EMAAR PROPERTIES PJSC
AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2011

ERNST & YOUNG

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Emaar Properties PJSC (the "Company") and its subsidiaries (the "Group") as at 31 March 2011, comprising of the interim consolidated statement of financial position as at 31 March 2011 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of matter

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

Ernst & Young

Signed by
Farrukh Seer
Partner
For Ernst & Young
Registration No. 491
Dubai, United Arab Emirates
8 May 2011

INTERIM CONSOLIDATED INCOME STATEMENT

For the three month period ended 31 March 2011 (Unaudited) *(US $1.00 = AED 3.673)*

	Notes	*Three month period ended 31 March* 2011 AED'000	2010 AED'000
Revenue	4	**1,982,529**	2,886,177
Cost of revenue	4	**(958,937)**	(1,686,070)
GROSS PROFIT		**1,023,592**	1,200,107
Other operating income		**30,286**	124,992
Selling, general and administrative expenses	5	**(458,644)**	(450,054)
Other operating expenses		**(21,636)**	(77,342)
Finance costs		**(124,420)**	(58,137)
Finance income	6	**127,142**	57,604
Other income		**28,900**	15,576
Share of results of associated companies		**(127,388)**	(56,653)
PROFIT BEFORE TAX		**477,832**	756,093
Income tax (expense)/ credit		**(6,741)**	3,421
NET PROFIT FOR THE PERIOD		**471,091**	759,514
ATTRIBUTABLE TO:			
Owners of the parent		**420,601**	760,614
Non-controlling interest		**50,490**	(1,100)
		471,091	759,514
Earnings per share attributable to the owners of the parent:			
- basic and diluted earnings per share (AED)		**0.07**	0.12

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month period ended 31 March 2011 (Unaudited) ***(US $1.00 = AED 3.673)***

	Notes	*Three month period ended 31 March* *2011* *AED'000*	*2010* *AED'000*
Profit for the period		**471,091**	759,514
Other comprehensive income/ (loss):			
Increase/ (decrease) in hedging reserve	18	**1,809**	(218)
Decrease in unrealised losses reserve		**(49,436)**	(14,550)
Increase in foreign currency translation reserve		**54,702**	78,448
Other comprehensive income for the period		**7,075**	63,680
Total comprehensive income for the period		**478,166**	823,194
ATTRIBUTABLE TO:			
Owners of the parent		**428,390**	821,382
Non-controlling interest		**49,776**	1,812
		478,166	823,194

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011 *(US $1.00 = AED 3.673)*

	Notes	31 March 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
ASSETS			
Bank balances and cash	7	6,067,962	5,041,701
Trade receivables	8	948,611	902,022
Other receivables, deposits and prepayments	9	2,921,017	2,854,687
Development properties	10	26,368,249	26,492,486
Securities	11	648,487	694,183
Loans to associates	12	2,267,509	2,231,724
Investments in associates	13	7,422,816	7,592,088
Property, plant and equipment		8,410,456	8,539,290
Investment properties		8,147,024	8,110,081
Goodwill		46,066	46,066
TOTAL ASSETS		63,248,197	62,504,328
LIABILITIES AND EQUITY			
LIABILITIES			
Advances from customers		9,662,223	9,889,394
Trade and other payables	14	9,032,886	8,938,956
Interest-bearing loans and borrowings	15	8,716,318	9,410,112
Convertible notes - liability component	16	1,761,581	1,758,431
Sukuk	17	1,821,591	-
Retentions payable		1,024,522	1,148,904
Provision for employees' end-of-service benefits		60,003	58,500
TOTAL LIABILITIES		32,079,124	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	18	14,932,060	14,924,271
Convertible notes - equity component	16	37,155	37,155
Retained earnings		9,829,420	10,017,943
		30,888,190	31,068,924
Non-controlling interest		280,883	231,107
TOTAL EQUITY		31,169,073	31,300,031
TOTAL LIABILITIES AND EQUITY		63,248,197	62,504,328

The interim condensed consolidated financial statements were authorised for issue on 8 May 2011 by:

Chairman

Director

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the three month period ended 31 March 2011 (Unaudited) *(US $1.00 = AED 3.673)*

