Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2009

Emaar Properties PJSC and its Subsidiaries

Consolidated financial statements
At 31 December 2009

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DIRECTORS' REPORT

The Board of Directors of Emaar Properties PJSC (the "Company") and its Subsidiaries (the "Group") has pleasure in submitting the consolidated statement of financial position of the Group as of 31 December 2009, and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended 31 December 2009.

Principal activities

The principal activities of the Group during the year ended 31 December 2009 were property investment and development, property management services, education, healthcare, hospitality, retail and investment in providers of financial services.

Financial results

The Group has recorded a net profit from continuing operations of AED 2,051 million for the year ended 31 December 2009 (2008: AED 4,191 million).

The Group's losses from discontinued operations were AED 1,762 million (2008: AED 4,068 million). These losses primarily relate to the write down of Group's net investment in WL Homes, Group's subsidiary in United States, upon discontinuation of its significant operations. The net profit attributable to equity holders of the Group after losses from discontinued operations was AED 327 million (2008: AED 166 million).

In accordance with the Articles of Association of the Company and UAE Federal Commercial Companies Law, an appropriation of AED 33 million is made to general reserve from the distributable profit of AED 327 million.

The transfer to statutory reserve has been suspended as the reserve has reached 50% of the paid up share capital.

In view of the current financial and economic uncertainty, the Board of Directors of the Company have not recommended any dividend to the shareholders for the year 2009, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The balance of the distributable profit of AED 294 million after considering appropriation to general reserve will be transferred to retained earnings.

Total shareholders' funds as at 31 December 2009 amount to AED 28,677 million (2008: AED 28,107 million).

Outlook 2010

The Group's primary focus in 2010 will be on timely completion of existing real estate developments across the global markets through stronger resource optimisation, development of middle income housing as strategic growth area to meet the growing demand for homes in emerging international markets and continue to build on successful Group's diversified growth model by realising the benefits of its investments in shopping malls and hospitality & leisure.

The Group's effort would remain concentrated on optimum use of resources with the objective of making Emaar a resilient company delivering results committed towards creating value for its shareholders.

DIRECTORS' REPORT (continued)

Directors

H.E. Mohamed Ali Alabbar	(Chairman)
Mr. Hussain Al Qemzi	(Vice Chairman)
H.E. Dr. Lowai Mohamed Belhoul	(Director)
Mr. Majid Saif Al Ghurair	(Director)
Mr. Ahmad Jamal Jawa	(Director)
Mr. Khalifa Aldaboos	(Director)
Mr. Saeed Ahmad Al Tayer	(Director)
Mr. Ahmed Thani Al Matrooshi	(Director)

Auditors

Ernst & Young were appointed as external auditors of the Group for the year ended 31 December 2009. Ernst & Young are eligible for reappointment for 2010 and have expressed their willingness to continue in office.

On behalf of the Board

Mohamed Ali Alabbar
Chairman
Dubai, United Arab Emirates
23 March 2010

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC AND ITS SUBSIDIARIES

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Emaar Properties PJSC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2009, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the articles of association of Emaar Properties PJSC and the UAE Commercial Companies Law of 1984 (as amended). This responsibility includes: designing, implementing and maintaining internal control, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ERNST & YOUNG

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC AND ITS SUBSIDIARIES (continued)

Emphasis of matter

(i) Without qualifying our opinion we draw attention to note 29 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.

(ii) Furthermore, without qualifying our opinion we draw attention to note15 to the financial statements. As at 31 December 2009 the Group has an investment in Amlak Finance PJSC ("Amlak") with a carrying amount of AED 944 million. The Federal Government of the UAE has announced that it is in discussions with the relevant authorities to potentially merge Amlak with other entities and in conjunction with the steering committee formed by the UAE Ministry of Finance and Industry is evaluating various options to secure sustainable funding for Amlak in order to enable it to meet its commitments. The Group's management is not in a position to assess its investment for any impairment pending the outcome of recommendations from the steering committee.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended) and the articles of association of Emaar Properties PJSC; proper books of account have been kept by Emaar Properties PJSC, an inventory was duly carried out and the contents of the report of the Board of Directors relating to these consolidated financial statements are consistent with the books of account. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of Emaar Properties PJSC have occurred during the year which would have had a material effect on the business of Emaar Properties PJSC or on its financial position.

Ernst & Young

Signed by
Edward B. Quinlan (Registration No. 93)
Partner
For Ernst & Young
Dubai, United Arab Emirates
23 March 2010

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009 *(US $1.00 = AED 3.673)*

	Notes	2009 AED'000	2008 AED'000 (Restated)
CONTINUING OPERATIONS			
Revenue	4	**8,413,262**	10,717,111
Cost of revenue	4	**(4,313,806)**	(5,487,355)
GROSS PROFIT		**4,099,456**	5,229,756
Other operating income		**519,816**	531,423
Selling, general and administrative expenses	5	**(1,911,865)**	(1,904,738)
Other operating expenses		**(287,579)**	(362,511)
Finance costs		**(216,687)**	(75,405)
Finance income	6	**355,733**	421,622
Other income		**83,026**	240,109
Share of results of associated companies	15	**(534,469)**	108,622
Impairment of assets		**(79,677)**	-
PROFIT BEFORE TAX		**2,027,754**	4,188,878
Income tax credit	8	**23,541**	2,569
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**2,051,295**	4,191,447
DISCONTINUED OPERATIONS			
Loss from discontinued operations	7	**(1,761,919)**	(4,067,890)
NET PROFIT FOR THE YEAR		**289,376**	123,557
ATTRIBUTABLE TO:			
Equity holders of the parent		**327,315**	165,586
Non-controlling interest		**(37,939)**	(42,029)
		289,376	123,557
Earnings per share attributable to the equity holders of the parent:			
Total operations - basic and diluted earnings per share	28	**AED 0.05**	AED 0.03
Continuing operations - basic and diluted earnings per share	28	**AED 0.34**	AED 0.70
Discontinued operations - basic and diluted earnings per share	28	**AED (0.29)**	AED (0.67)

The attached notes 1 to 33 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009 *(US $1.00 = AED 3.673)*

	Notes	***2009 AED'000***	*2008 AED'000 (Restated)*
Net profit for the year		**289,376**	123,557
Other comprehensive income/ (loss):			
Decrease in hedging reserve	26	**(328)**	(5,538)
Increase/ (decrease) in unrealised reserve	26	**43,200**	(1,491,960)
Increase/ (decrease) in foreign currency translation reserve		**210,410**	(896,062)
Other comprehensive income/ (loss) for the year		**253,282**	(2,393,560)
Total comprehensive income/ (loss) for the year		**542,658**	(2,270,003)
ATTRIBUTABLE TO:			
Equity holders of the parent		**574,093**	(2,202,860)
Non-controlling interest		**(31,435)**	(67,143)
		542,658	(2,270,003)

The attached notes 1 to 33 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009 *(US $1.00 = AED 3.673)*

	Notes	*2009 AED'000*	*2008 AED'000 (Restated)*	*2007 AED'000 (Restated)*
ASSETS				
Bank balances and cash	9	**2,266,835**	5,392,986	4,726,616
Trade receivables	10	**981,354**	1,058,354	1,263,695
Other receivables, deposits and prepayments	11	**3,211,297**	3,510,821	2,705,232
Development properties	12	**31,075,718**	26,799,447	22,302,917
Securities	13	**936,661**	867,122	4,560,642
Loans to associates	14	**2,005,146**	1,636,086	537,829
Investments in associates	15	**7,860,604**	8,313,770	8,845,282
Property, plant and equipment	16	**6,821,705**	5,414,196	7,433,222
Investment properties	17	**8,546,087**	13,248,196	5,635,573
Goodwill	19	**439,391**	439,391	2,961,968
TOTAL ASSETS		**64,144,798**	66,680,369	60,972,976
LIABILITIES AND EQUITY				
LIABILITIES				
Advances from customers	20	**15,888,064**	18,109,424	14,093,599
Trade and other payables	21	**9,545,382**	9,680,254	5,918,899
Interest-bearing loans and borrowings	22	**8,625,104**	9,174,165	7,703,753
Retentions payable	23	**1,160,306**	1,078,549	1,054,560
Provision for employees' end-of-service benefits	24	**46,934**	37,092	18,394
TOTAL LIABILITIES		**35,265,790**	38,079,484	28,789,205
EQUITY				
Equity attributable to equity holders of the parent company				
Share capital	25	**6,091,239**	6,091,239	6,091,239
Treasury shares	25	**(1,113)**	(1,113)	-
Employees' performance share program		**(1,684)**	(1,684)	(1,446)
Reserves	26	**14,711,373**	14,431,863	16,494,778
Retained earnings		**7,877,501**	7,586,228	8,946,974
		28,677,316	28,106,533	31,531,545
Non-controlling interest		**201,692**	494,352	652,226
TOTAL EQUITY		**28,879,008**	28,600,885	32,183,771
TOTAL LIABILITIES AND EQUITY		**64,144,798**	66,680,369	60,972,976

The consolidated financial statements were authorised for issue on 23 March 2010 by:

Chairman

Director

The attached notes 1 to 33 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2009 *(US $1.00 = AED 3.673)*

