Emaar Properties PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2010

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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 2010, comprising of the interim consolidated statement of financial position as at 31 March 2010, the related interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of cash flows and interim consolidated statement of 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

(i) Without qualifying our conclusion we draw attention to note 19 to the interim condensed consolidated financial statements. The Company is involved in arbitration proceedings with another party resulting from a claim made by the other party in respect of a conditional joint venture agreement in the Kingdom of Saudi Arabia. In the opinion of the Company's management and its legal advisors, the claim is without merit and the Company has good arguments to refute substantially this claim. The outcome of the dispute is however uncertain and therefore it is not possible to determine the impact of this matter on the interim condensed consolidated financial statements.

ERNST & YOUNG

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

Emphasis of matter (continued)

(ii) Furthermore, without qualifying our conclusion we draw attention to note 13 to the interim condensed consolidated financial statements. As at 31 March 2010, the Group has an investment in Amlak Finance PJSC ("Amlak") with a carrying amount of AED 937 million. The Federal Government of the UAE has announced that it is in discussions with the relevant authorities to potentially merge Amlak with other entities and in conjunction with the steering committee formed by the UAE Ministry of Finance and Industry is evaluating various options to secure sustainable funding for Amlak in order to enable it to meet its commitments. The Group's management is not in a position to assess its investment for any impairment pending the outcome of recommendations from the steering committee.

Ernst & Young

Signed by
Edward B. Quinlan
Partner
For Ernst & Young
Registration No. 93
Dubai, United Arab Emirates
9 May 2010

INTERIM CONSOLIDATED INCOME STATEMENT
For three month period ended 31 March 2010 (Unaudited)

(US $1.00 = AED 3.673)

	Notes	Three month period ended 31 March 2010 AED'000	2009 AED'000
CONTINUING OPERATIONS			
Revenue	4	**2,886,177**	1,540,367
Cost of revenue	4	**(1,686,070)**	(816,385)
GROSS PROFIT		**1,200,107**	723,982
Other operating income		**124,992**	85,799
Selling, general and administrative expenses	5	**(450,054)**	(460,404)
Other operating expenses		**(77,342)**	(53,782)
Finance costs		**(58,137)**	(48,902)
Finance income	6	**57,604**	113,132
Other income		**15,576**	14,815
Share of results of associated companies		**(56,653)**	(85,022)
PROFIT BEFORE TAX		**756,093**	289,618
Income tax credit		**3,421**	3,457
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**759,514**	293,075
DISCONTINUED OPERATIONS			
Loss from discontinued operations		-	(65,143)
NET PROFIT FOR THE PERIOD		**759,514**	227,932
ATTRIBUTABLE TO:			
Equity holders of the parent		**760,614**	236,543
Non-controlling interest		**(1,100)**	(8,611)
		759,514	227,932
Earnings per share attributable to the equity holders of the parent:			
Total operations			
- basic and diluted earnings per share		**AED 0.12**	AED 0.04
Continuing operations			
- basic and diluted earnings per share		**AED 0.12**	AED 0.05
Discontinued operations			
- basic and diluted earnings per share		-	AED (0.01)

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For three month period ended 31 March 2010 (Unaudited) ***(US $1.00 = AED 3.673)***

	Notes	*Three month period ended 31 March* **2010** **AED'000**	*2009* *AED'000*
Profit for the period		**759,514**	227,932
Other comprehensive income / (loss):			
Decrease in hedging reserve	16	**(218)**	(3,138)
(Decrease)/ increase in unrealised gains/ (losses) reserve	16	**(14,550)**	15,826
Increase/ (decrease) in foreign currency translation reserve		**78,448**	(158,212)
Other comprehensive income/ (loss) for the period		**63,680**	(145,524)
Total comprehensive income for the period		**823,194**	82,408
ATTRIBUTABLE TO:			
Equity holders of the parent		**821,382**	91,019
Non-controlling interest		**1,812**	(8,611)
		823,194	82,408

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2010

(US $1.00 = AED 3.673)

