Emaar Properties PJSC and its Subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2013

Emaar Properties PJSC and its Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
For the Period Ended 31 March 2013

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ERNST & YOUNG

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Emaar Properties PJSC (the "Company") and its subsidiaries (the "Group") as at 31 March 2013, comprising of the interim consolidated statement of financial position as at 31 March 2013 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows 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 IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of matter

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

Other matter

The interim condensed consolidated financial statements for the three-month period ended 31 March 2012 was reviewed by another auditor who expressed an unmodified conclusion on those statements on 10 May 2012.

Ernst + Young

Signed by
Anthony O'Sullivan
Partner
Registration No. 687

Dubai, United Arab Emirates
12 May 2013

INTERIM CONSOLIDATED INCOME STATEMENT
Period ended 31 March 2013 (Unaudited)

	Note	*(US $1.00 = AED 3.673) Three month period ended* 31 March 2013 AED'000	31 March 2012 AED'000
Revenue	4	**2,109,510**	1,820,827
Cost of revenue	4	**(993,179)**	(758,333)
GROSS PROFIT		**1,116,331**	1,062,494
Other operating income		**90,904**	55,557
Other operating expenses		**(31,364)**	(25,511)
Selling, general and administrative expenses	5	**(530,505)**	(421,616)
Finance income	6	**93,354**	85,964
Finance costs		**(148,825)**	(169,809)
Other (expense)/income		**(22,615)**	19,638
Share of results of associates and joint ventures		**(19,429)**	(20,946)
PROFIT BEFORE TAX		**547,851**	585,771
Income tax credit		**3,699**	22,817
NET PROFIT FOR THE PERIOD		**551,550**	608,588
ATTRIBUTABLE TO:			
Owners of the parent		**555,864**	605,550
Non-controlling interests		**(4,314)**	3,038
		551,550	608,588
Earnings per share attributable to the owners of the parent:			
- basic and diluted earnings per share (AED)		**0.09**	0.10

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2013 (Unaudited)

	Note	*(US $1.00 = AED 3.673)* *Three month period ended* 31 March 2013 AED'000	31 March 2012 AED'000
Profit for the period		**551,550**	608,588
Other comprehensive income/(loss) to be reclassified to income statement in subsequent periods:			
(Decrease)/increase in hedging reserves	18	**(4,351)**	181
Decrease in unrealised gains/(losses) reserve		**(226)**	(904)
(Decrease)/increase in foreign currency translation reserve		**(4,992)**	115,840
Net other comprehensive (loss)/income to be reclassified to income statement in subsequent periods		**(9,569)**	115,117
Other comprehensive income/(loss) not to be reclassified to income statement in subsequent periods:			
Increase in unrealised gains/(losses) reserve		**115,755**	63,190
Realised gain on fair value movement through other comprehensive income		**6,988**	19,050
Net other comprehensive income not to be reclassified to income statement in subsequent periods		**122,743**	82,240
Total comprehensive income for the period		**664,724**	805,945
ATTRIBUTABLE TO:			
Owners of the parent		**668,081**	805,188
Non-controlling interests		**(3,357)**	757
		664,724	805,945

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2013

	Note	31 March 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)
		(US $1.00 = AED 3.673)	
ASSETS			
Bank balances and cash	7	**4,962,709**	3,710,561
Trade receivables	8	**728,364**	958,608
Other assets, receivables, deposits and prepayments	9	**2,796,757**	2,600,569
Development properties	10	**26,531,416**	26,998,226
Investments in securities	11	**1,374,128**	1,264,924
Loans to associates and joint ventures	12	**3,164,032**	3,104,026
Investments in associates and joint ventures	13	**6,432,096**	6,428,367
Property, plant and equipment		**8,194,960**	8,209,114
Investment properties		**7,785,921**	7,830,730
Goodwill		**46,066**	46,066
TOTAL ASSETS		**62,016,449**	61,151,191
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	14	**8,041,162**	8,277,985
Advances from customers		**7,978,454**	7,631,764
Retentions payable		**647,694**	698,744
Interest-bearing loans and borrowings	15	**6,344,412**	6,212,555
Convertible notes - liability component	16	**1,789,720**	1,785,947
Sukuk	17	**3,648,717**	3,647,597
Provision for employees' end-of-service benefits		**82,236**	77,269
TOTAL LIABILITIES		**28,532,395**	28,331,861
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	**14,705,092**	14,599,863
Convertible notes - equity component	16	**37,155**	37,155
Retained earnings		**12,370,219**	11,807,367
		33,202,021	32,533,940
Non-controlling interests		**282,033**	285,390
TOTAL EQUITY		**33,484,054**	32,819,330
TOTAL LIABILITIES AND EQUITY		**62,016,449**	61,151,191

The interim condensed consolidated financial statements were authorised for issue on 12 May 2013 by the Board of Directors and signed on their behalf by:

Chairman

Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period ended 31 March 2013 (Unaudited)

