

EMAAR Properties PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2006

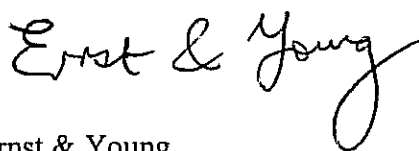
REVIEW REPORT TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC

We have reviewed the accompanying consolidated balance sheet of EMAAR Properties PJSC and its subsidiaries ("the Group") as of 31 March 2006, and the related consolidated statements of income, cash flows and changes in equity for the three month period then ended. These interim condensed consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and thus provides 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 34.

We draw attention to the fact that the statements of income, cash flows and changes in equity for the three month period ended 31 March 2005 were not reviewed by us and are presented for comparison purposes only.



For Ernst & Young

Signed by
Edward B. Quinlan
Partner
Registration No. 93

30 April 2006

Dubai, United Arab Emirates

EMAAR Properties PJSC and Subsidiaries

CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2006 (Unaudited)

(US \$1.00 = AED 3.673)

		<i>Three months ended</i>	
		<i>31 March</i>	
	<i>Notes</i>	<i>2006</i> <i>AED'000</i>	<i>2005</i> <i>AED'000</i>
Revenues	4	2,239,408	2,837,236
Cost of revenues	4	(752,275)	(1,401,778)
GROSS PROFIT		1,487,133	1,435,458
Other operating income		31,246	93,648
Selling, general and administration expenses	5	(184,551)	(240,033)
Other operating expenses		(17,727)	(42,035)
Finance costs		(4,299)	(2,551)
Finance income	6	140,058	61,930
Other income		39,602	10,673
Share of results from associated companies		25,915	8,847
PROFIT FOR THE PERIOD		1,517,377	1,325,937
ATTRIBUTABLE TO:			
Shareholders of the parent		1,517,222	1,324,864
Minority interest		155	1,073
		1,517,377	1,325,937
Earnings per share attributable to the shareholders of the parent:			
- basic earnings per share	20	AED 0.26	AED 0.26
- diluted earnings per share	20	AED 0.25	AED 0.26

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

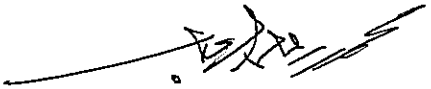
CONSOLIDATED BALANCE SHEET

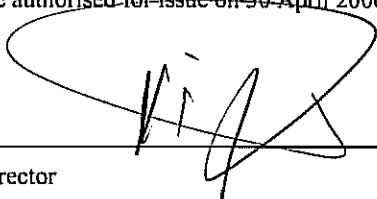
At 31 March 2006 (Unaudited)

(US \$1.00 = AED 3.673)

	Notes	31 March 2006 AED'000	31 December 2005 AED'000 (Audited)
ASSETS			
Bank balances and cash	7	5,588,897	10,368,009
Trade receivables	8	570,815	717,533
Other receivables, deposits and prepayments	9	2,499,840	1,928,369
Deposit for share capital subscription of The Economic City in Saudi Arabia	10	2,644,673	-
Development properties	11	3,514,727	3,025,750
Securities	12	3,248,972	3,602,868
Loans to associates	13	987,768	658,313
Investments in associates	14	3,116,854	3,103,825
Fixed assets, net	15	892,302	737,711
Investment properties	16	8,461,820	8,062,354
TOTAL ASSETS		31,526,668	32,204,732
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	17	5,296,023	5,527,575
Loans from financial institutions		305,093	238,693
Retentions payable		766,435	733,121
Provision for employees' end-of-service benefits		9,407	9,035
TOTAL LIABILITIES		6,376,958	6,508,424
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	18	5,933,327	5,780,176
Employees' performance share program		(3,126)	(4,386)
Reserves	19	14,108,920	13,922,653
Retained earnings		5,009,848	5,862,479
		25,048,969	25,560,922
Minority interest		100,741	135,386
TOTAL EQUITY		25,149,710	25,696,308
TOTAL LIABILITIES AND EQUITY		31,526,668	32,204,732

The interim condensed consolidated financial statements were authorised for issue on 30 April 2006 by:


Chairman


Director

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 31 March 2006 (Unaudited)

(US \$1.00 = AED 3.673)