	Notes	*31 March 2010 AED'000 (Unaudited)*	*31 December 2009 AED'000 (Audited)*
ASSETS			
Bank balances and cash	7	**2,327,056**	2,266,835
Trade receivables	8	**1,113,441**	981,354
Other receivables, deposits and prepayments	9	**3,297,644**	3,211,297
Development properties	10	**30,470,304**	31,075,718
Securities	11	**929,251**	936,661
Loans to associates	12	**2,021,123**	2,005,146
Investments in associates	13	**7,870,921**	7,860,604
Property, plant and equipment		**6,891,829**	6,821,705
Investment properties		**8,469,310**	8,546,087
Goodwill		**439,391**	439,391
TOTAL ASSETS		**63,830,270**	64,144,798
LIABILITIES AND EQUITY			
LIABILITIES			
Advances from customers		**14,703,580**	15,888,064
Trade and other payables	14	**9,280,947**	9,545,382
Interest-bearing loans and borrowings	15	**8,922,567**	8,625,104
Retentions payable		**1,169,665**	1,160,306
Provision for employees' end-of-service benefits		**51,309**	46,934
TOTAL LIABILITIES		**34,128,068**	35,265,790
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital		**6,091,239**	6,091,239
Treasury shares		**(1,113)**	(1,113)
Employees' performance share program		**(1,684)**	(1,684)
Reserves	16	**14,772,141**	14,711,373
Retained earnings		**8,638,115**	7,877,501
		29,498,698	28,677,316
Non-controlling interest		**203,504**	201,692
TOTAL EQUITY		**29,702,202**	28,879,008
TOTAL LIABILITIES AND EQUITY		**63,830,270**	64,144,798

The interim condensed consolidated financial statements were authorised for issue on 9 May 2010 by:

Chairman

Director

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For three month period ended 31 March 2010 (Unaudited) *(US $1.00 = AED 3.673)*

	Notes	*31 March 2010 AED'000*	*31 March 2009 AED'000*
CONTINUING OPERATIONS			
OPERATING ACTIVITIES			
Profit before tax		**756,093**	289,618
Adjustments for:			
Share of results of associated companies		**56,653**	85,022
Depreciation	5	**174,662**	150,126
Provision for employees' end-of-service benefits, net		**4,375**	(3,203)
Loss on disposal of property, plant and equipment		**196**	229
Finance cost		**58,137**	48,902
Finance income		**(57,604)**	(113,132)
Cash from operations before working capital changes:		**992,512**	457,562
Trade receivables		**(132,087)**	(84,551)
Other receivables, deposits and prepayments		**(53,162)**	(38,742)
Development properties, net		**542,214**	(1,480,752)
Advances from customers, net		**(1,184,484)**	285,966
Trade and other payables		**(255,655)**	(274,896)
Retentions payable		**9,359**	57,990
Income tax, net		**(3,956)**	(2,690)
Net cash used in operating activities		**(85,259)**	(1,080,113)
INVESTING ACTIVITIES			
Purchase of securities		**(799)**	(4,644)
Finance income received		**28,191**	119,534
Additional investments and loans to associates, net		**17,138**	(54,905)
Amounts incurred on investment properties		**(2,694)**	(20,175)
Purchase of property, plant and equipment		**(119,602)**	(420,581)
Proceeds from sale of property, plant and equipment		**8,883**	101
Deposits under lien or maturing after three months	7	**(76,311)**	(393,698)
Net cash used in investing activities		**(145,194)**	(774,368)
FINANCING ACTIVITIES			
Dividend paid		**(226)**	(2,227)
Interest-bearing loans and borrowings	15	**543,331**	1,015,608
Repayment of interest bearing loans and borrowings	15	**(245,868)**	(220,087)
Funds invested by non-controlling interest, net		**-**	600
Payment of finance cost		**(78,739)**	(35,049)
Net cash from financing activities		**218,498**	758,845
NET CASH USED IN CONTINUING OPERATIONS		**(11,955)**	(1,095,636)
DISCONTINUED OPERATIONS			
Net cash used in discontinued operations		**-**	(113,043)
DECREASE IN CASH AND CASH EQUIVALENTS		**(11,955)**	(1,208,679)
Net foreign exchange difference		**(4,135)**	(17,549)
Cash and cash equivalents at the beginning of the period	7	**1,860,158**	5,175,223
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	**1,844,068**	3,948,995