(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 as at 31 December 2012 (Audited)	6,091,239	(1,684)	14,599,863	37,155	11,807,367	32,533,940	285,390	32,819,330
Net profit/(loss) for the period	-	-	-	-	555,864	555,864	(4,314)	551,550
Other comprehensive income for the period	-	-	105,229	-	6,988	112,217	957	113,174
Total comprehensive income/(loss) for the period	-	-	**105,229**	-	**562,852**	**668,081**	**(3,357)**	**664,724**
Balance as at 31 March 2013	**6,091,239**	**(1,684)**	**14,705,092**	**37,155**	**12,370,219**	**33,202,021**	**282,033**	**33,484,054**

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY(CONTINUED)
Period ended 31 March 2013 (Unaudited)

(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 as 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 as 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 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 31 March 2013 (Unaudited)

	Note	31 March 2013 AED'000	31 March 2012 AED'000
		(US $1.00 = AED 3.673) Three month period ended	
Profit before tax		547,851	585,771
Adjustments for:			
Share of results of associates and joint ventures		19,429	20,946
Depreciation		185,781	196,107
Provision for end-of-service benefits, net		4,967	1,781
Loss/(gain) on disposal of property, plant and equipment		596	3,022
Finance costs		148,825	169,809
Finance income	6	(93,354)	(85,964)
Cash from operations before working capital changes:		814,095	891,472
Trade receivables, net		230,244	62,751
Other assets, receivables, deposits and prepayments		(180,405)	7,913
Development properties, net		422,408	(499,945)
Advances from customers, net		346,690	10,134
Trade and other payables		(163,657)	(42,574)
Retentions payable		(51,050)	(37,015)
Income tax, net		869	(3,470)
Net cash from operating activities		**1,419,194**	**389,266**
Cash flows from investing activities			
Purchase of securities		(3,512)	(2,775)
Proceeds from disposal of securities		17,051	206,019
Finance income received		20,734	20,888
Dividend received from associates and joint ventures		4,628	43,194
Additional investments in and loans to associates and joint ventures, net		(1,518)	(196,211)
Amounts incurred on investment properties		(2,373)	(11,119)
Purchase of property, plant and equipment		(104,166)	(73,499)
Proceeds from sale of property, plant and equipment		332	305
Deposits maturing after three months (including deposits under lien)	7	(1,237,985)	(705,852)
Net cash used in investing activities		**(1,306,809)**	**(719,050)**
Cash flows from financing activities			
Dividend paid		(850)	(1,531)
Proceeds from interest-bearing loans and borrowings	15	262,427	5,219,537
Repayment of interest-bearing loans and borrowings	15	(130,570)	(3,822,061)
Finance costs paid		(225,694)	(216,450)
Net cash (used in) from financing activities		**(94,687)**	**1,179,495**
Increase in cash and cash equivalents		**17,698**	**849,711**
Net foreign exchange difference		(3,535)	(11,650)
Cash and cash equivalents at the beginning of the period		2,351,743	1,079,559
Cash and cash equivalents at the end of the period	7	**2,365,906**	**1,917,620**

The accompanying notes 1 to 24 form an integral 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 in the year 1997. The Company was established on 23 June 1997 and commenced operations on 29 July 1997. The Company and its subsidiaries constitute the Group (the "Group"). The Company's registered office is at P.O. Box 9440, Dubai, United Arab Emirates ("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 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 (IFRS), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2012. The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the most recent annual financial statements.

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. 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 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

Certain comparative amounts in selling, general and administrative expenses and other income have been reclassified to operating expenses and other operating income respectively to conform to the presentation used in these financial statements.

Basis of consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where all the following criteria are met:
(a) the Company has power over an entity;
(b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
(c) the Comapny has the ability to use its power over the entity to affect the amount of the Company's returns.

Subsidiaries
Subsidiaries 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, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Share of comprehensive income/loss within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)
Subsidiaries (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

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

Associated companies and joint ventures
Associated companies are companies in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The Group's investment in the associated companies and joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, investments in associated companies and joint ventures 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 associated and joint venture companies, less any impairment in value.

The interim consolidated income statement reflects the Group's share of results of its associates and joint ventures. Unrealised profits and losses resulting from transactions between the Group and associated companies and its joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgements and estimates and assumptions that have a significant impact on the interim condensed consolidated financial statements of the Group are discussed below:

Judgments
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.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)
Revenue recognition for leases
Lease income from operating leases is recognised in the interim consolidated income statement in accordance with the terms of the lease contracts with the tenants over the lease term on a systematic basis 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 recognises 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.

Investment properties
The Group has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less 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 recognised 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 amortised cost. In judging whether investments in securities are classified as at fair value or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 *Financial Instruments*.

Consolidation of subsidiaries
The Group has evaluated all the investee entities including special purpose entities to determine whether it controls the investee as per the criteria laid out by IFRS 10. The Group has evaluated, amongst other things, its ownership interest, the contractual arrangements in place and its ability and the extent of its involvement with the relevant activities of the investee entities to determine whether it controls the investee.

