EMAAR PROPERTIES PJSC AND ITS SUBSIDIARIES

UN-AUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE PERIOD ENDED 31 MARCH 2012

Emaar Properties PJSC and its Subsidiaries

Un-audited Interim Condensed Consolidated Financial Information and Independent Auditor's Review Report For the Period Ended 31 March 2012

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Report on Review of Interim Condensed Consolidated Financial Information

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of **Emaar Properties PJSC and its Subsidiaries** (the "Group") as at 31 March 2012, comprising of the consolidated statement of financial position as at 31 March 2012 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 1 January 2012 to 31 March 2012, and other explanatory information. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

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

Emphasis of matter

Without qualifying our conclusion, we draw attention to Notes 13 (ii) and (iii) to the interim condensed consolidated financial information regarding the Group's investment in Amlak Finance PJSC.

Other matter

The interim condensed consolidated financial information for the three month period ended 31 March 2011 was reviewed by another auditor who expressed an unmodified conclusion on the interim condensed consolidated financial information for the three month period ended 31 March 2011 on 8 May 2011.

Deloitte & Touche (M.E.)

Anis F. Sadek
Partner
Registration No. 521

10 May 2012

Consolidated Statement of Income
For the Period Ended 31 March 2012 (Un-audited)

(US $1.00 = AED 3.673)

	Note	Three month period ended 31 March 2012 AED'000	31 March 2011 AED'000
Revenue	4	**1,820,827**	1,982,529
Cost of revenue	4	**(758,333)**	(958,937)
GROSS PROFIT		**1,062,494**	1,023,592
Other operating income		**35,875**	30,286
Other operating expenses		**(22,095)**	(21,636)
Selling, general and administrative expenses	5	**(425,032)**	(458,644)
Finance income	6	**85,964**	127,142
Finance costs		**(169,809)**	(124,420)
Other income		**39,320**	28,900
Share of results of associates and joint ventures		**(20,946)**	(127,388)
PROFIT BEFORE TAX		**585,771**	477,832
Income tax credit/(expense)		**22,817**	(6,741)
NET PROFIT FOR THE PERIOD		**608,588**	471,091
ATTRIBUTABLE TO:			
Owners of the parent		**605,550**	420,601
Non-controlling interests		**3,038**	50,490
		608,588	471,091
Earnings per share attributable to the owners of the parent:			
- basic and diluted earnings per share (AED)		**0.10**	0.07

The accompanying notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

Consolidated Statement of Comprehensive Income
For the Period Ended 31 March 2012 (Un-audited)

(US $1.00 = AED 3.673)

	Note	Three month period ended 31 March 2012 AED'000	31 March 2011 AED'000
Net profit for the period		**608,588**	471,091
Other comprehensive income/(loss):			
Increase in hedging reserve	18	**181**	1,809
Increase/(decrease) in unrealised gains/(losses) reserve		**62,286**	(49,436)
Realised profit on sale of financial asset at fair value through other comprehensive income		**19,050**	-
Increase in foreign currency translation reserve		**115,840**	54,702
Other comprehensive income for the period		**197,357**	7,075
Total comprehensive income for the period		**805,945**	478,166
ATTRIBUTABLE TO:			
Owners of the parent		**805,188**	428,390
Non-controlling interests		**757**	49,776
		805,945	478,166

The accompanying notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

Consolidated Statement of Financial Position
As at 31 March 2012 (Un-audited)

(US $1.00 = AED 3.673)

	Note	*31 March 2012 AED'000*	*31 December 2011 AED'000 (Audited)*
ASSETS			
Bank balances and cash	7	**4,409,185**	2,865,272
Trade receivables	8	**713,734**	776,485
Other assets, receivables, deposits and prepayments	9	**2,774,312**	2,757,996
Development properties	10	**26,839,790**	26,611,285
Investments in securities	11	**775,889**	896,895
Loans to associates and joint ventures	12	**3,346,996**	3,116,627
Investments in associates and joint ventures	13	**6,764,735**	6,684,476
Property, plant and equipment		**8,522,131**	8,300,420
Investment properties		**7,960,349**	7,998,584
Goodwill		**46,066**	46,066
TOTAL ASSETS		**62,153,187**	60,054,106
LIABILITIES AND EQUITY			
LIABILITIES			
Advances from customers		**8,155,276**	8,145,142
Trade and other payables	14	**8,230,430**	8,313,847
Interest-bearing loans and borrowings	15	**8,926,194**	7,528,718
Convertible notes - liability component	16	**1,775,055**	1,771,584
Sukuk	17	**1,821,215**	1,820,509
Retentions payable		**777,902**	814,917
Provision for employees' end-of-service benefits		**72,263**	70,482
TOTAL LIABILITIES		**29,758,335**	28,465,199
EQUITY			
Equity attributable to owners of the parent			
Share capital		**6,091,239**	6,091,239
Employees' performance share program		**(1,684)**	(1,684)
Reserves	18	**14,887,323**	14,706,735
Convertible notes - equity component	16	**37,155**	37,155
Retained earnings		**11,099,390**	10,474,790
		32,113,423	31,308,235
Non-controlling interests		**281,429**	280,672
TOTAL EQUITY		**32,394,852**	31,588,907
TOTAL LIABILITIES AND EQUITY		**62,153,187**	60,054,106

The accompanying notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

The interim condensed consolidated financial information from page 2 to 38 was authorized for issue on 10 May 2012 by:

