

EMAAR Properties PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2007

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC

Introduction

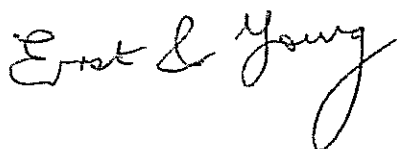
We have reviewed the accompanying interim consolidated balance sheet of Emaar Properties PJSC (the "Company") and its subsidiaries ("the Group") as at 31 March 2007, the related interim consolidated statements of income changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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 prepared, in all material respects, in accordance with IAS 34.



Signed by
Edward Quinlan
Partner
Registration No. 93

Dubai, United Arab Emirates

10 May 2007

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2007 (Unaudited)

(US \$1.00 = AED 3.673)

		Three months ended 31 March	
		2007 AED'000	2006 AED'000
	Notes		
Revenue	4	3,904,479	2,239,408
Cost of revenue	4	(1,981,197)	(752,275)
GROSS PROFIT		1,923,282	1,487,133
Other operating income		191,181	31,246
Selling, general and administration expenses	5	(472,120)	(184,551)
Other operating expenses		(86,980)	(17,727)
Finance costs		(27,618)	(4,299)
Finance income	6	67,709	140,058
Other income		104,518	39,602
Share of results from associated companies		27,043	25,915
PROFIT BEFORE TAX		1,727,015	1,517,377
Income tax expense		(7,826)	-
PROFIT FOR THE PERIOD		1,719,189	1,517,377
ATTRIBUTABLE TO:			
Equity holders of the parent		1,720,773	1,517,222
Minority interest		(1,584)	155
		1,719,189	1,517,377
Earnings per share attributable to the equity holders of the parent:			
- basic earnings per share	17	AED 0.28	AED 0.25
-diluted earnings per share	17	AED 0.28	AED 0.25

8 4

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

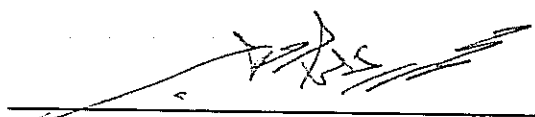
INTERIM CONSOLIDATED BALANCE SHEET

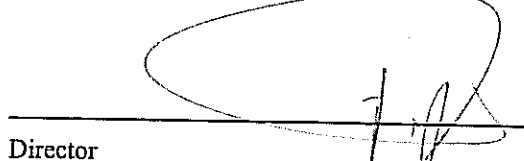
As at 31 March 2007 (Unaudited)

(US \$1.00 = AED 3.673)

	Notes	31 March 2007 AED'000	31 December 2006 AED'000 (Audited) (Restated)
ASSETS			
Bank balances and cash	7	2,832,387	2,329,278
Trade receivables	8	822,777	600,925
Other receivables, deposits and prepayments	9	2,064,630	2,089,211
Deposit for share capital of Emaar MGF	10	-	1,469,200
Development properties	11	15,401,787	11,121,425
Securities	12	2,021,228	2,516,992
Loans to associates		477,233	851,847
Investments in associates		8,266,224	6,594,214
Property, plant and equipment		5,127,643	4,184,559
Investment properties		6,811,624	6,970,508
Goodwill		2,961,968	2,961,968
TOTAL ASSETS		46,787,501	41,690,127
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	14	8,867,026	6,265,438
Interest-bearing loans and borrowings	15	5,956,325	3,992,210
Retentions payable		976,382	875,827
Provision for employees' end-of-service benefits		14,475	11,992
TOTAL LIABILITIES		15,814,208	11,145,467
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital		6,075,553	6,075,553
Employees' performance share program		(1,724)	(2,927)
Reserves	16	14,609,560	14,669,084
Retained earnings		9,742,684	9,237,022
		30,426,073	29,978,732
Minority interest		547,220	565,928
TOTAL EQUITY		30,973,293	30,544,660
TOTAL LIABILITIES AND EQUITY		46,787,501	41,690,127

The interim condensed consolidated financial statements were authorised for issue on 10 May 2007 by:


Chairman


Director

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

84

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 31 March 2007 (Unaudited)

(US \$1.00 = AED 3.673)

