Union Properties
Public Joint Stock Company
and its subsidiaries

Interim condensed consolidated financial statements

31 March 2006

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated income statement
for the period ended 31 March 2006

	Three months ended 31 March	
	2006	**2005**
	AED'000	**AED'000**
Revenue	**488,096**	152,958
Direct costs	**(369,278)**	(118,673)
Administrative and general expenses	**(15,138)**	(10,281)
Income from government grant	**563**	563
Other income	**14,152**	1,122
Share of profit in joint venture & associate companies	**2,524**	1,679
Finance income/(cost) (net)	**(8,154)**	(6,670)
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Net profit for the period attributable to the shareholders of the Company	**112,765**	20,698
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These results do not include any gains from revaluation of properties.

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated balance sheet

at 31 March 2006

	31 March 2006 AED'000	31 December 2005 AED'000	31 March 2005 AED'000
Intangible assets	**40,776**	40,776	274
Property, plant and equipment	**363,506**	366,629	351,725
Investment properties	**1,886,499**	1,886,350	1,504,402
Development properties	**1,534,062**	1,486,731	406,469
Investment in an associate	**5,482**	3,206	3,116
Other investments	**73,496**	64,262	78,677
Long-term receivables	**169,320**	155,648	204,936
Current assets			
Other investments	**33,000**	33,000	-
Properties held for sale	**11,643**	36,312	-
Inventories	**51,894**	35,060	10,984
Contract work-in-progress	**61,156**	127,872	93,142
Trade and other receivables	**1,362,243**	904,885	396,093
Due from related parties	**23,973**	30,594	8,934
Cash at bank and in hand	**935,547**	1,222,999	124,511
	2,479,456	2,390,722	633,664
Current liabilities			
Trade and other payables	**1,088,187**	1,010,159	320,716
Advances and deposits	**320,070**	310,641	292,238
Due to related parties	**6,779**	473	**-**
Bank borrowings	**122,698**	111,987	340,405
Current portion of long-term bank loans	**82,089**	80,003	58,480
	1,619,823	1,513,263	1,011,839
Net current assets/(liabilities)	**859,633**	877,459	(378,175)
Long-term bank loans	**(600,092)**	(597,828)	(544,420)
Deferred income	**(41,625)**	(42,188)	(43,875)
Long-term retentions payable	**(246,339)**	(328,469)	(6,581)
Provision for employees' terminal benefits	**(27,063)**	(24,997)	(19,570)
Net assets	**4,017,655**	3,887,579	1,556,978
Represented by			
Share capital	**2,225,371**	1,778,216	890,408
Treasury shares	**(4,998)**	**-**	**-**
Proposed bonus shares	**-**	444,554	-
Statutory reserve	**1,316,228**	1,301,709	412,011
General reserve	**107,547**	107,547	51,970
Hedging reserve	**2,153**	864	-
Retained earnings	**371,354**	254,689	202,589
Shareholders' equity	**4,017,655**	3,887,579	1,556,978

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of changes in equity

for the period ended 31 March 2006

	Share capital AED'000	Treasury shares AED'000	Share premium AED'000	Proposed bonus shares AED'000	Statutory reserve AED'000	General reserve AED'000	Hedging reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2005	774,268	-	-	116,140	412,011	51,970	-	182,252	1,536,641
Net profit for the period	-	-	-	-	-	-	-	20,697	20,697
Bonus shares issued	116,140	-	-	(116,140)	-	-	-	-	-
Directors' fees	-	-	-	-	-	-	-	(360)	(360)
Balance at 31 March 2005	890,408	-	-	-	412,011	51,970	-	202,589	1,556,978
Balance at 1 January 2006	1,778,216	-	-	444,554	1,301,709	107,547	864	254,689	3,887,579
Transfer to Share capital on account of proceeds from auction of rights issue	2,601	-	14,519	-	-	-	-	-	17,120
Bonus shares issued	444,554	-	-	(444,554)	-	-	-	-	-
Treasury shares purchased	-	(4,998)	-	-	-	-	-	-	(4,998)
Transfer to statutory reserve	-	-	(14,519)	-	14,519	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	112,765	112,765
Net movement in unrealised gain on cash flow hedge	-	-	-	-	-	-	1,289	-	1,289
Excess accrual for Directors' fees reversed, net of current period charge of AED 0.6 million	-	-	-	-	-	-	-	3,900	3,900
Balance at 31 March 2006	**2,225,371**	**(4,998)**	**-**	**-**	**1,316,228**	**107,547**	**2,153**	**371,354**	**4,017,655**

In accordance with the interpretation of Article 118 of the UAE Federal Law No. 8 of 1984 by the Ministry of Economy & Commerce, directors' fees have been treated as an appropriation of shareholders' equity.

No allocation has been made to the statutory reserve for the three month period ended 31 March 2006 as it would be affected at the year-end.

Union Properties pjsc

Management comments on the performance for the first 3 months of 2006

Union Properties recorded a net profit of Dhs 112.8 million for the three months ended March 31, 2006. This represents an increase of 445 per cent over the Dhs 21 million earned in the same period in 2005. These results do not include any gains from revaluation of properties.

All segments of the business have continued to perform well and have shown an impressive growth.

Net assets and shareholders funds increased by Dhs 130 million during the three months ended March 31, 2005. Increase was primarily on account of profits from operations and proceeds received from the issue of rights shares. These proceeds have been used mainly to fund acquisition of land for new developments and to meet development costs of prestigious new projects.