Chairman   Director

Consolidated Statement of Changes in Equity
For the Period Ended 31 March 2012 (Un-audited)

(US$ 1.00 = AED 3.673)

	Attributable to the 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 interests AED'000*	*Total equity AED'000*
Balance at 31 December 2011 (Audited)	6,091,239	(1,684)	14,706,735	37,155	10,474,790	31,308,235	280,672	31,588,907
Net profit for the period	-	-	-	-	605,550	605,550	3,038	608,588
Other comprehensive income/(loss) for the period	-	-	180,588	-	19,050	199,638	(2,281)	197,357
Total comprehensive income for the period	-	-	180,588	-	624,600	805,188	757	805,945
Balance at 31 March 2012	**6,091,239**	**(1,684)**	**14,887,323**	**37,155**	**11,099,390**	**32,113,423**	**281,429**	**32,394,852**

The accompanying notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

Consolidated Statement of Changes in Equity (continued)
For the Period Ended 31 March 2012 (Un-audited)

(US $1.00 = AED 3.673)

	Attributable to the 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 interests AED'000*	*Total equity AED'000*
Balance at 31 December 2010 (Audited)	6,091,239	(1,684)	14,924,271	37,155	10,017,943	31,068,924	231,107	31,300,031
Correction of a prior period error*	-	-	-	-	(138,289)	(138,289)	-	(138,289)
Balance at 1 January 2011 (Restated)	6,091,239	(1,684)	14,924,271	37,155	9,879,654	30,930,635	231,107	31,161,742
Net 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	-	-	-	-	(609,124)	(609,124)	-	(609,124)
Balance at 31 March 2011 (Restated)	6,091,239	(1,684)	14,932,060	37,155	9,691,131	30,749,901	280,883	31,030,784

*IFRIC 15 Agreements for the Construction of Real Estate was issued in July 2008 and became effective on 1 January 2009. The Group had reviewed the impact of IFRIC 15 on revenue recognition in each of the jurisdictions in which it operates and using the guidelines of the Interpretation, the Group had determined the appropriate accounting policy for revenue recognition for each jurisdiction. Accordingly, in 2009, the Group had restated the Retained Earnings as at 1 January 2009 as required by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for the effect of adoption of IFRIC 15 on all revenue recognized prior to 1 January 2009. During 2011, the management identified certain errors in the computation of the restated amounts with an impact of AED 138 million on the prior years retained earnings. In order to correct this error, the Group has adjusted its opening retained earnings as at 1 January 2011 and corresponding adjustments have been made to Development Properties and Advances from Customers, respectively.

The accompanying notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

Consolidated Statement of Cash Flows
For the Period Ended 31 March 2012 (Un-audited)

(US $1.00 = AED 3.673)

	Three month period ended 31 March 2012 AED'000	*31 March 2011 AED'000*
Cash flows from operating activities		
Profit before tax	**585,771**	477,832
Adjustments for:		
Share of results of associates and joint ventures	**20,946**	127,388
Depreciation	**196,107**	181,664
Provision for end-of-service benefits, net	**1,781**	1,503
Loss/(gain) on disposal of property, plant and equipment	**3,022**	(427)
Finance cost	**169,809**	124,420
Finance income	**(85,964)**	(127,142)
Cash from operations before working capital changes:	**891,472**	785,238
Trade receivables, net	**62,751**	(46,589)
Other assets, receivables, deposits and prepayments	**7,913**	(37,851)
Development properties, net	**(499,945)**	84,872
Advances from customers, net	**10,134**	(227,171)
Trade and other payables	**(42,574)**	(384,437)
Retentions payable	**(37,015)**	(124,382)
Income tax, net	**(3,470)**	636
Net cash from operating activities	**389,266**	50,316
Cash flows from investing activities		
Purchase of securities	**(2,775)**	(3,288)
Proceeds from disposal of securities	**206,019**	-
Finance income received	**20,888**	43,774
Dividend received from associates and joint ventures	**43,194**	24,234
Additional investments in and loans to associates and joint ventures, net	**(196,211)**	17,768
Amounts incurred on investment properties	**(11,119)**	(281)
Purchase of property, plant and equipment	**(73,499)**	(96,912)
Proceeds from sale of property, plant and equipment	**305**	21,316
Deposits maturing after three months (including deposits under lien)	**(705,852)**	(904,321)
Net cash used in investing activities	**(719,050)**	(897,710)

Consolidated Statement of Cash Flows (continued)
For the Period Ended 31 March 2012 (Un-audited)

(US $1.00 = AED 3.673)

	For the three month period ended	
	31 March 2012 AED'000	*31 March 2011 AED'000*
Cash flows from financing activities		
Dividend paid	**(1,531)**	(79)
Proceeds from interest-bearing loans and borrowings	**5,219,537**	978,500
Repayment of interest-bearing loans and borrowings	**(3,822,061)**	(1,672,294)
Proceeds from issuance of Sukuk	**-**	1,836,500
Finance cost paid	**(216,450)**	(163,993)
Net cash from financing activities	**1,179,495**	978,634
Increase in cash and cash equivalents	**849,711**	131,240
Net foreign exchange difference	**(11,650)**	(9,300)
Cash and cash equivalents at the beginning of the period	**1,079,559**	1,773,492
Cash and cash equivalents at the end of the period (Note 7)	**1,917,620**	1,895,432

The accompanying notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

1 DOMICILE AND ACTIVITIES

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

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

2.1 BASIS OF PREPARATION

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

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2011. The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in this interim condensed consolidated financial information as compared with the most recent annual financial statements.