	Notes	2009 AED'000	2008 AED'000 (Restated)
CONTINUING OPERATIONS			
OPERATING ACTIVITIES			
Profit before tax		**2,027,754**	4,188,878
Adjustments for:			
Share of results of associated companies	15	**534,469**	(108,622)
Depreciation	5	**635,712**	294,633
Provision for employees' end-of-service benefits, net	24	**9,842**	18,698
Loss on disposal of property, plant and equipment		**1,033**	2,995
Cost of share based payments	24	**-**	757
Gain on disposal of securities		**-**	(29,307)
Provision for doubtful debts/ write off	5	**94,484**	-
Impairment of assets		**79,677**	-
Cash from operations before working capital changes:		**3,382,971**	4,368,032
Trade receivables		**18,461**	161,642
Other receivables, deposits and prepayments		**74,984**	(867,738)
Development properties, net		**(3,019,744)**	(5,823,921)
Advances from customers, net		**(2,221,360)**	4,015,825
Trade and other payables		**53,751**	4,258,885
Retentions payable	23	**81,757**	23,989
Income tax, net	8	**(2,998)**	(4,464)
Net cash (used in)/ from operating activities		**(1,632,178)**	6,132,250
INVESTING ACTIVITIES			
Purchase of securities		**(12,543)**	(298,605)
Proceeds from disposal of securities		**-**	2,640,582
Deposit in escrow account for acquisition of additional shares in subsidiary	18	**-**	(23,665)
Consideration for additional shares/ acquisition of subsidiary net of cash and cash equivalents acquired	18	**-**	(162,435)
Additional investments and loans to associates, net		**(635,121)**	(1,227,310)
Amounts incurred on investment properties	17	**(132,153)**	(149,026)
Purchase of property, plant and equipment	16	**(1,733,810)**	(5,839,820)
Proceeds from sale of property, plant and equipment		**6,420**	2,821
Purchase of treasury shares	25	**-**	(1,113)
Deposits under lien or maturing after three months	9	**(283,053)**	2,377,174
Net cash used in investing activities		**(2,790,260)**	(2,681,397)
FINANCING ACTIVITIES			
Dividend paid		**(3,567)**	(1,198,845)
Interest-bearing loans and borrowings	22	**2,004,542**	2,802,400
Repayment of interest bearing loans and borrowings	22	**(808,620)**	(537,160)
Funds invested by non-controlling interest, net		**17,211**	92,373
Received on vesting of share options	24	**-**	1,462
Net cash from financing activities		**1,209,566**	1,160,230
NET CASH (USED IN)/ FROM CONTINUING OPERATIONS		**(3,212,872)**	4,611,083
DISCONTINUED OPERATIONS			
Net cash used in discontinued operations	7	**(113,043)**	(1,537,199)
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		**(3,325,915)**	3,073,884
Net foreign exchange difference		**10,850**	(30,340)
Cash and cash equivalents at the beginning of the period	9	**5,175,223**	2,131,679
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	9	**1,860,158**	5,175,223

The attached notes 1 to 33 form part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

(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 change in accounting policy (note 2.2)	-	-	-	-	(7,894,220)	(7,894,220)	(67,249)	(7,961,469)
Balance at 1 January 2009 (restated)	**6,091,239**	**(1,113)**	**(1,684)**	**14,431,863**	**7,586,228**	**28,106,533**	**494,352**	**28,600,885**
Profit for the year	-	-	-	-	327,315	327,315	(37,939)	289,376
Other comprehensive income for the year	-	-	-	246,778	-	246,778	6,504	253,282
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**246,778**	**327,315**	**574,093**	**(31,435)**	**542,658**
Transfer to reserves (note 26)	-	-	-	32,732	(32,732)	-	-	-
Board meetings allowance	-	-	-	-	(3,310)	(3,310)	-	(3,310)
Write down of non-controlling interest of a subsidiary (note 7)	-	-	-	-	-	-	(278,079)	(278,079)
Movement in non-controlling interest, net	-	-	-	-	-	-	16,854	16,854
Balance at 31 December 2009	**6,091,239**	**(1,113)**	**(1,684)**	**14,711,373**	**7,877,501**	**28,677,316**	**201,692**	**28,879,008**

The attached notes 1 to 33 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

(US $1.00 = AED 3.673)

	Attributable to equity holders of the parent							
	Share capital AED'000	*Treasury shares AED'000*	*Employees' performance share program AED'000*	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non controlling interest AED'000*	*Total equity AED'000*
Balance at 1 January 2008 (audited)	**6,091,239**	**-**	**(1,446)**	**16,494,778**	**13,951,469**	**36,536,040**	**652,226**	**37,188,266**
Effect of change in accounting policy	-	-	-	-	(5,004,495)	(5,004,495)	-	(5,004,495)
Balance at 1 January 2008 (restated)	**6,091,239**	**-**	**(1,446)**	**16,494,778**	**8,946,974**	**31,531,545**	**652,226**	**32,183,771**
Profit for the year	-	-	-	-	165,586	165,586	(42,029)	123,557
Other comprehensive loss for the year	-	-	-	(2,368,446)	-	(2,368,446)	(25,114)	(2,393,560)
Total comprehensive income/ (loss) for the period	**-**	**-**	**-**	**(2,368,446)**	**165,586**	**(2,202,860)**	**(67,143)**	**(2,270,003)**
Transfer to reserves (note 26)	-	-	-	305,531	(305,531)	-	-	-
Dividends – 2007	-	-	-	-	(1,218,248)	(1,218,248)	-	(1,218,248)
Board meetings allowance	-	-	-	-	(3,310)	(3,310)	-	(3,310)
Share based payments	-	-	-	-	757	757	-	757
Shares allocated to employees' performance share program	-	-	(1,700)	-	-	(1,700)	-	(1,700)
Issuance of shares under employees' performance share program (note 24)	-	-	1,462	-	-	1,462	-	1,462
Purchase of treasury shares (note 25)	-	(1,113)	-	-	-	(1,113)	-	(1,113)
Movement in non-controlling interest, net	-	-	-	-	-	-	(90,731)	(90,731)
Balance at 31 December 2008 (restated)	**6,091,239**	**(1,113)**	**(1,684)**	**14,431,863**	**7,586,228**	**28,106,533**	**494,352**	**28,600,885**

The attached notes 1 to 33 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

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. 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 investment 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. Subsequently on 9 December 2009, the Board of Directors of the Company decided not to proceed with the proposed merger as it was not economically viable in the current economic climate.

On 29 September 2009, Emaar MGF Land Limited ("EMGF"), an associate of the Company domiciled in India, 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 2,763 million (Indian Rupees 35,000 million). EMGF have received the final observations to its DRHP from SEBI on 18 February 2010.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB") and applicable requirements of United Arab Emirates laws.

The 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 thousands 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 consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments and financial assets fair value through other comprehensive income that have been measured at fair value.

Basis of consolidation

Subsidiary Companies
The consolidated financial statements comprise the financial statements of Emaar Properties PJSC and its subsidiaries as at 31 December 2009. The financial statements of the subsidiaries are prepared for the same reporting year 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 consolidated income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

Associated Companies
Associated companies are companies in which the Group has significant influence, but not control, over the financial and operating policies. In the 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 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 consolidated income statement reflects the Group's share of the results of its associates.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards and interpretations as of 1 January 2009 and early adoption of IFRS 9, noted below. Except for the impact of IFRIC 15 and the early adoption of IFRS 9, adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

IFRS 2 Share-based Payment - Vesting Conditions and Cancellations
The 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 7 Financial Instruments: Disclosures
The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures of the Group are presented in note 13. The liquidity risk disclosures of the Group are not significantly impacted by the amendments and are presented in note 31. The Group has elected not to provide comparative for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

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.

IFRS 9 Financial Instruments (phase 1)
The Group has early adopted IFRS 9 *Financial Instruments (IFRS 9)* in 2009 in advance of its effective date. The Group has chosen 31 December 2009 as its date of initial application (i.e. the date on which the Group has assessed its existing financial assets) as this is the first reporting period end since the first phase of IFRS 9 was issued on 12 November 2009.

Phase 1 of IFRS 9 specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortised cost or fair value. Debt instruments are measured at amortised cost using effective interest rate method only if (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has elected to designate debt instruments at the amortised cost after initial measurement. Only financial assets that are classified and measured at amortised cost are tested for impairment.

Investments in equity instruments are designated by the Group as at fair value through other comprehensive income. If the equity instrument is designated as at fair value through other comprehensive income, all gains and losses, except for dividend income recognised in accordance with IAS 18 Revenue, are recognised in the consolidated statement of comprehensive income and are not subsequently reclassified to the consolidated income statement.

The management has reviewed and assessed all of the Group's existing financial assets as at the date of initial application of IFRS 9. As a result:

- the Group's investments in debt instruments meeting the required criteria are measured at amortised cost;
- the Group's equity investments not held for trading have been designated as at fair value through other comprehensive income.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IFRS 9 Financial Instruments (phase 1) (continued)
The Group has applied the new standard from 1 January 2009 and reclassified with effect from 1 January 2009 all available for sale securities that were still held at 31 December 2009 as fair value through other comprehensive income. Restatement of comparative figures has not been performed following adoption of this standard as it is not required for early adoption of IFRS 9. If IFRS 9 had not been adopted in 2009, the impact of impairment losses on available for sale investments held as of 31 December 2009 would have been to reduce the profit for the year by AED 109 million and to increase the other comprehensive income for the year by the same amount. Earnings per share would have been AED 0.04 per share. There is no impact on total comprehensive income or equity following the adoption of IFRS 9.

IAS 1 Presentation of Financial Statements (Revised)
The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, companies have an option to continue presenting a 'traditional' income statement complemented by a second statement, the statement of comprehensive income (SOCI), or to present a single statement, also named 'statement of comprehensive income', that includes both elements. The Group has taken the option of presenting an income statement complemented by the statement of comprehensive income.

IAS 1 has also introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised standard has required the presentation of a third comparative period in statement of financial position at 1 January 2008 due to the retrospective application of IFRIC 15.

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 was 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.

IAS 40 Investment Property (Amended)
IAS 40 has been amended to bring within its scope investment property under construction. Consequently such property is measured at fair value when completed investment properties are measured at fair value. However, the adoption of this amendment did not have any impact on the financial position of the Group as it uses cost model for measuring its investment properties.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

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

IFRIC 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 engage in such transactions.

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 impact of the application of the 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

Year ended 31 December 2008

	As previously reported AED'000	*Increase/ (decrease) AED'000*	*Restated AED'000*
Continuing operation:			
Revenue	14,823,912	(4,106,801)	10,717,111
Cost of revenue	(6,849,281)	1,361,926	(5,487,355)
Other operating income	537,062	(5,639)	531,423
Share of results of associated companies	315,082	(206,460)	108,622
Non-controlling interest	23,042	(67,249)	(44,207)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

Statement of financial position

At 31 December 2008	*As previously reported AED'000*	*Increase/ (decrease) AED'000*	*Restated AED'000*
Assets			
Trade receivables	2,047,678	(989,324)	1,058,354
Other receivables, deposits and prepayments	3,665,732	(154,911)	3,510,821
Development properties	19,177,852	7,621,595	26,799,447
Loans to associates	1,655,400	(19,314)	1,636,086
Investment in associates	8,782,245	(468,475)	8,313,770
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
Equity			
Retained earnings	15,480,448	(7,894,220)	7,586,228
Non-controlling interest	561,601	(67,249)	494,352

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 off any net investment, it has had no impact on the financial position or performance of the Group.

IFRIC 18 Transfer of Assets from Customers
The interpretation is to be applied prospectively. IFRIC 18 interpretation provide the guidance on how to account for items of property, plant and equipment by recipients which have been received from customers, or cash that is received and used to acquire or construct specific assets. It concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer. The entity must identify the services delivered and allocate the consideration received to each identifiable service, with the credit recognised as revenue in accordance with IAS 18 Revenue. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group.

