Minority interest		**4,537,514**	-
Total Equity		**686,520,847**	573,956,850
Total Liabilities and Shareholders' Equity		**2,053,216,222**	1,889,772,715

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

The financial statements on pages 2 to 14 were approved and authorized for issue by the Board of Directors on July 22, 2006 and signed on their behalf by:

Riad Kamal
Managing Director

Arabtec Holding PJSC (formerly Arab Technical Construction Company PJSC)
and its Subsidiaries
Dubai - United Arab Emirates

Interim Condensed Consolidated Income Statement
For the period from January 1, 2006 to June 30, 2006
(In Arab Emirates Dirhams)

	Half year ended June 30,		Quarter ended June 30	
	2006	2005	**2006**	2005
	(reviewed)	(un-audited)	**(reviewed)**	(un-audited)
Revenue	**1,413,539,920**	1,147,695,686	**766,887,478**	677,500,737
Direct costs	**(1,239,370,574)**	(1,040,175,172)	**(658,989,625)**	(609,899,616)
Gross profit	**174,169,346**	107,520,514	**107,897,853**	67,601,121
Other operating income	**17,925,322**	2,583,702	**10,589,666**	1,776,255
General and administrative expenses	**(81,572,469)**	(50,595,050)	**(44,117,388)**	(30,016,544)
Changes in fair value of non-current retentions	**2,899,028**	38,388	**2,044,929**	938,202
Profit from operations	**113,421,227**	59,547,554	**76,415,060**	40,299,034
Finance income/(costs)	**74,336**	(3,450,743)	**83,703**	(548,403)
Net profit for the period	**113,495,563**	56,096,811	**76,498,763**	39,750,631
	==========	==========	=========	=========
Attributable to:				
Equity holders of parent	**113,611,749**	56,096,811	**76,614,949**	39,750,631
Minority interest	**(116,186)**	-	**(116,186)**	-
	113,495,563	56,096,811	**76,498,763**	39,750,631
	==========	==========	=========	=========
Basic earnings per share (AED)	**0.22**	0.11	**0.15**	0.08
(based on profit for the period and 520 million shares in issue throughout the period – including 120 million bonus shares approved on May 29, 2006)	==========	==========	=========	=========

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Arabtec Holding PJSC (formerly Arab Technical Construction Company PJSC)
and its Subsidiaries
Dubai - United Arab Emirates

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
For the period from January 1, 2006 to June 30, 2006
(In Arab Emirates Dirhams)

	Share capital	Statutory reserve	Fair value adjustment reserve	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total
Balance at December 31, 2004 (audited)	400,000,000	237,701	-	2,139,307	402,377,008	-	402,377,008
Profit for the period	-	-	-	56,096,811	56,096,811	-	56,096,811
Transfer to statutory reserve	-	5,609,681	-	(5,609,681)	-	-	-
Balance at June 30, 2005 (un-audited)	**400,000,000**	**5,847,382**	**-**	**52,626,437**	**458,473,819**	**-**	**458,473,819**
Balance at December 31, 2005 (audited)	400,000,000	16,585,671	8,100,140	149,271,039	573,956,850	-	573,956,850
Profit for the period	-	-	-	113,611,749	113,611,749	(116,186)	113,495,563
Realised profit on sale of investments transferred to income statement	-	-	(1,387,831)	-	(1,387,831)	-	(1,387,831)
Loss on available-for-sale investments recognized directly in equity	-	-	(4,197,435)	-	(4,197,435)	-	(4,197,435)
Minority interest arising on the issue of shares in a subsidiary	-	-	-	-	-	4,653,700	4,653,700
Total income recognized for the period	-	-	-	-	-	-	112,563,997
Issue of bonus shares	120,000,000	-	-	(120,000,000)	-	-	-
Transfer to statutory reserve	-	11,361,175	-	(11,361,175)	-	-	-
Balance at June 30, 2006 (reviewed)	**520,000,000**	**27,946,846**	**2,514,874**	**131,521,613**	**681,983,333**	**4,537,514**	**686,520,847**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Interim Condensed Consolidated Cash Flow Statement
For the period from January 1, 2006 to June 30, 2006
(In Arab Emirates Dirhams)