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

The interim condensed consolidated financial information has been prepared on a historical cost basis except for derivative financial instruments and financial assets at fair value through other comprehensive income that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Results for the three month period ended 31 March 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

The consolidated statement of income for the three month period ended 31 March 2012 is not significantly affected by seasonality of results.

Basis of consolidation

Subsidiary Companies
Subsidiary companies are fully consolidated from the date of acquisition or incorporation, 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 Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Share of losses within a subsidiary is attributed to the non-controlling interests even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interest in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

If the Group loses control over a subsidiary, it:

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

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

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS

Judgments

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

Revenue recognition for real estate units
In making their judgment, the management considered the detailed criteria for the recognition of revenue from the sale of real estate units as set out in IAS 18 *Revenue*, IFRIC 15 *Agreements for the Construction of Real Estate* and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the real estate units.

Revenue recognition for leases
Lease income from operating leases is recognized in the consolidated statement of income in accordance with the terms of the lease contracts with the tenants over the lease term as management is of the opinion that this method is more representative of the time pattern in which benefits are derived from the leased asset.

Revenue recognition for turnover rent
The Group recognizes income from turnover rent on the basis of audited turnover reports submitted by the tenants. In the absence of audited reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

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

Classification of investment properties
The Group determines whether a property qualifies as investment property in accordance with IAS 40: *Investment Property*. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by the Group. The Group has determined that hotels and serviced apartment buildings owned by the Group are to be classified as part of property, plant and equipment rather than investment properties since the Group also operates these assets.

Transfer of real estate assets from property, plant and equipment to development properties
The Group sells real estate assets in its ordinary course of business. When the real estate assets which were previously classified as property, plant and equipment are identified for sale in the ordinary course of business, then the assets are transferred to development properties at their carrying value at the date of identification and become held for sale. Sale proceeds from such assets are recognized as revenue in accordance with IAS 18 *Revenue*.

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.

Classification of investments
Management designates at the time of acquisition of securities whether these should be classified as at fair value or amortized cost. In judging whether investments in securities are classified as at fair value or amortized cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 *Financial Instruments*.

Estimations and assumptions

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

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

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

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

Allocation of cost of investment properties
The total costs incurred on the construction of investment properties have been allocated to various components such as structure, plant and machinery and furniture and fixtures based on certain percentages of the total costs as estimated by the cost consultants at the time of completion of the assets. Management is of the opinion that this method is appropriate pending determination of the final costs of the assets and settlement of contractors' claims. On conclusion of the final determination of costs, management reassesses the allocation and adjusts prospectively, if necessary.

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

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

The following new and revised IFRSs have been adopted in these interim condensed consolidated financial information. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 7 *Financial Instruments : Disclosure - Transfer of Financial Assets*
- Amendments to IAS 12 *Deferred Tax – Recovery of Underlying Assets*

New and revised IFRSs in issue but not yet effective

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

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IFSR 7 *Financial Instruments : Disclosure – Enhancing Disclosures about Offseting of Financial Assets and Financial Liabilities*	1 January 2013
• IFRS 10 *Consolidated Financial Statements*	1 January 2013
• IFRS 11 *Joint Arrangements*	1 January 2013
• IFRS 12 *Disclosure of interests in other entities*	1 January 2013
• IFRS 13 *Fair Value Measurement*	1 January 2013
• Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
• IAS 19 (as revised in 2011) *Employee Benefits*	1 January 2013
• IAS 27 (as revised in 2011) *Separate Financial Statements*	1 January 2013
• IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*	1 January 2013

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 32 *Financial Instruments : Presentation - Offsetting of Financial Assets and Financial Liabilities*	1 January 2014
• IFIRC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

Management anticipates that these amendments will be adopted in the Group's consolidated financial statements for the period beginning 1 January 2013 or as and when they are applicable. The management is still in the process of evaluating the impact of adoptions of these new standards and interpretations on the Group's consolidated financial statements.

Selected accounting policies
The following significant accounting policies are reproduced from the Group's consolidated financial statements for the year ended 31 December 2011:

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 recognized in the consolidated statement of income as follows:

Sale of property
The Group recognizes 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 recognized 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 recognized at that point of time. Although this trigger is determined by reference to the sales contract and the relevant local laws, and so may differ from transaction to transaction, in general the Group determines the point of recognition to be the time at which the buyer is entitled to take possession of the property.

In jurisdictions where the Group transfers to the buyer the control and the significant risks and rewards of ownership of the work-in-progress in its current state as the work progresses, the revenues and related costs of development are recognized 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 recognized in accordance with the revenue recognition policy for sale of property as stated above; and
- When recognising the sale, revenue is the amount payable by the lessee at the time of exercising the option to acquire the property.

Lease of investment property
Rental income from investment properties is recognized, net of discount, on an annual basis based on a systematic approach as per the contractual revenue to be recognized for year.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Interest income

Interest income is recognized 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.

Hospitality revenue

Revenue from hotel accommodation, food and beverages and other related services are recognized, net of discount and municipality fees, at the point at which the services are rendered.

