Emaar Properties PJSC
and its Subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2018

Emaar Properties PJSC and its Subsidiaries

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For the Period Ended 31 March 2018

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Building a better working world

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

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 2018, comprising of the interim consolidated statement of financial position as at 31 March 2018, and the related interim consolidated income statement, 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.

For Ernst & Young

Signed by:
Anthony O'Sullivan
Partner
Registration No: 687

3 May 2018

Dubai, United Arab Emirates

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2018 (Unaudited)

		(US $1.00 = AED 3.673) ***Three-month period ended***	
		31 March 2018	*31 March 2017*
	Notes	***AED'000***	*AED'000*
Revenue	5	**5,586,223**	4,072,442
Cost of revenue	5	**(2,695,090)**	(2,033,770)
GROSS PROFIT		**2,891,133**	2,038,672
Other operating income		**79,109**	68,833
Other operating expenses		**(30,421)**	(30,732)
Selling, general and administrative expenses	6	**(914,882)**	(774,054)
Finance income	7	**216,964**	157,170
Finance costs		**(239,119)**	(142,878)
Other income		**26,281**	121,727
Share of results of associates and joint ventures		**71,898**	8,277
PROFIT BEFORE TAX		**2,100,963**	1,447,015
Income tax expense		**(33,422)**	(387)
NET PROFIT FOR THE PERIOD		**2,067,541**	1,446,628
ATTRIBUTABLE TO:			
Owners of the Parent		**1,501,145**	1,384,498
Non-controlling interests		**566,396**	62,130
		2,067,541	1,446,628
Earnings per share attributable to the owners of the Parent:			
- basic and diluted earnings per share (AED)		**0.21**	0.19

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Period ended 31 March 2018 (Unaudited)

	(US $1.00 = AED 3.673) Three-month period ended	
	31 March 2018 AED'000	*31 March 2017 AED'000*
Net profit for the period	**2,067,541**	1,446,628
Other comprehensive income / (loss) to be reclassified to income statement in subsequent periods:		
Increase in hedging reserves	**12,541**	8,462
Decrease in unrealised gains / (losses) reserve	**(378)**	(413)
(Decrease) / increase in foreign currency translation reserve	**(226,862)**	288,004
Net other comprehensive (loss) / income to be reclassified to income statement in subsequent periods	**(214,699)**	296,053
Other comprehensive income not to be reclassified to income statement in subsequent periods:		
(Decrease) / increase in unrealised gains / (losses) reserve	**(74,518)**	10,811
Realised gain on fair value movement through other comprehensive income	**-**	2,049
Net other comprehensive (loss) / income not to be reclassified to income statement in subsequent periods	**(74,518)**	12,860
Total comprehensive income for the period	**1,778,324**	1,755,541
ATTRIBUTABLE TO:		
Owners of the Parent	**1,267,281**	1,555,912
Non-controlling interests	**511,043**	199,629
	1,778,324	1,755,541

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	31 March 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
		(US $1.00 = AED 3.673)	
ASSETS			
Bank balances and cash	8	**17,778,573**	21,102,536
Trade and unbilled receivables	9	**3,680,429**	3,002,620
Other assets, receivables, deposits and prepayments	10	**12,283,030**	10,926,710
Development properties	11	**36,396,376**	35,252,013
Assets classified as held for sale	4	**6,339,756**	6,570,089
Investments in securities	12	**1,401,839**	1,985,749
Loans to associates and joint ventures	13	**772,618**	727,497
Investments in associates and joint ventures	14	**4,791,906**	4,723,962
Property, plant and equipment		**11,373,848**	11,237,398
Investment properties		**17,519,330**	16,596,397
Intangible assets		**624,088**	626,959
TOTAL ASSETS		**112,961,793**	112,751,930
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	15	**16,378,912**	14,480,168
Advances from customers		**13,924,956**	14,535,281
Liabilities directly associated with assets classified as held for sale	4	**3,334,320**	3,380,694
Retentions payable		**974,542**	1,033,329
Interest-bearing loans and borrowings	16	**14,495,958**	14,249,576
Sukuk	17	**7,319,912**	7,318,852
Provision for employees' end-of-service benefits		**170,636**	162,707
TOTAL LIABILITIES		**56,599,236**	55,160,607
EQUITY			
Equity attributable to owners of the Parent			
Share capital	18	**7,159,739**	7,159,739
Employees' performance share program		**(1,684)**	(1,684)
Reserves	19	**16,464,585**	16,698,449
Retained earnings		**23,706,454**	25,212,399
		47,329,094	49,068,903
Non-controlling interests		**9,033,463**	8,522,420
TOTAL EQUITY		**56,362,557**	57,591,323
TOTAL LIABILITIES AND EQUITY		**112,961,793**	112,751,930

The interim condensed consolidated financial statements were authorised for issue on 3 May 2018 by the Board of Directors and signed on their behalf by:

Chairman

Director

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period ended 31 March 2018 (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*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance as at 31 December 2017 (*Audited)*	7,159,739	(1,684)	16,698,449	25,212,399	49,068,903	8,522,420	57,591,323
Net profit for the period	-	-	-	1,501,145	1,501,145	566,396	2,067,541
Other comprehensive income for the period	-	-	(233,864)	-	(233,864)	(55,353)	(289,217)
Total comprehensive income for the period	-	-	(233,864)	1,501,145	1,267,281	511,043	1,778,324
Dividend paid to shareholders (note 20)	-	-	-	(3,007,090)	(3,007,090)	-	(3,007,090)
Balance as at 31 March 2018	**7,159,739**	**(1,684)**	**16,464,585**	**23,706,454**	**47,329,094**	**9,033,463**	**56,362,557**

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

(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*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at 31 December 2016 (*Audited)*	7,159,739	(1,684)	16,197,029	17,649,244	41,004,328	6,663,237	47,667,565
Effect of restatement	-	-	-	(253,818)	(253,818)	-	(253,818)
Balance at 1 January 2017 *(Restated)**	7,159,739	(1,684)	16,197,029	17,395,426	40,750,510	6,663,237	47,413,747
Net profit for the period	-	-	-	1,384,498	1,384,498	62,130	1,446,628
Other comprehensive income for the period	-	-	169,365	2,049	171,414	137,499	308,913
Total comprehensive income for the period	-	-	169,365	1,386,547	1,555,912	199,629	1,755,541
Dividend of a subsidiary	-	-	-	-	-	(220,000)	(220,000)
Movement in non-controlling interests	-	-	-	-	-	7,500	7,500
Balance as at 31 March 2017	7,159,739	(1,684)	16,366,394	18,781,973	42,306,422	6,650,366	48,956,788

* Certain amounts shown here do not correspond to the 2016 consolidated financial statements and reflect adjustments made as detailed in annual consolidated financial statements for the year ended 31 December 2017.

