

**EMAAR Properties PJSC
and Subsidiaries**

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

30 SEPTEMBER 2009

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Emaar Properties PJSC (the “Company”) and its subsidiaries (the “Group”) as at 30 September 2009, the related interim consolidated income statement and statement of comprehensive income for the nine-month and three-month periods then ended, interim consolidated cash flow statement and interim consolidated statement of changes in equity for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

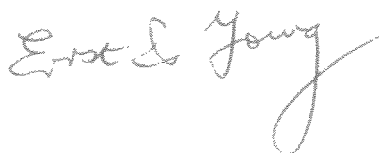
We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial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

Conclusion

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

Emphasis of matter

Without qualifying our conclusion we draw attention to note 18 to the financial statements. The Company is involved in arbitration proceedings with another party resulting from a claim made by the other party in respect of a conditional joint venture agreement in the Kingdom of Saudi Arabia. In the opinion of the Company’s management and its legal advisors, the claim is without merit and the Company has good arguments to refute substantially this claim. The outcome of the dispute is however uncertain and therefore it is not possible to determine the impact of this matter on the financial statements.



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

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 September 2009 (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>Notes</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
		<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
			<i>(Restated)</i>		<i>(Restated)</i>
CONTINUING OPERATIONS					
Revenue	4	5,429,496	9,182,107	1,948,641	1,746,825
Cost of revenue	4	(2,753,093)	(4,587,741)	(851,873)	(1,004,526)
GROSS PROFIT		2,676,403	4,594,366	1,096,768	742,299
Other operating income		357,498	449,087	141,809	163,307
Selling, general and administrative expenses	5	(1,367,660)	(1,597,020)	(457,640)	(565,939)
Other operating expenses		(208,984)	(284,177)	(77,420)	(108,025)
Finance costs		(172,105)	(65,939)	(61,613)	(12,576)
Finance income	6	290,387	319,393	67,235	71,958
Other income		70,711	228,658	40,764	64,086
Share of results of associated companies		(293,338)	181,905	(107,317)	35,023
Impairment of assets		(30,686)	-	-	-
PROFIT BEFORE TAX		1,322,226	3,826,273	642,586	390,133
Income tax credit/ (expense)		10,135	(2,680)	(6,705)	(203)
PROFIT FOR THE PERIOD					
FROM CONTINUING OPERATIONS		1,332,361	3,823,593	635,881	389,930
DISCONTINUED OPERATIONS					
Loss from discontinued operations	7	(1,761,919)	(1,270,093)	-	(845,122)
NET (LOSS)/ PROFIT FOR THE PERIOD		(429,558)	2,553,500	635,881	(455,192)
ATTRIBUTABLE TO:					
Equity holders of the parent		(392,802)	2,594,296	654,707	(417,260)
Non-controlling interest		(36,756)	(40,796)	(18,826)	(37,932)
		(429,558)	2,553,500	635,881	(455,192)
Earnings per share attributable to the equity holders of the parent:					
Continuing operations					
- basic and diluted earnings per share		0.22	0.63	0.11	0.07
Discontinued operations					
- basic and diluted earnings per share		(0.29)	(0.21)	-	(0.14)

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

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2009 (Unaudited)

(US \$1.00 = AED 3.673)

	<i>Nine-month period ended</i>		<i>Three- month period ended</i>	
	<i>30 September 2009 AED'000</i>	<i>30 September 2008 AED'000 (Restated)</i>	<i>30 September 2009 AED'000</i>	<i>30 September 2008 AED'000 (Restated)</i>
Net (loss)/ profit for the period	(429,558)	2,553,500	635,881	(455,192)
Other comprehensive income/ (loss):				
Increase/ (decrease) in hedging reserve	277	(3,189)	592	(18,003)
Increase/ (decrease) in unrealised gains/ (losses) reserve	218,398	(793,978)	142,336	(439,344)
Decrease in foreign currency translation reserve	(20,412)	(696,061)	(38,449)	(397,696)
Other comprehensive income/ (loss)	198,263	(1,493,228)	104,479	(855,043)
Total comprehensive (loss)/ income for the period	(231,295)	1,060,272	740,360	(1,310,235)
ATTRIBUTABLE TO:				
Equity holders of the parent	(199,076)	1,101,068	757,687	(1,279,537)
Non-controlling interest	(32,219)	(40,796)	(17,327)	(30,698)
	(231,295)	1,060,272	740,360	(1,310,235)

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

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2009

(US \$1.00 = AED 3.673)

		30 September 2009 AED'000 (Unaudited)	31 December 2008 AED'000 (Audited) (Restated)
	Notes		
ASSETS			
Bank balances and cash	8	2,017,379	5,392,986
Trade receivables	9	995,789	1,058,354
Other receivables, deposits and prepayments	10	3,388,837	3,510,821
Development properties	11	26,409,877	26,799,447
Securities	12	1,115,219	867,122
Loans to associates		2,220,102	1,636,086
Investments in associates		7,748,430	8,313,770
Property, plant and equipment		6,644,981	5,414,196
Investment properties		13,078,400	13,248,196
Goodwill		439,391	439,391
TOTAL ASSETS		64,058,405	66,680,369
LIABILITIES AND EQUITY			
LIABILITIES			
Advances from customers		17,312,991	18,109,424
Trade and other payables	13	9,356,991	9,680,254
Interest-bearing loans and borrowings	14	8,149,304	9,174,165
Retentions payable		1,154,056	1,078,549
Provision for employees' end-of-service benefits		42,301	37,092
TOTAL LIABILITIES		36,015,643	38,079,484
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital		6,091,239	6,091,239
Treasury shares		(1,113)	(1,113)
Employees' performance share program		(1,684)	(1,684)
Reserves	15	14,625,589	14,431,863
Retained earnings		7,193,426	7,586,228
		27,907,457	28,106,533
Non controlling interest		135,305	494,352
TOTAL EQUITY		28,042,762	28,600,885
TOTAL LIABILITIES AND EQUITY		64,058,405	66,680,369

