

**EMAAR Properties PJSC
and Subsidiaries**

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

31 MARCH 2009

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Emaar Properties PJSC (the "Company") and its subsidiaries ("the Group") as at 31 March 2009, the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

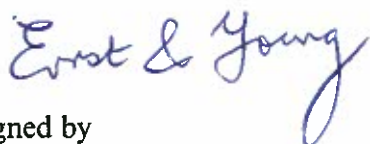
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

Without qualifying our conclusion we draw attention to note 17 to the financial statements. The Company is involved in arbitration proceedings with another party resulting from a claim made by the other party in respect of a conditional joint venture agreement in the Kingdom of Saudi Arabia. In the opinion of the Company's management and its legal advisors, the claim is without merit and the Company has good arguments to refute substantially this claim. The outcome of the dispute is however uncertain and therefore it is not possible to determine the impact of this matter on the financial statements.



Signed by
Edward B. Quinlan
Partner
Registration No. 93
Dubai, United Arab Emirates
10 May 2009

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

For three months ended 31 March 2009 (Unaudited)

(US \$1.00 = AED 3.673)

		<i>Three months ended 31 March</i>	
	<i>Notes</i>	2009 AED'000	2008 AED'000 (Restated)
Revenue	4	1,546,004	2,522,284
Cost of revenue	4	(844,722)	(1,338,779)
GROSS PROFIT		701,282	1,183,505
Other operating income		85,799	145,871
Selling, general and administrative expenses	5	(506,172)	(607,100)
Other operating expenses		(53,782)	(83,912)
Finance costs		(49,122)	(39,875)
Finance income	6	113,132	131,606
Other income		21,904	62,348
Share of results of associated companies		(88,566)	94,783
PROFIT BEFORE TAX		224,475	887,226
Income tax credit/ (expense)		3,457	(1,352)
PROFIT FOR THE PERIOD		227,932	885,874
ATTRIBUTABLE TO:			
Equity holders of the parent		236,543	896,212
Non-controlling interest		(8,611)	(10,338)
		227,932	885,874
Earnings per share attributable to the equity holders of the parent:			
- basic and diluted earnings per share		AED 0.04	AED 0.15

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For three months ended 31 March 2009 (Unaudited)

(US \$1.00 = AED 3.673)

		<i>Three months ended 31 March</i>	
	<i>Notes</i>	2009 AED'000	2008 AED'000 (Restated)
Profit for the period		227,932	885,874
Other comprehensive income / (loss):			
Decrease in hedging reserve	14	(3,138)	(3,292)
Increase/ (decrease) in unrealised gains/ (losses) reserve	14	15,826	(362,783)
Decrease in foreign currency translation reserve	14	(158,212)	(164,640)
Other comprehensive loss for the period		(145,524)	(530,715)
Total comprehensive income for the period		82,408	355,159
ATTRIBUTABLE TO:			
Equity holders of the parent		91,019	365,497
Non-controlling interest		(8,611)	(10,338)
		82,408	355,159

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

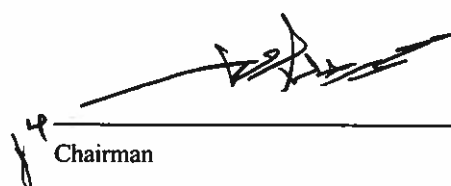
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

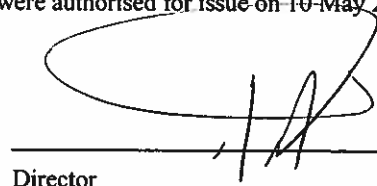
At 31 March 2009

(US \$1.00 = AED 3.673)

