

**Emaar Properties PJSC
and its Subsidiaries**

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 SEPTEMBER 2014

Emaar Properties PJSC and its Subsidiaries

**Unaudited Interim Condensed Consolidated Financial Statements
For the Period Ended 30 September 2014**

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Emaar Properties PJSC (the “Company”) and its Subsidiaries (the “Group”) as at 30 September 2014, comprising of the interim consolidated statement of financial position as at 30 September 2014, and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month period then ended, the related 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 IAS 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

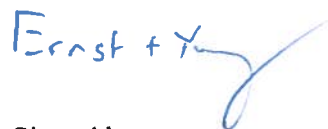
We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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

We draw attention to notes 13 (ii) and 13 (iii) to the interim condensed consolidated financial statements regarding the Group’s investment in Amlak Finance PJSC. Our conclusion is not qualified in respect of this matter.



Signed by
Anthony O'Sullivan
Partner
Registration No. 687

Dubai, United Arab Emirates
10 November 2014

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2014 (Unaudited)

(US \$1.00 = AED 3.673)

		<i>Nine month period ended</i>		<i>Three month period ended</i>	
		<i>30 September 2014</i>	<i>30 September 2013</i>	<i>30 September 2014</i>	<i>30 September 2013</i>
	<i>Notes</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Revenue	4	7,038,976	7,565,784	1,976,333	2,347,154
Cost of revenue	4	(2,675,346)	(3,932,559)	(779,457)	(1,197,683)
GROSS PROFIT		4,363,630	3,633,225	1,196,876	1,149,471
Other operating income		239,416	253,802	80,663	84,762
Other operating expenses		(136,002)	(136,718)	(55,318)	(64,126)
Selling, general and administrative expenses	5	(1,833,978)	(1,696,652)	(554,733)	(588,658)
Finance income	6	307,987	279,571	66,376	90,101
Finance costs		(391,901)	(462,176)	(114,570)	(150,828)
Discounting of long term loan to associate	12	(27,569)	-	(27,569)	-
Other income		305,210	46,550	197,435	73,698
Share of results of associates and joint ventures		(69,834)	(104,288)	(60,576)	(22,230)
Impairment of loan to associate	12	(29,487)	-	(29,487)	-
PROFIT BEFORE TAX		2,727,472	1,813,314	699,097	572,190
Income tax (expense) /credit		(3,872)	(5,913)	(4,773)	2,290
NET PROFIT FOR THE PERIOD		2,723,600	1,807,401	694,324	574,480
ATTRIBUTABLE TO:					
Owners of the parent		2,431,848	1,811,948	701,312	581,135
Non-controlling interests		291,752	(4,547)	(6,988)	(6,655)
		2,723,600	1,807,401	694,324	574,480
Earnings per share attributable to the owners of the parent:					
- basic and diluted earnings per share (AED)	20	0.36	0.30	0.10	0.10

The accompanying notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2014 (Unaudited)

(US \$1.00 = AED 3.673)

	Note	Nine month period ended		Three month period ended	
		30 September 2014 AED'000	30 September 2013 AED'000	30 September 2014 AED'000	30 September 2013 AED'000
Net profit for the period		2,723,600	1,807,401	694,324	574,480
<i>Other comprehensive income / (loss) to be reclassified to income statement in subsequent periods:</i>					
Increase in hedging reserve	19	49,631	29,823	6,239	2,191
Increase / (decrease) in unrealised gains / (losses) reserve		1,761	(577)	7,314	-
Decrease in foreign currency translation reserve		(137,045)	(544,597)	(150,172)	(187,325)
Net other comprehensive income / (loss) to be reclassified to income statement in subsequent periods		(85,653)	(515,351)	(136,619)	(185,134)
<i>Other comprehensive income / (loss) not to be reclassified to income statement in subsequent periods:</i>					
Increase in unrealised gains / (losses) reserve		443,440	234,857	291,216	76,017
Realised gain on fair value movement through other comprehensive income		2,917	12,549	766	303
Net other comprehensive income / (loss) not to be reclassified to income statement in subsequent periods		446,357	247,406	291,982	76,320
Total comprehensive income for the period		3,084,304	1,539,456	849,687	465,666
ATTRIBUTABLE TO:					
Owners of the parent		2,804,430	1,604,079	861,703	495,376
Non-controlling interests		279,874	(64,623)	(12,016)	(29,710)
		3,084,304	1,539,456	849,687	465,666

The accompanying notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

(US \$1.00 = AED 3.673)			
		30 September 2014	31 December 2013
	Notes	AED'000 (Unaudited)	AED'000 (Audited)
ASSETS			
Bank balances and cash	7	16,886,074	8,572,804
Trade receivables	8	948,231	547,391
Other assets, receivables, deposits and prepayments	9	8,887,717	2,867,321
Development properties	10	27,242,020	25,866,716
Investments in securities	11	1,486,182	2,160,027
Loans to associates and joint ventures	12	2,926,013	3,145,148
Investments in associates and joint ventures	13	5,708,057	5,819,666
Property, plant and equipment		8,033,067	8,015,681
Investment properties		8,164,289	7,891,111
Goodwill		46,066	46,066
TOTAL ASSETS		80,327,716	64,931,931
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	14	8,413,063	8,022,810
Advances from customers		14,688,409	9,763,407
Retentions payable		661,432	592,579
Interest-bearing loans and borrowings	15	5,852,323	6,356,918
Convertible notes - liability component	16	-	1,721,133
Sukuk	17	6,389,557	3,652,403
Provision for employees' end-of-service benefits		129,917	89,689
TOTAL LIABILITIES		36,134,701	30,198,939
EQUITY			
Equity attributable to owners of the parent			
Share capital	18	7,159,739	6,109,939
Employees' performance share program		(1,684)	(1,684)
Reserves	19	16,594,284	14,876,113
Convertible notes - equity component	16	-	35,498
Retained earnings		17,911,706	13,522,353
		41,664,045	34,542,219
Non-controlling interests		2,528,970	190,773
TOTAL EQUITY		44,193,015	34,732,992
TOTAL LIABILITIES AND EQUITY		80,327,716	64,931,931

The interim condensed consolidated financial statements were authorised for issue on 10 November 2014 by the Board of Directors and signed on their behalf by:


Chairman


Director

The accompanying notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2014 (Unaudited)

(US \$1.00 = AED 3.673)

Attributable to the owners of the parent

	Share capital AED '000	Employees' performance share program AED '000	Reserves AED '000	Convertible equity component AED '000	Retained earnings AED '000	Total AED '000	Non-controlling interests AED '000	Total equity AED '000
Balance as at 31 December 2013 (Audited)	6,109,939	(1,684)	14,876,113	35,498	13,522,353	34,542,219	190,773	34,732,992
Net profit for the period	-	-	-	-	2,431,848	2,431,848	291,752	2,723,600
Other comprehensive income / (loss) for the period	-	-	369,665	-	2,917	372,582	(11,878)	360,704
Total comprehensive income for the period	-	-	369,665	-	2,434,765	2,804,430	279,874	3,084,304
Dilution of investment in subsidiary (Note 2.1)	-	-	175	-	3,581,652	3,581,827	2,058,173	5,640,000
Issue of bonus shares (Notes 18 and 21)	650,885	-	-	-	(650,885)	-	-	-
Conversion of convertible notes (Notes 16 and 18)	398,915	-	1,348,331	(35,498)	149	1,711,897	-	1,711,897
Dividend (Note 21)	-	-	-	-	(976,328)	(976,328)	-	(976,328)
Movement in non-controlling interests (net)	-	-	-	-	-	-	150	150
Balance as at 30 September 2014	7,159,739	(1,684)	16,594,284	-	17,911,706	41,664,045	2,528,970	44,193,015