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
Period ended 31 March 2018 (Unaudited)

		(US $1.00 = AED 3.673) Three-month period ended	
	Notes	***31 March 2018 AED'000***	*31 March 2017 AED'000*
Cash flows from operating activities			
Profit before tax		**2,100,963**	1,447,015
Adjustments for:			
Share of results of associates and joint ventures		**(71,898)**	(8,277)
Depreciation		**280,783**	241,353
Amortisation of intangible assets		**2,871**	-
Provision for end-of-service benefits, net		**7,929**	432
Loss on disposal of property, plant and equipment		**508**	3,967
Provision for doubtful debts / write-off		**13,848**	-
Finance costs		**239,119**	142,878
Finance income	7	**(216,964)**	(157,170)
Cash from operations before working capital changes:		**2,357,159**	1,670,198
Trade and unbilled receivables		**(678,928)**	(75,074)
Other assets, receivables, deposits and prepayments		**(1,329,717)**	(452,648)
Development properties		**(918,830)**	(634,609)
Advances from customers		**(610,325)**	272,899
Trade and other payables		**1,642,851**	780,339
Retentions payable		**(58,787)**	78,411
Assets and liabilities held for sale, net		**183,959**	(115,800)
Income tax, net		**(11,517)**	(57,582)
Net cash flows from operating activities		**575,865**	1,466,134
Cash flows from investing activities			
Purchase of securities		**(289,009)**	(188,626)
Proceeds from disposal of securities		**804,391**	25,578
Finance income received		**212,266**	143,494
Dividend received from associates and joint ventures		**20,595**	-
Additional investments in and loans to associates and joint ventures		**(61,917)**	(257,861)
Amounts incurred on investment properties		**(992,694)**	(626,960)
Amounts incurred on property, plant and equipment		**(573,845)**	(318,187)
Proceeds from disposal of property, plant and equipment		**2,596**	18,345
Deposits maturing after three months (including deposits under lien)	8	**(1,653,375)**	(213,716)
Net cash flows used in investing activities		**(2,530,992)**	(1,417,933)
Cash flows from financing activities			
Dividend paid (including dividends of subsidiaries)		**(3,007,090)**	(220,000)
Proceeds from interest-bearing loans and borrowings	16	**435,080**	502,499
Repayment of interest-bearing loans and borrowings	16	**(192,909)**	(264,390)
Finance costs paid		**(263,218)**	(161,114)
Movement in non-controlling interests		**-**	7,500
Net cash flows used in financing activities		**(3,028,137)**	(135,505)
Decrease in cash and cash equivalents		**(4,983,264)**	(87,304)
Net foreign exchange difference		**5,926**	8,425
Cash and cash equivalents at the beginning of the period		**16,240,882**	8,961,100
Cash and cash equivalents at the end of the period	8	**11,263,544**	8,882,221

The accompanying notes 1 to 25 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, development and development management, 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 2017. 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 consolidated 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, financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income and profit or loss that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Certain comparative amounts have been reclassified to conform to the presentation used in these interim condensed consolidated financial statements.

Results for the three-month period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

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 (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
(b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
(c) the Company has the ability to use its power over the entity to affect the amount of the Company's returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)
The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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.

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 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.

Special purpose entities
Special purpose entities are entities that are created to accomplish a narrow and well-defined objective. The financial information of special purpose entities is included in the Group’s interim condensed consolidated financial statements where the substance of the relationship is that the Group controls the special purpose entity and hence, they are accounted for as subsidiaries.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, 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 judgments and estimates and assumptions that have a significant impact on the interim condensed consolidated financial statements of the Group are discussed below:

Judgments

Satisfaction of performance obligations
The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstance the Group recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

Determination of transaction prices
The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assess the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration the Group uses the "most-likely amount" method in IFRS 15 *Revenue from Contracts with Customers* whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers
In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the assets that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the unit has been handed over to the customer.

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 IFRS 15.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)
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: *Consolidated Financial Statements*. 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
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 expected credit loss on such receivables.

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.

Allocation of transaction price to performance obligation in contracts with customers
The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be 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.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES

(a) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018. Although these new standards and amendments apply for the first time in 2018, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group early adopted IFRS 9- Phase 1 *Classification and Measurement of Financial Instruments* in the prior years, and adopted the other two aspects of IFRS 9 namely, Impairment and Hedge accounting from 1 January 2018 with the initial application date of 1 January 2018. With the exception of hedge accounting, which the Group applied prospectively, the Group has applied IFRS 9 - Impairment retrospectively. The effect of adopting IFRS 9 is, as follows:

Impairment

The adoption of IFRS 9 requires the Group to account for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking Expected Credit Loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at Fair value through profit or loss (FVPL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and unbilled receivables and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets (i.e., loans and investment in debt securities), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Management assessed the expected credit losses as prescribed by the requirements of IFRS 9 against trade and unbilled receivables, other receivables and investment in debt securities and concluded that there was no material impact on the interim condensed consolidated statements.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) New standards, interpretations and amendments adopted by the Group (continued)

IFRS 9 Financial Instruments (continued)
Hedge accounting
The Group applied hedge accounting prospectively. At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with prior periods, the Group has continued to designate the change in fair value of the entire forward contract in the Group's cash flow hedge relationships and, as such, the adoption of the hedge accounting requirements of IFRS 9 had no significant impact on the Group's interim condensed consolidated financial statements.

