

EMAAR PROPERTIES PJSC AND ITS SUBSIDIARIES

**UN-AUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION AND INDEPENDENT
AUDITOR'S REVIEW REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

Emaar Properties PJSC and its Subsidiaries

Un-audited Interim Condensed Consolidated Financial Information and Independent Auditor's Review Report For the Period Ended 30 September 2011

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Report on Review of Interim Condensed Consolidated Financial Information

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To the Board of Directors
Emaar Properties PJSC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of **Emaar Properties PJSC and its Subsidiaries** (the "Group") as at 30 September 2011, comprising of the consolidated statement of financial position as at 30 September 2011 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 1 January 2011 to 30 September 2011, and other explanatory information. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

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

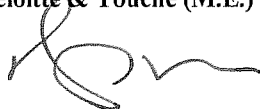
Emphasis of matter

Without qualifying our conclusion, we draw attention to Notes 14 (iv) and (v) to the interim condensed consolidated financial information regarding the Group's investment in Amlak Finance PJSC.

Other matter

The interim condensed consolidated financial information for the nine month period ended 30 September 2010 and the consolidated financial statements for the year ended 31 December 2010 were reviewed and audited respectively by another auditor who expressed an unmodified conclusion on the interim condensed consolidated financial information for the nine month period ended 30 September 2010 on 9 November 2010 and an unmodified opinion on the consolidated financial statements for the year ended 31 December 2010 on 20 February 2011.

Deloitte & Touche (M.E.)



Anis F. Sadek
Partner
Registration No. 521

13 November 2011

Consolidated Statement of Income
For the Period Ended 30 September 2011 (Un-audited)

(US \$1.00 = AED 3.673)

		<i>Nine month period ended</i>		<i>Three month period ended</i>	
		<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
		<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>Note</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Revenue	4	5,873,004	8,320,378	1,858,737	2,781,831
Cost of revenue	4	(2,906,998)	(4,966,237)	(883,695)	(1,751,496)
GROSS PROFIT		2,966,006	3,354,141	975,042	1,030,335
Other operating income		125,351	301,894	50,614	60,886
Selling, general and administrative expenses	5	(1,317,538)	(1,395,499)	(460,504)	(445,956)
Other operating expenses		(85,557)	(199,780)	(35,266)	(49,764)
Finance costs		(415,723)	(282,065)	(145,662)	(127,037)
Finance income	6	304,374	198,616	77,953	71,224
Other income		74,403	468,658	8,176	162,625
Share of results of associates		(260,934)	(234,937)	(58,406)	(95,255)
Impairment of assets	14(vi)	(172,358)	-	-	-
Loss on disposal of subsidiaries	7	-	(52,522)	-	-
PROFIT BEFORE INCOME TAX		1,218,024	2,158,506	411,947	607,058
Income tax (expense)/credit		(35,773)	1,171	(5,390)	(2,185)
NET PROFIT FOR THE PERIOD		1,182,251	2,159,677	406,557	604,873
ATTRIBUTABLE TO:					
Owners of the parent		1,076,871	2,174,798	406,332	612,282
Non-controlling interests		105,380	(15,121)	225	(7,409)
		1,182,251	2,159,677	406,557	604,873
Earnings per share attributable to the owners of the parent:					
- basic and diluted earnings per share (AED)		0.18	0.36	0.07	0.10

The accompanying notes 1 to 23 form an integral part of this interim condensed consolidated financial information.

Consolidated Statement of Comprehensive Income
For the Period Ended 30 September 2011 (Un-audited)

(US \$1.00 = AED 3.673)

		<i>Nine month period ended</i>		<i>Three month period ended</i>	
		<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
		<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>Note</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Net profit for the period		1,182,251	2,159,677	406,557	604,873
Other comprehensive income/(loss):					
Increase/(decrease) in hedging reserve	20	439	(218)	867	-
(Decrease)/increase in unrealised gains/(losses) reserve		(80,795)	(152,411)	(31,749)	85,797
Realised profit/(loss) on transfer of financial asset at fair value through other comprehensive income		(27,888)	(32,432)	-	(7,432)
(Decrease)/increase in foreign currency translation reserve		(297,666)	133,340	(360,312)	199,743
Other comprehensive (loss)/income for the period		(405,910)	(51,721)	(391,194)	278,108
Total comprehensive income for the period		776,341	2,107,956	15,363	882,981
ATTRIBUTABLE TO:					
Owners of the parent		684,584	2,126,180	22,748	886,644
Non-controlling interests		91,757	(18,224)	(7,385)	(3,663)
		776,341	2,107,956	15,363	882,981

The accompanying notes 1 to 23 form an integral part of this interim condensed consolidated financial information.

**Consolidated Statement of Financial Position
As at 30 September 2011 (Un-audited)**

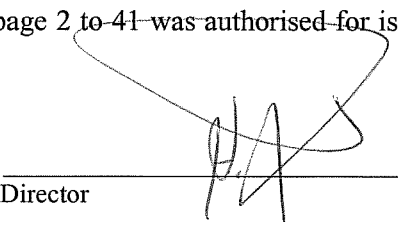
(US \$1.00 = AED 3.673)

	<i>Note</i>	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
ASSETS			
Bank balances and cash	8	3,754,322	5,041,701
Trade receivables	9	778,270	902,022
Other assets, receivables, deposits and prepayments	10	2,796,325	2,854,687
Development properties	11	26,175,339	26,492,486
Securities	12	577,737	694,183
Loans to associates	13	2,708,250	2,231,724
Investments in associates	14	6,889,317	7,592,088
Property, plant and equipment		8,333,432	8,539,290
Investment properties	15	8,064,758	8,110,081
Goodwill		46,066	46,066
TOTAL ASSETS		60,123,816	62,504,328
LIABILITIES AND EQUITY			
LIABILITIES			
Advances from customers		8,638,684	9,889,394
Trade and other payables	16	7,844,547	8,938,956
Interest-bearing loans and borrowings	17	7,649,776	9,410,112
Convertible notes - liability component	18	1,768,143	1,758,431
Sukuk	19	1,819,790	-
Retentions payable		869,484	1,148,904
Provision for employees' end-of-service benefits		66,144	58,500
TOTAL LIABILITIES		28,656,568	31,204,297
EQUITY			
Equity attributable to owners of the parent company			
Share capital		6,091,239	6,091,239
Employees' performance share program		(1,684)	(1,684)
Reserves	20	14,559,872	14,924,271
Convertible notes - equity component	18	37,155	37,155
Retained earnings		10,457,802	10,017,943
		31,144,384	31,068,924
Non-controlling interests		322,864	231,107
TOTAL EQUITY		31,467,248	31,300,031
TOTAL LIABILITIES AND EQUITY		60,123,816	62,504,328

The accompanying notes 1 to 23 form an integral part of this interim condensed consolidated financial information.