Improvements to IFRSs
In May 2008 and April 2009 the IASB issued its first omnibus of amendments to its standards, primarily with a view to remove 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 7 Statement of Cash Flows
Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact the presentation in the statement of cash flows.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Improvements to IFRSs (continued)

IAS 16 Property, Plant and Equipment
Replace the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

IAS 18 Revenue
The IASB has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

- has primary responsibility for providing the goods or service
- has inventory risk
- has discretion in establishing prices
- bears the credit risk

The Group has assessed its revenue arrangements against these criteria and concluded that it is acting as principal in all arrangements. The revenue recognition accounting policy has been updated accordingly.

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.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant impact on the amounts recognised in the 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 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.

Taxes
The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required to determine the total provision for current and deferred taxes.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

Valuation of investment properties
The Group hires the services of third party valuers to obtain estimates of the market value of investment properties for the purposes of their impairment review and disclosures in the consolidated financial statements.

Impairment of non financial assets
The Group determines whether non financial assets are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the non financial assets by reference to the cash-generating unit to which the non financial asset is allocated. Estimating the recoverable amount is by reference to the higher of fair value less costs to sell and 'value in use'. A value in use calculation requires the Group 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 values of those cash flows.

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

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

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 activities, potential claims by sub contractors and the cost of meeting other contractual obligations to the customers.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated income statement as follows:

Sale of property
The Group recognises revenue when it is probable that the economic benefits from the sale will flow to the Group, the revenue and costs can be measured reliably and the risks and rewards of ownership of the property have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Lease to buy scheme
Sales under the lease to buy scheme are accounted 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 which the lessee has to pay at the time of exercising the option to acquire the property.

Lease of investment property
Rental income from investment properties is accounted for on a straight-line basis over the lease term on ongoing leases.

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

Services
Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in consolidated income statement in the period in which they are incurred.

Income tax
Taxation is provided in accordance with the relevant fiscal regulations of the countries in which the Group operates.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to the tax payable in respect of prior years.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Bad debts are written off when there is no possibility of recovery.

Loans and advances
Loans and advances are stated at amortised cost net of interest suspended and provisions for impairment. All loans and advances are recognised when cash is disbursed to borrowers.

Expenses incurred in making loans or advances are charged to the income statement in the year of disbursing these loans and advances.

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 profit or loss, which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

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

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

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

Equity investments
For subsequent measurements, all financial assets that are equity investments are measured at fair value either through Other Comprehensive Income (OCI) or through profit or loss. This is an irrevocable choice that the Group has made on early adoption of IFRS 9 – Phase I 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 are recorded through the 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:

i. the asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
ii. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Foreign exchange gains and losses
The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at fair value through profit or loss, the foreign exchange component is recognised in the consolidated income statement. For financial assets designated as at fair value through other comprehensive income any foreign exchange component is recognised in the 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 consolidated statement of comprehensive income.

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 and 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.

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

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

Non refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when the related revenue is recognised.

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 consolidated income statement on disposal 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 Board of Directors reviews the carrying values of the development properties on an annual basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leasehold improvements	2 - 5 years
Sales centers	1 - 5 years
Other 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 & other assets	2 - 25 years

No depreciation is charged on 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 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 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 is 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
Fixed furniture and fixtures	10 years
Movable furniture and fixtures	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.

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 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 while value in use is the present value of estimated future cash flows expected to arise from the continuing use of this investment property and from its disposal at the end of its useful life.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in an associate
The Group's investment in its associate is accounted for using the equity method of accounting. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the consolidated income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and minority interests in the subsidiaries of the associates.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

Interest in a joint venture
The Group has interests in joint ventures which are jointly controlled. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which the venturer has an interest. The Group recognises its interest in the joint ventures using the equity method until the date on which the Group ceases to have joint control over the joint venture. The interest in the joint venture is carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the joint venture, less any impairment in value. The consolidated income statement reflects the Group's share of the results of its joint venture.

The financial statements of the joint venture are prepared for the same reporting year as the parent company, using consistent accounting policies.

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

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

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IFRS 8 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 off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash generating unit retained.

Goodwill is tested for impairment annually (at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units, to which goodwill relates. Where the recoverable amount of the cash generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments
The Group enters into derivative financial instruments to manage its exposure to 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 period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates derivatives as hedges of 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 foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss 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 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 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 is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement, and is included in the 'other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the consolidated income statement, in the same line of the 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 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 consolidated income statement.

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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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
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 consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

End of service benefits
The Group provides end of service benefits to its employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Share based payment transactions
Employees (including senior executives) of the Group also receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments ("equity settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which the awards are granted. The cost of equity-settled transactions with employees is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled ending on the date on which the employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Under the Company Programme, awards, which represent the right to purchase the Company's ordinary shares at par, are allocated to eligible employees (including executive directors) of the Company.

Foreign currency translations
The consolidated financial statements are presented in UAE Dirhams (AED) which is the functional currency of the parent company. Each company in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to consolidated income statement. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

As at the reporting date, the assets and liabilities of subsidiaries with functional currencies other than AED are translated into AED at the rate of exchange ruling at the reporting date and their income statements are translated at the weighted average exchange rates for the year. The differences arising on the translation are taken directly to the consolidated statement of comprehensive income. On disposal of an entity, the deferred cumulative amount recognised in equity relating to that entity is recognised in the consolidated income statement.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Treasury shares
Treasury shares consist of the Company's own shares that have been issued, subsequently repurchased by the company and not yet reissued or cancelled. These shares are accounted for using the cost method. Under the cost method the average cost of the share repurchased is shown as deduction from the total shareholders' equity. When these shares are reissued, gains are credited to a separate capital reserve in shareholders' equity, which is non-distributable. Any realised losses are charged directly to retained earnings. Gains realised on the sale of reissue shares are first used to offset any previously recorded losses in the order of retained earnings and the capital reserve account. No cash dividends are paid on these shares.

2.5 NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The IASB and IFRIC have issued a number of standards and interpretations with an effective date after the date of these financial statements. The management has set out below only those which may have a material impact on the financial statements in future periods.

IFRS 3 (Revised) Business Combinations and IAS 27 (Amended) Consolidated and Separate Financial Statements
The revised standards are effective prospectively for business combinations affected in financial periods beginning on or after 1 July 2009. IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) to be accounted for as an equity transaction. Therefore, such a transaction would no longer give rise to goodwill, nor give rise to a gain or loss.

IAS 17 Leases – amendment
This amendment is effective for financial periods beginning on or after 1 January 2010. This amendment deletes much of the existing wording in the standard to the effect all leases of land (where title does not pass) were operating leases. The amendment requires that in determining whether the lease of land (either separately or in combination with other property) is an operating or a finance lease, the same criteria are applied as for any other asset. This may have the impact in the future that more leases of land will be treated as finance leases rather than operating leases.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
This amendment was issued in July 2008 and is effective for financial years beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations.

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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 retail, residential and commercial 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 investment in providers of financial services.

Income from sources other than the real estate segment and hospitality is included in other operating income.

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

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

Business segments
The following table represents revenue and profit information and certain asset and liability information regarding business segments for the years ended 31 December 2009 and 2008.

2009:	*Real estate AED'000*	*Others AED'000*	*Eliminations AED'000*	*Total AED'000*
Revenue				
Revenue from external customers	7,759,369	667,155	(13,262)	8,413,262
Total revenue	7,759,369	667,155	(13,262)	8,413,262
Results				
Profit for the year before impairment of assets, income tax, finance costs, finance income, share of results of associated companies	2,573,623	(56,247)	(14,522)	2,502,854
Assets and liabilities				
Segment assets	60,475,682	9,965,633	(6,296,517)	64,144,798
Segment liabilities	35,038,541	5,687,519	(5,460,270)	35,265,790
Other Segment Information				
Capital expenditure (property, plant and equipment)	610,007	1,123,803	-	1,733,810
Depreciation (property, plant and equipment)	164,264	157,936	-	322,200

3 SEGMENT INFORMATION (continued)

Business segments (continued)

2008 (restated):

	Real estate AED'000	*Others AED'000*	*Eliminations AED'000*	*Total AED'000*
Revenue				
Revenue from external customers	10,145,285	576,950	(5,124)	10,717,111
Total revenue	10,145,285	576,950	(5,124)	10,717,111
Results				
Profit for the year before impairment of assets, income tax, finance costs, finance income, share of results of associated companies	3,856,406	(119,725)	(2,642)	3,734,039
Assets and liabilities				
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
Other Segment Information				
Capital expenditure (property, plant and equipment)	4,403,104	1,445,084	-	5,848,188
Depreciation (property, plant and equipment)	99,486	115,925	-	215,411

Geographic segments

The following tables represent revenue and profit information and certain asset and liability information regarding geographic segments for the years ended 31 December 2009 and 2008.

2009:

	Domestic AED'000	*International AED'000*	*Total AED'000*
Revenue			
Revenue from external customers	7,775,828	637,434	8,413,262
Total revenue	7,775,828	637,434	8,413,262
Assets			
Segment assets	40,814,181	15,470,013	56,284,194
Investment in associates	2,175,987	5,684,617	7,860,604
Total assets	42,990,168	21,154,630	64,144,798
Other Segment Information			
Capital expenditure (property, plant and equipment)	1,583,963	149,847	1,733,810

3 SEGMENT INFORMATION (continued)

Geographic segments (continued)

2008 (restated):

	Domestic AED'000	*International AED'000*	*Total AED'000*
Revenue			
Revenue from external customers	10,623,202	93,909	10,717,111
Total revenue	10,623,202	93,909	10,717,111
Assets			
Segment assets	41,191,333	17,175,266	58,366,599
Investment in associates	2,552,415	5,761,355	8,313,770
Total assets	43,743,748	22,936,621	66,680,369
Other Segment Information			
Capital expenditure (property, plant and equipment)	5,471,970	376,218	5,848,188

4 REVENUE AND COST OF REVENUE

	2009 AED'000	*2008 AED'000 (Restated)*
Revenue		
Revenue from property sales:		
Sale of condominiums	**4,312,397**	6,052,642
Sale of villas	**1,728,705**	2,511,140
Sale of plots of land	**135,194**	612,726
Sale of commercial and others	**59,910**	464,696
Revenue from hospitality	**667,155**	576,949
Rental income from leased properties and related income	**1,509,901**	498,958
	8,413,262	10,717,111
Cost of revenue		
Cost of revenue of property sales:		
Cost of condominiums	**2,802,559**	3,868,877
Cost of villas	**753,680**	904,973
Cost of plots of land	**8,957**	24,621
Cost of commercial and others	**32,786**	144,337
Operating cost of hospitality	**447,732**	366,653
Operating cost of leased properties	**268,092**	177,894
	4,313,806	5,487,355

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2009 *AED'000*	*2008* *AED'000*
Payroll and related expenses	**453,536**	600,625
Sales and marketing expenses	**188,844**	379,547
Depreciation of property, plant and equipment (note 16)	**322,200**	208,996
Depreciation of investment properties (note 17)	**313,512**	85,637
Property management expenses	**66,926**	70,671
Land registration fees	**72,498**	96,930
Provision for doubtful debts/ write off	**94,484**	-
Pre-operating expenses	**51,737**	69,462
Other expenses	**348,128**	392,870
	1,911,865	1,904,738

6 FINANCE INCOME

	2009 *AED'000*	*2008* *AED'000*
Finance income on fixed deposits with banks	**156,815**	253,829
Other finance income	**198,918**	167,793
	355,733	421,622

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 year.

