

**EMAAR Properties PJSC
and Subsidiaries**

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

30 JUNE 2008

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

Introduction

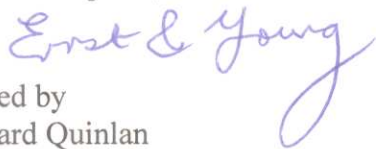
We have reviewed the accompanying interim consolidated balance sheet of Emaar Properties PJSC (the "Company") and its subsidiaries ("the Group") as at 30 June 2008, the related interim consolidated income statements for the six-month and three-month periods then ended, interim consolidated statement of changes in equity and cash flows for the six-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 August 2008

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 June 2008 (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>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>Notes</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
			<i>(Restated)</i>		<i>(Restated)</i>
Revenue	4	8,200,803	8,203,434	4,239,650	4,233,834
Cost of revenue	4	(4,348,546)	(4,686,638)	(2,317,735)	(2,679,160)
GROSS PROFIT		3,852,257	3,516,796	1,921,915	1,554,674
Other operating income		285,780	276,266	139,909	150,206
Selling, general and administration expenses	5	(1,248,972)	(961,922)	(622,540)	(489,802)
Other operating expenses		(176,152)	(154,334)	(92,240)	(93,635)
Finance costs		(53,363)	(69,295)	(13,488)	(41,677)
Finance income	6	251,505	163,052	119,899	95,343
Other income		171,414	457,420	109,066	352,902
Share of results from associated companies		242,330	49,784	103,861	22,741
PROFIT BEFORE TAX		3,324,799	3,277,767	1,666,382	1,550,752
Income tax expense		(2,477)	(10,865)	(1,125)	(3,039)
PROFIT FOR THE PERIOD		3,322,322	3,266,902	1,665,257	1,547,713
ATTRIBUTABLE TO:					
Equity holders of the parent		3,315,223	3,278,697	1,659,766	1,557,924
Minority interest		7,099	(11,795)	5,491	(10,211)
		3,322,322	3,266,902	1,665,257	1,547,713
Earnings per share attributable to the equity holders of the parent:					
- basic earnings per share		AED 0.54	AED 0.54	AED 0.27	AED 0.26
- diluted earnings per share		AED 0.54	AED 0.54	AED 0.27	AED 0.26

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

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED BALANCE SHEET

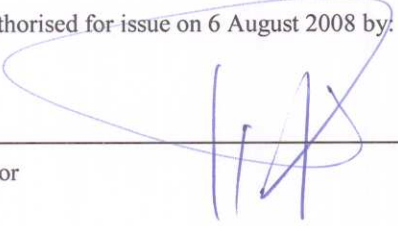
As at 30 June 2008 (Unaudited)

(US \$1.00 = AED 3.673)

	Notes	30 June 2008 AED'000	31 December 2007 AED'000 (Audited)
ASSETS			
Bank balances and cash	7	7,369,584	4,726,616
Trade receivables	8	750,938	928,476
Other receivables, deposits and prepayments	9	3,417,924	2,705,232
Development properties	10	17,666,216	16,194,020
Securities	11	1,930,933	4,560,642
Loans to associates		981,199	537,829
Investments in associates		9,002,396	9,107,297
Property, plant and equipment		9,487,075	7,433,222
Investment properties		5,743,536	5,635,573
Goodwill		2,961,968	2,961,968
TOTAL ASSETS		59,311,769	54,790,875
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	13	10,742,343	8,825,902
Interest-bearing loans and borrowings	14	8,948,442	7,703,753
Retentions payable		953,447	1,054,560
Provision for employees' end-of-service benefits		27,317	18,394
TOTAL LIABILITIES		20,671,549	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		(1,750)	(1,446)
Reserves	15	15,863,827	16,494,778
Retained earnings		16,048,444	13,951,469
		38,001,760	36,536,040
Minority interest		638,460	652,226
TOTAL EQUITY		38,640,220	37,188,266
TOTAL LIABILITIES AND EQUITY		59,311,769	54,790,875

The interim condensed consolidated financial statements were authorised for issue on 6 August 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

