EMAAR

March 8, 2006

Mr. Essa A. Kazim
Director General
Dubai Financial Market
P.O.Box 9700
Dubai, UAE

Dear Mr. Kazim,

Re.: Emaar Properties PJSC – Audited Financial Statements for the year 2005

Please find enclosed Emaar's audited financial statements for the year ended 31st December 2005.

Thanking you,

Yours sincerely,

[signature]

Low Ping
Chief Risk Officer

DIRECTORS' REPORT

The Board of Directors of EMAAR Properties PJSC and Subsidiaries (the 'Group') has pleasure in submitting the consolidated balance sheet of the Group as of 31 December 2005, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year ended 31 December 2005.

Principal activities

The principal activities of the Group during the year ended 31 December 2005 were property investment and development, property management services, and investment in providers of financial services.

Financial Results

The Group has reported a net profit of AED 4,731 million (2004: AED 1,691 million) representing a 180 % increase over the previous year.

In accordance with the Articles of Association of the Company and UAE Federal Commercial Companies Law, an appropriation of AED 473 million is made to general reserve from the distributable profit of AED 4,731 million.

The transfer to legal reserve has been suspended as the reserve has reached 50% of the paid up capital.

The Board of Directors proposed a dividend of AED 0.40 per share subject to the approval of the shareholders at the forthcoming annual general meeting.

The balance of the distributable profit of AED 4,258 million (subject to finalization of the proposed dividend) will be transferred to retained earnings.

Total shareholders funds as at 31 December 2005 amount to AED 25,561 million (2004: AED 8,052 million).

Directors

H.E. Mohamed Ali Alabbar	(Chairman)
H.E. Dr Mohamed Khalfan Bin Kharbash	(Vice Chairman)
H.E. Sultan Ahmed Khalfan Al Ghaith	(Director)
Mr. Abdul Aziz Abdullah Al Ghurair	(Director)
Mr. Salem Rashed Al Mohannadi	(Director)
Mr. Mohammed Ibrahim Al Shaibani	(Director)

Auditors

Ernst & Young were appointed as external auditors of the Group for the year ended 31 December 2005. Ernst & Young are eligible for reappointment for 2006 and have expressed their willingness to continue in office.

On behalf of the Board

Mohamed Ali Alabbar
Chairman
Dubai
13 February 2006

ERNST & YOUNG

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AUDITORS' REPORT TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC

We have audited the accompanying consolidated balance sheet of EMAAR Properties PJSC and its subsidiaries ("the Group") as of 31 December 2005, and the related consolidated statements of income, cash flows and changes in equity for the year then ended. These consolidated financial statements are the responsibility of the Group's management. 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 plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2005, and the consolidated results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We also confirm that in our opinion proper books of account have been kept by Emaar Properties PJSC, and the contents of the report of the Board of Directors relating to these consolidated financial statements are in agreement with the books of account. We have obtained all the information and explanations we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of Emaar Properties PJSC have occurred during the year which would have had a material effect on the business of the Group or on its financial position.

Ernst & Young

Signed by
Edward B. Quinlan (Registration No. 93)
For Ernst & Young

Dubai, United Arab Emirates
13 February 2006

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2005

(US $1.00 = AED 3.673)

	Notes	***2005 AED'000***	*2004 AED'000 (restated)*
Revenue	4	**8,361,362**	5,246,264
Cost of revenues	4	**(3,585,686)**	(3,037,774)
GROSS PROFIT		**4,775,676**	2,208,490
Other operating income		**247,572**	179,530
Gain/(loss) on sale of interest in subsidiary	14	**245,839**	(7,467)
Selling, general and administration expenses	5	**(1,021,752)**	(707,599)
Other operating expenses		**(66,012)**	(84,299)
Finance costs		**(26,288)**	(25,910)
Finance income	6	**352,386**	81,443
Other income		**122,486**	26,914
Share of results from associated companies		**99,145**	20,810
PROFIT FOR THE YEAR		**4,729,052**	1,691,912
ATTRIBUTABLE TO:			
Shareholders of the parent		**4,731,231**	1,690,557
Minority interest		**(2,179)**	1,355
		4,729,052	1,691,912
Earnings per share attributable to the shareholders of the parent:			
- basic earnings per share	25	**AED 0.85**	AED 0.33
- diluted earnings per share	25	**AED 0.84**	AED 0.33

The attached notes 1 to 31 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
At 31 December 2005

(US $1.00 = AED 3.673)

	Note	2005 AED'000	2004 AED'000 (restated)
ASSETS			
Bank balances and cash	7	**10,368,009**	1,834,965
Trade receivables	8	**717,533**	756,181
Other receivables, deposits and prepayments	10	**1,928,369**	240,588
Development properties	11	**3,025,750**	2,232,805
Securities	12	**3,602,868**	1,847,611
Loans to associates	13	**658,313**	758,316
Investments in associates	14	**3,103,825**	388,324
Fixed assets, net	15	**737,711**	273,114
Investment properties	16	**8,062,354**	2,456,802
Assets of Dubai Bank	9	**-**	2,425,677
TOTAL ASSETS		**32,204,732**	13,214,383
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	17	**5,527,575**	2,325,510
Loans from financial institutions	19	**238,693**	638,693
Retentions payable	20	**733,121**	618,540
Provision for employees' end-of-service benefits	21	**9,035**	7,486
Liabilities of Dubai Bank	18	**-**	1,569,534
TOTAL LIABILITIES		**6,508,424**	5,159,763
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	22	**5,780,176**	2,650,000
Employees' performance share program		**(4,386)**	(5,963)
Reserves	23	**13,922,653**	2,875,400
Retained earnings		**5,862,479**	2,532,498
		25,560,922	8,051,935
Minority interest		**135,386**	2,685
TOTAL EQUITY		**25,696,308**	8,054,620
TOTAL LIABILITIES AND EQUITY		**32,204,732**	13,214,383

The consolidated financial statements were authorised for issue on 13 February 2006 by:

Chairman

Director

The attached notes 1 to 31 form part of these financial statements.