Three months ended

31 March

	Notes	2007 AED'000	2006 AED'000 (Restated)
OPERATING ACTIVITIES			
Profit for the period		1,719,189	1,517,377
Adjustments for:			
Share of results of associated companies		(27,043)	(25,915)
Depreciation	5	36,037	22,531
Provision for employees' end-of-service benefits, net		2,483	372
Provision for income tax expense		7,826	-
Cost of share based payments		-	3,478
Gain on disposal of property, plant and equipment		-	(44)
Gain on disposal of investment properties		(51,851)	-
Gain on disposal of securities		(7,685)	(1,507)
Cash from operations before working capital changes:		1,678,956	1,516,292
Trade receivables		(206,568)	146,718
Other receivables, deposits and prepayments		24,581	(571,471)
Development properties		(1,271,326)	(488,977)
Trade and other payables		207,278	(231,274)
Retentions payable		100,555	33,314
Income tax paid		(18,158)	-
Net cash from operating activities		515,318	404,602
INVESTING ACTIVITIES			
Purchase of securities		-	(788,252)
Proceeds from disposal of securities		438,618	741,385
Consideration for acquisition of subsidiary net of cash and cash equivalents received	13	(249,493)	-
Deposit for share capital subscription for The Economic City in Saudi Arabia		-	(2,644,673)
Additional investments in associates		(492,152)	(340,630)
Amounts incurred on investment properties		(22,787)	(404,465)
Purchase of property, plant and equipment		(969,789)	(172,265)
Proceeds from sale of property, plant and equipment		-	186
Proceeds from sale of investment properties		60,721	-
Deposits under lien or maturing after three months	7	988,445	(1,875,103)
Net cash used in investing activities		(246,437)	(5,483,817)
FINANCING ACTIVITIES			
Dividend paid		(1,322)	(2,373,612)
Interest-bearing loans and borrowings		2,563,547	66,400
Repayment of interest bearing loans and borrowings		(1,330,107)	-
Funds invested by minority shareholders		7,995	2,640
Repayment to minority shareholders		(25,119)	(37,440)
Proceeds from rights issue		-	765,756
Received on vesting of share options		1,203	1,260
Net cash from/(used in) financing activities		1,216,197	(1,574,996)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,485,078	(6,654,211)
Net foreign exchange difference		6,476	(4)
Cash and cash equivalents at the beginning of the period	7	1,249,156	9,035,705
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	2,740,710	2,381,490

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2007 (Unaudited)

(US \$1.00 = AED 3.673)

	<i>Attributable to equity holders of the Parent</i>						
	<i>Share capital AED'000</i>	<i>Employee performance share program AED'000</i>	<i>Reserves AED'000</i>	<i>Retained earnings AED'000</i>	<i>Total AED'000</i>	<i>Minority interest AED'000</i>	<i>Total equity AED'000</i>
Balance as of 1 January 2007 (audited)	6,075,553	(2,927)	14,669,084	9,237,022	29,978,732	565,928	30,544,660
Movement in reserves (note 16)	-	-	(59,524)	-	(59,524)	-	(59,524)
Net income and expense recognised directly in equity	-	-	(59,524)	-	(59,524)	-	(59,524)
Profit for the period	-	-	-	1,720,773	1,720,773	(1,584)	1,719,189
Total income and expenses for the period	-	-	(59,524)	1,720,773	1,661,249	(1,584)	1,659,665
Dividends – 2006	-	-	-	(1,215,111)	(1,215,111)	-	(1,215,111)
Issuance of shares under employees' performance share program	-	1,203	-	-	1,203	-	1,203
Additional capital contribution by minority shareholders	-	-	-	-	-	7,995	7,995
Funds withdrawn by minority shareholders	-	-	-	-	-	(25,119)	(25,119)
Balance at 31 March 2007	6,075,553	(1,724)	14,609,560	9,742,684	30,426,073	547,220	30,973,293

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2007 (Unaudited)

(US \$1.00 = AED 3.673)

	<i>Attributable to equity holders of the Parent</i>						
	<i>Share capital AED'000</i>	<i>Employee performance share program AED'000</i>	<i>Reserves AED'000</i>	<i>Retained earnings AED'000</i>	<i>Total AED'000</i>	<i>Minority interest AED'000</i>	<i>Total equity AED'000</i>
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
Movement in reserves (note 16)	-	-	(426,338)	-	(426,338)	-	(426,338)
Net income and expense recognised directly in equity	-	-	(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 – 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 capital contribution by minority shareholders	-	-	-	-	-	2,640	2,640
Funds withdrawn by minority shareholders	-	-	-	-	-	(37,440)	(37,440)
Balance at 31 March 2006	<u>5,933,327</u>	<u>(3,126)</u>	<u>14,108,920</u>	<u>5,009,848</u>	<u>25,048,969</u>	<u>100,741</u>	<u>25,149,710</u>

The attached notes 1 to 19 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 2007 (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 shares are traded on the Dubai Financial Market.

