

**EMAAR Properties PJSC
and Subsidiaries**

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

30 SEPTEMBER 2008

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

Introduction

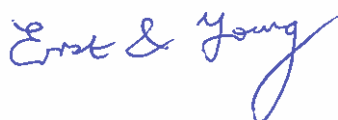
We have reviewed the accompanying interim consolidated balance sheet of Emaar Properties PJSC (the "Company") and its subsidiaries ("the Group") as at 30 September 2008, the related interim consolidated income statements for the nine-month and three-month periods then ended, interim consolidated statement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

A handwritten signature in blue ink that reads 'Ernst & Young' in a cursive script.

Signed by
Edward Quinlan
Partner
Registration No. 93

Dubai, United Arab Emirates

6 November 2008

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2008 (Unaudited)

(US \$1.00 = AED 3.673)

		<i>Nine months ended</i>		<i>Three months ended</i>	
		<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</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	12,520,053	12,727,005	4,319,250	4,523,571
Cost of revenue	4	(6,065,163)	(7,518,236)	(1,716,617)	(2,831,598)
GROSS PROFIT		6,454,890	5,208,769	2,602,633	1,691,973
Other operating income		454,726	451,354	168,946	175,088
Selling, general and administration expenses	5	(1,882,791)	(1,536,068)	(633,819)	(574,146)
Other operating expenses		(284,177)	(241,419)	(108,025)	(87,085)
Finance costs		(65,939)	(117,154)	(12,576)	(47,859)
Finance income	6	324,168	264,092	72,663	101,040
Other income		240,953	634,491	69,539	177,071
Share of results from associated companies		347,194	167,758	104,864	117,974
Impairment of goodwill	7	(750,000)	-	(750,000)	-
PROFIT BEFORE TAX		4,839,024	4,831,823	1,514,225	1,554,056
Income tax expense		(2,680)	(15,969)	(203)	(5,104)
PROFIT FOR THE PERIOD		4,836,344	4,815,854	1,514,022	1,548,952
ATTRIBUTABLE TO:					
Equity holders of the parent		4,822,811	4,838,957	1,507,588	1,560,260
Minority interest		13,533	(23,103)	6,434	(11,308)
		4,836,344	4,815,854	1,514,022	1,548,952
Earnings per share attributable to the equity holders of the parent:					
- basic and diluted earnings per share		AED 0.79	AED 0.79	AED 0.25	AED 0.26

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED BALANCE SHEET

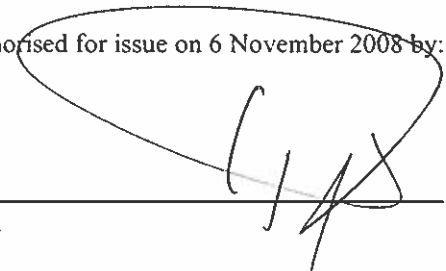
As at 30 September 2008 (Unaudited)

(US \$1.00 = AED 3.673)

	Notes	30 September 2008 AED'000	31 December 2007 AED'000 (Audited)
ASSETS			
Bank balances and cash	8	6,358,796	4,726,616
Trade receivables	9	859,658	928,476
Other receivables, deposits and prepayments	10	3,776,382	2,705,232
Development properties	11	19,490,714	16,194,020
Securities	12	1,544,512	4,560,642
Loans to associates		1,503,338	537,829
Investments in associates		8,876,068	9,107,297
Property, plant and equipment		10,509,130	7,433,222
Investment properties	14	5,835,645	5,635,573
Goodwill		2,211,968	2,961,968
TOTAL ASSETS		60,966,211	54,790,875
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	15	11,583,513	8,825,902
Interest-bearing loans and borrowings	16	9,058,721	7,703,753
Retentions payable		1,016,708	1,054,560
Provision for employees' end-of-service benefits		34,288	18,394
TOTAL LIABILITIES		21,693,230	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		(1,703)	(1,446)
Reserves	17	15,001,550	16,494,778
Retained earnings		17,556,032	13,951,469
		38,647,118	36,536,040
Minority interest		625,863	652,226
TOTAL EQUITY		39,272,981	37,188,266
TOTAL LIABILITIES AND EQUITY		60,966,211	54,790,875

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


Chairman


Director

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2008 (Unaudited)

(US \$1.00 = AED 3.673)