The accompanying notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Period ended 30 September 2014 (Unaudited)

(US \$1.00 = AED 3.673)

	Attributable to the owners of the parent					
	Share capital AED '000	Employees' performance share program AED '000	Reserves AED '000	Convertible equity component AED '000	Retained earnings AED '000	Total equity AED '000
Balance as at 31 December 2012 (Audited)	6,091,239	(1,684)	14,599,863	37,155	11,807,367	32,533,940
Net profit for the period	-	-	-	-	1,811,948	1,811,948
Other comprehensive (loss)/ income for the period	-	-	(220,418)	-	12,549	(207,869)
Total comprehensive (loss) / income for the period	-	-	(220,418)	-	1,824,497	1,604,079
Dividend	-	-	-	-	(609,124)	(609,124)
Movement in non-controlling interests (net)	-	-	-	-	-	(2,299)
Balance as at 30 September 2013	6,091,239	(1,684)	14,379,445	37,155	13,022,740	33,528,895
						218,468
						33,747,363

The accompanying notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2014 (Unaudited)

(US \$1.00 = AED 3.673)

For the nine month period ended

	Notes	30 September 2014 AED'000	30 September 2013 AED'000
Cash flows from operating activities			
Profit before tax for the period		2,727,472	1,813,314
Adjustments for:			
Share of results of associates and joint ventures		69,834	104,288
Depreciation	5	641,782	594,018
Provision for end-of-service benefits, net		40,228	11,496
Loss on disposal of property, plant and equipment		2,584	763
Finance costs		391,901	462,176
Discounting of long term loan to associate	12	27,569	-
Finance income	6	(307,987)	(279,571)
Impairment of loan to associate	12	29,487	-
Cash from operations before working capital changes:		3,622,870	2,706,484
Trade receivables, net		(422,036)	560,056
Other assets, receivables, deposits and prepayments		(101,301)	(290,628)
Development properties, net		(1,442,919)	862,406
Advances from customers, net		4,947,537	1,047,541
Trade and other payables		267,334	(261,580)
Retentions payable		68,853	(89,550)
Income tax, net		(5,706)	(5,609)
Net cash flows from operating activities		6,934,632	4,529,120
Cash flows from investing activities			
Purchase of securities		(394,297)	(3,512)
Proceeds from disposal of securities		1,514,498	762,615
Finance income received		181,043	162,486
Dividend received from associates and joint ventures		47,749	64,130
Repayment of loans to / (investment in) associate and joint ventures, net		160,078	1,324
Amounts incurred on investment properties		(446,742)	(4,406)
Purchase of property, plant and equipment		(504,630)	(401,923)
Proceeds from disposal of property, plant and equipment		1,189	2,771
Deposits maturing after three months (including deposits under lien)	7	(3,837,870)	(3,100,448)
Net cash flows used in investing activities		(3,278,982)	(2,516,963)
Cash flows from financing activities			
Dividend paid		(952,520)	(592,076)
Proceeds from interest-bearing loans and borrowings	15	4,974,087	486,900
Repayment of interest-bearing loans and borrowings	15	(5,429,286)	(364,808)
Proceeds from issuance of sukuk	17	2,754,750	-
Funds invested by non-controlling interest, net		-	(2,299)
Finance costs paid		(511,492)	(514,142)
Buyback of convertible notes	16	(7,346)	-
Net cash flows from / (used in) financing activities		828,193	(986,425)
Increase in cash and cash equivalents		4,483,843	1,025,732
Net foreign exchange difference		(8,443)	(66,603)
Cash and cash equivalents at the beginning of the period		4,038,884	2,351,743
Cash and cash equivalents at the end of the period	7	8,514,284	3,310,872

The accompanying notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

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 in 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 (“UAE”). The shares of the Company are traded on the Dubai Financial Market.

The principal activities of the Group are property investment and development, shopping malls and retail, hospitality, property management and utility services and investments 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 United Arab Emirates laws.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2013. The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements.

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 have been prepared on a historical cost basis except for derivative financial instruments and financial assets at fair value through other comprehensive income that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Results for the nine month period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

Basis of consolidation

The interim condensed consolidated financial statements comprise the interim financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where all the following criteria are met:

- (a) the Company has power over an entity;
- (b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
- (c) the Company has the ability to use its power over the entity to affect the amount of the Company’s returns.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Share of comprehensive income/loss within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Subsidiaries (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the consolidated income statement; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to the consolidated income statement or retained earnings, as appropriate.

On 29 September 2014, the Group has sold 2,000,000,000 shares (face value of AED 1 per share) of Emaar Malls Group LLC ("EMG LLC"), representing 15.37% of Group's investment in EMG LLC, through a secondary offering of shares in an Initial Public Offering ("IPO") and raised AED 5,800,000 thousands. As per IFRS 10 - *Consolidated Financial Statements*, profit on sale of EMG LLC's shares of AED 3,581,827 thousands (net of direct costs incurred) has been accounted directly in the retained earnings as an equity transaction. Subsequent to the IPO, EMG LLC has been established as a public joint stock company under the name Emaar Malls Group PJSC ("EMG") by Ministerial Decree number 22 of the year 2014 dated 30 September 2014. The shares of EMG are listed on the Dubai Financial Market ("DFM") and trading of shares commenced on DFM from 2 October 2014.

Associated companies and joint ventures

Associated companies are companies in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The Group's investment in the associated companies and joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, investments in associated companies and joint ventures 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 associated and joint venture companies, less any impairment in value.

The interim consolidated income statement reflects the Group's share of results of its associates and joint ventures. Unrealised profits and losses resulting from transactions between the Group and associated companies and its joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures.

Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objectives. The financial information of special purpose entities is included in the Group's interim condensed consolidated financial statements where the substance of the relationship is that the Group controls the special purpose entity and hence, they are accounted for as subsidiaries.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgments and estimates and assumptions that have a significant impact on the interim condensed consolidated financial statements of the Group are discussed below:

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS (continued)

Judgments

Revenue recognition for real estate units

In making their judgment, the management considered the detailed criteria for the recognition of revenue from the sale of real estate units as set out in IAS 18 *Revenue*, IFRIC 15 *Agreements for the Construction of Real Estate* and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the real estate units.

Revenue recognition for leases

Lease income from operating leases is recognised in the interim consolidated income statement in accordance with the terms of the lease contracts with the tenants over the lease term on a systematic basis as management is of the opinion that this method is more representative of the time pattern in which benefits are derived from the leased asset.

Revenue recognition for turnover rent

The Group recognises income from turnover rent on the basis of audited turnover reports submitted by the tenants. In the absence of audited reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance.

Investment properties

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

Classification of investment properties

The Group determines whether a property qualifies as investment property in accordance with IAS 40 *Investment Property*. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by the Group. The Group has determined that hotels and serviced apartment buildings owned by the Group are to be classified as part of property, plant and equipment rather than investment properties since the Group also operates these assets.

Transfer of real estate assets from property, plant and equipment to development properties

The Group sells real estate assets in its ordinary course of business. When the real estate assets which were previously classified as property, plant and equipment are identified for sale in the ordinary course of business, then the assets are transferred to development properties at their carrying value at the date of identification and become held for sale. Sale proceeds from such assets are recognised as revenue in accordance with IAS 18 *Revenue*.

Operating lease commitments - Group as lessor

The Group has entered into commercial and retail 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 investments

Management designates at the time of acquisition of securities whether these should be classified as at fair value or amortised cost. In judging whether investments in securities are classified as at fair value or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 *Financial Instruments*.