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For three month period ended 31 March 2010 (Unaudited)

(US $1.00 = AED 3.673)

	Attributable to equity holders of the parent							
	Share capital AED'000	*Treasury shares AED'000*	*Employees' performance share program AED'000*	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non controlling interest AED'000*	*Total equity AED'000*
Balance at 1 January 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**
Movement in non-controlling interest, net	-	-	-	-	-	-	-	-
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 19 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three month period ended 31 March 2010 (Unaudited)

(US $1.00 = AED 3.673)

	Attributable to equity holders of the parent							
	Share capital AED'000	*Treasury shares AED'000*	*Employees' performance share program AED'000*	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non controlling interest AED'000*	*Total equity AED'000*
Balance at 1 January 2009 (audited)	**6,091,239**	**(1,113)**	**(1,684)**	**14,431,863**	**15,480,448**	**36,000,753**	**561,601**	**36,562,354**
Effect of changes in accounting policy	-	-	-	-	(7,894,220)	(7,894,220)	(67,249)	(7,961,469)
Balance at 1 January 2009 (restated)	**6,091,239**	**(1,113)**	**(1,684)**	**14,431,863**	**7,586,228**	**28,106,533**	**494,352**	**28,600,885**
Profit/ (loss) for the period	-	-	-	-	236,543	236,543	(8,611)	227,932
Other comprehensive loss for the period	-	-	-	(145,524)	-	(145,524)	-	(145,524)
Total comprehensive (loss)/ income for the period	-	-	-	**(145,524)**	**236,543**	**91,019**	**(8,611)**	**82,408**
Movement in non-controlling interest, net	-	-	-	-	-	-	241	241
Balance at 31 March 2009	**6,091,239**	**(1,113)**	**(1,684)**	**14,286,339**	**7,822,771**	**28,197,552**	**485,982**	**28,683,534**

The attached notes 1 to 19 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, education, healthcare, retail, hospitality and investments in providers of financial services.

2.1 BASIS OF PREPARATION

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009. In addition, results for the three month period ended 31 March 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

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
The interim condensed consolidated financial statements comprise the interim financial statements of Emaar Properties PJSC and its subsidiaries drawn up to 31 March 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets are eliminated in full. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the interim consolidated income statement and within equity in the interim consolidated statement of financial position, separately from parent shareholders' equity.

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

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgments

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

Investment properties

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

Classification of investment properties

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

Operating lease commitments-Group as lessor

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

Taxes

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

Estimation uncertainty

Impairment of non financial assets

The Group determines whether non financial assets are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the non financial assets by reference to the cash-generating unit to which the non financial asset is allocated. Estimating the recoverable amount is by reference to the higher of fair value less costs to sell and 'value in use'. A value in use calculation requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present values of those cash flows.

Impairment of accounts receivable

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

Useful lives of property, plant and equipment

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

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 2009, except for the adoption of new standards and interpretations effective for an annual period beginning on or after 1 January 2010, noted below.

IFRS 1 and IAS 27, Cost of an investment in a subsidiary, jointly-controlled entity or associate
The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and requires an entity to present dividends from investments in subsidiaries, jointly controlled entities and associates as income in the separate financial statements of the investor. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

IFRS 3, Business combinations
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice, on an acquisition-by-acquisition basis, to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

IAS 27, Consolidated and separate financial statements
The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost; any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010. In the future, this guidance will also tend to produce higher volatility in equity and/or earnings in connection with the acquisition of interests by the Group.

IAS 39, Financial instruments: Recognition and measurement – Eligible hedged items
The amendment 'eligible hedged items' was issued in July 2008. It provides guidance for two situations. On the designation of a one-sided risk in a hedged item, IAS 39 concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

Improvements to IFRS
'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.

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 2009 are reproduced below:

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

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.

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 sale. Such transfers are made at the carrying value of the properties at the date of transfer.

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

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

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

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

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

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

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

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 interim consolidated income statement, and is included in the 'other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the interim 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 interim consolidated income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the interim consolidated income statement.

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

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

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

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at fair value through profit or loss, the foreign exchange component is recognised in the interim 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.