The interim condensed consolidated financial statements were authorised for issue on 8 November 2009 by:

Chairman

Director

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

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2009 (Unaudited)

(US \$1.00 = AED 3.673)

		<i>Nine- month period ended</i>	
	<i>Notes</i>	<i>30 September 2009 AED'000</i>	<i>30 September 2008 AED'000 (Restated)</i>
CONTINUING OPERATIONS			
OPERATING ACTIVITIES			
Profit before tax		1,322,226	3,826,273
Adjustments for:			
Share of results of associated companies		293,338	(181,905)
Depreciation	5	458,768	177,965
Provision for employees' end-of-service benefits, net		5,209	15,894
Gain on disposal of property, plant and equipment		142	(155)
Gain on disposal of securities		-	(29,327)
Impairment of assets		30,686	-
Cash from operations before working capital changes:		2,110,369	3,808,745
Trade receivables		62,565	96,249
Other receivables, deposits and prepayments		(71,528)	(1,058,473)
Development properties		(2,826,255)	(4,038,577)
Advances from customers, net		(796,433)	3,769,047
Trade and other payables		(215,269)	1,621,037
Retentions payable		75,507	(37,852)
Income tax paid		(4,586)	(10,087)
Net cash (used in)/ from operating activities		(1,665,630)	4,150,089
INVESTING ACTIVITIES			
Purchase of securities		(12,543)	(293,921)
Proceeds from disposal of securities		-	2,640,602
Additional investments in associates, net		(637,656)	(1,014,932)
Amounts incurred on investment properties		(26,104)	(132,200)
Purchase of property, plant and equipment		(1,515,412)	(3,393,266)
Proceeds from sale of property, plant and equipment		4,946	4,530
Deposits under lien or maturing after three months	8	(292,068)	265,710
Net cash used in investing activities		(2,478,837)	(1,923,477)
FINANCING ACTIVITIES			
Dividend paid		(3,452)	(1,173,332)
Interest-bearing loans and borrowings		1,260,714	2,420,182
Repayment of interest bearing loans and borrowings		(540,592)	(491,995)
Funds (withdrawn)/ invested by non-controlling interest, net		(43,854)	24,748
Received on vesting of share options		-	1,443
Net cash from financing activities		672,816	781,046
NET CASH (USED IN)/ FROM CONTINUING OPERATIONS		(3,471,651)	3,007,658
DISCONTINUED OPERATIONS			
Net cash used in discontinued operations	7	(113,043)	(1,087,192)
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(3,584,694)	1,920,466
Net foreign exchange difference		11,159	(22,576)
Cash and cash equivalents at the beginning of the period	8	5,175,223	2,131,679
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	1,601,688	4,029,569

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

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2009 (Unaudited)

(US \$1.00 = AED 3.673)

Attributable to equity holders of the Parent

	Share capital AED '000	Treasury shares AED '000	Employees' performance share program AED '000	Reserves AED '000	Retained earnings AED '000	Total AED '000	Non controlling interest AED '000	Total equity AED '000
Balance at 1 January 2009 (audited)	6,091,239	(1,113)	(1,684)	14,431,863	15,480,448	36,000,753	561,601	36,562,354
Effect of changes in accounting policy	-	-	-	-	(7,894,220)	(7,894,220)	(67,249)	(7,961,469)
Balance at 1 January 2009 (restated)	6,091,239	(1,113)	(1,684)	14,431,863	7,586,228	28,106,533	494,352	28,600,885
Net loss for the period	-	-	-	-	(392,802)	(392,802)	(36,756)	(429,558)
Other comprehensive income for the period	-	-	-	193,726	-	193,726	4,537	198,263
Total comprehensive income/ (loss) for the period	-	-	-	193,726	(392,802)	(199,076)	(32,219)	(231,295)
Write down of non-controlling interest of a subsidiary (refer note 7)	-	-	-	-	-	-	(278,079)	(278,079)
Movement in non-controlling interest, net	-	-	-	-	-	-	(48,749)	(48,749)
Balance at 30 September 2009	6,091,239	(1,113)	(1,684)	14,625,589	7,193,426	27,907,457	135,305	28,042,762

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

EMAAR Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2009 (Unaudited)

(US \$1.00 = AED 3.673)