Consolidation of subsidiaries

The Group has evaluated all the investee entities including special purpose entities to determine whether it controls the investee as per the criteria laid out by IFRS 10 : *Consolidated Financial Statements*. The Group has evaluated, amongst other things, its ownership interest, the contractual arrangements in place and its ability and the extent of its involvement with the relevant activities of the investee entities to determine whether it controls the investee.

**2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS
(continued)**

Estimations and assumptions

Valuation of investment properties

The Group hires the services of third party professionally qualified valuers to obtain estimates of the market value of investment properties using recognised valuation techniques for the purposes of their impairment review and disclosures in the interim condensed consolidated financial statements.

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives of property, plant and equipment and investment properties

The Group's management determines the estimated useful lives of its property, plant and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Cost 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, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Taxes

The Group is subject to income and capital gains taxes in certain jurisdictions. Significant judgment is required to determine the total provision for current and deferred taxes. The Group established provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014, which do not impact the interim condensed consolidated financial statements of the Group.

New standards, interpretations and amendments adopted by the Group:

Several new standards and amendments apply for the first time in 2014. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. As required by IAS 34, the nature and the effect of changes with respect to adoption of new standards, interpretations and amendments are disclosed below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through interim consolidated income statement. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no impact on the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards, amendments and interpretations effective in 2014 but not relevant to the Group's operations:

IFRIC Interpretation 21 *Levies* (IFRIC 21) - clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs.

Standards, amendments and interpretations in issue but not yet effective:

IFRS 15 – *Revenue from contract with customers* - Specifies the accounting treatment from all revenue arising from contract with customers. It applies to all entities that enter into contract to provide goods or services unless the contracts are covered in the scope of other IFRSs. This standard is effective from annual period beginning 1 January 2017. The Group is currently assessing the impact of this standard on future periods.

Selected accounting policies

The following significant accounting policies are reproduced from the Group's consolidated financial statements as at 31 December 2013:

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the interim consolidated income statement to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably. The specific criteria described below must also be met before revenue is recognised.

Sale of property

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, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

In jurisdictions where the Group transfers risks and rewards of ownership of the property in its entirety at a single point of time, revenue and the associated costs are recognised at that point of 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 is entitled to take possession of the property.

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

Lease to buy scheme

Sales under the lease to buy scheme are accounted for as follows:

- Rental income during the period of lease is accounted for on a straight-line basis until such time the lessee exercises its option to purchase;
- When the lessee exercises its option to purchase, a sale is recognised in accordance with the revenue recognition policy for sale of property as stated above; and
- When recognising the sale, revenue is the amount payable by the lessee at the time of exercising the option to acquire the property.

Rental income from lease of investment property

Rental income from investment properties is recognised, net of discount, in accordance with the terms of the lease contracts over the lease term on a systematic basis, as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

Hospitality revenue

Revenue from hotel accommodation, food and beverages and other related services are recognised, net of discount and municipality fees, at the point at which the services are rendered.

Interest income

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Services

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

Leasehold improvements	2 - 15 years
Sales centers (included in land and buildings)	1 - 5 years
Buildings	10 - 45 years
Computers and office equipment	2 - 5 years
Plant, machinery and heavy equipment	3 - 20 years
Motor vehicles	3 - 5 years
Furniture and fixtures	2 - 10 years
Leisure, entertainment and other assets	2 - 25 years

No depreciation is charged on land and capital work-in-progress. The useful lives 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.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the interim consolidated income statement as the expense is incurred.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of property, plant and equipment may not be recoverable. Whenever the carrying amount of property, plant and equipment exceeds their recoverable amount, an impairment loss is recognised in the interim consolidated income statement. The recoverable amount is the higher of fair value less costs to sell of property, plant and equipment and the value in use. The fair value less costs to sell is the amount obtainable from the sale of property, plant and equipment 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 property, plant and equipment and from its disposal at the end of its useful life.

Reversal of impairment losses recognised in the prior years are recorded when there is an indication that the impairment losses recognised for the property, plant and equipment no longer exist or have reduced.

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
Furniture and fixtures	4 - 10 years

No depreciation is charged on land and capital work-in-progress.

The useful lives 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 sell. Such transfers are made at the carrying value of the properties at the date of transfer.

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognised in the interim consolidated income statement. The recoverable amount is the higher of investment property's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an investment property in an arm's length transaction less related costs while value in use is the present value of estimated future cash flows expected to arise from the continuing use of the investment property 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 investment property no longer exist or have reduced.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Development properties

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and are stated at the lower of cost or net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of development properties recognised in the interim consolidated income statement on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

The management reviews the carrying values of the development properties on an annual basis.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in the interim consolidated income statement immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the interim consolidated income statement depends on the nature of the hedge relationship. The Group designates derivatives as hedges of interest rate risk and foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting

The Group designates certain hedging instruments as either fair value hedges or cash flow hedges. Hedges of interest rate risk and foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the interim consolidated income statement immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the interim consolidated statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the interim consolidated income statement from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the interim consolidated statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the interim consolidated income statement. Amounts previously recognised in the interim consolidated statement of comprehensive income and accumulated in equity are reclassified to the interim consolidated income statement in the periods when the hedged item is recognised in the interim consolidated income statement, in the same line of the interim consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

Cash flow hedges (continued)

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the interim consolidated income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the interim consolidated income statement.

Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at cost, plus transaction costs, except for those financial assets classified as at fair value through other comprehensive income or profit or loss, which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32: *Financial Instruments: Presentation*) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Equity investments

All financial assets that are equity investments are measured at fair value either through other comprehensive income or through profit or loss. This is an irrevocable choice that the Group has made on early adoption of IFRS 9 - Phase 1 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss. Gain or loss on disposal of equity investments is not recycled. Dividend income for all equity investments is recorded through the interim consolidated income statement.

Debt instruments

Debt instruments are also measured at fair value through profit or loss unless they are classified at amortised cost. They are classified at amortised cost only if:

- the asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
- the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Trade receivables

Trade receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. When a trade receivable is uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the interim consolidated income statement.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial assets (continued)***Foreign exchange gains and losses*

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at fair value through profit or loss, the foreign exchange component is recognised in the interim consolidated income statement. For financial assets designated at fair value through other comprehensive income any foreign exchange component is recognised in the interim consolidated statement of comprehensive income. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the 'other gains and losses' line item in the interim consolidated income statement.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired,
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement,
- The Group has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at each reporting 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 indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognised in the interim consolidated income statement. Interest income on such financial assets continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the interim consolidated income statement. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or decreased by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the interim consolidated income statement.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairment losses of continuing operations are recognised in the interim consolidated income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the interim consolidated income statement.

Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements. Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instrument as appropriate. The Group determines the classification of its financial liabilities at the initial recognition.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Loans and borrowings

Term loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the interim consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

Sukuk

The sukuk are stated at amortised cost using the effective profit rate method. Profit attributable to the sukuk is calculated by applying the prevailing market profit rate, at the time of issue, for similar sukuk instruments and any difference with the profit distributed is added to the carrying amount of the sukuk.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then the difference in the respective carrying amounts is recognised in the interim consolidated income statement.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments issued by the Group (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the interim consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at fair value on the date of acquisition. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through the interim consolidated income statement. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39: *Financial Instruments: Recognition and Measurement* in the interim consolidated statement of comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of net identifiable tangible and intangible assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the interim consolidated income statement. After 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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit 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.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the interim consolidated income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

Fair values

The Group measures financial instruments, such as investment in securities and hedges, at fair value at each interim consolidated statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair values (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

Fair value of interest rate swap contract is determined by reference to market value for similar instruments.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the interim condensed consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3 SEGMENT INFORMATION

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

Business segments

For management purposes, the Group is organised into three major segments, namely, real estate (develop and sell condominiums, villas, commercial units and plots of land), leasing and related activities (develop, lease and manage malls, retail, commercial and residential spaces) and hospitality (develop, own and/or manage hotels, serviced apartments and leisure activities). Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8 *Operating Segments*. These businesses are property management and utility services, information technology and investments in providers of financial services.