		Nine months ended 30 September 2008 AED'000	2007 AED'000
	Notes		
OPERATING ACTIVITIES			
Profit for the period		4,836,344	4,815,854
Adjustments for:			
Share of results of associated companies		(347,194)	(167,758)
Depreciation	5	181,604	121,524
Provision for employees' end-of-service benefits, net		15,894	4,342
Provision for income tax expense		2,680	15,969
(Gain)/ loss on disposal of property, plant and equipment		(155)	23
Gain on disposal of investment properties		-	(419,607)
Gain on disposal of securities		(29,327)	(29,090)
Impairment of goodwill	7	750,000	-
Reversal of provision for impairment loss		-	(291,076)
Write down of development properties	4	165,289	381,625
Cash from operations before working capital changes:-		5,575,135	4,431,806
Trade receivables		68,818	(209,737)
Other receivables, deposits and prepayments		(1,072,850)	(533,533)
Development properties		(3,463,323)	(2,364,808)
Trade and other payables		2,681,243	1,294,128
Retentions payable		(37,852)	129,345
Income tax paid		(12,767)	(36,467)
Net cash from operating activities		3,738,404	2,710,734
INVESTING ACTIVITIES			
Purchase of securities		(293,921)	(143,269)
Proceeds from disposal of securities		2,640,602	827,845
Consideration for acquisition of subsidiary net of cash and cash equivalents received	13	-	(249,493)
Dividends received from associated companies		146,885	-
Net additional investments in associated companies		(1,227,270)	(579,415)
Amounts incurred on investment properties		(132,200)	(70,285)
Proceeds from sale of investment properties		-	496,783
Purchase of property, plant and equipment		(3,396,754)	(3,071,136)
Proceeds from sale of property, plant and equipment		4,530	75,887
Deposits under lien or maturing after three months	8	265,710	(1,054,232)
Net cash used in investing activities		(1,992,418)	(3,767,315)
FINANCING ACTIVITIES			
Dividend paid		(1,173,332)	(1,197,618)
Interest-bearing loans and borrowings		2,970,512	6,141,384
Repayment of interest bearing-loans and borrowings		(1,615,544)	(2,468,329)
Funds invested by minority shareholders		72,804	253,065
Repayment to minority shareholders		(81,403)	(93,336)
Proceeds from rights issue		-	78,430
Received on vesting of share options		1,443	1,472
Net cash from financing activities		174,480	2,715,068
INCREASE IN CASH AND CASH EQUIVALENTS		1,920,466	1,658,487
Net foreign exchange difference		(22,576)	21,361
Cash and cash equivalents at the beginning of the period	8	2,131,679	1,249,156
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	4,029,569	2,929,004

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 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 - 17)	-	-	(797,167)	-	(797,167)
Decrease in foreign currency translation reserve (note - 17)	-	-	(696,061)	-	(696,061)
Net income and expense recognised directly in equity	-	-	(1,493,228)	-	(1,493,228)
Profit for the period	-	-	-	4,822,811	4,822,811
Total income and expenses for the period	-	-	(1,493,228)	4,822,811	3,329,583
Dividends – 2007 (note – 18)	-	-	-	(1,218,248)	(1,218,248)
Shares allocated to employees' performance share program	-	(1,700)	-	-	(1,700)
Issuance of shares under employees' performance share program	-	1,443	-	-	1,443
Additional capital contribution by minority shareholders	-	-	-	-	-
Funds withdrawn by minority shareholders	-	-	-	-	-
Balance at 30 September 2008	6,091,239	(1,703)	15,001,550	17,556,032	38,647,118
				625,863	39,272,981
					37,188,266
					(797,167)
				(31,297)	(727,358)
					(31,297)
				13,533	(1,524,525)
					4,836,344
				(17,764)	3,311,819
					(1,218,248)
					(1,700)
					1,443
				72,804	72,804
				(81,403)	(81,403)
					625,863
					39,272,981

The attached notes 1 to 20 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 20 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 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.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and applicable requirements of the United Arab Emirates Laws.

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 nine months ended 30 September 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.

The interim condensed consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of available for sale investments and derivatives.