	Attributable to equity holders of the Parent					
	Share capital AED '000	Treasury shares AED '000	Employees' performance share program AED '000	Reserves AED '000	Retained earnings AED '000	Total equity AED '000
Balance at 1 January 2008 (audited)	6,091,239	-	(1,446)	16,494,778	13,951,469	36,536,040
Effect of changes in accounting policy	-	-	-	-	(5,004,495)	(5,004,495)
Balance at 1 January 2008 (restated)	6,091,239	-	(1,446)	16,494,778	8,946,974	31,531,545
Profit/ (loss) for the period	-	-	-	-	2,594,296	2,594,296
Other comprehensive loss for the period	-	-	-	(1,493,228)	-	(1,493,228)
Total comprehensive income/ (loss) for the period	-	-	-	(1,493,228)	2,594,296	(40,796)
Dividends – 2007	-	-	-	-	(1,218,248)	(1,218,248)
Shares allocated to employees' performance share program	-	-	(1,700)	-	-	(1,700)
Issuance of shares under employees' performance share program	-	-	1,443	-	-	1,443
Movement in non-controlling interest, net	-	-	-	-	-	(8,599)
Balance at 30 September 2008 (restated)	6,091,239	-	(1,703)	15,001,550	10,323,022	31,414,108
						32,016,939

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

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

1 DOMICILE AND ACTIVITIES

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

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

On 27 June 2009, the Company announced that Emaar Properties PJSC and Dubai Holdings LLC (Dubai Holdings) are in progressive discussion with regards to their intention of combining the real estate activities of the Company and the real estate subsidiaries (Dubai Properties LLC, Sama Dubai LLC and Tatweer LLC) of Dubai Holdings. The Company and Dubai Holdings along with the assistance of their advisors are in the process of making recommendations to address the potential transaction structure and details of this proposed consolidation. The discussions are still at the expression of interest stage, without any binding legal commitment.

On 29 September 2009, Emaar MGF Land Limited ("EMGF"), an associate of the Company domiciled in India, has filed its Draft Red Herring Prospectus ("DRHP") with Securities and Exchange Board of India ("SEBI") to enter the capital market with an initial public offer ("IPO") of AED 2,938 million (Indian Rupees 38,500 million) at a price to be determined through 100% book building issue.

The Group has established a new subsidiary company Ejl Homes LLC ("Ejl") in United States of America (USA). The Ejl's registered office is at Delaware, USA. The principal activity of Ejl is property investment and development. Ejl has acquired certain assets and liabilities of WL Homes LLC.

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, and should be read in conjunction with the Group's annual financial statements as at 31 December 2008. In addition, results for the nine-month period ended 30 September 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

Basis of consolidation

Subsidiary companies

The interim condensed consolidated financial statements comprise the interim financial statements of Emaar Properties PJSC and its subsidiaries drawn up to 30 September 2009. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets are eliminated in full. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2009 (Unaudited)

2.1 BASIS OF PREPARATION (continued)

Associated companies

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

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgments

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

Investment properties

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

Classification of investment properties

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

Operating Lease Commitments-Group as Lessor

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

Classification of equity investments

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

Estimation uncertainty

Impairment of goodwill

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 2 Share-based Payment - Vesting Conditions and Cancellations

The IASB issued an amendment to IFRS 2 which clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. The Group adopted this amendment as of 1 January 2009. It did not have an impact on the financial position or performance of the Group.

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2009. It did not have an impact on the financial position or performance of the Group.

IFRS 8 Operating Segments

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting.

IAS 1 Presentation of Financial Statements

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

IAS 23 Borrowing Costs

A revised IAS 23 Borrowing Costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group accounting policy is already in accordance with this revised standard.

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

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

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group.

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***IFRIC 13 Customer Loyalty Programmes***

IFRIC 13 requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. The Group does not engaged in such transactions.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

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

IFRIC 15 Agreements for the Construction of Real Estate

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

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

Revenue recognition for pre-completion sales of properties

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

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

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

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

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

Income statement***Nine-month period ended 30 September 2008***

	<i>As previously reported AED'000</i>	<i>Adjustment/ reclassification AED'000</i>	<i>Restated AED'000</i>
Revenue	11,626,495	(2,444,388)	9,182,107
Cost of revenue	(4,926,325)	338,584	(4,587,741)
Other operating income	454,726	(5,639)	449,087
Share of results of associated companies	353,306	(171,401)	181,905
Non-controlling interest	13,533	27,263	40,796
	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2009 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Income statement (continued)

Three months ended 30 September 2008

	<i>As previously reported AED'000</i>	<i>Adjustment/ reclassification AED'000</i>	<i>Restated AED'000</i>
Revenue	4,116,843	(2,370,018)	1,746,825
Cost of revenue	(1,482,523)	477,997	(1,004,526)
Other operating income	168,946	(5,639)	163,307
Share of results of associated companies	106,576	(71,553)	35,023
Non-controlling interest	6,434	31,498	37,932
	<u> </u>	<u> </u>	<u> </u>

Statement of financial position

At 31 December 2008

	<i>As previously reported AED'000</i>	<i>Adjustment/ reclassification AED'000</i>	<i>Restated AED'000</i>
Assets			
Trade receivables	2,047,678	(989,324)	1,058,354
Development properties	19,177,852	7,621,595	26,799,447
Other receivables, deposits and prepayments	3,665,732	(154,911)	3,510,821
Loans to associates	1,655,400	(19,314)	1,636,086
Investment in associates	8,782,245	(468,475)	8,313,770
	<u> </u>	<u> </u>	<u> </u>
Liabilities			
Advances from customers	4,072,537	14,036,887	18,109,424
Trade and other payables	9,766,101	(85,847)	9,680,254
	<u> </u>	<u> </u>	<u> </u>
Equity			
Retained earnings	15,480,448	(7,894,220)	7,586,228
Non controlling interest	561,601	(67,249)	494,352
	<u> </u>	<u> </u>	<u> </u>

Improvements to IFRSs

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

IAS 1 Presentation of Financial Statements

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

IAS 16 Property, Plant and Equipment

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2009 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Improvements to IFRSs (continued)

IAS 20 Accounting for Government Grants and Disclosures of Government Assistance

Loans granted with no or low interest will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates. This amendment did not impact the Group.