	Notes	31 March 2009 AED'000 (Unaudited)	31 December 2008 AED'000 (Audited) (Restated)
ASSETS			
Bank balances and cash	7	4,560,456	5,392,986
Trade receivables	8	1,142,905	1,058,354
Other receivables, deposits and prepayments	9	3,520,722	3,510,821
Development properties	10	28,360,989	26,799,447
Securities	11	887,592	867,122
Loans to associates		1,701,898	1,636,086
Investments in associates		8,051,176	8,313,770
Property, plant and equipment		5,705,213	5,414,196
Investment properties		13,229,243	13,248,196
Goodwill		439,391	439,391
TOTAL ASSETS		67,599,585	66,680,369
LIABILITIES AND EQUITY			
LIABILITIES			
Advances from customers		18,395,390	18,109,424
Trade and other payables	12	9,418,767	9,680,254
Interest-bearing loans and borrowings	13	9,931,466	9,174,165
Retentions payable		1,136,539	1,078,549
Provision for employees' end-of-service benefits		33,889	37,092
TOTAL LIABILITIES		38,916,051	38,079,484
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital		6,091,239	6,091,239
Treasury shares		(1,113)	(1,113)
Employees' performance share program		(1,684)	(1,684)
Reserves	14	14,286,339	14,431,863
Retained earnings		7,822,771	7,586,228
		28,197,552	28,106,533
Non controlling interest		485,982	494,352
TOTAL EQUITY		28,683,534	28,600,885
TOTAL LIABILITIES AND EQUITY		67,599,585	66,680,369

The interim condensed consolidated financial statements were authorised for issue on 10 May 2009 by:


Chairman


Director

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED CASH FLOW STATEMENT

For three months ended 31 March 2009 (Unaudited)

(US \$1.00 = AED 3.673)

	Notes	31 March 2009 AED'000	31 March 2008 AED'000 (Restated)
OPERATING ACTIVITIES			
Profit before tax		224,475	887,226
Adjustments for:			
Share of results of associated companies		88,566	(94,783)
Depreciation	5	150,580	56,751
Provision for employees' end-of-service benefits, net		(3,203)	3,954
Loss on disposal of property, plant and equipment		229	144
Gain on disposal of securities		-	(29,265)
Cash from operations before working capital changes:		460,647	824,027
Trade receivables		(84,551)	(206,174)
Other receivables, deposits and prepayments		(9,901)	(189,598)
Development properties		(1,561,542)	(2,460,655)
Advances from customers, net		285,966	2,425,549
Trade and other payables		(260,812)	(164,524)
Retentions payable		57,990	42,664
Income tax paid		(1,371)	(3,199)
Net cash (used in)/ from operating activities		(1,113,574)	268,090
INVESTING ACTIVITIES			
Purchase of securities		(4,644)	(271,156)
Proceeds from disposal of securities		-	2,640,540
Additional investments in associates, net		(11,423)	20,392
Amounts incurred on investment properties		(20,175)	(21,454)
Purchase of property, plant and equipment		(420,581)	(922,700)
Proceeds from sale of property, plant and equipment		101	405
Deposits under lien or maturing after three months	7	(393,698)	(1,624,456)
Net cash used in investing activities		(850,420)	(178,429)
FINANCING ACTIVITIES			
Dividend paid		(2,227)	(1,379)
Interest-bearing loans and borrowings		1,018,508	2,122,786
Repayment of interest bearing loans and borrowings		(261,207)	(923,750)
Funds invested by non-controlling interest, net		241	23,865
Received on vesting of share options		-	318
Net cash from financing activities		755,315	1,221,840
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(1,208,679)	1,311,501
Net foreign exchange difference		(17,549)	(3,369)
Cash and cash equivalents at the beginning of the period	7	5,175,223	2,131,679
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	3,948,995	3,439,811

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three months ended 31 March 2009 (Unaudited)

(US \$1.00 = AED 3.673)

Attributable to equity holders of the Parent

	Share capital AED '000	Treasury shares AED '000	Employees' performance share program AED '000	Reserves AED '000	Retained earnings AED '000	Total AED '000	Non controlling interest AED '000	Total equity AED '000
Balance at 1 January 2009 (audited)	6,091,239	(1,113)	(1,684)	14,431,863	15,480,448	36,000,753	561,601	36,562,354
Effect of changes in accounting policy	-	-	-	-	(7,894,220)	(7,894,220)	(67,249)	(7,961,469)
Balance at 1 January 2009 (restated)	6,091,239	(1,113)	(1,684)	14,431,863	7,586,228	28,106,533	494,352	28,600,885
Profit for the period	-	-	-	-	236,543	236,543	(8,611)	227,932
Other comprehensive loss for the period	-	-	-	(145,524)	-	(145,524)	-	(145,524)
Total comprehensive income for the period	-	-	-	(145,524)	236,543	91,019	(8,611)	82,408
Funds contributed by non-controlling interest, net	-	-	-	-	-	-	241	241
Balance at 31 March 2009	6,091,239	(1,113)	(1,684)	14,286,339	7,822,771	28,197,552	485,982	28,683,534