Under IAS 39, all gains and losses arising from the Group's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. The Group currently only has a hedge of financial assets and liabilities. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the presentation of comparative figures.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations
The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group has no share-based payment transactions therefore, these amendments do not have any impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) New standards, interpretations and amendments adopted by the Group (continued)

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters
Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

(b) Standards, amendments and interpretations in issue but not effective
At the date of authorisation of these interim condensed consolidated financial statements, other than the standards and interpretations adopted by the Group (as described above) the following standards, amendments and interpretations were in issue but not yet effective.

IFRS 16 Leases - IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (effective for annual periods beginning on or after 1 January 2019, with early application permitted, but not before an entity applies IFRS 15);

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS10, IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - (The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively);

IFRS 17 Insurance Contracts - IFRS 17 will replace IFRS 4 Insurance Contracts (effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17); and

Annual Improvements 2014-2017 Cycle (issued in December 2017)
These improvements include:

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (effective for annual reporting periods beginning on or after 1 January 2019).

The Group is currently assessing the impact of IFRS 16 Leases, which will be adopted to the extent applicable to the Group. Other than the potential impact, if any, of these standards the Group does not expect the adoption of the above new standards, amendments and interpretations to have a material impact on the future consolidated financial statements of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
The Group has adopted IFRS 15 and has applied the following accounting policy in the preparation of its interim condensed consolidated financial statements.

Revenue from contracts with customers
The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

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.

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 arising from operating leases on investment properties is recognised, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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.

Development services

Revenue from rendering of development management services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation 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.

Customer loyalty programme

The Group operates a loyalty points programme, 'U by Emaar', which allows customers to accumulate points when they spend in any of the Group's hotel or leisure units. The points can be redeemed for discounts, subject to a minimum number of points being obtained. Consideration received is allocated between the revenue from hospitality and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

Property, plant and equipment

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

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

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

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties
Properties held for rental or capital appreciation purposes are classified as investment properties. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is charged on a straight-line basis over the estimated useful lives as follows:

Buildings	10 - 45 years
Furniture, fixtures and others	4 - 10 years
Plant and equipment	3 - 10 years

No depreciation is charged on land and capital work-in-progress.

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

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.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the interim consolidated income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is charged on a straight-line basis over the estimated useful lives as follows:

Goodwill	indefinite
Brand	indefinite
Customers relationship	5 years
Software	3 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the interim consolidated income statement when the asset is derecognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 consolidated statement of comprehensive income and accumulated in equity are reclassified to the 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.

2.4 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.

Put option over non-controlling interests

Written put option on the shares of a subsidiary held by non-controlling interests give rise to a financial liability. The liability that may become payable under the arrangement is initially recognised at present value of the redemption amount with a corresponding entry directly in equity. Subsequent changes to the value of the liability are recognised in the interim consolidated statement of income.

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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Trade and unbilled receivables

Trade and unbilled receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made based on the expected credit loss on receivables. When trade and unbilled receivables are 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.

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 has 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 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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 IFRS 9 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 profit 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.

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.

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.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the interim consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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 IFRS 9: *Financial Instruments* 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount 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.

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 interim consolidated income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

Fair value measurement
The Group measures financial instruments, such as investment in securities and hedges, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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).
- 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).

For assets and liabilities that are recognised in the interim condensed consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 interim condensed 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 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 operating in number of countries outside the UAE and is engaged in development of several projects which have significant impact on the Group results.

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 and certain assets and liabilities information regarding business segments for the three-month period ended 31 March 2018 and 31 March 2017. Assets and liabilities of the business segments are presented as at 31 March 2018 and 31 December 2017.

	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 2018:					
Revenue					
Revenue from external customers					
- Over a period of time	**3,567,334**	**-**	**-**	**-**	**3,567,334**
- Single point in time / leasing revenue	**185,932**	**1,381,920**	**451,037**	**-**	**2,018,889**
	3,753,266	**1,381,920**	**451,037**	**-**	**5,586,223**
Results					
Contribution for the period	**1,372,150**	**755,318**	**88,685**	**33,266**	**2,249,419**
Unallocated selling, general and administrative expenses					**(208,992)**
Unallocated finance income, net					**60,536**
Profit before tax for the period					**2,100,963**
Other segment information					
Capital expenditure (Property, plant and equipment and investment properties)	**91,654**	**1,050,768**	**255,263**	**168,854**	**1,566,539**
Depreciation (Property, plant and equipment and investment properties)	**41,553**	**155,112**	**68,722**	**15,396**	**280,783**
Assets and liabilities ***As at 31 March 2018***					
Segment assets	**77,234,233**	**24,370,915**	**7,460,410**	**3,896,235**	**112,961,793**
Segment liabilities	**44,278,274**	**10,409,059**	**1,264,223**	**647,680**	**56,599,236**

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 2017:					
Revenue from external customers					
- Over a period of time	2,176,635	-	-	-	2,176,635
- Single point in time / leasing revenue	303,535	1,154,903	437,369	-	1,895,807
	2,480,170	1,154,903	437,369	-	4,072,442
Results					
Contribution for the period	676,708	776,617	130,727	17,750	1,601,802
Unallocated selling, general and administrative expenses					(198,332)
Unallocated finance income, net					43,545
Profit before tax for the period					1,447,015
Other segment information					
Capital expenditure (Property, plant and equipment and investment properties)	62,504	648,927	207,065	26,651	945,147
Depreciation (Property, plant and equipment and investment properties)	39,391	126,570	61,047	14,345	241,353
Assets and liabilities					
As at 31 December 2017 (Audited)					
Segment assets	79,175,536	21,959,969	7,433,410	4,183,015	112,751,930
Segment liabilities	43,438,397	10,044,504	1,138,204	539,502	55,160,607

3 SEGMENT INFORMATION (continued)

Geographic segments
The following tables include revenue and other segment information for the three-month periods ended 31 March 2018 and 31 March 2017. Certain asset information for geographic segments is presented as at 31 March 2018 and 31 December 2017.

