

**EMAAR Properties PJSC
and Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

31 MARCH 2008

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

Introduction

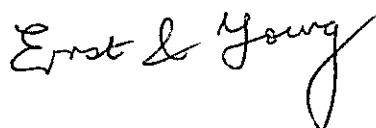
We have reviewed the accompanying interim consolidated balance sheet of Emaar Properties PJSC (the "Company") and its subsidiaries ("the Group") as at 31 March 2008, the related interim consolidated statements of income, changes in equity and cash flows for the three-month period then ended and explanatory 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

6 May 2008

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

For three months ended 31 March 2008 (Unaudited)

(US \$1.00 = AED 3.673)

		<i>Three months ended 31 March</i>	
	<i>Notes</i>	<i>2008 AED'000</i>	<i>2007 AED'000 (Restated)</i>
Revenue	4	3,961,153	3,969,600
Cost of revenue	4	(2,030,811)	(2,007,478)
GROSS PROFIT		1,930,342	1,962,122
Other operating income		145,871	126,060
Selling, general and administration expenses	5	(626,432)	(472,120)
Other operating expenses		(83,912)	(60,699)
Finance costs		(39,875)	(27,618)
Finance income	6	131,606	67,709
Other income		62,348	104,518
Share of results from associated companies		138,469	27,043
PROFIT BEFORE TAX		1,658,417	1,727,015
Income tax expense		(1,352)	(7,826)
PROFIT FOR THE PERIOD		1,657,065	1,719,189
ATTRIBUTABLE TO:			
Equity holders of the parent		1,655,457	1,720,773
Minority interest		1,608	(1,584)
		1,657,065	1,719,189
Earnings per share attributable to the equity holders of the parent:			
- basic earnings per share		AED 0.27	AED 0.28
- diluted earnings per share		AED 0.27	AED 0.28

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

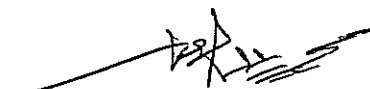
INTERIM CONSOLIDATED BALANCE SHEET

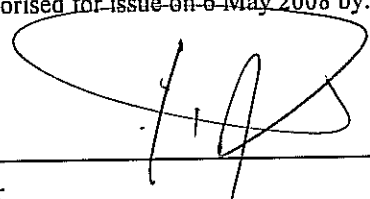
As at 31 March 2008 (Unaudited)

(US \$1.00 = AED 3.673)

		31 March 2008 AED'000	31 December 2007 AED'000 (Audited)
	Notes		
ASSETS			
Bank balances and cash	7	7,659,204	4,726,616
Trade receivables	8	988,005	928,476
Other receivables, deposits and prepayments	9	2,894,830	2,705,232
Development properties	10	17,702,879	16,194,020
Securities	11	1,896,849	4,560,642
Loans to associates		545,326	537,829
Investments in associates		9,117,067	9,107,297
Property, plant and equipment		8,305,476	7,433,222
Investment properties		5,645,716	5,635,573
Goodwill		2,961,968	2,961,968
TOTAL ASSETS		57,717,320	54,790,875
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	13	10,574,408	8,825,902
Interest-bearing loans and borrowings	14	8,902,789	7,703,753
Retentions payable		1,097,224	1,054,560
Provision for employees' end-of-service benefits		22,348	18,394
TOTAL LIABILITIES		20,596,769	17,602,609
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital		6,091,239	6,091,239
Employees' performance share program		(1,128)	(1,446)
Reserves	15	15,964,063	16,494,778
Retained earnings		14,388,678	13,951,469
		36,442,852	36,536,040
Minority interest		677,699	652,226
TOTAL EQUITY		37,120,551	37,188,266
TOTAL LIABILITIES AND EQUITY		57,717,320	54,790,875

The interim condensed consolidated financial statements were authorised for issue on 6 May 2008 by:


Chairman


Director

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For three months ended 31 March 2008 (Unaudited)

(US \$1.00 = AED 3.673)