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three months ended 31 March 2009 (Unaudited)

(US \$1.00 = AED 3.673)

Attributable to equity holders of the Parent

	Share capital AED '000	Treasury shares AED '000	Employees' performance share program AED '000	Reserves AED '000	Retained earnings AED '000	Total AED '000	Non controlling interest AED '000	Total equity AED '000
Balance at 1 January 2008 (audited)	6,091,239	-	(1,446)	16,494,778	13,951,469	36,536,040	652,226	37,188,266
Effect of change in accounting policy	-	-	-	-	(5,004,495)	(5,004,495)	-	(5,004,495)
Balance at 1 January 2008 (restated)	6,091,239	-	(1,446)	16,494,778	8,946,974	31,531,545	652,226	32,183,771
Profit for the period	-	-	-	-	896,212	896,212	(10,338)	885,874
Other comprehensive loss for the period	-	-	-	(530,715)	-	(530,715)	-	(530,715)
Total comprehensive income for the period	-	-	-	(530,715)	896,212	365,497	(10,338)	355,159
Dividends – 2007	-	-	-	-	(1,218,248)	(1,218,248)	-	(1,218,248)
Issuance of shares under employees' performance share program	-	-	318	-	-	318	-	318
Funds contributed by non-controlling interest, net	-	-	-	-	-	-	23,865	23,865
Balance at 31 March 2008 (restated)	6,091,239	-	(1,128)	15,964,063	8,624,938	30,679,112	665,753	31,344,865

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2009 (Unaudited)

1 DOMICILE AND ACTIVITIES

EMAAR Properties Public Joint Stock Company ("the Company" or "the Parent") was established as a public joint stock company by Ministerial Decree number 66 for the year 1997. The Company was established on 23 June 1997 and commenced operations on 29 July 1997. The Company and its subsidiaries constitute the Group ("the Group"). The Company's registered office is at P.O. Box 9440, Dubai, United Arab Emirates. The shares are traded on the Dubai Financial Market.

The principal activities of the Group are property investment and development, property management services, education, healthcare, retail, hospitality and investments in providers of financial services.

The Group's US subsidiary, WL Homes LLC along with its affiliates, have filed Chapter 11 petitions in the US Bankruptcy Court for the District of Delaware. The chapter 11 process allows reorganisation of the company's debts and the continuation of operations during the reorganisation process. The subsidiaries are in discussions with their creditors through the Court process. Management believe that adequate impairment provisions have been made in respect of the assets of these entities as at 31 March 2009.

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 2008. In addition, results for the three months ended 31 March 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

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 method 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 31 March 2009. 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.

Non-controlling 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 statement of financial position, separately from parent shareholders' equity. Acquisitions of non-controlling 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 statement of financial position 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 31 March 2009 (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.

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

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

Significant accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2008, except for the adoption of new Standards and Interpretations as of 1 January 2009, noted below. Except for the impact of IFRIC 15, adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

IFRS 2 Share-based Payment - Vesting Conditions and Cancellations

The Standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

IFRS 8 Operating Segments

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. Adoption of this Standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2009 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 1 Revised Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

IAS 23 Borrowing Costs (Revised)

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.

IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation

The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified criteria. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement

These amendments to IFRIC 9 require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation. As the Group did not dispose of any net investment it has had no impact on the financial position or results.

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 15 Agreements for the Construction of Real Estate was issued in July 2008 and become effective for annual financial years beginning on or after 1 January 2009. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. The Group has reviewed the impact of IFRIC 15 in each of the jurisdictions in which it operates and using the guidelines of the interpretation, the Group has determined the appropriate accounting policy for revenue recognition in each jurisdiction.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2009 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRIC 15 Agreements for the Construction of Real Estate (continued)

The following revised policies adopted in compliance with IFRIC 15 are applicable with effect from 1 January 2009:

Revenue recognition for pre-completion sales of properties

The Group recognises revenue when it is probable that the economic benefits from the sale will flow to the Group, the revenue and costs can be measured reliably and the risks and rewards of ownership of the property have been transferred to the buyer.