Impairment of financial assets

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

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.

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 income statement.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)
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 profit or loss or as change to other 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 consideration transferred over the Group's 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 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 subsidiaries or other available fair value indicators.

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.

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

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, 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, education, healthcare 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 2010 and 2009 and certain asset and liability information as at 31 March 2010 and 31 December 2009.

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, finance costs, finance income, share of results of associated companies	550,565	253,821	23,813	(14,920)	813,279
Other Segment Information					
Capital expenditure (property, plant and equipment and investment property)	20,716	12,351	78,667	10,562	122,296
Depreciation (property, plant and equipment and investment property)	28,067	94,916	35,471	16,208	174,662
Assets and liabilities (At 31 March 2010)					
Segment assets	45,067,455	10,235,345	4,517,484	4,009,986	63,830,270
Segment liabilities	31,172,761	1,802,809	912,997	239,501	34,128,068

3 SEGMENT INFORMATION (continued)

Business Segments (continued):

Three month period ended 31 March 2009:

	Real estate	*Leasing and related activities*	*Hospitality*	*Others*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*
Revenue					
Revenue from external customers	1,065,300	305,004	170,063	-	1,540,367
Total revenue	1,065,300	305,004	170,063	-	1,540,367
Results					
Profit for the period before income tax, finance costs, finance income, share of results of associated companies	207,134	118,459	13,455	(28,638)	310,410
Assets and liabilities					
(At 31 December 2009)					
Segment assets	45,507,612	10,136,977	4,381,708	4,118,501	64,144,798
Segment liabilities	32,352,400	1,782,574	859,826	270,990	35,265,790
Other Segment Information					
Capital expenditure (property, plant and equipment and investment property)	993	39,805	383,952	16,006	440,756
Depreciation (property, plant and equipment and investment property)	32,321	83,377	22,354	12,074	150,126

Geographic Segments:
The following tables represent revenue and profit information regarding geographic segments for the three month period ended 31 March 2010 and 2009 and certain asset and liability information as at 31 March 2010 and 31 December 2009.

Three month period ended 31 March 2010:

	Domestic	***International***	***Total***
	AED'000	***AED'000***	***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**

3 SEGMENT INFORMATION (continued)

Geographic Segments (continued):

	Domestic AED'000	*International AED'000*	*Total AED'000*
Assets			
(At 31 March 2010)			
Segment assets	39,803,219	16,156,130	55,959,349
Investment in associates	2,152,668	5,718,253	7,870,921
Total assets	41,955,887	21,874,383	63,830,270
Other Segment Information			
Capital expenditure (property, plant and equipment and investment property)	100,460	21,836	122,296

Three months ended 31 March 2009:

	Domestic AED'000	*International AED'000*	*Total AED'000*
Revenue			
Revenue from external customers	1,457,037	83,330	1,540,367
Total revenue	1,457,037	83,330	1,540,367
Assets			
(At 31 December 2009)			
Segment assets	40,814,181	15,470,013	56,284,194
Investment in associates	2,175,987	5,684,617	7,860,604
Total assets	42,990,168	21,154,630	64,144,798
Other Segment Information			
Capital expenditure (property, plant and equipment and investment property)	431,102	9,654	440,756

4 REVENUE AND COST OF REVENUE

	Three month period ended 31 March	
Revenue	***2010 AED'000***	*2009 AED'000*
Revenue from property sales:		
Sale of condominiums	**2,018,267**	993,770
Sale of villas	**119,720**	71,530
Sale of commercial and others	**42,895**	-
Revenue from hospitality	**237,342**	170,063
Rental income from leased properties and related income	**467,953**	305,004
	2,886,177	1,540,367

4 REVENUE AND COST OF REVENUE (continued)

	Three month period ended 31 March	
Cost of revenue	***2010*** ***AED'000***	*2009* *AED'000*
Cost of revenue of property sales:		
Cost of condominiums	**1,398,231**	600,066
Cost of villas	**51,468**	52,963
Cost of commercial and others	**22,976**	-
Operating cost of hospitality	**128,640**	97,640
Operating cost of leased properties	**84,755**	65,716
	1,686,070	816,385