	Half year ended June 30,	
	2006	2005
	(reviewed)	(un-audited)
Operating activities		
Profit for the period	**113,495,563**	56,096,811
Adjustments for:		
Depreciation of property, plant and equipment	**38,566,822**	16,517,259
Amortization of intangible assets	**5,606,000**	5,500,000
Provision for employees' end of service indemnity	**10,083,524**	5,265,792
Gain on sale of available for sale investments	**(1,387,831)**	-
Gain on sale of property, plant and equipment	**(2,148,615)**	(244,318)
Finance costs	**24,213**	3,450,743
Interest income	**(98,549)**	-
Changes in fair value of non-current retentions receivable and payable	**(2,899,028)**	38,388
Operating profit before changes in operating assets and liabilities	**161,242,099**	86,624,675
Decrease/(increase) in financial assets	**4,939,957**	(15,761,767)
Increase in trade and other receivables	**(15,015,706)**	(890,577,085)
Increase in due from related parties	**(4,061,129)**	(7,953,143)
Decrease/(increase) in inventories	**21,860,741**	(62,377,092)
Increase in other current assets	**(12,917,491)**	(27,031,524)
Increase in trade and other payables	**40,838,823**	1,056,173,674
(Increase)/decrease in due to related parties	**(5,854,485)**	5,435,429
Decrease/(increase) in retention receivable – non-current portion	**77,922,243**	(86,148,159)
Increase in retention payables – non-current portion	**3,019,418**	35,683,856
Increase in other non-current assets	**(556,236)**	(7,597,297)
Increase in other non-current liabilities	**-**	23,573,113
Cash generated from operations	**271,418,234**	110,044,680
Employees' end of service indemnity paid	**(1,192,393)**	(588,681)
Interest paid	**(24,213)**	(3,450,743)
Net cash from operating activities	**270,201,628**	106,005,256
Investing activities		
Increase in loan to a related party	**(1,306,050)**	-
Purchase of property, plant and equipment	**(85,651,241)**	(240,507,563)
Purchase of intangible assets	**-**	(197,962,870)
Proceeds from sale of available for sale investments	**2,676,432**	-
Acquisition of investment in subsidiaries, net of cash acquired	**-**	(7,572,694)
Proceeds from sale of property, plant and equipment	**9,664,859**	695,816
Placement of fixed deposits	-	(59,140,393)
Interest received	**98,549**	-
Net cash used in investing activities	**(74,517,451)**	(504,487,704)
Financing activities		
Proceeds from issue of shares to minority interest	**4,653,700**	-
Increase in bank overdrafts	**3,984,623**	50,434,114
Proceeds from issue of share capital	**-**	400,000,000
Net cash from financing activities	**8,638,323**	450,434,114
Net increase in cash and cash equivalents	**204,322,500**	51,951,666
Cash and cash equivalents at the beginning of the period	**93,907,569**	-
Cash and cash equivalents at the end of the period	**298,230,069**	51,951,666

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

1. Establishment and operations

Arabtec Holding PJSC (the "Company") is a Public Joint Stock Company established under the laws of the United Arab Emirates pursuant to a trade license issued by the Department of Economic Development, Dubai and the Ministry of Economics.

On May 29, 2006, at the extraordinary shareholders' meeting, the Shareholders approved the change of name to Arabtec Holding PJSC from Arab Technical Construction Company PJSC.

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

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

The registered office of the Company is P.O. Box 72122 Dubai, U.A.E.

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

Name of subsidiary and domicile	Percentage of holding	Principal activities
Arabtec Construction LLC, Dubai, U.A.E.	100%	Civil construction and related works.
Austrian Arabian Ready Mix Concrete Co. LLC, Dubai, U.A.E.	100%	Manufacture and transportation of ready mix concrete products.
House of Equipment Co. LLC	33.33%	Trading and leasing of construction equipment

Investment in House of Equipment Co. LLC is held by one of the shareholders for and on behalf of the Company.

The Company and its subsidiaries, referred to collectively in these financial statements as the "Group" are primarily engaged in the construction of high-rise towers, buildings and residential villas, in addition to the execution of related services such as drainage, electrical and mechanical works.

2. Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34: Interim Financial Reporting. These financial statements are presented in United Arab Emirates Dirhams (AED) since that is the currency of the country in which the Group is domiciled.

2. Basis of preparation (continued)

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

Although the Group does not own more than half of the equity shares in House of Equipment Co. LLC, it has the power to govern the strategic operating and financial decisions of the Company.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

3. Significant accounting policies

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2005.

4. Segment information

All of the Group's operations currently relate to the construction sector.

5. Results for the period

The results for the half year ended June 30, 2006 reflect the results of the Group's continuing projects and new projects commenced during the period and are not significantly affected by any seasonal or cyclical operations.

Discretionary bonuses for the year ended December 31, 2005 totaling AED 5 million were approved by management during the period and was charged in arriving at the result for the half year ended June 30, 2006.