In jurisdictions where the Group transfers risks and rewards of ownership of the property in its entirety at a single point in time, revenue and the associated costs are recognised at that point in time. Although this trigger is determined by reference to the sales contract and the relevant local laws, and so may differ from transaction to transaction, in general the Group determines the point of recognition to be the time at which the buyer takes possession of the property.

In jurisdictions where the Group transfers to the buyer control and the significant risks and reward of ownership of the work in progress in its current state as the work progresses, revenues and related costs of development are recognised on a progressive basis using the percentage of completion method.

The impact of the application of this new accounting policy is that in some jurisdictions, transactions which in the past recognised revenue progressively through the construction period will now not have revenue recognised until the time of handover to the buyer.

Accordingly the comparative figures have been restated and adjusted the opening balance of retained earnings as required by IAS 8 'Accounting policies, Changes in accounting Estimates and Errors and IFRIC 15. The effects of the change in accounting policy are given below;

Income statement

Three months ended 31 March 2008

	<i>As previously reported AED'000</i>	<i>Adjustment/ reclassification AED'000</i>	<i>Restated AED'000</i>
Revenue	3,961,153	(1,438,869)	2,522,284
Cost of revenue	(2,030,811)	692,032	(1,338,779)
Selling, general and administrative expenses	(626,432)	19,332	(607,100)
Share of results of associated companies	138,469	(43,686)	94,783
Non-controlling interest	(1,608)	11,946	10,338
	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2009 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***IFRIC 15 Agreements for the Construction of Real Estate (continued)*****Statement of financial position*****At 31 December 2008***

	<i>As previously Reported AED'000</i>	<i>Adjustment/ reclassification AED'000</i>	<i>Restated AED'000</i>
Assets			
Trade receivables	2,047,678	(989,324)	1,058,354
Development properties	19,177,852	7,621,595	27,799,447
Other receivables, deposits and prepayments	3,665,732	(154,911)	3,510,821
Loans to associates	1,655,400	(19,314)	1,636,086
Investment in associates	8,782,245	(468,475)	8,313,770
	<u> </u>	<u> </u>	<u> </u>
Liabilities			
Advances from customers	4,072,537	14,036,887	18,109,424
Trade and other payables	9,766,101	(85,847)	9,680,254
	<u> </u>	<u> </u>	<u> </u>
Equity			
Retained earnings	15,480,448	(7,894,220)	7,586,228
Non controlling interest	561,601	(67,249)	494,352
	<u> </u>	<u> </u>	<u> </u>

Improvements to IFRSs

In May 2008 the Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

IAS 1 Presentation of Financial Statements

Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the statement of financial position. This did not result in any re-classification of financial instruments.

IAS 16 Property, Plant and Equipment

Replace the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

IAS 23 Borrowing Cost

The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

IAS 38 Intangible Assets

Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. This amendment has no impact on the Group as the Group accounting policy is in compliance with the revised standard.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2009 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Selected accounting policies

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

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 statement of financial position.

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.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2009 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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 in the statement of comprehensive income. 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

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2009 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

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, commercial units 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 IFRS 8. These businesses are property management services, education, healthcare, hospitality and investments in providers of financial services.

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

Geographic segments:

The Group is currently developing a number of international business opportunities outside the United Arab Emirates that will have a significant impact in future periods.

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

Business Segments:

The following tables represent revenue and profit information regarding business segments for the three month periods ended 31 March 2009 and 2008 and certain asset and liability information as at 31 March 2009 and 31 December 2008.

Three months ended 31 March 2009:

	<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	1,378,271	170,033	(2,300)	1,546,004
Total revenue	1,378,271	170,033	(2,300)	1,546,004

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2009 (Unaudited)