The results for the year from discontinued operations and the carrying value of the net assets written off relating to WL Homes LLC as at 31 December 2009 were as follows:-

	2009 *AED'000*	*2008* *AED'000*
Revenue	**5,637**	1,191,221
Cost of revenue	**(28,337)**	(2,354,494)
Gross loss for the year	**(22,700)**	(1,163,273)
Selling, general and administrative expenses	**(45,768)**	(377,859)
Net finance cost	**(220)**	(5,360)
Other income	**7,089**	51,617
Share of results of associated companies (note 15)	**(3,544)**	(50,438)
Impairment of Goodwill	**-**	(2,522,577)
Net loss for the year	**(65,143)**	(4,067,890)

7 DISCONTINUED OPERATIONS (continued)

Net assets written off

	2009 AED'000	*2008 AED'000*
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)**	(4,067,890)
ATTRIBUTABLE TO:		
Equity holders of the parent	**(1,762,655)**	(4,070,068)
Non-controlling interest	**736**	2,178
	(1,761,919)	(4,067,890)
Earnings per share attributable to equity holders:		
- basic and diluted earnings per share	**AED (0.29)**	AED (0.67)

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

	2009 AED'000	*2008 AED'000*
Cash used in operating activities	**(117,946)**	(599,982)
Cash from/ (used in) investing activities	**43,482**	(106,071)
Cash used in financing activities	**(38,579)**	(831,146)
Net cash used in discontinued operations	**(113,043)**	(1,537,199)

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.

8 INCOME TAX

	2009 AED'000	*2008 AED'000*
Income statement:		
Current income tax expense	**(233)**	(5,626)
Deferred income tax	**23,774**	8,195
	23,541	2,569
Current liabilities:		
Balance at 1 January	**17,091**	21,555
For the year	**233**	5,626
Paid during the year	**(3,231)**	(10,090)
Balance at 31 December	**14,093**	17,091

The tax expense relates to the tax payable on the profit earned by the subsidiaries, as adjusted in accordance with the taxation laws and regulations of the countries in which the Group operates.

	2009 AED'000	*2008 AED'000 (Restated)*
The relationship between the tax expense and the accounting profit can be explained as follows:		
Accounting profit before tax	**265,835**	120,988
Effect of higher tax rates in other jurisdictions	**(233)**	(5,626)
Effective income tax rate	**0.09%**	4.65%

The income tax charge arises primarily from the Group's operations in United States of America, Morocco, India, Egypt, Pakistan and the United Kingdom.

9 BANK BALANCES AND CASH

	2009 AED'000	*2008 AED'000*
Cash in hand	**7,508**	5,041
Current and call deposit accounts	**722,458**	987,688
Fixed deposits maturing within three months	**1,130,192**	4,182,494
Cash and cash equivalents	**1,860,158**	5,175,223
Deposits under lien (note 22)	**387,557**	-
Fixed deposits maturing after three months	**19,120**	217,763
	2,266,835	5,392,986
Bank balances and cash located:		
Within UAE	**1,777,815**	4,511,892
Outside UAE	**489,020**	881,094
	2,266,835	5,392,986

9 BANK BALANCES AND CASH (continued)

Bank balances and cash denominated in following currencies:

	2009 AED'000	*2008 AED'000*
United Arab Dirham (AED)	**1,777,815**	4,511,892
United States Dollar (USD)	**42,398**	304,707
Egyptian Pound (EGP)	**251,014**	203,788
Moroccan Dirham (MAD)	**7,850**	99,413
Other currencies	**187,758**	273,186
	2,266,835	5,392,986

Cash at banks earns interest at floating rates based on prevailing bank deposit rates. Short term fixed deposits are made for varying periods of 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 having a maturity after three months earn interest at rates between 1% and 5% per annum (2008: between 6% and 8% per annum).

10 TRADE RECEIVABLES

	2009 AED'000	*2008 AED'000 (Restated)*	*2007 AED'000 (Restated)*
Amounts receivable within 12 months, net	**749,563**	637,914	898,020
Amounts receivable after 12 months, net	**231,791**	420,440	365,675
	981,354	1,058,354	1,263,695

Trade receivables include AED 414,162 thousands (2008: AED 865,413 thousands, 2007: AED 909,303 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due under the agreed credit terms.

The above trade receivables are net off AED 58,539 thousands (2008: nil, 2007: nil) relating to provision for doubtful debts.

At 31 December, the ageing analysis of trade receivables is as follows:

			Past due but not impaired			
	Total AED'000	*Neither past due nor impaired AED'000*	*Less than 30 days AED'000*	*Between 30 to 60 days AED'000*	*Between 60 to 90 days AED'000*	*More than 90 days AED'000*
2009	**981,354**	**480,114**	**186,390**	**66,826**	**61,692**	**186,332**
2008 (Restated)	1,058,354	865,413	111,325	30,334	12,372	38,910
2007 (Restated)	1,263,695	1,095,174	117,447	13,358	4,947	32,769

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11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2009 AED'000	*2008 AED'000 (Restated)*	*2007 AED'000*
Advances to contractors and others	**1,029,460**	1,209,716	1,034,137
Advances for acquisition of leasehold interests	**1,234,612**	1,028,924	823,201
Prepayments	**114,930**	174,442	179,549
Receivables from service companies	**137,001**	172,653	42,754
Deposits for acquisition of land and subsidiary	**89,215**	121,963	101,400
Value added tax recoverable	**164,419**	119,664	-
Accrued interest and other income	**33,549**	67,025	80,936
Recoverable from non controlling interest	**14,414**	28,855	36,876
Other deposits and receivables	**393,697**	587,579	406,379
	3,211,297	3,510,821	2,705,232

12 DEVELOPMENT PROPERTIES

	2009 AED'000	*2008 AED'000 (Restated)*	*2007 AED'000 (Restated)*
Balance at the beginning of the year	**26,799,447**	22,302,917	13,441,087
Add: cost incurred during the year	**6,726,854**	11,793,832	14,496,968
Add: transfer from investment property (note 17)	**4,520,750**	-	1,875,000
Less: cost transferred to cost of revenue during the year	**(3,626,319)**	(7,297,302)	(7,510,138)
Less: impairment of development properties (refer note below)	**(61,010)**	-	-
Less: write down of development properties relating to discontinued operations (note 7)	**(3,284,004)**	-	-
Balance at the end of the year	**31,075,718**	26,799,447	22,302,917
Development properties located:			
Within UAE	**20,440,293**	14,487,581	11,714,857
Outside UAE	**10,635,425**	12,311,866	10,588,060
	31,075,718	26,799,447	22,302,917

Management of the Group has assessed its development properties for impairment as at 31 December 2009. Based on the review, the Group has provided an impairment loss of AED 61,010 thousands (2008: nil, 2007: nil) relating to initial cost incurred on certain abandoned international projects and excess of carrying value over the realisable value of certain development properties.

The fair value of the development properties is determined by the Group based on valuations carried out by independent valuers. The fair value of the development properties is determined by reference to the discounted net cash flow, which depict the residual value of the group in development properties net of amount collected from sales and the cost incurred to date. Accordingly, the fair value of development properties is arrived at AED 35,231,714 thousands (2008: AED 42,275,446 thousands).

For the purpose of comparison of fair value to the carrying value of development properties, which comprise of the cost incurred to date for the projects under construction and unsold inventory, the realised value from sale of the properties under construction is added to the above stated fair value.

The fair value of the development properties including the realised value from sale of properties under construction of AED 15,323,922 thousands (2008: AED 16,912,611 thousands) is AED 50,555,636 thousands (2008: AED 59,188,057 thousands) compared to the carrying value of AED 31,075,718 thousands (2008: AED 26,799,447 thousands).

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13 SECURITIES

	2009 AED'000	*2008 AED'000*
Financial assets at fair value through other comprehensive income	**936,661**	867,122
Securities located:		
Within UAE	**906,042**	844,668
Outside UAE	**30,619**	22,454
	936,661	867,122

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	2009 AED'000	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*
Financial assets at fair value through other comprehensive income	936,661	107,270	496,246	333,145

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.

14 LOANS TO ASSOCIATES

	2009 AED'000	*2008 AED'000 (Restated)*	*2007 AED'000 (Restated)*
Amlak Finance PJSC (i)	**875,580**	932,904	248,667
Emaar MGF Land Limited and their related parties (ii)	**460,131**	397,597	-
Golden Ace Pte Ltd (iii)	**608,286**	132,425	116,276
Prestige Resorts SA	**-**	70,000	70,000
Amelkis Resorts SA	**33,234**	54,569	54,563
Other associates	**27,915**	48,591	48,323
	2,005,146	1,636,086	537,829

(i) The amount owed by Amlak Finance PJSC ("Amlak") is unsecured and earns an average return ranging from 3% to 4.5% per annum (2008: average return ranging from 3% to 7% per annum).

The above loan includes AED 634,025 thousands relates to the credit facility extended to Amlak in the normal course of business for settlement of instalment payments relating to sale of properties, where customers have availed financing facility from Amlak. An amount of AED 196,615 thousands was received from Amlak during the year ended 31 December 2009. The Group's management believes that the loan due from Amlak is fully recoverable (also refer note 15 (ii)).

(ii) The amounts owed by Emaar MGF Land Limited and their related parties are unsecured and earns a compound return of 15% per annum (2008: 10% per annum).

(iii) The amount owed by Golden Ace Pte Ltd is unsecured and earns a return ranging from 5.03% to 11.20% per annum (2008: 6.36% per annum).

