

EMAAR Properties PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

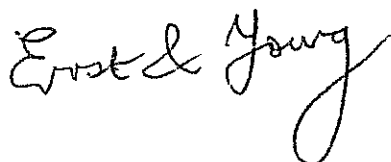
30 JUNE 2006

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 30 June 2006, the related consolidated statements of income for the three month and six month periods then ended, and the related statements of cash flows and changes in equity for the six 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.



For Ernst & Young

Signed by
Edward B. Quinlan
Partner
Registration No. 93

29 July 2006

Dubai, United Arab Emirates

EMAAR Properties PJSC and Subsidiaries

CONSOLIDATED INCOME STATEMENT

Period ended 30 June 2006 (Unaudited)

(US \$1.00 = AED 3.673)

		<i>Six months ended</i>		<i>Three months ended</i>	
		<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
		<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>Notes</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Revenues	4	5,079,176	4,716,542	2,839,768	1,879,306
Cost of revenues	4	(1,911,161)	(2,082,468)	(1,158,886)	(680,690)
GROSS PROFIT		3,168,015	2,634,074	1,680,882	1,198,616
Other operating income		73,407	256,197	42,161	162,549
Selling, general and administration expenses	5	(507,493)	(469,751)	(322,942)	(229,719)
Other operating expenses		(38,034)	(73,713)	(20,308)	(31,678)
Finance costs		(10,035)	(4,219)	(5,736)	(1,668)
Finance income	6	238,119	141,487	98,061	79,557
Other income		95,893	39,982	56,292	29,309
Share of results from associated companies		48,253	16,059	22,338	7,212
PROFIT BEFORE TAX		3,068,125	2,540,116	1,550,748	1,214,178
Income tax expense		(11,216)	-	(11,216)	-
PROFIT FOR THE PERIOD		3,056,909	2,540,116	1,539,532	1,214,178
ATTRIBUTABLE TO:					
Shareholders of the parent		3,053,366	2,532,743	1,536,144	1,207,878
Minority interest		3,543	7,373	3,388	6,300
		3,056,909	2,540,116	1,539,532	1,214,178
Earnings per share attributable to the shareholders of the parent:					
Basic earnings per share	20	AED 0.52	AED 0.49	AED 0.26	AED 0.23
Diluted earnings per share	20	AED 0.50	AED 0.49	AED 0.25	AED 0.23

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

EMAAR Properties PJSC and Subsidiaries

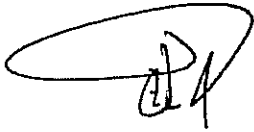
CONSOLIDATED BALANCE SHEET

At 30 June 2006 (Unaudited)

(US \$1.00 = AED 3.673)

	Notes	30 June 2006 AED'000	31 December 2005 AED'000 (Audited) (Restated)
ASSETS			
Bank balances and cash	7	2,591,977	10,368,009
Trade receivables	8	522,600	717,533
Other receivables, deposits and prepayments	10	1,850,519	1,928,369
Share capital subscription for Emaar Economic City in Saudi Arabia	11	2,644,673	-
Development properties	12	8,692,733	3,025,750
Securities	13	2,454,193	3,602,868
Loans to associates	14	1,379,096	658,313
Investments in associates	15	4,005,660	3,103,825
Goodwill	9	2,501,566	-
Fixed assets, net		3,043,562	1,875,558
Investment properties		6,928,089	6,924,507
TOTAL ASSETS		36,614,668	32,204,732
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	16	5,336,649	5,527,575
Borrowings from financial institutions	17	3,342,410	238,693
Retentions payable		796,431	733,121
Provision for employees' end-of-service benefits		10,194	9,035
TOTAL LIABILITIES		9,485,684	6,508,424
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	18	6,075,022	5,780,176
Employees' performance share program		(3,107)	(4,386)
Reserves	19	13,981,989	13,922,653
Retained earnings		6,549,051	5,862,479
		26,602,955	25,560,922
Minority interest		526,029	135,386
TOTAL EQUITY		27,128,984	25,696,308
TOTAL LIABILITIES AND EQUITY		36,614,668	32,204,732