Services

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

Property, plant and equipment

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

Leasehold improvements	2 - 15 years
Sales centers (included in land and buildings)	1 - 5 years
Buildings	10 - 45 years
Computers and office equipment	2 - 5 years
Plant, machinery and heavy equipment	3 - 20 years
Motor vehicles	3 - 5 years
Furniture and fixtures	2 - 10 years
Leisure, entertainment and other assets	2 - 25 years

No depreciation is charged on land and capital work-in-progress. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognized in the consolidated statement of income as the expense is incurred.

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

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

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
Furniture and fixtures	4 - 10 years

No depreciation is charged on land.

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognized in the consolidated statement of income. 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 less related costs while value in use is the present value of estimated future cash flows expected to arise from the continuing use of the investment property and from its disposal at the end of its useful life.

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

Development properties

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and are stated at the lower of cost or net realizable value. Cost includes:

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

Net realizable 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 recognized in the consolidated statement of income on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Hedge accounting

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

Fair value hedges

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

Cash flow hedges

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

All financial assets are recognized and derecognized 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 recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value.

The fair value of financial instruments that are actively traded in organized 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

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

Debt instruments

Debt instruments are also measured at fair value through profit or loss unless they are classified at amortized cost. They are classified at amortized 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.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Trade receivables

Trade receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

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 recognized in the consolidated statement of income. For financial assets designated at fair value through other comprehensive income any foreign exchange component is recognized in the consolidated statement of comprehensive income. For foreign currency denominated debt instruments classified at amortized cost, the foreign exchange gains and losses are determined based on the amortized cost of the asset and are recognized in the 'other gains and losses' line item in the consolidated statement of 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 derecognized 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 recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

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. 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 at fair value on the date of acquisition. 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 the consolidated statement of income. Any contingent consideration to be transferred by the acquirer will be recognized 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 recognized in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* in the consolidated statement of comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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 business segments 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 information.

Business segments
For management purposes, the Group is organized 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, serviced apartments and leisure activities). Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8: *Operating Segments*. These businesses are property management and utility services and investments in providers of financial services.

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

3 SEGMENT INFORMATION (continued)

Geographic segments

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

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

Business segments

The following tables includes revenue, profit/(loss) and certain assets and liabilities information regarding business segments for the three month periods ended 31 March 2012 and 2011. Assets and liabilities of the business segments are presented as at 31 March 2012 and 31 December 2011.

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Three month period ended 31 March 2012:					
Revenue					
Revenue from external customers	**765,901**	**651,796**	**403,130**	**-**	**1,820,827**
Results					
Net profit before tax for the period	**125,522**	**357,913**	**97,403**	**4,933**	**585,771**
Other segment information					
Capital expenditure (property, plant and equipment and investment properties)	**24,247**	**33,235**	**25,337**	**1,799**	**84,618**
Depreciation (property, plant and equipment and investment properties)	**32,872**	**105,395**	**51,565**	**6,275**	**196,107**
Assets and liabilities					
As at 31 March 2012					
Segment assets	**45,149,015**	**9,590,831**	**4,778,566**	**2,634,775**	**62,153,187**
Segment liabilities	**24,019,779**	**5,159,052**	**516,222**	**63,282**	**29,758,335**

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 31 March 2012 (Un-audited)

3 SEGMENT INFORMATION (continued)

Business Segments (continued)

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Three month period ended 31 March 2011:					
Revenue					
Revenue from external customers	1,139,214	507,517	335,798	-	1,982,529
Results					
Net profit before income tax for the period	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					
As at 31 December 2011					
Segment assets	42,848,971	9,652,621	4,864,222	2,688,292	60,054,106
Segment liabilities	25,645,601	2,249,630	511,973	57,995	28,465,199

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 31 March 2012 (Un-audited)

3 SEGMENT INFORMATION (continued)

Geographic Segments
The following tables include revenue and certain asset and liability information regarding geographic segments for the three month periods ended 31 March 2012 and 2011. Certain asset information for geographic segments is presented as at 31 March 2012 and 31 December 2011.

	Domestic AED'000	*International AED'000*	*Total AED'000*
Three month period ended 31 March 2012:			
Revenue			
Revenue from external customers	**1,612,311**	**208,516**	**1,820,827**
Other segment information			
Capital expenditure (property, plant and equipment and investment properties)	**70,388**	**14,230**	**84,618**
Assets			
As at 31 March 2012			
Segment assets	**36,221,042**	**19,167,410**	**55,388,452**
Investment in associates and joint ventures	**1,548,739**	**5,215,996**	**6,764,735**
Total assets	**37,769,781**	**24,383,406**	**62,153,187**

	Domestic AED'000	*International AED'000*	*Total AED'000*
Three month period ended 31 March 2011:			
Revenue			
Revenue from external customers	1,562,336	420,193	1,982,529
Other segment information			
Capital expenditure (property, plant and equipment and investment properties)	81,427	15,766	97,193
Assets			
As at 31 December 2011			
Segment assets	34,690,788	18,678,842	53,369,630
Investment in associates and joint ventures	1,572,459	5,112,017	6,684,476
Total assets	36,263,247	23,790,859	60,054,106

4 REVENUE AND COST OF REVENUE

	Three month period ended	
	31 March 2012 AED'000	*31 March 2011 AED'000*
Revenue		
Revenue from property sales		
Sale of condominiums	**276,177**	374,957
Sale of villas	**154,048**	60,105
Sale of commercial units, plots of land and others	**335,676**	704,152
Revenue from hospitality	**403,130**	335,798
Rental income from leased properties and related income	**651,796**	507,517
	1,820,827	1,982,529
Cost of revenue		
Cost of revenue of property sales		
Sale of condominiums	**186,425**	256,994
Sale of villas	**106,934**	44,909
Sale of commercial units, plots of land and others	**133,710**	379,149
Operating cost of hospitality	**207,927**	172,469
Operating cost of leased properties	**123,337**	105,416
	758,333	958,937