Basis of consolidation

Subsidiary Companies

The interim condensed consolidated financial statements comprise the interim financial statements of Emaar Properties PJSC and its subsidiaries drawn up to 30 September 2008. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets are eliminated in full. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the interim consolidated income statement and within equity in the interim consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

Associated Companies

Associated companies are companies in which the Group has significant influence, but not control, over the financial and operating policies. In the interim condensed consolidated financial statements, investments in associated companies are accounted for using the equity method of accounting, from the date that significant influence commences until the date that significant influence ceases. Investments in associated companies are carried in the interim consolidated balance sheet at cost, plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The interim consolidated income statement reflects the Group's share of the results of its associates.

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

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant impact on the amounts recognised in the interim condensed consolidated financial statements.

Investment properties

The Group has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Classification of investment properties

The Group has determined that hotels and serviced apartment buildings operated by the Group are to be classified as part of property, plant and equipment rather than investment properties.

Operating Lease Commitments--Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Transfer of equitable interest in development properties

The Group has entered into a number of contracts with buyers for the sale of land, villas and condominium units. Management has determined that equitable interest in such assets and therefore risks and rewards of the ownership are transferred to the buyer once he is committed to complete the payment for the purchase. This commitment is evidenced by a signed contract for the purchase of the property and payments of sufficient progress payments. Based on this, the Group recognises revenues and profits as the acts to complete the property are performed.

Classification of equity investments

The Group invests in both quoted and unquoted equities. Management does not wish to account for short term unrealised gains or losses in the income statement and therefore has decided to classify such investments as "available for sale". Any short term unrealised gains or losses are treated as part of equity.

Estimation uncertainty

Costs to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure activities, potential claims by sub contractors and the cost of meeting other contractual obligations to the customers.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value in use" of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of these cash flows.

2.3 SUMMARY OF 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 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.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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.

IAS 1 Presentation of Financial Statements

A revised IAS 1 Presentation of Financial Statements was issued on 6 September 2007 and becomes effective for the annual periods commencing on or after 1 January 2009. The application of the standard will result in amendments to the presentation of financial statements.

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 interim condensed consolidated financial statements.

Selected accounting policies

In accordance with the requirement of Securities Authority and Commodities (Circular dated 12-10-2008) following significant accounting policies of Company's financial statements as of 31 December 2007 are reproduced below:

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Development Properties

Properties acquired, constructed or in the course of construction for sale are classified as development properties. Unsold properties are stated at the lower of cost or net realisable value. Properties in the course of development for sale are stated at cost plus attributable profit/loss less progress billings. The cost of development properties includes the cost of land and other related expenditure which are capitalised as and when activities that are necessary to get the properties ready for sale are in progress. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed. At that stage, cost, attributable profit and progress billings are eliminated from development properties.

The Board of Directors reviews the carrying values of the development properties on annual basis.

Investment properties

Properties held for rental or capital appreciation purposes are classified as investment properties. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives as follows:

Buildings	10 - 45 years
Fixed furniture	10 years
Movable furniture	4 years

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Properties are transferred from investment properties to development properties when, and only when, there is a change in use, evidenced by commencement of development with a view to sale. Such transfers are made at the carrying value of the properties at the date of transfer.

Derivatives

The Group enters into forward foreign exchange contracts to hedge its exposure to exchange rate risk. Such derivatives are stated at fair value. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet.

Changes in the fair values of derivatives held for trading activities or to offset other trading positions are included in other operating income in the income statement.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; (b) cash flow hedges which hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

Changes in the fair value of derivatives that are designated, and qualify, as fair value hedges and that prove to be highly effective in relation to the hedged risk, are included in other operating income along with the corresponding changes in the fair value of the hedged assets or liabilities which are attributable to the risk being hedged.

Changes in the fair value of derivatives that are designated, and qualify, as cash flow hedges and that prove to be highly effective in relation to the hedged risk are recognised in a separate component of equity, and the ineffective portion recognised in the income statement. The gains or losses on cash flow hedges recognised initially in equity are transferred to the income statement in the period in which the hedged transaction impacts the income. Where the hedged transaction results in the recognition of an asset or a liability the associated gain or loss that had been initially recognised in equity is included in the initial measurement of the cost of the related asset or liability.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Derivatives - continued

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Upon such discontinuance in the case of cash flow hedges, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. When such transactions occur the gain or loss retained in equity is recognised in the consolidated income statement or included in the initial measurement of the cost of the related asset or liability, as appropriate. Where the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the consolidated income statement.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated income statement. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated income statement;
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Securities

Available-for-sale investments

Available-for-sale investments are recognised and derecognised, on a trade date basis, when the Group becomes, or ceases to be, a party to the contractual provisions of the instrument.