The principal activities of the Group are property investment and development, property management services, education, healthcare, hospitality and investments 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 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 three months ended 31 March 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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 financial statements for the period ended 31 December 2006, except for the adoption of new Standards and Interpretations, noted below. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

– *IFRIC 9 Reassessment of Embedded Derivatives*

The Group adopted IFRIC Interpretation 9 as of 1 January 2007, which states that the date to assess the existence of an embedded derivative is the date that an entity first becomes party to the contract, with reassessment only if there is a change in the contract that significantly modifies the cash flows.

– *IFRIC 10 Interim Financial Reporting and Impairment*

The Group adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

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 organised 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, education, healthcare, hospitality and investments in providers of financial services.

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

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2007 (Unaudited)

3 SEGMENT INFORMATION – continued

Geographic segments:

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. During the period, the group has also acquired a 60% additional holding in Emaar Misr for Development S.A.E., an unlisted limited liability company in Egypt. (note 13).

The domestic segment includes business activity and operations in the UAE and the international segment includes business activity and operations outside the UAE.

Business Segments:

The following tables represent revenue and profit information regarding business segments for the three month periods ended 31 March 2007 and 2006 and certain asset and liability information as at 31 March 2007 and 31 December 2006.

Three months ended 31 March 2007:

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
Revenue				
Sales to external customers	3,904,479	-	-	3,904,479
Total revenue	<u>3,904,479</u>	<u>-</u>	<u>-</u>	<u>3,904,479</u>
Results				
Profit for the period before income tax, finance costs, finance income, share of profits from associates	<u>1,660,483</u>	<u>(602)</u>	<u>-</u>	<u>1,659,881</u>
Other Segment Information				
Capital expenditure (property, plant and equipment)	<u>758,657</u>	<u>211,132</u>	<u>-</u>	<u>969,789</u>
Depreciation (property, plant and equipment)	<u>15,124</u>	<u>13,335</u>	<u>-</u>	<u>28,459</u>
Assets and liabilities (At 31 March 2007)				
Segment assets	<u>44,157,176</u>	<u>4,479,642</u>	<u>(1,849,317)</u>	<u>46,787,501</u>
Segment liabilities	<u>15,445,759</u>	<u>1,628,652</u>	<u>(1,260,203)</u>	<u>15,814,208</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2007 (Unaudited)

3 SEGMENT INFORMATION – continued

Three months ended 31 March 2006:

	<i>Real estate AED '000</i>	<i>Others AED '000</i>	<i>Eliminations AED '000</i>	<i>Total 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>2,239,408</u>
Results				
Profit for the period before income tax, finance costs, finance income, share of profits from associates	<u>1,351,951</u>	<u>3,752</u>	<u>-</u>	<u>1,355,703</u>
Other segment information				
Capital expenditure (property, plant and equipment)	<u>147,481</u>	<u>24,784</u>	<u>-</u>	<u>172,265</u>
Depreciation (property, plant and equipment)	<u>16,911</u>	<u>621</u>	<u>-</u>	<u>17,532</u>
Assets and liabilities (As at 31 December 2006)				
Segment assets	<u>39,576,260</u>	<u>3,755,036</u>	<u>(1,641,169)</u>	<u>41,690,127</u>
Segment liabilities	<u>10,805,259</u>	<u>1,388,769</u>	<u>(1,048,561)</u>	<u>11,145,467</u>

44

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2007 (Unaudited)

3 SEGMENT INFORMATION – continued

Geographic Segments

The following tables represent revenue and profit information regarding geographic segments for the three month periods ended 31 March 2007 and 2006 and certain asset and liability information as at 31 March 2007 and 31 December 2006.

Three months ended 31 March 2007:

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Sales to external customers	3,516,477	388,002	3,904,479
Total revenue	<u>3,516,477</u>	<u>388,002</u>	<u>3,904,479</u>

Other Segment Information

Capital expenditure (Property, plant and equipment)	930,666	39,123	969,789
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Assets (At 31 March 2007)

Segment assets	23,432,147	15,089,130	38,521,277
Investment in associates	1,854,403	6,411,821	8,266,224
Total assets	<u>25,286,550</u>	<u>21,500,951</u>	<u>46,787,501</u>

Three months ended 31 March 2006:

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Sales to external customers	2,239,408	-	2,239,408
Total revenue	<u>2,239,408</u>	<u>-</u>	<u>2,239,408</u>