The interim condensed consolidated financial statements were authorised for issue on 29 July 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 30 June 2006 (Unaudited)

(US \$1.00 = AED 3.673)

		<u>Six months ended 30 June</u>	
		<u>2006</u>	<u>2005</u>
	<i>Notes</i>	<i>AED'000</i>	<i>AED'000</i>
OPERATING ACTIVITIES			
Profit for the period		3,056,909	2,540,116
Adjustments for:			
Share of results of associated companies		(48,253)	(16,059)
Depreciation	5	47,358	53,792
Provision for employees' end-of-service benefits, net		1,159	2,247
Provision for impairment of loans and advances		-	3,052
Provision for income tax expense		11,216	-
Share based payments		6,956	13,916
Gain on disposal of fixed assets		(154)	(142)
Gain on disposal of securities		(11,047)	(50,381)
		<u>3,064,144</u>	<u>2,546,541</u>
Working capital changes:			
Trade receivables	8	194,933	(509,613)
Loans and advances – financial services		-	(357,216)
Other receivables, deposits and prepayments		127,054	(509,084)
Development properties		(1,725,583)	(126,510)
Trade and other payables	16	(725,742)	1,149,524
Customers' deposits – financial services		-	149,765
Retentions payable		63,311	32,411
		<u>998,117</u>	<u>2,375,818</u>
INVESTING ACTIVITIES			
Purchase of securities		(685,872)	(265,571)
Proceeds from disposal of securities		798,237	134,003
Consideration for acquisition of subsidiary net of cash and cash equivalents gained	9	(3,724,616)	-
Share capital subscription for Emaar Economic City in Saudi Arabia	11	(2,644,673)	-
Additional investments in and loans to associates		(1,362,191)	(1,214)
Amounts incurred on investment properties		(13,776)	(256,988)
Purchase of fixed assets		(1,184,857)	(22,837)
Proceeds from sale of fixed assets		876	153
Deposits under lien or maturing after three months	7	(125,295)	(554,655)
		<u>(8,942,167)</u>	<u>(967,109)</u>
FINANCING ACTIVITIES			
Dividend paid		(2,373,940)	(334,689)
Borrowings from financial institutions		936,731	-
Repayment of borrowings from financial institutions		-	(400,000)
Funds invested by minority shareholders		86,169	255,045
Repayment to minority shareholders		(64,719)	-
Proceeds from rights issue		1,474,232	-
Received on vesting of share options		1,279	1,479
		<u>59,752</u>	<u>(478,165)</u>
Net cash from / (used in) financing activities			
		<u>(7,884,298)</u>	<u>930,544</u>
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference		(17,030)	-
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	<u><u>1,134,377</u></u>	<u><u>3,164,471</u></u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 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
Net movement in unrealized gains on available for sale securities	-	-	177,404	-	177,404	-	177,404
Profit for the period	-	-	-	2,532,743	2,532,743	7,373	2,540,116
Total income and expenses for the period	-	-	177,404	2,532,743	2,710,147	7,373	2,717,520
Issue of bonus shares – 2004 dividend	185,500	-	-	(185,500)	-	-	-
Dividends paid – 2004	-	-	-	(344,500)	(344,500)	-	(344,500)
Issuance of shares under employees' performance share program	-	1,479	-	-	1,479	-	1,479
Share based payments	-	-	-	13,916	13,916	-	13,916
Additional equity invested by minority shareholders	-	-	-	-	-	8,850	8,850
Balance as of 30 June 2005	2,835,500	(4,484)	3,052,804	4,549,157	10,432,977	18,908	10,451,885
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	-	-	(1,120,050)	-	(1,120,050)	-	(1,120,050)
Profit for the period	-	-	-	3,053,366	3,053,366	3,543	3,056,909
Total income and expenses for the period	-	-	(1,120,050)	3,053,366	1,933,316	3,543	1,936,859
Dividends paid – 2005	-	-	-	(2,373,750)	(2,373,750)	-	(2,373,750)
Issuance of shares under employees' performance share program	-	1,279	-	-	1,279	-	1,279
Share based payments	-	-	-	6,956	6,956	-	6,956
Rights issue	294,846	-	1,179,386	-	1,474,232	-	1,474,232
Additional equity invested by minority shareholders	-	-	-	-	-	86,169	86,169
Acquisition of a subsidiary	-	-	-	-	-	365,650	365,650
Repayment to minority shareholders	-	-	-	-	-	(64,719)	(64,719)
Balance at 30 June 2006	6,075,022	(3,107)	13,981,989	6,549,051	26,602,955	526,029	27,128,984