Period ended 30 June 2008 (Unaudited)

(US \$1.00 = AED 3.673)

		Six months ended 30 June	
		2008	2007
		AED'000	AED'000
OPERATING ACTIVITIES			
Profit for the period		3,322,322	3,266,902
Adjustments for:			
Share of results of associated companies		(242,330)	(49,784)
Depreciation	5	113,258	77,221
Provision for employees' end-of-service benefits, net		8,923	3,070
Provision for income tax expense		2,477	10,865
Gain/loss on disposal of property, plant and equipment		(145)	651
Gain on disposal of investment properties		-	(314,322)
Gain on disposal of securities		(29,265)	(11,038)
Write down of development properties		165,289	-
Cash from operations before working capital changes:-		3,340,529	2,983,565
Trade receivables		177,538	(326,894)
Other receivables, deposits and prepayments		(714,392)	(342,565)
Development properties		(1,621,317)	(1,125,149)
Trade and other payables		1,890,225	312,844
Retentions payable		(101,113)	118,350
Income tax paid		(9,430)	(33,285)
Net cash from operating activities		2,962,040	1,586,866
INVESTING ACTIVITIES			
Purchase of securities		(276,540)	(3,138)
Proceeds from disposal of securities		2,640,540	626,143
Consideration for acquisition of subsidiary net of cash and cash equivalents received	12	-	(249,493)
Dividends received from associated companies		113,884	-
Net additional investments in associated companies		(580,021)	(649,258)
Amounts incurred on investment properties		(132,324)	(58,289)
Proceeds from sale of investment properties		-	381,062
Purchase of property, plant and equipment		(2,152,469)	(2,058,700)
Proceeds from sale of property, plant and equipment		4,840	3,716
Deposits under lien or maturing after three months	7	543,892	(835,897)
Net cash from/used in investing activities		161,802	(2,843,854)
FINANCING ACTIVITIES			
Dividend paid		(1,162,033)	(1,189,137)
Interest-bearing loans and borrowings		2,551,896	5,299,099
Repayment of interest-bearing loans and borrowings		(1,307,207)	(1,983,018)
Funds invested by minority shareholders		64,942	30,433
Repayment to minority shareholders		(78,573)	(26,365)
Proceeds from rights issue		-	78,430
Received on vesting of share options		1,396	1,472
Net cash from financing activities		70,421	2,210,914
INCREASE IN CASH AND CASH EQUIVALENTS		3,194,263	953,926
Net foreign exchange difference		(7,403)	8,645
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	5,318,539	2,211,727

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(US \$1.00 = AED 3.673)

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(US \$1.00 = AED 3.673)

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EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 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, hospitality, retail and investment 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 six months ended 30 June 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 consolidated 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 30 June 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.

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 15 Agreements for the Construction of Real Estate was issued by the IASB on 3 July 2008. The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation is effective for annual periods beginning on or after 1 January 2009. Management is evaluating the impact of this interpretation on the financial statements of the Group.

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 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 six month and three month periods ended 30 June 2008 and 2007 and certain asset and liability information as at 30 June 2008 and 31 December 2007.

Six months ended 30 June 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	7,913,816	286,987	-	8,200,803
Total revenue	<u>7,913,816</u>	<u>286,987</u>	<u>-</u>	<u>8,200,803</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2008 (Unaudited)

3 SEGMENT INFORMATION - continued

Six months ended 30 June 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 and share of profit from associates	2,909,460	(25,133)	-	2,884,327

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
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Other segment information

Capital expenditure (property, plant and equipment)	1,651,742	500,727	-	2,152,469
Depreciation (property, plant and equipment)	40,675	48,222	-	88,897

Three months ended 30 June 2008

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
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Revenue

Revenue from external customers	4,112,895	126,755	-	4,239,650
Total revenue	4,112,895	126,755	-	4,239,650

Results

Profit for the period before income tax, finance costs, finance income and share of profit from associates	1,476,986	(20,876)	-	1,456,110
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Assets and liabilities

(at 30 June 2008)