	Domestic AED'000	***International AED'000***	***Total AED'000***
Three-month period ended 31 March 2018:			
Revenue			
Revenue from external customers			
- Over a period of time	**3,126,184**	**441,150**	**3,567,334**
- Single point in time / leasing revenue	**1,902,727**	**116,162**	**2,018,889**
	5,028,911	**557,312**	**5,586,223**
Other Segment Information			
Capital expenditure (Property, plant and equipment and investment properties)	**1,459,037**	**107,502**	**1,566,539**
Assets			
As at 31 March 2018			
Segment assets	**70,744,134**	**37,425,753**	**108,169,887**
Investments in associates and joint ventures	**1,935,847**	**2,856,059**	**4,791,906**
Total assets	**72,679,981**	**40,281,812**	**112,961,793**
Three-month period ended 31 March 2017:			
Revenue			
Revenue from external customers			
- Over a period of time	1,594,472	582,163	2,176,635
- Single point in time / leasing revenue	1,627,406	268,401	1,895,807
	3,221,878	850,564	4,072,442
Other Segment Information			
Capital expenditure (Property, plant and equipment and investment properties)	755,115	190,032	945,147
Assets			
As at 31 December 2017 (Audited)			
Segment assets	70,666,875	37,361,093	108,027,968
Investments in associates and joint ventures	1,901,228	2,822,734	4,723,962
Total assets	72,568,103	40,183,827	112,751,930

4 ASSETS HELD FOR SALE

(a) Emaar MGF Land Limited

In 2016, the Group filed a scheme of arrangement with the Delhi High Court in India for the demerger ("demerger scheme") of the operations of Emaar MGF Land Limited ("EMGF"). Accordingly, on 18 May 2016, the original joint venture agreement and the Memorandum and Articles of Association of EMGF were amended, resulting in the Group gaining control of the operations of EMGF.

As part of the demerger scheme, the Group has agreed to transfer certain assets and liabilities directly associated with those assets (the "disposal group") to the other promoter group of EMGF. The major classes of assets and liabilities of the EMGF disposal group classified as held for sale are as follows:

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Assets		
Property, plant and equipment	**269,448**	274,652
Development properties	**4,742,960**	4,919,553
Other assets, receivables, deposits and prepayments	**282,374**	326,997
Total assets	**5,294,782**	5,521,202
Liabilities		
Interest-bearing loans and borrowings	**391,214**	398,704
Trade and other payables	**2,155,658**	2,190,643
Advances from customers	**89,062**	90,789
Total liabilities	**2,635,934**	2,680,136
Net assets directly associated with the EMGF disposal group	**2,658,848**	2,841,066

There were no significant gains or losses recognised in the interim consolidated income statement or interim consolidated statement of comprehensive income with respect to the EMGF disposal group.

The board members of EMGF approved the plan to transfer the EMGF disposal group. On 8 January 2018, the National Company Law Tribunal ("NCLT") approved the demerger scheme. EMGF filed a revision petition on 18 January 2018 stating that certain modification needs to be made in the order issued by NCLT, which was accepted by NCLT. The revised final order is pending from NCLT as at 31 March 2018.

4 ASSETS HELD FOR SALE (continued)

(b) Emaar Giga Holding Limited

On 12 November 2017, the Group signed a separation agreement with Giga Group Holding Ltd ("Giga") in respect of Emaar Giga Holding Ltd ("EGHL"), a subsidiary formed to develop properties in Pakistan. Based on the separation agreement, Giga will exchange its shareholding in EGHL for land held by the Group in Karachi, Pakistan. As at 31 March 2018 the conditions precedent for completion of the transfer had not been satisfied and the transfer had not been effected. The assets and liabilities that form part of the disposal group have been disclosed under 'assets held for sale' and 'liabilities associated with assets held for sale' in the interim consolidated statement of financial position.

The major classes of assets and liabilities of the disposal group classified as held for sale as at 31 March 2018 are as follows:

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Assets		
Development properties	**91,544**	95,790
Total assets	**91,544**	95,790
Liabilities		
Trade and other payables	**101,702**	104,086
Total liabilities	**101,702**	104,086
Net liabilities directly associated with the EGHL disposal group	**10,158**	8,296

There were no significant gains or losses recognised in the interim consolidated income statement or in the interim consolidated statement of comprehensive income with respect to these assets.

4 ASSETS HELD FOR SALE (continued)

(c) Emaar Middle East LLC

During 2016, the Group has entered in a separation agreement with Al Oula Real Estate Development Holding Company ("Al Oula"), by which the Group has agreed to acquire the equity shares held by Al Oula in Emaar Middle East LLC ("EME") and its subsidiaries, which will be settled by way of transfer of ownership of a project (the "EME disposal group") developed by EME to Al Oula.

The transfer of these shares to the Group is subject to certain milestones and conditions defined in the separation agreement. As at 31 March 2018 these milestones and conditions are not completed and the shares are not transferred to the Group. Accordingly, the assets and liabilities relating to the EME disposal group have been disclosed under 'assets held for sale' and 'liabilities associated with assets held for sale' in the interim consolidated statement of financial position.

The major classes of assets and liabilities of the EME disposal group classified as held for sale as at 31 March 2018 are as follows:

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Assets		
Development properties	**923,139**	925,149
Trade and unbilled receivables	**15,668**	13,325
Total assets	**938,807**	938,474
Liabilities		
Trade and other payables	**575,573**	575,591
Advances from customers	**21,111**	20,881
Total liabilities	**596,684**	596,472
Net assets directly associated with the EME disposal group	**342,123**	342,002

There were no significant gains or losses recognised in the interim consolidated income statement or in the interim consolidated statement of comprehensive income with respect to these assets.