	Notes	31 March 2011 AED'000	31 March 2010 AED'000
OPERATING ACTIVITIES			
Profit before tax		477,832	756,093
Adjustments for:			
Share of results of associated companies		127,388	56,653
Depreciation	5	181,664	174,662
Provision for employees' end-of-service benefits, net		1,503	4,375
(Gain)/loss on disposal of property, plant and equipment		(427)	196
Finance cost		124,420	58,137
Finance income		(127,142)	(57,604)
Cash from operations before working capital changes:		785,238	992,512
Trade receivables		(46,589)	(132,087)
Other receivables, deposits and prepayments		(37,851)	(53,162)
Development properties, net		84,872	542,214
Advances from customers, net		(227,171)	(1,184,484)
Trade and other payables		(384,437)	(255,655)
Retentions payable		(124,382)	9,359
Income tax, net		636	(3,956)
Net cash from/ (used in) operating activities		50,316	(85,259)
INVESTING ACTIVITIES			
Purchase of securities		(3,288)	(799)
Finance income received		43,774	28,191
Additional investments and loans to associates, net		42,002	17,138
Amounts incurred on investment properties		(281)	(2,694)
Purchase of property, plant and equipment		(96,912)	(119,602)
Proceeds from sale of property, plant and equipment		21,316	8,883
Deposits under lien or maturing after three months	7	(904,321)	(76,311)
Net cash used in investing activities		(897,710)	(145,194)
FINANCING ACTIVITIES			
Dividend paid		(79)	(226)
Interest-bearing loans and borrowings	15	978,500	543,331
Repayment of interest bearing loans and borrowings	15	(1,672,294)	(245,868)
Proceeds from issuance of sukuk	17	1,836,500	-
Payment of finance cost		(163,993)	(78,739)
Net cash from financing activities		978,634	218,498
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		131,240	(11,955)
Net foreign exchange difference		(9,300)	(4,135)
Cash and cash equivalents at the beginning of the period	7	1,773,492	1,860,158
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	1,895,432	1,844,068

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2011 (Unaudited)

(US $1.00 = AED 3.673)

	Attributable to Owners of the parent							
	Share capital AED'000	*Employees' performance share program AED'000*	*Reserves AED'000*	*Convertible notes - equity component AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non controlling interest AED'000*	*Total equity AED'000*
Balance at 1 January 2011	6,091,239	(1,684)	14,924,271	37,155	10,017,943	31,068,924	231,107	31,300,031
Profit for the period	-	-	-	-	420,601	420,601	50,490	471,091
Other comprehensive income/ (loss) for the period	-	-	7,789	-	-	7,789	(714)	7,075
Total comprehensive income for the period	-	-	**7,789**	-	**420,601**	**428,390**	**49,776**	**478,166**
Dividend – 2010 (refer note 19)	-	-	-	-	(609,124)	(609,124)	-	(609,124)
Balance at 31 March 2011	**6,091,239**	**(1,684)**	**14,932,060**	**37,155**	**9,829,420**	**30,888,190**	**280,883**	**31,169,073**

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2011 (Unaudited)

(US $1.00 = AED 3.673)

	Attributable to Owners of the parent							
	Share capital AED'000	*Treasury shares AED'000*	*Employees' performance share program AED'000*	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non controlling interest AED'000*	*Total equity AED'000*
Balance at 1 January 2010	6,091,239	(1,113)	(1,684)	14,711,373	7,877,501	28,677,316	201,692	28,879,008
Profit/ (loss) for the period	-	-	-	-	760,614	760,614	(1,100)	759,514
Other comprehensive income for the period	-	-	-	60,768	-	60,768	2,912	63,680
Total comprehensive income for the period	-	-	-	60,768	760,614	821,382	1,812	823,194
Balance at 31 March 2010	6,091,239	(1,113)	(1,684)	14,772,141	8,638,115	29,498,698	203,504	29,702,202

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

1 DOMICILE AND ACTIVITIES

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and applicable requirements of the United Arab Emirates laws.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010 except for the adoption of the new and amended IFRS and IFRIC interpretations which became effective as of 1 January 2011. The adoption of these standards and interpretations did not have an impact on the financial position or performance of the Group during the period. In addition, results for the three month period ended 31 March 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

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

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

Basis of consolidation

Subsidiary Companies
Subsidiary companies are fully 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.