Segment assets	54,791,176	8,210,373	(3,689,780)	59,311,769
Segment liabilities	20,064,674	3,692,772	(3,085,897)	20,671,549

Six months ended 30 June 2007 (restated)

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
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Revenue

Revenue from external customers	8,078,011	125,423	-	8,203,434
Total revenue	8,078,011	125,423	-	8,203,434

Results

Profit for the period before income tax, finance costs, finance income and share of profit from associates	3,159,085	(24,859)	-	3,134,226
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EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2008 (Unaudited)

3 SEGMENT INFORMATION - continued

Business Segments - continued

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
Other segment information				
Capital expenditure (property, plant and equipment)	<u>1,628,585</u>	<u>430,115</u>	<u>-</u>	<u>2,058,700</u>
Depreciation (property, plant and equipment)	<u>35,477</u>	<u>29,442</u>	<u>-</u>	<u>64,919</u>
Three months ended 30 June 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 to external customers	<u>4,173,532</u>	<u>60,302</u>	<u>-</u>	<u>4,233,834</u>
Total revenue	<u>4,173,532</u>	<u>60,302</u>	<u>-</u>	<u>4,233,834</u>
Results				
Profit for the period before income tax, finance costs, finance income and share of profit from associates	<u>1,498,602</u>	<u>(24,257)</u>	<u>-</u>	<u>1,474,345</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>

Geographic Segments

The following tables represent revenue and profit information regarding geographic segments for the six month and three month periods ended 30 June 2008 and 2007 and certain asset and liability information as at 30 June 2008 and 31 December 2007.

Six months ended 30 June 2008:

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	<u>7,294,889</u>	<u>905,914</u>	<u>8,200,803</u>
Total revenue	<u>7,294,889</u>	<u>905,914</u>	<u>8,200,803</u>
Other Segment Information			
Capital expenditure (property, plant and equipment)	<u>1,942,051</u>	<u>210,418</u>	<u>2,152,469</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2008 (Unaudited)

3 SEGMENT INFORMATION - continued

Geographic Segments - continued

Assets

(at 30 June 2008)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Segment assets	31,246,109	19,063,264	50,309,373
Investment in associates	2,437,603	6,564,793	9,002,396
Total assets	33,683,712	25,628,057	59,311,769

Three months ended 30 June 2008:

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	3,793,502	446,148	4,239,650
Total revenue	3,793,502	446,148	4,239,650

Six months ended 30 June 2007: (restated)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	7,098,221	1,105,213	8,203,434
Total revenue	7,098,221	1,105,213	8,203,434

Other Segment Information

Capital expenditure (property, plant and equipment)	1,940,098	118,602	2,058,700
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Three months ended 30 June 2007: (restated)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	3,536,058	697,776	4,233,834
Total revenue	3,536,058	697,776	4,233,834

Assets

(at 31 December 2007)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Segment assets	28,392,470	17,291,108	45,683,578
Investment in associates	2,219,696	6,887,601	9,107,297
Total assets	30,612,166	24,178,709	54,790,875

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2008 (Unaudited)

4 REVENUE AND COST OF REVENUE

	<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>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
		<i>(Restated)</i>		<i>(Restated)</i>
Revenue				
Revenue from property sales:				
Sale of condominiums	3,510,554	4,031,692	1,669,593	2,205,275
Sale of villas	2,147,869	1,997,938	1,067,926	1,146,411
Sale of plots of land	753,504	1,122,529	495,083	250,159
Sale of commercial and others	1,330,589	791,879	789,343	511,786
Revenue from hospitality	286,987	125,423	126,755	60,302
Rental income	171,300	133,973	90,950	59,901
	<u>8,200,803</u>	<u>8,203,434</u>	<u>4,239,650</u>	<u>4,233,834</u>
Cost of revenue				
Cost of revenue of property sales:				
Cost of condominiums	2,229,645	2,753,154	1,172,797	1,562,062
Cost of villas	1,331,704	1,448,002	615,227	850,402
Cost of plots of land	50,723	163,538	33,110	71,618
Cost of commercial and others	422,043	250,739	260,610	156,063
Write down of development properties	165,289	-	165,289	-
Operating cost of hospitality	118,085	57,174	54,497	30,893
Operating cost of rental properties	31,057	14,031	16,205	8,122
	<u>4,348,546</u>	<u>4,686,638</u>	<u>2,317,735</u>	<u>2,679,160</u>

AED 165,289 thousands relates to the write down of development properties in the Group's US subsidiary WL Homes LLC.