Investments designated as available-for-sale investments are initially recorded at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component of equity. Upon impairment any loss, or upon derecognition any gain or loss, previously reported as "cumulative changes in fair value" within equity is included in the consolidated income statement for the period.

Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed payments and fixed maturity that the Group has the positive intent and ability to hold to maturity. Such investments are measured at amortised cost. When a held-to-maturity investment is determined to be impaired, the amount of the loss is included in the consolidated statement of income.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method of accounting. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IAS 14 Segment Reporting

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Business combinations and goodwill - continued

Where goodwill forms part of a cash generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment

Property, plant and equipment and investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceeds their recoverable amount, an impairment loss is recognised in the consolidated income statement. The recoverable amount is the higher of an asset's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Reversal of impairment losses recognised in the prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have reduced.

Fair values

For investments traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates with the same maturity.

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.

EMAAR Properties PJSC and Subsidiaries

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

3 SEGMENT INFORMATION - continued

Business Segments:

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

Nine months ended 30 September 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	12,123,125	396,928	-	12,520,053
Total revenue	12,123,125	396,928	-	12,520,053
Results				
Profit for the period before income tax, finance costs, finance income, impairment of goodwill and share of profit from associates	5,058,464	(74,863)	-	4,983,601
Other segment information				
Capital expenditure (property, plant and equipment)	2,351,250	1,045,504	-	3,396,754
Depreciation (property, plant and equipment)	64,356	82,171	-	146,527

Three months ended 30 September 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	4,209,309	109,941	-	4,319,250
Total revenue	4,209,309	109,941	-	4,319,250
Results				
Profit for the period before income tax, finance costs, finance income, impairment of goodwill and share of profit from associates	2,149,004	(49,730)	-	2,099,274
Assets and liabilities (at 30 September 2008)				
Segment assets	56,370,564	8,803,521	(4,207,874)	60,966,211
Segment liabilities	21,025,414	4,239,035	(3,571,219)	21,693,230

EMAAR Properties PJSC and Subsidiaries

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

3 SEGMENT INFORMATION - continued

Business Segments - continued

*Nine months ended 30 September 2007
(restated)*

	<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	12,537,184	189,821	-	12,727,005
Total revenue	12,537,184	189,821	-	12,727,005
Results				
Profit before tax, finance costs finance income, impairment of goodwill and share of profit from associates	4,538,137	(21,010)	-	4,517,127
Other segment information				
Capital expenditure (property, plant and equipment)	2,399,517	671,619	-	3,071,136
Depreciation (property, plant and equipment)	56,832	49,039	-	105,871

*Three months ended 30 September 2007
(restated)*

Revenue				
Sales to external customers	4,459,173	64,398	-	4,523,571
Total revenue	4,459,173	64,398	-	4,523,571
Results				
Profit before tax, finance costs finance income, impairment of goodwill and share of profit from associates	1,379,052	3,849	-	1,382,901
Assets and liabilities (At 31 December 2007)				
Segment assets	51,324,032	6,808,674	(3,341,831)	54,790,875
Segment liabilities	16,890,454	2,877,958	(2,165,803)	17,602,609

EMAAR Properties PJSC and Subsidiaries

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

3 SEGMENT INFORMATION - continued

Geographic Segments

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

Nine months ended 30 September 2008:

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	11,184,724	1,335,329	12,520,053
Total revenue	11,184,724	1,335,329	12,520,053

Other Segment Information

Capital expenditure (property, plant and equipment)	3,069,021	327,733	3,396,754
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Assets

(At 30 September 2008)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Segment assets	32,983,844	19,106,299	52,090,143
Investment in associates	2,540,689	6,335,379	8,876,068
Total assets	35,524,533	25,441,678	60,966,211

Three months ended 30 September 2008:

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	3,889,835	429,415	4,319,250
Total revenue	3,889,835	429,415	4,319,250

Nine months ended 30 September 2007: (restated)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	10,733,307	1,993,698	12,727,005
Total revenue	10,733,307	1,993,698	12,727,005