Losses within a subsidiary are attributed to the non-controlling interest 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.

If the Group loses control over a subsidiary, it:

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

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

Classification of investment properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by the entity. 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.

Estimation and assumptions

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

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

Cost to complete the projects
The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure activities, potential claims by sub contractors and the cost of meeting other contractual obligations to the customers.

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

Significant accounting policies

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

Selected accounting policies
In accordance with the requirement of Securities Authority and Commodities (Circular dated 12-10-2008) following significant accounting policies from Group's financial statements as of 31 December 2010 are reproduced below:

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

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

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

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

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 which the lessee has to pay at the time of exercising the option to acquire the property.

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognised in the income statement. The recoverable amount is the higher of investment property's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an investment property in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of this investment property and from its disposal at the end of its useful life.

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

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
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

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

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

The Board of Directors 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 income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated income statement depends on the nature of the hedge relationship. The Group designates derivatives as hedges of interest rate risk and foreign currency risk of firm commitments (cash flow hedges).

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

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 entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedges

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

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

Cash flow hedges

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

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

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
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 are recorded through the consolidated income statement.

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

- 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 income statement. 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 comprehensive income.

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

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 and included in administrative expenses.

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.

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 at the acquisition date through the consolidated income statement. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in the consolidated income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should 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 income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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 entities or other available fair value indicators.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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 consolidated financial statements.

Business segments:
For management purposes, the Group is organised into three major segments, namely, real estate (develop and sell condominiums, villas, commercial units and plots of land), leasing and related activities (develop, lease and manage malls, retail, commercial and residential space) and hospitality (develop, own and/or manage hotels, service apartments and leisure activities). Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8. These businesses are property management services 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 United Arab Emirates that will have a significant impact in future periods.

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

3 SEGMENT INFORMATION (continued)

Business Segments:
The following tables represent revenue and profit information regarding business segments for the three month period ended 31 March 2011 and 2010. Assets and liabilities regarding the business segments are presented as at 31 March 2011 and 31 December 2010.

Three month period ended 31 March 2011:

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Revenue					
Revenue from external customers	1,139,214	507,517	335,798	-	1,982,529
Total revenue	1,139,214	507,517	335,798	-	1,982,529
Results					
Profit for the period before income tax	164,046	250,652	77,137	(14,003)	477,832
Other Segment Information					
Capital expenditure (property, plant and equipment and investment properties)	22,294	42,785	30,322	1,792	97,193
Depreciation (property, plant and equipment and investment properties)	35,949	95,352	43,874	6,489	181,664
Assets and liabilities (At 31 March 2011)					
Segment assets	45,457,381	9,946,568	4,936,691	2,907,557	63,248,197
Segment liabilities	28,843,247	2,533,303	630,477	72,097	32,079,124

3 SEGMENT INFORMATION (continued)

Business Segments (continued):

Three month period ended 31 March 2010:

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Revenue					
Revenue from external customers	2,180,882	467,953	237,342	-	2,886,177
Total revenue	2,180,882	467,953	237,342	-	2,886,177
Results					
Profit for the period before income tax	488,913	256,345	20,553	(9,718)	756,093
Other Segment Information					
Capital expenditure (property, plant and equipment and investment properties)	20,716	12,351	78,667	10,562	122,296
Depreciation (property, plant and equipment and investment properties)	28,067	94,916	35,471	16,208	174,662
Assets and liabilities					
(At 31 December 2010)					
Segment assets (Restated)	44,779,995	9,795,684	4,815,405	3,113,244	62,504,328
Segment liabilities	27,659,051	2,808,168	621,489	115,589	31,204,297

Geographic Segments:
The following tables represent revenue and profit information information regarding geographic segments for the three month period ended 31 March 2011 and 2010. Assets regarding the geographic segments are presented as at 31 March 2011 and 31 December 2010.