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

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

3 SEGMENT INFORMATION (continued)

Geographic segments

The Group is currently operating in number of countries outside the UAE and is engaged in development of several projects which will have significant impact in future years.

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

Business segments

The following tables include revenue, profit/(loss), and other segment information for the nine month and three month periods ended 30 September 2014 and 30 September 2013. Assets and liabilities of the business segments are presented as at 30 September 2014 and 31 December 2013.

	<i>Real estate AED'000</i>	<i>Leasing and related activities AED'000</i>	<i>Hospitality AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Nine-month period ended 30 September 2014:					
Revenue					
Revenue from external customers	3,230,801	2,612,291	1,195,884	-	7,038,976
Results					
Contribution for the period	1,354,367	1,539,807	233,857	43,618	3,171,649
Unallocated selling, general and administrative expenses					(482,512)
Unallocated finance income, net					38,335
Profit before tax for the period					2,727,472
Other segment information					
Capital expenditure (property, plant and equipment and investment properties)	125,066	603,540	194,746	28,020	951,372
Depreciation (property, plant and equipment and investment properties)	111,205	317,830	162,695	50,052	641,782

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	<i>Real estate AED'000</i>	<i>Leasing and related activities AED'000</i>	<i>Hospitality AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Three-month period ended 30 September 2014:					
Revenue					
Revenue from external customers	814,995	858,398	302,940	-	1,976,333
Results					
Contribution for the period	414,428	470,759	(13,985)	(9,214)	861,988
Unallocated selling, general and administrative expenses					(168,679)
Unallocated finance income, net					5,788
Profit before tax for the period					699,097
Assets and liabilities As at 30 September 2014					
Segment assets	61,834,165	10,559,225	4,613,083	3,321,243	80,327,716
Segment liabilities	26,313,405	8,709,586	599,958	511,752	36,134,701
	<i>Real estate AED'000</i>	<i>Leasing and related activities AED'000</i>	<i>Hospitality AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Nine-month period ended 30 September 2013:					
Revenue					
Revenue from external customers	4,210,212	2,296,923	1,058,649	-	7,565,784
Results					
Contribution for the period	526,190	1,275,154	183,711	84,413	2,069,468
Unallocated selling, general and administrative expenses					(288,530)
Unallocated finance income, net					32,376
Profit before tax for the period					1,813,314
Other segment information					
Capital expenditure (property, plant and equipment and investment properties)	102,330	148,273	132,742	22,984	406,329
Depreciation (property, plant and equipment and investment properties)	105,673	293,873	154,316	40,156	594,018

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	Real estate AED'000	Leasing and related activities AED'000	Hospitality AED'000	Others AED'000	Total AED'000
Three-month period ended 30 September 2013:					
Revenue					
Revenue from external customers	1,318,181	741,542	287,431	-	2,347,154
Results					
Contribution for the period	278,968	382,786	(8,923)	2,413	655,244
Unallocated selling, general and administrative expenses					(99,602)
Unallocated finance income, net					16,548
Profit before tax for the period					572,190
Assets and liabilities As at 31 December 2013 (Audited)					
Segment assets	45,825,700	10,822,360	4,659,288	3,624,583	64,931,931
Segment liabilities	24,276,904	4,850,851	665,878	405,306	30,198,939

Geographic segments

The following tables include revenue and other segment information for the nine month and three month periods ended 30 September 2014 and 30 September 2013. Asset and liabilities of the geographic segments are presented as at 30 September 2014 and 31 December 2013.

	Domestic AED'000	International AED'000	Total AED'000
Nine-month period ended 30 September 2014:			
Revenue			
Revenue from external customers	5,630,203	1,408,773	7,038,976
Other Segment Information			
Capital expenditure (property, plant and equipment and investment properties)	927,719	23,653	951,372
Three-month period ended 30 September 2014:			
Revenue			
Revenue from external customers	1,377,853	598,480	1,976,333
Assets			
As at 30 September 2014			
Segment assets	53,797,037	20,822,622	74,619,659
Investments in associates and joint ventures	1,580,933	4,127,124	5,708,057
Total assets	55,377,970	24,949,746	80,327,716

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

3 SEGMENT INFORMATION (continued)

Geographic segments(continued)

	Domestic AED'000	International AED'000	Total AED'000
Nine-month period ended 30 September 2013:			
Revenue			
Revenue from external customers	6,721,847	843,937	7,565,784
Other Segment Information			
Capital expenditure (property, plant and equipment and investment properties)	371,817	34,512	406,329
Three-month period ended 30 September 2013:			
Revenue			
Revenue from external customers	2,068,832	278,322	2,347,154
Assets			
<i>As at 31 December 2013 (Audited)</i>			
Segment assets	39,024,828	20,087,437	59,112,265
Investments in associates and joint ventures	1,558,136	4,261,530	5,819,666
Total assets	40,582,964	24,348,967	64,931,931

4 REVENUE AND COST OF REVENUE

	Nine month period ended		Three month period ended	
	30 September 2014 AED'000	30 September 2013 AED'000	30 September 2014 AED'000	30 September 2013 AED'000
Revenue				
Revenue from property sales				
Sale of condominiums, commercial units, plots of land and others	2,051,681	3,236,006	355,540	974,989
Sale of villas	1,179,120	974,206	459,455	343,192
Revenue from hospitality	1,195,884	1,058,649	302,940	287,431
Rental income from leased properties and related income	2,612,291	2,296,923	858,398	741,542
	7,038,976	7,565,784	1,976,333	2,347,154
Cost of revenue				
Cost of revenue of property sales				
Cost of condominiums, commercial units, plots of land and others	769,971	2,136,015	119,992	583,696
Cost of villas	711,205	715,951	246,380	235,615
Operating cost of hospitality	706,862	617,871	232,517	205,512
Operating cost of leased properties	487,308	462,722	180,568	172,860
	2,675,346	3,932,559	779,457	1,197,683

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>
Sales and marketing expenses	437,889	313,089	107,481	98,137
Depreciation of property, plant and equipment	435,661	400,259	142,391	147,192
Depreciation of investment properties	206,121	193,759	69,244	64,362
Payroll and related expenses	398,974	303,350	131,252	100,607
Property management expenses	198,313	197,656	71,834	79,102
Other expenses	157,020	288,539	32,531	99,258
	<u>1,833,978</u>	<u>1,696,652</u>	<u>554,733</u>	<u>588,658</u>

6 FINANCE INCOME

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>
Finance income on fixed deposits with banks	56,915	37,489	26,052	15,514
Other finance income	251,072	242,082	40,324	74,587
	<u>307,987</u>	<u>279,571</u>	<u>66,376</u>	<u>90,101</u>

7 BANK BALANCES AND CASH

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Cash in hand	5,100	9,420
Current and call bank deposit accounts	7,741,142	3,368,026
Fixed deposits maturing within three months	768,042	661,438
Cash and cash equivalents	<u>8,514,284</u>	<u>4,038,884</u>
Deposits under lien (refer Note 15)	19,544	68,542
Fixed deposits maturing after three months	8,352,246	4,465,378
	<u>16,886,074</u>	<u>8,572,804</u>
	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Bank balances and cash located:		
Within UAE	15,816,107	8,080,479
Outside UAE	1,069,967	492,325
	<u>16,886,074</u>	<u>8,572,804</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

7 BANK BALANCES AND CASH (continued)

Bank balances and cash are denominated in the following currencies:

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
United Arab Emirates Dirham (AED)	15,816,107	8,080,479
United States Dollar (USD)	430,185	258,571
Saudi Riyal (SAR)	219,643	135,100
Egyptian Pound (EGP)	355,645	57,505
Moroccan Dirham (MAD)	16,762	23,114
Other currencies	47,732	18,035
	<u>16,886,074</u>	<u>8,572,804</u>

Cash at banks earn interest at floating rates based on prevailing bank deposit rates. Short-term fixed deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Fixed deposits maturing after three months earn interest at rates between 0.75% and 1.55% per annum (31 December 2013: 1.2% and 1.7%).