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15 INVESTMENTS IN ASSOCIATES

	2009 AED'000	*2008 AED'000 (Restated)*	*2007 AED'000 (Restated)*
Carrying value of investment in:			
Emaar MGF Land Limited	**2,901,579**	2,745,198	3,592,632
Emaar The Economic City (Saudi Joint Stock Company) – quoted (i)	**2,348,919**	2,486,278	2,536,543
Amlak Finance PJSC – quoted (ii)	**944,418**	1,113,598	1,036,386
Dubai Banking Group PJSC (iii)	**429,653**	762,284	764,179
Emaar Bawadi LLC	**359,398**	253,593	-
Turner International Middle East Ltd	**225,364**	226,038	220,741
Emaar Industries and Investment (Pvt) JSC	**198,384**	179,479	145,479
Dead Sea Company for Tourist and Real Estate Investment	**137,502**	137,836	136,864
Emrill Services LLC	**14,601**	11,244	7,113
Emaar Financial Services LLC	**6,468**	6,179	43,299
Other associates	**294,318**	392,043	362,046
	7,860,604	8,313,770	8,845,282

(i) The market value of the shares held in Emaar The Economic City (quoted on the Saudi Stock Exchange – Tadawul) as at 31 December 2009 was AED 2,487,775 thousands (2008: AED 2,319,957 thousands, 2007: AED 5,740,134 thousands).

(ii) On 23 November 2008, the UAE Ministry of Finance announced that it has started the official procedure to merge Amlak Finance PJSC ("Amlak") and Tamweel PJSC ("Tamweel"), two leading Sharia-compliant real estate finance providers in United Arab Emirates, under Emirates Development Bank to create the largest real estate finance institution in the country under the umbrella of Federal Government of United Arab Emirates. In view of the above circumstances, the trading for Amlak was suspended pending merger. On 4 February 2009, the Ministry of Finance has formed a Steering Committee with the aim to review merger of Amlak and Tamweel and recommend possible ways the two companies can go forward. The Steering Committee in connection with the proposed merger is evaluating various options to secure sustainable funding in order to enable Amlak to continue to meet its commitments. The Steering Committee is expected to give its recommendation to the government on the restructuring plan in near future. The Group's management is not in a position to assess its investments for any impairment pending the recommendations from the Steering Committee. The market value of the shares held in Amlak (quoted on Dubai Financial Market) at the date of suspension of trading was AED 735,677 thousands (2008: AED 735,677 thousands, 2007: AED 3,700,024 thousands).

(iii) During the year 2007, Dubai Banking Group PJSC ("DBG"), an associate of the Company, invested in convertible bonds of Shuaa Capital PSC ("Shuaa"), convertible into shares at conversion price of AED 6 per share upon maturity of the bond (which was originally 31 October 2008 and extended upto 31 October 2009). Subsequently in July 2009 through a settlement agreement between DBG and Shuaa, the conversion price and number of shares were adjusted to AED 2.91 per share providing 48% voting rights to DBG in Shuaa. Based on the revised conversion price in comparison with then prevailing market price of Shuaa, DBG has recorded an impairment of AED 514,000 thousands in respect of their investment in Shuaa. Accordingly, the Group has recorded its share of impairment of AED 154,200 thousands for its 30% interest in DBG.

15 INVESTMENTS IN ASSOCIATES (continued)

The Group has the following ownership interest in its significant associates:

	Country of incorporation	*Ownership*	
		2009	*2008*
Emaar MGF Land Limited	India	**43.86%**	43.33%
Emaar The Economic City (Saudi Joint Stock Company)	KSA	**30.59%**	30.59%
Amlak Finance PJSC	UAE	**48.08%**	48.08%
Turner International Middle East Ltd	UAE	**50.00%**	50.00%
Dubai Banking Group PJSC	UAE	**30.00%**	30.00%
Emaar Industries and Investments (Pvt) JSC	UAE	**40.00%**	40.00%
Emaar Financial Services LLC	UAE	**37.50%**	37.50%
Emrill Services LLC	UAE	**33.33%**	33.33%
Prestige Resorts SA	Morocco	**50.00%**	50.00%
Amelkis Resorts SA	Morocco	**50.00%**	50.00%
Orientis Invest	Morocco	**50.00%**	50.00%
Golden Ace Pte Ltd	Singapore	**30.00%**	30.00%
Emaar Bawadi LLC	UAE	**50.00%**	50.00%
Dead Sea Company for Tourist and Real Estate Investment	Jordan	**29.33%**	29.33%

The following table summarises information of the Group's investment in associates:

	2009 AED'000	*2008 AED'000 (Restated)*	*2007 AED'000 (Restated)*
Group's share in assets and liabilities of its associates:			
Current assets	**17,797,314**	12,194,378	8,788,969
Non-current assets	**5,850,908**	12,862,725	7,345,845
Total assets	**23,648,222**	25,057,103	16,134,814
Current liabilities	**14,140,088**	15,250,358	7,616,782
Non-current liabilities	**3,242,446**	2,938,930	1,978,475
Total liabilities	**17,382,534**	18,189,288	9,595,257
Net assets	**6,265,688**	6,867,815	6,539,557
Goodwill	**1,594,916**	1,445,955	1,445,955
Investment in preference shares	**-**	-	859,770
	7,860,604	8,313,770	8,845,282
Share of associates' revenues and results:			
Revenues	**1,795,209**	1,587,543	1,540,828
Results:			
Continuing operations	**(534,469)**	108,622	169,628
Discontinued operation (refer note 7)	**(3,544)**	(50,438)	(29,296)
	(538,013)	58,184	140,332

16 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements AED'000	*Land and buildings AED'000*	*Computers and office equipment AED'000*	*Plant, machinery and heavy equipment AED'000*	*Motor vehicles AED'000*	*Furniture and fixtures AED'000*	*Leisure, entertainment and other assets AED'000*	*Capital work-in- progress AED'000*	*Total AED'000*
Cost:									
At 1 January 2009	**52,662**	**2,167,033**	**171,633**	**453,712**	**25,760**	**379,837**	**274,143**	**2,368,396**	**5,893,176**
Additions	9,585	113,030	64,360	186,684	15,062	1,469	138,791	1,204,829	1,733,810
Transfers	-	1,201,005	1,008	83,044	-	11,940	453,563	(1,750,560)	-
Disposals	(4,035)	(2,711)	(560)	(3)	(1,245)	(2,767)	(703)	-	(12,024)
Impairment/ write off (refer note below)	(21,999)	-	(6,293)	-	-	(8,557)	-	-	(36,849)
Foreign currency translation differences	6,793	6,509	3,808	2,560	106	1,913	(920)	7,201	27,970
At 31 December 2009	**43,006**	**3,484,866**	**233,956**	**725,997**	**39,683**	**383,835**	**864,874**	**1,829,866**	**7,606,083**
Accumulated depreciation/impairment:									
At 1 January 2009	**20,814**	**186,977**	**72,989**	**71,856**	**10,855**	**108,811**	**6,678**	**-**	**478,980**
Depreciation charge for the year	12,258	94,219	74,713	51,928	11,102	38,774	39,661	-	322,655
Disposals	(2,006)	(118)	(287)	-	(725)	(897)	(538)	-	(4,571)
Impairment/ write off (refer note below)	(8,974)	-	(8,933)	-	-	(5,518)	-	-	(23,425)
Foreign currency translation differences	3,299	1,112	2,703	1,226	169	2,431	(201)	-	10,739
At 31 December 2009	**25,391**	**282,190**	**141,185**	**125,010**	**21,401**	**143,601**	**45,600**	**-**	**784,378**
Net carrying amount:									
At 31 December 2009	**17,615**	**3,202,676**	**92,771**	**600,987**	**18,282**	**240,234**	**819,274**	**1,829,866**	**6,821,705**

During the year ended 31 December 2009, an amount of AED 18,607 thousands (2008: AED 123,667 thousands) was capitalised as cost of borrowings for the construction of these assets.

At 31 December 2009, the fair value of revenue generating assets is AED 5,163,394 thousands (2008: AED 4,228,028 thousands) compared with a carrying value of AED 4,157,918 thousands (2008: AED 2,582,492 thousands).

During the current year the Group has written off property, plant and equipment related to WL Homes LLC having net book value of AED 7,647 thousands. In addition, the Group had also impaired certain assets located in United Kingdom having net book value of AED 5,777 thousands.

16 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements AED'000	*Land and buildings AED'000*	*Computers and office equipment AED'000*	*Plant, machinery and heavy equipment AED'000*	*Motor vehicles AED'000*	*Furniture and fixtures AED'000*	*Leisure, entertainment and other assets AED'000*	*Capital work-in- progress AED'000*	*Total AED'000*
Cost:									
At 1 January 2008	**50,239**	**1,389,517**	**101,928**	**444,194**	**20,474**	**280,455**	**3,003**	**5,479,692**	**7,769,502**
Additions	13,926	184,413	75,680	35,835	21,151	96,270	-	5,420,913	5,848,188
Transfers	-	683,915	5,425	10,457	-	11,250	271,140	(982,187)	-
Disposals	(4,232)	(29,584)	(406)	(1,107)	(1,283)	(893)	-	-	(37,505)
Transfer to investment properties (note 17)	-	-	-	-	-	-	-	(7,549,234)	(7,549,234)
Foreign currency translation differences	(7,271)	(61,228)	(10,994)	(35,667)	(14,582)	(7,245)	-	(788)	(137,775)
At 31 December 2008	**52,662**	**2,167,033**	**171,633**	**453,712**	**25,760**	**379,837**	**274,143**	**2,368,396**	**5,893,176**
Accumulated depreciation/ impairment:									
At 1 January 2008	**14,903**	**147,884**	**51,902**	**38,281**	**9,590**	**71,770**	**1,950**	**-**	**336,280**
Depreciation charge for the year	7,553	74,106	28,581	48,477	10,520	41,446	4,728	-	215,411
Disposals	(380)	(29,522)	(325)	(152)	(1,043)	(267)	-	-	(31,689)
Foreign currency translation differences	(1,262)	(5,491)	(7,169)	(14,750)	(8,212)	(4,138)	-	-	(41,022)
At 31 December 2008	**20,814**	**186,977**	**72,989**	**71,856**	**10,855**	**108,811**	**6,678**	**-**	**478,980**
Net carrying amount:									
At 31 December 2008	**31,848**	**1,980,056**	**98,644**	**381,856**	**14,905**	**271,026**	**267,465**	**2,368,396**	**5,414,196**