Three months ended

31 March

	Notes	2006 AED'000	2005 AED'000
OPERATING ACTIVITIES			
Profit for the period		1,517,377	1,325,937
Adjustments for:			
Share of results of associated companies		(25,915)	(8,847)
Depreciation	5	22,531	29,511
Provision for employees' end-of-service benefits, net		372	118
Provision for impairment of loans and advances		-	1,668
Cost of share based payments		3,478	6,958
Gain on disposal of fixed assets		(44)	-
Gain on disposal of securities		(1,507)	-
		<u>1,516,292</u>	<u>1,355,345</u>
Working capital changes:			
Trade receivables		146,718	(32,275)
Loans and advances – financial services		-	(235,202)
Other receivables, deposits and prepayments		(571,471)	(814,668)
Development properties		(488,977)	(846,233)
Deposit for share capital subscription for The Economic City in Saudi Arabia		(2,644,673)	-
Trade and other payables		(231,274)	5,875,887
Customers' deposits – financial services		-	34,998
Retentions payable		33,314	6,798
		<u>(2,240,071)</u>	<u>5,344,650</u>
Net cash (used in) / from operating activities			
INVESTING ACTIVITIES			
Purchase of securities		(788,252)	(20,976)
Proceeds from disposal of securities		741,385	-
Additional investments in associates		(340,630)	(23,852)
Amounts incurred on investment properties		(404,465)	(57,882)
Purchase of fixed assets		(172,265)	(20,676)
Proceeds from sale of fixed assets		186	-
Deposits under lien or maturing after three months	7	(1,875,103)	250,255
		<u>(2,839,144)</u>	<u>126,869</u>
Net cash (used in) / from investing activities			
FINANCING ACTIVITIES			
Dividend paid		(2,373,612)	(739)
Long term loans from financial institutions		66,400	-
Repayment of loans from financial institutions		-	(400,000)
Funds invested by minority shareholders		2,640	1,050
Repayment to minority shareholders		(37,440)	-
Proceeds from rights issue		765,756	-
Received on vesting of share options		1,260	1,355
		<u>(1,574,996)</u>	<u>(398,334)</u>
Net cash used in financing activities			
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(6,654,211)	5,073,185
Net foreign exchange difference		(4)	-
Cash and cash equivalents at the beginning of the period	7	9,035,705	2,233,927
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	2,381,490	7,307,112

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2006 (Unaudited)

(US \$1.00 = AED 3.673)

Attributable to equity holders of the Parent

	Share capital AED'000	Employee performance share program AED'000	Reserves AED'000	Retained earnings AED'000	Total AED'000	Minority interest AED'000	Total equity AED'000
Balance at 1 January 2005 (audited)	2,650,000	(5,963)	2,875,400	2,532,498	8,051,935	2,685	8,054,620
Profit for the period	-	-	-	1,324,864	1,324,864	1,073	1,325,937
Total income and expenses for the period	-	-	-	1,324,864	1,324,864	1,073	1,325,937
Issue of bonus shares – 2004 dividend	185,500	-	-	(185,500)	-	-	-
Dividends paid – 2004	-	-	-	(344,500)	(344,500)	-	(344,500)
Issuance of shares under employee's performance share program	-	1,355	-	-	1,355	-	1,355
Cost of share based payments	-	-	-	6,958	6,958	-	6,958
Additional equity invested by minority shareholders	-	-	-	-	-	1,050	1,050
Balance as of 31 March 2005	2,835,500	(4,608)	2,875,400	3,334,320	9,040,612	4,808	9,045,420
Balance as of 1 January 2006 (audited)	5,780,176	(4,386)	13,922,653	5,862,479	25,560,922	135,386	25,696,308
Net movement in unrealised gains reserves	-	-	(426,338)	-	(426,338)	-	(426,338)
Profit for the period	-	-	-	1,517,222	1,517,222	155	1,517,377
Total income and expenses for the period	-	-	(426,338)	1,517,222	1,090,884	155	1,091,039
Dividends paid – 2005	-	-	-	(2,373,331)	(2,373,331)	-	(2,373,331)
Issuance of shares under employees' performance share program	-	1,260	-	-	1,260	-	1,260
Cost of share based payments	-	-	-	3,478	3,478	-	3,478
Rights issue	153,151	-	612,605	-	765,756	-	765,756
Additional equity invested by minority shareholders	-	-	-	-	-	2,640	2,640
Repayment to minority shareholders	-	-	-	-	-	(37,440)	(37,440)
Balance at 31 March 2006	5,933,327	(3,126)	14,108,920	5,009,848	25,048,969	100,741	25,149,710

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2006 (Unaudited)

1 DOMICILE AND ACTIVITIES

EMAAR Properties Public Joint Stock Company ("the Company" or "the Parent") was established as a public joint stock company by Ministerial Decree number 66 for the year 1997. The Company was established on 23 June 1997 and commenced operations on 29 July 1997. The Company and its subsidiaries constitute the Group ('the Group'). The Company's registered office is at P.O. Box 9440, Dubai, United Arab Emirates.