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 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, hospitality and investment in property developers and 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 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 six months ended 30 June 2006 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2006.

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, except for the adoption of the amendments to IAS 39, mandatory for annual periods beginning on or after 1 January 2006. The adoption of these amendments did not affect the Group results of operations or financial position.

Certain comparative figures have been restated to conform to the presentation used in these financial statements.

3 SEGMENT INFORMATION

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

The real estate segment develops and sells condominiums, villas and plots of land. Other segments include businesses that individually do not meet the criteria for a reportable segment as per IAS 14. These businesses are property management services, hospitality and investment in providers of financial services.

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 has a significant 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 has also acquired a significant holding in W L Homes LLC, an unlisted limited liability company in the United States of America during the period (note 9). The Group's assets include assets amounting to AED 12,926,311 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 30 June 2006 (Unaudited)

3 SEGMENT INFORMATION – continued

The following tables represent revenue and profit information regarding business segments for the six month and three month periods ended 30 June 2006 and 2005 and certain asset and liability information as at 30 June 2006 and 31 December 2005.

2006:

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
Six months ended 30 June 2006				
Revenue				
Sales to external customers	5,079,176	-	-	5,079,176
Total revenue	<u>5,079,176</u>	<u>-</u>	<u>-</u>	<u>5,079,176</u>
Results				
Profit before tax, finance costs finance income and share of profit from associates	<u>2,793,830</u>	<u>(2,042)</u>	<u>-</u>	<u>2,791,788</u>
Three months ended 30 June 2006				
Revenue				
Sales to external customers	2,839,768	-	-	2,839,768
Total revenue	<u>2,839,768</u>	<u>-</u>	<u>-</u>	<u>2,839,768</u>
Results				
Profit before tax, finance costs finance income and share of profit from associates	<u>1,441,878</u>	<u>(5,793)</u>	<u>-</u>	<u>1,436,085</u>
Assets and liabilities (At 30 June 2006)				
Segment assets	<u>34,647,913</u>	<u>2,043,291</u>	<u>(76,536)</u>	<u>36,614,668</u>
Segment liabilities	<u>9,191,007</u>	<u>487,772</u>	<u>(193,095)</u>	<u>9,485,684</u>
Other segment information				
Capital expenditure (fixed assets)	1,087,958	96,899	-	1,184,857
Depreciation (fixed assets)	<u>33,864</u>	<u>3,299</u>	<u>-</u>	<u>37,163</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2006 (Unaudited)

3 SEGMENT INFORMATION – continued

2005:

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
<i>Six months ended 30 June 2005</i>				
Revenue				
Sales to external customers	4,716,542	-	-	4,716,542
Total revenue	<u>4,716,542</u>	<u>-</u>	<u>-</u>	<u>4,716,542</u>
Results				
Profit before tax, finance costs finance income and share of profit from associates	<u>2,319,778</u>	<u>67,011</u>	<u>-</u>	<u>2,386,789</u>
<i>Three months ended 30 June 2005</i>				
Revenue				
Sales to external customers	1,879,306	-	-	1,879,306
Total revenue	<u>1,879,306</u>	<u>-</u>	<u>-</u>	<u>1,879,306</u>
Results				
Profit before tax, finance costs finance income and share of profit from associates	<u>1,061,175</u>	<u>67,902</u>	<u>-</u>	<u>1,129,077</u>
Assets and liabilities (At 31 December 2005)				
Segment assets	<u>32,306,648</u>	<u>1,457,127</u>	<u>(1,559,043)</u>	<u>32,204,732</u>
Segment liabilities	<u>7,444,781</u>	<u>401,488</u>	<u>(1,337,845)</u>	<u>6,508,424</u>
Other segment information				
Capital expenditure (fixed assets)	1,291,051	92,000	-	1,383,051
Depreciation (fixed assets)	<u>65,564</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 30 June 2006 (Unaudited)