Estimations and assumptions
Valuation of investment properties
The Group hires the services of third party professionally qualified valuers to obtain estimates of the market value of investment properties using recognised valuation techniques for the purposes of their impairment review and disclosures in the consolidated financial statements.

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.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

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

Cost to complete the projects

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

Taxes

The Group is subject to income and capital gains taxes in certain jurisdictions. Significant judgment is required to determine the total provision for current and deferred taxes. The Group established provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations issued by the International Accounting Standard Board ("IASB") and effective for annual periods beginning on or after 1 January 2013.

New standards, interpretations and amendments adopted by the Group:

The Group has applied, certain standards interpretations and amendments for the first time, which include IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IAS 19 (Revised 2011) *Employee Benefits*, IFRS 13 *Fair Value Measurement* and amendments to IAS 1 *Presentation of Financial Statements*. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 *Disclosure of Interest in Other Entities* would result in additional disclosures in the annual consolidated financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and impact of each of such new standards, interpretations and amendments is described below:

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments adopted by the Group: (continued)
IAS 1 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (Amendments)
The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to interim consolidated income statement at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 1 Presentation of Financial Statements - Clarification of the requirement for comparative information (Amendment)
The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements. The amendment had no impact on the presentation of Group's interim condensed consolidated financial statements.

IAS 1 Presentation of Financial Statements - Clarification of the requirement for comparative information (Amendment) (continued)
An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of equity instruments (Amendment)
The amendment to IAS 32 clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

IAS 34 Interim Financial Reporting and Segment information for total assets and liabilities (Amendment)
The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group has made the required disclosure in the interim condensed consolidated financial statements.

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments)
The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments adopted by the Group: (continued)
IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 has no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures
IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-Controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. IFRS 11 is effective for annual periods beginning on or after 1 January 2013. The application of this new standard has no impact on the financial position of the Group as the Group's investments in jointly controlled entities were accounted using the equity method.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements. The application of IFRS 12 would result in additional disclosures in the annual consolidated financial statements.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures have affected the presentation in these interim condensed consolidated financial statements.

In addition to the above-mentioned amendments and new standards, IFRS 1 *First-time Adoption of International Financial Reporting Standards* was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Selected accounting policies
The following significant accounting policies are reproduced from the Group's consolidated financial statements as at 31 December 2012:

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the interim consolidated income statement to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably. The specific criteria described below must also be met before revenue is recognised.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sale of property

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

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

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

Lease to buy scheme

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

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

Rental income from lease of investment property

Rental income from investment properties is recognised, net of discount, in accordance with the terms of the lease contracts over the lease term on a systematic basis, as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

Hospitality revenue

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

Interest income

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

Services

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
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 capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the interim consolidated income statement as the expense is incurred.

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

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

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

Buildings	10 - 45 years
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 recognised in the interim consolidated income statement. The recoverable amount is the higher of investment property's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an investment property in an arm's length transaction 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 recognised in the prior years is recorded when there is an indication that the impairment losses recognised for the investment property no longer exist or have reduced.

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the interim consolidated statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the interim consolidated income statement. Amounts previously recognised in the interim consolidated statement of comprehensive income and accumulated in equity are reclassified to the interim consolidated income statement in the periods when the hedged item is recognised in the interim consolidated income statement, in the same line of the interim 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

Cash flow hedges (continued)

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

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 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.

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. When a trade receivable is uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the interim consolidated income statement.

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 interim 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 interim consolidated income statement.

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 or has entered into a pass -through arrangement, it evaluates if and to what extent it as retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognised in the interim consolidated income statement. Interest income on such financial assets continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the consolidated income statement. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or decreased by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the interim consolidated income statement.

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

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

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

Financial liabilities and equity instruments issued by the Group
Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements. Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instrument as appropriate. The Group determines the classification of its financial liabilities at the initial recognition.

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Loans and borrowings
Term loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the interim consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

Sukuk
The sukuk are stated at amortised cost using the effective interest rate method. Profit attributable to the sukuk is calculated by applying the prevailing market profit rate, at the time of issue, for similar sukuk instruments and any difference with the profit distributed is added to the carrying amount of the sukuk.

Convertible notes
Convertible notes are convertible into share capital, at the option of the holder, are accounted for as compound financial instruments. The net proceeds received from the issue of convertible notes are separated into liability and equity components based on the terms of the contract at the date of issue. The fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible notes. The difference between the proceeds of issue of the convertible notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the group, is included in equity and is not remeasured. The liability component is carried at amortised cost using the effective interest method until extinguishment upon conversion or at the instrument's maturity date.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments issued by the Group (continued)
Convertible notes (continued)
Issue costs are apportioned between the liability and equity components of the convertible notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate, at the time of issue, for similar non-convertible notes to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible notes.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities and equity instruments issued by the Group
Other financial liabilities (continued)
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then the difference in the respective carrying amounts is recognised in the interim consolidated income statement.

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)
Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the consolidated income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

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.