IAS 23 Borrowing Cost

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

IAS 36 Impairment of Asset

When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment had no immediate impact on the consolidated financial statements of the Group because the recoverable amount of its cash generating units is currently estimated using 'value in use'.

IAS 38 Intangible Assets

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

Selected accounting policies

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

Investment properties

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

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

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

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

Derivatives

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2009 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivatives (continued)

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

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

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

Impairment of financial assets

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

Securities

Available-for-sale investments

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

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

Held- to- maturity investments

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

Business combinations and goodwill

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

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

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

Impairment

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

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

Fair values

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

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

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

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

3 SEGMENT INFORMATION

Business segments:

For management purposes, the Group is organised into two major business segments.

The real estate segment develops and sells condominiums, villas, commercial units and plots of land and related leasing activities. Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8. These businesses are property management services, education, healthcare, hospitality and investments in providers of financial services.

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

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2009 (Unaudited)

3 SEGMENT INFORMATION (continued)

Geographic segments:

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

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

Business segments:

The following tables represent revenue and profit information regarding business segments for the nine-month and three-month periods ended 30 September 2009 and 2008 and certain asset and liability information as at 30 September 2009 and 31 December 2008.

Nine- month period ended 30 September 2009:

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
Revenue				
Revenue from external customers	4,991,627	447,011	(9,142)	5,429,496
Total revenue	<u>4,991,627</u>	<u>447,011</u>	<u>(9,142)</u>	<u>5,429,496</u>
Results				
Profit for the period before impairment of assets, income tax, finance costs, finance income, share of results of associated companies	<u>1,572,611</u>	<u>(60,362)</u>	<u>15,719</u>	<u>1,527,968</u>
Other Segment Information				
Capital expenditure (property, plant and equipment)	<u>665,759</u>	<u>849,653</u>	<u>-</u>	<u>1,515,412</u>
Depreciation (property, plant and equipment)	<u>117,833</u>	<u>106,314</u>	<u>-</u>	<u>224,147</u>

Three-month period ended 30 September 2009:

Revenue				
Revenue from external customers	1,822,163	130,860	(4,382)	1,948,641
Total revenue	<u>1,822,163</u>	<u>130,860</u>	<u>(4,382)</u>	<u>1,948,641</u>
Results				
Profit for the period before impairment of assets, income tax, finance costs, finance income, share of results of associated companies	<u>766,612</u>	<u>(27,240)</u>	<u>4,909</u>	<u>744,281</u>
Assets and liabilities				
<i>At 30 September 2009</i>				
Segment assets	<u>59,672,163</u>	<u>10,092,718</u>	<u>(5,706,476)</u>	<u>64,058,405</u>
Segment liabilities	<u>35,595,527</u>	<u>5,281,827</u>	<u>(4,861,711)</u>	<u>36,015,643</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business segments (continued)

*Nine-month period ended 30 September 2008:
(restated)*

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
Revenue				
Revenue from external customers	8,785,179	396,928	-	9,182,107
Total revenue	8,785,179	396,928	-	9,182,107
Results				
Profit for the period before impairment of assets, income tax, finance costs, finance income, share of results of associated companies	3,465,777	(74,863)	-	3,390,914
Other Segment Information				
Capital expenditure (property, plant and equipment)	2,347,762	1,045,504	-	3,393,266
Depreciation (property, plant and equipment)	60,717	82,171	-	142,888

*Three-month period ended 30 September 2008:
(restated)*

Revenue				
Revenue from external customers	1,636,884	109,941	-	1,746,825
Total revenue	1,636,884	109,941	-	1,746,825
Results				
Profit for the period before impairment of assets, income tax, finance costs, finance income, share of results of associated companies	345,458	(49,730)	-	295,728
Assets and liabilities				
<i>At 31 December 2008 (restated)</i>				
Segment assets	62,197,116	9,203,522	(4,720,269)	66,680,369
Segment liabilities	37,818,036	4,382,967	(4,121,519)	38,079,484

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

3 SEGMENT INFORMATION (continued)

Geographic segments

The following tables represent revenue and profit information regarding geographic segments for the nine-month and three-month periods ended 30 September 2009 and 2008 and certain asset and liability information as at 30 September 2009 and 31 December 2008.