The interim condensed consolidated financial information from page 2 to 41 was authorised for issue on 13 November 2011 by:


 Chairman


 Director

Consolidated Statement of Changes in Equity
For the Period Ended 30 September 2011 (Un-audited)

(US \$1.00 = AED 3.673)

	Attributable to the owners of the parent							Non- controlling interests AED'000	Total equity AED'000
	Share capital AED'000	Treasury shares AED'000	Employees' share program AED'000	Reserves AED'000	Convertible notes-equity component AED'000	Retained earnings AED'000	Total AED'000		
Balance as at 31 December 2010 (Audited)	6,091,239	-	(1,684)	14,924,271	37,155	10,017,943	31,068,924	231,107	31,300,031
Net profit for the period	-	-	-	-	-	1,076,871	1,076,871	105,380	1,182,251
Other comprehensive loss for the period	-	-	-	(364,399)	-	(27,888)	(392,287)	(13,623)	(405,910)
Total comprehensive (loss)/ income for the period	-	-	-	(364,399)	-	1,048,983	684,584	91,757	776,341
Dividend (Note 21)	-	-	-	-	-	(609,124)	(609,124)	-	(609,124)
Balance as at 30 September 2011	6,091,239	-	(1,684)	14,559,872	37,155	10,457,802	31,144,384	322,864	31,467,248

The accompanying notes 1 to 23 form an integral part of this interim condensed consolidated financial information.

Consolidated Statement of Changes in Equity (continued)
For the Period Ended 30 September 2011 (Un-audited)

(US \$1.00 = AED 3.673)

	Attributable to the owners of the parent						Non- controlling interests AED'000	Total equity AED'000
	Share capital AED'000	Treasury shares AED'000	Employees' share program AED'000	Reserves AED'000	Convertible notes-equity component AED'000	Retained earnings AED'000	Total AED'000	
Balance as at 31 December 2009 (Audited)	6,091,239	(1,113)	(1,684)	14,711,373	-	7,877,501	28,677,316	28,879,008
Net profit/(loss) for the period	-	-	-	-	-	2,174,798	2,174,798	2,159,677
Other comprehensive loss for the period	-	-	-	(16,186)	-	(32,432)	(48,618)	(51,721)
Total comprehensive (loss)/income for the period	-	-	-	(16,186)	-	2,142,366	2,126,180	2,107,956
Sale of treasury shares	-	1,113	-	(344)	-	-	769	769
Movement in non-controlling Interests (net)	-	-	-	-	-	-	-	3,396
Balance as at 30 September 2010	6,091,239	-	(1,684)	14,694,843	-	10,019,867	30,804,265	30,991,129

The accompanying notes 1 to 23 form an integral part of this interim condensed consolidated financial information.

Consolidated Statement of Cash Flows
For the Period Ended 30 September 2011 (Un-audited)

(US \$1.00 = AED 3.673)

	<i>For the nine month period ended</i>	
	<i>30 September</i>	<i>30 September</i>
	<i>2011</i>	<i>2010</i>
	<i>AED'000</i>	<i>AED'000</i>
Cash flows from operating activities		
Profit before income tax for the period	1,218,024	2,158,506
Adjustments for:		
Share of results of associates	260,934	234,937
Depreciation	563,390	532,667
Provision for end-of-service benefits, net	7,644	9,983
Gain on disposal of investment properties	-	(358,960)
Gain on disposal of property, plant and equipment	(778)	(19,438)
Finance cost	415,723	282,065
Finance income	(304,374)	(198,616)
Impairment of assets	172,358	-
Loss on disposal of subsidiaries	-	52,522
Cash from operations before working capital changes:	2,332,921	2,693,666
Trade receivables, net	123,752	(117,789)
Other assets, receivables, deposits and prepayments	130,874	173,464
Development properties, net	434,702	2,128,629
Advances from customers, net	(1,250,710)	(3,701,212)
Trade and other payables	(1,113,592)	(870,779)
Retentions payable	(279,420)	5,522
Income tax, net	(15,013)	3,154
Net cash from operating activities	363,514	314,655
Cash flows from investing activities		
Purchase of securities	(3,288)	(5,818)
Proceeds from disposal of securities	24,704	12,894
Proceeds from disposal of subsidiaries	-	403,483
Finance income received	146,170	146,351
Dividend received from associates	51,304	2,435
Additional investments in and loans to associates, net	(666,963)	(440,688)
Amounts incurred on investment properties	(4,102)	(3,518)
Purchase of property, plant and equipment	(248,580)	(738,206)
Proceeds from sale of property, plant and equipment	43,110	49,799
Proceeds from sale of investment properties	-	530,178
Deposits maturing after three months (including deposits under lien)	953,734	(978,577)
Net cash from/ (used in) investing activities	296,089	(1,021,667)

Consolidated Statement of Cash Flows (continued)
For the Period Ended 30 September 2011 (Un-audited)

(US \$1.00 = AED 3.673)

	<i>For the nine month period ended</i>	
	<i>30 September</i>	<i>30 September</i>
	<i>2011</i>	<i>2010</i>
	<i>AED'000</i>	<i>AED'000</i>
Cash flows from financing activities		
Dividend paid	(586,759)	(874)
Interest-bearing loans and borrowings	872,553	2,210,164
Repayment of interest-bearing loans and borrowings	(2,632,889)	(871,189)
Proceeds from issuance of Sukuk	1,836,500	-
Funds invested by non-controlling interests, net	-	3,239
Finance cost paid	(459,460)	(304,436)
Net cash (used in)/ from financing activities	(970,055)	1,036,904
(Decrease)/increase in cash and cash equivalents	(310,452)	329,892
Net foreign exchange difference	(23,193)	(7,101)
Cash and cash equivalents at the beginning of the period	1,773,492	1,860,158
Cash and cash equivalents at the end of the period (Note 8)	1,439,847	2,182,949

The accompanying notes 1 to 23 form an integral part of this interim condensed consolidated financial information.

**Notes to the Interim Condensed Consolidated Financial Information
For the Period Ended 30 September 2011 (Un-audited)**

1 DOMICILE AND ACTIVITIES

Emaar Properties Public Joint Stock Company (the “Company” or the “Parent”) was established as a public joint stock company by Ministerial Decree number 66 for the year 1997. The Company was established on 23 June 1997 and commenced operations on 29 July 1997. The Company and its subsidiaries constitute the Group (the “Group”). The Company’s registered office is at P.O. Box 9440, Dubai, United Arab Emirates (“UAE”). 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, retail, hospitality and investments in providers of financial services.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group is prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* and applicable requirements of the United Arab Emirates laws.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2010.