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended	
	31 March 2012 AED'000	*31 March 2011 AED'000*
Depreciation of property, plant and equipment	**114,803**	102,647
Depreciation of investment properties	**81,304**	79,017
Payroll and related expenses	**75,457**	84,121
Property management expenses	**52,422**	50,591
Sales and marketing expenses	**44,438**	44,868
Land registration fees	**4,586**	11,752
Pre-operating expenses	**569**	986
Other expenses	**51,453**	84,662
	425,032	458,644

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period ended 31 March 2012 (Un-audited)

6 FINANCE INCOME

	Three month period ended 31 March 2012 AED'000	*31 March 2011 AED'000*
Finance income on fixed deposits with banks	**15,888**	52,767
Other finance income	**70,076**	74,375
	85,964	127,142

7 BANK BALANCES AND CASH

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Cash in hand	**5,293**	7,907
Current and call bank deposit accounts	**753,413**	650,793
Fixed deposits maturing within three months	**1,158,914**	420,859
Cash and cash equivalents	**1,917,620**	1,079,559
Deposits under lien (Note 15)	**317,041**	400,750
Fixed deposits maturing after three months	**2,174,524**	1,384,963
	4,409,185	2,865,272
Bank balances and cash located:		
Within UAE	**4,118,785**	2,412,828
Outside UAE	**290,400**	452,444
	4,409,185	2,865,272

Bank balances and cash are denominated in the following currencies:

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
United Arab Emirates Dirham (AED)	**4,118,785**	2,412,828
United States Dollar (USD)	**99,658**	170,397
Egyptian Pound (EGP)	**38,897**	72,066
Syrian Pound (SYP)	**18,605**	20,453
Moroccan Dirham (MAD)	**8,862**	20,855
Other currencies	**124,378**	168,673
	4,409,185	2,865,272

7 BANK BALANCES AND CASH (continued)

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

Fixed deposits having a maturity after three months earn interest at rates between 1.50% and 3.55% per annum (31 December 2011: between 1.2% and 3.6% per annum).

The Company is required to maintain certain deposits/balances amounting to AED 698,375 thousands (31 December 2011: AED 699,796 thousands) with banks in UAE for financing facilities obtained by the Group and unclaimed dividends. These deposits/balances are not under lien.

The above balances exclude accounts with balances amounting to AED 443,949 thousands (31 December 2011: AED 368,117 thousands) maintained by the Group on behalf of various interim Communities Owner Associations ("OA") in a fiduciary capacity pending their registration as legal entities and the establishment of bank accounts in the OA's name.

8 TRADE RECEIVABLES

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Amounts receivable within 12 months, net	**509,870**	572,615
Amounts receivable after 12 months, net	**203,864**	203,870
	713,734	776,485

Trade receivables include AED 132,793 thousands (31 December 2011: AED 138,021 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due under agreed credit terms.

9 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Advances for acquisition of leasehold interest	**1,234,612**	1,234,612
Advances to contractors and others	**470,246**	504,761
Value added tax recoverable	**273,526**	250,043
Receivables from Communities Owner Associations	**162,998**	173,294
Prepayments	**149,861**	165,924
Inventory - Hospitality and Retail business segments	**79,634**	80,721
Deposits for acquisition of land	**65,164**	65,164
Deferred income tax assets	**46,862**	39,981
Recoverable from non-controlling interests	**35,860**	34,796
Accrued interest and other income receivables	**17,247**	11,821
Other receivables and deposits	**238,302**	196,879
	2,774,312	2,757,996

9 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Amounts recoverable within 12 months	**1,469,816**	1,454,564
Amounts recoverable after 12 months	**1,304,496**	1,303,432
	2,774,312	2,757,996

10 DEVELOPMENT PROPERTIES

	31 March 2012 AED'000
Balance at the beginning of the period	**26,611,285**
Add: cost incurred during the period	**927,014**
Less: transfer to property, plant and equipment during the period, net	**(271,440)**
Less: cost transferred to cost of revenue during the period	**(427,069)**
Balance at the end of the period	**26,839,790**

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Development properties located:		
Within UAE	**14,492,206**	14,297,537
Outside UAE	**12,347,584**	12,313,748
	26,839,790	26,611,285

11 INVESTMENTS IN SECURITIES

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Financial assets at fair value through other comprehensive income	**490,009**	449,950
Financial assets at amortized cost	**285,880**	446,945
	775,889	896,895
Investments in securities located:		
Within UAE	**742,489**	866,328
Outside UAE	**33,400**	30,567
	775,889	896,895

12 LOANS TO ASSOCIATES AND JOINT VENTURES

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Amlak Finance PJSC (i)	**587,665**	594,957
Emaar MGF Land Limited and its related parties [(ii), (iii) & (iv)]	**2,594,860**	2,360,706
Golden Ace Pte Ltd (v)	**155,178**	152,637
Other associates and joint ventures	**9,293**	8,327
	3,346,996	3,116,627

(i) The amount due from Amlak Finance PJSC ("Amlak") is unsecured and earns an average return of 3.13% per annum (31 December 2011: average return ranging from 3.13% to 4% per annum).