3 SEGMENT INFORMATION (continued)

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
Results				
Profit for the period before income tax, finance costs, finance income, share of profits from associates	260,487	(15,202)	3,746	249,031
Other Segment Information				
Capital expenditure (property, plant and equipment)	20,623	399,958	-	420,581
Depreciation (property, plant and equipment)	39,272	34,429	-	73,701
Assets and liabilities (At 31 March 2009)				
Segment assets	63,074,838	9,615,914	(5,091,167)	67,599,585
Segment liabilities	38,558,698	4,803,298	(4,445,945)	38,916,051
Three months ended 31 March 2008 (restated)				
	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
Revenue				
Revenue from external customers	2,362,052	160,232	-	2,522,284
Total revenue	2,362,052	160,232	-	2,522,284
Results				
Profit for the period before income tax, finance costs, finance income, share of profits from associates	704,969	(4,257)	-	700,712
Other Segment Information				
Capital expenditure (property, plant and equipment)	659,507	263,193	-	922,700
Depreciation (property, plant and equipment)	20,253	25,187	-	45,440

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2009 (Unaudited)

3 SEGMENT INFORMATION (continued)

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
Assets and liabilities				
At 31 December 2008 (restated)				
Segment assets	<u>62,197,116</u>	<u>9,203,522</u>	<u>(4,720,269)</u>	<u>66,680,369</u>
Segment liabilities	<u>37,818,036</u>	<u>4,382,967</u>	<u>(4,121,519)</u>	<u>38,079,484</u>

Geographic Segments

The following tables represent revenue and profit information regarding geographic segments for the three month periods ended 31 March 2009 and 2008 and certain asset and liability information as at 31 March 2009 and 31 December 2008.

Three months ended 31 March 2009:

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	<u>1,457,036</u>	<u>88,968</u>	<u>1,546,004</u>
Total revenue	<u>1,457,036</u>	<u>88,968</u>	<u>1,546,004</u>
Other Segment Information			
Capital expenditure (property, plant and equipment)	<u>410,927</u>	<u>9,654</u>	<u>420,581</u>
Assets (At 31 March 2009)			
Segment assets	<u>42,244,016</u>	<u>17,304,393</u>	<u>59,548,409</u>
Investment in associates	<u>2,410,798</u>	<u>5,640,378</u>	<u>8,051,176</u>
Total assets	<u>44,654,814</u>	<u>22,944,771</u>	<u>67,599,585</u>

Three months ended 31 March 2008: (restated)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	<u>2,111,832</u>	<u>410,452</u>	<u>2,522,284</u>
Total revenue	<u>2,111,832</u>	<u>410,452</u>	<u>2,522,284</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2009 (Unaudited)

3 SEGMENT INFORMATION (continued)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Other Segment Information			
Capital expenditure (property, plant and equipment)	842,590	80,110	922,700
Assets (At 31 December 2008) (restated)			
Segment assets	41,191,333	17,175,266	58,366,599
Investment in associates	2,552,415	5,761,355	8,313,770
Total assets	43,743,748	22,936,621	66,680,369

4 REVENUE AND COST OF REVENUE

	<i>Three months ended 31 March</i>	
	<i>2009 AED'000</i>	<i>2008 AED'000 (Restated)</i>
Revenue		
Revenue from property sales:		
Sale of condominiums	993,770	1,029,379
Sale of villas	71,530	658,952
Sale of plots of land	-	56,678
Sale of commercial and others	-	154,482
Revenue from property sales – WL Homes LLC (wholly owned subsidiary)	5,637	382,211
Revenue from hospitality	170,063	160,232
Rental income from leased properties and related income	305,004	80,350
	1,546,004	2,522,284
Cost of revenue		
Cost of revenue of property sales:		
Cost of condominiums	600,066	580,812
Cost of villas	52,963	232,756
Cost of plots of land	-	5,886
Cost of commercial and others	-	58,415
Cost of revenue from property sales – WL Homes LLC (wholly owned subsidiary)	28,337	382,470
Operating cost of hospitality	97,640	63,588
Operating cost of leased properties	65,716	14,852
	844,722	1,338,779

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2009 (Unaudited)

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Three months ended 31 March</i>	
	<i>2009</i>	<i>2008</i>
	<i>AED'000</i>	<i>AED'000</i>
		<i>(Restated)</i>
Payroll and related expenses	159,858	207,760
Sales and marketing expenses	65,771	130,090
Depreciation of property, plant and equipment	73,701	45,440
Depreciation of investment properties	76,879	11,311
Contribution to educational and other charitable funds	12,515	24,401
Property management expenses	12,880	16,081
Land registration fees	16,335	33,111
Other expenses	88,233	138,906
	<u>506,172</u>	<u>607,100</u>

