

**Emaar Properties PJSC
and its Subsidiaries**

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Emaar Properties PJSC and its Subsidiaries

**Unaudited Interim Condensed Consolidated Financial Statements
For the Period Ended 30 September 2015**

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

Introduction

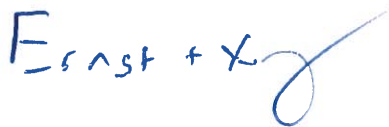
We have reviewed the accompanying interim condensed consolidated financial statements of Emaar Properties PJSC (the “Company”) and its Subsidiaries (the “Group”) as at 30 September 2015, which comprise the interim consolidated statement of financial position as at 30 September 2015, and the related interim consolidated income statement and statement of comprehensive income for the three-month and nine-month periods then ended, the interim consolidated statements 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.



Signed by
Anthony O'Sullivan
Partner
Registration No. 687

Dubai, United Arab Emirates
9 November 2015

Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2015 (Unaudited)

(US \$1.00 = AED 3.673)

		<i>Nine month period ended</i>		<i>Three month period ended</i>	
		<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
		<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
		<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>Notes</i>				
Revenue	4	9,849,244	7,072,156	3,329,280	1,987,490
Cost of revenue	4	(4,672,180)	(2,675,346)	(1,668,183)	(779,457)
GROSS PROFIT		5,177,064	4,396,810	1,661,097	1,208,033
Other operating income		242,006	239,416	94,104	80,663
Other operating expenses		(121,295)	(136,002)	(45,913)	(55,318)
Selling, general and administrative expenses	5	(2,064,985)	(1,833,978)	(699,483)	(554,733)
Finance income	6	292,168	307,987	114,010	66,376
Finance costs		(353,801)	(391,901)	(121,722)	(114,570)
Discounting of long term loan to associate	12	-	(27,569)	-	(27,569)
Other income		121,080	272,030	6,996	186,278
Share of results of associates and joint ventures		77,803	(69,834)	(189)	(60,576)
Impairment of loan to associate	12	-	(29,487)	-	(29,487)
PROFIT BEFORE TAX		3,370,040	2,727,472	1,008,900	699,097
Income tax credit / (expense)		46,016	(3,872)	(9,771)	(4,773)
NET PROFIT FOR THE PERIOD		3,416,056	2,723,600	999,129	694,324
ATTRIBUTABLE TO:					
Owners of the parent		3,048,320	2,431,848	843,407	701,312
Non-controlling interests		367,736	291,752	155,722	(6,988)
		3,416,056	2,723,600	999,129	694,324
Earnings per share attributable to the owners of the parent:					
- basic and diluted earnings per share (AED)	19	0.43	0.36	0.12	0.10

The accompanying notes 1 to 25 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 2015 (Unaudited)

(US \$1.00 = AED 3.673)

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2015 AED'000</i>	<i>30 September 2014 AED'000</i>	<i>30 September 2015 AED'000</i>	<i>30 September 2014 AED'000</i>
Net profit for the period	3,416,056	2,723,600	999,129	694,324
<i>Other comprehensive income / (loss) to be reclassified to income statement in subsequent periods:</i>				
(Decrease) / increase in hedging reserve	(64,970)	49,631	(51,260)	6,239
(Decrease) / increase in unrealised gains / (losses) reserve	(23,454)	1,761	(14,224)	7,314
Decrease in foreign currency translation reserve	(449,507)	(137,045)	(188,670)	(150,172)
Net other comprehensive income / (loss) to be reclassified to income statement in subsequent periods	(537,931)	(85,653)	(254,154)	(136,619)
<i>Other comprehensive income / (loss) not to be reclassified to income statement in subsequent periods:</i>				
(Decrease) / increase in unrealised gains / (losses) reserve	(101,454)	443,440	(146,175)	291,216
Realised gain on fair value movement through other comprehensive income	6,770	2,917	-	766
Net other comprehensive income / (loss) not to be reclassified to income statement in subsequent periods	(94,684)	446,357	(146,175)	291,982
Total comprehensive income for the period	2,783,441	3,084,304	598,800	849,687
ATTRIBUTABLE TO:				
Owners of the parent	2,446,530	2,804,430	466,963	861,703
Non-controlling interests	336,911	279,874	131,837	(12,016)
	2,783,441	3,084,304	598,800	849,687

The accompanying notes 1 to 25 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 2015

(US \$1.00 = AED 3.673)

	Notes	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
ASSETS			
Bank balances and cash	7	16,878,923	16,017,745
Trade and unbilled receivables	8	2,487,834	1,126,558
Other assets, receivables, deposits and prepayments	9	4,565,427	3,392,747
Development properties	10	24,915,312	27,625,627
Investments in securities	11	1,738,698	931,599
Loans to associates and joint ventures	12	2,997,825	2,919,514
Investments in associates and joint ventures	13	6,445,679	5,590,791
Property, plant and equipment		8,884,060	8,213,675
Investment properties		8,644,571	8,314,934
Goodwill		46,066	46,066
TOTAL ASSETS		77,604,395	74,179,256
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	14	9,012,362	9,860,351
Advances from customers		14,076,738	15,482,005
Retentions payable		804,380	721,620
Interest-bearing loans and borrowings	15	6,858,309	5,959,484
Sukuk	16	6,397,200	6,391,638
Provision for employees' end-of-service benefits		149,700	133,584
TOTAL LIABILITIES		37,298,689	38,548,682
EQUITY			
Equity attributable to owners of the parent			
Share capital	17	7,159,739	7,159,739
Employees' performance share program		(1,684)	(1,684)
Reserves	18	16,400,581	16,407,081
Retained earnings		13,386,503	9,445,391
Non-controlling interests		36,945,139	33,010,527
		3,360,567	2,620,047
TOTAL EQUITY		40,305,706	35,630,574
TOTAL LIABILITIES AND EQUITY		77,604,395	74,179,256