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

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

Results for the nine month period ended 30 September 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

The consolidated statement of income for the nine month period ended 30 September 2011 is not significantly affected by seasonality of results.

Basis of consolidation*Subsidiary Companies*

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

Share of losses within a subsidiary is attributed to the non-controlling interests even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

2.1 BASIS OF PREPARATION (continued)

Subsidiary Companies (continued)

If the Group loses control over a subsidiary, it:

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

Associates

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

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Judgments

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

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 determines whether a property qualifies as investment property in accordance with IAS 40: *Investment Property*. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by the Group. The Group has determined that hotels and serviced apartment buildings 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.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Estimations and assumptions

Impairment of trade receivables

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

Useful lives of property, plant and equipment

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

Taxes

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2010, except for the adoption of new standards and interpretations effective for an annual period beginning on or after 1 January 2011.

New and revised IFRSs adopted with no material effect on the interim condensed consolidated financial information

The following new and revised Standards and Interpretations have been adopted in this interim condensed consolidated financial information. Their adoption has not had any significant impact on the amounts reported in this interim condensed consolidated financial information but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 1 relating to <i>Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters</i>	1 July 2010
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> (as part of Improvements to IFRSs issued in May 2010)	1 January 2011
IAS 24 <i>Related Party Disclosures</i> (revised in 2009)	1 January 2011

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and revised IFRSs adopted with no material effect on the interim condensed consolidated financial information (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 32 <i>Financial Instruments: Presentation</i> , relating to Classification of Rights Issues	1 February 2010
Amendments to IFRIC 14 relating to <i>Prepayments of a Minimum Funding Requirement</i>	1 January 2011
IFRIC 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
Improvements to IFRSs issued in 2010 covering amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13	1 January 2011, except IFRS 3 and IAS 27 which are effective 1 July 2010

New and revised IFRSs in issue but not yet effective and not early adopted

The Group has not adopted the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 1 relating to <i>Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'</i>	1 July 2011
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> , relating to Disclosures on Transfers of Financial Assets.	1 July 2011
IFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
IFRS 11 <i>Joint Arrangements</i>	1 January 2013
IFRS 12 <i>Disclosures of Interests in Other Entities</i>	1 January 2013
IFRS 13 <i>Fair Value Measurement</i>	1 January 2013
Amendments to IAS 12 <i>Income Taxes</i> - Limited scope amendment (recovery of underlying assets)	1 January 2012

Management anticipates that these amendments will be adopted in the Group's consolidated financial statements for the period beginning 1 January 2012 or as and when they are applicable. The management are still in the process of evaluating the impact of adoptions of these new standards and interpretations on the Group's consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Selected accounting policies

The following significant accounting policies are reproduced from the Group's consolidated financial statements as at 31 December 2010:

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 statement of income 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 is entitled to take possession of the property.

In jurisdictions where the Group transfers to the buyer the 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.

Lease to buy scheme

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

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

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 income

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

Services

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

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

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

No depreciation is charged on 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 statement of income 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 consolidated statement of income. The recoverable amount is the higher of fair value less costs to sell of property, plant and equipment and the value in use. The fair value less costs to sell is the amount obtainable from the sale of property, plant and equipment in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of property, plant and equipment and from its disposal at the end of its useful life.

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

Investment properties

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

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

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.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

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

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds its recoverable amount, an impairment loss is recognised in the consolidated statement of income. The recoverable amount is the higher of investment property's net selling price and 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 prior years are recorded when there is an indication that the impairment losses recognized for the investment property no longer exist or have reduced.

Development properties

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties. 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; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

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

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

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

Derivative financial instruments

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

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

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

Hedge accounting

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

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the consolidated statement of income 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 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 statement of income from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the consolidated statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of income, and is included in the 'other gains and losses' line item. Amounts previously recognised in the consolidated statement of comprehensive income and accumulated in equity are reclassified to the consolidated statement of income 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 statement of income. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated statement of income.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

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

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

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

Classification of financial assets

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

Equity investments

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

Debt instruments

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

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

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 statement of income. For financial assets designated 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 income.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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.

Impairment of financial assets

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

Business combinations and goodwill

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

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

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Impairment of non-financial assets

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

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

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

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

2.3 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.

3. SEGMENT INFORMATION

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

Business segments

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

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

Geographic segments

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

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

Business segments

The following tables represent revenue, profit and other segment information for the nine month and three month periods ended 30 September 2011 and 2010. Assets and liabilities of the business segments are presented as at 30 September 2011 and 31 December 2010.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

3. SEGMENT INFORMATION (continued)

Business Segments (continued)

	<i>Real estate AED'000</i>	<i>Leasing and related activities AED'000</i>	<i>Hospitality AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Nine month period ended 30 September 2011:					
Revenue					
Revenue from external customers	<u>3,446,442</u>	<u>1,582,499</u>	<u>844,063</u>	<u>-</u>	<u>5,873,004</u>
Results					
Profit/(loss) before income tax for the period	<u>595,222</u>	<u>769,438</u>	<u>55,875</u>	<u>(202,511)</u>	<u>1,218,024</u>
Other segment information					
Capital expenditure (property, plant and equipment and investment properties)	<u>44,911</u>	<u>82,557</u>	<u>122,066</u>	<u>3,148</u>	<u>252,682</u>
Depreciation (property, plant and equipment and investment properties)	<u>108,414</u>	<u>294,719</u>	<u>137,031</u>	<u>23,226</u>	<u>563,390</u>
Three month period ended 30 September 2011:					
Revenue					
Revenue from external customers	<u>1,108,224</u>	<u>526,016</u>	<u>224,497</u>	<u>-</u>	<u>1,858,737</u>
Results					
Profit/(loss) before income tax for the period	<u>243,690</u>	<u>221,821</u>	<u>(44,801)</u>	<u>(8,763)</u>	<u>411,947</u>
Assets and liabilities					
As at 30 September 2011					
Segment assets	<u>42,812,134</u>	<u>9,954,248</u>	<u>4,860,666</u>	<u>2,496,768</u>	<u>60,123,816</u>
Segment liabilities	<u>25,788,746</u>	<u>2,289,226</u>	<u>476,226</u>	<u>102,370</u>	<u>28,656,568</u>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

3. SEGMENT INFORMATION (continued)

Business Segments (continued)