16 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation charge for the year is allocated as follows:

	2009 AED'000	*2008 AED'000*
Continuing operations	**322,200**	208,996
Discontinued operation	**455**	6,415
	322,655	215,411

17 INVESTMENT PROPERTIES

	Land AED'000	*Buildings AED'000*	*Furniture and fixtures AED'000*	*Total AED'000*
Cost				
At 1st January 2009	**4,548,847**	**8,821,662**	**3,606**	**13,374,115**
Additions	-	132,153	-	132,153
Transfers to development properties (note 12)	(4,520,750)	-	-	(4,520,750)
At 31 December 2009	**28,097**	**8,953,815**	**3,606**	**8,985,518**
Accumulated depreciation:				
At 1 January 2009	**-**	**122,613**	**3,306**	**125,919**
Depreciation charge for the year	-	313,417	95	313,512
At 31 December 2009	**-**	**436,030**	**3,401**	**439,431**
Net carrying amount:				
At 31 December 2009	**28,097**	**8,517,785**	**205**	**8,546,087**

	Land AED'000	*Buildings AED'000*	*Furniture and fixtures AED'000*	*Total AED'000*
Cost:				
At 1 January 2008	4,548,847	1,123,402	3,606	5,675,855
Additions	-	149,026	-	149,026
Transfers from property, plant and equipments (note 16)	-	7,549,234	-	7,549,234
At 31 December 2008	4,548,847	8,821,662	3,606	13,374,115
Accumulated depreciation:				
At 1 January 2008	-	37,076	3,206	40,282
Depreciation charge for the year	-	85,537	100	85,637
At 31 December 2008	-	122,613	3,306	125,919
Net carrying amount:				
At 31 December 2008	4,548,847	8,699,049	300	13,248,196

17 INVESTMENT PROPERTIES (continued)

During the year ended 31 December 2009, the cost relating to plot of land at L'Usailly, UAE amounting to AED 4,520,750 thousands was transferred from investment properties to development properties upon commencement of development.

The fair value of investment properties is AED 14,981,486 thousands (2008: AED 24,701,919 thousands) compared with a carrying value of AED 8,546,087 thousands (2008: AED 13,248,196 thousands).

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

18 BUSINESS COMBINATIONS

Acquisition of Emaar Properties Gayrimenkul Geliştirme A.Ş.
On 1 October 2008, the Group had acquired an additional 40% holding in Emaar Properties Gayrimenkul Geliştirme A.Ş. ("Emaar Turkey"), an unlisted limited liability company in Turkey, thereby resulting in 100% ownership and control of the entity.

The fair value of the identifiable assets and liabilities of Emaar Turkey at the date of acquisition were:

	Recognised on acquisition AED'000	*Carrying value AED'000*
Bank balances and cash	**23,206**	**23,206**
Other receivables, deposits and prepayments	**103,557**	**103,557**
Development properties	**2,140,744**	**2,042,604**
Property, plant and equipment	**5,452**	**5,452**
	2,272,959	**2,174,819**
Trade and other payables	**176,151**	**176,151**
Interest-bearing loans and borrowings	**1,631,558**	**1,631,558**
	1,807,709	**1,807,709**
Net assets acquired	**465,250**	**367,110**
Less: interest held by the Group prior to acquisition	**(279,150)**	
Total acquisition cost	**186,100**	

The total acquisition cost of AED 186,100 thousands was paid in cash.

Cash outflow on acquisition:

	2008 AED'000
Cash paid to minority interest holders	**(162,435)**
Deposit in escrow account	**(23,665)**
Net cash outflows	**(186,100)**

The deposit in escrow account was released and paid to minority interest holders in January 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

19 GOODWILL

	2009 AED'000	*2008 AED'000*
Balance at 1 January	**439,391**	2,961,968
Impaired during the year (i)	**-**	(2,522,577)
Balance at 31 December	**439,391**	439,391

(i) On 1 June 2006 (acquisition date), the Group acquired 100% of the voting shares of WL Homes LLC, a residential home builder, an unlisted limited liability company headquartered in Newport Beach, California, United States of America. On the acquisition date, the Group had recorded a goodwill amounting to AED 2,522,577 thousands. The management of the Group had undertaken an impairment review of the goodwill as at 31 December 2008. Based on the review and the Group's future intentions with respect to restructuring this investment in light of the unprecedented slowdown in the US housing market, the Group had decided to write down the entire goodwill of AED 2,522,577 thousands recorded at the time of acquisition. Subsequently, during the year ended 31 December 2009 the Group has written down its entire net investment in WL Homes LLC (refer note 7).

(ii) On 24 August 2006 (acquisition date), the Group acquired 100% of the voting shares of Hamptons, Group Limited, a property management consultant, an unlisted limited liability company, headquartered in London, United Kingdom (UK). On the acquisition date, the Group had recorded a goodwill amounting to AED 427,724 thousands. This goodwill has been allocated to cash generating unit and has been tested for impairment using a value in use model. The calculation of value in use is sensitive to the following assumptions:

Gross margins – Gross margins are based on the expectations of management based on past experience and expectation of future market conditions.

Discount rates – Discount rates reflect management's estimate of the specific risks. The discount rate is based on the risk free rate of the investment's country, market risk premium related to the industry and individual unit related risk premium/ discount. This is the benchmark used by management to assess performance and to evaluate future investment proposals. Management estimates that such discount rate to be used for evaluation of the investment should be between 9% and 11%.

Growth rate estimates – Management prepares a five year budget based on their expectations of future results, thereafter a growth rate of 0.5% to 1% is assumed

(iii) In 2006 the Group acquired 100% of the voting shares of Raffles Company Pte Ltd, an education provider, an unlisted limited liability company in Singapore. On the acquisition date, the Group had recorded a goodwill amounting to AED 11,667 thousands.

20 ADVANCES FROM CUSTOMERS

	2009 AED'000	*2008 AED'000 (Restated)*	*2007 AED'000 (Restated)*
Balance at 1 January	**18,109,424**	14,093,599	8,573,883
Add: amount collected during the year	**5,530,384**	15,347,208	18,452,827
Less: revenue recognised during the year	**(7,751,744)**	(11,331,383)	(12,933,111)
Balance at 31 December	**15,888,064**	18,109,424	14,093,599

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

21 TRADE AND OTHER PAYABLES

	2009 *AED'000*	*2008* *AED'000* *(Restated)*	*2007* *AED'000*
Project contract cost accruals	**5,485,910**	5,523,867	2,799,037
Other payables and accruals	**1,852,346**	1,871,271	1,706,598
Trade payables	**1,214,591**	1,295,644	502,271
Payable to non controlling interest	**901,185**	891,556	828,016
Dividends payable	**77,257**	80,825	61,422
Income tax payable (note 8)	**14,093**	17,091	21,555
	9,545,382	9,680,254	5,918,899

22 INTEREST-BEARING LOANS AND BORROWINGS

	2009 *AED'000*	*2008* *AED'000*
Balance at 1 January	**9,174,165**	7,703,753
Borrowings drawn down during the year	**2,004,542**	2,802,400
Borrowings repaid during the year	**(808,620)**	(537,160)
Net borrowings during the year relating to discontinued operations	**(38,220)**	(794,828)
Write down of borrowing relating to discontinued operations (refer note 7)	**(1,706,763)**	-
Balance at 31 December	**8,625,104**	9,174,165
Maturing within 12 months	**4,499,761**	4,563,896
Maturing after 12 months	**4,125,343**	4,610,269
Balance at the end of the year	**8,625,104**	9,174,165

The above represent balances due:

Within UAE	**4,726,826**	3,911,693
Outside UAE	**3,898,278**	5,262,472
	8,625,104	9,174,165

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

Secured

- Indian Rupees (INR) 1,287,501 thousands (AED 101,655 thousands) loan from financial institutions, secured by way of first charge on certain immovable properties and receivables in India, carries interest at bench mark rate plus 3.33% per annum. This loan is payable in quarterly installments and fully repayable by 2016.

- United States Dollar (USD) 13,073 thousands (AED 48,018 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at US$ LIBOR plus 1.20% per annum. Loan is fully repayable by 2010.

- Canadian Dollar (CAD) 21,184 thousands (AED 74,218 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at Prime Rate plus 5.75% per annum and fully repayable by 2010.

- Canadian Dollar (CAD) 4,515 thousands (AED 15,819 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at 9.50% per annum and fully repayable by 2010.

22 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Secured (continued)

- Great British Pound (GBP) 4,700 thousands (AED 27,886 thousands) loan from financial institution, secured against Group's specific lease hold properties, carries interest at bank's base rate plus 1.50% per annum.

- 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% per annum and is repayable in 2010. The bank issuing stand by letter of credit facility has lien on certain cash collateral amounting to AED 387,557 thousands (note 9).

- USD 22,559 thousands (AED 82,859 thousands) of funding facility from financial institutions, secured against real estate owned by Group in United States of America (USA), carries interest rate at US$ LIBOR plus 7.50% per annum fully repayable in 2010.

- USD 60,000 thousands (AED 220,380 thousands) loan from commercial bank, secure against certain assets owned by Group in United Arab Emirates (UAE) carries interest rate at bank's base rate plus 4% per annum and fully repayable by 2011.

- Pakistani Rupee (PKR) 776,758 thousands (AED 33,874 thousands) loan from commercial bank, secure against receivables from projects in Pakistan and carries interest rate at KIBOR plus 2% per annum.

- Lebanese Pound (LBP) 38,441,250 thousands (AED 93,976 thousands) long term loan from commercial bank, secured against certain assets in Lebanon and carries interest rate at benchmark rate plus 1% per annum and fully repayable by 2011.

Unsecured

- AED 150,000 thousands of short term loan from commercial bank carries interest rate at EIBOR plus 5% per annum and fully repayable by 2010.

- AED 200,000 thousands of short term loan from commercial bank carries interest rate at FDR plus 1% per annum and fully repayable by 2010.

- AED 350,000 thousands of short term loan from commercial bank carries interest rate at 8.25% per annum and fully repayable by 2010.

- AED 125,000 thousands of short term loan from commercial bank carries interest rate at 6.50% per annum and fully repayable by 2010.

- AED 8,446 thousands long term loan from commercial bank carries interest rate at 7.50% per annum and fully repayable by 2013.

- USD 80,000 thousands (AED 293,840 thousands) loan from financial institutions in the USA, carries interest at US LIBOR plus 0.60% per annum and fully repayable by 2010.