The interim condensed consolidated financial statements were authorised for issue on 9 November 2015 by the Board of Directors and signed on their behalf by:

Chairman

Director

The accompanying notes 1 to 25 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 2015 (Unaudited)

	<i>Attributable to the owners of the parent</i>						<i>(US \$1.00 = AED 3.673)</i>
	<i>Share capital AED '000</i>	<i>Employees' performance share program AED '000</i>	<i>Reserves AED '000</i>	<i>Retained earnings AED '000</i>	<i>Total AED '000</i>	<i>Non-controlling interests AED '000</i>	<i>Total equity AED '000</i>
Balance as at 31 December 2014 (<i>Audited</i>)	7,159,739	(1,684)	16,407,081	9,445,391	33,010,527	2,620,047	35,630,574
Effect of changes in accounting policy (Note 2.3)	-	-	-	2,103,203	2,103,203	17,916	2,121,119
Balance at 1 January 2015	7,159,739	(1,684)	16,407,081	11,548,594	35,113,730	2,637,963	37,751,693
Net profit for the period	-	-	-	3,048,320	3,048,320	367,736	3,416,056
Other comprehensive (loss) / income for the period	-	-	(608,560)	6,770	(601,790)	(30,825)	(632,615)
Total comprehensive income for the period	-	-	(608,560)	3,055,090	2,446,530	336,911	2,783,441
Acquisition of non-controlling interest	-	-	2,197	(47,189)	(44,992)	20,863	(24,129)
Dilution of investment in a subsidiary (Note 2.1)	-	-	599,863	(72,982)	526,881	364,830	891,711
Directors' bonus (Note 21)	-	-	-	(23,049)	(23,049)	-	(23,049)
Dividend (Note 20)	-	-	-	(1,073,961)	(1,073,961)	-	(1,073,961)
Balance as at 30 September 2015	7,159,739	(1,684)	16,400,581	13,386,503	36,945,139	3,360,567	40,305,706

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
Period ended 30 September 2015 (Unaudited)

The accompanying notes 1 to 25 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 2015 (Unaudited)

(US \$1.00 = AED 3.673)

For the nine month period ended

		30 September 2015 AED'000	30 September 2014 AED'000
	Notes		
Cash flows from operating activities			
Profit before tax for the period		3,370,040	2,727,472
Adjustments for:			
Share of results of associates and joint ventures		(77,803)	69,834
Depreciation		663,821	641,782
Provision for end-of-service benefits		16,116	40,228
Loss on disposal of property, plant and equipment		1,059	2,584
Loss on disposal of investment property		9,792	-
Finance costs		353,801	391,901
Discounting of long term loan to associate	12	-	27,569
Finance income	6	(292,168)	(307,987)
Impairment of loan to associate	12	-	29,487
Cash from operations before working capital changes:		4,044,658	3,622,870
Trade and unbilled receivables		(727,143)	(422,036)
Other assets, receivables, deposits and prepayments		(1,063,693)	(101,301)
Development properties		(33,611)	(1,442,919)
Advances from customers		1,495,621	4,947,537
Trade and other payables		112,737	267,334
Retentions payable		82,760	68,853
Income tax		(1,994)	(5,706)
Net cash flows from operating activities		3,909,335	6,934,632
Cash flows from investing activities			
Purchase of securities		(914,645)	(394,297)
Proceeds from disposal of securities		12,860	1,514,498
Finance income received		160,043	181,043
Dividend received from associates and joint ventures		77,114	47,749
Additional investment in and loans to associates and joint ventures		(3,825)	160,078
Amounts incurred on investment properties		(441,780)	(446,742)
Purchase of property, plant and equipment		(961,433)	(504,630)
Proceeds from disposal of property, plant and equipment		2,030	1,189
Deposits maturing after three months (including deposits under lien)	7	771,866	(3,837,870)
Net cash flows used in investing activities		(1,297,770)	(3,278,982)
Cash flows from financing activities			
Dividend paid		(2,369,969)	(952,520)
Proceeds from interest-bearing loans and borrowings	15	1,235,363	4,974,087
Repayment of interest-bearing loans and borrowings	15	(342,006)	(5,429,286)
Director's bonus		(23,049)	-
Proceeds from dilution of investment in a subsidiary	2.1	932,920	-
Finance costs paid		(365,333)	(511,492)
Buyback of convertible notes	17	-	(7,346)
Proceeds from issuance of sukuk	16	-	2,754,750
Net cash flows (used in) / from financing activities		(932,074)	828,193
Increase in cash and cash equivalents		1,679,491	4,483,843
Net foreign exchange difference		(46,447)	(8,443)
Cash and cash equivalents at the beginning of the period		7,670,753	4,038,884
Cash and cash equivalents at the end of the period	7	9,303,797	8,514,284

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

1 DOMICILE AND ACTIVITIES

Emaar Properties Public Joint Stock Company (the “Company” or the “Parent”) was established as a public joint stock company by Ministerial Decree number 66 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 the 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 2014. 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 except for the early adoption of IFRS 15 “*Revenue from Contracts with Customers*” (Refer Note 2.3).

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 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

Certain comparative amounts in other income have been reclassified to revenue to conform to the presentation used in these interim condensed consolidated financial statements.