(d) During 2017, the Group identified certain non-core assets that do not fit the long term strategy of the business. Accordingly, certain retail units were identified to be divested. At 31 March 2018, investment properties having a net book value of AED 14,623 thousands (31 December 2017: AED 14,623 thousands) were classified as held for sale.

There were no significant gains or losses recognised in the interim consolidated income statement or in the interim consolidated statement of comprehensive income with respect to these assets.

5 REVENUE AND COST OF REVENUE

	Three-month period ended	
	31 March 2018 AED'000	*31 March 2017 AED'000*
Revenue		
Revenue from property sales		
Sale of condominiums	**1,970,782**	1,724,776
Sale of villas	**1,497,542**	531,764
Sale of commercial units, plots of land and others	**284,942**	223,630
Revenue from hospitality	**451,037**	437,369
Revenue from leased properties, retail and related income	**1,381,920**	1,154,903
	5,586,223	4,072,442

	Three-month period ended	
	31 March 2018 AED'000	*31 March 2017 AED'000*
Cost of revenue		
Cost of revenue of property sales		
Cost of condominiums	**1,243,581**	1,141,701
Cost of villas	**782,406**	358,370
Cost of commercial units, plots of land and others	**132,202**	163,343
Operating cost of hospitality	**232,266**	218,074
Operating cost of leased properties, retail and related activities	**304,635**	152,282
	2,695,090	2,033,770

6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended	
	31 March 2018 AED'000	*31 March 2017 AED'000*
Payroll and related expenses	**183,043**	164,192
Sales and marketing expenses	**166,568**	94,295
Depreciation of property, plant and equipment	**164,694**	151,964
Depreciation of investment properties	**116,089**	89,389
Property management expenses	**79,280**	68,117
Pre-operating expenses	**11,275**	18,582
Other expenses	**193,933**	187,515
	914,882	774,054

7 FINANCE INCOME

	Three-month period ended	
	31 March 2018 AED'000	*31 March 2017 AED'000*
Finance income on fixed deposits with banks	**95,105**	67,007
Other finance income	**121,859**	90,163
	216,964	157,170

8 BANK BALANCES AND CASH

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Cash in hand	**5,881**	5,577
Current and call bank deposit accounts	**8,289,998**	8,451,090
Fixed deposits maturing within three months	**2,967,665**	7,784,215
Cash and cash equivalents	**11,263,544**	16,240,882
Deposits under lien (note 16 and 22)	**102,688**	110,186
Fixed deposits maturing after three months	**6,412,341**	4,751,468
	17,778,573	21,102,536
Bank balances and cash located:		
Within UAE	**15,800,818**	19,769,718
Outside UAE	**1,977,755**	1,332,818
	17,778,573	21,102,536
Bank balances and cash are denominated in the following currencies:		
United Arab Emirates Dirham (AED)	**15,800,818**	19,769,718
Egyptian Pound (EGP)	**1,502,334**	983,620
United States Dollar (USD)	**213,338**	132,782
Saudi Riyal (SAR)	**107,046**	114,680
Indian Rupee (INR)	**73,841**	81,938
Other currencies	**81,196**	19,798
	17,778,573	21,102,536

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

Fixed deposits maturing after three months earn interest at rates between 1.3% and 3.2% per annum (31 December 2017: 1.30% and 3.2% per annum).

Bank balances maintained in the UAE includes an amount of AED 14,790 thousands (31 December 2017: AED 14,807 thousands) committed for investments in a project in Syria.

The Company is required to maintain certain deposits/balances amounting to AED 9,211,993 thousands (31 December 2017: AED 9,494,945 thousands) with banks for 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.

9 TRADE AND UNBILLED RECEIVABLES

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Trade receivables		
Amounts receivables within 12 months, net	**1,658,165**	1,461,833
Unbilled receivables		
Unbilled receivables within 12 months	**1,603,777**	1,142,406
Unbilled receivables after 12 months, net	**418,487**	398,381
	2,022,264	1,540,787
Total trade and unbilled receivables	**3,680,429**	3,002,620

The above trade receivables are net of AED 152,600 thousands (31 December 2017: AED 151,628 thousands) relating to provision for doubtful debts representing management's best estimate of doubtful trade receivables based on the expected credit loss on receivables. All other receivables are considered recoverable.

10 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Advances to contractors and others	**3,642,036**	3,277,950
Recoverable under joint development agreements	**3,523,232**	2,916,247
Prepayments (including prepaid lease rentals)	**1,163,827**	1,130,857
Deferred sales commission (i)	**816,792**	766,829
Value added tax recoverable	**751,186**	704,406
Recoverable from non-controlling interests (ii)	**632,912**	630,314
Inventory - Hospitality and Retail	**281,753**	242,485
Deposits for acquisition of land	**171,026**	161,152
Receivables from Communities Owner Associations	**199,066**	162,701
Deferred income tax assets	**125,589**	137,597
Accrued interest	**53,838**	49,140
Other receivables and deposits	**921,773**	747,032
	12,283,030	10,926,710
Other assets, receivables, deposits and prepayments maturity profile:		
Amounts recoverable within 12 months	**10,015,382**	8,464,346
Amounts recoverable after 12 months	**2,267,648**	2,462,364
	12,283,030	10,926,710

(i) The deferred sales commission expense incurred to obtain or fulfil a contract with the customers is amortised over the period of satisfying performance obligations where applicable.

(ii) Recoverable from non-controlling interests includes AED 402 million (31 December 2017: AED 399 million) receivable from the other promotor group in EMGF as per the demerger scheme, which carries interest at 11.25% per annum and is receivable by 2019.

11 DEVELOPMENT PROPERTIES

	31 March 2018 AED'000
Balance at the beginning of the period *(Audited)*	**35,252,013**
Add: Costs incurred during the period	**3,327,673**
Add: Costs transferred from property, plant and equipment*	**230,780**
Less: Costs transferred to cost of revenue during the period	**(2,158,189)**
Less: Foreign currency translation differences	**(250,654)**
Less: Costs transferred to investment properties*	**(5,247)**
Balance at the end of the period	**36,396,376**

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Development properties located:		
Within UAE	**17,962,398**	16,786,519
Outside UAE	**18,433,978**	18,465,494
	36,396,376	35,252,013

*The Group has transferred certain costs from/to properties, plant and equipment and investment properties based on change in intended use of such developments.