- Pakistani Rupee (PKR) 4,024,654 thousands (AED 175,513 thousands) loan from commercial bank, bearing interest at KIBOR plus 2.50% per annum.

- 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% per annum.

- Egyptian Pound (EGP) 1,021,493 thousands (AED 684,012 thousands) of funding facilities from commercial banks, carries interest at rates at 11% to 13.5% per annum.

- USD 50,000 thousands (AED 183,650 thousands) loan from commercial bank, carries interest at 8.75% per annum and is repayable in 2010.

- USD 48,000 thousands (AED 176,304 thousands) loan from commercial bank, carries interest at US$ LIBOR plus 3.15% per annum and is repayable in 2010.

22 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured (continued)

- USD 50,000 thousands (AED 183,650 thousands) loan from commercial bank, carries interest at US$ LIBOR plus 4.95% per annum and is repayable in 2010.

- USD 20,000 thousands (AED 73,460 thousands) loan from commercial bank, carries interest at US$ LIBOR plus 6% per annum 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% per annum and fully repayable by 2010.

- Indian Rupees (INR) 67,000 thousands (AED 5,290 thousands) of funding facility from commercial bank carrying interest at 9.50% per annum and fully repayable by 2010.

- Moroccan Dirham (MAD) 80,000 thousands (AED 37,351 thousands) of short term loan from commercial bank carrying interest at 52 weeks treasury bond rate plus 1.15% per annum.

- USD 81,128 thousands (AED 297,984 thousands) of funding facility from commercial bank carries interest rate at 3.50% to 4.70% per annum.

23 RETENTIONS PAYABLE

	2009 *AED'000*	*2008* *AED'000*
Retentions payable within 12 months	**798,900**	474,694
Retentions payable after 12 months	**361,406**	603,855
	1,160,306	1,078,549

24 EMPLOYEE BENEFITS

Employee Performance Share Programme
The Company has an Employee Performance Share Programme ("The Programme") to recognise and retain good performing staff. The Programme gives the employee the right to purchase the Company's shares at par. The shares carry full dividend and voting rights, and the option can be exercised at any time from the stipulated vested dates on the condition that the employee is still under employment at the exercise date. There are no cash settlement alternatives and the options have no contractual expiry date.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2009		*2008*	
	No.	**WAEP**	No.	WAEP
Outstanding at 1 January	**59,743**	**AED 1.00**	1,446,049	AED 1.00
Granted during the year	**-**	**-**	75,749	AED 1.00
Exercised during the year	**-**	**-**	(1,462,055)	AED 1.00
Outstanding at 31 December	**59,743**	**AED 1.00**	59,743	AED 1.00

The weighted average fair value of options granted during the year was AED nil per share (2008: AED 10 per share).

24 EMPLOYEE BENEFITS (continued)

Employee Performance Share Programme (continued)
The fair value of the vested shares is determined by reference to the official price list published by the Dubai Financial Market (DFM) for the 5 consecutive trading days prior to and after the vested date. As the options are granted deep in the money, management considers this to be an appropriate means of valuation.

The expenses recognised during the year in respect of the programme were AED nil (2008: AED 757 thousands).

End of Service Benefits
The movement in the provision for employees' end of service benefits was as follows:

	2009 AED'000	*2008 AED'000*
Balance at 1 January	**37,092**	18,394
Provided during the year	**21,293**	25,526
Paid during the year	**(11,451)**	(6,828)
Balance at 31 December	**46,934**	37,092

An actuarial valuation has not been performed as the net impact of discount rates and future increases in staff salaries is not likely to be material.

25 SHARE CAPITAL

	2009 AED'000	*2008 AED'000*
Authorised capital – 6,096,325,000 shares of AED 1 each (31 December 2008: 6,096,325,000 shares of AED 1 each)	**6,096,325**	6,096,325
Issued and fully paid-up – 6,091,238,503 shares of AED 1 each (31 December 2008 - 6,091,238,503 shares of AED 1 each)	**6,091,239**	6,091,239

During the year ended 31 December 2008, the Company obtained the necessary regulatory approvals to undertake a share buy-back program and a total of 200 thousand shares were purchased from the market at an average price of AED 5.57 per share amounting to AED 1,113 thousands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

26 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 2008	**13,808,707**	**4,004**	**2,152,114**	**6,084**	**52,678**	**471,191**	**16,494,778**
Decrease in unrealized reserve	-	-	-	(5,538)	(1,491,960)	-	(1,497,498)
Decrease in foreign currency translation reserve	-	-	-	-	-	(870,948)	(870,948)
Net income and expense recognised directly in equity	-	-	-	(5,538)	(1,491,960)	(870,948)	(2,368,446)
Net movement during the year	-	-	305,531	-	-	-	305,531
Balance at 1 January 2009	**13,808,707**	**4,004**	**2,457,645**	**546**	**(1,439,282)**	**(399,757)**	**14,431,863**
(Decrease)/ increase in unrealised reserve	-	-	-	(328)	43,200	-	42,872
Increase in foreign currency translation reserve	-	-	-	-	-	203,906	203,906
Net income and expense recognised directly in equity	-	-	-	(328)	43,200	203,906	246,778
Net movement during the year	-	-	32,732	-	-	-	32,732
Balance at 31 December 2009	**13,808,707**	**4,004**	**2,490,377**	**218**	**(1,396,082)**	**(195,851)**	**14,711,373**

26 RESERVES (continued)

According to Article number 57 of the Articles of Association of the Company and Article 193 of the U.A.E. Federal Commercial Companies Law, 10% of annual net profits are allocated to the statutory reserve and another 10% to the general reserve. The transfers to statutory reserve may be suspended when the reserve reaches 50% of the paid-up capital. Transfers to general reserve may be suspended by the ordinary general assembly when the reserve reaches 50% of the paid-up capital.

The statutory reserve is in excess of 50% of the paid-up share capital of the Group and therefore in accordance with a resolution of the Annual General Meeting, the Group has ceased further transfers to this reserve.

The statutory reserve includes:

- AED 2,475,000 thousands being the premium collected at AED 15 per share (shares par value at that time was AED 10 per share) on the 1:1.65 rights issue during the year ended 31 December 1998; and
- AED 11,321,656 thousands being the premium collected to date at AED 4 per share on the 1:1 rights issue announced during the year ended 31 December 2005.

The capital reserve was created from gain on sale of treasury shares in 2003.

Net unrealised gains/ (losses) reserve:

- This reserve records fair value changes in financial assets fair value through other comprehensive income.

Foreign currency translation reserve:

- The foreign currency translation reserve is used to record exchange difference arising from translation of the financial statements of foreign subsidiaries and associates.

27 DIVIDENDS

The Board of Directors of the Company has proposed not to pay dividend for the year ended 2009 (No dividend was paid for the year ended 2008).

28 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit/ (loss) for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average numbers of shares outstanding during the year and the previous year have been adjusted for events that have changed the number of shares outstanding without a corresponding change in resources. For diluted earnings per share, the weighted average numbers of shares have been adjusted for rights issue shares to be allotted after the year end. The information necessary to calculate basic and diluted earnings per share is as follows:

	2009 AED'000	*2008 AED'000 (Restated)*
Earnings:		
Total operations		
- Net profit for the year attributable to equity holders of the parent	**327,315**	165,586
Continuing operations		
- Net profit for the year attributable to equity holders of the parent	**2,089,970**	4,235,654
Discontinued operations		
- Net loss for the year attributable to equity holders of the parent (note 7)	**(1,762,655)**	(4,070,068)
Shares (in thousands):		
Weighted average number of shares outstanding for calculating basic and diluted EPS	**6,091,239**	6,091,239

28 EARNINGS PER SHARE (continued)

	2009	*2008 (Restated)*
Earnings per share:		
Total operations		
- Basic and diluted earnings per share	**AED 0.05**	AED 0.03
Continuing operations		
- Basic and diluted earnings per share	**AED 0.34**	AED 0.70
Discontinued operations		
- Basic and diluted earnings per share	**AED (0.29)**	AED (0.67)

29 CONTINGENCIES AND COMMITMENTS

Guarantees
The Group has the following guarantees outstanding as at 31 December 2009:

1. Loans taken by an associated company from commercial banks amounting to AED 110,694 thousands (2008: AED 111,032 thousands) are guaranteed by the Group.

2. Loans taken by an associated company from commercial banks amounting to AED 1,414,839 thousands (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 79,776 thousands (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 6,839 thousands (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 (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 financial guarantee of AED 1,847 thousands (2008: nil) as a security to Dubai Customs for importing goods.

7. The Group has provided a corporate guarantee of AED 110,190 thousands (2008: AED 110,190 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of the associated company of the Group.

Commitments
At 31 December 2009, the Group had commitments of AED 9,180,026 thousands (2008: AED 17,705,411 thousands) including project commitments of AED 9,074,091 thousands (2008: AED 16,110,055 thousands). This represents the value of contracts issued as of 31 December 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 un-provided liabilities will arise.

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

29 CONTINGENCIES AND COMMITMENTS (continued)

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:

	2009 *AED'000*	*2008* *AED'000*
Within one year	**515,555**	867,124
After one year but not more than five years	**309,936**	75,869
	825,491	942,993

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:

	2009 *AED'000*	*2008* *AED'000*
Within one year	**1,048,647**	746,719
After one year but not more than five years	**1,919,316**	3,136,220
More than five years	**401,085**	287,148
	3,369,048	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 (BOG). The BOG 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 BOG. The Company has filed an appeal against the ruling of the BOG on 26 August 2009 to the Appellant Chamber for commercial cases requesting revocation of the BOG judgement and ratification of the Arbitration Award. 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.

29 CONTINGENCIES AND COMMITMENTS (continued)

Contingent liabilities

(i) On 29 March 2006, the Company entered into an option agreement (the "agreement") with an investment bank (the "investor"). The agreement provided the right to the investor to require the Company to buy back all shares purchased by the investor in one of the Group's associate companies, in the event of an Initial Public Offering ("IPO") of the associate not occurring within 39 months of the date of purchase of shares of the associate. An IPO did not occur within the above defined period.

Subsequently on 29 September 2009, the Company and the investor entered into an agreement, whereby the Company has provided promissory notes aggregating to USD 61 million (AED 224 million) to the investor (being the purchase price of the shares of the associate purchased by the investor and the associated costs) and agreed to use all reasonable endeavors to conclude an Initial Public Offering by 30 June 2010. Accordingly, on 29 September 2009, the associate filed Draft Red Herring Prospectus ("DRHP") with SEBI seeking approval for IPO. The shares purchased by the investor are also offered for sale in the DRHP of the proposed IPO.