	<i>Real estate AED'000</i>	<i>Leasing and related activities AED'000</i>	<i>Hospitality AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Nine month period ended 30 September 2010:					
Revenue					
Revenue from external customers	6,309,989	1,340,016	670,373	-	8,320,378
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Results					
Profit/(loss) before income tax for the period	1,632,922	628,197	(40,007)	(62,606)	2,158,506
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other segment information					
Capital expenditure (property, plant and equipment and investment properties)	70,994	69,462	557,630	43,638	741,724
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation (property, plant and equipment and investment properties)	88,995	288,067	112,735	42,870	532,667
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Three month period ended 30 September 2010:					
Revenue					
Revenue from external customers	2,149,235	435,739	196,857	-	2,781,831
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Results					
Profit/(loss) before income tax for the period	483,837	188,508	(44,001)	(21,286)	607,058
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets and liabilities					
<i>As at 31 December 2010</i>					
Segment assets	45,198,751	9,795,684	4,815,405	2,694,488	62,504,328
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Segment liabilities	27,659,051	2,808,168	621,489	115,589	31,204,297
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

3. SEGMENT INFORMATION (continued)

Geographic Segments

The following tables represent revenue and other segment information for the nine month and three month periods ended 30 September 2011 and 2010. Certain asset information for geographic segments is presented as at 30 September 2011 and 31 December 2010.

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
<i>Nine month period ended 30 September 2011:</i>			
Revenue			
Revenue from external customers	<u>5,012,788</u>	<u>860,216</u>	<u>5,873,004</u>
Other segment information			
Capital expenditure (property, plant and equipment and investment properties)	<u>143,066</u>	<u>109,616</u>	<u>252,682</u>
<i>Three month period ended 30 September 2011:</i>			
Revenue			
Revenue from external customers	<u>1,735,185</u>	<u>123,552</u>	<u>1,858,737</u>
Assets			
<i>As at 30 September 2011</i>			
Segment assets	<u>35,129,027</u>	<u>18,105,472</u>	<u>53,234,499</u>
Investment in associates	<u>1,553,639</u>	<u>5,335,678</u>	<u>6,889,317</u>
Total assets	<u>36,682,666</u>	<u>23,441,150</u>	<u>60,123,816</u>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

3. SEGMENT INFORMATION (continued)

Geographic Segments (continued)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Nine month period ended 30 September 2010:			
Revenue			
Revenue from external customers	8,011,919	308,459	8,320,378
Other segment information			
Capital expenditure (property, plant and equipment and investment property)	681,801	59,923	741,724
Three month period ended 30 September 2010:			
Revenue			
Revenue from external customers	2,673,954	107,877	2,781,831
Assets			
As at 31 December 2010			
Segment assets	38,166,215	16,746,025	54,912,240
Investment in associates	1,868,880	5,723,208	7,592,088
Total assets	40,035,095	22,469,233	62,504,328

4. REVENUE AND COST OF REVENUE

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2011</i>	<i>30 September 2010</i>	<i>30 September 2011</i>	<i>30 September 2010</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Revenue				
Revenue from property sales				
Sale of condominiums	823,876	5,104,814	183,347	1,337,843
Sale of villas	523,519	204,555	126,447	30,372
Sale of commercial units, plots of land and other	2,099,047	1,000,620	798,430	781,020
Revenue from hospitality	844,063	670,373	224,497	196,857
Rental income from leased properties and related income	1,582,499	1,340,016	526,016	435,739
	5,873,004	8,320,378	1,858,737	2,781,831

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

4. REVENUE AND COST OF REVENUE (continued)

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Cost of revenue				
Cost of revenue of property sales				
Cost of condominiums	574,335	3,569,014	128,949	980,386
Cost of villas	403,728	106,127	68,055	16,261
Cost of commercial units, plots of land and other	1,039,811	554,448	371,784	493,445
Operating cost of hospitality	531,572	448,501	180,338	151,042
Operating cost of leased properties	357,552	288,147	134,569	110,362
	<u>2,906,998</u>	<u>4,966,237</u>	<u>883,695</u>	<u>1,751,496</u>

5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Payroll and related expenses	239,975	288,927	81,231	83,426
Sales and marketing expenses	124,896	146,637	45,112	55,203
Depreciation of property, plant and equipment	323,566	298,995	115,881	104,234
Depreciation of investment properties	239,824	233,672	79,532	77,316
Property management expenses	176,748	98,444	68,262	30,151
Land registration fees	31,445	36,900	8,045	13,983
Pre-operating expenses	5,734	48,422	4,249	9,257
Other expenses	175,350	243,502	58,192	72,386
	<u>1,317,538</u>	<u>1,395,499</u>	<u>460,504</u>	<u>445,956</u>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

6. FINANCE INCOME

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Finance income on fixed deposits with banks	97,009	43,544	15,972	18,616
Other finance income	207,365	155,072	61,981	52,608
	<u>304,374</u>	<u>198,616</u>	<u>77,953</u>	<u>71,224</u>

7. DISPOSAL OF SUBSIDIARIES

Disposal of Hamptons Group Limited

On 24 August 2006 (the acquisition date), the Group acquired 100% of the voting shares of Hamptons Group Limited ("HGL"), an estate agency and property services consultant, an unlisted limited liability company, headquartered in London, United Kingdom (UK), for a purchase consideration of AED 560,882 thousands (GBP 82,000 thousands). On the acquisition date, the Group had recorded goodwill amounting to AED 427,724 thousands.

Since acquisition, the Group expanded the Hamptons' estate agency and property services portfolio to Middle East and North Africa (MENA) region by commencing operations in UAE, Egypt and Morocco and further consolidated the existing Hamptons operations in Oman under the MENA region.

On 16 June 2010, the Group entered into an agreement (the "agreement") to transfer its rights to operate the Hamptons' international operations in the UK, Europe and Asia by way of transfer of its shareholding in HGL to Countrywide, a UK based estate agency and property services Group, with effect from 1 June 2010 at a consideration of AED 428,066 thousands (GBP 77,572 thousands).

Under the terms of the agreement, the Group continues to operate Hamptons' estate agency and property services in the MENA region where it has existing or prospective businesses, while Countrywide owns the rights to operate Hamptons' international business in the UK, Europe and Asia.

