consolidated balance sheet at 31.12.2005

	Note	2005	2004
Intangible assets	6	**40,776**	295
Property, plant and equipment	7	**366,629**	353,172
Investment properties	8	**1,886,350**	1,504,323
Development properties	9	**1,486,731**	332,929
Investment in an associate	25(ii)	**3,206**	3,070
Other investments	10	**64,262**	77,100
Long-term receivables	11	**155,648**	200,127
Current assets			
Properties held for sale	9	**36,312**	-
Other investments	10	**33,000**	-
Inventories		**35,060**	9,246
Contract work-in-progress	12	**127,872**	95,190
Trade and other receivables	13	**904,885**	247,927
Due from related parties	14	**30,594**	14,247
Cash at bank and in hand	15	**1,222,999**	51,681
		2,390,722	418,291
Current liabilities			
Trade and other payables	16	**1,010,159**	307,749
Advances and deposits	17	**310,641**	24,978
Due to related parties	14	**473**	-
Bank borrowings	18	**111,987**	402,917
Current portion of long-term bank loans	19	**80,003**	59,803
		1,513,263	795,447
Net current assets / (liabilities)		**877,459**	(377,156)
Long-term bank loans	19	**(597,828)**	(481,833)
Deferred income	20	**(42,188)**	(44,438)
Long-term payable		**(328,469)**	(12,277)
Provision for employees' terminal benefits	21	**(24,997)**	(18,671)
Net assets		**3,887,579**	1,536,641
Represented by			
Share capital	22	**1,778,216**	774,268
Proposed bonus shares	22	**444,554**	116,140
Statutory reserve	23	**1,301,709**	412,011
General reserve	23	**107,547**	51,970
Hedging reserve	24	**864**	-
Retained earnings		**254,689**	182,252
Shareholders' equity		**3,887,579**	1,536,641

The notes on pages 8 to 24 form part of these consolidated financial statements.

Anis Al Jallaf Chairman	Mohammed Omar Bin Haider Director	Simon E. Azzam Chief Executive Officer

The report of the Auditors is set out on page 3.

(Currency: Thousands of U.A.E. Dirhams). The accompanying notes form an integral part of these consolidated financial statements.

consolidated income statement for the year ended 31.12.2005

	Note	2005	2004
Revenue	3	**1,388,136**	569,903
Direct costs	3	**(1,060,300)**	(460,907)
Administrative and general expenses	4	**(54,351)**	(37,323)
Gain on valuation of investment properties	8	**316,076**	39,478
Profit on sale of investments		**-**	2,812
Income from Government grant	20	**2,250**	562
Other (expenses) / income	5	**(3,626)**	4,913
Amortisation of goodwill	6	**-**	(87)
Share of profit in joint venture & associate companies	25(i)(a)&(ii)	**20,298**	42,435
Finance costs		**(23,945)**	(13,375)
Profit for the year		**584,538**	148,411
Earnings per share (AED)	29	0.37	0.10

The notes on pages 8 to 24 form part of these consolidated financial statements.

The report of the Auditors is set out on page 3.

Union Properties
Public Joint Stock Company and Subsidiaries

consolidated statement of cash flows
for the year ended 31.12.2005

	Note	2005	2004
Cash flows from operating activities			
Profit for the year		**584,538**	148,411
Adjustments for:			
Depreciation	7	**29,168**	12,927
Amortisation of goodwill	6	**-**	87
Directors' fees	27	**(10,080)**	(1,440)
Share of profit in a jointly controlled entity	25(i)(a)	**(20,162)**	(42,853)
Share of (profit) / loss in an associate	25(ii)	**(136)**	418
Finance costs (net)		**23,945**	13,375
Profit on disposal of property, plant and equipment	5	**(4)**	(38)
Profit on sale of investments		**-**	(2,812)
Profit on valuation of investment properties	8	**(316,076)**	(39,478)
Impairment of property, plant and equipment	7	**40,000**	-
Income from government grant	20	**(2,250)**	(562)
Operating cash inflow before working capital changes		**328,943**	88,035
Increase in trade and other receivables		**(656,094)**	(25,779)
(Increase) / decrease in inventories		**(25,814)**	1,818
Increase in contract work-in-progress		**(32,682)**	(14,221)
Increase in long-term retentions receivable		**(24,732)**	(6,464)
Increase in due from related parties		**(16,347)**	(5,641)
Increase in trade and other payables		**702,410**	91,691
Increase / (decrease) in due to related parties		**473**	(350)
Increase in long-term payable		**316,192**	12,277
Increase in advances and deposits		**285,663**	2,681
Provision for employees' terminal benefits - net		**6,326**	3,913
Net cash inflow from operating activities		**884,338**	147,960
Cash flows from investing activities			
Intangible assets acquired		**(40,481)**	-
Additions to property, plant and equipment	7	**(82,951)**	(9,942)
Additions to investment properties	8	**(8,279)**	(2,718)
Additions to development properties	9	**(1,247,786)**	(471,896)
Proceeds from disposal of property, plant and equipment		**330**	242
Increase / (decrease) in loan receivable from jointly controlled entity	11	**69,211**	(80,653)
Proceeds from sale of investments		**-**	11,679
Net cash outflow from investing activities		**(1,309,956)**	(553,288)
Cash flows from financing activities			
Increase in term loans		**136,195**	310,505
Increase / (decrease) in trust receipts		**2,044**	(1,613)
Interest paid (net)		**(23,945)**	(13,375)
Proceeds from rights issue		**1,775,616**	-
Net cash inflow from financing activities		**1,889,910**	295,517
Net increase/(decrease) in cash and cash equivalents		1,464,292	(109,811)
Cash and cash equivalents at the beginning of the year		(346,249)	(236,438)
Cash and cash equivalents at the end of the year	28	**1,118,043**	(346,249)

The notes on pages 8 to 24 form part of these consolidated financial statements.

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