Nine-month period ended 30 September 2009:

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	5,013,203	416,293	5,429,496
Total revenue	5,013,203	416,293	5,429,496
Other Segment Information			
Capital expenditure (property, plant and equipment)	1,451,992	63,420	1,515,412
Assets			
<i>At 30 September 2009</i>			
Segment assets	41,356,411	14,953,564	56,309,975
Investment in associates	2,336,478	5,411,952	7,748,430
Total assets	43,692,889	20,365,516	64,058,405

Three-month period ended 30 September 2009:

Revenue			
Revenue from external customers	1,883,241	65,400	1,948,641
Total revenue	1,883,241	65,400	1,948,641

*Nine-month period ended 30 September 2008:
(restated)*

Revenue			
Revenue from external customers	9,105,880	76,227	9,182,107
Total revenue	9,105,880	76,227	9,182,107
Other Segment Information			
Capital expenditure (property, plant and equipment)	3,069,022	324,244	3,393,266

*Three-month period ended 30 September 2008:
(restated)*

Revenue			
Revenue from external customers	1,719,206	27,619	1,746,825
Total revenue	1,719,206	27,619	1,746,825

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2009 (Unaudited)

3 SEGMENT INFORMATION (continued)

Geographic Segments (continued)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Assets			
<i>At 31 December 2008 (restated)</i>			
Segment assets	41,191,333	17,175,266	58,366,599
Investment in associates	2,552,415	5,761,355	8,313,770
Total assets	<u>43,743,748</u>	<u>22,936,621</u>	<u>66,680,369</u>

4 REVENUE AND COST OF REVENUE

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 September 2009 AED'000</i>	<i>30 September 2008 AED'000 (Restated)</i>	<i>30 September 2009 AED'000</i>	<i>30 September 2008 AED'000 (Restated)</i>
Revenue				
Revenue from property sales:				
Sale of condominiums	2,777,689	5,143,669	887,107	1,117,845
Sale of villas	978,520	2,473,172	476,366	323,287
Sale of plots of land	134,140	418,918	82,893	-
Sale of commercial and others	-	464,696	-	82,328
Revenue from hospitality	447,011	396,928	130,860	109,941
Rental income from leased properties and related income	1,092,136	284,724	371,415	113,424
	<u>5,429,496</u>	<u>9,182,107</u>	<u>1,948,641</u>	<u>1,746,825</u>
Cost of revenue				
Cost of revenue of property sales:				
Cost of condominiums	1,823,590	3,283,095	574,023	707,744
Cost of villas	449,512	898,348	120,690	184,656
Cost of plots of land	6,989	23,682	3,491	-
Cost of commercial and others	-	144,337	-	22,989
Operating cost of hospitality	274,976	179,499	89,861	61,414
Operating cost of leased properties	198,026	58,780	63,808	27,723
	<u>2,753,093</u>	<u>4,587,741</u>	<u>851,873</u>	<u>1,004,526</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2009 (Unaudited)

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<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>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Payroll and related expenses	371,100	562,996	125,669	191,264
Sales and marketing expenses	150,322	296,346	42,544	84,273
Depreciation of property, plant and equipment	224,147	142,888	79,375	55,794
Depreciation of investment properties	234,621	35,077	78,396	10,716
Contribution to educational and other charitable funds	37,836	78,251	12,808	24,211
Property management expenses	46,519	49,253	15,424	16,480
Land registration fees	42,479	81,513	14,167	26,996
Other expenses	260,636	350,696	89,257	156,205
	1,367,660	1,597,020	457,640	565,939

6 FINANCE INCOME

	<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>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Finance income on fixed deposits with banks	141,648	186,901	21,453	51,556
Other finance income	148,739	132,492	45,782	20,402
	290,387	319,393	67,235	71,958

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2009 (Unaudited)

7 DISCONTINUED OPERATIONS

On 19 February 2009, the Group's US subsidiary, WL Homes LLC along with its affiliates, filed Chapter 11 petitions in the US Bankruptcy Court for the District of Delaware. The chapter 11 process allows reorganisation of the company's debts and the continuation of operations during the reorganisation process. On 5 June 2009 the bankruptcy court had ordered the conversion from reorganisation under Chapter 11 to liquidation under Chapter 7 due to the restructuring plan not being acceptable to unsecured creditors. As a result, the carrying values of the net assets relating to WL Homes LLC were fully written off during the period.

The results for the period from discontinued operations and the carrying value of the net assets written off relating to WL Homes LLC as at 30 September 2009 were as follows:-

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 September 2009 AED'000</i>	<i>30 September 2008 AED'000</i>	<i>30 September 2009 AED'000</i>	<i>30 September 2008 AED'000</i>
Revenue	5,637	893,558	-	202,406
Cost of revenue	(28,337)	(1,138,838)	-	(234,094)
Gross loss for the period	(22,700)	(245,280)	-	(31,688)
Selling, general and administrative expenses	(45,768)	(285,771)	-	(67,880)
Net finance (cost)/ income	(220)	4,775	-	705
Other income	7,089	12,295	-	5,453
Share of results of associated companies	(3,544)	(6,112)	-	(1,712)
Impairment of Goodwill	-	(750,000)	-	(750,000)
Net loss for the period	(65,143)	(1,270,093)	-	(845,122)
Net assets written off				
Assets				
Bank balances and cash	94,139	-	-	-
Other receivables, deposits and prepayments	177,370	-	-	-
Development properties	3,284,004	-	-	-
Investments in associates	296,382	-	-	-
Property, plant and equipment	7,647	-	-	-
Total assets	3,859,542	-	-	-
Liabilities				
Trade and other payables	177,924	-	-	-
Interest-bearing loans and borrowings	1,706,763	-	-	-
Non controlling interest	278,079	-	-	-
Total liabilities	2,162,766	-	-	-
Net assets written off	(1,696,776)	-	-	-
Net loss from discontinued operations	(1,761,919)	(1,270,093)	-	(845,122)