Basis of consolidation

The interim condensed consolidated financial statements comprise the 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 2015 (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 28 June 2015, Emaar Misr for Development S.A.E. ("Emaar Misr"), a subsidiary of the Group incorporated and operating in Egypt, issued an additional 600,000,000 ordinary shares (face value of EGP 1 per share) through a primary offering of shares in an Initial Public Offering ("IPO") which represents 12.99% of Emaar Misr's share capital after IPO and raised EGP 2,280,000 thousands (AED 1,097,553 thousands). The excess of proceeds received over face value (net of direct transaction costs) on issuance of the additional shares by Emaar Misr amounting to EGP 1,594,568 thousands (AED 760,585 thousands) has been accounted for as share premium (refer Note 18). Subsequent to the IPO, the shares of Emaar Misr were listed on The Egyptian Exchange ("EGX") and trading of shares on EGX commenced on 5 July 2015.

Subsequent to the listing of shares on EGX, due to volatility in the share market, the management of Emaar Misr, in accordance with laws and regulations, agreed to buyback certain shares to assist in stabilising the share price through utilisation of the stabilisation fund created during the IPO. Accordingly, on 4 August 2015, Emaar Misr bought back 90,000,000 shares representing 15% of the shares issued during the IPO and refunded EGP 342,000 thousands (AED 164,633 thousands) to the applicants. After the completion of buyback of the shares, the effective non-controlling interest for the Group in Emaar Misr is 11.04%.

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 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.

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.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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:

Judgments

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 IFRS 15 *Revenue from Contracts with Customers*.

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.

Estimations and assumptions

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.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
As at 30 September 2015 (Unaudited)

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

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.

Also refer Note 2.3 for the judgment, estimations and assumptions adopted by the Group on the early adoption of IFRS 15 *Revenue from Contracts with Customers*.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments adopted by the Group

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 consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. Other than the early adoption of IFRS 15 as mentioned below, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since the Group has no defined benefit plans with contributions from employees or third parties.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition,
- A performance target must be met while the counterparty is rendering service,
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group,
- A performance condition may be a market or non-market condition,
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar';
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in these interim condensed consolidated financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of his decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3;
 - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.
- As the Group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018 either based on a full retrospective or modified application, with early adoption permitted. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, which is found currently across several Standards and Interpretations within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has reviewed the impact of IFRS 15 in each of the jurisdictions in which it operates. Accordingly, the Group has elected to early adopt IFRS 15 with effect from 1 January 2015, as the Group considers it better reflects the real estate business performance of the Group. The Group has opted for modified retrospective application permitted by IFRS 15 upon adoption of the new standard. Accordingly, the standard has been applied to the period ended 30 September 2015 only (i.e. the initial application period). Modified retrospective application also requires the recognition of the cumulative impact of adoption on all contracts not yet complete as at 1 January 2015 in the form of an adjustment to the opening balance of retained earnings as at 1 January 2015. The details of adjustments to opening retained earnings and other account balances are detailed below:

Consolidated statement of financial position

	31 December 2014 AED'000 (Audited)	Adjustments / reclassification AED'000	1 January 2015 AED'000
Assets			
Trade and unbilled receivables	1,126,558	634,133	1,760,691
Development properties	27,625,627	(2,408,642)	25,216,985
Investment in associates and joint ventures	5,590,791	1,002,099	6,592,890
Liabilities			
Trade and other payables	9,860,351	7,359	9,867,710
Advances from customers	15,482,005	(2,900,888)	12,581,117
Equity			
Retained earnings	9,445,391	2,103,203	11,548,594
Non-controlling interests	2,620,047	17,916	2,637,963

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
As at 30 September 2015 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 Revenue from contracts with customers (continued)

The table below represents impact on revenue, cost of revenue and net profit for the period had the earlier policy for revenue recognition been continued during the period:

Interim consolidated income statement

	<i>As per IFRS 15 AED'000</i>	<i>As per the old policy AED'000</i>	<i>Impact due to change AED'000</i>
Nine-month period ended 30 September 2015:			
Revenue	9,849,244	7,385,000	(2,464,244)
Cost of revenue	(4,672,180)	(2,994,976)	1,677,204
Net profit for the period	3,048,320	2,107,198	(941,122)

The application of the new accounting policy has required management to make the following judgments:

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstance the Group recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assess the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration the Group uses the “most-likely amount” method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the assets that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the unit has been handed over to the customer.

In addition, the application of IFRS 15 has resulted in the following estimation process:

Allocation of transaction price to performance obligation in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method the Group estimates the cost to complete the projects in order to determine the amount of revenue to be 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.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group had relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. This amendment does not impact the accounting policy of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective except for IFRS 15.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Selected accounting policies

The following significant accounting policies are reproduced from the Group's consolidated financial statements as at 31 December 2014 except for changes made due to early adoption of IFRS 15 *Revenue from Contract with Customers* with effect from 1 January 2015:

Revenue recognition

The Group has elected to early adopt IFRS 15 with effect from 1 January 2015. As a result of early adoption the Group has applied the following accounting policy in the preparation of its interim condensed consolidated financial statements:

Revenue from contracts with customers

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

- Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

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.

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.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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.

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.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

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.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

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.

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'.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair values (continued)

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.

Geographic segments

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

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

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
As at 30 September 2015 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments

The following tables include revenue, profit and certain assets and liabilities information regarding business segments for the nine month and three month periods ended 30 September 2015 and 30 September 2014. Assets and liabilities of the business segments are presented as at 30 September 2015 and 31 December 2014.