12 INVESTMENTS IN SECURITIES

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Financial assets at fair value through other comprehensive income	**803,106**	869,585
Financial assets at fair value through profit and loss	**17,872**	27,529
Financial assets at amortised cost	**580,861**	1,088,635
	1,401,839	1,985,749
Investments in securities:		
Within UAE	**696,195**	770,055
Outside UAE	**705,644**	1,215,694
	1,401,839	1,985,749

12 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 by valuation technique:

	Total AED'000	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*
31 March 2018	**820,978**	**95,494**	**698,433**	**27,051**
31 December 2017 *(Audited)*	897,114	90,073	779,990	27,051

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.

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

13 LOANS TO ASSOCIATES AND JOINT VENTURES

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Zabeel Square LLC (i)	**244,971**	219,667
Emaar Dubai South DWC LLC (i)	**207,712**	204,017
DWTC Emaar LLC (i)	**221,356**	192,721
Amlak Finance PJSC (ii)	**91,678**	104,215
Other associates and joint ventures	**6,901**	6,877
	772,618	727,497

(i) Loan to associates and joint ventures of AED 674,039 thousands (31 December 2017: AED 616,405 thousands) are unsecured, repayable on demand and does not carry any interest.

(ii) As per the terms of the restructuring agreement entered in 2014, 20% of the principal amount of the loan was repaid by Amlak in 2014, 65% is restructured into a long term facility maturing in 12 years carrying a profit rate of 2% per annum and 15% is restructured into a 12-year contingent convertible instrument (CCI).

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Emaar, The Economic City (Saudi Joint Stock Company) - quoted	**2,399,311**	2,348,909
Amlak Finance PJSC - quoted	**731,609**	729,171
Emaar Bawadi LLC	**495,843**	479,392
Turner International Middle East Ltd	**367,219**	359,431
Eko Temali Parklar Turizm Işletmeleri Anonim Şirketi	**270,069**	282,831
Mirage Leisure and Development Inc.	**143,124**	155,595
Emaar Industries and Investment (Pvt) JSC	**151,844**	145,226
Dead Sea Company for Tourist and Real Estate Investment	**109,531**	113,799
Others	**123,356**	109,608
	4,791,906	4,723,962

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The Group has the following ownership interest in its significant associates and joint ventures:

	Country of incorporation	***Ownership* 2018**	*2017*
Emaar, The Economic City (Saudi Joint Stock Company)	KSA	**30.59%**	30.59%
Amlak Finance PJSC	UAE	**48.08%**	48.08%
Emaar Bawadi LLC	UAE	**50.00%**	50.00%
Turner International Middle East Ltd	UAE	**65.00%**	65.00%
Eko Temali Parklar Turizm Işletmeleri Anonim Şirketi	Turkey	**50.00%**	50.00%
Mirage Leisure and Development Inc.	BVI	**65.00%**	65.00%
Emaar Industries and Investments (Pvt) JSC	UAE	**40.00%**	40.00%
Dead Sea Company for Tourist and Real Estate Investment	Jordan	**29.33%**	29.33%
Emaar Dubai South DWC LLC	UAE	**50.00%**	50.00%
DWTC Emaar LLC	UAE	**50.00%**	50.00%
Zabeel Square LLC	UAE	**50.00%**	50.00%

15 TRADE AND OTHER PAYABLES

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Project contract cost accruals and provisions	**5,439,246**	4,696,722
Creditors for land purchase	**2,530,066**	2,333,010
Deferred income tax payable	**2,310,953**	2,358,175
Trade payables	**1,352,784**	773,288
Payable to non-controlling interests	**387,686**	435,561
Put option over non-controlling interests (i)	**473,530**	468,658
Dividends payable	**293,703**	294,842
Income tax payable	**103,182**	91,665
Contingent liabilities arising on acquisition of a subsidiary	**18,340**	18,694
Other payables and accruals	**3,469,422**	3,009,553
	16,378,912	14,480,168

(i) Pursuant to the Shareholders' Agreement with GFG for the acquisition of Namshi, the Group and GFG are entitled to various put and call options, including an interim put option by which GFG has right to require the Group to acquire its entire shareholding in Namshi at fixed price determined as part of the Shareholders' agreement.

The Group has recognised a non-current financial liability of AED 473,530 thousands in the interim consolidated statement of financial position as at 31 March 2018 (31 December 2017: AED 468,658 thousands). This represents the present value of the estimated redemption amount payable by the Group in the event exercise of the right by GFG. The present value of the estimated redemption amount is determined using valuation techniques, such as the discounted cash flow model. Discount rates are calculated by using the weighted average cost of capital.

16 INTEREST-BEARING LOANS AND BORROWINGS

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Balance at the beginning of the period / year	**14,320,300**	10,068,987
Add: Borrowings drawn down during the period / year	**435,080**	6,435,566
Less: Borrowings repaid during the period / year	**(192,909)**	(2,184,253)
Balance at the end of the period / year	**14,562,471**	14,320,300
Less: Unamortised portion of directly attributable costs	**(66,513)**	(70,724)
Net interest-bearing loans and borrowings at the end of the period / year	**14,495,958**	14,249,576
Interest-bearing loans and borrowings maturity profile:		
Within 12 months	**2,116,826**	2,146,095
After 12 months	**12,379,132**	12,103,481
Balance at the end of the period / year	**14,495,958**	14,249,576
Interest-bearing loans and borrowings located:		
Within UAE	**9,118,457**	9,069,269
Outside UAE	**5,377,501**	5,180,307
	14,495,958	14,249,576

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

Secured

- USD 500,000 thousands (AED 1,836,500 thousands) of Syndicated facility, secured against certain investment properties owned by the Group in Turkey, carries interest at LIBOR plus 1.50% per annum and fully repayable by 2022.