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

7 DISCONTINUED OPERATIONS (continued)

The cash flow statement of the discontinued operations is as follows:-

	<i>30 September 2009 AED'000</i>	<i>30 September 2008 AED'000</i>
Cash used in operating activities	(117,946)	(411,685)
Cash from/ (used in) investing activities	43,482	(68,941)
Cash used in financing activities	(38,579)	(606,566)
Net cash used in discontinued operations	<u>(113,043)</u>	<u>(1,087,192)</u>

8 BANK BALANCES AND CASH

	<i>30 September 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited)</i>
Cash in hand	9,730	5,041
Current and call deposit accounts	442,390	987,688
Fixed deposits maturing within three months	1,149,568	4,182,494
Cash and cash equivalents	<u>1,601,688</u>	<u>5,175,223</u>
Deposits under lien (note 14)	387,300	-
Fixed deposits maturing after three months	28,391	217,763
	<u>2,017,379</u>	<u>5,392,986</u>

Bank balances and cash located:-

Within UAE	1,649,360	4,511,892
Outside UAE	368,019	881,094
	<u>2,017,379</u>	<u>5,392,986</u>

Bank balances and cash denominated in following currencies:-

United Arab Dirham (AED)	1,649,360	4,511,892
United States Dollar (USD)	29,216	216,290
Egyptian Pound (EGP)	169,700	203,788
Moroccan Dirham (MAD)	18,814	99,413
Turkish Lira (TRY)	8,315	90,376
Other currencies	141,974	271,227
	<u>2,017,379</u>	<u>5,392,986</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

9 TRADE RECEIVABLES

	<i>30 September 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited) (Restated)</i>
Amounts receivable within 12 months	720,088	637,914
Amounts receivable after 12 months	275,701	420,440
	<u>995,789</u>	<u>1,058,354</u>

Trade receivables include AED 525,701 thousands (31 December 2008: AED 865,413 thousands) relating to sale of properties where the amounts are payable in instalments and these instalments are accrued but not yet due.

10 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>30 September 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited) (Restated)</i>
Advances to contractors and others	1,127,149	1,209,716
Advances for acquisition of leasehold interest	1,232,891	1,028,924
Prepayments	135,508	174,442
Receivables from service companies	145,839	172,653
Deposits for acquisition of land and subsidiary	92,400	121,963
Value added tax recoverable	150,024	119,664
Accrued interest and other income	35,285	67,025
Recoverable from non controlling interest	14,414	28,855
Other deposits and receivables	455,327	587,579
	<u>3,388,837</u>	<u>3,510,821</u>

11 DEVELOPMENT PROPERTIES

	<i>30 September 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited) (Restated)</i>
Balance at the beginning of the period/ year	26,799,447	22,302,917
Add: cost incurred during the period/ year	5,229,987	11,793,383
Less: cost transferred to cost of revenue during the period/ year	(2,308,428)	(6,212,836)
Less: impairment of development properties	(27,125)	(1,084,017)
Less: write down of development properties relating to US subsidiary (note 7)	(3,284,004)	-
Balance at the end of the period/ year	<u>26,409,877</u>	<u>26,799,447</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

11 DEVELOPMENT PROPERTIES (continued)

	<i>30 September 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited) (Restated)</i>
Development properties located:-		
Within UAE	16,149,071	14,487,581
Outside UAE	10,260,806	12,311,866
	<u>26,409,877</u>	<u>26,799,447</u>

12 SECURITIES

	<i>30 September 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited)</i>
Available-for-sale	<u>1,115,219</u>	<u>867,122</u>
Securities located:-		
Within UAE	1,083,473	844,668
Outside UAE	31,746	22,454
	<u>1,115,219</u>	<u>867,122</u>

13 TRADE AND OTHER PAYABLES

	<i>30 September 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited) (Restated)</i>
Project contract cost accruals	5,380,300	5,523,867
Other payables and accruals	1,939,496	1,871,271
Trade payables	1,069,736	1,295,644
Payable to non controlling interest	877,581	891,556
Dividends payable	77,373	80,825
Income tax payable	12,505	17,091
	<u>9,356,991</u>	<u>9,680,254</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2009 (Unaudited)

14 INTEREST-BEARING LOANS AND BORROWINGS

	<i>30 September 2009 AED'000</i>	
Balance at the beginning of the period	9,174,165	
Borrowings drawn down during the period	1,263,613	
Borrowings repaid during the period	(581,711)	
Borrowing relating to US subsidiary (refer note 7)	(1,706,763)	
Balance at the end of the period	8,149,304	
	<i>30 September 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited)</i>
Maturing within 12 months	4,118,521	4,563,896
Maturing after 12 months	4,030,783	4,610,269
Balance at the end of the period/ year	8,149,304	9,174,165
The above represents balances due:		
Within UAE	4,373,000	3,911,693
Outside UAE	3,776,304	5,262,472
	8,149,304	9,174,165