Other Segment Information

Capital expenditure (property, plant and equipment)	2,908,033	163,103	3,071,136
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EMAAR Properties PJSC and Subsidiaries

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

3 SEGMENT INFORMATION - continued

Three months ended 30 September 2007:
(restated)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	3,635,086	888,485	4,523,571
Total revenue	<u>3,635,086</u>	<u>888,485</u>	<u>4,523,571</u>
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	<u>30,612,166</u>	<u>24,178,709</u>	<u>54,790,875</u>

4 REVENUE AND COST OF REVENUE

	<i>Nine months ended 30 September 2008 AED'000</i>	<i>30 September 2007 AED'000 (Restated)</i>	<i>Three months ended 30 September 2008 AED'000</i>	<i>30 September 2007 AED'000 (Restated)</i>
Revenue				
Revenue from property sales:				
Sale of condominiums	4,984,443	6,563,467	1,473,889	2,531,775
Sale of villas	3,219,958	3,376,367	1,072,089	1,378,429
Sale of plots of land	1,798,725	1,459,263	1,045,221	336,734
Sale of commercial and others	1,835,276	933,980	504,687	142,101
Revenue from hospitality	396,928	189,821	109,941	64,398
Rental income	284,723	204,107	113,423	70,134
	<u>12,520,053</u>	<u>12,727,005</u>	<u>4,319,250</u>	<u>4,523,571</u>
Cost of revenue				
Cost of revenue of property sales:				
Cost of condominiums	3,045,749	4,621,683	816,104	1,868,529
Cost of villas	1,946,505	2,066,974	614,801	618,972
Cost of plots of land	72,322	301,822	21,599	138,284
Cost of commercial and others	597,020	317,863	174,977	67,124
Write down of development properties	165,289	381,625	-	381,625
Reversal of provision for impairment loss of investment property	-	(291,076)	-	(291,076)
Operating cost of hospitality	179,498	96,072	61,413	38,898
Operating cost of rental properties	58,780	23,273	27,723	9,242
	<u>6,065,163</u>	<u>7,518,236</u>	<u>1,716,617</u>	<u>2,831,598</u>

AED 165,289 thousands relates to the write down of development properties in the Group's US subsidiary WL Homes LLC (30 September 2007: AED 381,625 thousands)

EMAAR Properties PJSC and Subsidiaries

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

5 SELLING, GENERAL AND ADMINISTRATION EXPENSES

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</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	672,026	529,498	224,535	193,929
Sales and marketing expenses	395,750	522,487	91,063	213,629
Depreciation of property, plant and equipment	146,527	105,871	57,630	40,952
Depreciation of investment properties	35,077	15,653	10,716	3,351
Contribution to educational and other charitable funds	78,251	40,621	24,211	13,598
Property management expenses	49,253	38,653	16,480	8,955
Land registration fees	81,513	47,691	26,996	17,244
Pre-operating and other expenses	424,394	235,594	182,188	82,488
	<u>1,882,791</u>	<u>1,536,068</u>	<u>633,819</u>	<u>574,146</u>

6 FINANCE INCOME

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</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	186,901	109,944	47,486	49,023
Other finance income	137,267	154,148	25,177	52,017
	<u>324,168</u>	<u>264,092</u>	<u>72,663</u>	<u>101,040</u>

7 IMPAIRMENT OF GOODWILL

On 1 June 2006 (acquisition date), the Group acquired 100% of the voting shares of WL Homes LLC, a residential home builder, an unlisted limited liability company headquartered in Newport Beach, California, United States of America. On the acquisition date, the Group had recorded a goodwill amounting to AED 2,522,577 thousands. The management of the Group has undertaken an impairment review of the goodwill as at 30 September 2008. Based on the review, the recoverable amount of the assets to which this goodwill was initially allocated was found to be lower than the carrying value due to current economic trends in US housing market. An impairment of goodwill amounting to AED 750,000 thousands has been recognised in the income statement. Cash flows for impairment testing are generated using forecasted sale, capital and operating cost data over the business plan of five years.