Fair value of interest rate swap contract is determined by reference to market value for similar instruments.

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 statements.

Business segments
For management purposes, the Group is organised into three major segments, namely, real estate (develop and sell condominiums, villas, commercial units and plots of land), leasing and related activities (develop, lease and manage malls, retail, commercial and residential spaces) 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, information technology 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.

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

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

3 SEGMENT INFORMATION (continued)

Business segments

The following tables include revenue, profit/(loss), and other segment information for the three month periods ended 31 March 2013 and 31 March 2012. Assets and liabilities of the business segments are presented as at 31 March 2013 and 31 December 2012.

	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 2013:					
Revenue					
Revenue from external customers	943,394	749,207	416,909	-	2,109,510
Results					
Contribution for the period	28,014	415,177	133,460	45,122	621,773
Unallocated selling, general and administrative expenses					(84,338)
Unallocated finance income, net					10,416
Profit before tax for the period					547,851

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Other segment information					
Capital expenditure (property, plant and equipment and investment properties)	23,316	56,263	23,797	3,163	106,539
Depreciation (property, plant and equipment and investment properties)	29,794	95,242	49,428	11,317	185,781
Assets and liabilities					
As at 31 March 2013					
Segment assets	45,025,924	10,012,927	4,662,310	2,315,288	62,016,449
Segment liabilities	22,620,986	5,160,647	670,735	80,027	28,532,395

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 2012:					
Revenue					
Revenue from external customers	765,901	651,796	403,130	-	1,820,827
Results					
Contribution for the period	143,608	373,529	124,599	15,980	657,716
Unallocated selling, general and administrative expenses					(50,589)
Unallocated finance cost, net					(21,356)
Profit before tax for the period					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	*Real estate AED'000*	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
As at 31 December 2012					
Segment assets	43,674,214	10,395,480	4,678,379	2,403,118	61,151,191
Segment liabilities	22,324,254	5,229,330	674,736	103,541	28,331,861

Geographic segments
The following tables include revenue and other segment information for the three month periods ended 31 March 2013 and 31 March 2012. Certain asset information for geographic segments is presented as at 31 March 2013 and 31 December 2012.

3 SEGMENT INFORMATION (continued)

Business segments (continued)

	Domestic AED'000	*International AED'000*	*Total AED'000*
Three-month period ended 31 March 2013:			
Revenue			
Revenue from external customers	**1,830,914**	**278,596**	**2,109,510**
Other Segment Information			
Capital expenditure (property, plant and equipment and investment properties)	**87,690**	**18,849**	**106,539**
Assets			
As at 31 March 2013			
Segment assets	**35,741,682**	**19,842,671**	**55,584,353**
Investments in associates and joint ventures	**1,564,445**	**4,867,651**	**6,432,096**
Total assets	**37,306,127**	**24,710,322**	**62,016,449**

	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 December 2012			
Segment assets	34,903,905	19,818,919	54,722,824
Investments in associates and joint ventures	1,560,879	4,867,488	6,428,367
Total assets	36,464,784	24,686,407	61,151,191

4 REVENUE AND COST OF REVENUE

	Three month period ended	
	31 March 2013 AED'000	*31 March 2012 AED'000*
Revenue		
Revenue from property sales		
Sale of condominiums, commercial units, plots of land and others	634,666	611,853
Sale of villas	308,728	154,048
Revenue from hospitality	416,909	403,130
Rental income from leased properties and related income	749,207	651,796
	2,109,510	1,820,827
Cost of revenue		
Cost of revenue of property sales		
Cost of condominiums, commercial units, plots of land and others	435,808	320,135
Cost of villas	212,784	106,934
Operating cost of hospitality	201,368	207,927
Operating cost of leased properties	143,219	123,337
	993,179	758,333

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended	
	31 March 2013 AED'000	*31 March 2012 AED'000*
Depreciation of property, plant and equipment	120,979	114,803
Sales and marketing expenses	120,336	44,438
Payroll and related expenses	87,719	75,457
Depreciation of investment properties	64,802	81,304
Property management expenses	55,755	52,422
Land registration fees	5,041	4,586
Other expenses	75,873	48,606
	530,505	421,616

6 FINANCE INCOME

	Three month period ended	
	31 March 2013 AED'000	*31 March 2012 AED'000*
Finance income on fixed deposits with banks	10,748	15,888
Other finance income	82,606	70,076
	93,354	85,964

7 BANK BALANCES AND CASH

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Cash in hand	7,180	7,727
Current and call bank deposit accounts	2,026,805	1,135,802
Fixed deposits maturing within three months	331,921	1,208,214
Cash and cash equivalents	2,365,906	2,351,743
Deposits under lien (Note 15)	76,491	76,408
Fixed deposits maturing after three months	2,520,312	1,282,410
	4,962,709	3,710,561
Bank balances and cash located:		
Within UAE	4,526,423	3,362,535
Outside UAE	436,286	348,026
	4,962,709	3,710,561

Bank balances and cash are denominated in the following currencies:

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
United Arab Emirates Dirham (AED)	4,526,423	3,362,535
United States Dollar (USD)	237,365	97,515
Saudi Riyal (SAR)	104,348	97,189
Egyptian Pound (EGP)	19,017	47,908
Syrian Pound (SYP)	3,351	31,239
Moroccan Dirham (MAD)	32,569	35,231
Other currencies	39,636	38,944
	4,962,709	3,710,561

Cash at banks earn 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.