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended 31 March	
	2010 ***AED'000***	*2009* *AED'000*
Payroll and related expenses	**89,663**	132,442
Sales and marketing expenses	**41,726**	56,596
Depreciation of property, plant and equipment	**95,191**	73,247
Depreciation of investment properties	**79,471**	76,879
Property management expenses	**25,800**	12,880
Land registration fees	**9,559**	16,335
Pre-operating expenses	**21,698**	5,840
Other expenses	**86,946**	86,185
	450,054	460,404

6 FINANCE INCOME

	Three month period ended 31 March	
	2010 ***AED'000***	*2009* *AED'000*
Finance income on fixed deposits with banks	**11,695**	71,836
Other finance income	**45,909**	41,296
	57,604	113,132

7 BANK BALANCES AND CASH

	31 March 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Cash in hand	**15,646**	7,508
Current and call deposit accounts	**834,708**	722,458
Fixed deposits maturing within three months	**993,714**	1,130,192
Cash and cash equivalents	**1,844,068**	1,860,158
Deposits under lien (notes 15 and 19)	**459,133**	387,557
Fixed deposits maturing after three months	**23,855**	19,120
	2,327,056	2,266,835
Bank balances and cash located:		
Within UAE	**1,618,555**	1,777,815
Outside UAE	**708,501**	489,020
	2,327,056	2,266,835
Bank balances and cash denominated in following currencies:		
United Arab Dirham (AED)	**1,618,555**	1,777,815
United States Dollar (USD)	**245,946**	42,398
Egyptian Pound (EGP)	**283,840**	251,014
Moroccan Dirham (MAD)	**20,643**	7,850
Other currencies	**158,072**	187,758
	2,327,056	2,266,835

8 TRADE RECEIVABLES

	31 March 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Amounts receivable within 12 months, net	**876,389**	749,563
Amounts receivable after 12 months, net	**237,052**	231,791
	1,113,441	981,354

The above trade receivables include AED 413,731 thousands (31 December 2009: AED 414,162 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 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Advances to contractors and others	**997,272**	1,029,460
Advances for acquisition of leasehold interest	**1,234,612**	1,234,612
Prepayments	**128,292**	114,930
Receivables from service companies	**165,336**	137,001
Deposits for acquisition of land	**89,400**	89,215
Value added tax recoverable	**170,488**	164,419
Accrued interest and other income	**28,483**	33,549
Recoverable from non-controlling interest	**14,414**	14,414
Other deposits and receivables	**469,347**	393,697
	3,297,644	3,211,297

10 DEVELOPMENT PROPERTIES

	31 March 2010 AED'000
Balance at the beginning of the period	**31,075,718**
Add: cost incurred during the period	**930,461**
Less: cost transferred to cost of revenue during the period	**(1,472,675)**
Less: transfer to property, plant and equipment during the period	**(63,200)**
Balance at the end of the period	**30,470,304**

	31 March 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Development properties located:		
Within UAE	**19,580,018**	20,440,293
Outside UAE	**10,890,286**	10,635,425
	30,470,304	31,075,718

11 SECURITIES

	31 March 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Financial assets at fair value through other comprehensive income	**929,251**	936,661
Securities located:		
Within UAE	**897,833**	906,042
Outside UAE	**31,418**	30,619
	929,251	936,661

12 LOANS TO ASSOCIATES

	31 March 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Amlak Finance PJSC (refer below)	**825,631**	875,580
Emaar MGF Land Limited and their related parties	**514,501**	460,131
Golden Ace Pte Ltd	**620,304**	608,286
Amelkis Resorts SA	**33,234**	33,234
Other associates	**27,453**	27,915
	2,021,123	2,005,146

The amount owed by Amlak Finance PJSC ("Amlak") includes AED 586,474 thousands relating to a credit facility extended to Amlak in the normal course of business for settlement of instalment payments relating to sale of properties, where customers have availed financing facility from Amlak. An amount of AED 81,655 thousands was received from Amlak during the period ended 31 March 2010 (31 December 2009: AED 196,615 thousands). The Group's management believes that the loan due from Amlak is fully recoverable (also refer note 13).