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>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Payroll and related expenses	447,491	335,569	239,731	181,602
Sales and marketing expenses	304,687	308,858	155,265	171,464
Depreciation of property, plant and equipment	88,897	64,919	43,457	36,460
Depreciation of investment properties	24,361	12,302	13,050	4,724
Contribution to educational and other charitable funds	54,040	27,023	29,639	14,458
Property management expenses	32,773	29,698	16,692	18,752
Land registration fees	54,517	30,447	21,406	13,492
Other expenses	242,206	153,106	103,300	48,850
	<u>1,248,972</u>	<u>961,922</u>	<u>622,540</u>	<u>489,802</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2008 (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>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Finance income on fixed deposits with banks	139,415	60,921	59,280	36,031
Other finance income	112,090	102,131	60,619	59,312
	<u>251,505</u>	<u>163,052</u>	<u>119,899</u>	<u>95,343</u>

7 BANK BALANCES AND CASH

	<i>30 June</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	3,923	1,823
Current and call deposit accounts	1,260,723	1,148,590
Fixed deposits maturing within three months	4,053,893	981,266
Cash and cash equivalents	<u>5,318,539</u>	<u>2,131,679</u>
Fixed deposits maturing after three months	2,051,045	2,594,937
	<u>7,369,584</u>	<u>4,726,616</u>

8 TRADE RECEIVABLES

	<i>30 June</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	572,283	745,860
Amounts receivable after 12 months	178,655	182,616
	<u>750,938</u>	<u>928,476</u>

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>30 June</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	1,307,918	1,034,137
Advances for acquisition of leasehold interest	1,028,974	823,201
Deposits for acquisition of land	98,796	101,400
Recoverable from minority shareholders	28,893	36,876
Accrued interest on bank deposits and investments	77,336	80,936
Prepayments	206,588	179,549
Receivables from service companies	124,037	42,754
Other deposits and receivables	545,382	406,379
	<u>3,417,924</u>	<u>2,705,232</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2008 (Unaudited)

10 DEVELOPMENT PROPERTIES

	<i>30 June 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Cost to date	20,270,446	18,375,549
Add: attributable profit	4,793,645	4,008,364
Less: progress billings	(7,397,875)	(6,189,893)
Total development properties	<u>17,666,216</u>	<u>16,194,020</u>

11 SECURITIES

	<i>30 June 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Held-to-maturity	-	183,650
Available-for-sale	1,930,933	4,376,992
	<u>1,930,933</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>	

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2008 (Unaudited)

12 BUSINESS COMBINATIONS - continued

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

	<i>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	(249,493)

13 TRADE AND OTHER PAYABLES

	<i>30 June 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited) (Restated)</i>
Project contract cost accruals	3,523,366	2,799,037
Advances/deposits from customers	4,201,294	2,907,003
Other payables and accruals	1,622,301	1,706,598
Trade payables	419,268	502,271
Payable to minority shareholders'	843,875	828,016
Dividends payable	117,637	61,422
Income tax payable	14,602	21,555
	<u>10,742,343</u>	<u>8,825,902</u>