6 FINANCE INCOME

	<i>Three months ended 31 March</i>	
	<i>2009</i>	<i>2008</i>
	<i>AED'000</i>	<i>AED'000</i>
Finance income on fixed deposits with banks	71,836	80,135
Other finance income	41,296	51,471
	<u>113,132</u>	<u>131,606</u>

7 BANK BALANCES AND CASH

	<i>31 March 2009</i>	<i>31 December 2008</i>
	<i>AED'000</i>	<i>AED'000</i>
		<i>(Audited)</i>
Cash in hand	9,827	5,041
Current and call deposit accounts	663,539	987,688
Fixed deposits maturing within three months	3,275,629	4,182,494
Cash and cash equivalents	<u>3,948,995</u>	<u>5,175,223</u>
Deposits under lien (note 13)	387,300	-
Fixed deposits maturing after three months	224,161	217,763
	<u>4,560,456</u>	<u>5,392,986</u>
Bank balances and cash located:-		
Within UAE	3,852,696	4,511,892
Outside UAE	707,760	881,094
	<u>4,560,456</u>	<u>5,392,986</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

7 BANK BALANCES AND CASH (continued)

	<i>31 March 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited)</i>
Bank balances and cash denominates in following currencies:-		
United Arab Dirham (AED)	3,852,696	4,511,892
United States Dollar (USD)	135,832	216,290
Egyptian Pound (EGP)	199,035	203,788
Moroccan Dirham (MAD)	41,374	99,413
Turkish Lira (TRY)	22,651	90,376
Other currencies	308,868	271,227
	<u>4,560,456</u>	<u>5,392,986</u>

8 TRADE RECEIVABLES

	<i>31 March 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited) (Restated)</i>
Amounts receivable within 12 months	735,020	637,914
Amounts receivable after 12 months	407,885	420,440
	<u>1,142,905</u>	<u>1,058,354</u>

The above trade receivables include AED 783,514 thousands (31 December 2008: AED 865,413 thousands) relating to sale of properties where the amounts are payable in instalments and these instalments are accrued but not yet due.

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>31 March 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited) (Restated)</i>
Advances to contractors and others	1,242,398	1,209,716
Advances for acquisition of leasehold interest	1,076,960	1,028,924
Prepayments	151,558	174,442
Receivables from service companies	175,791	172,653
Deposits for acquisition of land and subsidiary	92,229	121,963
Value added tax recoverable	126,407	119,664
Accrued interest on bank deposits and investments	60,623	67,025
Recoverable from non controlling interest	14,491	28,855
Other deposits and receivables	580,265	587,579
	<u>3,520,722</u>	<u>3,510,821</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2009 (Unaudited)

10 DEVELOPMENT PROPERTIES

	<i>31 March 2009 AED'000</i>	<i>31 December 2009 AED'000 (Audited) (Restated)</i>
Balance at the beginning of the period/ year	26,799,447	22,302,917
Add: cost incurred during the period/ year	2,242,908	11,793,383
Less: cost transferred to cost of revenue during the period/ year	(681,366)	(6,212,836)
Less: impairment of development properties-WL Homes LLC (wholly owned subsidiary)	-	(1,084,017)
Balance at the end of the period/ year	<u>28,360,989</u>	<u>26,799,447</u>
Development properties located:-		
Within UAE	15,631,647	14,487,581
Outside UAE	12,729,342	12,311,866
	<u>28,360,989</u>	<u>26,799,447</u>

11 SECURITIES

	<i>31 March 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited)</i>
Available-for-sale	<u>887,592</u>	<u>867,122</u>
Securities located:-		
Within UAE	860,493	844,668
Outside UAE	27,099	22,454
	<u>887,592</u>	<u>867,122</u>

12 TRADE AND OTHER PAYABLES

	<i>31 March 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited) (Restated)</i>
Project contract cost accruals	5,439,988	5,523,867
Other payables and accruals	1,911,578	1,871,271
Trade payables	1,087,390	1,295,644
Payable to non controlling interest	886,812	891,556
Dividends payable	78,598	80,825
Income tax payable	14,401	17,091
	<u>9,418,767</u>	<u>9,680,254</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2009 (Unaudited)