	<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 2015:					
Revenue					
Revenue from external customers					
- Over a period of time	4,772,551	-	-	-	4,772,551
- Single point in time	882,551	2,995,498	1,198,644	-	5,076,693
	<u>5,655,102</u>	<u>2,995,498</u>	<u>1,198,644</u>	<u>-</u>	<u>9,849,244</u>
Results					
Contribution for the period	<u>1,725,456</u>	<u>1,808,712</u>	<u>192,464</u>	<u>85,407</u>	<u>3,812,039</u>
Unallocated selling, general and administrative expenses					(492,488)
Unallocated finance income, net					50,489
Profit before tax for the period					<u>3,370,040</u>
Other segment information					
Capital expenditure (property, plant and equipment and investment properties)	<u>59,344</u>	<u>501,560</u>	<u>839,084</u>	<u>3,225</u>	<u>1,403,213</u>
Depreciation (property, plant and equipment and investment properties)	<u>104,048</u>	<u>333,225</u>	<u>182,165</u>	<u>44,383</u>	<u>663,821</u>
Three-month period ended 30 September 2015:					
Revenue					
Revenue from external customers					
- Over a period of time	1,740,724	-	-	-	1,740,724
- Single point in time	294,120	979,715	314,721	-	1,588,556
	<u>2,034,844</u>	<u>979,715</u>	<u>314,721</u>	<u>-</u>	<u>3,329,280</u>
Results					
Contribution for the period	<u>595,248</u>	<u>559,676</u>	<u>(2,058)</u>	<u>27,232</u>	<u>1,180,098</u>
Unallocated selling, general and administrative expenses					(180,456)
Unallocated finance income, net					9,258
Profit before tax for the period					<u>1,008,900</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
As at 30 September 2015 (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>
Assets and liabilities					
<i>As at 30 September 2015</i>					
Segment assets	55,488,822	12,905,161	5,887,385	3,323,027	77,604,395
Segment liabilities	27,266,178	8,865,752	638,738	528,021	37,298,689
	<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>
<i>Nine-month period ended 30 September 2014:</i>					
Revenue					
Revenue from external customers	3,263,981	2,612,291	1,195,884	-	7,072,156
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
<i>Other segment information</i>					
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
<i>Three-month period ended 30 September 2014:</i>					
Revenue					
Revenue from external customers	826,152	858,398	302,940	-	1,987,490
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

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
As at 30 September 2015 (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>
Assets and liabilities <i>As at 31 December 2014 (Audited)</i>					
Segment assets	54,577,287	11,317,353	4,824,255	3,460,361	74,179,256
Segment liabilities	28,714,281	8,708,161	633,088	493,152	38,548,682

Geographic segments

The following tables include revenue and other segment information for the nine month and three month periods ended 30 September 2015 and 30 September 2014. Assets and liabilities of the geographic segments are presented as at 30 September 2015 and 31 December 2014.

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
<i>Nine-month period ended 30 September 2015:</i>			
Revenue			
Revenue from external customers			
- Over period of time	3,122,123	1,650,428	4,772,551
- Single point in time	4,876,691	200,002	5,076,693
	<u>7,998,814</u>	<u>1,850,430</u>	<u>9,849,244</u>
Other Segment Information			
Capital expenditure (property, plant and equipment and investment properties)	<u>1,360,373</u>	<u>42,840</u>	<u>1,403,213</u>
<i>Three-month period ended 30 September 2015:</i>			
Revenue			
Revenue from external customers			
- Over period of time	1,197,642	543,082	1,740,724
- Single point in time	1,578,928	9,628	1,588,556
	<u>2,776,570</u>	<u>552,710</u>	<u>3,329,280</u>
Assets			
<i>As at 30 September 2015</i>			
Segment assets	48,604,362	22,554,354	71,158,716
Investments in associates and joint ventures	1,575,623	4,870,056	6,445,679
Total assets	<u>50,179,985</u>	<u>27,424,410</u>	<u>77,604,395</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

3 SEGMENT INFORMATION (continued)

Geographic segments (continued)

	Domestic AED'000	International AED'000	Total AED'000
<i>Nine-month period ended 30 September 2014:</i>			
Revenue			
Revenue from external customers	5,663,383	1,408,773	7,072,156
Other Segment Information			
Capital expenditure (property, plant and equipment and investment properties)	927,719	23,653	951,372
<i>Three-month period ended 30 September 2014:</i>			
Revenue			
Revenue from external customers	1,389,010	598,480	1,987,490
Assets			
<i>As at 31 December 2014 (Audited)</i>			
Segment assets	47,308,924	21,279,541	68,588,465
Investments in associates and joint ventures	1,582,771	4,008,020	5,590,791
Total assets	48,891,695	25,287,561	74,179,256

4 REVENUE AND COST OF REVENUE

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2015 AED'000</i>	<i>30 September 2014 AED'000</i>	<i>30 September 2015 AED'000</i>	<i>30 September 2014 AED'000</i>
Revenue				
Revenue from property sales				
Sale of condominiums, commercial units, plots of land and others	3,857,110	2,084,861	1,531,295	366,697
Sale of villas	1,797,992	1,179,120	503,549	459,455
Revenue from hospitality	1,198,644	1,195,884	314,721	302,940
Revenue from leasing and related activities	2,995,498	2,612,291	979,715	858,398
	<u>9,849,244</u>	<u>7,072,156</u>	<u>3,329,280</u>	<u>1,987,490</u>
Cost of revenue				
Cost of revenue of property sales				
Cost of condominiums, commercial units, plots of land and others	2,335,092	769,971	954,144	119,992
Cost of villas	1,104,294	711,205	312,420	246,380
Operating cost of hospitality	735,308	706,862	223,546	232,517
Operating cost of leasing and related activities	497,486	487,308	178,073	180,568
	<u>4,672,180</u>	<u>2,675,346</u>	<u>1,668,183</u>	<u>779,457</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2015 AED'000</i>	<i>30 September 2014 AED'000</i>	<i>30 September 2015 AED'000</i>	<i>30 September 2014 AED'000</i>
Payroll and related expenses	480,927	398,974	176,326	131,252
Depreciation of property, plant and equipment	446,662	435,661	148,676	142,391
Sales and marketing expenses	383,572	437,889	110,361	107,481
Depreciation of investment properties	217,159	206,121	75,217	69,244
Property management expenses	206,096	198,313	69,447	71,834
Other expenses	330,569	157,020	119,456	32,531
	<u>2,064,985</u>	<u>1,833,978</u>	<u>699,483</u>	<u>554,733</u>