7 BANK BALANCES AND CASH (continued)

Fixed deposits maturing after three months earn interest at rates between 1.09% and 2.35% per annum (31 December 2012: 1.4% and 2.4% per annum).

Bank balances maintained in the UAE includes an amount of AED 97,283 thousands (31 December 2012: AED 96,102 thousands) committed for investments in the Syrian project and are in line with the Central Bank of Syria regulations.

The Company is required to maintain certain deposits/balances amounting to AED 1,158,855 thousands (31 December 2012: AED 674,093 thousands) with banks in UAE for financing facilities obtained by the Group, unclaimed dividends and advances received from customers against sale of development properties which are deposited into escrow accounts. These deposits/balances are not under lien.

8 TRADE RECEIVABLES

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Amounts receivable within 12 months, net	509,327	735,964
Amounts receivable after 12 months, net	219,037	222,644
	728,364	958,608

Trade receivables include AED 173,235 thousands (31 December 2012: AED 191,519 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.

The above trade receivables are net of AED 100,010 thousands (31 December 2012: AED 122,392 thousands) relating to provision for doubtful debts representing management's best estimate of doubtful trade receivables which are past due for more than 90 days. All other receivables are considered recoverable.

9 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Advances for acquisition of leasehold interest	1,234,612	1,234,612
Advances to contractors and others	486,721	406,321
Value added tax recoverable	309,387	312,196
Receivables from Communities Owner Associations	190,224	93,026
Prepayments	124,924	108,987
Inventory - Hospitality and Retail business segments	88,174	90,698
Deposits for acquisition of land	64,074	64,074
Deferred income tax assets	41,330	38,388
Recoverable from non-controlling interests	26,359	26,247
Accrued interest and other income receivables	13,005	7,778
Other receivables and deposits	217,947	218,242
	2,796,757	2,600,569

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

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Amounts recoverable within 12 months	**1,501,892**	1,305,816
Amounts recoverable after 12 months	**1,294,865**	1,294,753
	2,796,757	2,600,569

10 DEVELOPMENT PROPERTIES

	31 March 2013 AED'000
Balance at the beginning of the period	**26,998,226**
Add: cost incurred during the period, net	**226,184**
Less: cost transferred to property, plant and equipment, net	**(30,222)**
Less: cost transferred to cost of revenue during the period	**(648,592)**
Less: transferred to investment property	**(14,180)**
Balance at the end of the period	**26,531,416**

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Development properties located:		
Within UAE	**13,511,179**	13,843,544
Outside UAE	**13,020,237**	13,154,682
	26,531,416	26,998,226

11 INVESTMENTS IN SECURITIES

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Financial assets at fair value through other comprehensive income	**649,805**	540,601
Financial assets at amortised cost	**724,323**	724,323
	1,374,128	1,264,924
Investments in securities located:		
Within UAE	**1,324,816**	1,218,442
Outside UAE	**49,312**	46,482
	1,374,128	1,264,924

11 INVESTMENTS IN SECURITIES (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets at fair value through other comprehensive income by valuation technique:

	Total *AED'000*	*Level 1* *AED'000*	*Level 2* *AED'000*	*Level 3* *AED'000*
31 March 2013	**649,805**	**70,069**	**558,034**	**21,702**
31 December 2012 *(Audited)*	540,601	60,640	458,259	21,702

Level 1: Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices). Valuations for level 2 investments in securities have been derived by determining their redemption value which is generally net asset value per share of the investee companies.

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers made between Level 1 and Level 2 during the year.

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets which are recorded at fair value:

	31 March 2013 *AED'000*	*31 December 2012* *AED'000* *(Audited)*
Purchase/fair value at initial recognition	**432,227**	432,227
Total loss recorded in other comprehensive income	**(410,525)**	(410,525)
Balance at the end of the period/year	**21,702**	21,702

Financial assets at fair value through other comprehensive income include fund investments managed by an external fund manager. Equity investments are in quoted, unquoted and index linked securities.

12 LOANS TO ASSOCIATES AND JOINT VENTURES

	31 March 2013 *AED'000*	*31 December 2012* *AED'000* *(Audited)*
Amlak Finance PJSC (i)	**240,791**	242,968
Emaar MGF Land Limited and its related parties (ii)	**2,748,916**	2,688,985
Golden Ace Pte Ltd (iii)	**166,203**	163,455
Other associates and joint ventures	**8,122**	8,618
	3,164,032	3,104,026

12 LOANS TO ASSOCIATES AND JOINT VENTURES (continued)

(i) The amount due from Amlak Finance PJSC ("Amlak") is unsecured and earned a return of 1.75% per annum (31 December 2012: 1.45% per annum).