Bank balances maintained in the UAE includes an amount of AED 21,611 thousands (31 December 2013: AED 21,016 thousands) committed for investments in a project in Syria.

The Group is required to maintain certain deposits/balances amounting to AED 7,572,006 thousands (31 December 2013: AED 3,355,315 thousands) with banks for unclaimed dividends, financing facilities obtained by the Group and advances received from customers against sale of development properties which are deposited into escrow accounts. These deposits/balances are not under lien.

8 TRADE RECEIVABLES

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Amounts receivable within 12 months, net	796,092	422,653
Amounts receivable after 12 months, net	152,139	124,738
	<u>948,231</u>	<u>547,391</u>

Trade receivables include AED 772,608 thousands (31 December 2013: AED 231,005 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due under agreed credit terms.

The above trade receivables are net of AED 103,759 thousands (31 December 2013: AED 112,382 thousands) relating to provision for doubtful debts representing management's best estimate of doubtful trade receivables which are past due for more than 90 days. All other receivables are considered recoverable.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

9 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Receivable on dilution of investment in subsidiary (refer note below)	5,800,000	-
Prepayments (including prepaid lease rentals)	1,288,816	1,326,358
Advances to contractors and others	662,547	549,012
Value added tax recoverable	322,360	319,558
Receivables from Communities Owner Associations	153,394	112,959
Inventory - Hospitality and Retail business segments	86,999	80,775
Recoverable from non-controlling interests	47,767	61,316
Deposits for acquisition of land	45,145	56,048
Deferred income tax assets	39,316	39,353
Accrued interest	28,933	25,217
Other income receivable	54,809	13,663
Other receivables and deposits	357,631	283,062
	<u>8,887,717</u>	<u>2,867,321</u>
Amounts recoverable within 12 months	7,494,856	1,425,531
Amounts recoverable after 12 months	1,392,861	1,441,790
	<u>8,887,717</u>	<u>2,867,321</u>

Receivable on dilution of investment in subsidiary represents amount receivable from Joint Global Coordinators / Joint Book Runners following the IPO of the Group's subsidiary, Emaar Malls Group LLC (refer note 2.1). The Group has received this amount subsequent to the reporting date.

10 DEVELOPMENT PROPERTIES

	<i>30 September 2014 AED'000</i>	
Balance at the beginning of the period	25,866,716	
Add: cost incurred during the period, net	2,924,095	
Less: cost transferred to cost of revenue during the period	(1,481,176)	
Less: cost transferred to property, plant and equipment, net	(19,309)	
Less: transferred to investment properties, net	(48,306)	
Balance at the end of the period	<u>27,242,020</u>	
	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Development properties located:		
Within UAE	13,591,629	12,594,905
Outside UAE	13,650,391	13,271,811
	<u>27,242,020</u>	<u>25,866,716</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

11 INVESTMENTS IN SECURITIES

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Financial assets at fair value through other comprehensive income (i)	1,378,717	939,871
Financial assets at amortised cost	107,465	1,220,156
	<u>1,486,182</u>	<u>2,160,027</u>
<i>Investments in securities located:</i>		
Within UAE	1,452,748	2,123,602
Outside UAE	33,434	36,425
	<u>1,486,182</u>	<u>2,160,027</u>

(i) Financial assets at fair value through other comprehensive income includes a contingent convertible instrument recorded at fair value of AED 6,778 thousands (refer note 12 (i))

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets at fair value through other comprehensive income by valuation technique:

	<i>Total AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
30 September 2014	<u>1,378,717</u>	<u>200,894</u>	<u>1,149,343</u>	<u>28,480</u>
31 December 2013 (Audited)	<u>939,871</u>	<u>146,184</u>	<u>771,985</u>	<u>21,702</u>

Valuations for Level 2 investments in securities have been derived by determining their redemption value which is generally net asset value per share of the investee companies.

There were no transfers made between Level 1 and Level 2 during the period / year.

Financial assets at fair value through other comprehensive income include fund investments managed by an external fund manager. Equity investments are in quoted, unquoted and index linked securities.

12 LOANS TO ASSOCIATES AND JOINT VENTURES

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Amlak Finance PJSC (i)	127,590	240,016
Emaar MGF Land Limited and its related parties (ii)	2,627,756	2,739,460
Golden Ace Pte Ltd (iii)	166,399	161,271
Other associates and joint ventures	4,268	4,401
	<u>2,926,013</u>	<u>3,145,148</u>

12 LOANS TO ASSOCIATES AND JOINT VENTURES (continued)

- (i) During the period, a restructuring arrangement has been agreed by existing depositors/financiers of Amlak Finance PJSC ("Amlak"), the Coordination Committee ("Committee") established to restructure the existing facility and Amlak. The restructuring arrangement has been subsequently ratified by the shareholders of Amlak in their meeting held on 28 September 2014. The documentation with regard to the final restructuring agreement is currently under process and is expected to be signed in a few weeks.

As per the terms of the restructuring arrangement, 20% of the principal amount (AED 47,749 thousand) has been repaid by Amlak, 65% is restructured into a long term facility maturing in 12 years carrying a profit rate of 2% per annum and 15% is restructured into a 12 year contingent convertible instrument (CCI).

As the terms of new long term facility is substantially different from the terms of the original facility, the new facility is considered as a new debt under IFRS 9 "*Financial Instruments*" and is being recognised at fair value. The fair value of new debt as at 30 September 2014, at a discount rate of 5% per annum, is AED 127,161 thousands. The difference between carrying value and the fair value of new long term facility has been charged to the interim consolidated income statement (AED 27,569 thousands).

The CCI has been recorded as a composite financial instrument at fair value through other comprehensive income as per IFRS 9. The fair value of CCI at Amlak's discount rate of 15% per annum is AED 6,778 thousands and is included under Financial assets through other comprehensive income (refer note 11). The difference between carrying value and the fair value of CCI has been charged to the interim consolidated income statement (AED 29,487 thousands).

The redemption value of CCI will be the current carrying value plus a predetermined conversion fee. Amlak has the discretion to redeem CCI using cash. As the CCI is redeemed, due to the fixed nature of the redemption, there will be a proportionate reduction in conversion fee. CCI carry a payment in kind ("PIK") of 1% per annum that will be accrued annually and will be paid at the end of the tenor. Also refer Note 13 (ii) and 13 (iii).

- (ii) The amount due from Emaar MGF Land Limited ("EMGF") and its related parties include an amount of AED 1,860,384 thousands (31 December 2013: AED 1,958,231 thousands) which is secured against certain development properties of EMGF. The loans to EMGF and its related parties earn a return ranging from 7% to 15% per annum other than on Compulsory Convertible Debentures (refer Note 13 (i)) (31 December 2013: compound return ranging from 7% to 15% per annum).