Other Segment Information

Capital expenditure (property, plant and equipment)	140,975	31,290	172,265
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Assets (At 31 December 2006)

Segment assets	22,072,659	13,023,254	35,095,913
Investment in associates	1,370,417	5,223,797	6,594,214
Total assets	<u>23,443,076</u>	<u>18,247,051</u>	<u>41,690,127</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2007 (Unaudited)

4 REVENUE AND COST OF REVENUE

	<i>Three months ended</i> <i>31 March</i>	
	<i>2007</i>	<i>2006</i>
	<i>AED'000</i>	<i>AED'000</i>
Revenue:		
Sale of plots of land and condominiums	2,698,787	1,373,302
Sale of villas	851,527	824,106
Sale of commercial units	280,093	-
Rental income	74,072	42,000
	<u>3,904,479</u>	<u>2,239,408</u>
Cost of revenue:		
Cost of land and condominiums	1,283,012	404,379
Cost of villas	597,600	345,733
Cost of commercial units	94,676	-
Operating cost of rental properties	5,909	2,163
	<u>1,981,197</u>	<u>752,275</u>

5 SELLING, GENERAL AND ADMINISTRATION EXPENSES

	<i>Three months ended</i> <i>31 March</i>	
	<i>2007</i>	<i>2006</i>
	<i>AED'000</i>	<i>AED'000</i>
Payroll and related expenses	153,967	55,828
Sales and marketing expenses	137,394	55,068
Depreciation of property, plant and equipment	28,459	17,532
Depreciation of investment properties	7,578	4,999
Property management expenses	10,946	12,199
Contribution to educational and other charitable funds	12,565	12,520
Other expenses	121,211	26,405
	<u>472,120</u>	<u>184,551</u>

6 FINANCE INCOME

	<i>Three months ended</i> <i>31 March</i>	
	<i>2007</i>	<i>2006</i>
	<i>AED'000</i>	<i>AED'000</i>
Finance income on fixed deposits with banks	24,890	99,522
Other finance income	42,819	40,536
	<u>67,709</u>	<u>140,058</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2007 (Unaudited)

7	BANK BALANCES AND CASH	31 March 2007 AED'000	31 December 2006 AED'000 (Audited)
	Cash in hand	3,354	1,267
	Current and call deposit accounts	667,994	537,599
	Fixed deposits and certificates of deposits maturing within three months	2,069,362	710,290
	Cash and cash equivalents	<u>2,740,710</u>	<u>1,249,156</u>
	Fixed deposits under lien (note 15 and note 19)	91,677	808,672
	Fixed deposits and certificate of deposits maturing after three months	-	271,450
		<u>2,832,387</u>	<u>2,329,278</u>
8	TRADE RECEIVABLES	31 March 2007 AED'000	31 December 2006 AED'000 (Audited)
	Amounts receivable within 12 months	629,285	600,925
	Amounts receivable after 12 months	193,492	-
		<u>822,777</u>	<u>600,925</u>
9	OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS	31 March 2007 AED'000	31 December 2006 AED'000 (Audited)
	Advances to contractors	815,319	881,151
	Advances for acquisition of leasehold interest	617,489	617,191
	Deposits for acquisition of land	99,405	98,000
	Recoverable from minority shareholders	87,775	87,775
	Accrued interest on bank deposits and investments	58,734	57,916
	Recoverable from National Housing Programme	-	52,175
	Other deposits and receivables	41,919	42,717
	Prepayments	67,635	39,657
	Receivables from service companies	67,564	36,498
	Other recoverable	208,790	176,131
		<u>2,064,630</u>	<u>2,089,211</u>
10	DEPOSIT FOR SHARE CAPITAL OF EMAAR MGF		

The Group had advanced AED 1,469,200 thousands as at 31 December 2006 as a deposit to subscribe for additional shares of Emaar MGF Land (Pvt.) Ltd. During the period ended 31 March 2007, the additional shares related to this deposit were allotted to the Group.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2007 (Unaudited)

11 DEVELOPMENT PROPERTIES

	<i>31 March 2007 AED'000</i>	<i>31 December 2006 AED'000 (Audited)</i>
Cost to date	17,603,645	13,044,601
Add: Attributable profit	6,169,744	5,126,116
Less: Progress billings	(8,371,602)	(7,049,292)
Total development properties	<u>15,401,787</u>	<u>11,121,425</u>

12 SECURITIES

	<i>31 March 2007 AED'000</i>	<i>31 December 2006 AED'000 (Audited)</i>
Held-to-maturity	550,950	973,345
Available-for-sale	1,470,278	1,543,647
	<u>2,021,228</u>	<u>2,516,992</u>

13 BUSINESS COMBINATIONS

Acquisition of Emaar Misr for Development S.A.E

On 29 March 2007, the Group acquired additional 60% ownership interest in Emaar Misr for Development S.A.E ("Emaar Misr"), thereby resulting in 100% ownership and control of the entity.