		Three months ended	
		31 March 2008 AED'000	31 March 2007 AED'000
	Notes		
OPERATING ACTIVITIES			
Profit for the period		1,657,065	1,719,189
Adjustments for:			
Share of results of associated companies		(138,469)	(27,043)
Depreciation	5	56,751	36,037
Provision for employees' end-of-service benefits, net		3,954	2,483
Provision for income tax expense		1,352	7,826
Loss on disposal of property, plant and equipment		144	-
Gain on disposal of investment properties		-	(51,851)
Gain on disposal of securities		(29,265)	(7,685)
Cash from operations before working capital changes:		1,551,532	1,678,956
Trade receivables		(59,529)	(206,568)
Other receivables, deposits and prepayments		(189,598)	24,581
Development properties		(1,613,485)	(1,271,326)
Trade and other payables		539,705	207,278
Retentions payable		42,664	100,555
Income tax paid		(3,199)	(18,158)
Net cash from operating activities		268,090	515,318
INVESTING ACTIVITIES			
Purchase of securities		(271,156)	-
Proceeds from disposal of securities		2,640,540	438,618
Consideration for acquisition of subsidiary net of cash and cash equivalents received	12	-	(249,493)
Dividend received from associated companies		31,768	-
Net additional investments in associated companies		(11,376)	(492,152)
Amounts incurred on investment properties		(21,454)	(22,787)
Purchase of property, plant and equipment		(922,700)	(969,789)
Proceeds from sale of property, plant and equipment		405	-
Proceeds from sale of investment properties		-	60,721
Deposits under lien or maturing after three months	7	(1,624,456)	988,445
Net cash used in investing activities		(178,429)	(246,437)
FINANCING ACTIVITIES			
Dividend paid		(1,379)	(1,322)
Interest-bearing loans and borrowings		2,122,786	2,563,547
Repayment of interest bearing loans and borrowings		(923,750)	(1,330,107)
Funds invested by minority shareholders		44,856	7,995
Repayment to minority shareholders		(20,991)	(25,119)
Received on vesting of share options		318	1,203
Net cash from financing activities		1,221,840	1,216,197
INCREASE IN CASH AND CASH EQUIVALENTS		1,311,501	1,485,078
Net foreign exchange difference		(3,369)	6,476
Cash and cash equivalents at the beginning of the period	7	2,131,679	1,249,156
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	3,439,811	2,740,710

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three months ended 31 March 2008 (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
Balance as of 1 January 2008 (audited)	6,091,239	(1,446)	16,494,778	13,951,469	36,536,040
Decrease in unrealised gain/(losses) reserve (Note - 15)	-	-	(366,075)	-	(366,075)
Decrease in foreign currency translation reserve (Note - 15)	-	-	(164,640)	-	(164,640)
Net income and expense recognised directly in equity	-	-	(530,715)	-	(530,715)
Profit for the period	-	-	-	1,655,457	1,655,457
Total income and expenses for the period	-	-	(530,715)	1,655,457	1,124,742
Dividends - 2007 (Note - 16)	-	-	-	(1,218,248)	(1,218,248)
Issuance of shares under employees' performance share program	-	318	-	-	318
Additional capital contribution by minority shareholders	-	-	-	-	-
Funds withdrawn by minority shareholders	-	-	-	-	-
Balance at 31 March 2008	6,091,239	(1,128)	15,964,063	14,388,678	36,442,852
				677,699	37,120,551

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three months ended 31 March 2008 (Unaudited)

(US \$1.00 = AED 3.673)

	Attributable to equity holders of the Parent					Minority interest AED '000	Total equity' AED '000
	Share capital AED '000	Employee performance share program AED '000	Reserves AED '000	Retained earnings AED '000	Total AED '000		
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
Decrease in unrealised gain/(losses) reserve (Note - 15)	-	-	(66,000)	-	(66,000)	-	(66,000)
Increase in foreign currency translation reserve (Note - 15)	-	-	6,476	-	6,476	-	6,476
Net income and expense recognised directly in equity Profit for the period	-	-	(59,524)	-	(59,524)	-	(59,524)
Total income and expenses for the period	-	-	(59,524)	1,720,773	1,720,773	(1,584)	1,719,189
Dividends – 2006	-	-	-	-	-	-	-
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 18 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 2008 (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, retail, 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, and should be read in conjunction with the Group's annual financial statements as at 31 December 2007. In addition, results for the three months ended 31 March 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

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.

Significant accounting policies

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 year ended 31 December 2007, 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 11 IFRS 2 - Group and Treasury Shares Transactions

This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments, to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The adoption of this Interpretation did not have any material effect on the financial position or performance of the Group.

IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. The adoption of this Interpretation did not have any material effect on the financial position or performance of the Group.