13 INVESTMENTS IN ASSOCIATES

	31 March 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Carrying value of investment in:		
Emaar MGF Land Limited	**2,967,446**	2,901,579
Emaar The Economic City (Saudi Joint Stock Company) – quoted	**2,331,401**	2,348,919
Amlak Finance PJSC – quoted (refer below)	**937,115**	944,418
Dubai Banking Group PJSC	**426,653**	429,653
Emaar Bawadi LLC	**365,571**	359,398
Turner International Middle East Ltd	**208,204**	225,364
Emaar Industries and Investment (Pvt) JSC	**196,384**	198,384
Dead Sea Company for Tourist and Real Estate Investment	**138,270**	137,502
Emrill Services LLC	**15,445**	14,601
Emaar Financial Services LLC	**5,595**	6,468
Other associates	**278,837**	294,318
	7,870,921	7,860,604

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

14 TRADE AND OTHER PAYABLES

	31 March 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Project contract cost accruals	**5,137,449**	5,485,910
Other payables and accruals	**1,895,794**	1,852,346
Trade payables	**1,260,419**	1,214,591
Payable to non-controlling interest	**900,117**	901,185
Dividends payable	**77,031**	77,257
Income tax payable	**10,137**	14,093
	9,280,947	9,545,382

15 INTEREST-BEARING LOANS AND BORROWINGS

	31 March 2010 AED'000
Balance at the beginning of the period	**8,625,104**
Borrowings drawn down during the period	**543,331**
Borrowings repaid during the period	**(245,868)**
Balance at end of the period	**8,922,567**

	31 March 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Maturing within 12 months	**4,784,307**	4,499,761
Maturing after 12 months	**4,138,260**	4,125,343
Balance at the end of the period/ year	**8,922,567**	8,625,104

The above represent balances due:

Within UAE	**4,727,356**	4,726,826
Outside UAE	**4,195,211**	3,898,278
	8,922,567	8,625,104

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

Secured

- Indian Rupees (INR) 1,269,000 thousands (AED 103,717 thousands) loan from financial institutions, secured by way of first charge on certain immovable properties and receivables in India, carries interest at bench mark rate plus 3.33% per annum. This loan is payable in quarterly installments and fully repayable by 2016.

- United States Dollar (USD) 5,486 thousands (AED 20,149 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at US$ LIBOR plus 1.20% per annum.

15 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Secured (continued)

- Canadian Dollar (CAD) 18,998 thousands (AED 68,687 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at prime rate plus 5.75% per annum and fully repayable by 2010.

- Canadian Dollar (CAD) 4,513 thousands (AED 16,316 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at 9.50% per annum and fully repayable by 2010.

- Great British Pound (GBP) 4,700 thousands (AED 26,152 thousands) loan from financial institution, secured against Group's specific lease hold properties, carries interest at bank's base rate plus 1.50% per annum.

- USD 303,000 thousands (AED 1,112,919 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at US$ LIBOR plus 4.75% per annum and is repayable in 2010. The bank issuing stand by letter of credit facility has lien on certain cash collateral amounting to AED 367,300 thousands (note 7).

- USD 55,000 thousands (AED 202,015 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 2010. The bank has lien on certain cash collateral amounting to AED 20,203 thousands (note 7).

- 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 3.20% per annum and is repayable in 2010.

- 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 3.90% per annum and is repayable in 2010.

- USD 19,523 thousands (AED 71,707 thousands) of funding facility from financial institutions, secured against real estate owned by Group in United States of America (USA), carries interest rate at US$ LIBOR plus 7.50% per annum fully repayable in 2010.

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

- Pakistani Rupee (PKR) 776,748 thousands (AED 33,922 thousands) loan from commercial bank, secure against receivables from projects in Pakistan, carries interest rate at KIBOR plus 2% per annum and is fully repayable in 2010. The bank has lien on certain cash collateral amounting to AED 7,350 thousands (note 7).

- Lebanese Pound (LBP) 43,344,812 thousands (AED 106,034 thousands) long term loan from commercial bank, secured against certain assets in Lebanon and carries interest rate at benchmark rate plus 1% per annum.