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

Secured

- Indian Rupees (INR) 1,406,000 thousands (AED 107,353 thousands) loan from financial institutions, secured by way of first charge on certain immovable properties and receivables, carries interest at bench mark rate plus 3.33%. This loan is payable in quarterly instalments and fully repayable by 2016.
- USD 15,485 thousands (AED 56,876 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at US\$ LIBOR plus 1.10%. Loan is fully repayable by 2010.
- Canadian Dollar (CAD) 26,648 thousands (AED 91,194 thousands) loan from financial institution, secured against real estate owned by the Group, carries interest at Prime Rate plus 5.75% and fully repayable by 2010.
- Canadian Dollar (CAD) 3,500 thousands (AED 11,978 thousands) loan from financial institution, secured against real estate owned by the Group, carries interest at 9.50% and fully repayable by 2010.
- GBP 4,700 thousands (AED 27,819 thousands) loan from financial institution, secured against Groups specific lease hold properties, carries interest at LIBOR plus 1%.
- USD 303,000 thousands (AED 1,112,919 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at US\$ LIBOR plus 4.75% and is repayable in 2010. The bank issuing stand by letter of credit facility has lien on certain cash collateral amounting to AED 387,300 thousands (note 8).
- USD 23,803 thousands (AED 87,428 thousands) of funding facility from financial institutions, secured against real estate owned by Group in US, carries interest rate at US\$ LIBOR plus 7.50%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2009 (Unaudited)

14 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured

- AED 150,000 thousands of short term loan from commercial bank carries interest rate at 7.50% and fully repayable by 2009.
- AED 200,000 thousands of short term loan from commercial bank carries interest rate at 4.70% and fully repayable by 2010.
- AED 350,000 thousands of short term loan from commercial bank carries interest rate at 8.25% and fully repayable by 2010.
- USD 80,000 thousands (AED 293,840 thousands) loan from financial institutions in the United States of America is unsecured, carries interest at US LIBOR plus 0.60% and fully repayable by 2010.
- GBP 2,000 thousands (AED 11,838 thousands) short term loan from financial institutions is unsecured, carries interest at LIBOR plus 0.50%.
- Pakistani Rupee (PKR) 4,167,283 thousands (AED 184,039 thousands) loan from commercial bank, bearing interest at KIBOR plus 2.50%.
- USD 1,000,000 thousands (AED 3,673,000 thousands) of Musharaka Islamic Syndicated facility. This facility is repayable in 2012 with an option of early repayment without penalty to the Group and bears a profit rate of LIBOR plus 2%.
- Egyptian Pound (EGP) 992,705 thousands (AED 662,923 thousands) of funding facilities from commercial banks, carries interest at rates at 10.5% to 13.5% per annum.
- USD 90,000 thousands (AED 330,570 thousands) loan from commercial bank, carries interest at 8.75% to 13% per annum and is repayable in 2009.
- USD 50,000 thousands (AED 183,650 thousands) loan from commercial bank, carries interest at US\$ LIBOR plus 3.95% and is repayable in 2009.
- USD 20,000 thousands (AED 73,460 thousands) loan from commercial bank, carries interest at US\$ LIBOR plus 6% and is repayable in 2010.
- Saudi Riyal (SAR) 200,000 thousands (AED 196,000 thousands) of funding facility from commercial bank carrying interest at SAIBOR plus 2.50% and fully repayable by 2009.
- Indian Rupees (INR) 70,011 thousands (AED 5,346 thousands) of funding facility from commercial bank carrying interest at 9.40% per annum and fully repayable by 2009.
- Moroccan Dirham (MAD) 80,000 thousands (AED 37,962 thousands) of short term loan from commercial bank carrying interest at 52 weeks treasury bond rate plus 1.15%.
- USD 81,979 thousands (AED 301,109 thousands) of funding facility from commercial bank carries interest rate at 3.50% to 4.80% per annum.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009 (Unaudited)

15 RESERVES

	Statutory reserve AED '000	Capital reserve AED '000	General reserves AED '000	Hedging reserves AED '000	Net unrealised gains/ (losses) reserve AED '000	Foreign currency translation reserve AED '000	Total AED '000
Balance at 1 January 2009 (audited)	13,808,707	4,004	2,457,645	546	(1,439,282)	(399,757)	14,431,863
Increase in unrealised reserve	-	-	-	277	218,398	-	218,675
Decrease in foreign currency translation reserve	-	-	-	-	-	(24,949)	(24,949)
Net income and expense	-	-	-	277	218,398	(24,949)	193,726
Balance at 30 September 2009	13,808,707	4,004	2,457,645	823	(1,220,884)	(424,706)	14,625,589
Balance at 1 January 2008 (audited)	13,808,707	4,004	2,152,114	6,084	52,678	471,191	16,494,778
Decrease in unrealized reserve	-	-	-	(3,189)	(793,978)	-	(797,167)
Decrease in foreign currency translation reserve	-	-	-	-	-	(696,061)	(696,061)
Net income and expense	-	-	-	(3,189)	(793,978)	(696,061)	(1,493,228)
Balance at 30 September 2008	13,808,707	4,004	2,152,114	2,895	(741,300)	(224,870)	15,001,550

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2009 (Unaudited)

16 DIVIDENDS

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

17 TRANSACTIONS WITH RELATED PARTIES

For the purpose of these interim condensed consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related party transactions

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

	<i>Nine-month period ended</i>	
	<i>30 September 2009 AED'000</i>	<i>30 September 2008 AED'000</i>
Associates:		
Net income on deposits / investments from Dubai Bank PJSC	15,405	4,823
Islamic finance income from Amlak Finance PJSC	36,427	22,285
Interest income earned on loan to Golden Ace Pte. Ltd.	17,495	14,071
Interest income earned on loan to EMGF Land Limited and their related parties	44,573	-

