

Dear Shareholders,

The board of directors is honored to present this report reviewing the activities and achievements of Arabtec Holding PJSC and its subsidiaries (the Group) for the year 2006. 2006 was a year of expansion and distinguished performance for the group, characterized by massive growth for the UAE's property and construction sectors.

We have been able to take advantage of this growth, and as a result, the country's leading property developers now rely on us to deliver and fulfill their requirements. As anticipated, our group has managed to meet the market expectations by fulfilling its duties based on the latest designs and the highest international construction standards.

Financial Results:

Due to the significant increase in the Group's business, The Group has reported a consolidated net profit in 2006 amounting to AED 217 million, representing 42% of Arabtec Holding PJSC's capital, a 31% increase compared to 2005.

At end of 2006, the Group's total assets exceeded AED 2.3 billion, and its basic earning per share reached AED 0.42.

The Directors propose to apportion the net profit amounting to AED 217 million, which is arrived at after the deduction of the Board of Directors fees for 2006 of AED 900,000, as follows:

	<u>AED million</u>
Transfer to statutory reserve	21.7
Bonus Shares	78
Cash dividends	78
Net retained earning	39,3
	<hr/> 217 <hr/>

Boards of Directors

The board of Directors comprises of:

Sheikh Butti Bin Maktoom Bin Juma Al Maktoum	Chairman
Mr. Hussain Jasem AlNowais	Vice chairman
Sheikh Sultan Bin Saqer Al Qassimi	
Sheikh Nawaf Bin Naser Al Thani	
Mr. Anis Abdullah Al Jallaf	
Mr. Shames Ali Khalfan Al Dhahry	
Mr. Arif Naqvi	
Mr. Riad Burhan Kamal	
Mr. Thomas Patrick Barry	

Auditors

Deloitte & Touche were appointed the auditors of Arabtec Holding PJSC for the year 2006.

Deloitte & Touche are eligible for re-appointment and have expressed their willingness to continue to perform the audit for 2007.

Future outlook

In view with the current growth environment, we predict that the Group's consolidated revenue will witness a further growth in excess of 25% during 2007 to reach AED 3.5 Billion; a process that is backed by the Group's various new contracts signed during 2006 and early 2007.

During 2006, three new companies have joined Arabtec Holding PJSC, taking the number of its subsidiaries to 5 companies:

1. House of Equipment LLC.



- A company specialized in trading and leasing construction equipment. Arabtec Holding PJSC share is 33.3%.
2. Arabtec Construction LLC- Qatar.
A company specialized in civil construction and related works in Qatar. Arabtec Holding PJSC share is 49%.
 3. Arabtec Precast LLC.
A company specialized in production of precast panels and related works, and is wholly owned by Arabtec Holding PJSC.

At the beginning of 2007, the following two new companies joined Arabtec Holding PJSC, taking the number of its subsidiaries to 7 companies.

1. Emirates Falcon Electromechanical Company LLC (EFECO):
A company specialized in Electromechanical, Air-conditioning and Building Services Contracting. Arabtec Holding PJSC share is 55%.
2. Nasir Bin Khalid Factory Ready Concrete Company LLC- Qatar:
A company specialized in providing ready concrete. Arabtec Holding PJSC share is 49%.

The Group is diversifying its projects portfolio by setting up Arabtec Engineering Services LLC, a wholly owned subsidiary, to carry out infrastructure projects related to drainage and water works. The Group recently signed a contract amounting to AED 487 million to carry out storm water drainage and sewerage system in Dubai World Central at Jabel Ali International Airport

The Group is diversifying its geographical base by setting up Arabtec Construction Mauritius LLC in Pakistan with a shareholding of 60%. The objective of the company is to execute construction contracts in Pakistan. The first project awarded in Pakistan is Karachi Financial Towers with a value over Dhs.500million

Registering the above two companies take the total number of Arabtec Holding PJSC subsidiaries to 9 companies.



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Arabtec Holding PJSC

The board of directors is doing its utmost to enhance the return on your investment, by exploring further investment opportunities that will lead to strategic expansion both locally and regionally.

Dividends

Based on these positive results and to reward our loyal shareholders for their trust in Arabtec Holding PJSC and its subsidiaries (The Group), whilst at the same time providing the Arabtec with a stable and enhanced capital, the board of directors recommends the distribution of 15% bonus shares and 15% cash dividends.

Acknowledgments

Finally, we would like to thank our shareholders for their continued support without which these significant achievements would not have been possible. These results are an incentive for us to continue our growth during the next years.

On behalf of the Board
Sheikh Butti Bin Maktoum Bin Juma Al Maktoum
Chairman