Three month period ended 31 March 2011:

	Domestic AED'000	*International AED'000*	*Total AED'000*
Revenue			
Revenue from external customers	1,562,336	420,193	1,982,529
Total revenue	1,562,336	420,193	1,982,529

3 SEGMENT INFORMATION (continued)

Geographic Segments (continued):

	Domestic AED'000	*International AED'000*	*Total AED'000*
Other Segment Information			
Capital expenditure (property, plant and equipment and investment properties)	81,427	15,766	97,193
Assets			
(At 31 March 2011)			
Segment assets	38,824,287	17,001,094	55,825,381
Investment in associates	1,771,742	5,651,074	7,422,816
Total assets	**40,596,029**	**22,652,168**	**63,248,197**

Three month period ended 31 March 2010:

	Domestic AED'000	*International AED'000*	*Total AED'000*
Revenue			
Revenue from external customers	2,776,591	109,586	2,886,177
Total revenue	2,776,591	109,586	2,886,177
Other Segment Information			
Capital expenditure (property, plant and equipment and investment properties)	100,460	21,836	122,296
Assets			
(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

	Three month period ended 31 March	
Revenue	*2011 AED'000*	*2010 AED'000*
Revenue from property sales:		
Sale of condominiums	**374,957**	2,018,267
Sale of villas	**60,105**	119,720
Sale of commercial units, plots of land and others	**704,152**	42,895
Revenue from hospitality	**335,798**	237,342
Rental income from leased properties and related income	**507,517**	467,953
	1,982,529	2,886,177

4 REVENUE AND COST OF REVENUE (continued)

	Three month period ended 31 March	
Cost of revenue	*2011 AED'000*	*2010 AED'000*
Cost of revenue of property sales:		
Cost of condominiums	**256,994**	1,398,231
Cost of villas	**44,909**	51,468
Cost of commercial units, plots of land and others	**379,149**	22,976
Operating cost of hospitality	**172,469**	128,640
Operating cost of leased properties	**105,416**	84,755
	958,937	1,686,070

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended 31 March	
	2011 AED'000	*2010 AED'000*
Payroll and related expenses	**84,121**	89,663
Sales and marketing expenses	**44,868**	41,726
Depreciation of property, plant and equipment	**102,647**	95,191
Depreciation of investment properties	**79,017**	79,471
Property management expenses	**50,591**	25,800
Land registration fees	**11,752**	9,559
Pre-operating expenses	**986**	21,698
Other expenses	**84,662**	86,946
	458,644	450,054

6 FINANCE INCOME

	Three month period ended 31 March	
	2011 AED'000	*2010 AED'000*
Finance income on fixed deposits with banks	**52,767**	11,695
Other finance income	**74,375**	45,909
	127,142	57,604

7 BANK BALANCES AND CASH

	31 March 2011 AED'000	*31 December 2010 AED'000 (Audited)*
Cash in hand	**4,625**	6,958
Current and call deposit accounts	**745,119**	743,997
Fixed deposits maturing within three months	**1,145,688**	1,022,537
Cash and cash equivalents	**1,895,432**	1,773,492
Deposits under lien (note 15 and 21)	**555,417**	438,928
Fixed deposits maturing after three months	**3,617,113**	2,829,281
	6,067,962	5,041,701
Bank balances and cash located:		
Within UAE	**5,257,665**	4,310,859
Outside UAE	**810,297**	730,842
	6,067,962	5,041,701
Bank balances and cash denominated in following currencies:		
United Arab Dirham (AED)	**5,257,665**	4,310,859
United States Dollar (USD)	**164,147**	284,844
Egyptian Pound (EGP)	**208,560**	282,581
Syrian Pound (SYP)	**163,011**	110,283
Moroccan Dirham (MAD)	**25,361**	37,081
Other currencies	**249,218**	16,053
	6,067,962	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 of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Fixed deposits having a maturity after three months earn interest at rates between 2.25% and 4.35% per annum (31 December 2010: between 2.5% and 4.7% per annum).