On the date of the agreement, the Group had allocated the goodwill amount of AED 427,724 thousand to the cash generating units of both Hamptons' international operations and MENA region. An amount of AED 381,658 thousands was allocated to Hamptons' international operations and AED 46,066 thousands to MENA region.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

7. DISPOSAL OF SUBSIDIARIES (continued)

Disposal of Hamptons Group Limited (continued)

The operating results of HGL prior to the disposal were as follows:

	<i>Period from 1 January 2010 to 31 May 2010 AED '000</i>
Other operating income	126,381
Selling, general and administrative expenses	(57,705)
Other operating expenses	(60,561)
Net interest income	325
Profit before income tax	8,440
Income tax expense	(437)
Net profit for the period	8,003

The following table summarizes the carrying value of net assets at the date of disposal and the loss on disposal of Hamptons' international operations:

	<i>31 May 2010 AED '000</i>
Assets	
Bank balances and cash	27,960
Trade receivables	87,046
Other receivables, deposits and prepayments	19,631
Property, plant and equipment	48,852
Goodwill	381,658
Total assets	565,147
Liabilities	
Trade and other payables	83,649
Interest-bearing loans and borrowings	31,520
Foreign exchange translation reserve	(16,142)
Non-controlling interests	(406)
Total liabilities	98,621
Net assets disposed of	466,526
Less: Sales consideration on disposal of subsidiary	(428,066)
Loss on disposal of subsidiary	38,460

Disposal of Raffles Campus Pte Ltd

In 2010, the Group has recorded a net loss of AED 14,062 thousands including the write-off of goodwill amounting to AED 11,667 thousands upon disposal of 100% shareholding in its subsidiary Raffles Campus Pte. Ltd., owning and managing education business in Singapore, Vietnam and Hong Kong.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

8. BANK BALANCES AND CASH

	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
Cash in hand	4,862	6,958
Current and call deposit accounts	721,504	743,997
Fixed deposits maturing within three months	713,481	1,022,537
Cash and cash equivalents	1,439,847	1,773,492
Deposits under lien (Notes 17 and 23)	557,013	438,928
Fixed deposits maturing after three months	1,757,462	2,829,281
	3,754,322	5,041,701
<i>Bank balances and cash located:</i>		
Within UAE	3,014,273	4,310,859
Outside UAE	740,049	730,842
	3,754,322	5,041,701
<i>Bank balances and cash are denominated in the following currencies:</i>		
United Arab Emirates Dirham (AED)	3,014,273	4,310,859
United States Dollar (USD)	291,281	284,844
Egyptian Pound (EGP)	167,713	282,581
Syrian Pound (SYP)	49,023	110,283
Moroccan Dirham (MAD)	40,763	37,081
Other currencies	191,269	16,053
	3,754,322	5,041,701

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

Fixed deposits having a maturity after three months earn interest at rates between 1.2% and 2.4% per annum (31 December 2010: between 2.5% and 4.7% per annum).

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

9. TRADE RECEIVABLES

	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
Amounts receivable within 12 months, net	582,668	711,336
Amounts receivable after 12 months, net	195,602	190,686
	<u>778,270</u>	<u>902,022</u>

Trade receivables include AED 54,184 thousands (31 December 2010: AED 157,953 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due under agreed credit terms.

10. OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
Advances to contractors and others	586,070	668,477
Advances for acquisition of leasehold interest	1,234,612	1,234,612
Prepayments	114,025	99,793
Receivables from service companies	130,111	111,087
Deposits for acquisition of land	68,579	78,088
Value added tax recoverable	238,833	193,816
Accrued interest and other income	10,595	10,527
Recoverable from non-controlling interests	48,675	52,914
Inventory - Hospitality and Retail	81,377	87,230
Other deposits and receivables	283,448	318,143
	<u>2,796,325</u>	<u>2,854,687</u>

11. DEVELOPMENT PROPERTIES

	<i>30 September 2011 AED'000</i>
Balance at the beginning of the period	26,492,486
Add: cost incurred during the period	1,583,172
Add: acquisition of subsidiary (Note 14(vii))	203,364
Add: transfer from/(to) property, plant and equipment during the period, net	33,758
Less: cost transferred to cost of revenue during the period	(2,017,874)
Less: transfer to investment properties during the period	(119,567)
Balance at the end of the period	<u>26,175,339</u>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

11. DEVELOPMENT PROPERTIES (continued)

	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
Development properties located:		
Within UAE	13,988,279	14,932,870
Outside UAE	12,187,060	11,559,616
	<u>26,175,339</u>	<u>26,492,486</u>

12. SECURITIES

	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
Financial assets at fair value through other comprehensive income	577,737	694,183
Securities located:		
Within UAE	548,474	653,418
Outside UAE	29,263	40,765
	<u>577,737</u>	<u>694,183</u>

13. LOANS TO ASSOCIATES

	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
Amlak Finance PJSC (i)	603,897	711,982
Emaar MGF Land Limited and their related parties (ii) & (iii)	1,943,410	1,320,400
Golden Ace Pte Ltd	150,108	145,758
Amelkis Resorts SA (Note 14(vii))	-	33,234
Other associates	10,835	20,350
	<u>2,708,250</u>	<u>2,231,724</u>

- (i) The amount due from Amlak Finance PJSC ("Amlak") is unsecured and earns an average return of 4% per annum (31 December 2010: average return ranging from 4% to 4.5% per annum).

The above loan includes AED 362,508 thousands (31 December 2010: AED 469,894 thousands) relating to a credit facility extended to Amlak in the normal course of business for settlement of installment payments relating to the sale of properties, where customers have availed a financing facility from Amlak. An amount of AED 119,017 thousands was received as payment from Amlak during the period ended 30 September 2011 (31 December 2010: AED 214,429 thousands). The Group's management believes that the loan due from Amlak is fully recoverable (also refer Note 14 (iv) and (v)).

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

13. LOANS TO ASSOCIATES (continued)

- (ii) The amounts due from Emaar MGF Land Limited ("EMGF") and their related parties are unsecured and earn a compound return of 7% to 15% per annum (31 December 2010: 4.4% to 15% per annum).
- (iii) During the period, the Group paid an amount of AED 482,003 thousands (31 December 2010: AED 759,243 thousands) to the lenders towards settlement of the Fully Convertible Debenture (FCD) of the Group's associate, EMGF, against which the Group had provided a corporate guarantee. As per the regulatory requirement of India, the redemption of FCD's can only be made through accumulated profit/reserves. In the absence of adequate accumulated profits/reserves, EMGF could not redeem these FCD's on the due date.

EMGF is in the process of entering the capital market in India through an Initial Public Offering (IPO). The Group has made the above settlement in the interim and this amount is repayable to the Group by EMGF through the proceeds of its forthcoming IPO. The other promoter group of EMGF has indemnified the Group to the extent of 50% for any non recovery of such amount advanced by the Group resulting from the transaction and the Group currently holds certain shares of the other promoter group held in EMGF as a security for such indemnification. The Group also gains rights to increase its shareholding in EMGF, if the amount paid relating to aforementioned FCDs is not repaid.