IAS 23 Borrowing Costs

A revised IAS 23 Borrowing Costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group accounting policy is already in accordance with this revised standard.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2008 (Unaudited)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

IASB Standards and Interpretations issued but not adopted

The following IASB Standards and Interpretations have been issued but are not yet mandatory, and have not yet been adopted by the Group:

IFRS 8 Operating Segments

IFRS 8 Operating Segments was issued by the IASB in November 2007, becoming effective for periods commencing on or after 1 January 2009. This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The Group expects that the adoption of this IFRS will have no impact on the financial position or performance of the Group, however it may lead to additional disclosure requirements.

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, plots of land and related leasing activities. 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.

Revenue from sources other than property sales, leasing activities and hospitality are included in other operating income.

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.

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 2008 and 2007 and certain asset and liability information as at 31 March 2008 and 31 December 2007.

Three months ended 31 March 2008:

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
Revenue				
Revenue from external customers	3,800,921	160,232	-	3,961,153
Total revenue	<u>3,800,921</u>	<u>160,232</u>	<u>-</u>	<u>3,961,153</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2008 (Unaudited)

3 SEGMENT INFORMATION - continued

Three months ended 31 March 2008

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
Results				
Profit for the period before income tax, finance costs, finance income, share of profits from associates	<u>1,432,474</u>	<u>(4,257)</u>	<u>-</u>	<u>1,428,217</u>
Other Segment Information				
Capital expenditure (property, plant and equipment)	<u>659,507</u>	<u>263,193</u>	<u>-</u>	<u>922,700</u>
Depreciation (property, plant and equipment)	<u>20,253</u>	<u>25,187</u>	<u>-</u>	<u>45,440</u>
Assets and liabilities (At 31 March 2008)				
Segment assets	<u>53,914,145</u>	<u>7,193,916</u>	<u>(3,390,741)</u>	<u>57,717,320</u>
Segment liabilities	<u>20,348,807</u>	<u>3,259,662</u>	<u>(3,011,700)</u>	<u>20,596,769</u>

Three months ended 31 March 2007 (restated)

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
Revenue				
Revenue from external customers	<u>3,904,479</u>	<u>65,121</u>	<u>-</u>	<u>3,969,600</u>
Total revenue	<u>3,904,479</u>	<u>65,121</u>	<u>-</u>	<u>3,969,600</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 December 2007)				
Segment assets	<u>51,324,032</u>	<u>6,808,674</u>	<u>(3,341,831)</u>	<u>54,790,875</u>
Segment liabilities	<u>16,890,454</u>	<u>2,877,958</u>	<u>(2,165,803)</u>	<u>17,602,609</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2008 (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 2008 and 2007 and certain asset and liability information as at 31 March 2008 and 31 December 2007.

Three months ended 31 March 2008:

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	3,501,387	459,766	3,961,153
Total revenue	<u>3,501,387</u>	<u>459,766</u>	<u>3,961,153</u>
Other Segment Information			
Capital expenditure (property, plant and equipment)	<u>842,590</u>	<u>80,110</u>	<u>922,700</u>
Assets (At 31 March 2008)			
Segment assets	30,323,673	18,276,580	48,600,253
Investment in associates	<u>2,315,437</u>	<u>6,801,630</u>	<u>9,117,067</u>
Total assets	<u>32,639,110</u>	<u>25,078,210</u>	<u>57,717,320</u>

Three months ended 31 March 2007: (restated)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	3,562,163	407,437	3,969,600
Total revenue	<u>3,562,163</u>	<u>407,437</u>	<u>3,969,600</u>
Other Segment Information			
Capital expenditure (property, plant and equipment)	<u>930,666</u>	<u>39,123</u>	<u>969,789</u>
Assets (At 31 December 2007)			
Segment assets	28,392,470	17,291,108	45,683,578
Investment in associates	<u>2,219,696</u>	<u>6,887,601</u>	<u>9,107,297</u>
Total assets	<u>30,612,166</u>	<u>24,178,709</u>	<u>54,790,875</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2008 (Unaudited)