EMAAR Properties PJSC and Subsidiaries

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

8 BANK BALANCES AND CASH

	<i>30 September 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Cash in hand	3,832	1,823
Current and call deposit accounts	1,509,393	1,148,590
Fixed deposits maturing within three months	2,516,344	981,266
Cash and cash equivalents	4,029,569	2,131,679
Fixed deposits maturing after three months	2,329,227	2,594,937
	6,358,796	4,726,616
Bank balances and cash located:-		
Within UAE	5,405,554	3,849,981
Outside UAE	953,242	876,635
	6,358,796	4,726,616

9 TRADE RECEIVABLES

	<i>30 September 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Amounts receivable within 12 months	683,647	745,860
Amounts receivable after 12 months	176,011	182,616
	859,658	928,476

10 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>30 September 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Advances to contractors and others	1,425,221	1,034,137
Advances for acquisition of leasehold interest	1,183,835	823,201
Deposits for acquisition of land	98,351	101,400
Recoverable from minority shareholders	28,855	36,876
Accrued interest on bank deposits and investments	71,437	80,936
Prepayments	197,126	179,549
Receivables from service companies	161,159	42,754
Other deposits and receivables	610,398	406,379
	3,776,382	2,705,232

EMAAR Properties PJSC and Subsidiaries

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

11 DEVELOPMENT PROPERTIES

	<i>30 September 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Cost to date	24,719,317	18,375,549
Add: attributable profit	7,240,688	4,008,364
Less: progress billings	(12,469,291)	(6,189,893)
Total development properties	<u>19,490,714</u>	<u>16,194,020</u>

Development properties located:-

Within UAE	7,178,138	5,655,430
Outside UAE	12,312,576	10,538,590
	<u>19,490,714</u>	<u>16,194,020</u>

12 SECURITIES

	<i>30 September 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Held-to-maturity	-	183,650
Available-for-sale	1,544,512	4,376,992
	<u>1,544,512</u>	<u>4,560,642</u>

Securities located:-

Within UAE	1,518,250	4,123,377
Outside UAE	26,262	437,265
	<u>1,544,512</u>	<u>4,560,642</u>

EMAAR Properties PJSC and Subsidiaries

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

13 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.

	<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	<u>(249,493)</u>

14 INVESTMENT PROPERTIES

Investment properties represent Company's interest in land and buildings situated within United Arab Emirates.

EMAAR Properties PJSC and Subsidiaries

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

15 TRADE AND OTHER PAYABLES

	<i>30 September 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited) (Restated)</i>
Project contract cost accruals	3,768,591	2,799,037
Advances/deposits from customers	3,945,739	2,907,003
Other payables and accruals	2,077,085	1,706,598
Trade payables	773,438	502,271
Payable to minority shareholders'	900,854	828,016
Dividends payable	106,338	61,422
Income tax payable	11,468	21,555
	<u>11,583,513</u>	<u>8,825,902</u>

16 INTEREST-BEARING LOANS AND BORROWINGS

	<i>30 September 2008 AED'000</i>
Balance, beginning of period	7,703,753
Borrowings drawn down during the period	2,970,512
Borrowings repaid during the period	(1,615,544)
Balance, end of period	<u>9,058,721</u>

	<i>30 September 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
Maturing within 12 months	4,258,628	1,563,471
Maturing after 12 months	4,800,093	6,140,282
Balance, end of period	<u>9,058,721</u>	<u>7,703,753</u>

The above represent balances due:

Within UAE	3,911,693	4,011,693
Outside UAE	5,147,028	3,692,060
	<u>9,058,721</u>	<u>7,703,753</u>

EMAAR Properties PJSC and Subsidiaries

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

16 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 0.7%. The loan is repayable in full in 2009.
- USD 515,418 thousands (AED 1,893,130 thousands) loans 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 115,660 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) 26,839 thousands (AED 94,129 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.
- GBP 4,700 thousands (AED 31,072 thousands) loan from financial institution, secured against Group's specific leasehold property, LIBOR plus 1.5%.
- Turkish Lira (TRY) 43,705 thousands (AED 126,277 thousands) loan from financial institution, secured against real estate owned by the Group in Turkey carries, interest at US\$ LIBOR plus 1.1% and fully repayable by 2010.