6. Related party transactions

a) The Group entered into a variety of transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard No. 24: Related Party Disclosures. Related parties comprise the Group's major shareholders, directors and entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel. Management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges.

b) At the balance sheet date, due from related parties comprised the following:

	June 30, 2006 (reviewed) AED	December 31, 2005 (audited) AED
Amounts due from joint venture partners	**262,137**	184,962
Energy Management Services, Dubai, U.A.E.	**-**	250,590
Specialized and Interactive Systems, Dubai, U.A.E.	**750**	1,135
Pino Meroni M.E. LLC, Dubai, U.A.E.	**142,937**	29,173
Depa Interiors LLC, Dubai, U.A.E.	**-**	348,106
Mr. Riad Kamal – a director and major shareholder	**-**	13,940
First Group/Kamal/Malhas joint venture, Dubai, U.A.E.	**2,873,629**	11,889,324
Sulaiman Al Bassam/Malhas joint venture, Dubai, U.A.E.	**30,358,168**	16,859,262
	33,637,621	29,576,492

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

	June 30, 2006 (reviewed) AED	December 31, 2005 (audited) AED
Amounts due to joint venture partners	**658,807**	7,187,625
Depa LLC, Abu Dhabi, U.A.E.	**2,127,061**	1,878,828
Depa Interiors LLC, Dubai, U.A.E.	**119,940**	-
Nouman Fouad Trading	**245,016**	-
Mr. Riad Kamal – a director and major shareholder	**61,144**	-
	3,211,968	9,066,453

6. Related party transactions (continued)

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

	Half year ended June 30,		Quarter ended June 30	
	2006	2005	**2006**	2005
	(reviewed)	(un-audited)	**(reviewed)**	(un-audited)
Contract revenue	**63,977,589**	63,082,569	**25,583,067**	32,432,196
Share of projects net contribution payable to senior management – see Note 7(e) below	**9,184,454**	7,500,000	**5,184,454**	3,500,000
Sub-contracting costs	**198,795**	388,357	**89,483**	94,430
Wages and salaries	**188,419**	109,136	**87,187**	54,568
Interest received on loans	**-**	132,993	**-**	66,496
Bank charges	**1,283**	15,198	**-**	7,599
Rent income	**311,250**	99,448	**60,000**	49,723
Rent expense	**-**	12,842	**-**	6,421
Miscellaneous charges	**694,538**	151,636	**-**	75,818
Purchase of property, plant and equipment	**-**	771,310	**-**	385,655
Sale of property, plant and equipment	**5,602,004**	590,000	**5,602,004**	295,000
Fair value (decrease)/increase arising on investments held in trust by a director/shareholder	**(2,768,342)**	-	**(1,887,246)**	-

6. Related party transactions (continued)

e) The Group has given a loan of AED 1,306,050 to a minority shareholder in House of Equipment Co. L.L.C. Interest on the loan is charged at the market rate.

f) The share of projects net contribution payable to senior management is based on the terms of agreements entered into between the Group and certain members of senior management and is included as direct costs for those particular contracts.

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

	Half year ended June 30,		**Quarter ended June 30**	
	2006	2005	**2006**	2005
	(reviewed)	(un-audited)	**(reviewed)**	(un-audited)
Management fees to directors	**225,000**	-	**-**	-
Short term benefits	**1,208,949**	1,195,269	**604,378**	597,679
Post-employment Benefits	**23,250**	23,250	**12,750**	12,750
Discretionary bonuses	**5,000,000**	-	**-**	-

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

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

	June 30, 2006	December 31, 2005
	(reviewed)	(audited)
	AED	AED
At January 1,	**5,459,976**	200,000
Advances during the period	**-**	5,398,854
Repayment during the period	**(2,011,723)**	(266,684)
Interest charged	**128,559**	127,806
	3,576,812	5,459,976
	=========	=========

6. Related party transactions (continued)

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

	June 30, 2006 (reviewed) AED	December 31, 2005 (audited) AED
Accrued during the period	**225,000**	900,000

j) Included in trade and other payables is an amount of AED 8,836,556 representing contributions from employees and directors towards an employee benefit scheme. Assets of the scheme are included as follows, AED 1,838,556 cash and cash equivalents and AED 7,000,000 other receivables.

7. Joint ventures

The Group had the following significant interests in joint ventures:

a) A 40% share in the Abu Dhabi Investment Authority Head Quarter joint venture project.

b) A 50% share in the Six Construct/Arabtec joint venture projects (3 joint ventures).

c) A 30% share in the Samsung/Six Construct/Arabtec joint venture project.