During 2012, Emaar received full settlement of outstanding receivable amounts of AED 326,344 thousands overdue from Amlak for which debit notes, carrying non-settlement charges on the outstanding amounts, had been issued. Those receivables related to Emaar's customers' under construction milestone payments for real estate projects developed by Emaar which had been mortgaged by Amlak.

The Group's management believes that the remaining loan due from Amlak is fully recoverable (also refer Note 13 (ii) and 13 (iii)).

(ii) The amount due from Emaar MGF Land Limited ("EMGF") and its related parties include an amount of AED 2,001,004 thousands (31 December 2012: AED 1,965,360 thousands) which is secured against certain development properties of EMGF. The loans to EMGF and its related parties earn a compound return ranging from 7% to 15% per annum other than on Compulsory Convertible Debentures (refer Note 13 (i)) (31 December 2012: compound return ranging from 7% to 15% per annum).

(iii) The amount owed by Golden Ace Pte Ltd is unsecured and earns an average return ranging from 4.50% to 9.50% per annum (31 December 2012: average return ranging from 4.21% to 9.73% per annum). The other promoter of Golden Ace has indemnified the Group for any non recovery of amount advanced by the Group and the Group currently hold certain shares of the other promoter group held in EMGF as a security for such indemnification.

13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Carrying value of investment in:		
Associates:		
Emaar MGF Land Limited (i)	**2,411,151**	2,428,825
Emaar The Economic City (Saudi Joint Stock Company) - quoted	**2,216,951**	2,191,353
Amlak Finance PJSC - quoted [(ii) & (iii)]	**728,436**	723,875
Emaar Industries and Investment (Pvt) JSC	**123,796**	136,791
Dead Sea Company for Tourist and Real Estate Investment	**134,910**	135,200
Emrill Services LLC	**23,314**	20,800
Other associates	**104,639**	112,111
	5,743,197	5,748,955
Joint Ventures:		
Emaar Bawadi LLC	**434,530**	436,133
Turner International Middle East Ltd	**254,369**	243,279
	688,899	679,412
	6,432,096	6,428,367

13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(i) During 2012, the Group had invested an amount of USD 49,975 thousands (AED 183,560 thousands) into 5% Compulsory Convertible Debentures ("CCD") issued by EMGF. These CCDs can be converted into equity shares of EMGF 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.

(ii) The Consortium of Depositors and Financiers of Amlak Finance PJSC ("Amlak") have elected some of its members to a Coordinating Committee ("Committee") in connection with certain proposals relating to the restructuring of existing facilities availed by Amlak. The Governmental Steering Committee established to look into the status of some public joint stock companies in UAE including Amlak has approved the establishment of the Committee including its composition. The Committee will seek to facilitate discussion between Amlak and its Depositors/Financiers relating to the financing arrangements of Amlak. Trading in Amlak's shares on the Dubai Financial Market have been suspended until these discussions are finalised. The Group's management is not in a position to assess its investment for any impairment pending the finalisation of the discussions of the Committee.

(iii) The auditors have issued a qualified opinion on the consolidated financial statements of Amlak as of 31 December 2011 with respect to valuation of investment properties and advances for investment properties amounting to AED 3,297 million and AED 792 million, respectively. Management of Amlak believes that property prices have generally declined since these assets were acquired but are unable to quantify the amount of decline in view of the limited number of transactions currently taking place in the market and accordingly continued to carry such assets at their acquisition cost.

14 TRADE AND OTHER PAYABLES

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Project contract cost accruals and provisions	**3,828,644**	4,294,507
Payable to non-controlling interests	**967,432**	927,059
Trade payables	**989,936**	736,481
Creditors for land purchase	**543,847**	572,052
Dividends payable	**111,519**	112,369
Deferred income tax payable	**20,529**	24,006
Income tax payable	**12,864**	11,995
Other payables and accruals	**1,566,391**	1,599,516
	8,041,162	8,277,985

15 INTEREST-BEARING LOANS AND BORROWINGS

	31 March 2013 AED'000
Balance at the beginning of the period	**6,212,555**
Borrowings drawn down during the period	**262,427**
Borrowings repaid during the period	**(130,570)**
Balance as at period end	**6,344,412**

15 INTEREST-BEARING LOANS AND BORROWINGS (continued)

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Maturing within 12 months	**1,725,137**	1,558,176
Maturing after 12 months	**4,619,275**	4,654,379
Balance as at period/year-end	**6,344,412**	6,212,555

The above represent balances due:

Within UAE	**4,388,928**	4,304,698
Outside UAE	**1,955,484**	1,907,857
	6,344,412	6,212,555

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

Secured
- Indian Rupees (INR) 539,000 thousands (AED 36,329 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) 5,384 thousands (AED 19,434 thousands) loan from a financial institution, secured against certain development properties owned by the Group in Canada, carries interest at prime rate plus 3.25% per annum and is repayable by 2015.