The loan amounting to AED 762,709 thousands (31 December 2013: AED 762,709 thousands) extended to related parties of EMGF is expected to be restructured into an equity investment in a project currently owned by EMGF.

- (iii) The amount owed by Golden Ace Pte Ltd is unsecured and earns a return ranging from 4% to 4.17% per annum (31 December 2013: return ranging from 4.17% to 6.36% per annum). The other promoter of Golden Ace Pte Ltd has indemnified the Group for any non-recovery of amount advanced by the Group and the Group currently hold certain shares of the other promoter group held in EMGF as a security for such indemnification.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Carrying value of investment in:		
Associates:		
Emaar MGF Land Limited (i)	1,673,985	1,830,848
Emaar, The Economic City (Saudi Joint Stock Company) – quoted	2,246,050	2,224,486
Amlak Finance PJSC - quoted [(ii) & (iii)]	697,851	697,851
Emaar Industries and Investment (Pvt) JSC	141,752	132,963
Dead Sea Company for Tourist and Real Estate Investment	131,777	133,667
Other associates	111,449	98,747
	<u>5,002,864</u>	<u>5,118,562</u>
Joint Ventures:		
Emaar Bawadi LLC	445,181	440,024
Turner International Middle East Ltd	260,012	261,080
	<u>705,193</u>	<u>701,104</u>
	<u><u>5,708,057</u></u>	<u><u>5,819,666</u></u>

- (i) During 2012, the Group had invested an amount of USD 49,975 thousands (AED 183,560 thousands) into 5% Compulsory Convertible Debentures (“CCD”) issued by EMGF. These CCDs can be converted into equity shares of EMGF after the expiry of six months from the date of allotment of the CCDs at the discretion of the Group. It is mandatory to convert these CCDs into equity shares on the date of issue of any draft red herring prospectus by EMGF, or on expiry of 10 years from the date of allotment if the above option of early conversion is not exercised.
- (ii) During the period, a restructuring arrangement has been agreed by the existing Depositors/Financiers of Amlak Finance PJSC (“Amlak”), the Coordination Committee established to restructure the existing facilities and Amlak. This arrangement have been ratified by the Amlak’s shareholders in their meeting held on 28 September 2014. The documentation with regard to the final restructuring agreements is currently under process and is expected to be completed in few weeks. Trading in Amlak's shares on the Dubai Financial Market have been suspended until the finalization and execution of this restructuring agreements.
- (iii) The auditors have issued a qualified opinion on the consolidated financial statements of Amlak as of 31 December 2011 with respect to valuation of investment properties and advances for investment properties amounting to AED 3,297 million and AED 792 million, respectively. The Group’s management will assess its investment for any impairment once Amlak’s financial statements incorporating the adjustments relating to the restructuring arrangement is available. The management does not expect such impairment to be significant.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

14 TRADE AND OTHER PAYABLES

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Project contract cost accruals and provisions	3,369,651	3,530,473
Trade payables	1,345,911	938,057
Payable to non-controlling interests	992,071	991,978
Creditors for land purchase	530,735	535,511
Dividends payable	149,719	125,911
Deferred income tax payable	37,704	34,836
Income tax payable	10,041	15,747
Other payables and accruals	1,977,231	1,850,297
	<u>8,413,063</u>	<u>8,022,810</u>

15 INTEREST-BEARING LOANS AND BORROWINGS

	<i>30 September 2014 AED'000</i>
Balance at the beginning of the period	6,356,918
Add: Borrowings drawn down during the period	4,974,087
Less: Borrowings repaid during the period	(5,429,286)
Balance at the end of the period	<u>5,901,719</u>
Less: unamortised portion of directly attributable costs	(49,396)
Net interest-bearing loans and borrowings at the end of the period	<u>5,852,323</u>

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Maturing within 12 months	723,219	2,590,070
Maturing after 12 months	5,129,104	3,766,848
Balance at the end of the period / year	<u>5,852,323</u>	<u>6,356,918</u>

Interest bearing loans and borrowings located:

Within UAE	4,633,679	4,381,958
Outside UAE	1,218,644	1,974,960
	<u>5,852,323</u>	<u>6,356,918</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

15 INTEREST-BEARING LOANS AND BORROWINGS (continued)

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

Secured

- Indian Rupees (INR) 68,500 thousands (AED 4,063 thousands) loan from financial institutions, secured by way of first charge on certain property, plant and equipment and receivables in India, carries interest at 13.03% per annum. This loan is payable in quarterly installments and is fully repayable by 2015.
- USD 72,552 thousands (AED 266,484 thousands) of Syndicated facility, secured against certain investment properties owned by the Group in Turkey, carries interest at LIBOR plus 4% per annum and fully repayable by 2019.
- USD 60,705 thousands (AED 222,969 thousands) loan from a commercial bank, secured against certain assets in Lebanon and carries interest at 6.5% to 7.5% per annum and is repayable by 2018.

Unsecured

- During the period, the Group has partially drawdown USD 1,250,000 thousands (AED 4,591,250 thousands) out of USD 1,500,000 thousands (AED 5,509,500 thousands) Syndicated Murhabha Islamic Finance Facility (the "Syndicated Facility") availed from a syndication of commercial banks in UAE. The Syndicated facility is presented in the interim condensed consolidated financial statements at USD 1,236,552 thousands (AED 4,541,854 thousands) net of directly attributable transaction cost. The Syndicated Facility is unsecured, carries profit rate at LIBOR plus 1.75% per annum and is fully repayable in 2021. The bank has a lien of AED 19,544 thousands (Note 7) towards accrued interest.
- PKR 863,659 thousands (AED 30,919 thousands) loan from commercial banks, bearing interest at KIBOR plus 1.30% per annum and is repayable in 2014.
- PKR 2,171,618 thousands (AED 77,744 thousands) loan from a commercial bank, bearing interest at KIBOR plus 1% per annum and is repayable in 2015.
- PKR 2,645,576 thousands (AED 94,712 thousands) loan from a commercial bank, bearing interest at KIBOR plus 1% per annum and is fully repayable by 2015.
- PKR 688,749 thousands (AED 24,657 thousands) loan from a commercial bank, bearing interest at KIBOR plus 0.75% per annum and is fully repayable by 2015.
- Egyptian Pound (EGP) 967,367 thousands (AED 497,015 thousands) of funding facilities from commercial banks in Egypt, carries interest at rates of 11.5% to 12.5% per annum and repayable by 2019.
- USD 25,000 thousands (AED 91,825 thousands) represents partial drawdown out of USD 500,000 thousands (AED 1,836,500 thousands) Revolving Credit Line Facility availed from the syndication of commercial banks in UAE, carries interest at LIBOR plus 2.75% per annum and is repayable by 2020.

16 CONVERTIBLE NOTES

The Company had issued guaranteed convertible notes (the "Notes") in 2010 for USD 500,000 thousands (AED 1,836,500 thousands) through its wholly-owned subsidiary Pyrus Limited (Pyrus), a British Virgin Island incorporated company. The Notes were approved by the Company's shareholders at an Extraordinary General Meeting held on 8 November 2010. The Notes had a maturity date of 20 December 2015 and a fixed interest rate of 7.5% per annum, to be paid quarterly. The Notes were admitted on the official list of the Luxembourg Stock Exchange (LSE) and admitted to trade on the Euro MTF market of the LSE on 20 December 2010.