4 REVENUE AND COST OF REVENUE

	<i>Three months ended 31 March</i>	
	<i>2008 AED'000</i>	<i>2007 AED'000 (Restated)</i>
Revenue		
Revenue from property sales:		
Sale of condominiums	1,840,961	1,826,417
Sale of villas	1,079,943	851,527
Sale of plots of land	258,421	872,370
Sale of commercial and others	541,246	280,093
Revenue from hospitality	160,232	65,121
Rental income	80,350	74,072
	<u>3,961,153</u>	<u>3,969,600</u>
Cost of revenue		
Cost of revenue of property sales:		
Cost of condominiums	1,056,848	1,191,092
Cost of villas	716,477	597,600
Cost of plots of land	17,613	91,920
Cost of commercial and others	161,433	94,676
Operating cost of hospitality	63,588	26,281
Operating cost of rental properties	14,852	5,909
	<u>2,030,811</u>	<u>2,007,478</u>

5 SELLING, GENERAL AND ADMINISTRATION EXPENSES

	<i>Three months ended 31 March</i>	
	<i>2008 AED'000</i>	<i>2007 AED'000</i>
Payroll and related expenses	207,760	153,967
Sales and marketing expenses	149,422	137,394
Depreciation of property, plant and equipment	45,440	28,459
Depreciation of investment properties	11,311	7,578
Contribution to educational and other charitable funds	24,401	12,565
Property management expenses	16,081	10,946
Land registration fees	33,111	16,955
Other expenses	138,906	104,256
	<u>626,432</u>	<u>472,120</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2008 (Unaudited)

6 FINANCE INCOME

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2008</i>	<i>2007</i>
	<i>AED'000</i>	<i>AED'000</i>
Finance income on fixed deposits with banks	80,135	24,890
Other finance income	51,471	42,819
	<u>131,606</u>	<u>67,709</u>

7 BANK BALANCES AND CASH

	<i>31 March</i>	<i>31 December</i>
	<i>2008</i>	<i>2007</i>
	<i>AED'000</i>	<i>AED'000</i>
		<i>(Audited)</i>
Cash in hand	8,933	1,823
Current and call deposit accounts	1,027,688	1,148,590
Fixed deposits maturing within three months	2,403,190	981,266
	<u>3,439,811</u>	<u>2,131,679</u>
Cash and cash equivalents		
Fixed deposits maturing after three months	4,219,393	2,594,937
	<u>7,659,204</u>	<u>4,726,616</u>

8 TRADE RECEIVABLES

	<i>31 March</i>	<i>31 December</i>
	<i>2008</i>	<i>2007</i>
	<i>AED'000</i>	<i>AED'000</i>
		<i>(Audited)</i>
Amounts receivable within 12 months	807,845	745,860
Amounts receivable after 12 months	180,160	182,616
	<u>988,005</u>	<u>928,476</u>

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>31 March</i>	<i>31 December</i>
	<i>2008</i>	<i>2007</i>
	<i>AED'000</i>	<i>AED'000</i>
		<i>(Audited)</i>
Advances to contractors and others	1,196,288	1,034,137
Advances for acquisition of leasehold interest	823,201	823,201
Deposits for acquisition of land	98,796	101,400
Recoverable from minority shareholders	36,914	36,876
Accrued interest on bank deposits and investments	88,071	80,936
Prepayments	178,599	179,549
Receivables from service companies	54,398	42,754
Other deposits and receivables	418,563	406,379
	<u>2,894,830</u>	<u>2,705,232</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2008 (Unaudited)

10 DEVELOPMENT PROPERTIES

	<i>31 March 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Cost to date	19,901,483	18,375,549
Add: attributable profit	4,280,026	4,008,364
Less: progress billings	(6,478,630)	(6,189,893)
Total development properties	<u>17,702,879</u>	<u>16,194,020</u>

11 SECURITIES

	<i>31 March 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Held-to-maturity	-	183,650
Available-for-sale	1,896,849	4,376,992
	<u>1,896,849</u>	<u>4,560,642</u>

12 BUSINESS COMBINATIONS

Acquisition of Emaar Misr for Development S.A.E

On 29 March 2007 (the acquisition date), 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	<u>233,971</u>
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 2008 (Unaudited)

12 BUSINESS COMBINATIONS - continued

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

	<i>31 March 2007 AED'000</i>
Cash outflow on acquisition:	
Net cash acquired with the subsidiary	272,035
Acquisition cost paid in cash	(521,528)
Net cash outflow	<u>(249,493)</u>