The principal activities of the Group are property investment and development, property management services, and investment in providers of financial services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2005.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the 3 months ended 31 March 2006 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2006.

3 SEGMENT INFORMATION

Business segments: For management purposes, the Group is organized into three major business segments.

The real estate segment develops and sells condominiums, villas and plots of land. The financial services segment includes investments and share of profits from commercial banking (Dubai Bank PJSC), mortgage financing (Amlak Finance PJSC) and stock brokering (Emaar Financial Services LLC). Other segments include businesses that individually do not meet the criteria for a reportable segment as per IAS 14. These businesses (and the related entities) are information technology and property management services (Emrill Services LLC).

Revenue generated from sources other than the real estate segment is included in other operating income.

Geographic segments:

The Group has no significant operations outside the United Arab Emirates that impact on the Statement of Income. The Group is currently developing a number of international business opportunities outside the United Arab Emirates that will have a significant impact in future periods. The Group's assets include assets amounting to AED 7,604,400 thousands (31 December 2005: AED 4,286,685 thousands) located outside the United Arab Emirates.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2006 (Unaudited)

3 SEGMENT INFORMATION – continued

The following tables represent revenue and profit information regarding business segments for the three month periods ended 31 March 2006 and 2005 and certain asset and liability information as at 31 March 2006 and 31 December 2005.

<i>Three months ended 31 March 2006</i>	<i>Real estate</i>	<i>Financial</i>	<i>Others</i>	<i>Eliminations</i>	<i>Total</i>
	<i>AED '000</i>	<i>services</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
		<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenue					
Sales to external customers	2,239,408	-	-	-	2,239,408
Total revenue	<u>2,239,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,239,408</u>
Results					
Profit for the period	<u>1,486,388</u>	<u>26,332</u>	<u>4,657</u>		<u>1,517,377</u>
Assets and liabilities					
Segment assets	<u>30,468,356</u>	<u>1,067,091</u>	<u>436,186</u>	<u>(444,965)</u>	<u>31,526,668</u>
Segment liabilities	<u>6,385,093</u>	<u>-</u>	<u>430,053</u>	<u>(438,188)</u>	<u>6,376,958</u>
Other segment information					
Capital expenditure (fixed assets)	147,481	-	24,784	-	172,265
Depreciation (fixed assets)	<u>16,911</u>	<u>-</u>	<u>621</u>	<u>-</u>	<u>17,532</u>
 <i>Three months ended 31 March 2005</i>					
	<i>Real estate</i>	<i>Financial</i>	<i>Others</i>	<i>Eliminations</i>	<i>Total</i>
	<i>AED '000</i>	<i>services</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
		<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenue					
Sales to external customers	2,837,236	-	-	-	2,837,236
Total revenue	<u>2,837,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,837,236</u>
Results					
Profit for the period	<u>1,319,214</u>	<u>13,168</u>	<u>(6,445)</u>	<u>-</u>	<u>1,325,937</u>
Assets and liabilities (At 31 December 2005)					
Segment assets	<u>31,167,792</u>	<u>1,065,093</u>	<u>388,471</u>	<u>(416,624)</u>	<u>32,204,732</u>
Segment liabilities	<u>6,518,526</u>	<u>-</u>	<u>400,045</u>	<u>(410,147)</u>	<u>6,508,424</u>
Other segment information					
Capital expenditure (fixed assets)	552,865	-	92,000	-	644,865
Depreciation (fixed assets)	<u>65,564</u>	<u>-</u>	<u>12,332</u>	<u>-</u>	<u>77,896</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2006 (Unaudited)