6 FINANCE INCOME

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2015 AED'000</i>	<i>30 September 2014 AED'000</i>	<i>30 September 2015 AED'000</i>	<i>30 September 2014 AED'000</i>
Finance income on fixed deposits with banks	94,298	56,915	35,035	26,052
Other finance income	197,870	251,072	78,975	40,324
	<u>292,168</u>	<u>307,987</u>	<u>114,010</u>	<u>66,376</u>

7 BANK BALANCES AND CASH

	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Cash in hand	4,713	7,206
Current and call bank deposit accounts	8,409,416	7,119,429
Fixed deposits maturing within three months	889,668	544,118
Cash and cash equivalents	<u>9,303,797</u>	<u>7,670,753</u>
Deposits under lien (Note 15)	24,098	23,550
Fixed deposits maturing after three months	<u>7,551,028</u>	<u>8,323,442</u>
	<u>16,878,923</u>	<u>16,017,745</u>
Bank balances and cash located:		
Within UAE	15,407,161	15,056,994
Outside UAE	<u>1,471,762</u>	<u>960,751</u>
	<u>16,878,923</u>	<u>16,017,745</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
As at 30 September 2015 (Unaudited)

7 BANK BALANCES AND CASH (continued)

	30 September 2015 AED'000	31 December 2014 AED'000 (Audited)
<i>Bank balances and cash are denominated in the following currencies:</i>		
United Arab Emirates Dirham (AED)	15,407,161	15,056,994
Egyptian Pound (EGP)	881,601	417,433
United States Dollar (USD)	332,279	258,624
Saudi Riyal (SAR)	196,417	211,335
Moroccan Dirham (MAD)	30,226	20,221
Other currencies	31,239	53,138
	<u>16,878,923</u>	<u>16,017,745</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 0.9% and 1.9% per annum (31 December 2014: 0.65% and 1.3% per annum).

Bank balances maintained in the UAE includes an amount of AED 16,801 thousands (31 December 2014: AED 21,605 thousands) committed for investments in a project in Syria.

The Company is required to maintain certain deposits / balances amounting to AED 9,202,999 thousands (31 December 2014: AED 8,827,178 thousands) with banks for advances received from customers against sale of development properties which are deposited into escrow accounts in addition to unclaimed dividends. These deposits/ balances are not under lien.

8 TRADE AND UNBILLED RECEIVABLES

	30 September 2015 AED'000	31 December 2014 AED'000 (Audited)
Trade receivables		
Amounts receivables within 12 months, net	489,720	310,706
Amounts receivables after 12 months, net	-	121,486
	<u>489,720</u>	<u>432,192</u>
Unbilled receivables		
Unbilled receivables within 12 months	1,075,663	493,692
Unbilled receivables after 12 months, net	922,451	200,674
	<u>1,998,114</u>	<u>694,366</u>
Total trade and unbilled receivables at period / year-end	<u>2,487,834</u>	<u>1,126,558</u>

Trade receivables are net of AED 132,767 thousands (31 December 2014: AED 109,192 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 to be fully recoverable.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

9 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2015 AED'000	31 December 2014 AED'000 (Audited)
Advances to contractors and others	1,321,169	1,052,273
Prepayments (including prepaid lease rentals)	1,241,145	1,255,752
Recoverable from non-controlling interests	579,588	71,556
Value added tax recoverable	355,564	330,652
Receivables from Communities Owner Associations	192,864	70,677
Deferred income tax assets	89,519	39,493
Inventory - Hospitality and Retail	86,361	90,644
Deposits for acquisition of land	36,703	36,703
Accrued interest	48,042	25,230
Other income receivable	126,486	43,416
Other receivables and deposits	487,986	376,351
	<u>4,565,427</u>	<u>3,392,747</u>
Other assets, receivables, deposits and prepayments maturity profile:		
Amounts recoverable within 12 months	2,668,714	1,990,901
Amounts recoverable after 12 months	1,896,713	1,401,846
	<u>4,565,427</u>	<u>3,392,747</u>

10 DEVELOPMENT PROPERTIES

	30 September 2015 AED'000	
Balance at the beginning of the period (Audited)	27,625,627	
Effect of changes in accounting policy (Note 2.3)	(2,408,642)	
Balance at 1 January 2015	25,216,985	
Add: cost incurred during the period, net	3,472,997	
Less: cost transferred to cost of revenue during the period	(3,439,386)	
Less: cost transferred to property, plant and equipment	(263,163)	
Less: cost transferred to investment properties	(72,121)	
Balance at the end of the period	<u>24,915,312</u>	
	30 September 2015 AED'000	31 December 2014 AED'000 (Audited)
Development properties located:		
Within UAE	12,367,622	13,840,754
Outside UAE	12,547,690	13,784,873
	<u>24,915,312</u>	<u>27,625,627</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

11 INVESTMENTS IN SECURITIES

	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Financial assets at fair value through other comprehensive income (i)	840,235	931,599
Financial assets at amortised cost	898,463	-
	<u>1,738,698</u>	<u>931,599</u>
<i>Investments in securities located:</i>		
Within UAE	788,988	896,738
Outside UAE	949,710	34,861
	<u>1,738,698</u>	<u>931,599</u>

(i) Financial assets at fair value through other comprehensive income includes a contingent convertible instrument recorded at fair value of AED 5,737 thousands (31 December 2014: 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 2015	<u>840,235</u>	<u>106,134</u>	<u>706,662</u>	<u>27,439</u>
31 December 2014 (Audited)	<u>931,599</u>	<u>124,114</u>	<u>779,005</u>	<u>28,480</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.