- USD 16,667 thousands (AED 61,218 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 and a bank guarantee, carries interest at 6.95% per annum and is repayable in 2014.

- USD 163,569 thousands (AED 600,789 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 57,348 thousands (AED 210,639 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.

- AED 3,577,500 thousands of Syndicated facility, secured against certain investment properties owned by the Group in UAE, carries interest at EIBOR plus 3.50% per annum and is fully repayable by 2019. The bank has a lien on certain cash collaterals amounting to AED 66,071 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.

- Pakistani Rupee (PKR) 775,000 thousands (AED 28,907 thousands) loan from a commercial bank, secured against receivables from projects in Pakistan, carries interest at KIBOR plus 1.25% per annum and is fully repayable by 2014. The bank has a lien on certain cash collaterals amounting to AED 10,420 thousands (Note 7).

- USD 34,266 thousands (AED 125,859 thousands) loan from a commercial bank, secured against certain assets in Lebanon and carries interest at 7.5% per annum and is repayable by 2014.

- USD 41,848 thousands (AED 153,708 thousands) of Syndicated facility, secured against certain development properties owned by the Group in Turkey, at LIBOR plus 4% per annum and is fully repayable by 2019.

15 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured

- PKR 1,080,994 thousands (AED 40,321 thousands) loan from commercial banks, bearing interest at KIBOR plus 1.65% per annum and is repayable in 2013.

- PKR 1,176,500 thousands (AED 43,883 thousands) loan from a commercial bank, bearing interest at KIBOR plus 1.65% per annum and is repayable in 2013.

- PKR 768,993 thousands (AED 28,683 thousands) loan from a commercial bank, bearing interest at KIBOR plus 1.65% per annum and is repayable by 2013.

- PKR 2,428,648 thousands (AED 90,588 thousands) loan from a commercial bank, bearing interest at KIBOR plus 1.65% per annum and is fully repayable by 2013.

- Egyptian Pound (EGP) 1,039,871 thousands (AED 561,633 thousands) of funding facilities from commercial banks in Egypt, carries interest at rates of 11.50% to 13% per annum and repayable by 2014.

- USD 148,255 thousands (AED 544,541 thousands) of funding facility from commercial banks in Egypt, carries interest at 3% to 6.65% per annum and is repayable by 2015.

- USD 10,000 thousands (AED 36,730 thousands) of funding facility from commercial banks in Turkey, carries interest at 6% per annum and is repayable by 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 a conversion price of AED 4.46 per share of the Company. Unless previously purchased and cancelled, redeemed or converted, the Notes will be redeemed at their principal amount on the final maturity date.

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

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

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

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Liability component as at period/year-end	**1,789,720**	1,785,947
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.

Series 1:
On 3 February 2011, the Issuer has issued first series of trust certificates (the "Sukuk 1") amounting to USD 500,000 thousands (AED 1,836,500 thousands) under the Programme. The Sukuk 1 is listed on the London Stock Exchange and is due for repayment in 2016. Sukuk 1 carries a profit distribution at the rate of 8.5% per annum to be paid semi-annually. The carrying value of Sukuk 1 is as follows:

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Sukuk 1 liability as at period/year-end	**1,824,237**	1,823,494

Series 2:
On 18 July 2012, the Issuer has issued the second series of the trust certificates (the "Sukuk 2") amounting to USD 500,000 thousands (AED 1,836,500 thousands) under the Programme. The Sukuk 2 is listed on NASDAQ Dubai and is due for repayment in 2019. Sukuk 2 carries a profit distribution at the rate of 6.4% per annum to be paid semi-annually. The carrying value of Sukuk 2 is as follows:

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Sukuk 2 liability as at period/year-end	**1,824,480**	1,824,103

The total liability under the Programme is as follows:

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Sukuk 1	**1,824,237**	1,823,494
Sukuk 2	**1,824,480**	1,824,103
Total Sukuk liability as at period/year-end	**3,648,717**	3,647,597

18 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 as at 31 December 2012 (Audited)	13,808,707	3,660	3,126,466	(82,929)	(1,326,517)	(929,524)	14,599,863
(Decrease)/increase in unrealised reserve	-	-	-	(4,351)	115,693	-	111,342
Decrease in foreign currency translation reserve	-	-	-	-	-	(6,113)	(6,113)
Net (loss)/income recognised directly in equity	-	-	-	(4,351)	115,693	(6,113)	105,229
Balance as at 31 March 2013	**13,808,707**	**3,660**	**3,126,466**	**(87,280)**	**(1,210,824)**	**(935,637)**	**14,705,092**
Balance at 31 December 2011 (Audited)	13,808,707	3,660	2,914,554	(9,453)	(1,423,294)	(587,439)	14,706,735
Increase/(decrease) in unrealised reserve	-	-	-	181	62,270	-	62,451
Increase in foreign currency translation reserve	-	-	-	-	-	118,137	118,137
Net income/(loss) recognised 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

19 DIVIDENDS

Subsequent to the reporting date, a cash dividend of AED 0.10 per share for the year 2012 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 9 April 2013.