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 + 0.25% to 1% and matures in 2008.
- USD 59,500 thousands (AED 218,544 thousands) loan from financial institutions in the United States of America is unsecured, carries interest at US LIBOR plus 0.6% and fully repayable by March 2010.
- GBP 10,000 thousands (AED 66,110 thousands) short term loan from financial institution is unsecured, carries interest at LIBOR plus 0.5%.
- GBP 3,423 thousands (AED 22,630 thousands) funding facilities from commercial banks, carries interest at 1% over Bank of England's base rate.
- Turkish Lira (TRY) 520,966 thousands (AED 1,505,281 thousands) loan from commercial bank, carries interest at US\$ LIBOR plus 1.0% to 1.2% and repayable in 2009 and 2010.
- Pakistani Rupee (PKR) 2,753,335 thousands (AED 129,373 thousands) from commercial bank, bearing interest at KIBOR plus 1.25%.
- Egyptian Pound (EGP) 1,162,135 thousands (AED 785,088 thousands) of funding facilities from commercial banks, carries interest rate of 10.75% to 12.25%.
- 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) 50,000 thousands (AED 49,000 thousands) of funding facility from commercial bank carrying interest at rate at SAIBOR plus 1%. Loan is fully repayable by 2009.
- Moroccan Dirham (MAD) 80,000 thousands (AED 37,274 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 September 2008 (Unaudited)

17 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	-	-	-	-	48,887	-	48,887
Increase in foreign currency translation reserve	-	-	-	-	-	417,023	417,023
Net income and expense recognised directly in equity	-	-	-	-	48,887	417,023	465,910
Share premium	62,744	-	-	-	-	-	62,744
Balance at 30 September 2007	13,808,707	4,004	1,494,583	-	(534,895)	425,339	15,197,738
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 gain/ (losses) reserve	-	-	-	(3,189)	(793,978)	-	(797,167)
Decrease in foreign currency translation reserve	-	-	-	-	-	(696,061)	(696,061)
Net income and expense recognised directly in equity	-	-	-	(3,189)	(793,978)	(696,061)	(1,493,228)
Balance at 30 September 2008	13,808,707	4,004	2,152,114	2,895	(741,300)	(224,870)	15,001,550

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2008 (Unaudited)

18 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.

19 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>Nine months ended</i>	
	<i>30 September 2008 AED'000</i>	<i>30 September 2007 AED'000</i>
<i>Associates:</i>		
Net interest income on deposits/investments from Dubai Bank PJSC	4,823	-
Islamic finance income from Amlak Finance PJSC	22,285	18,126
<i>Directors' and their related parties:</i>		
Sale of plot of land	351,687	-
<i>Other related parties:</i>		
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

The members of the board of directors received during the period attendance fees totaling AED 3,881 thousands (30 September 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 September 2008 AED'000</i>	<i>31 December 2007 AED'000 (Audited)</i>
<i>Associates:</i>		
Fixed deposits with Dubai Bank PJSC	708,825	130,000
<i>Other related parties:</i>		
Investment in Al Salaam Bank, Sudan	12,123	28,433
Investment in Al Salaam Bank, Bahrain	91,649	91,432
Investment in Al Salaam Bank, Algeria	20,202	20,202

EMAAR Properties PJSC and Subsidiaries

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

20 CONTINGENCIES AND COMMITMENTS

Guarantees

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

1. Loans taken by an associated company from commercial banks amounting to AED 112,139 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 1,400,390 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 has provided a corporate guarantee of AED 91,825 thousands to a commercial bank as a security for the guarantees/ letter of credit issued by a commercial bank for the performance of its contractual obligations.

Commitments

As of 30 September 2008, the Group had commitments of AED 20,423,683 thousands (2007: AED 17,766,165 thousands) including project commitments of AED 19,750,390 thousands (2007: AED 16,951,069 thousands). This represents the value of contracts issued as of 30 September 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 September 2008 AED'000	31 December 2007 AED'000 (Audited)
Within one year	386,043	454,109
After one year but not more than five years	583,924	875,571
More than five years	12,633	-
	<u>982,600</u>	<u>1,329,680</u>

20 CONTINGENCIES AND COMMITMENTS - continued

Legal claim

The Company was involved in arbitration proceedings with Jadawel International Company (The Claimant) with regard to a proposed joint venture for a real estate development project in the Kingdom of Saudi Arabia. Arbitrators has given the judgement in favour of the Company, all claims by the claimant were rejected by the arbitrators, who declared the joint venture agreement to be ineffective, unenforceable and with no legal effect on the Company. The claimant has filed an appeal against the judgment before the Board of Grievances. In the opinion of the management of the Company, it is unlikely that the Arbitrators' judgment will be reversed or amended.