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 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Amlak Finance PJSC (i)	107,946	114,998
Emaar MGF Land Limited and its related parties (ii)	2,710,412	2,631,031
Golden Ace Pte Ltd (iii)	173,459	168,121
Other associates and joint ventures	6,008	5,364
	<u>2,997,825</u>	<u>2,919,514</u>

(i) During 2014, a restructuring arrangement had 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 was subsequently ratified by the shareholders of Amlak in their extraordinary general meeting held on 28 September 2014 and the final restructuring agreement was signed on 25 November 2014.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

12 LOANS TO ASSOCIATES AND JOINT VENTURES (continued)

As per the terms of the restructuring agreement, 20% of the principal amount (AED 47,749 thousand) was repaid by Amlak, 65% was restructured into a long term facility maturing in 12 years carrying a profit rate of 2% per annum and 15% was restructured into a 12 year contingent convertible instrument (CCI) during 2014.

As the terms of new long term facility were substantially different from the terms of the original facility, the new facility was considered as a new debt under IFRS 9 "*Financial Instruments*" and was recognised at its fair value. The fair value of new debt as at 28 September 2014, at a discount rate of 5% per annum, was 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 had 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 5,737 thousands (31 December 2014: 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 of 30 September 2014 (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 carries a payment in kind ("PIK") of 1% per annum that will be accrued annually and will be paid at the end of the tenor.

- (ii) The amount due from Emaar MGF Land Limited ("EMGF") and its related parties include an amount of AED 1,944,873 thousands (31 December 2014: AED 1,865,030 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 2014: return ranging from 7% to 15% per annum).

The loan amounting to AED 762,709 thousands (31 December 2014: 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 an average return ranging from 4% to 4.13% per annum (31 December 2014: average return ranging from 4% to 4.17% 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.

13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<i>30 September 2015 AED '000</i>	<i>31 December 2014 AED '000 (Audited)</i>
Carrying value of investments in:		
Associates:		
Emaar MGF Land Limited (i)	2,154,044	1,600,948
Emaar, The Economic City (Saudi Joint Stock Company)	2,512,546	2,204,125
Amlak Finance PJSC - quoted (ii)	728,684	727,960
Emaar Industries and Investment (Pvt) JSC	124,625	127,681
Dead Sea Company for Tourist and Real Estate Investment	124,782	128,812
Other associates	112,649	104,518
	<u>5,757,330</u>	<u>4,894,044</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Carrying value of investments in:		
Joint Ventures:		
Emaar Bawadi LLC	448,520	445,686
Turner International Middle East Ltd	239,829	251,061
	<u>688,349</u>	<u>696,747</u>
	<u>6,445,679</u>	<u>5,590,791</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) Carrying value of investments in associates includes investment made by the Group in Amlak Finance PJSC. During 2014, a restructuring arrangement had 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 had been ratified by the Amlak's shareholders in their extraordinary general meeting held on 28 September 2014 and the final restructuring agreements was signed on 25 November 2014.

Subsequent to the restructuring and after obtaining approval from regulatory authorities, trading in Amlak's shares has resumed from 2 June 2015 on the Dubai Financial Market. The market value of the shares held by the Group in Amlak as at 30 September 2015 was AED 1,471,355 thousands.

The auditors have issued a qualified opinion on the consolidated financial statements of Amlak as of 31 December 2014 with respect to valuation of investment properties and advances for investment properties since fair value for the years 2009 to 2013 have not been provided to them to assess the impairment relating to prior periods.

14 TRADE AND OTHER PAYABLES

	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Project contract cost accruals and provisions	4,134,930	3,626,967
Payable to non-controlling interests	1,005,451	992,344
Trade payables	930,786	1,159,093
Creditors for land purchase	456,535	546,777
Dividends payable	308,816	1,604,824
Income tax payable	50,600	16,804
Deferred income tax payable	39,328	32,412
Other payables and accruals	2,085,916	1,881,130
	<u>9,012,362</u>	<u>9,860,351</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

15 INTEREST-BEARING LOANS AND BORROWINGS

	30 September 2015 AED'000	31 December 2014 AED'000 (Audited)
Balance at the beginning of the period / year	6,006,848	6,356,918
Borrowings drawn down during the period / year	1,235,363	5,179,437
Borrowings repaid during the period / year	(342,006)	(5,529,507)
Balance at the end of the period / year	6,900,205	6,006,848
Less: unamortised portion of directly attributable costs	(41,896)	(47,364)
Net interest-bearing loans and borrowings at the end of the period / year	6,858,309	5,959,484
<i>Interest-bearing loans and borrowings maturity profile:</i>		
- within 12 months	479,333	729,528
- after 12 months	6,378,976	5,229,956
Balance at the end of the period / year	6,858,309	5,959,484
<i>Interest-bearing loans and borrowings located:</i>		
- Within UAE	5,141,177	4,635,711
- Outside UAE	1,717,132	1,323,773
	6,858,309	5,959,484

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

Secured

- USD 230,621 thousands (AED 847,071 thousands) of Syndicated facility, secured against certain investment properties owned by the Group in Turkey, carries interest at LIBOR plus 1.75% per annum and fully repayable by 2019.
- USD 52,518 thousands (AED 192,899 thousands) loan from a commercial bank, secured against certain assets in Lebanon, carries interest at rates ranging from 6.5% to 7.5% per annum and is repayable by 2018.
- USD 4,482 thousands (AED 16,462 thousands) loan from a commercial bank, secured against certain assets in Lebanon, carries interest at 3.75% per annum and is repayable by 2020.
- AED 500,000 thousands loan from a commercial bank, secured against certain assets in United Arab Emirates, carries interest at EIBOR plus 1.75% per annum and is repayable in 2020.