4 REVENUES AND COST OF REVENUES

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2006</i>	<i>2005</i>
	<i>AED'000</i>	<i>AED'000</i>
Revenues:		
Sale of plots of land and condominiums	1,373,302	1,374,778
Sale of villas	824,106	1,434,874
Rental income	42,000	27,584
	<u>2,239,408</u>	<u>2,837,236</u>
Cost of revenues:		
Cost of land and condominiums	404,379	615,659
Cost of villas	345,733	782,449
Operating cost of leased properties	2,163	3,670
	<u>752,275</u>	<u>1,401,778</u>

Sale of land relates to sales of land plots at Emirates Hills and Dubai Marina. Sale of condominiums relates to the sale of residential units at various projects such as Dubai Marina, Emaar Towers, Burj Dubai and The Greens. Sale of villas relates to the sale of residential units at various projects such as The Meadows, Hattan, The Springs, Arabian Ranches and Emirates Hills. Rental income is from the investment properties such as the villas, apartments, commercial, manufacturing and retail units.

5 SELLING, GENERAL AND ADMINISTRATION EXPENSES

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2006</i>	<i>2005</i>
	<i>AED'000</i>	<i>AED'000</i>
Depreciation of fixed assets (Note 15)	17,532	26,617
Depreciation of investment properties (Note 16)	4,999	2,894
Payroll and related expenses	55,828	65,557
Sales and marketing expenses	55,068	51,379
Registration fees	7,926	10,862
Contribution to educational and other funds	12,520	50,000
Other expenses	30,678	32,724
	<u>184,551</u>	<u>240,033</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2006 (Unaudited)

6 FINANCE INCOME

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2006</i>	<i>2005</i>
	<i>AED'000</i>	<i>AED'000</i>
Finance income on fixed deposits with banks	99,522	20,083
Other finance income	40,536	41,847
	<u>140,058</u>	<u>61,930</u>

7 BANK BALANCES AND CASH

	<i>31 March</i>	<i>31 December</i>
	<i>2006</i>	<i>2005</i>
	<i>AED'000</i>	<i>AED'000</i>
		<i>(Audited)</i>
Cash in hand	746	607
Current and call deposit accounts	340,371	513,784
Fixed deposits and certificates of deposits maturing within three months	2,040,373	8,521,314
Cash and cash equivalents	<u>2,381,490</u>	<u>9,035,705</u>
Fixed deposits under lien (Note 22)	343,235	-
Fixed deposits and certificate of deposits maturing after three months	2,864,172	1,332,304
	<u>5,588,897</u>	<u>10,368,009</u>

8 TRADE RECEIVABLES

	<i>31 March</i>	<i>31 December</i>
	<i>2006</i>	<i>2005</i>
	<i>AED'000</i>	<i>AED'000</i>
		<i>(Audited)</i>
Amounts receivable within 12 months	570,667	717,533
Amounts receivable after 12 months	148	-
	<u>570,815</u>	<u>717,533</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2006 (Unaudited)

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>31 March 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited)</i>
Receivables on sale of interest in a subsidiary/assets	736,795	736,795
Advances to contractors	611,033	502,002
Recoverables from joint venture partners	440,760	26,247
Deposits for acquisition of land	427,974	427,974
Accrued interest on bank deposits and investments	47,892	54,613
Prepayments	8,019	13,295
Receivables from service companies	70,446	56,153
Other deposits and receivables	62,909	62,248
Other recoverables	94,012	49,042
	<u>2,499,840</u>	<u>1,928,369</u>

An amount of AED 595,000 thousands was received subsequent to the balance sheet date, out of AED 736,795 thousands receivable on sale of interest in the subsidiary.

10 DEPOSIT FOR THE ECONOMIC CITY

The group has advanced AED 2,644,673 thousands to Emaar The Economic City, an associated company under formation for the development of the King Abdullah Economic City in The Kingdom of Saudi Arabia.

11 DEVELOPMENT PROPERTIES

	<i>31 March 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited)</i>
Cost to date	9,704,872	9,015,944
Add: Attributable profit	7,802,878	6,504,829
Less: Progress billings	(13,993,023)	(12,495,023)
Total development properties	<u>3,514,727</u>	<u>3,025,750</u>

12 SECURITIES

	<i>31 March 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited)</i>
Held-to-maturity	1,503,727	1,555,760
Available-for-sale	1,745,245	2,047,108
	<u>3,248,972</u>	<u>3,602,868</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2006 (Unaudited)

13 LOANS TO ASSOCIATES

	<i>31 March 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited)</i>
Amounts owing by Emaar Misr (Egypt)	582,900	262,947
Amounts owing by Amlak Finance PJSC	246,215	241,901
Amounts owing by other associates	158,653	153,465
	<u>987,768</u>	<u>658,313</u>

The amounts owing by Amlak Finance PJSC are unsecured and earn a return of 5.89 % pa. Other amounts are non-interest bearing.