The fair value of the identifiable assets and liabilities of Emaar Misr as at the date of acquisition were:

	<i>Recognised on acquisition AED'000</i>	<i>Carrying value AED'000</i>
Bank balances and cash	272,035	272,035
Trade receivables	15,284	15,284
Development properties	2,843,811	2,295,047
Property, plant and equipments	1,754	1,754
	<u>3,132,884</u>	<u>2,584,120</u>
Trade and other payables	1,619,474	1,619,474
Interest-bearing loans and borrowings	730,675	730,675
	<u>2,350,149</u>	<u>2,350,149</u>
Net assets acquired	782,735	233,971
Less: Interest held as an associate by the Group prior to acquisition	(261,207)	
Total acquisition cost	<u>521,528</u>	

The total acquisition cost of AED 521,528 thousands was paid in cash.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2007 (Unaudited)

13 BUSINESS COMBINATIONS - continued

Acquisition of Emaar Misr for Development S.A.E -continued

Cash outflow on acquisition:	
Net cash acquired with the subsidiary	272,035
Acquisition cost paid in cash	(521,528)
Net cash outflow	(249,493)

14 TRADE AND OTHER PAYABLES

	31 March 2007 AED'000	31 December 2006 AED'000 (Audited)
Trade payables	516,299	349,028
Project contract cost accruals	2,433,331	2,334,710
Other payables and accruals	2,495,807	1,477,554
Advances/deposits from customers for sale of properties	2,027,156	1,931,480
Deferred income	89,977	71,667
Dividends payable (note 18)	1,259,111	45,322
Income tax payable	45,345	55,677
	<u>8,867,026</u>	<u>6,265,438</u>

15 INTEREST-BEARING LOANS AND BORROWINGS

	31 March 2007 AED'000
Balance, beginning of year	3,992,210
Borrowings acquired in a business combination	730,675
Borrowings drawn down during the period	2,563,547
Borrowings repaid during the period	(1,330,107)
Balance, end of period	<u>5,956,325</u>

	31 March 2007 AED'000	31 December 2006 AED'000 (Audited)
Maturing within 12 months	796,700	1,099,612
Maturing after 12 months	5,159,625	2,892,598
Balance, end of period	<u>5,956,325</u>	<u>3,992,210</u>

4 1

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2007 (Unaudited)

15 INTEREST-BEARING LOANS AND BORROWINGS - continued

The Group has following secured interest-bearing loans and borrowings:-

Secured

- USD 65,000 thousands (AED 238,693 thousands) loan from financial institution, secured against the Group's specific investment properties and office building. Profit rate is charged at 6 months US\$ LIBOR plus 70 basis points. The loan is repayable in full in 2009.
- USD 751,185 thousands (AED 2,759,104 thousands) loan from financial institutions, secured against real estate owned by the Group, carries interest at the US Prime Rate plus 0.25% to 5% and matures at various dates to 2009.
- USD 15,733 thousands (AED 57,788 thousands) loan from land sellers, secured against real estate owned by the company, carries interest at rates ranging to 6.0% and matures at various dates through to 2013.
- Indian rupees (INR) 1,300,000 thousands (AED 109,743 thousands) loan from financial institutions, secured by way of first charge on certain immovable properties and receivables, carries interest at bench mark rate plus 3.33%. The loan is repayable in instalments commencing from 2008 and fully repayable by 2016.
- Pakistani rupees (PKR) 1,109,713 thousands (AED 67,122 thousands) from commercial bank, bearing interest at KIBOR plus 1.25% and secured by a bank guarantee issued by a commercial bank. The bank providing the guarantee has lien on certain fixed deposits of the company amounting to AED 15,547 thousands (Note 7).
- Egyptian Pound (EGP) 424,384 thousands (AED 273,643 thousands) short term loan from commercial bank with a maturity of less than one year, carries interest at LIBOR plus 0.70%.
- Egyptian Pound (EGP) 707,095 thousands (AED 455,935 thousands) of bank overdraft from commercial banks, carries interest at rates ranging from 9% to 11.75%, secured by bank guarantee issued by the Group. The bank providing the guarantee has lien on certain fixed deposits of the Company amounting to AED 50,000 thousands (Note 7).
- Turkish Lira (TRY) 24,921 thousands (AED 65,971 thousands) loan from commercial bank, carries interest at LIBOR plus 1.1%. The loan is repayable in instalments commencing from 2008 and fully repayable by 2010.