4 REVENUES AND COST OF REVENUES

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Revenues:				
Sale of plots of land and condominiums	3,229,152	2,230,093	1,855,850	855,315
Sale of villas	1,764,176	2,429,675	940,071	994,801
Rental income	85,848	56,774	43,847	29,190
	<u>5,079,176</u>	<u>4,716,542</u>	<u>2,839,768</u>	<u>1,879,306</u>
Cost of revenues:				
Cost of land and condominiums	1,018,415	860,556	614,036	244,897
Cost of villas	886,135	1,214,679	540,402	432,230
Operating cost of leased properties	6,611	7,233	4,448	3,563
	<u>1,911,161</u>	<u>2,082,468</u>	<u>1,158,886</u>	<u>680,690</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, 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 investment properties such as villas, apartments, commercial, manufacturing and retail units.

5 SELLING, GENERAL AND ADMINISTRATION EXPENSES

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Depreciation of fixed assets	37,163	48,000	19,631	21,383
Depreciation of investment properties	10,195	5,792	5,196	2,898
Payroll and related expenses	142,134	134,738	86,307	69,181
Sales and marketing expenses	197,021	120,644	141,954	69,265
Registration fees	27,236	21,512	19,311	10,650
Contribution to educational and other funds	17,675	51,244	5,153	1,244
Other expenses	76,069	87,821	45,390	55,098
	<u>507,493</u>	<u>469,751</u>	<u>322,942</u>	<u>229,719</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2006 (Unaudited)

6 FINANCE INCOME

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Finance income on fixed deposits with banks	161,282	45,573	61,760	25,490
Other finance income	76,837	95,914	36,301	54,067
	<u>238,119</u>	<u>141,487</u>	<u>98,061</u>	<u>79,557</u>

7 BANK BALANCES AND CASH

	<i>30 June</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	504	607
Current and call deposit accounts	630,100	513,784
Fixed deposits and certificates of deposits maturing within three months	503,773	8,521,314
Cash and cash equivalents	<u>1,134,377</u>	<u>9,035,705</u>
Fixed deposits under lien (Note 22)	640,124	-
Fixed deposits and certificate of deposits maturing after three months	817,476	1,332,304
	<u>2,591,977</u>	<u>10,368,009</u>

8 TRADE RECEIVABLES

	<i>30 June</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	522,600	717,533
	<u>522,600</u>	<u>717,533</u>

9 BUSINESS COMBINATION

Acquisition of WL Homes LLC

On 1 June 2006 (the acquisition date), the Group acquired 100 % of the voting shares of WL Homes LLC, an unlisted limited liability company headquartered in Newport Beach, California, United States of America. WL Homes LLC is a residential home builder doing business in California and Colorado. The acquisition has been accounted for using the purchase method of accounting. The interim condensed consolidated financial statements include the results of WL Homes LLC for the one month period from the acquisition date.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2006 (Unaudited)

9 BUSINESS COMBINATION - continued

The fair value of the identifiable assets and liabilities of WL Homes LLC as at the date of acquisition were:

	<i>Recognised on acquisition (unaudited) AED'000</i>	<i>Carrying value (unaudited) AED'000</i>
Bank balances and cash	303,265	303,265
Development properties	3,941,401	3,718,303
Other receivables, deposits and prepayments	49,204	49,204
Investment in associates	214,249	202,122
Loans to associates	53,589	53,589
Fixed assets	21,032	21,032
	<u>4,582,740</u>	<u>4,347,515</u>
Trade and other payables	523,788	523,788
Loans from financial institutions	2,166,986	2,166,986
Minority interest	365,651	365,651
	<u>3,056,425</u>	<u>3,056,425</u>
Fair value of net assets acquired	1,526,315	
Goodwill arising on acquisition	2,501,566	
Total acquisition cost	<u>4,027,881</u>	

The total acquisition cost of AED 4,027,881 thousands was paid in cash.