The above loan includes AED 348,159 thousands (31 December 2011: AED 356,009 thousands) relating to a credit facility extended to Amlak in the normal course of business for settlement of installment payments relating to the sale of properties, where customers have availed a financing facility from Amlak. An amount of AED 9,022 thousands was received as payment from Amlak during the period ended 31 March 2012 (31 December 2011: AED 128,937 thousands). The Group's management believes that the loan due from Amlak is fully recoverable [also refer Note 13 (ii) and (iii)].

(ii) The amounts due from Emaar MGF Land Limited ("EMGF") and their related parties are unsecured and earn a compound return of 7% to 15% per annum other than on Compulsory Convertible Debentures [Refer note (iii) below] (31 December 2011: 7% to 15% per annum).

(iii) During the period, the Group has invested an amount of AED 183,560 thousands into 5% Compulsory Convertible Debentures ("CCD") issued by EMGF. These CCDs can be converted into equity shares after the expiry of six months from the date of allotment of the CCDs at the discretion of the Group. It is mandatory to convert these CCDs into equity shares on the date of issue of any draft red herring prospectus by EMGF, or on expiry of 10 years from the date of allotment if the above option of early conversion is not exercised. Conversion of the CCDs would increase the Group's equity stake in EMGF above 50%, but would not result in the Group having control over EMGF.

(iv) During 2011, the Group paid an amount of AED 852,223 thousands to the lenders towards settlement of the Fully Convertible Debenture (FCD) of the Group's associate, EMGF, against which the Group had provided a corporate guarantee. As per the regulatory requirement of India, the redemption of FCD's can only be made through accumulated profit/reserves. In the absence of adequate accumulated profits/reserves, EMGF could not redeem these FCD's on the due date.

The other promoter group of EMGF has indemnified the Group to the extent of 50% for any non recovery of such amount advanced by the Group resulting from the transaction; and the Group currently holds certain shares of the other promoter group held in EMGF as a security for such indemnification. The Group also gains rights to increase its shareholding in EMGF, if the amount paid relating to aforementioned FCDs is not repaid.

(v) The amount owed by Golden Ace Pte Ltd is unsecured and earns a return ranging from 4.21% to 9.73% per annum (31 December 2011: 4.21% to 9.53% per annum).

13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Carrying value of investment in:		
Associates:		
Emaar MGF Land Limited (i)	**2,789,762**	2,694,810
Emaar The Economic City (Saudi Joint Stock Company) - quoted	**2,175,554**	2,167,581
Amlak Finance PJSC - quoted [(ii) & (iii)]	**713,875**	723,875
Emaar Industries and Investment (Pvt) JSC	**173,163**	174,238
Dead Sea Company for Tourist and Real Estate Investment	**136,804**	137,101
Emrill Services LLC	**21,159**	19,751
Other associates	**113,876**	112,525
	6,124,193	6,029,881
Joint Ventures:		
Emaar Bawadi LLC	**420,894**	403,804
Turner International Middle East Ltd	**219,648**	250,791
	640,542	654,595
	6,764,735	6,684,476

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

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

(ii) The Governmental Committee for Amlak's affairs continues to explore the various options relating to financial restructuring of Amlak. This entails a full review and assessment of Amlak's business operations and liquidity position and providing guidance to the Amlak's management and regulators where necessary with a view to making recommendations to the UAE Government on Amlak's long term stability, liquidity, assets and liabilities management requirements. Trading in Amlak's shares on the Dubai Financial Market has been suspended until the Governmental Committee finalises its recommendations. The Group's management is not in a position to assess its investment for any impairment pending the recommendations from the Governmental Committee.

13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(iii) The auditors have issued a qualified conclusion on the interim condensed consolidated financial statements of Amlak as of 30 September 2011 with respect to valuation of investment properties and advances for investment properties amounting to AED 3,299 million and AED 672 million respectively. Management of Amlak is of the opinion 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 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Project contract cost accruals and provisions	**4,742,573**	4,637,630
Other payables and accruals	**1,661,168**	1,736,547
Payable to non-controlling interests	**965,061**	967,562
Trade payables	**745,161**	836,165
Dividends payable	**95,340**	96,871
Deferred income tax payable	**21,052**	35,527
Income tax payable	**75**	3,545
	8,230,430	8,313,847

15 INTEREST-BEARING LOANS AND BORROWINGS

	31 March 2012 AED'000
Balance at the beginning of the period	**7,528,718**
Borrowings drawn down during the period	**5,219,537**
Borrowings repaid during the period	**(3,822,061)**
Balance at the end of the period	**8,926,194**

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
The interest-bearing loans and borrowings are repayable as follows:		
Maturing within 12 months	**3,650,625**	5,234,446
Maturing after 12 months	**5,275,569**	2,294,272
Balance at the end of the period/year	**8,926,194**	7,528,718

15 INTEREST-BEARING LOANS AND BORROWINGS (continued)

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
The above represent balances due:		
Within UAE	**5,262,084**	3,842,178
Outside UAE	**3,664,110**	3,686,540
	8,926,194	7,528,718

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

Secured

- Indian Rupees (INR) 761,000 thousands (AED 54,863 thousands) loan from financial institutions, secured by way of first charge on certain property, plant and equipment and receivables in India, carries interest at benchmark rate plus 3.33% per annum. This loan is payable in quarterly installments and is fully repayable by 2016.