- USD 16,753 thousands (AED 61,534 thousands) loan from a commercial bank, secured against certain assets in Lebanon, carries interest at 6.5% per annum and is repayable by 2021.

- USD 11,771 thousands (AED 43,234 thousands) loan from a commercial bank, secured against certain assets in Lebanon, carries interest at 1.075% per annum and is repayable by 2020.

- AED 535,054 thousands represent partial drawdown out of AED 750,000 thousands loan facility from a commercial bank, secured against certain assets in the United Arab Emirates, carries interest at EIBOR plus 2.5% per annum and is repayable by 2026.

- INR 16,859,517 thousands (AED 951,450 thousands) loans from commercial banks and financial institutions, secured against certain assets in India, bearing interest at rates ranging from 5.50% to 10.50% per annum and repayable by 2022.

16 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured

- During 2014, the Group has drawn down USD 1,250,000 thousands (AED 4,591,250 thousands) Syndicated Murabaha Islamic Finance Facility (the "Syndicated Facility") availed from a syndication of commercial banks in UAE. The Syndicated Facility is presented in the interim condensed consolidated financial statements at AED 4,567,748 thousands net of unamortised directly attributable transaction cost. The Syndicated Facility is unsecured, carries profit rate at LIBOR plus 1.75% per annum and is fully repayable in 2021. The bank has a lien of AED 39,367 thousands (31 December 2017: AED 35,992 thousands) (refer note 8) towards accrued interest.

- During 2017, the Group has drawn down USD 1,080,000 thousands (AED 3,966,840 thousands) out of Murabaha financing facility of USD 1,300,000 thousands (AED 4,774,900 thousands) from First Abu Dhabi Bank PJSC in UAE. The Murabaha facility is secured against cash flows of certain projects of the Group, carries profit rate at LIBOR plus 1.4% per annum and is fully repayable by 2022. The facility is presented in the interim condensed consolidated financial statements at AED 3,923,829 thousands net of unamortised directly attributable transaction cost.

- PKR 5,097,509 thousands (AED 161,591 thousands) loans from commercial banks, bearing interest at KIBOR plus 0.15% per annum and repayable in 2018.

- PKR 1,756,523 thousands (AED 55,682 thousands) loan from a commercial bank, bearing interest at KIBOR plus 0.10% per annum and is fully repayable in 2018.

- EGP 21,913 thousands (AED 4,557 thousands) of funding facilities from commercial banks in Egypt, bearing interest at rates ranging up to 1.5% plus CBE Corridor Rate and repayable by 2021.

- USD 180,000 thousands (AED 661,140 thousands) loan from a commercial bank in Turkey, bearing interest at LIBOR plus 1.30% per annum and repayable by 2018.

- USD 60,000 thousands (AED 220,380 thousands) loan from a commercial bank in Turkey, bearing interest at LIBOR plus 1.25% per annum and repayable by 2019.

- USD 56,994 thousands (AED 209,338 thousands) loans from commercial banks in Lebanon, bearing interest at rates ranging from 2.28% to 3.25% per annum and repayable by 2018.

- SAR 120,000 thousands (AED 117,600 thousands) loan from a commercial bank bearing interest at SIBOR plus 1% per annum – SIBOR plus 2% per annum and are repayable in 2018.

- USD 25,000 thousands (AED 91,825 thousands) represents partial drawdown out of USD 500,000 thousands (AED 1,836,500 thousands) Revolving Credit Line Facility (the "Facility") availed from the syndication of commercial banks in UAE, carries interest at LIBOR plus 1.50% to 1.60% per annum and is repayable by 2020.

- INR 18,685,473 thousands (AED 1,054,496 thousands) loans from commercial banks in India, bearing interest at 7.46% to 8.65% per annum and repayable by 2023. The banks have a lien of AED 35,034 thousands (31 December 2017: AED 55,565 thousands) (refer note 8) towards various facilities.

17 SUKUK

A. Emaar Sukuk Limited:

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 2:
On 18 July 2012, the Issuer 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 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Sukuk liability as at period / year-end	**1,833,593**	1,833,098

Series 3:
On 15 September 2016, the Issuer issued the third series of the trust certificates (the "Sukuk 3") amounting to USD 750,000 thousands (AED 2,754,750 thousands) under the Programme. The Sukuk 3 is listed on NASDAQ Dubai and is due for repayment in 2026. Sukuk 3 carries a profit distribution at the rate of 3.64% per annum to be paid semi-annually. The carrying value of Sukuk 3 is as follows:

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Sukuk liability as at period / year-end	**2,746,130**	2,746,065

B. Emaar Malls Group (EMG) Sukuk Limited:

On 18 June 2014, the EMG Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of EMG, issued trust certificates (the "Sukuk") amounting to USD 750,000 thousands (AED 2,754,750 thousands). The Sukuk is listed on the NASDAQ Dubai and is due for repayment in 2024. The Sukuk carries a profit distribution rate of 4.6% per annum to be paid semi-annually. The carrying value of Sukuk is as follows:

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Sukuk liability as at period / year-end	**2,740,189**	2,739,689

The total Sukuk liability is as follows:

Emaar Sukuk Limited:		
- Series 2	**1,833,593**	1,833,098
- Series 3	**2,746,130**	2,746,065
EMG Sukuk Limited:		
- Sukuk	**2,740,189**	2,739,689
Total Sukuk liability as at period / year-end	**7,319,912**	7,318,852

18 SHARE CAPITAL

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Authorised capital: 7,159,738,882 shares of AED 1 each (31 December 2017: 7,159,738,882 shares of AED 1 each)	**7,159,739**	7,159,739
Issued and fully paid-up: 7,159,738,882 shares of AED 1 each (31 December 2017: 7,159,738,882 shares of AED 1 each)	**7,159,739**	7,159,739