13 INTEREST-BEARING LOANS AND BORROWINGS

	<i>31 March 2009 AED'000</i>	
Balance at the beginning of the period	9,174,165	
Borrowings drawn down during the period	1,018,508	
Borrowings repaid during the period	(261,207)	
Balance at the end of the period	<u>9,931,466</u>	
	<i>31 March 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited)</i>
Maturing within 12 months	5,799,196	4,563,896
Maturing after 12 months	4,132,270	4,610,269
Balance at the end of the period	<u>9,931,466</u>	<u>9,174,165</u>
The above represent balances due:		
Within UAE	4,556,598	3,911,693
Outside UAE	5,374,868	5,262,472
	<u>9,931,466</u>	<u>9,174,165</u>

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

Secured

- USD 50,000 thousands (AED 183,598 thousands) loan from a financial institution secured against the Group's specific investment properties and self occupied office building. Profit rate is charged at 6 months US\$ LIBOR plus 70 basis points. The loan is repayable in full in 2009.
- USD 454,678 thousands (AED 1,670,032 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) 1,443,000 thousands (AED 104,540 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%. This loan is payable in quarterly instalments and fully repayable by 2016.
- USD 40,000 thousands (AED 146,920 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at US\$ LIBOR plus 1.1%. Loan is fully repayable by 2010.
- Canadian Dollar (CAD) 31,902 thousands (AED 93,658 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 24,754 thousands) loan from financial institution, secured against Groups specific lease hold properties, carries interest at LIBOR plus 1.50%.
- USD 303,000 thousands (AED 1,112,919 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at US\$ LIBOR plus 6% and is repayable in 2009. The bank issuing stand by letter of credit facility has lien on certain cash collateral amounting to AED 387,300 thousands (note 7).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2009 (Unaudited)

13 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured

- AED 350,000 thousands of short term loan from commercial bank carries interest rate at 7.75% to 8.50% and fully repayable by 2009.
- AED 350,000 thousands of short term loan from commercial bank carries interest rate at 8.25% and fully repayable by 2010.
- USD 10,000 thousands (AED 36,730 thousands) loan from financial institutions in the United States of America is unsecured, carries interest at US Prime Rate plus 0.25% to 1%.
- USD 80,000 thousands (AED 293,840 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 52,667 thousands) short term loan from financial institutions is unsecured, carries interest at LIBOR plus 0.50%.
- Pakistani Rupee (PKR) 3,484,253 thousands (AED 158,938 thousands) loan from commercial bank, bearing interest at KIBOR plus 2.50%.
- GBP 4,284 thousands (AED 22,563 thousands) of funding facilities from commercial bank, carries interest at 1% over Bank of England's base rate.
- 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 2.0%.
- Egyptian Pound (EGP) 1,011,915 thousands (AED 659,059 thousands) of funding facilities from commercial banks, carries interest at rates at 11.75% to 12.50% per annum.
- USD 90,000 thousands (AED 330,570 thousands) loan from commercial bank, carries interest at 8.75% to 13.0% and is repayable in 2009.
- USD 70,000 thousands (AED 257,110 thousands) loan from commercial bank, carries interest at US\$ LIBOR plus 4.5% to 6.0% and is repayable in 2009.
- Saudi Riyal (SAR) 200,000 thousands (AED 196,000 thousands) of funding facility from commercial bank carrying interest at SAIBOR plus 2.50% and fully repayable by 2009.
- Moroccan Dirham (MAD) 80,000 thousands (AED 35,078 thousands) of short term loan from commercial bank carrying interest at 52 weeks treasury bond rate plus 1.15%.
- USD 48,867 thousands (AED 179,490 thousands) of funding facility from commercial bank carries interest rate at LIBOR plus 2.25%.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

14 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 2009 (audited)	13,808,707	4,004	2,457,645	546	(1,439,282)	(399,757)	14,431,863
(Decrease)/ increase in unrealised reserve	-	-	-	(3,138)	15,826	-	12,688
Decrease in foreign currency translation reserve	-	-	-	-	-	(158,212)	(158,212)
Net income and expense	-	-	-	(3,138)	15,826	(158,212)	(145,524)
Balance at 31 March 2009	13,808,707	4,004	2,457,645	(2,592)	(1,423,456)	(557,969)	14,286,339
Balance at 1 January 2008 (audited)	13,808,707	4,004	2,152,114	6,084	52,678	471,191	16,494,778
Decrease in unrealised reserve	-	-	-	(3,292)	(362,783)	-	(366,075)
Decrease in foreign currency translation reserve	-	-	-	-	-	(164,640)	(164,640)
Net income and expense	-	-	-	(3,292)	(362,783)	(164,640)	(530,715)
Balance at 31 March 2008	13,808,707	4,004	2,152,114	2,792	(310,105)	306,551	15,964,063

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2009 (Unaudited)

15 DIVIDENDS

No dividend was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 29 April 2009.