13 TRADE AND OTHER PAYABLES

	<i>31 March 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Project contract cost accruals	2,811,463	2,520,769
Advances/deposits from customers	3,611,489	2,907,003
Other payables and accruals	1,442,392	1,710,874
Trade payables	580,025	776,263
Payable to minority shareholders'	831,040	828,016
Dividends payable	1,278,291	61,422
Income tax payable	19,708	21,555
	<u>10,574,408</u>	<u>8,825,902</u>

14 INTEREST-BEARING LOANS AND BORROWINGS

	<i>31 March 2008 AED'000</i>	<i>31 March 2007 AED'000 (Audited)</i>
Balance, beginning of year		7,703,753
Borrowings drawn down during the period		2,122,786
Borrowings repaid during the period		(923,750)
Balance, end of period		<u>8,902,789</u>
	<i>31 March 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Maturing within 12 months	1,429,703	1,563,471
Maturing after 12 months	7,473,086	6,140,282
Balance, end of period	<u>8,902,789</u>	<u>7,703,753</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2008 (Unaudited)

14 INTEREST-BEARING LOANS AND BORROWINGS - continued

The Group has following secured and unsecured 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 self occupied office building. Profit rate is charged at 6 months US\$ LIBOR plus 70 basis points. The loan is repayable in full in 2009.
- USD 605,168 thousands (AED 2,222,783 thousands) loan from financial institutions, secured against real estate owned by the Group in the United States of America, carries interest at the US Prime Rate + 0.25% to 5% and matures at various dates to 2011.
- Indian Rupees (INR) 1,480,000 thousands (AED 135,634 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% and loan is repayable in quarterly instalments commencing from October 2008 and fully repayable by 2016.
- Canadian Dollar (CAD) 9,535 thousands (AED 34,262 thousands) loan from financial institution, secured against real estate owned by the Group, carries interest at Prime rate plus 0.125% and fully repayable by 2009.

Unsecured

- USD 25,000 thousands (AED 91,825 thousands) loan from financial institutions in the United States of America is unsecured, carries interest at US Prime Rate + 0.25% to 1% and matures in 2008.
- GBP 15,948 thousands (AED 116,482 thousands) short term loan from financial institution is unsecured, carries interest at 1% over Bank of England's base rate.
- Turkish Lira (TRY) 591,020 thousands (AED 1,654,584 thousands) loan from commercial bank, carries interest at US\$ LIBOR plus 1.0% to 1.2%. Loan is repayable in instalments and fully repayable by 2010.
- Pakistani Rupee (PKR) 1,797,614 thousands (AED 105,263 thousands) from commercial bank, bearing interest at KIBOR plus 1.25%.
- Egyptian Pound (EGP) 840,212 thousands (AED 565,355 thousands) of funding facilities from commercial banks, carries interest rate of 10% to 10.25%.
- USD 1,000,000 thousands (AED 3,673,000 thousands) of Musharaka Islamic Syndicated facility. This facility is repayable in 2012 with an option of early repayment without penalty to the Group and bears a profit rate of LIBOR plus 0.6%.
- Saudi Riyal (SAR) 25,000 thousands (AED 24,500 thousands) of funding facility from commercial bank carrying interest at rate at SIBOR plus 1%.
- Moroccan Dirham (MAD) 80,000 thousands (AED 40,408 thousands) of short term loan from commercial banks carrying interest at 52 week treasury bond rate plus 1.15%.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2008 (Unaudited)

15 RESERVES

	Statutory reserve AED '000	Capital reserve AED '000	General reserves AED '000	Hedging reserves AED '000	Net Unrealised gains/ (losses) reserve AED '000	Foreign currency translation reserve AED '000	Total AED '000
Balance at 1 January 2007 (audited)	13,745,963	4,004	1,494,583	-	(583,782)	8,316	14,669,084
Decrease in unrealised reserve	-	-	-	-	(66,000)	-	(66,000)
Increase in foreign currency translation reserve	-	-	-	-	-	6,476	6,476
Net income and expense recognised directly in equity	-	-	-	-	(66,000)	6,476	(59,524)
Balance at 31 March 2007	13,745,963	4,004	1,494,583	-	(649,782)	14,792	14,609,560
Balance at 1 January 2008 (audited)	13,808,707	4,004	2,152,114	6,084	52,678	471,191	16,494,778
Decrease in unrealised reserve	-	-	-	(3,292)	(362,783)	-	(366,075)
Decrease in foreign currency translation reserve	-	-	-	-	-	(164,640)	(164,640)
Net income and expense recognised directly in equity	-	-	-	(3,292)	(362,783)	(164,640)	(530,715)
Balance at 31 March 2008	13,808,707	4,004	2,152,114	2,792	(310,105)	306,551	15,964,063

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2008 (Unaudited)

16 DIVIDENDS

A cash dividend of AED 0.20 per share for 2007 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 19 March 2008.