The Notes issued were unconditionally and irrevocably guaranteed by the Company (the Guarantor). Each Note entitled the holder an option to convert such Note into new and/or existing shares between the period from 30 January 2011 to 25 November 2015 (final maturity date for conversion) as fully paid at a conversion price of AED 4.38 per share of the Company. Unless previously purchased and cancelled, redeemed or converted, the Notes would have been redeemed at their principal amount on the final maturity date.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

16 CONVERTIBLE NOTES (continued)

The Notes were hybrid financial instrument and the option to convert was an embedded derivative. The carrying value of the Notes on initial recognition was based on the net proceeds of issuance of the Notes reduced by the fair value of the embedded derivatives and was subsequently carried at amortised cost.

The embedded derivatives were separated from the carrying value of the Notes as their risks and characteristics were not closely related to those of the Notes and the Notes were not carried at fair value. The embedded derivatives and the Notes were presented under a separate line item in the interim consolidated statement of financial position.

During the period, Pyrus received conversion notices from holders of the Notes with face value of USD 475,700 thousands (AED 1,747,246 thousands) [31 December 2013: USD 22,300 thousands (AED 81,907 thousands)]. Accordingly, the Company issued 398,914,594 new equity shares of AED 1 each on 22 January 2014 (2013: 18,700,432 new equity shares of AED 1 each on 22 December 2013). The Company settled the remaining Notes with face value of USD 2,000 thousands (AED 7,346 thousands), wherein the holders had not applied for conversion, in cash on 6 February 2014 pursuant to the conversion notice issued by the Company on 6 January 2014. The above conversion and settlement resulted in full extinguishment of the Group's liability towards the Notes. (Also refer to Notes 18 and 19).

The Notes are presented in the interim consolidated statement of financial position as follows:

	30 September 2014 AED'000	31 December 2013 AED'000 (Audited)
Liability component as at the end of the period / year	-	1,721,133
Equity component on initial recognition	-	35,498

17 SUKUK

A. Emaar Sukuk Limited:

Emaar Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of the Group, has established a trust certificate issuance programme (the "Programme") pursuant to which the Issuer may issue from time to time up to USD 2,000,000 thousands (AED 7,346,000 thousands) of trust certificates in series.

- Series 1:

On 3 February 2011, the Issuer had issued first series of trust certificates (the "Sukuk 1") amounting to USD 500,000 thousands (AED 1,836,500 thousands) under the Programme. Sukuk 1 carries a profit distribution rate of 8.5% per annum to be paid semi-annually. The Sukuk 1 is listed on the London Stock Exchange and NASDAQ Dubai and is due for repayment in 2016. The carrying value of Sukuk 1 is as follows:

	30 September 2014 AED'000	31 December 2013 AED'000 (Audited)
Sukuk 1 liability as at period/year	1,829,341	1,826,728

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

17 SUKUK (continued)

- Series 2:

On 18 July 2012, the Issuer had issued the second series of the trust certificates (the "Sukuk 2") amounting to USD 500,000 thousands (AED 1,836,500 thousands) under the Programme. The Sukuk 2 is listed on NASDAQ Dubai and is due for repayment in 2019. Sukuk 2 carries a profit distribution rate of 6.4% per annum to be paid semi-annually. The carrying value of Sukuk 2 is as follows:

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Sukuk 2 liability as at period/year	<u>1,826,923</u>	<u>1,825,675</u>

B. EMG Sukuk Limited:

On 18 June 2014, the EMG Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of the Group, has issued trust certificates (the "Sukuk") amounting to USD 750,000 thousands (AED 2,754,750 thousands). The Sukuk is listed on the NASDAQ Dubai and is due for repayment in 2024. The Sukuk carries a profit distribution rate of 4.6% per annum to be paid semi-annually. The carrying value of Sukuk is as follows:

	<i>30 September 2014 AED'000</i>
Proceeds from the issuance of the Sukuk	2,754,750
Less: Sukuk issuance cost	(21,967)
Sukuk liability on initial recognition	<u>2,732,783</u>
Profit accrued up to the end of the period	510
Sukuk liability at the end of the period	<u>2,733,293</u>

The total Sukuk liability is as follows:

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Emaar Sukuk Limited:		
- Sukuk 1	1,829,341	1,826,728
- Sukuk 2	1,826,923	1,825,675
EMG Sukuk Limited:		
- Sukuk	<u>2,733,293</u>	-
Total Sukuk liability at the end of the period/year	<u>6,389,557</u>	<u>3,652,403</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

18 SHARE CAPITAL

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Authorised capital 7,159,738,882 shares of AED 1 each (31 December 2013: 6,109,938,935 shares of AED 1 each)	<u>7,159,739</u>	<u>6,109,939</u>
Issued and fully paid-up – 7,159,738,882 shares of AED 1 each (31 December 2013: 6,109,938,935 shares of AED 1 each)	<u>7,159,739</u>	<u>6,109,939</u>

- (a) Pyrus, a wholly owned subsidiary of the Group, had issued convertible notes (the “Notes”) in 2010 which were unconditionally and irrevocably guaranteed by the Company. During the period, Pyrus received additional conversion notices from holders of the Notes with face value of USD 475,700 thousands (AED 1,747,246 thousands). Accordingly, the Company has converted these Notes at a conversion price of AED 4.38 per share and has issued 398,914,594 new equity share of AED 1 each on 22 January 2014 after securing necessary approvals from statutory authorities (refer notes 16 and 19).
- (b) The Company’s shareholders, at the annual general meeting held on 23 April 2014, approved a share dividend of AED 0.10 per share (refer Note 21). Accordingly, effective 1 May 2014, the Company has issued 650,885,353 new equity shares of AED 1 each after securing necessary approvals from statutory authorities.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) As at 30 September 2014 (Unaudited)

19 RESERVES

	Statutory reserve AED'000	Capital reserve AED'000	General reserve AED'000	Hedging reserve AED'000	Net unrealised gains/ (losses) reserve AED'000	Foreign currency translation reserve AED'000	Total AED'000
Balance at 31 December 2013 (<i>Audited</i>)	13,871,914	3,660	3,383,280	(50,774)	(929,762)	(1,402,205)	14,876,113
Increase in unrealised reserve	-	-	-	49,631	445,157	-	494,788
Decrease in foreign currency translation reserve	-	-	-	-	-	(125,123)	(125,123)
Net income/(loss) recognised directly in equity	-	-	-	49,631	445,157	(125,123)	369,665
Dilution of investment in subsidiary	-	-	-	175	-	-	175
Conversion of convertible notes (Notes 16 and 18)	1,348,331	-	-	-	-	-	1,348,331
Balance as at 30 September 2014	15,220,245	3,660	3,383,280	(968)	(484,605)	(1,527,328)	16,594,284
Balance at 31 December 2012 (<i>Audited</i>)	13,808,707	3,660	3,126,466	(82,929)	(1,326,517)	(929,524)	14,599,863
Increase in unrealised reserve	-	-	-	29,823	234,430	-	264,253
Decrease in foreign currency translation reserve	-	-	-	-	-	(484,671)	(484,671)
Net income/(loss) recognised directly in equity	-	-	-	29,823	234,430	(484,671)	(220,418)
Balance as at 30 September 2013	13,808,707	3,660	3,126,466	(53,106)	(1,092,087)	(1,414,195)	14,379,445

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

20 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit or loss for the period attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit or loss attributable to the owners of the parent (after adjusting for interest on the convertible notes) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The information necessary to calculate basic and diluted earnings per share is as follows:

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2014</i>	<i>30 September 2013</i>	<i>30 September 2014</i>	<i>30 September 2013</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Earnings:				
Profit attributable to the owners of the parent for basic earnings	2,431,848	1,811,948	701,312	581,135
Interest on convertible notes	-	114,424	-	38,426
Profit attributable to the owners of the parent adjusted for the effect of dilution	2,431,848	1,926,372	701,312	619,561
	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2014</i>	<i>30 September 2013</i>	<i>30 September 2014</i>	<i>30 September 2013</i>
Shares in thousands				
Weighted average number of ordinary shares for basic earnings per share*	6,842,950	6,091,239	7,159,739	6,091,239
Effect of dilution:				
Convertible notes	-	419,292	-	419,292
Weighted average number of ordinary shares adjusted for the effect of dilution	6,842,950	6,510,531	7,159,739	6,510,531

* On 22 January 2014, the Company issued 398,914,594 new equity shares pursuant to conversion of convertible notes (refer Notes 16, 18 & 19). Additionally on 1 May 2014, the Company has issued 650,885,353 equity shares pursuant to the share dividend approved by the shareholders (refer Note 21). Accordingly, the weighted average number of shares takes into account the weighted average effect of change in number of equity shares on conversion of notes and issue of bonus shares.