Unsecured

- USD 25,000 thousands (AED 91,826 thousands) from financial institutions is unsecured, carries interest at US Prime Rate plus 0.25% to 1% and matures in 2008.
- USD 500,000 thousands (AED 1,836,500 thousands) drawn down during the period out of USD 1,000,000 thousands (AED 3,673,000 thousands) of Musharaka Islamic Syndicated facility. This facility is unsecured and repayable in 2012 with an option of early repayment without penalty to the Group and bears a profit rate of LIBOR plus 0.6%.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2007 (Unaudited)

16 RESERVES

	<i>Statutory reserve (AED'000)</i>	<i>Capital reserve (AED'000)</i>	<i>General reserve (AED'000)</i>	<i>Net unrealised gains reserve (AED'000)</i>	<i>Foreign currency translation reserve (AED'000)</i>	<i>Total (AED'000)</i>
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	13,177,059	4,004	857,468	69,974	415	14,108,920
Balance at 1 January 2007	13,745,963	4,004	1,494,583	(583,782)	8,316	14,669,084
Net movement in fair value of available for sale securities	-	-	-	(66,000)	-	(66,000)
Net translation difference for the period	-	-	-	-	6,476	6,476
Balance at 31 March 2007	13,745,963	4,004	1,494,583	(649,782)	14,792	14,609,560

7 8

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2007 (Unaudited)

17 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 2007 AED'000</i>	<i>31 March 2006 AED'000</i>
Earnings:		
Profit for the period attributable to equity holders of the parent	<u>1,720,773</u>	<u>1,517,222</u>
Shares (in thousands):		
Weighted average number of shares outstanding for calculating basic EPS	6,075,553	
Weighted average number of shares under rights issue to be allotted on realisation of installment payment	<u>20,772</u>	
Weighted average number of shares outstanding for calculating diluted EPS	<u>6,096,325</u>	
	<i>31 March 2007 AED'000</i>	<i>31 March 2006 AED'000</i>
Basic earnings per share	<u>AED 0.28</u>	<u>AED 0.25</u>
Diluted earnings per share	<u>AED 0.28</u>	<u>AED 0.25</u>

18 DIVIDENDS

A cash dividend of AED 0.20 per share was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 11 March 2007.

19 CONTINGENCIES AND COMMITMENTS

Guarantees

The Group has the following guarantees outstanding as at 31 March 2007:-

1. Loans taken by an associated company from commercial banks amounting to AED 499,513 thousands (31 December 2006: AED 426,162 thousands) are guaranteed by the Group. The banks also have lien on certain fixed deposits amounting to AED 17,600 thousands (note 7) of the Group as security for these borrowings.
2. Loans taken by an associated company from commercial banks amounting to AED 1,512,717 thousands (31 December 2006: 937,386) are guaranteed by the Group. The majority shareholder in the associate has provided the Group a counter guarantee and indemnity up to its share of liability for any claim made against the Group arising from the guarantee.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2007 (Unaudited)

19 CONTINGENCIES AND COMMITMENTS - continued

Guarantees - continued

3. The Group has issued a counter guarantee of AED 76,935 thousands as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations. The bank has lien on certain fixed deposits amounting to AED 8,530 thousands (note 7).
4. The Group has provided a trade license guarantee of AED 5,000 thousands to Government of Dubai.
5. The Group has provided a corporate guarantee of AED 55,095 thousands to a commercial bank as a security for the guarantees issued by the bank on behalf of an associated company of the group.

Commitments

As of 31 March 2007, the Group had commitments of AED 15,863,464 thousands (2006: AED 13,263,885 thousands) including project commitments of AED 15,622,111 thousands (2006: AED 13,234,410 thousands). This represents the value of contracts issued as of balance sheet date net of invoices received and accruals made at that date.

Operating Lease commitments – Group as lessee

The Group has entered into various operating lease agreements for properties, office facilities and equipment. Future minimum payments under these operating leases are as follows:-

	<i>31 March 2007 AED'000</i>	<i>31 December 2006 AED'000</i>
Within one year	244,999	243,277
After one year but not more than five years	1,304,720	1,303,675
	<u>1,549,719</u>	<u>1,546,952</u>