- Canadian Dollar (CAD) 8,310 thousands (AED 30,619 thousands) loan from a financial institution, secured against certain development properties owned by the Group in Canada, carries interest at prime rate plus 3.75% per annum and is repayable by 2015.

- USD 303,000 thousands (AED 1,112,919 thousands) loan from a commercial bank, secured against certain development properties owned by the Group in Turkey, carries interest at 7% per annum and is repayable in 2012. The bank issuing stand by letter of credit facility has a lien on certain cash collateral amounting to AED 246,091 thousands (Note 7).

- USD 25,000 thousands (AED 91,825 thousands) loan from a commercial bank, secured against certain development properties owned by the Group in Turkey, carries interest at USD LIBOR plus 3.75% per annum and is repayable in 2014.

- USD 50,000 thousands (AED 183,650 thousands) loan from a commercial bank, secured against certain development properties owned by the Group in Turkey, carries interest at 6.25% per annum and is repayable in 2012.

- USD 50,000 thousands (AED 183,650 thousands) loan from a commercial bank, secured against certain development properties owned by the Group in Turkey, carries interest at USD LIBOR plus 4.90% per annum and is repayable in 2012.

- USD 50,000 thousands (AED 183,650 thousands) loan from a commercial bank, secured against certain development properties owned by the Group in Turkey and a bank guarantee, carries interest at 4.50% per annum and is repayable in 2012.

- USD 15,000 thousands (AED 55,095 thousands) loan from a commercial bank, secured against certain development properties owned by the Group in Turkey and a bank guarantee, carries interest at 9% per annum and is repayable in 2012.

15 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Secured (continued)

- USD 65,613 thousands (AED 240,997 thousands) loan from a commercial bank, secured against certain property, plant and equipment owned by the Group in UAE, carries interest at USD LIBOR plus 1.85% per annum and is repayable by 2021.

- USD 31,883 thousands (AED 117,106 thousands) loan from a commercial bank, secured against certain property, plant and equipment owned by the Group in UAE, carries interest at USD LIBOR plus 1.55% per annum and is repayable by 2021.

- USD 6,402 thousands (AED 23,515 thousands) of funding facility from financial institutions, secured against real estate owned by the Group in United States of America (USA), carries interest at USD LIBOR plus 4.50% per annum.

- AED 3,600,000 thousands of Syndicated facility, secured against certain investment properties owned by the Group in UAE, at EIBOR plus 3.50% per annum and fully repayable by 2019. The bank has a lien on certain cash collaterals amounting to AED 60,000 thousands (Note 7). One of the subsidiaries of the Group has given an irrevocable undertaking to deposit the proceeds of its revenue into the specific account maintained with a financing bank.

- USD 5,643 thousands (AED 20,727 thousands) loan from a commercial bank, secured against certain property, plant and equipment and investment properties owned by the Group in UAE, carries interest at USD LIBOR plus 4.50% per annum and is repayable by 2012.

- Pakistani Rupee (PKR) 775,000 thousands (AED 31,374 thousands) loan from a commercial bank, secured against receivables from projects in Pakistan, carries interest at KIBOR plus 2% per annum and is fully repayable in 2012. The bank has a lien on certain cash collaterals amounting to AED 10,950 thousands (Note 7).

- USD 33,140 thousands (AED 121,723 thousands) long term loan from a commercial bank, secured against certain assets in Lebanon and carries interest at 7.5% per annum.

Unsecured

- PKR 964,470 thousands (AED 38,854 thousands) loan from commercial banks, bearing interest at KIBOR plus 1.90% per annum and is repayable in 2012.

- PKR 675,298 thousands (AED 27,205 thousands) loan from a commercial bank, bearing interest at KIBOR plus 2% per annum and is repayable in 2012.

- PKR 1,537,499 thousands (AED 61,939 thousands) loan from a commercial bank, bearing interest at KIBOR plus 2.25% per annum and is repayable by 2012.

- PKR 1,816,351 thousands (AED 73,172 thousands) loan from a commercial bank, bearing interest at KIBOR plus 1.90% to 2% per annum and is fully repayable by 2012.

- USD 349,375 thousands (AED 1,283,254 thousands) of Commodity Murabaha Forward Start Facility, carries profit rate of LIBOR plus 4.5% per annum and is repayable by 2014 in four semi-annual installments from the forward start date.

15 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured

- Egyptian Pound (EGP) 1,000,000 thousands (AED 608,171 thousands) of funding facilities from commercial banks, carries interest at rates of 12.25% to 13.75% per annum.

- USD 147,874 thousands (AED 543,141 thousands) of funding facility from commercial banks in Egypt carries interest at 3% to 8.25% per annum and is repayable in 2012.

- USD 35,000 thousands (AED 128,555 thousands) of funding facility from a commercial bank in Turkey carries interest at 5% per annum and is repayable in 2012.

- USD 30,000 thousands (AED 110,190 thousands) of funding facility from a commercial bank in Turkey carries interest at 7.60% per annum and is repayable in 2014.