14. INVESTMENTS IN ASSOCIATES

	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
Carrying value of investments in:		
Emaar MGF Land Limited (i), (ii) & (iii)	2,911,470	3,098,242
Emaar the Economic City (Saudi Joint Stock Company) - quoted	2,169,436	2,163,689
Amlak Finance PJSC - quoted (iv) & (v)	745,517	824,010
Dubai Banking Group PJSC ("Dubai Bank") (vi)	-	176,558
Emaar Bawadi LLC	394,572	383,494
Turner International Middle East Ltd ("Turner")	209,304	282,291
Emaar Industries and Investment (Pvt) JSC	183,651	185,096
Dead Sea Company for Tourist and Real Estate Investment	137,697	136,907
Emrill Services LLC	20,596	17,431
Other associates (vii)	117,074	324,370
	6,889,317	7,592,088

- (i) On 5 April 2006, the Group entered into an option agreement (the "agreement") with various parties (the "investors"). The agreement provided the right to the investors to require the Group to buy back the shares purchased by the investors in EMGF, in the event of an Initial Public Offering ("IPO") of EMGF not occurring within 39 months from the date of purchase of shares of EMGF, which was subsequently extended to 31 March 2010 and 30 June 2011 under the agreements dated 29 September 2009 and 29 September 2010 respectively.

Since the IPO had not occurred at 30 June 2011, the Group paid an amount of USD 70,580 thousands (AED 259,240 thousands) to buy back all the shares purchased by the investors in accordance with the agreements. Subsequently, the other promoter group transferred additional shares out of its shareholding in the EMGF to the Group equivalent to 50% of the above amount paid by the Group based on the estimated share value of EMGF for IPO purpose.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

14. INVESTMENTS IN ASSOCIATES (continued)

- (ii) On 29 March 2006, the Group entered into an option agreement (the “agreement”) with an investment bank (the “investor”). The agreement provided the right to the investor to require the Group to buy back all shares purchased by the investor in EMGF, in the event of an Initial Public Offering (“IPO”) of the associate not occurring within 39 months from the date of purchase of shares of the associate, which was subsequently extended until 30 June 2010 under an agreement dated 29 September 2009.

Since the IPO had not occurred at 30 June 2010, the Group paid an amount of USD 55,832 thousands (AED 205,072 thousands) to buy back all the shares initially purchased by the investor in 2006 together with the associated costs in accordance with the agreement. Subsequently, the other promoter group transferred additional shares out of its shareholding in the associated company to the Group equivalent to 50% of the above amount paid by the Group based on the estimated share value of EMGF for IPO purpose.

- (iii) On 30 September 2010, EMGF filed its Draft Red Herring Prospectus (“DRHP”) with Securities and Exchange Board of India (“SEBI”) to enter the capital market with an Initial Public Offering (“IPO”) of AED 1,283 million (Indian Rupees 16,000 million).
- (iv) The Governmental Committee for Amlak’s affairs continues to explore the various options relating to financial restructuring of Amlak. This entails a full review and assessment of Amlak’s business operations and liquidity position and providing guidance to the Amlak’s management and regulators where necessary with a view to making recommendations to the UAE Government on Amlak’s long term stability, liquidity, assets and liabilities management requirements. Trading in Amlak’s shares on the Dubai Financial Market has been suspended until the Governmental Committee finalises its recommendations. The Group’s management is not in a position to assess its investment for any impairment pending consideration of the recommendations from the Governmental Committee.
- (v) The auditors have issued a qualified conclusion on the interim condensed consolidated financial statements of Amlak as of 30 June 2011 with respect to valuation of investment properties and advances for investment properties amounting to AED 3,301 million and AED 671 million, respectively. Management of Amlak believes that property prices have generally declined since these assets were acquired but are unable to quantify the amount of decline in view of the limited number of transactions currently taking place in the market and accordingly continued to carry such assets at their acquisition cost.
- (vi) On 16 May 2011, the Government of Dubai announced that it has taken over Dubai Bank with immediate effect to protect the interests of depositors, with the support of the UAE Central Bank and the Ministry of Finance. The Government announcement also stated that it will make a capital injection into Dubai Bank, which will effectively fully dilute the complete holding of its existing shareholders. On the basis of the aforementioned announcement, the management of the Group decided to provide in full for the impairment in the carrying value of the Group’s investment in Dubai Bank as at 31 March 2011 of AED 172.36 million.
- Subsequently, on 11 October 2011 as per the order of Ruler of Dubai, Government of Dubai has announced that Dubai Bank is being merged with Emirates NBD.
- (vii) On 13 September 2011, the Group entered into an agreement with its joint venture partner (“JV Partner”) in Morocco with regards to its investment in joint venture companies (Amelkis Resort SA and Prestige Resorts SA) and agreed to swap its 50% share of ownership interest in Prestige Resorts SA for acquiring 100% ownership interest of Amelkis Resorts SA from its existing 50% ownership interest. The transaction was mutually settled between the Group and its JV Partner without any cash consideration. Consequently, Amelkis Resorts SA has become a fully owned subsidiary of the Group while Prestige Resorts SA ceased to be a joint venture company of the Group.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

15. INVESTMENT PROPERTIES

During the 9 month period ended 30 September 2010, the Group sold some of its commercial buildings included in investment properties for a net consideration of AED 530,178 thousands having a carrying value of AED 171,218 thousands. The resulting gain was included in other income for the period ended 30 September 2010.

16. TRADE AND OTHER PAYABLES

	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
Project contract cost accruals and provisions	4,477,867	5,248,352
Other payables and accruals	1,683,447	1,766,977
Payable to non-controlling interests	927,077	949,538
Trade payables	655,531	880,816
Dividends payable	98,414	76,049
Income tax payable	2,211	17,224
	<u>7,844,547</u>	<u>8,938,956</u>

17. INTEREST-BEARING LOANS AND BORROWINGS

	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
Balance at the beginning of the period		9,410,112
Borrowings drawn down during the period		872,553
Borrowings repaid during the period		(2,632,889)
Balance at the end of the period		<u>7,649,776</u>
	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
The interest-bearing loans and borrowings are repayable as follows:		
Maturing within 12 months	4,078,183	4,454,598
Maturing after 12 months	3,571,593	4,955,514
Balance at the end of the period/year	<u>7,649,776</u>	<u>9,410,112</u>
The above represent balances due:		
Within UAE	3,876,942	5,291,650
Outside UAE	3,772,834	4,118,462
	<u>7,649,776</u>	<u>9,410,112</u>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