8 TRADE RECEIVABLES

	31 March 2011 AED'000	*31 December 2010 AED'000 (Audited)*
Amounts receivable within 12 months, net	**759,023**	711,336
Amounts receivable after 12 months, net	**189,588**	190,686
	948,611	902,022

Trade receivables include AED 150,096 thousands (31 December 2010: AED 157,953 thousands) relating to sale of properties where the amounts are payable in instalments and these instalments are accrued but not yet due under agreed credit terms.

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 March 2011 AED'000	*31 December 2010 AED'000 (Audited)*
Advances to contractors and others	**671,442**	668,477
Advances for acquisition of leasehold interests	**1,234,612**	1,234,612
Prepayments	**89,297**	99,793
Receivables from service companies	**167,916**	111,087
Deposits for acquisition of land	**78,088**	78,088
Value added tax recoverable	**203,310**	193,816
Accrued interest and other income	**33,282**	10,527
Recoverable from non-controlling interest	**53,564**	52,914
Other deposits and receivables	**389,506**	405,373
	2,921,017	2,854,687

10 DEVELOPMENT PROPERTIES

	31 March 2011 AED'000
Balance at the beginning of the period	**26,492,486**
Add: cost incurred during the period	**596,180**
Add: transfer from/ (to) property, plant and equipment, net	**5,485**
Less: cost transferred to cost of revenue during the period	**(681,052)**
Less: transfer to investment property during the period	**(44,850)**
Balance at the end of the period	**26,368,249**

	2011 AED'000	*2010 AED'000 (Audited)*
Development properties located:		
Within UAE	**14,795,477**	14,932,871
Outside UAE	**11,572,772**	11,559,615
	26,368,249	26,492,486

11 SECURITIES

	31 March 2011 AED'000	*31 December 2010 AED'000 (Audited)*
Financial assets at fair value through other comprehensive income	**648,487**	694,183
Securities located:		
Within UAE	**604,765**	653,418
Outside UAE	**43,722**	40,765
	648,487	694,183

12 LOANS TO ASSOCIATES

	31 March 2011 AED'000	*31 December 2010 AED'000 (Audited)*
Amlak Finance PJSC (i)	**689,993**	711,982
Emaar MGF Land Limited ("EMGF") and their related parties (ii) & (iii)	**1,382,813**	1,320,400
Golden Ace Pte Ltd	**149,329**	145,758
Amelkis Resorts SA	**33,234**	33,234
Other associates	**12,140**	20,350
	2,267,509	2,231,724

(i) The amount owed by 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 447,211 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 sale of properties, where customers have availed of a financing facility from Amlak. An amount of AED 26,509 thousands was received from Amlak during the period ended 31 March 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 13 (iii)).

(ii) The amounts owed by EMGF and their related parties are unsecured and earns a compound return of 7% to 15% per annum (2010: 4.4% to 15% per annum).

(iii) In 2010, the Group paid an amount of AED 759,243 thousands to the lenders towards part settlement of the Fully Convertible Debenture (FCD) including the associated cost relating to 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 to the extent 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 within a reasonable period of time.

13 INVESTMENTS IN ASSOCIATES

	31 March 2011 AED'000	*31 December 2010 AED'000 (Audited)*
Carrying value of investment in:		
Emaar MGF Land Limited (i) & (ii)	**3,011,338**	3,098,242
Emaar, The Economic City (Saudi Joint Stock Company) – quoted	**2,162,047**	2,163,689
Amlak Finance PJSC – quoted (iii) & (iv)	**795,398**	824,010
Dubai Banking Group PJSC	**172,358**	176,558
Emaar Bawadi LLC	**381,800**	383,494
Turner International Middle East Ltd	**210,980**	282,291
Emaar Industries and Investment (Pvt) JSC	**192,794**	185,096
Dead Sea Company for Tourist and Real Estate Investment	**137,377**	136,907
Emrill Services LLC	**18,412**	17,431
Other associates	**340,312**	324,370
	7,422,816	7,592,088

(i) 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 the 50% of the above amount paid by the Group based on the estimated share value of EMGF for the IPO purpose.

(ii) 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).

(iii) 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 the 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 the recommendations from the Governmental Committee.

(iv) The auditors have issued a qualified opinion on the consolidated financial statements of Amlak as of 31 December 2010 with respect to valuation of investment properties and advances for investment properties amounting to AED 3,288 million and AED 670 million respectively. Management of Amlak believe 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.