Unsecured

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

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

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

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

- AED 8,976 thousands long term loan from commercial bank carries interest rate at 7.50% per annum and fully repayable by 2013.

15 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured (continued)

- USD 80,000 thousands (AED 293,840 thousands) loan from financial institutions in the USA, carries interest at US$ LIBOR plus 3.75% per annum and fully repayable by 2010.

- Pakistani Rupee (PKR) 4,174,659 thousands (AED 182,314 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.50% per annum.

- USD 1,000,000 thousands (AED 3,673,000 thousands) of Musharaka Islamic Syndicated facility. This facility is repayable in 2012 with an option of early repayment without penalty to the Group and bears a profit rate of LIBOR plus 2% per annum.

- Egyptian Pound (EGP) 1,036,750 thousands (AED 691,731 thousands) of funding facilities from commercial banks, carries interest at rates at 11% to 13.5% per annum.

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

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

- Saudi Riyal (SAR) 200,000 thousands (AED 196,000 thousands) of funding facility from commercial bank carrying interest at SAIBOR plus 2% per annum and fully repayable by 2010.

- Indian Rupees (INR) 71,500 thousands (AED 5,844 thousands) of funding facility from commercial bank carrying interest at 9.50% per annum and fully repayable by 2010.

- Moroccan Dirham (MAD) 80,000 thousands (AED 35,355 thousands) of short term loan from commercial bank carrying interest at 52 weeks treasury bond rate plus 1.15% per annum.

- USD 90,019 thousands (AED 330,639 thousands) of funding facility from commercial bank carries interest rate at 3.50% to 5% per annum and is repayable in 2010.

16 RESERVES

	Statutory reserve AED'000	*Capital reserve AED'000*	*General reserves AED'000*	*Hedging reserves AED'000*	*Net unrealised gains/ (losses) reserve AED'000*	*Foreign currency translation reserve AED'000*	*Total AED'000*
Balance at 1 January 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 and 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**
Balance at 1 January 2009 (audited)	**13,808,707**	**4,004**	**2,457,645**	**546**	**(1,439,282)**	**(399,757)**	**14,431,863**
(Decrease)/ increase in unrealised reserve	-	-	-	(3,138)	15,826	-	12,688
Decrease in foreign currency translation reserve	-	-	-	-	-	(158,212)	(158,212)
Net income and expense recognised directly in equity	-	-	-	(3,138)	15,826	(158,212)	(145,524)
Balance at 31 March 2009	**13,808,707**	**4,004**	**2,457,645**	**(2,592)**	**(1,423,456)**	**(557,969)**	**14,286,339**

17 DIVIDENDS

No dividend was approved by the shareholders of the Company for the year 2009 at the Annual General Meeting of the Company held on 29 April 2010.

18 TRANSACTIONS WITH RELATED PARTIES

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

Related party transactions

During the period, there were 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	
	2010 AED'000	*2009 AED'000*
Associates:		
Net income on deposits / investments from Dubai Banking Group PJSC	**644**	6,587
Islamic finance income from Amlak Finance PJSC	**10,037**	11,708
Interest income earned on loan to Golden Ace Pte Ltd	**12,269**	2,012
Interest income earned on loan to Emaar MGF Land Limited and their related parties	**16,927**	13,446
Directors' and their related parties:		
Rental income from leased properties and related income	**4,280**	-
Other related parties:		
Islamic finance income from Al Salam Bank, Bahrain	**-**	4,433
Islamic finance income from Noor Islamic Bank PJSC	**442**	187

Related party balances

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

	31 March 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Associates:		
Fixed deposits with Dubai Bank PJSC	**50,215**	50,000
Directors and their related parties:		
Bank balances and cash with Noor Islamic Bank PJSC	**56,789**	24,821
Trade receivables	**282,837**	281,854
Other receivables, deposits and prepayments	**101,714**	101,438

The above trade receivables include AED 140,675 thousands (31 December 2009: AED 140,675 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due.