14 INVESTMENTS IN ASSOCIATES

	<i>31 March 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited)</i>
Carrying value of:		
Investment in Amlak Finance PJSC – quoted	860,570	864,421
Investment in Dubai Bank PJSC	167,109	165,760
Investment in Emaar Industries and Investment (Pvt) JSC	103,072	101,918
Investment in Emaar Financial Services LLC	39,412	34,912
Investment in Emaar MGF Land Private Limited (India)	1,836,304	1,837,601
Investment in Al Shamiyah Al Lettatweer Al Omarani Company (KSA)	96,543	96,543
Investment in other associates	13,844	2,670
	<u>3,116,854</u>	<u>3,103,825</u>

The market value of the shares held in Amlak Finance PJSC as at 31 March 2006 is AED 6,714,858 thousands (31 December 2005 : AED 7,537,086 thousands)

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2006 (Unaudited)

15 FIXED ASSETS

	Leasehold improvements AED'000	Buildings AED'000	Computers and office equipment AED'000	Networking, electrical and heavy equipment AED'000	Motor vehicles AED'000	Furniture and other assets AED'000	Capital work in progress AED'000	Total AED'000
Cost								
At 1 January 2006 (Audited)	1,482	298,714	25,797	10,913	9,648	35,598	524,573	906,725
Additions	-	-	2,907	-	1,577	2,004	165,777	172,265
Disposals/transfers	-	-	-	-	(282)	-	-	(282)
At 31 March 2006	1,482	298,714	28,704	10,913	10,943	37,602	690,350	1,078,708
Accumulated depreciation								
At 1 January 2006 (Audited)	1,477	119,407	16,199	5,726	4,908	21,297	-	169,014
Depreciation charge	-	13,183	1,598	510	623	1,618	-	17,532
Disposals	-	-	-	-	(140)	-	-	(140)
At 31 March 2006	1,477	132,590	17,797	6,236	5,391	22,915	-	186,406
Net carrying amount								
At 31 March 2006	5	166,124	10,907	4,677	5,552	14,687	690,350	892,302
At 31 December 2005 (Audited)	5	179,307	9,598	5,187	4,740	14,301	524,573	737,711

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2006 (Unaudited)

16 INVESTMENT PROPERTIES

	<i>Land AED'000</i>	<i>Buildings AED'000</i>	<i>Furniture and fixtures AED'000</i>	<i>Properties under development AED'000</i>	<i>Total AED'000</i>
Cost					
At 1 January 2006 (Audited)	6,627,239	729,871	3,548	1,039,028	8,399,686
Additions	-	-	-	404,465	404,465
At 31 March 2006	<u>6,627,239</u>	<u>729,871</u>	<u>3,548</u>	<u>1,443,493</u>	<u>8,804,151</u>
Accumulated depreciation/impairment					
At 1 January 2006 (Audited)	291,076	43,556	2,700	-	337,332
Depreciation charge	-	4,885	114	-	4,999
At 31 March 2006	<u>291,076</u>	<u>48,441</u>	<u>2,814</u>	<u>-</u>	<u>342,331</u>
Net carrying amount					
At 31 March 2006	<u>6,336,163</u>	<u>681,430</u>	<u>734</u>	<u>1,443,493</u>	<u>8,461,820</u>
At 31 December 2005	<u>6,336,163</u>	<u>686,315</u>	<u>848</u>	<u>1,039,028</u>	<u>8,062,354</u>

17 TRADE AND OTHER PAYABLES

	<i>31 March 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited)</i>
Trade payables	394,306	322,203
Project contract cost accruals	1,498,026	1,522,896
Other payables and accruals	1,030,039	974,930
Advances/deposits from customers for sale of properties	2,297,293	2,635,272
Deferred income	49,868	45,502
Unclaimed dividends	26,491	26,772
	<u>5,296,023</u>	<u>5,527,575</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2006 (Unaudited)

18 SHARE CAPITAL

	<i>31 March 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited)</i>
Authorized capital – 6,096,325,000 shares of AED 1 each (31 December 2005: 6,096,325,000 shares of AED 1 each)	<u>6,096,325</u>	<u>6,096,325</u>
Issued and fully paid-up – 5,933,327,079 shares of AED 1 each (31 December 2005 - 5,780,175,759 shares of AED 1 each)	<u>5,933,327</u>	<u>5,780,176</u>

At the annual general meeting held in March 2005, the shareholders of the Company approved a bonus issue of 0.07:1 (0.07 shares for every share held), thereby increasing the number of shares from 2,650,000 thousands to 2,835,500 thousands.