14 TRADE AND OTHER PAYABLES

	31 March 2011 AED'000	*31 December 2010 AED'000 (Audited)*
Project contract cost accruals and provisions	**4,966,288**	5,248,352
Other payables and accruals	**1,729,626**	1,766,977
Trade payables	**707,392**	880,816
Payable to non-controlling interest	**926,626**	949,538
Dividends payable	**685,094**	76,049
Income tax payable	**17,860**	17,224
	9,032,886	8,938,956

15 INTEREST-BEARING LOANS AND BORROWINGS

	31 March 2011 AED'000
Balance at the beginning of the period	**9,410,112**
Borrowings drawn down during the period	**978,500**
Borrowings repaid during the period	**(1,672,294)**
Balance at end of the period	**8,716,318**

	31 March 2011 AED'000	*31 December 2010 AED'000 (Audited)*
Maturing within 12 months	**7,503,285**	4,454,598
Maturing after 12 months	**1,213,033**	4,955,514
Balance at 31 December	**8,716,318**	9,410,112
The above represent balances due:		
Within UAE	**4,982,265**	5,291,650
Outside UAE	**3,734,053**	4,118,462
	8,716,318	9,410,112

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

Secured

- Indian Rupees (INR) 1,121,000 thousands (AED 90,933 thousands) loan from financial institutions, secured by way of first charge on certain immovable properties and receivables in India, carries interest at bench mark rate plus 3.33% per annum. This loan is payable in quarterly instalments and fully repayable by 2016.

- Canadian Dollar (CAD) 20,136 thousands (AED 76,071 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at prime rate plus 3.75% per annum and fully repayable in 2011.

- USD 303,000 thousands (AED 1,112,919 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at USD LIBOR plus 4% per annum and is repayable in 2011. The bank issuing stand by letter of credit facility has lien on certain cash collateral amounting to AED 367,300 thousands (note 7).

15 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Secured (continued)

- USD 25,000 thousands (AED 91,824 thousands) loan from commercial bank, secured against real estate owned by 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 commercial bank, secured against real estate owned by Group in Turkey, carries interest at 4.10% per annum and is repayable in 2011.

- USD 50,000 thousands (AED 183,650 thousands) loan from commercial bank, secured against real estate owned by 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 commercial bank, secured against certain real estate owned by Group in Turkey and a bank guarantee, carries interest at 4.50% per annum and is repayable in 2011.

- USD 60,000 thousands (AED 220,380 thousands) loan from commercial bank, secured against certain real estate owned by Group in Turkey and a bank guarantee, carries interest at 4.05% per annum and is repayable in 2012.

- USD 23,085 thousands (AED 84,794 thousands) loan from commercial bank, secured against certain real estate owned by Group in United Arab Emirates (UAE), carries interest at USD LIBOR plus 1.85% per annum and is repayable in 2021.

- USD 16,608 thousands (AED 61,002 thousands) of funding facility from financial institutions, secured against real estate owned by Group in United States of America (USA), carries interest rate at USD LIBOR plus 4.50% per annum.

- USD 300,000 thousands (AED 1,101,900 thousands) loan from commercial bank, secured against certain real estate owned by Group in United Arab Emirates (UAE), carries interest rate at USD LIBOR plus 4.75% per annum and fully repayable in 2013. The bank has lien on certain cash collateral amounting to AED 116,489 thousands (note 7).

- USD 33,371 thousands (AED 122,572 thousands) loan from commercial bank, secured against certain assets owned by Group in United Arab Emirates (UAE), carries interest rate at USD LIBOR plus 4.50% per annum and fully repayable by 2012.

- Pakistani Rupee (PKR) 778,340 thousands (AED 33,915 thousands) loan from commercial bank, secured against receivables from projects in Pakistan, carries interest rate at KIBOR plus 2% per annum and is fully repayable in 2011. The bank has lien on certain cash collateral amounting to AED 7,350 thousands (note 7).

- USD 39,993 thousands (AED 146,893 thousands) long term loan from commercial bank, secured against certain assets in Lebanon and carries interest rate at 7.5% per annum.