18 TRANSACTIONS WITH RELATED PARTIES (continued)

	31 March 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Other related parties:		
Securities:		
Investment in Al Salaam Bank, Sudan	**7,672**	7,577
Investment in Al Salaam Bank, Bahrain	**40,695**	41,037
Investment in Al Salaam Bank, Algeria	**20,202**	20,202

19 CONTINGENCIES AND COMMITMENTS

Guarantees

The Group has the following guarantees outstanding as at 31 March 2010:

1. Loans taken by an associated company from commercial banks amounting to AED 108,073 thousands (31 December 2009: AED 110,694 thousands) are guaranteed by the Group.
2. Loans taken by an associated company from commercial banks amounting to AED 1,464,582 thousands (31 December 2009: AED 1,414,839 thousands) are guaranteed by the Group. The majority shareholder in the associate has provided the Group a counter guarantee and indemnity up to its share of liability for any claim made against the Group arising from the guarantee. A cash collateral amounting to AED 64,280 thousands (31 December 2009: nil) 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 2009: AED nil) are guaranteed by the Group.
4. The Group has issued a financial guarantee of AED 80,065 thousands (31 December 2009: AED 79,776 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 issued a financial guarantee of AED 6,385 thousands (31 December 2009: AED 6,839 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.
6. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2009: 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.
7. The Group has provided a financial guarantee of AED 1,847 thousands (31 December 2009: AED 1,847 thousands) as a security to Dubai Customs for importing goods.
8. The Group has provided a corporate guarantee of AED 110,190 thousands (31 December 2009: AED 110,190 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of the associated company of the Group.

Commitments

At 31 March 2010, the Group had commitments of AED 9,151,453 thousands (31 December 2009: AED 9,180,026 thousands) including project commitments of AED 9,065,979 thousands (31 December 2009: AED 9,074,091 thousands). This represents the value of contracts issued as of 31 March 2010 net of invoices received and accruals made at that date.

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

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.

19 CONTINGENCIES AND COMMITMENTS (continued)

Operating Lease commitments – Group as lessee

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

	31 March 2010 AED'000	*31 December 2009 AED'000*
Within one year	**520,818**	515,555
After one year but not more than five years	**327,959**	309,936
	848,777	825,491

Operating lease commitments – Group as lessor

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

	31 March 2010 AED'000	*31 December 2009 AED'000*
Within one year	**1,054,413**	1,048,647
After one year but not more than five years	**1,702,640**	1,919,316
More than five years	**397,406**	401,085
	3,154,459	3,369,048

Legal claim

The Company was involved in arbitration proceedings with Jadawel International Company (the "Claimant") with regard to a conditional joint venture agreement in the Kingdom of Saudi Arabia. The conditions of such agreement never materialised. Arbitrators have given an award in favour of the Company in which all claims by the claimant were rejected by the arbitrators, who declared the joint venture agreement to be ineffective, unenforceable and with no legal effect on the Company. The claimant has filed an appeal against the award before the Board of Grievances (BOG). The BOG unexpectedly reversed the arbitration award and issued a ruling directing the Company to pay USD 228,000 thousands (AED 837,444 thousands) to the Claimant and to deliver share certificates representing 18,610,000 shares in the Company (after share split) along with the profits realised by these shares from the date of signing of the joint venture agreement, being 28 December 2003. The Company is also directed by the said ruling to pay the arbitrator fees amounting to SAR 45,000 thousands (AED 44,074 thousands). All other items of relief claimed by the parties are dismissed by the BOG. The Company has filed an appeal against the ruling of the BOG on 26 August 2009 to the Appellant Chamber for commercial cases requesting revocation of the BOG judgement and ratification of the Arbitration Award. In the opinion of the Company's management and its legal advisors, the claim is without merit and the Company has good arguments to refute substantially this claim.

19 CONTINGENCIES AND COMMITMENTS (continued)

Contingent liabilities

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

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

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

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

(ii) The Company also entered into option agreements with various parties (the "Investors"), whereby the Company agreed to use its voting and other rights in the associate to ensure that the Company achieves the listing of associate's equity shares on or before 31 March 2010 (which is in the process of being extended until 30 September 2010) at a price which is not less than the average investment price. If the shares in IPO are issued at a price less than the average investment price, the Company shall be liable to pay the investors a compensation amount which shall be equal to the difference between the average investment price and the price at which the shares are issued for listing multiplied by the number of shares held by each investor.

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