	<i>2006 AED'000 (Unaudited)</i>
Cash outflow on acquisition:	
Net cash acquired with the subsidiary	303,265
Acquisition cost paid in cash	(4,027,881)
Net cash outflow	<u>3,724,616</u>

From the date of acquisition, WL Homes LLC has contributed AED 15,882 thousands (net of tax provision) to the Group.

The goodwill recognised above is attributable to the expected synergies and other benefits from combining assets and activities of WL Homes with those of the Group. The amount will be subjected to a normal impairment test before the end of the current financial year.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2006 (Unaudited)

10 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>30 June 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited)</i>
Receivables on sale of interest in a subsidiary/assets	141,795	736,795
Advances to contractors	786,154	502,002
Amount recoverable from partner in an associate	454,256	26,247
Deposits for acquisition of land	134,023	427,974
Accrued interest on bank deposits and investments	29,530	54,613
Prepayments	23,227	13,295
Receivables from service companies	94,702	56,153
Other deposits and receivables	95,350	62,248
Other recoverables	91,482	49,042
	<u>1,850,519</u>	<u>1,928,369</u>

11 SHARE CAPITAL SUBSCRIPTION FOR EMAAR ECONOMIC CITY IN SAUDI ARABIA

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

12 DEVELOPMENT PROPERTIES

	<i>30 June 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited)</i>
Cost to date	15,353,121	9,015,944
Add: attributable profit	9,371,595	6,504,829
	<u>24,724,716</u>	<u>15,520,773</u>
Less: Progress billings	(16,031,983)	(12,495,023)
Total development properties	<u>8,692,733</u>	<u>3,025,750</u>

13 SECURITIES

	<i>30 June 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited)</i>
Held-to-maturity	1,130,265	1,555,760
Available-for-sale	1,323,928	2,047,108
	<u>2,454,193</u>	<u>3,602,868</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2006 (Unaudited)

14 LOANS TO ASSOCIATES

	<i>30 June 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited)</i>
Amounts owing by Amlak Finance PJSC	249,279	241,901
Amounts owing by Emaar Misr (Egypt)	606,824	262,947
Amounts owing by Al Shamiya Lettatweer Al Omrani Company	27,440	27,440
Amounts owing by Prestige Resorts	70,788	70,000
Amounts owing by Amelkis Resorts	53,926	53,926
Amounts owing by Emaar Economic City in Saudi Arabia	320,754	-
Amounts owing by other associates	50,085	2,099
	<u>1,379,096</u>	<u>658,313</u>

15 INVESTMENTS IN ASSOCIATES

	<i>30 June 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited)</i>
Carrying value of:		
Investment in Amlak Finance PJSC – quoted	871,980	864,421
Investment in Dubai Bank PJSC	164,841	165,760
Investment in Emaar Industries and Investment (Pvt) JSC	104,283	101,918
Investment in Emaar Financial Services LLC	42,057	34,912
Investment in Emaar MGF Land Private Limited (India)	2,468,762	1,837,601
Investment in Al Shamiyah Al Lettatweer Al Omarani Company (KSA)	96,484	96,543
Investment in other associates	257,253	2,670
	<u>4,005,660</u>	<u>3,103,825</u>

The market value of the shares held in Amlak Finance PJSC as at 30 June 2006 is AED 4,579,952 thousands (31 December 2005 : AED 7,537,086 thousands)

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2006 (Unaudited)