14 INTEREST-BEARING LOANS AND BORROWINGS

	<i>30 June 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Balance, beginning of year		7,703,753
Borrowings drawn down during the period		2,551,896
Borrowings repaid during the period		(1,307,207)
Balance, end of period		<u>8,948,442</u>
	<i>30 June 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Maturing within 12 months	1,374,518	1,563,471
Maturing after 12 months	7,573,924	6,140,282
Balance, end of period	<u>8,948,442</u>	<u>7,703,753</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 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 six months US\$ LIBOR plus 70 basis points. The loan is fully repayable in July 2009.
- USD 557,175 thousands (AED 2,046,504 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 plus 0.25% to 5% and matures at various dates to 2011.
- Indian Rupees (INR) 1,480,000 thousands (AED 126,375 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) 17,109 thousands (AED 62,299 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 20,000 thousands (AED 73,460 thousands) loan from financial institutions in the United States of America is unsecured, carries interest at US Prime Rate plus 0.25% to 1% and matures in 2008.
- GBP 17,299 thousands (AED 126,551 thousands) short term loan from financial institution is unsecured, carries interest at Bank of England's base rate plus 0.5% to 1%.
- Turkish Lira (TRY) 591,020 thousands (AED 1,698,378 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) 2,391,794 thousands (AED 129,211 thousands) from commercial bank, bearing interest at KIBOR plus 1.25%.
- Egyptian Pound (EGP) 993,452 thousands (AED 684,606 thousands) of funding facilities from commercial banks, carries interest rate of 10% to 10.75%.
- 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) 50,000 thousands (AED 49,000 thousands) of funding facility from commercial bank carrying interest at rate at SIBOR plus 1%.
- Moroccan Dirham (MAD) 80,000 thousands (AED 40,365 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 30 June 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
Increase in unrealised gain/(losses) reserve	-	-	-	-	101,159	-	101,159
Increase in foreign currency translation reserve	-	-	-	-	-	8,645	8,645
Net income and expense recognised directly in equity	-	-	-	-	101,159	8,645	109,804
Share premium	62,744	-	-	-	-	-	62,744
Balance at 30 June 2007	13,808,707	4,004	1,494,583	-	(482,623)	16,961	14,841,632
Balance at 1 January 2008 (audited)	13,808,707	4,004	2,152,114	6,084	52,678	471,191	16,494,778
Increase/(decrease) in unrealised gain/(losses) reserve	-	-	-	14,814	(354,634)	-	(339,820)
Decrease in foreign currency translation reserve	-	-	-	-	-	(291,131)	(291,131)
Net income and expense recognised directly in equity	-	-	-	14,814	(354,634)	(291,131)	(630,951)
Balance at 30 June 2008	13,808,707	4,004	2,152,114	20,898	(301,956)	180,060	15,863,827

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 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>30 June 2008 AED'000</i>	<i>30 June 2007 AED'000</i>
Associates:		
Net interest income on deposits/investments from Dubai Bank PJSC	2,955	-
Islamic finance income from Amlak Finance PJSC	13,453	12,931
	<u> </u>	<u> </u>
	<i>30 June 2008 AED'000</i>	<i>30 June 2007 AED'000</i>
Other related parties:		
Islamic finance income from Al Salam Bank, Bahrain	5,000	-
Islamic finance income from Al Salam Bank, Sudan	1,152	-
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 3,881 thousands (30 June 2007: AED 3,190 thousands).

Related party balances

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

	<i>30 June 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Associates:		
Fixed deposits with Dubai Bank PJSC	504,344	130,000
	<u> </u>	<u> </u>
Other related parties:		
Investment in Al Salaam Bank, Sudan	22,559	28,433
Investment in Al Salaam Bank, Bahrain	118,551	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 30 June 2008 (Unaudited)

18 CONTINGENCIES AND COMMITMENTS

Guarantees

The Group has the following guarantees outstanding as at 30 June 2008:-

1. Loans taken by an associated company from commercial banks amounting to AED 187,870 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 1,530,128 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 85,000 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 issued a financial guarantee of AED 7,249 thousands as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.
5. 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.
6. 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.
7. The Group 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 30 June 2008, the Group had commitments of AED 20,964,202 thousands (2007: AED 17,766,165 thousands) including project commitments of AED 20,727,649 thousands (2007: AED 16,951,069 thousands). This represents the value of contracts issued as of 30 June 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:-

	30 June 2008 AED'000	31 December 2007 AED'000 (Audited)
Within one year	533,274	454,109
After one year but not more than five years	600,879	875,571
More than five years	12,198	-
	<u>1,146,351</u>	<u>1,329,680</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 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 were 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.