17. INTEREST-BEARING LOANS AND BORROWINGS (continued)

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

Secured

- Indian Rupees (INR) 847,250 thousands (AED 63,553 thousands) loan from financial institutions, secured by way of first charge on certain immovable properties and receivables in India, carries interest at benchmark rate plus 3.33% per annum. This loan is payable in quarterly instalments and is fully repayable by 2016.
- Canadian Dollar (CAD) 6,961 thousands (AED 24,472 thousands) loan from a financial institution, secured against real estate owned by the Group in Canada, carries interest at prime rate plus 3.75% per annum and is repayable in 2011.
- USD 303,000 thousands (AED 1,112,919 thousands) loan from a commercial bank, secured against real estate owned by the Group in Turkey, carries interest at 6.1% per annum and is repayable in 2011. The bank issuing stand by letter of credit facility has a lien on certain cash collateral amounting to AED 367,300 thousands (Note 8).
- USD 25,000 thousands (AED 91,825 thousands) loan from a commercial bank, secured against real estate owned by the Group in Turkey, carries interest at USD LIBOR plus 3.75% per annum and is repayable in 2014.
- USD 50,000 thousands (AED 183,650 thousands) loan from a commercial bank, secured against real estate owned by the Group in Turkey, carries interest at 5.50% per annum and is repayable in 2011.
- USD 50,000 thousands (AED 183,650 thousands) loan from a commercial bank, secured against real estate owned by the Group in Turkey, carries interest at USD LIBOR plus 3.95% per annum and is repayable in 2011.
- USD 60,000 thousands (AED 220,380 thousands) loan from a commercial bank, secured against certain real estate owned by the Group in Turkey and a bank guarantee, carries interest at 4.50% per annum and is repayable in 2012.
- USD 60,000 thousands (AED 220,380 thousands) loan from a commercial bank, secured against certain real estate owned by the Group in Turkey and a bank guarantee, carries interest at 4.05% per annum and is repayable in 2012.
- USD 40,629 thousands (AED 149,230 thousands) loan from a commercial bank, secured against certain real estate owned by the Group in UAE, carries interest at USD LIBOR plus 1.85% per annum and is repayable by 2021.
- USD 6,043 thousands (AED 22,195 thousands) loan from a commercial bank, secured against certain real estate owned by the Group in UAE, carries interest at USD LIBOR plus 1.55% per annum and is repayable by 2021.
- USD 6,636 thousands (AED 24,374 thousands) of funding facility from financial institutions, secured against real estate owned by the Group in United States of America (USA), carries interest at USD LIBOR plus 4.50% per annum.
- USD 245,458 thousands (AED 901,569 thousands) loan from a commercial bank, secured against certain real estate owned by the Group in UAE, carries interest at USD LIBOR plus 4.75% per annum and is repayable by 2013. The bank has a lien on certain cash collaterals amounting to AED 114,060 thousands (Note 8).

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

17. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Secured (continued)

- USD 13,396 thousands (AED 49,205 thousands) loan from a commercial bank, secured against certain assets owned by the Group in UAE, carries interest at USD LIBOR plus 4.50% per annum and is repayable by 2012.
- Pakistani Rupee (PKR) 601,351 thousands (AED 25,246 thousands) loan from a commercial bank, secured against receivables from projects in Pakistan, carries interest at KIBOR plus 2% per annum and is fully repayable in 2013. The bank has a lien on certain cash collaterals amounting to AED 10,950 thousands (Note 8).
- USD 39,993 thousands (AED 146,894 thousands) long term loan from a commercial bank, secured against certain assets in Lebanon and carries interest at 7.5% per annum.

Unsecured

- PKR 1,380,959 thousands (AED 57,975 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.20% to 2.25% per annum and is repayable in 2012.
- PKR 768,992 thousands (AED 32,284 thousands) loan from a commercial bank, bearing interest at KIBOR plus 1.90% per annum and is repayable in 2012.
- PKR 1,530,000 thousands (AED 64,232 thousands) loan from a commercial bank, bearing interest at KIBOR plus 2.25% per annum and is repayable by 2012.
- PKR 776,069 thousands (AED 32,581 thousands) loan from a commercial bank, bearing interest at KIBOR plus 2.25% per annum and is fully repayable by 2012.
- USD 750,000 thousands (AED 2,754,750 thousands) of Musharaka Islamic Syndicated facility ("Syndicated facility"). This Syndicated facility is repayable in 2012 with an option of early repayment without penalty to the Group and carries a profit rate of LIBOR plus 2% per annum. The Group has received the consent from the participants to refinance the Syndicated facility to the extent of USD 698,750 thousands (to be increased to USD 750,000 thousands) through Commodity Murabaha Forward Start Facility ("Forward Start facility"). The Forward Start facility is repayable by 2014 in four semi-annual instalments from the forward start date and carries profit rate of LIBOR plus 4.5% per annum.
- Egyptian Pound (EGP) 1,000,764 thousands (AED 616,033 thousands) of funding facilities from commercial banks, carries interest at rates of 11.75% to 12.75% per annum.
- USD 19,043 thousands (AED 69,944 thousands) loan from a commercial bank in Egypt, carries interest at USD LIBOR plus 3.5% per annum and is repayable in 2011.
- Saudi Riyal (SAR) 22,000 thousands (AED 21,560 thousands) of funding facility from a commercial bank, carries interest at SAIBOR plus 3.68% per annum and is repayable in 2012.
- USD 103,120 thousands (AED 378,759 thousands) of funding facility from commercial banks in Egypt carries interest at 2.9% to 8.25% per annum and is repayable in 2012.
- USD 20,000 thousands (AED 73,460 thousands) of funding facility from a commercial bank in Turkey carries interest at USD LIBOR plus 3.8% per annum and is repayable in 2011.
- USD 35,000 thousands (AED 128,555 thousands) of funding facility from a commercial bank in Turkey carries interest at 5% per annum and is repayable in 2012.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

18. CONVERTIBLE NOTES

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

The Notes issued are unconditionally and irrevocably guaranteed by the Company (the “Gurantor”). Each Note entitles the holder an option to convert such Note into new and/or existing shares between the period from 30 January 2011 till 25 November 2015 (final maturity date for conversion) as fully paid at a conversion price of AED 4.75 per share of the Company. Unless previously purchased and cancelled, redeemed or converted, the Notes will be redeemed at their principal amount on the final maturity date.

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

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

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

	<i>30 September 2011 AED '000</i>	<i>31 December 2010 AED '000 (Audited)</i>
Liability component as at period/year-end	1,768,143	1,758,431
Equity component as at period/year-end	37,155	37,155

19. SUKUK

Emaar Sukuk Limited (the “Issuer”), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of the Group, has established a trust certificate issuance programme (the “Programme”) pursuant to which the Issuer may issue from time to time up to USD 2,000,000 thousands (AED 7,346,000 thousands) of trust certificates in series. On 3 February 2011, the Issuer has issued trust certificates (the “Sukuk”) amounting to USD 500,000 thousands (AED 1,836,500 thousands) under the Programme. The Sukuk is listed on the London Stock Exchange and is due for repayment in 2016. The Sukuk carries a profit distribution at the rate of 8.5% per annum to be paid semi-annually.