Unsecured

- During 2014, the Group has drawdown USD 1,250,000 thousands (AED 4,591,250 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 1,238,593 thousands (AED 4,549,352 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 24,098 thousands (Note 7) towards accrued interest.
- PKR 2,879,291 thousands (AED 101,063 thousands) loan from commercial banks, bearing interest at KIBOR plus 0.3% - 0.54% per annum and is repayable by 2016.
- PKR 2,640,576 thousands (AED 92,685 thousands) loan from a commercial bank, bearing interest at KIBOR plus 0.70% per annum and is fully repayable by 2016.
- PKR 1,081,060 thousands (AED 37,945 thousands) loan from a commercial bank, bearing interest at KIBOR plus 0.75% per annum and is fully repayable by 2015.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
As at 30 September 2015 (Unaudited)

15 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured (continued)

- Egyptian Pound (EGP) 522,998 thousands (AED 245,357 thousands) of funding facilities from commercial banks in Egypt, carries interest at rates ranging from 11.5% to 12.75% per annum and repayable by 2017.
- USD 50,000 thousands (AED 183,650 thousands) loan from a commercial bank, secured against certain assets in Lebanon, carries interest at 3.75% per annum and is repayable by 2017.
- 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 1.25% to 1.35% per annum and is repayable by 2020.

16 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 at the 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:

	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Sukuk liability as at period / year-end	<u>1,833,105</u>	<u>1,830,269</u>

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 at the rate of 6.4% per annum to be paid semi-annually. The carrying value of Sukuk 2 is as follows:

	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Sukuk liability as at period / year-end	<u>1,828,682</u>	<u>1,827,361</u>

B. Emaar Malls Group (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 EMG, 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.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

16 SUKUK (continued)

B. Emaar Malls Group (EMG) Sukuk Limited (continued):

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 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Sukuk liability as at period / year-end	<u>2,735,413</u>	<u>2,734,008</u>

The total Sukuk liability is as follows:

	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Emaar Sukuk Limited:		
- Series 1	1,833,105	1,830,269
- Series 2	1,828,682	1,827,361
EMG Sukuk Limited:		
- Sukuk	<u>2,735,413</u>	<u>2,734,008</u>
Total Sukuk liability at the period / year-end	<u>6,397,200</u>	<u>6,391,638</u>

17 SHARE CAPITAL

	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Authorised capital 7,159,738,882 shares of AED 1 each (31 December 2014: 7,159,738,882 shares of AED 1 each)	<u>7,159,739</u>	<u>7,159,739</u>
Issued and fully paid-up 7,159,738,882 shares of AED 1 each (31 December 2014: 7,159,738,882 shares of AED 1 each)	<u>7,159,739</u>	<u>7,159,739</u>

- (a) During 2014, the Group received conversion notices from holders of the Convertible Notes (the "Notes") with a face value of USD 475,700 thousands (AED 1,747,246 thousands). Accordingly, the Company converted these Notes at a conversion price of AED 4.38 per share and issued 398,914,594 new equity shares of AED 1 each on 22 January 2014. The premium of AED 3.38 per share on conversion of the Notes amounting to AED 1,348,331 thousands was transferred to statutory reserve. The Company settled the remaining Notes with a 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.
- (b) During 2014, the Company's shareholders had approved a share dividend of AED 0.10 per share. Accordingly, the Company had issued 650,885,353 new equity shares of AED 1 each.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
As at 30 September 2015 (Unaudited)

18 RESERVES

	Statutory reserve AED'000	Capital reserve AED'000	General reserves AED'000	Hedging reserves AED'000	Share premium AED'000	Net unrealised gains/(losses) reserve AED'000	Foreign currency translation reserve AED'000	Total AED'000
Balance as at 31 December 2014 (Audited)	15,220,245	3,660	3,712,601	(2,503)	-	(934,849)	(1,592,073)	16,407,081
Decrease in unrealised reserve	-	-	-	(49,669)	-	(124,961)	-	(174,630)
Decrease in foreign currency translation reserve	-	-	-	-	-	-	(433,930)	(433,930)
Net loss recognised directly in equity	-	-	-	(49,669)	-	(124,961)	(433,930)	(608,560)
Acquisition of non-controlling interest	-	-	-	-	-	-	2,197	2,197
Dilution of investment in a subsidiary (Note 2.1)	-	-	-	-	574,855	-	25,008	599,863
Balance as at 30 September 2015	15,220,245	3,660	3,712,601	(52,172)	574,855	(1,059,810)	(1,998,798)	16,400,581
Balance at 31 December 2013 (Audited)	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 (Note 17)	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

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

19 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 2015</i>	<i>30 September 2014</i>	<i>30 September 2015</i>	<i>30 September 2014</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	<u>3,048,320</u>	<u>2,431,848</u>	<u>843,407</u>	<u>701,312</u>
	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2015</i>	<i>30 September 2014</i>	<i>30 September 2015</i>	<i>30 September 2014</i>
Shares in thousands				
Weighted average number of ordinary shares for basic and diluted earnings per share*	<u>7,159,739</u>	<u>6,842,950</u>	<u>7,159,739</u>	<u>7,159,739</u>

* On 22 January 2014, the Company issued 398,914,594 new equity shares pursuant to conversion of convertible notes. Additionally on 1 May 2014, the Company issued 650,885,353 equity shares pursuant to the share dividend approved by the shareholders (refer Note 17). 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 2015</i>	<i>30 September 2014</i>	<i>30 September 2015</i>	<i>30 September 2014</i>
Earnings per share:				
- basic and diluted earnings per share (AED)	<u>0.43</u>	<u>0.36</u>	<u>0.12</u>	<u>0.10</u>