16 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>Three months ended 31 March</i>	
	<i>2009</i>	<i>2008</i>
	<i>AED'000</i>	<i>AED'000</i>
Associates:		
Net income on deposits / investments from Dubai Bank PJSC	6,587	292
Islamic finance income from Amlak Finance PJSC	11,708	5,584
Interest income earned on loan to Golden Ace Pte	2,012	-
Interest income earned on loan to EMGF Land Limited and their related parties	13,446	-

	<i>Three months ended 31 March</i>	
	<i>2009</i>	<i>2008</i>
	<i>AED'000</i>	<i>AED'000</i>
Other related parties:		
Islamic finance income from Al Salam Bank, Bahrain	4,433	4,442

Related party balances

Significant related party balances (and the statement of financial position captions within which these are included) are as follows:

	<i>31 March 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited)</i>
Associates:		
Fixed deposits with Dubai Bank PJSC	485,214	699,001
Other related parties:		
Investment in Al Salaam Bank, Sudan	3,567	7,735
Investment in Al Salaam Bank, Bahrain	38,757	38,301
Investment in Al Salaam Bank, Algeria	20,202	20,202

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2009 (Unaudited)

17 CONTINGENCIES AND COMMITMENTS

Guarantees

The Group has the following guarantees outstanding as at 31 March 2009:-

1. Loans taken by an associated company from commercial banks amounting to AED 111,025 thousands (31 December 2008: AED 111,032 thousands) are guaranteed by the Group.
2. Loans taken by an associated company from commercial banks amounting to AED 1,298,196 thousands (31 December 2008: AED 1,352,130 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 78,156 thousands (31 December 2008: AED 79,865 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 6,326 thousands (31 December 2008: AED 6,676 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 2008: 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 2008: 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.

Commitments

At 31 March 2009, the Group had commitments of AED 15,381,349 thousands (2008: AED 17,705,411 thousands) including project commitments of AED 15,247,980 thousands (2008: AED 16,110,055 thousands). This represents the value of contracts issued as of 31 March 2009 net of invoices received and accruals made at that date.

Certain claims were submitted by the contractors relating to different projects of the Group in the ordinary course of business from which it is anticipated that no material unprovided liabilities will arise.

The Group had 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 is committed to contribute AED 3,850,000 thousands over the expected construction period of 7 to 10 years.

Operating Lease commitments – Group as lessee

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

	<i>31 March 2009 AED'000</i>	<i>31 December 2008 AED'000</i>
Within one year	903,704	867,124
After one year but not more than five years	2,654	75,869
	<u>906,358</u>	<u>942,993</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2009 (Unaudited)
17 CONTINGENCIES AND COMMITMENTS (continued)**Operating lease commitments – Group as lessor**

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:-

	<i>31 March 2009 AED'000</i>	<i>31 December 2008 AED'000</i>
Within one year	936,426	746,719
After one year but not more than five years	2,272,014	3,136,220
More than five years	307,437	287,148
	<u>3,515,877</u>	<u>4,170,087</u>

Legal claim

The Company was involved in arbitration proceedings with Jadawel International Company (the "Claimant") with regard to a conditional joint venture agreement in the Kingdom of Saudi Arabia. The conditions of such agreement never materialized. Arbitrators have given an award in favour of the Company in which 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 award before the Board of Grievances. In a brief hearing, the Board of Grievances unexpectedly reversed the arbitration award without providing reasons. It is expected that the reasons for the judgment of the Board of Grievances will be delivered to the parties on 20 May 2009. Until such reasons are disclosed, it is not possible to evaluate the impact of this matter on the financial statements. In the opinion of the Company's management and its legal advisors, the claim is without merit and the Company has good arguments to refute substantially this claim.