According to the terms of the agreement, the investor is entitled to demand payments in respect of all or any of the promissory notes in the event that an IPO does not occur by 30 June 2010 and the equivalent shares purchased by the investor would be transferred to the Company. In the event the IPO occurs and the net proceeds from the sale of shares in the IPO is lesser than the purchase price of the shares, the investor can demand payment of the promissory note for the difference between the net proceeds from the sales of shares and the purchase price of these shares.

Therefore, the Group's liability is contingent and dependent upon the outcome of an IPO of the associate not happening before 30 June 2010.

(ii) The Company also entered into option agreements with various parties (the "Investors"), whereby the Company agreed to use its voting and other rights in the associate to ensure that the Company achieves the listing of associate's equity shares on or before 31 March 2010 at a price which is not less than the average investment price. If the shares in IPO are issued at a price less than the average investment price, the Company shall be liable to pay the investors a compensation amount which shall be equal to the difference between the average investment price and the price at which the shares are issued for listing multiplied by the number of shares held by each investor.

The maximum contingent exposure of the Company is AED 220 million as per the options agreements, in the event of non occurrence of IPO or if the IPO price is lower than the original purchase price of the shares by the investors.

30 TRANSACTIONS WITH RELATED PARTIES

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

	2009 AED'000	*2008 AED'000*
Associates:		
Net interest income on deposits / investments from Dubai Banking Group PJSC	**15,411**	17,331
Islamic finance income from Amlak Finance PJSC	**49,830**	33,206
Interest income earned on loan to Golden Ace Pte Ltd	**29,959**	16,128
Interest income earned on loan to Emaar MGF Land Limited and their related parties	**61,233**	16,944
Directors' and their related parties		
Sale of plot of land	**-**	351,687
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

The members of the board of directors received board meeting allowances totaling AED 4,300 thousands in 2009 for the financial year ended 31 December 2008 (AED 3,881 thousands in 2008 for the financial year ended 31 December 2007).

30 TRANSACTIONS WITH RELATED PARTIES (continued)

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

	2009 AED'000	*2008 AED'000*
Associates:		
Fixed deposits with Dubai Banking Group PJSC	**50,000**	699,001
Directors and their related parties:		
Trade receivables	**281,350**	281,350
Other receivables, deposits and prepayments	**101,438**	2,799

The above trade receivables include AED 140,675 thousands (31 December 2008: AED 281,350 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due.

	2009 AED'000	*2008 AED'000*
Other related parties:		
Investment in Al Salaam Bank, Sudan	**7,577**	7,735
Investment in Al Salaam Bank, Bahrain	**41,037**	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). At the time acquisition of the loan, the related collateral of the loan representing 61% of Golden Ace Pte Ltd's investment in RSH Limited was also transferred to Emirates Property Holding Limited by the lenders.

Compensation of key management personnel
The remuneration of directors and other members of key management personnel during the year were as follows:

	2009 AED'000	*2008 AED'000*
Short-term benefits	**131,304**	311,567
Employees' end of service benefits	**5,928**	19,926
	137,232	331,493

At 31 December 2009, the number of directors and other members of key management personnel were 193 (31 December 2008: 234).

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview
The Group has exposure to the following risks from its use of financial instruments:

a) Credit risk,
b) Market risk, and
c) Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Senior Group management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities.

The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in others. The Group's risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's principal financial liabilities, other than derivatives, comprise bank borrowings, overdrafts and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The Group also enters into derivative transactions, primarily forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk principally from its receivables from customers, other receivables and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Group earns its revenues from a large number of customers spread across different geographical segments. However, geographically 90 percent (2008: 95 percent) of the Group's trade receivables are based in Middle East and North Africa.

The Group has entered into contracts for the sale of residential and commercial units and plots of land on an installment basis. The installments are specified in the contracts. The Group is exposed to credit risk in respect of installments due. However, the legal ownership of residential and commercial units and plots of land is transferred to the buyer only after all the installments are recovered. In addition, installment dues are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group does not require collateral in respect of trade and other receivables.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a) Credit risk (continued)

Trade and other receivables (continued)
The Group establishes an allowance for impairment at each reporting date that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Financial instruments and cash deposits
With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, financial assets at fair value through other comprehensive income and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the Group's policy. The Group limits its exposure to credit risk by only placing balances with international banks and local banks of good repute. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

Guarantees
The Group's policy is to provide financial guarantees only to its subsidiaries and certain associates. For details of guarantees outstanding at the reporting date refer note 29.

b) Market risk

Market risk is the risk that changes in market prices, such as currency risk, interest rate risk and equity prices will affect the Group's income or the value of its holdings of financial instruments. Financial instruments affected by market risk include loans and borrowings, deposits, financial assets at fair value through other comprehensive income and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group also enters into derivative transactions, primarily forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout years 2009 and 2008 the Group's policy that no trading in derivatives shall be undertaken.

Exposure to interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument. Other than commercial and overall business conditions, the Group's exposure to market risk for changes in interest rate environment relates mainly to its investment in financial products and fixed deposits.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Market risk (continued)

Exposure to interest rate risk (continued)
The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

	2009		*2008*	
	Change in basis points	***Sensitivity of interest income/expense AED'000***	*Change in basis points*	*Sensitivity of interest income/expense AED'000*
Financial asset	**± 100**	**2,408**	± 100	2,442
Financial liability	**± 100**	**(79,369)**	± 100	(91,742)

The interest rate sensitivity set out above relates primarily to the Dirham as the Group does not have any significant net exposure for non-trading financial assets and financial liabilities denominated in currencies other than the AED or currencies pegged to the AED and US Dollars.

The investments in financial products are not for trading or speculative purposes but placed in securities or fixed deposits, with the objective of achieving better returns than cash at bank. The interest rates on loans to associates are described in note 14. Interest rates on loans from financial institutions are disclosed in note 22.

Exposure to foreign currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's significant monetary assets and liabilities denominated in foreign currencies are either in USD or in currencies pegged to USD. As the AED is currently pegged to the USD, balances in USD and other currencies pegged against US Dollars are not considered to represent significant currency risk.

However, the Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investments in those subsidiaries and associates where functional currencies are denominated in a different currency from the Group's functional currency. The foreign currency exchange differences arising upon consolidation of these entities for the purpose of preparation of the Group consolidated financial statements are recorded in the consolidated statement of change in equity through consolidated other comprehensive income.

The table below indicates the sensitivity analysis of change in foreign exchange rates of these currencies and their impact on other comprehensive income:

	2009		*2008*	
Currency	***Change in currency rate in %***	***Effect on equity AED'000***	*Change in currency rate in %*	*Effect on equity AED'000*
GBP	**±10**	**5,844**	±10	5,212
INR	**±10**	**342,472**	±10	315,996
Other currencies not pegged to US Dollar	**±10**	**35,959**	±10	29,043

There is no significant impact of reasonably possible movement of the currency rates on the consolidated income statement.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Market risk (continued)

Exposure to equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio. Equity price risk arises from equity instrument held as fair value through other comprehensive income held by the Group. Management of the Group monitors equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed by qualified fund managers as well as on an individual basis. All buy and sell decisions related to portfolio managed on an individual basis are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

The effect on equity (as a result of a change in the fair value of equity instruments held as fair value through other comprehensive income at 31 December 2009) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	2009		*2008*	
	Change in equity price	***Effect on equity***	*Change in equity price*	*Effect on equity*
	%	***AED'000***	*%*	*AED'000*
Quoted investments	**±10%**	**53,572**	±10%	35,956

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. trade receivables, other financial assets) and projected cash flows from operations.

The cash flows, funding requirements and liquidity of Group companies are monitored on a centralised basis, under the control of Group Treasury. The objective of this centralised system is to optimise the efficiency and effectiveness of the management of the Group's capital resources. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank borrowings and finance leases contracts. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Financial liabilities	***On demand AED'000***	***Less than 3 months AED'000***	***3 to 12 months AED'000***	***1 to 5 years AED'000***	***Over 5 years AED'000***	***Total AED'000***
As at 31 December 2009						
Due to banks	40,531	2,241,445	2,613,274	4,192,448	72,441	9,160,139
Retention payable	-	143,588	655,312	361,406	-	1,160,306
Payable to non-controlling interest	-	-	-	901,185	-	901,185
Dividend payable	77,257	-	-	-	-	77,257
Other liabilities	83,642	3,264,095	2,115,684	1,534,274	175,398	7,173,093
Total undiscounted financial liabilities	**201,430**	**5,649,128**	**5,384,270**	**6,989,313**	**247,839**	**18,471,980**

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Liquidity risk (continued)

Financial liabilities	*On demand AED'000*	*Less than 3 months AED'000*	*3 to 12 months AED'000*	*1 to 5 years AED'000*	*Over 5 years AED'000*	*Total AED'000*
As at 31 December 2008 (Restated)						
Due to banks	255,639	1,854,872	3,199,385	4,783,819	39,977	10,133,692
Retention payable	-	89,012	385,682	603,855	-	1,078,549
Payable to non-controlling interest	-	-	-	891,556	-	891,556
Dividend payable	80,825	-	-	-	-	80,825
Other liabilities	42,782	2,161,019	2,217,931	2,582,346	189,086	7,193,164
Total undiscounted financial liabilities	379,246	4,104,903	5,802,998	8,861,576	229,063	19,377,786

d) Capital management

The Group policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 33% and 50%. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent less the net unrealised gains reserve. At 31 December 2009, Groups' gearing ratio is 18% (31 December 2008: 12%). The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Board of Directors also monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to shareholders, return capital to shareholders or issue new shares to maintain or adjust the capital structure.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements other than the statutory requirements in the jurisdictions where the Group entities are incorporated.

32 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include bank balances and cash, trade receivables, securities, loans and advances, other receivables and due from related parties. Financial liabilities of the Group include customer deposits, loans from financial institutions, accounts payable and retentions payable.

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

33 HEDGING ACTIVITIES

Cash flow hedges
At 31 December 2009, the Group held certain forward exchange contracts designated as hedges of expected future payments under construction contracts entered by its subsidiaries for which the Group has firm commitments. The forward exchange contracts are being used to hedge the foreign currency risk of the firm commitments. The nominal amounts of these contracts are AED 5,312 thousands (2008: AED 60,007 thousands)

	2009		*2008*	
	Assets AED' 000	***Liabilities AED' 000***	*Assets AED' 000*	*Liabilities AED' 000*
Forward exchange contracts				
Fair value	**219**	-	546	-