	<i>30 September 2011 AED '000</i>
Proceeds from issuance of the Sukuk	1,836,500
Less: Sukuk issuance cost	(18,509)
Sukuk liability on initial recognition	1,817,991
Profit accrued up to period end	1,799
Sukuk liability as at period end	1,819,790

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

20. RESERVES

	Statutory reserve AED'000	Capital reserve AED'000	General reserve AED'000	Hedging reserve AED'000	Net unrealised gains/ (losses) reserve AED'000	Foreign currency translation reserve AED'000	Total AED'000
Balance as at 31 December 2010 (Audited)	13,808,707	3,660	2,735,200	(8,955)	(1,604,815)	(9,526)	14,924,271
Increase/ (decrease) in unrealised reserve	-	-	-	439	(80,749)	-	(80,310)
Decrease in foreign currency translation reserve	-	-	-	-	-	(284,089)	(284,089)
Net income/(expense) recognised directly in equity	-	-	-	439	(80,749)	(284,089)	(364,399)
Balance as at 30 September 2011	13,808,707	3,660	2,735,200	(8,516)	(1,685,564)	(293,615)	14,559,872
Balance as at 31 December 2009 (Audited)	13,808,707	4,004	2,490,377	218	(1,396,082)	(195,851)	14,711,373
Decrease in unrealised reserve	-	-	-	(218)	(152,411)	-	(152,629)
Decrease in capital reserve	-	(344)	-	-	-	-	(344)
Increase in foreign currency translation reserve	-	-	-	-	-	136,443	136,443
Net (expense)/income recognised directly in equity	-	(344)	-	(218)	(152,411)	136,443	(16,530)
Balance as at 30 September 2010	13,808,707	3,660	2,490,377	-	(1,548,493)	(59,408)	14,694,843

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

21. DIVIDENDS

A cash dividend of AED 0.10 per share for the year 2010 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 28 March 2011.

22. RELATED PARTY DISCLOSURES

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

Related party transactions

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

	<i>Nine month period ended</i>	
	<i>30 September</i>	
	<i>2011</i>	<i>2010</i>
	<i>AED'000</i>	<i>AED'000</i>
Shareholders:		
Revenue from sale of commercial properties	-	295,535
Associates:		
Islamic finance income from Amlak Finance PJSC	18,029	26,295
Interest income earned on loan to Golden Ace Pte Ltd	4,351	36,214
Interest income earned on loan to Emaar MGF Land Limited and their related parties	144,727	63,994
	<u>19,590</u>	<u>16,170</u>
Directors' and their related parties:		
Rental income from leased properties and related income	19,590	16,170
	<u>19,590</u>	<u>16,170</u>
Other related parties:		
Islamic finance income from Al Salam Bank, Bahrain	1,262	2,207
Islamic finance income from Noor Islamic Bank PJSC	169	1,275
	<u>1,431</u>	<u>3,482</u>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

22. RELATED PARTY DISCLOSURES (continued)

Related party balances

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

	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
<i>Associates:</i>		
Loan to associates (Note 13)	<u>2,708,250</u>	<u>2,231,724</u>
<i>Directors and their related parties:</i>		
Bank balances with Noor Islamic Bank PJSC, net	10,412	10,209
Trade receivables, other receivables, deposits and prepayments	10,572	9,051
Interest-bearing loans and borrowings from Noor Islamic Bank PJSC	<u>-</u>	<u>89,900</u>
<i>Other related parties:</i>		
Securities:		
Investment in Al Salaam Bank, Sudan	5,209	5,746
Investment in Al Salaam Bank, Bahrain	25,805	34,902
Investment in Al Salaam Bank, Algeria	<u>20,202</u>	<u>20,202</u>

During the period, Turner has settled a dividend payable to the Company of AED 60,000 thousands other than in cash against its recoverable towards work performed.

23. CONTINGENCIES AND COMMITMENTS

Guarantees

The Group has the following guarantees outstanding as at 30 September 2011:

1. Loans taken by an associate from commercial banks amounting to AED 99,186 thousands (31 December 2010: AED 107,186 thousands) are guaranteed by the Group.
2. The Group has an outstanding bank guarantee for AED 293,840 thousands relating to the loan taken by a related party of an associate from commercial banks. 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. A cash collateral amounting to AED 64,702 thousands (31 December 2010: AED 64,278 thousands) has been given to a bank against the loan provided to a related party of an associate (Note 8).
3. Loans taken by an associate from commercial banks amounting to AED 110,190 thousands (31 December 2010: AED 110,190 thousands) are guaranteed by the Group.
4. The Group has issued a financial guarantee of AED 9,573 thousands (31 December 2010: AED 7,314 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of the Group's contractual obligations.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

23. CONTINGENCIES AND COMMITMENTS (continued)

Guarantees (continued)

5. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2010: AED 5,000 thousands) as a security for the letter of guarantee issued by a commercial bank for issuance of a trade license from Government of Dubai.
6. The Group has provided a financial guarantee of AED 1,700 thousands (31 December 2010: AED 1,847 thousands) as a security to Dubai Customs for importing goods.
7. The Group has provided a financial guarantee of AED 3,287 thousands (31 December 2010: Nil) as a security for the performance of its contractual obligations.
8. The Group has provided a corporate guarantee of AED 110,190 thousands (31 December 2010: AED 110,190 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of an associate of the Group.

Commitments

At 30 September 2011, the Group had commitments of AED 6,963,708 thousands (31 December 2010: AED 7,308,309 thousands) which include project commitments of AED 6,759,244 thousands (31 December 2010: AED 7,124,702 thousands). This represents the value of contracts issued at the reporting date 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 the agreement, the Group is committed to contribute AED 3,850,000 thousands over the expected construction period of 7 to 10 years.

Operating lease commitments - Group as lessee

The Group has entered into various operating lease agreements for properties, office facilities and equipment. These leases have an average life of between 1 to 10 years. There are no restrictions placed upon by the Group on entering into these leases. Future minimum rentals payable under non-cancellable operating leases are as follows:

	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited)</i>
Within one year	547,276	532,056
After one year but not more than five years	445,238	442,210
More than five years	126,652	162,839
	<u>1,119,166</u>	<u>1,137,105</u>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 30 September 2011 (Un-audited)

23. CONTINGENCIES AND COMMITMENTS (continued)

Operating lease commitments - Group as lessor

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

	<i>30 September 2011 AED'000</i>	<i>31 December 2010 AED'000 (Audited) (Restated)</i>
Within one year	1,054,208	1,148,152
After one year but not more than five years	2,245,675	1,420,768
More than five years	1,082,775	1,124,331
	<u>4,382,658</u>	<u>3,693,251</u>