EMAAR Properties PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2005

(US $1.00 = AED 3.673)

	Notes	*2005* *AED'000*	*2004* *AED'000*
OPERATING ACTIVITIES			
Profit for the year		**4,729,052**	1,691,912
Adjustments for:			
Share of results of associated companies		**(99,145)**	(20,810)
(Gain)/loss on sale of interest in subsidiary	14	**(245,839)**	7,467
Depreciation	5	**98,956**	95,542
Provision for impairment of investment property		**-**	291,076
Provision for employees' end-of-service benefits, net		**1,551**	4,106
Provision for impairment of loans and advances		**-**	6,106
Cost of share based payments	21	**28,398**	26,000
Gain on disposal of fixed assets		**(140)**	(14)
Gain on disposal of securities		**(1,601)**	(754)
Cash from operations before working capital changes:		**4,511,232**	2,100,631
Trade receivables		**38,648**	657,099
Loans and advances – financial services		**-**	(474,979)
Other receivables, deposits and prepayments		**(1,002,493)**	71,066
Development properties		**(792,945)**	(732,434)
Trade and other payables		**3,197,110**	371,477
Customers' deposits – financial services		**-**	889,863
Retentions payable		**114,581**	272,203
Net cash from operating activities		**6,066,133**	3,154,926
INVESTING ACTIVITIES			
Purchase of securities		**(1,346,562)**	(1,981,033)
Proceeds from disposal of securities		**1,814**	21,051
Cash and cash equivalent lost on disposal of subsidiary	14	**(150,805)**	-
Dividend received from previous subsidiary		**-**	3,300
Additional investments in associates		**(2,350,127)**	(568,811)
Amounts incurred on investment properties		**(1,100,349)**	(11,070)
Purchase of fixed assets		**(644,866)**	(215,690)
Proceeds from sale of fixed assets		**6,711**	3,808
Deposits under lien or maturing after three months	7	**(1,152,304)**	(343,505)
Net cash used in investing activities		**(6,736,488)**	(3,091,950)
FINANCING ACTIVITIES			
Dividend paid		**(340,328)**	(312,179)
Short term loans from financial institutions		**-**	638,693
Funds invested by minority shareholders		**134,880**	-
Repayment of loans from financial institution		**(400,000)**	-
Proceeds from rights issue		**8,076,004**	-
Received on vesting of share options		**1,577**	-
Net cash from financing activities		**7,472,133**	326,514
INCREASE IN CASH AND CASH EQUIVALENTS		**6,801,778**	389,490
Cash and cash equivalents at the beginning of the year	7	**2,233,927**	1,844,437
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**9,035,705**	2,233,927

The attached notes 1 to 31 form part of these financial statements.

EMAAR Properties PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2005

(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 2004	**2,650,000**	**-**	**2,706,344**	**1,304,347**	**6,660,691**	**1,330**	**6,662,021**
Profit for the year	-	-	-	1,690,557	1,690,557	1,355	1,691,912
Total income and expenses for the year	-	-	-	1,690,557	1,690,557	1,355	1,691,912
Transfer to reserves	-	-	169,056	(169,056)	-	-	-
Directors' sitting fees	-	-	-	(1,350)	(1,350)	-	(1,350)
Dividends paid – 2003	-	-	-	(318,000)	(318,000)	-	(318,000)
Shares allocated to employee's share performance program	-	(5,963)	-	-	(5,963)	-	(5,963)
Cost of share based payments	-	-	-	26,000	26,000	-	26,000
Balance as of 1 January 2005 (restated)	**2,650,000**	**(5,963)**	**2,875,400**	**2,532,498**	**8,051,935**	**2,685**	**8,054,620**
Net movement in unrealised gains reserves (note 23)	-	-	496,727	-	496,727	-	496,727
Profit for the year	-	-	-	4,731,231	4,731,231	(2,179)	4,729,052
Total income and expenses for the year	**-**	**-**	**496,727**	**4,731,231**	**5,227,958**	**(2,179)**	**5,225,779**
Transfer to reserves	-	-	473,123	(473,123)	-	-	-
Directors' sitting fees	-	-	-	(1,200)	(1,200)	-	(1,200)
Issue of bonus shares – 2004 dividend	185,500	-	-	(185,500)	-	-	-
Dividends paid – 2004	-	-	-	(344,500)	(344,500)	-	(344,500)
Issue of bonus shares – 2005	425,325	-	-	(425,325)	-	-	-
Issuance of shares under employees' performance share program	-	1,577	-	-	1,577	-	1,577
Cost of share based payments	-	-	-	28,398	28,398	-	28,398
Rights issue	2,519,351	-	10,077,403	-	12,596,754	-	12,596,754
Funds invested by minority shareholders	-	-	-	-	-	134,880	134,880
Balance at 31 December 2005	**5,780,176**	**(4,386)**	**13,922,653**	**5,862,479**	**25,560,922**	**135,386**	**25,696,308**

The attached notes 1 to 31 form part of these financial statements.