17 TRANSACTIONS WITH RELATED PARTIES

For the purpose of these interim condensed consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related party transactions

During the period, there were the following significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	<i>31 March 2008 AED'000</i>	<i>31 March 2007 AED'000</i>
Associates:		
Net interest income on deposits / investments from Dubai Bank PJSC	292	-
Islamic finance income from Amlak Finance PJSC	5,584	6,109
	<u> </u>	<u> </u>
	<i>31 March 2008 AED'000</i>	<i>31 March 2007 AED'000</i>
Other related parties:		
Islamic finance income from Al Salam Bank, Bahrain	4,442	-
Net interest income on deposits / investments from Mashreq Bank PSC	-	1,997
	<u> </u>	<u> </u>

The members of the board of directors received during the period attendance fees totaling AED 3,390 thousands (31 March 2007: Nil).

Related party balances

Significant related party balances (and the balance sheet captions within which these are included) are as follows:

	<i>31 March 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Associates:		
Fixed deposits with Dubai Bank PJSC	-	130,000
	<u> </u>	<u> </u>
Other related parties:		
Investment in Al Salaam Bank, Sudan	22,824	28,433
Investment in Al Salaam Bank, Bahrain	119,083	91,432
Investment in Al Salaam Bank, Algeria	20,202	20,202
	<u> </u>	<u> </u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2008 (Unaudited)

18 CONTINGENCIES AND COMMITMENTS

Guarantees

The Group has the following guarantees outstanding as at 31 March 2008:-

1. Loans taken by an associated company from commercial banks amounting to AED 286,464 thousands (31 December 2007: AED 312,059 thousands) are guaranteed by the Group.
2. Loans taken by an associated company from commercial banks amounting to AED 1,642,223 thousands (31 December 2007: AED 1,670,041 thousands) 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.
3. The Group has issued a financial guarantee of AED 76,936 thousands (31 December 2007: AED 79,974 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.
4. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2007: AED 5,000 thousands) as a security for the letter of guarantee issued by a commercial bank for issuance of trade license from Government of Dubai.
5. The Group has provided a corporate guarantee of AED 110,190 thousands (31 December 2007: AED 110,190 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of the associated company of the Group.
6. The Group has provided a court guarantee to the arbitrator panel and plaintiff of AED 44,079 thousands (SAR 45,000 thousands) in connection with a legal suit filed against the Company.

Commitments

As of 31 March 2008, the Group had commitments of AED 18,398,180 thousands (2007: AED 17,766,165 thousands) including project commitments of AED 17,572,907 thousands (2007: AED 16,951,069 thousands). This represents the value of contracts issued as of 31 March 2008 net of invoices received and accruals made at that date.

The Group has entered into a joint venture agreement ("the agreement") with Bawadi LLC, (a subsidiary of Tatweer LLC) to jointly develop land in Bawadi development in Dubai. According to the terms of agreement, the Group has committed to contribute AED 3,850,000 thousands over the expected construction period of 7 to 10 years.

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 2008 AED'000</i>	<i>31 December 2007 AED'000</i>
Within one year	444,282	454,109
After one year but not more than five years	891,821	875,571
More than five years	21,794	-
	<u>1,357,897</u>	<u>1,329,680</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2008 (Unaudited)

18 CONTINGENCIES AND COMMITMENTS - continued

Legal claim

The Company is involved in arbitration proceedings with another party (Jadawel International Company) with regard to a proposed joint venture for a real estate development project in the Kingdom of Saudi Arabia. In the opinion of the Company, the conditions precedent to the joint venture agreement was not met and accordingly the agreement was never consummated. The other party is claiming that the Company should be required to fulfil its obligations under the joint venture agreement and proceed with the proposed project. In the opinion of the Company and its legal advisors, Company has good arguments to refute substantially all of the other parties' claims and no liability will ultimately arise to the Company.