20 DIVIDENDS

A cash dividend of AED 0.15 per share for 2014 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 25 April 2015.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

21 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</i>	<i>30</i>
	<i>September</i>	<i>September</i>
	<i>2015</i>	<i>2014</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>Associates and Joint Ventures:</i>		
Finance income earned on loans	82,885	85,108
Property development expenses	91,539	45,232
Capital expenditure	9,950	8,725
Islamic finance income	2,406	3,050
Selling, general and administrative expenses	2,149	3,795
Rental income from leased properties and related income	2,483	2,394
Cost of revenue	416	3,032
Other operating income	746	758
Other income	63	76
<i>Directors', Key management personnel and their related parties:</i>		
Rental income from leased properties and related income	86,031	62,113
Selling, general and administrative expenses	26,997	28,292
Cost of revenue	17,759	18,972
Islamic finance income	8,921	3,721
Finance income earned on loans	10,106	3,035
Finance costs incurred on interest-bearing loans and borrowings	14,344	10,396
Sale of property	7,665	84,640
Other income	3,825	-
Revenue from hospitality	2,095	1,710
Property development expenses	1,887	4,719
Other operating income	178	-
Capital expenditure	-	110

Related party balances

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

	<i>30 September</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	<i>AED'000</i>	<i>AED'000</i>
		<i>(Audited)</i>
<i>Associates and joint ventures:</i>		
Trade and other payables	71,323	58,900
Advance from customers	452	-
Trade receivables	5	389
<i>Directors', Key management personnel and their related parties:</i>		
Bank balances and cash	3,381,832	2,100,642
Investment in securities at fair value through other comprehensive income	77,117	85,835
Advance from customers	42,757	51,949
Interest-bearing loans and borrowings	236,502	239,173
Trade receivables	4,802	1,099
Other assets, receivables, deposits and prepayments	5,971	2,165
Trade and other payables	5,362	5,887

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

21 RELATED PARTY DISCLOSURES (continued)

During 2010, the Company had cancelled a development agreement with a company in which one of the Directors of the Company has an interest. During 2014, an agreement has been signed between the Company and the Director to settle the receivable relating to this in full.

Compensation of key management personnel

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

	<i>30 September 2015 AED'000</i>	<i>30 September 2014 AED'000</i>
Short-term benefits	244,739	203,272
Employees' end-of-service benefits	13,345	26,894
	<u>258,084</u>	<u>230,166</u>

During the period, the number of key management personnel is 229 (30 September 2014: 213).

During the period, the Company has paid a bonus of AED 2,561 thousands to each of the non-executive members of the Board of Directors for the year 2014 as approved by the shareholders at the Annual General Meeting of the Company held on 25 April 2015.

22 GUARANTEES

The Group has the following guarantees outstanding as at 30 September 2015:

1. Loans taken by an associate from commercial banks amounting to AED 72,103 thousands (31 December 2014: AED 102,748 thousands) are guaranteed by the Group.
2. The Group has issued financial guarantee and letter of credit of AED 154,499 thousands (31 December 2014: AED 102,922 thousands).
3. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2014: AED 5,000 thousands) as a security for the 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 2014: AED 3,287 thousands) as a security for the performance of its contractual obligations.
5. The Group has provided a financial guarantee of AED 1,930,657 thousands (31 December 2014: AED 1,858,975 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 2014: AED 73,460 thousands) to a commercial bank as a security for the guarantees issued bank on behalf of joint venture of the Group.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

23 COMMITMENTS

At 30 September 2015, the Group had commitments of AED 17,828,709 thousands (31 December 2014: AED 17,357,464 thousands) which include project commitments of AED 17,243,648 thousands (31 December 2014: AED 16,904,105 thousands). This represents the value of contracts issued at 30 September 2015 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. These leases have an average life of between 1 to 10 years. 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 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Within one year	109,473	74,454
After one year but not more than five years	153,990	177,473
More than five years	-	18,093
	<u>263,463</u>	<u>270,020</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 recognized as receivables, are as follows:

	<i>30 September 2015 AED'000</i>	<i>31 December 2014 AED'000 (Audited)</i>
Within one year	2,035,764	1,793,552
After one year but not more than five years	3,386,082	3,355,954
More than five years	701,770	719,899
	<u>6,123,616</u>	<u>5,869,405</u>

24 HEDGING ACTIVITIES

Cash flow hedges

At 30 September 2015, 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 725,000 thousands and AED 500,000 thousands respectively (31 December 2014: USD 725,000 thousands).

	<i>30 September 2015</i>		<i>31 December 2014(Audited)</i>	
	<i>Assets AED'000</i>	<i>Liabilities AED'000</i>	<i>Assets AED'000</i>	<i>Liabilities AED'000</i>
<i>Interest rate swap contracts</i>				
Fair value	<u>-</u>	<u>67,928</u>	<u>-</u>	<u>2,958</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at 30 September 2015 (Unaudited)

24 HEDGING ACTIVITIES (continued)

During 2014, the group un-winded certain interest rate swap contracts due to settlement of some borrowings from a financial institution.

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 AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
30 September 2015				
Interest rate swap contracts	<u>67,928</u>	<u>-</u>	<u>67,928</u>	<u>-</u>
31 December 2014 (Audited)				
Interest rate swap contracts	<u>2,958</u>	<u>-</u>	<u>2,958</u>	<u>-</u>

Valuation technique

The present value of interest rate swap 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.

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include bank balances and cash, trade and unbilled 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, retentions payable and other payable.

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