20 RELATED PARTY DISCLOSURES

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

Related party transactions
The following table summarise the significant transactions that have been entered into with the related parties during the three months ended 31 March 2013 and 2012, as well as balances with related parties as at 31 March 2013 and 31 December 2012:

	Three month period ended	
	31 March 2013 AED'000	*31 March 2012 AED'000*
Associates:		
Islamic finance income	**1,045**	3,970
Finance income earned on loans	**67,912**	55,848
Directors' and their related parties:		
Rental income from leased properties and related income	**16,963**	21,067
Islamic finance income	**63**	63
Finance income earned on deposits	**123**	7,676
Finance costs incurred on interest-bearing loans and borrowings	**10,865**	5,386
Revenue from Hospitality	**108**	-
Selling, general and administrative expenses	**2,755**	2,755

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

	31 March 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Directors and their related parties		
Bank balances and cash	**263,346**	201,674
Trade receivables	**4,533**	4,960
Other assets, receivables, deposits and prepayments	**21,784**	22,175
Investments in securities - at fair value through other comprehensive income	**92,889**	79,682
Interest-bearing loans and borrowings	**875,849**	885,825
Trade and other payables	**3,542**	3,596

Subsequent to the reporting date, a payment of 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 9 April 2013.

21 GUARANTEES

The Group has the following guarantees outstanding as at 31 March 2013:

1. Loans taken by an associate from commercial banks amounting to AED 186,752 thousands (31 December 2012: AED 183,881 thousands) are guaranteed by the Group.

2. The Group has issued financial guarantees of AED 19,686 thousands (31 December 2012: AED 13,291 thousands) for the letter of credit issued by a commercial bank.

3. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2012: AED 5,000 thousands) as a security for the letter of guarantee issued by a commercial bank for issuance of a trade license from Government of Dubai.

4. The Group has provided a financial guarantee of AED 3,287 thousands (31 December 2012: AED 3,287 thousands) as a security for the performance of its contractual obligations.

5. The Group has provided a financial guarantee of AED 922 thousands (31 December 2012: AED 922 thousands) as a security for the performance of its contractual obligations.

6. The Group has provided financial guarantees of AED 670,011 thousands (31 December 2012: AED 304,010 thousands) to Real Estate Regulatory Authority (RERA), Dubai for its new projects as per RERA regulations.

7. The Group has provided a corporate guarantee of AED 73,460 thousands (31 December 2012: AED 73,460 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of the joint venture of the Group.

8. The Group has provided financial gurantees of AED 270 thousands (31 December 2012: nil) as a security for the performance of its contractual obligations.

22 COMMITMENTS

At 31 March 2013, the Group had commitments of AED 6,955,409 thousands (31 December 2012: AED 4,624,870 thousands) which include project commitments of AED 6,757,200 thousands (31 December 2012: AED 4,346,198 thousands). This represents the value of contracts issued at 31 March 2013 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.

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 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Within one year	32,903	16,608
After one year but not more than five years	141,433	139,776
More than five years	72,373	90,466
	246,709	**246,850**

22 COMMITMENTS (continued)

Operating lease commitments - Group as lessor

The Group has entered into 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 2013 AED'000	*31 December 2012 AED'000 (Audited)*
Within one year	**1,427,720**	1,386,627
After one year but not more than five years	**2,387,557**	2,361,799
More than five years	**953,226**	986,010
	4,768,503	4,734,436

23 HEDGING ACTIVITIES

Cash flow hedges
At 31 March 2013, the Group held certain interest rate swap contract designated as a hedge of expected future payments under the borrowing contracts entered by the Group for which it has firm commitments. The interest rate swap contract is being used to hedge the interest rate risk of the firm commitments. The nominal amount of these contracts is USD 232,339 thousands and AED 2,495,250 thousands respectively (31 December 2012: USD 232,389 thousands and AED 1,800,000 thousands respectively).

	31 March 2013		*31 December 2012(Audited)*	
	Assets AED'000	*Liabilities AED'000*	*Assets AED'000*	*Liabilities AED'000*
Interest rate swap contracts				
Fair value	**-**	**87,280**	-	82,929

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of cash flow hedges by valuation technique:

	Total AED'000	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*
31 March 2013				
Interest rate swap contracts	**87,280**	**-**	**87,280**	**-**
31 December 2012 *(Audited)*				
Interest rate swap contracts	82,929	-	82,929	-

Valuation technique
The present value of interest rate swaps is computed by determining the present value of the fixed leg and the floating leg interest flows. The value of the fixed leg is given by the present value of the fixed coupon payments. The value of the floating leg is given by the present value of the floating coupon payments determined at the agreed dates of each payment. The forward rate for each floating payment date is calculated using the forward curves.

24 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include bank balances and cash, trade receivables, investment in securities, loans and advances, other receivables and due from related parties. Financial liabilities of the Group include customer deposits, interest-bearing loans and borrowings, convertible notes, sukuk, accounts payable and retentions payable.

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