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

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

	June 30, 2006 (reviewed) AED	December 31, 2005 (audited) AED
Current assets	**108,900,577**	96,879,323
Non-current assets	**155,220,316**	34,212,479
Current liabilities	**118,921,739**	80,647,565
Commitments	**2,836,884**	2,093,058
Contingent liabilities	**223,349,754**	225,764,211

7. Joint ventures (continued)

	Half year ended June 30,		Quarter ended June 30	
	2006	2005	**2006**	2005
	(reviewed)	(un-audited)	**(reviewed)**	(un-audited)
Revenue	**157,876,266**	39,438,774	**97,527,863**	21,100,496
Expenses	**142,484,587**	35,811,608	**87,848,247**	18,384,738

8. Intangible assets

	Leasehold property benefit	Arabtec brand	Total
	AED	**AED**	**AED**
Cost			
At December 31, 2005	2,040,097	110,000,000	112,040,097
At June 30, 2006	**2,040,097**	**110,000,000**	**112,040,097**
Amortization			
At December 31, 2005	-	11,000,000	11,000,000
Charge for the period	106,000	5,500,000	5,606,000
At June 30, 2006	**106,000**	**16,500,000**	**16,606,000**
Carrying amount			
At June 30, 2006 (reviewed)	**1,934,097**	**93,500,000**	**95,434,097**
At December 31, 2005 (audited)	**2,040,097**	**99,000,000**	**101,040,097**

The intangible assets included above, arising on business combinations have finite useful lives, over which the assets are amortized.

Amortization of the leasehold property benefit is based on the underlying lease, and commenced from January 1, 2006 for a period of 18 years.

The Arabtech brand value is amortized over the expected period of benefit of 10 years, following which continuing brand value will have been internally generated and not recognisable as an asset under IFRS.

9. Property, plant and equipment

During the period, the Group spent approximately AED 85.7 million (2005: AED 240.5 million) to purchase various types of property, plant and equipment.

Also, the Group disposed of plant and office equipment with a net book value of AED 7.5 million (2005: AED 0.4 million) for proceeds of AED 9.7 million (2005: AED 0.7 million).

10. Operating lease arrangements

The Group as lessee:

	Half year ended June 30,		**Quarter ended June 30**	
	2006	2005	**2006**	2005
	(reviewed)	(un-audited)	**(reviewed)**	(un-audited)
Minimum lease payments under operating leases recognized as expense in income statement for the period	**11,199,932**	5,241,108	**6,617,369**	2,685,798

At the balance sheet date, the Group had outstanding commitments under cancelable operating leases, which fall due as follows:

	June 30, 2006	December 31, 2005
	(reviewed)	(audited)
	AED	AED
Within one year	**15,163,300**	13,201,775
In the second to fifth years inclusive	**1,743,804**	1,743,804
Later than five years	**5,667,363**	5,667,363
	22,574,467	20,612,942

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

11. Commitments and contingencies

	June 30, 2006 (reviewed) AED	December 31, 2005 (audited) AED
Commitments		
Commitments for the acquisition of property, plant and equipment	**34,077,384**	27,143,793
Contingent liabilities		
Performance and bid bonds	**1,014,169,873**	874,345,375
Advance payment bonds	**417,521,745**	434,138,105
Financial guarantees	**44,839,948**	42,455,877
Retention bonds	**144,415,625**	93,794,684
Labour guarantees	**5,924,260**	37,337,005
Letters of credit	**73,611,378**	61,434,635

12. Share capital

The share capital comprises of 520,000,000 (2005: 400,000,000) authorized, issued and fully paid shares of AED 1 each. The Directors proposed a bonus share issue of 30% (120 million shares of AED 1 each), for which approval was given at the Extraordinary General Meeting of the shareholders held on May 29, 2006.

13. Comparative amounts

The interim condensed consolidated financial statements for the current period are for 6 months from January 1, 2006 to June 30, 2006. The comparative amounts for the 6 months ended June 30, 2005 are presented without audit or review and are as per Group's books of accounts. The corresponding amounts presented for the 6 months ended June 30, 2005 have been reclassified to conform to the current period presentation. The income statement for the period ended June 30, 2005 has been restated to take into account the effect of the acquisition accounting for the subsidiaries acquired which was finalized by the Group subsequent to the period ended June 30, 2005. The acquisition accounting adjustments had an effect of reducing the previously stated prior period result by AED 3.4 million, being the effect of amortisation of intangible assets acquired and additional depreciation on the fair value of property, plant and equipment acquired.