	<i>Nine-month period ended</i>	
	<i>30 September 2009 AED'000</i>	<i>30 September 2008 AED'000</i>
Other related parties:		
Islamic finance income from Al Salam Bank, Bahrain	4,433	5,000
Islamic finance income from Al Salam Bank, Sudan	1,147	1,152

Related party balances

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

	<i>30 September 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited)</i>
Associates:		
Bank balances and cash:		
Fixed deposits with Dubai Bank PJSC	-	699,001
Directors and their related parties:		
Trade receivables	281,350	281,350
Other receivables, deposits and prepayments	103,876	2,799

The above trade receivables include AED 211,012 thousands (31 December 2008: AED 281,350 thousands) relating to sale of properties where the amounts are payable in instalments and these instalments are accrued but not yet due.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2009 (Unaudited)

17 TRANSACTIONS WITH RELATED PARTIES (continued)

	<i>30 September 2009 AED'000</i>	<i>31 December 2008 AED'000 (Audited)</i>
Other related parties:		
Securities:		
Investment in Al Salaam Bank, Sudan	8,997	7,735
Investment in Al Salaam Bank, Bahrain	51,524	38,301
Investment in Al Salaam Bank, Algeria	20,202	20,202

The Company through its subsidiary Emirates Property Holdings Limited has acquired the debt provided to Golden Ace Pte. Ltd. by its lenders with principal outstanding amounting to USD 122,587 thousands (AED 450,262 thousands). The acquisition of the loan provides Emirates Property Holding Limited with the ability in certain circumstance to exercise voting rights equivalent to 61.3% shares in RSH Limited.

18 CONTINGENCIES AND COMMITMENTS

Guarantees

The Group has the following guarantees outstanding as at 30 September 2009:

1. Loans taken by an associated company from commercial banks amounting to AED 111,015 thousands (31 December 2008: AED 111,032 thousands) are guaranteed by the Group.
2. Loans taken by an associated company from commercial banks amounting to AED 1,368,222 thousands (31 December 2008: AED 1,352,130 thousands) are guaranteed by the Group. The majority shareholder in the associate has provided the Group a counter guarantee and indemnity up to its share of liability for any claim made against the Group arising from the guarantee.
3. The Group has issued a financial guarantee of AED 80,136 thousands (31 December 2008: AED 79,865 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.
4. The Group has issued a financial guarantee of AED 6,732 thousands (31 December 2008: AED 6,676 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.
5. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2008: AED 5,000 thousands) as a security for the letter of guarantee issued by a commercial bank for issuance of trade license from Government of Dubai.
6. The Group has provided a corporate guarantee of AED 110,190 thousands (31 December 2008: AED 110,190 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of the associated company of the Group.

Commitments

At 30 September 2009, the Group had commitments of AED 11,979,588 thousands (31 December 2008: AED 17,705,411 thousands) including project commitments of AED 11,808,642 thousands (31 December 2008: AED 16,110,055 thousands). This represents the value of contracts issued as of 30 September 2009 net of invoices received and accruals made at that date.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2009 (Unaudited)

18 CONTINGENCIES AND COMMITMENTS (continued)

Commitments (continued)

The Group had entered into a joint venture agreement (“the agreement”) with Bawadi LLC, (a subsidiary of Tatweer LLC) to jointly develop land in Bawadi development in Dubai. According to the terms of agreement, the Group is committed to contribute AED 3,850,000 thousands over the expected construction period of 7 to 10 years.

Operating Lease commitments – Group as lessee

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

	30 September 2009 AED’000	31 December 2008 AED’000 (restated)
Within one year	824,025	1,072,642
After one year but not more than five years	1,588	75,869
	825,613	1,148,511

Operating lease commitments – Group as lessor

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

	30 September 2009 AED’000	31 December 2008 AED’000
Within one year	986,862	746,719
After one year but not more than five years	1,999,208	3,136,220
More than five years	347,001	287,148
	3,333,071	4,170,087

Legal claim

The Company was involved in arbitration proceedings with Jadawel International Company (the “Claimant”) with regard to a conditional joint venture agreement in the Kingdom of Saudi Arabia. The conditions of such agreement never materialised. Arbitrators have given an award in favour of the Company in which all claims by the claimant were rejected by the arbitrators, who declared the joint venture agreement to be ineffective, unenforceable and with no legal effect on the Company. The claimant has filed an appeal against the award before the Board of Grievances. The Board of Grievances unexpectedly reversed the arbitration award and issued a ruling directing the Company to pay USD 228,000 thousands (AED 837,444 thousands) to the Claimant and to deliver share certificates representing 18,610,000 shares in the Company (after share split) along with the profits realised by these shares from the date of signing of the joint venture agreement, being 28 December 2003. The Company is also directed by the said ruling to pay the arbitrator fees amounting to SAR 45,000 thousands (AED 44,074 thousands). All other items of relief claimed by the parties are dismissed by the Board of Grievances. The Company has filed an opposition against the ruling of the Board of Grievances on 29 August 2009. In the opinion of the Company’s management and its legal advisors, the claim is without merit and the Company has good arguments to refute substantially this claim.