16 TRADE AND OTHER PAYABLES

	<i>30 June 2006 AED'000</i>	<i>31 December 2005 AED'000 (Audited) (Restated)</i>
Trade payables	251,912	322,203
Project contract cost accruals	1,773,002	1,522,896
Other payables and accruals	1,323,657	974,930
Advances / deposits from customers for sale of properties	1,913,281	2,635,272
Deferred income	48,215	45,502
Unclaimed dividends	26,582	26,772
	<u>5,336,649</u>	<u>5,527,575</u>

17 BORROWINGS FROM FINANCIAL INSTITUTIONS

The Group has borrowed AED 643,133 thousands from banks during the period, out of which a loan of AED 275,483 thousands is secured by lien on a fixed deposit of the company. The loans are repayable in full within 3 months and bear interest in the range of 5.8% to 6.13%.

The Group's US subsidiary WL Homes have borrowings of USD 641,687 (AED 2,356,916) thousands. Of these borrowings:

- USD 594,737 (AED 2,184,469) thousands from financial institutions, secured against real estate owned by the company, carries interest at the US Prime Rate + 0.25% to 5% (subject to a maximum of 10%) and matures at various dates to 2009.
- USD 25,067 (AED 92,071) thousands from land sellers, secured against real estate owned by the company, carries interest at rates ranging between 2.26% and 6.5% and matures at various dates through to 2013.
- USD 21,883 (AED 80,376) thousands from financial institutions is unsecured, carries interest at US Prime Rate + 0.25% to 1% and matures in 2006.

18 SHARE CAPITAL

	<i>30 June 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 – 6,075,022,184 shares of AED 1 each (31 December 2005 - 5,780,175,759 shares of AED 1 each)	<u>6,075,022</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 in one or more instalments subject to a maximum of four instalments. During the six month period ended 30 June 2006 294,846,425 shares were issued to shareholders who paid the instalments due under the rights issue.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2006 (Unaudited)

19 RESERVES

	<i>Statutory reserve AED '000</i>	<i>Capital reserve AED '000</i>	<i>General reserve AED '000</i>	<i>Net unrealized gains/(losses) 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
Transfer for the period	-	-	-	177,404	-	177,404
Balance at 30 June 2005	<u>2,487,051</u>	<u>4,004</u>	<u>384,345</u>	<u>177,404</u>	<u>-</u>	<u>3,052,804</u>
Balance at 1 January 2006	12,564,454	4,004	857,468	496,308	419	13,922,653
Share premium	1,179,386	-	-	-	-	1,179,386
Net movement during the period	-	-	-	(1,103,020)	(17,030)	(1,120,050)
Balance at 30 June 2006	<u>13,743,840</u>	<u>4,004</u>	<u>857,468</u>	<u>(606,712)</u>	<u>(16,611)</u>	<u>13,981,989</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 11,256,789 thousands being the premium collected at AED 4 per share on the 1:1 rights issue during the year ended 31 December 2005, out of which, AED 1,179,386 thousands has been collected since 1 January 2006.

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

Net unrealized gains (losses) 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 differences arising from translation of the financial statements of foreign subsidiaries.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2006 (Unaudited)

20 EARNINGS PER SHARE

Basic earnings per share is 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>30 June 2006 AED'000</i>	<i>30 June 2005 AED'000</i>
Earnings:		
Profit for the period attributable to equity holders of the Parent	<u>3,053,366</u>	<u>2,532,743</u>
Shares (in thousands):		
Weighted average number of shares outstanding for calculating basic EPS	5,901,020	5,177,675
Weighted average number of shares under rights issue to be allotted on realisation of installment payment	<u>195,305</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 0.52</u>	<u>AED 0.49</u>
Diluted earnings per share	<u>AED 0.50</u>	<u>AED 0.49</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 684 million (31 December 2005: Nil), are guaranteed by the Group. The banks also have a lien on certain fixed deposits (Note 7) of the Group as security for these borrowings.

Commitments

As of 30 June 2006, the Group had commitments of AED 17,049,041 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.