Unsecured

- PKR 1,696,431 thousands (AED 73,920 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.20% to 2.25% per annum and fully repayable in 2011.

- PKR 768,802 thousands (AED 33,500 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.25% per annum and fully repayable in 2011.

- PKR 1,494,662 thousands (AED 65,128 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.25% per annum and fully repayable by 2011.

- PKR 765,069 thousands (AED 33,337 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.50% per annum and fully repayable by 2011.

- USD 1,000,000 thousands (AED 3,673,000 thousands) of Musharaka Islamic Syndicated facility ("Syndicated facility"). This 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. Subsequent to the reporting date, the Group has received the consent from the participants to refinance the syndicated facility to the extent of USD 698,750 thousands (to be upsized 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.

15 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured (continued)

- Egyptian Pound (EGP) 812,396 thousands (AED 502,627 thousands) of funding facilities from commercial banks, carries interest at rates at 10.5% to 11.5% per annum.

- USD 20,000 thousands (AED 73,460 thousands) loan from commercial bank, carries interest at USD LIBOR plus 3.8% per annum and is repayable in 2011.

- Saudi Riyal (SAR) 72,000 thousands (AED 70,560 thousands) of funding facility from commercial bank carrying interest at SAIBOR plus 2.50% per annum and repayable in instalments from September 2011 to 2012.

- Moroccan Dirham (MAD) 80,000 thousands (AED 36,809 thousands) of short term loan from commercial bank carrying interest at 4.70% per annum and repayable by 2011.

- USD 115,190 thousands (AED 423,094 thousands) of funding facility from commercial banks in Egypt carries interest rate at 2.9% to 5.3% per annum and is repayable in 2011.

16 CONVERTIBLE NOTES

The Company has issued guaranteed convertible notes ("the Notes") in 2010 for US $ 500,000 thousands (AED 1,836,500 thousands) through its 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% 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 is an embedded derivative. The carrying value 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 consolidated statement of financial position.

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

	31 March 2011 AED'000	*31 December 2010 AED'000 (Audited)*
Liability component as at period/ year end	**1,761,581**	1,758,431
Equity component as at period/ year end	**37,155**	37,155

17 SUKUK

Emaar Sukuk Limited (the "Issuer"), a limited liability company registered in Cayman Islands and a 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 US$ 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 US$ 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% to be paid semi-annually.

	31 March 2011 AED'000
Proceeds from issuance of the Sukuk	**1,836,500**
Less: Sukuk issuance cost	**(15,261)**
Sukuk liability on initial recognition	**1,821,239**
Profit accrued up to period end	**352**
Sukuk liability as at period end	**1,821,591**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2011 (Unaudited)

18 RESERVES

	Statutory reserve AED'000	*Capital reserve AED'000*	*General reserves AED'000*	*Hedging reserves AED'000*	*Net unrealised losses reserve AED'000*	*Foreign currency translation reserve AED'000*	*Total AED'000*
Balance at 1 January 2011 (audited)	13,808,707	3,660	2,735,200	(8,955)	(1,604,815)	(9,526)	14,924,271
Increase/ (decrease) in unrealised reserve	-	-	-	1,809	(49,398)	-	(47,589)
Increase in foreign currency translation reserve	-	-	-	-	-	55,378	55,378
Net income/ (expense) recognised directly in equity	-	-	-	1,809	(49,398)	55,378	7,789
Balance at 31 March 2011	**13,808,707**	**3,660**	**2,735,200**	**(7,146)**	**(1,654,213)**	**45,852**	**14,932,060**
Balance at 1 January 2010 (audited)	13,808,707	4,004	2,490,377	218	(1,396,082)	(195,851)	14,711,373
Decrease in unrealised reserve	-	-	-	(218)	(14,550)	-	(14,768)
Increase in foreign currency translation reserve	-	-	-	-	-	75,536	75,536
Net income/ (expense) recognised directly in equity	-	-	-	(218)	(14,550)	75,536	60,768
Balance at 31 March 2010	**13,808,707**	**4,004**	**2,490,377**	**-**	**(1,410,632)**	**(120,315)**	**14,772,141**

19 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.