The Company's shareholders, at the extraordinary general meeting held on 16 July 2005 approved a bonus issue of 0.15:1 (0.15 share for every 1 share held) and a rights issue of 1:1 (one share for every share held before the bonus issue) at a premium of AED 4 per share. The shareholders were given an option to pay for the rights issue in one or more instalments subject to a maximum of four instalments. The last instalment is due on 15 May 2006. Shares for the last instalment will be allotted upon realisation of payment on the due date.

19 RESERVES

	<i>Statutory reserve (AED'000)</i>	<i>Capital reserve (AED'000)</i>	<i>General reserve (AED'000)</i>	<i>Net unrealized gains reserve (AED'000)</i>	<i>Foreign currency translation reserve (AED'000)</i>	<i>Total (AED'000)</i>
Balance at 1 January 2005	2,487,051	4,004	384,345	-	-	2,875,400
Balance at 31 March 2005	<u>2,487,051</u>	<u>4,004</u>	<u>384,345</u>	<u>-</u>	<u>-</u>	<u>2,875,400</u>
Balance at 1 January 2006	12,564,454	4,004	857,468	496,308	419	13,922,653
Share premium	612,605	-	-	-	-	612,605
Net movement in fair value of available for sale securities	-	-	-	(426,334)	-	(426,334)
Net translation difference for the period	-	-	-	-	(4)	(4)
Balance at 31 March 2006	<u>13,177,059</u>	<u>4,004</u>	<u>857,468</u>	<u>69,974</u>	<u>415</u>	<u>14,108,920</u>

The statutory reserve includes:

- AED 2,475,000 thousands being the premium collected at AED 15 per share (shares par value at that time was AED 10 per share) on the 1:1.65 rights issue during the year ended 31 December 1998; and

- AED 10,689,648 thousands being the premium collected at AED 4 per share on the 1:1 rights issue during the year ended 31 December 2005.

The capital reserve was created from gain on sale of treasury shares in 2003.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2006 (Unaudited)

19 RESERVES - continued

Net unrealized gains reserve:

This reserve records fair value changes in available for sale investments.

Foreign currency translation reserve:

The foreign currency translation reserve is used to record exchange difference arising from translation of the financial statements of foreign subsidiaries.

20 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. The weighted average numbers of shares outstanding during the period and the corresponding period of the previous year have been adjusted for events that have changed the number of shares outstanding without a corresponding change in resources. For diluted earnings per share, the weighted average numbers of shares have been adjusted for rights issue shares to be allotted after the period end.

The information necessary to calculate basic and diluted earnings per share is as follows:

	<i>31 March 2006 AED'000</i>	<i>31 March 2005 AED'000</i>
Earnings:		
Profit for the period attributable to equity holders of the Parent	<u>1,517,222</u>	<u>1,324,864</u>
Shares (in thousands):		
Weighted average number of shares outstanding for calculating basic EPS	5,830,449	5,177,675
Weighted average number of shares under rights issue to be allotted on realisation of installment payment	<u>265,876</u>	<u>-</u>
Weighted average number of shares outstanding for calculating diluted EPS	<u>6,096,325</u>	<u>5,177,675</u>
Basic earnings per share	<u>AED 0.26</u>	<u>AED 0.26</u>
Diluted earnings per share	<u>AED 0.25</u>	<u>AED 0.26</u>

21 DIVIDEND

A cash dividend of AED 0.40 per share was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 8 March 2006.

22 CONTINGENCIES AND COMMITMENTS

Contingencies

Loans taken by an associated company from commercial banks amounting to AED 535 million (31 December 2005: Nil), are guaranteed by the Group. The banks are holding lien on certain fixed deposits (Note 7) of the Group.

Commitments

As of 31 March 2006, the Group had commitments of AED 12,489,918 thousands (31 December 2005 – AED 11,095,579 thousands). This represents the value of contracts issued as of the balance sheet date net of invoices received and accruals made at that date.