16 CONVERTIBLE NOTES

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

The Notes issued are unconditionally and irrevocably guaranteed by the Company (the "Guarantor"). 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 an adjusted conversion price of AED 4.60 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 instruments and the option to convert them is an embedded derivative. The carrying value of the Notes on initial recognition is based on the net proceeds of issuance of the Notes reduced by the fair value of the embedded derivatives and is subsequently carried at amortized 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 consolidated statement of financial position as follows:

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Liability component as at period/year-end	**1,775,055**	1,771,584
Equity component as at period/year-end	**37,155**	37,155

17 SUKUK

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

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Sukuk liability as at period/year-end	**1,821,215**	1,820,509

18 RESERVES

	Statutory reserve AED'000	*Capital reserve AED'000*	*General reserves AED'000*	*Hedging reserves AED'000*	*Net unrealized gains/(losses) reserve AED'000*	*Foreign currency translation reserve AED'000*	*Total AED'000*
Balance as at 31 December 2011 (Audited)	13,808,707	3,660	2,914,554	(9,453)	(1,423,294)	(587,439)	14,706,735
Increase in unrealized reserve	-	-	-	181	62,270	-	62,451
Increase in foreign currency translation reserve	-	-	-	-	-	118,137	118,137
Net income recognized directly in equity	-	-	-	181	62,270	118,137	180,588
Balance as at 31 March 2012	**13,808,707**	**3,660**	**2,914,554**	**(9,272)**	**(1,361,024)**	**(469,302)**	**14,887,323**
Balance at 31 December 2010 (Audited)	13,808,707	3,660	2,735,200	(8,955)	(1,604,815)	(9,526)	14,924,271
Increase/(decrease) in unrealized reserve	-	-	-	1,809	(49,398)	-	(47,589)
Increase in foreign currency translation reserve	-	-	-	-	-	55,378	55,378
Net income/(loss) recognized directly in equity	-	-	-	1,809	(49,398)	55,378	7,789
Balance as at 31 March 2011	13,808,707	3,660	2,735,200	(7,146)	(1,654,213)	45,852	14,932,060

19 DIVIDENDS

Subsequent to the reporting date, a cash dividend of AED 0.10 per share for the year 2011 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 23 April 2012.

20 RELATED PARTY DISCLOSURES

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control and key management personnel. The Group's management decides on the terms and conditions of such related party transactions as well as on other services and charges.

Related party transactions
During the period, the following were the 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	
	2012	*2011*
	AED'000	*AED'000*
Associates:		
Islamic finance income	**3,970**	6,694
Finance income earned on loans	**55,848**	59,375
Directors' and their related parties:		
Rental income from leased properties and related income	**19,219**	25,161
Islamic finance income	**63**	70
Finance income earned on deposits	**7,676**	9,254
Finance costs incurred on interest-bearing loans and borrowings	**5,386**	4,653

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

	31 March 2012	*31 December 2011*
	AED'000	*AED'000 (Audited)*
Directors and their related parties		
Bank balances and cash	**1,709,690**	215,361
Trade receivables	**19,388**	18,219
Other assets, receivables, deposits and prepayments	**9,051**	9,051
Investments in securities - at amortized cost	**285,880**	446,945
Investments in securities - at fair value through other comprehensive income	**48,916**	44,604
Interest-bearing loans and borrowings	**330,069**	234,329

Subsequent to the reporting date, a payment of a bonus amounting to AED 500 thousands to each of the members of the Board of Directors of the Company was approved by the shareholders at the Annual General Meeting of the Company held on 23 April 2012.

21 GUARANTEES

The Group has the following guarantees outstanding as at 31 March 2012:

1. Loans and guarantee taken by an associate from commercial banks amounting to AED 168,815 thousands (31 December 2011: AED 194,480 thousands) are guaranteed by the Group.
2. Loans taken by an associate from commercial banks amounting to AED 95,498 thousands (31 December 2011: AED 95,498 thousands) are guaranteed by the Group.
3. The Group has issued a financial guarantee of AED 11,763 thousands (31 December 2011: AED 9,117 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of the Group's contractual obligations.
4. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2011: AED 5,000 thousands) as a security for the letter of guarantee issued by a commercial bank for issuance of a trade license from the Government of Dubai.
5. The Group has provided a financial guarantee of AED 3,287 thousands (31 December 2011: AED 3,287 thousands) as a security for the performance of its contractual obligations.
6. The Group has provided a financial guarantee of AED 922 thousands (31 December 2011: AED 922 thousands) as a security for the performance of its contractual obligations.
7. The Group has provided a corporate guarantee of AED 110,190 thousands (31 December 2011: AED 110,190 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of the associate of the Group.

22 COMMITMENTS

At 31 March 2012, the Group had commitments of AED 5,673,672 thousands (31 December 2011: AED 6,158,649 thousands) which include project commitments of AED 5,361,604 thousands (31 December 2011: AED 5,825,958 thousands). This represents the value of contracts issued at 31 March 2012 net of invoices received and accruals made at that date.

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

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

22 COMMITMENTS (continued)

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 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Within one year	**547,290**	547,281
After one year but not more than five years	**446,767**	446,822
More than five years	**108,559**	108,559
	1,102,616	1,102,662

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 recognized as receivables, are as follows:

	31 March 2012 AED'000	*31 December 2011 AED'000 (Audited)*
Within one year	**1,229,714**	1,108,567
After one year but not more than five years	**2,413,203**	2,219,513
More than five years	**1,079,379**	1,061,132
	4,722,296	4,389,212

In addition to the base rent, the Group also charges annual service charges to its tenants. The total amount charged for the period ended 31 March 2012 was AED 41,283 thousands (31 December 2011: AED 156,503 thousands).