20 RELATED PARTY DISCLOSURES

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

Related party transactions

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

	Three month period ended 31 March	
	2011	*2010*
	AED'000	*AED'000*
Associates:		
Net income on deposits / investments from Dubai Banking Group PJSC	**302**	644
Islamic finance income from Amlak Finance PJSC	**6,694**	10,037
Interest income earned on loan to Golden Ace Pte Ltd	**3,571**	12,269
Interest income earned on loan to Emaar MGF Land Limited and their related parties	**55,804**	16,927
Directors' and their related parties:		
Rental income from leased properties and related income	**7,884**	4,280
Islamic finance income from Noor Islamic Bank PJSC	**70**	442

Related party balances

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

	31 March 2011	*31 December 2010*
	AED'000	*AED'000*
		(Audited)
Associates:		
Fixed deposits with Dubai Banking Group PJSC	**30,813**	30,567
Loans to associates (note 12)	**2,267,509**	2,231,724
Directors and their related parties:		
Bank balances and cash with Noor Islamic Bank PJSC, net	**10,135**	10,209
Other receivables, deposits and prepayments	**9,051**	9,051
Interest-bearing loans and borrowing from Noor Islamic Bank PJSC	**-**	89,900
Other related parties:		
Securities:		
Investment in Al Salaam Bank, Bahrain	**30,162**	34,902
Investment in Al Salaam Bank, Sudan	**5,799**	5,746
Investment in Al Salaam Bank, Algeria	**20,202**	20,202

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.

21 CONTINGENCIES AND COMMITMENTS

Guarantees

The Group has the following guarantees outstanding as at 31 March 2011:

1. Loans taken by an associated company from commercial banks amounting to AED 107,261 thousands (31 December 2010: AED 107,186 thousands) are guaranteed by the Group.

2. The Group has outstanding bank guarantees for AED 778,676 thousands relating to the loan taken by an associated company 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 64,278 thousands (31 December 2010: AED 64,278 thousands) has been given to a bank against loan provided to a related party of an associated company (note 7).

3. Loans taken by an associated company 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 8,254 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 its contractual obligations.

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 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 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 the associated company of the Group.

Contingent liabilities

On 5 April 2006, the Company entered into an option agreement (the "agreement") with various parties (the "investors"). The agreement provided the right to the investors to require the Company to buy back the shares purchased by the investors in one of the Group's associate companies within 39 months from the date of purchase of the shares.

Subsequently on 29 September 2009, the Company entered into agreements with the investors whereby the Company agreed to use its voting and other rights in the associate to ensure that the associate achieves the listing of its equity shares on or before 31 March 2010 at a price which is not less than the average investment price of the investors. It was also agreed that in case the shares are issued in the IPO at a price lower than the average investment price of the investors, the Company shall be liable to compensate the investor for the difference between the average investment price and the price at which the shares are issued in the IPO.

The IPO could not be concluded within the aforementioned timeframe. Since these shares were initially purchased by the investors at a valuation which is much higher than the current estimate of share value for the purpose of IPO, the Company entered into agreements on 29 September 2010 with the investors for extension of the option agreement till 30 June 2011. As per the terms of the agreement, the Company and other promoter group subsequently transferred certain additional shares to the investors in equal proportions calculated considering the estimated share value for the purpose of IPO and initial investment cost.

21 CONTINGENCIES AND COMMITMENTS (continued)

Commitments

At 31 March 2011, the Group had commitments of AED 7,088,365 thousands (31 December 2010: AED 7,308,309 thousands) including project commitments of AED 6,872,532 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 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:-

	31 March 2011 AED'000	*31 December 2010 AED'000*
Within one year	**547,399**	532,056
After one year but not more than five years	**443,707**	442,210
More than five years	**144,746**	162,839
	1,135,852	1,137,105

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:-

	31 March 2011 AED'000	*31 December 2010 AED'000 (Restated)*
Within one year	**1,009,968**	1,148,152
After one year but not more than five years	**1,345,635**	1,420,768
More than five years	**1,158,352**	1,124,331
	3,513,955	3,693,251