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2014</i>	<i>30 September 2013</i>	<i>30 September 2014</i>	<i>30 September 2013</i>
Earnings per share:				
- basic and diluted earnings per share (AED)	0.36	0.30	0.10	0.10

21 DIVIDENDS

A cash dividend of AED 0.15 and a share dividend of AED 0.10 per share for the year 2013 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 23 April 2014. Subsequent to the reporting period, the board of directors of the Company in their meeting held on 9 October 2014 have recommended a special cash dividend of AED 1.257 per share totaling to AED 9 billion.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

22 RELATED PARTY DISCLOSURES

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

	<i>Nine month period ended</i>	
	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>
Associates and joint ventures:		
Islamic finance income	3,050	3,168
Finance income earned on loans	85,108	187,041
Property development expenses	52,807	54,202
Selling, general and administrative expenses	3,766	3,323
Rental income from leased properties and related income	2,394	2,180
Cost of revenue	3,855	212
Other operating income	826	799
Other income	105	-
Directors', Key management personnel and their related parties:		
Sale of property	102,522	10,317
Rental income from leased properties and related income	60,748	56,224
Islamic finance income	3,721	3,184
Finance costs incurred on interest-bearing loans and borrowings	10,647	-
Revenue from hospitality	614	678
Selling, general and administrative expenses	23,661	22,349
Cost of revenue	18,200	14,857
Capital expenditure	110	241
Property development expenses	1,700	3

Related party balances

The following table summarise the significant related party balances (and the statement of financial position captions within which these are included) as at 30 September 2014 and 31 December 2013:

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Associates and joint ventures:		
Trade and other payables	46,233	48,717
Trade receivables	1,196	14,694
Directors', Key management personnel and their related parties:		
Bank balances and cash	1,232,974	525,658
Trade receivables	890	7,646
Other assets, receivables, deposits and prepayments	982	10,358
Investment in securities at fair value through other comprehensive income	123,510	93,231
Interest-bearing loans and borrowings	223,461	9,183
Trade and other payables	6,669	4,107
Advance from customers	38,793	7,450

During the period, a payment of bonus amounting to AED 500 thousands to each of the non-executive members of the Board of Directors of the Company was approved by the shareholders at the Annual General Meeting of the Company held on 23 April 2014.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

22 RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel

The remuneration of key management personnel during the period is as follows:

	<i>30 September 2014 AED'000</i>	<i>30 September 2013 AED'000</i>
Short-term benefits	203,272	159,047
Employees' end-of-service benefits	26,894	7,807
	<u>230,166</u>	<u>166,854</u>

During the period, the number of key management personnel was 213 (30 September 2013: 175).

23 GUARANTEES

The Group has the following guarantees outstanding as at 30 September 2014:

1. Loans taken by an associate from commercial banks amounting to AED 114,915 thousands (31 December 2013: AED 139,700 thousands) are guaranteed by the Group.
2. The Group has issued a financial guarantee of AED 180,891 thousands (31 December 2013: AED 215,950 thousands) for a letter of credit issued by commercial banks.
3. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2013: AED 5,000 thousands) as a security for a letter of guarantee issued by a commercial bank for issuance of a trade license from Government of Dubai.
4. The Group has provided a financial guarantee of AED 3,287 thousands (31 December 2013: AED 3,287 thousands) as a security for the performance of its contractual obligations.
5. The Group has provided a financial guarantee of AED 1,701,597 thousands (31 December 2013: AED 978,760 thousands) to Real Estate Regulatory Authority (RERA), Dubai for its new projects as per RERA regulations.
6. The Group has provided a corporate guarantee of AED 73,460 thousands (31 December 2013: AED 73,460 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of the associate of the Group.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

24 COMMITMENTS

At 30 September 2014, the Group had commitments of AED 13,157,101 thousands (31 December 2013: AED 6,522,210 thousands) which include project commitments of AED 12,749,383 thousands (31 December 2013: AED 6,141,508 thousands). This represents the value of contracts issued at 30 September 2014 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 un-provided liabilities will arise.

Operating lease commitments - Group as lessee

The Group has entered into various operating lease agreements for properties, office facilities and equipment. There are no restrictions placed upon by the Group on entering into these leases. Future minimum rentals payable under non-cancellable operating leases are as follows:

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Within one year	74,454	16,456
After one year but not more than five years	177,473	143,089
More than five years	18,093	54,280
	<u>270,020</u>	<u>213,825</u>

Operating lease commitments - Group as lessor

The Group has entered into leases on its investment property portfolio. The future minimum rentals receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	<i>30 September 2014 AED'000</i>	<i>31 December 2013 AED'000 (Audited)</i>
Within one year	1,597,630	1,496,906
After one year but not more than five years	3,009,929	2,500,371
More than five years	730,443	857,574
	<u>5,338,002</u>	<u>4,854,851</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2014 (Unaudited)

25 HEDGING ACTIVITIES

Cash flow hedges

At 30 September 2014, the Group held certain interest rate swap contracts designated as a hedge of expected future payments under the borrowing contracts entered by the Group for which it has firm commitments. The interest rate swap contract is being used to hedge the interest rate risk of the firm commitments. The nominal amount of these contracts is USD 350,000 thousands and AED Nil respectively (31 December 2013: USD 218,672 thousands and AED 2,457,000 thousands respectively).

	<u>30 September 2014</u>		<u>31 December 2013 (Audited)</u>	
	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<i>Interest rate swap contracts</i>				
Fair value	-	1,143	-	50,774

During the period, the group unwound certain interest rate swap contracts due to settlement of some borrowings from a financial institution.

Subsequent to period end, the Group has entered into interest rate swap contracts. The nominal amount of these contracts is USD 375,000 thousands (AED 1,377,375 thousands).

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of cash flow hedges by valuation technique:

	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
30 September 2014				
Interest rate swap contracts	1,143	-	1,143	-
31 December 2013 (Audited)				
Interest rate swap contracts	50,774	-	50,774	-

Valuation technique

The present value of interest rate swaps is computed by determining the present value of the fixed leg and the floating leg interest flows. The value of the fixed leg is given by the present value of the fixed coupon payments. The value of the floating leg is given by the present value of the floating coupon payments determined at the agreed dates of each payment. The forward rate for each floating payment date is calculated using the forward curves.

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include bank balances and cash, trade receivables, investment in securities, loans and advances, other receivables and due from related parties. Financial liabilities of the Group include customer advances and deposits, interest-bearing loans and borrowings, sukuk, accounts payable and retentions payable.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.