19 RESERVES

	Statutory reserve AED'000	*Capital reserve/ Put option over non-controlling interests AED'000*	*General reserves AED'000*	*Hedging reserves AED'000*	*Share premium AED'000*	*Net unrealised gains/(losses) reserve AED'000*	*Foreign currency translation reserve AED'000*	*Total AED'000*
Balance as at 31 December 2017 *(Audited)*	15,220,245	(392,976)	5,448,323	10,159	578,234	(1,151,417)	(3,014,119)	16,698,449
Increase / (decrease) in unrealised reserve	-	-	-	10,614	-	(74,727)	-	(64,113)
Decrease in foreign currency translation reserve	-	-	-	-	-	-	(169,751)	(169,751)
Net income / (loss) recognised directly in equity	-	-	-	10,614	-	(74,727)	(169,751)	(233,864)
Balance as at 31 March 2018	**15,220,245**	**(392,976)**	**5,448,323**	**20,773**	**578,234**	**(1,226,144)**	**(3,183,870)**	**16,464,585**
Balance as at 31 December 2016 *(Audited)*	15,220,245	3,660	4,877,894	(15,008)	578,234	(1,127,108)	(3,340,888)	16,197,029
Increase in unrealised reserve	-	-	-	6,691	-	10,122	-	16,813
Increase in foreign currency translation reserve	-	-	-	-	-	-	152,552	152,552
Net income / (loss) recognised directly in equity	-	-	-	6,691	-	10,122	152,552	169,365
Balance as at 31 March 2017	15,220,245	3,660	4,877,894	(8,317)	578,234	(1,116,986)	(3,188,336)	16,366,394

20 DIVIDENDS

A special cash dividend of AED 0.42 per share was approved by the shareholders of the Company at the General Meeting of the Company held on 14 January 2018. Subsequent to the reporting date, an additional cash dividend of AED 0.14 per share was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 22 April 2018.

21 RELATED PARTY DISCLOSURES

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

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

	Three-month period ended	
	31 March 2018 AED'000	*31 March 2017 AED'000*
Associates and Joint Ventures:		
Property development expenses	**28,094**	25,194
Capital expenditure	**16,483**	2,690
Islamic finance income	**606**	651
Selling, general and administrative expenses	**1,562**	372
Rental income from leased properties and related income	**1,298**	1,114
Cost of revenue	**807**	986
Other operating income	**222**	315
Directors', key management personnel and their related parties:		
Rental income from leased properties and related income	**19,638**	26,281
Selling, general and administrative expenses	**7,083**	12,786
Cost of revenue	**7**	3,025
Islamic finance income	**1,319**	7,362
Other finance income	**4,166**	3,540
Finance costs incurred on interest-bearing loans and borrowings	**526**	9,850
Revenue from hospitality	**190**	218
Property development expenses	**296**	894
Other operating income	**-**	176

21 RELATED PARTY DISCLOSURES (continued)

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

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Associates and Joint Ventures:		
Trade and other payables	**48,881**	49,214
Trade and unbilled receivables	**412**	229
Advance from customers	**1,661**	112
Directors, Key management personnel and their related parties:		
Bank balances and cash	**1,325,324**	1,594,185
Advance from customers	**11,071**	12,503
Interest-bearing loans and borrowings	**12,856**	12,856
Trade and unbilled receivables	**1,582**	1,340
Other assets, receivables, deposits and prepayments	**738,264**	740,761
Trade and other payables	**913**	2,140

Compensation of key management personnel
The remuneration of key management personnel during the period was as follows:

	31 March 2018 AED'000	*31 March 2017 AED'000*
Short-term benefits	**109,370**	123,176
Employees' end-of-service benefits	**10,476**	2,920
	119,846	126,096

During the period, the number of key management personnel is 257 (31 March 2017: 208).

22 GUARANTEES AND CONTINGENCIES

a) Guarantees

1. The Group has issued financial guarantees and letters of credit of AED 275,659 thousands (31 December 2017: AED 319,093 thousands).

2. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2017: AED 5,000 thousands) as security for the letter of guarantee issued by a commercial bank for issuance of a trade license from the Government of Dubai.

3. The Group has provided a financial guarantee of AED 3,287 thousands (31 December 2017: AED 3,287 thousands) as security for the performance of its contractual obligations.

4. The Group has provided a performance guarantee of AED 5,227,368 thousands (31 December 2017: AED 4,965,106 thousands) to the Real Estate Regulatory Authority (RERA), Dubai for its new projects as per RERA regulations.

5. The Group has provided a corporate guarantee of AED 73,460 thousands (31 December 2017: AED 73,460 thousands) to a commercial bank as security for the guarantees issued by the bank on behalf of the joint venture of the Group.

6. The Group has provided performance guarantees of AED 51,748 thousands (31 December 2017: AED 101,031 thousands) to various government authorities in India for its projects.

7. The Group has provided a letter of credit of USD 4,871 thousands (AED 17,890 thousands) (31 December 2017: AED 17,771 thousands) in Egypt for its project. The bank has a lien of USD 4,871 thousands (AED 17,890 thousands) (31 December 2017: AED 17,771 thousands) (refer note 8) towards this letter of credit.

8. The Group has provided a bank guarantee of EGP 50,000 thousands (AED 10,397 thousand) (31 December 2017: AED 10,329 thousands) to government authority in Egypt for its project. The bank has a lien of EGP 50,000 thousands (AED 10,397 thousands) (31 December 2017: AED 10,329 thousands) (refer note 8) towards this bank guarantee.

b) Contingencies

(i) Andhra Pradesh Industrial Infrastructure Corporation Ltd. (“APIIC”), a joint venture partner in certain subsidiaries of the Group in India, issued a legal notice to the Company to terminate certain development and operational management agreements which were entered into between Emaar MGF Land Limited (“EMGF”), Emaar Hills Township Private Limited (“EHTPL” – a joint venture of the Group with APIIC) and Boulder Hills Leisure Private Limited (“BHLPL” – a joint venture of the Group with APIIC). APIIC has filed another suit against EMGF to restrain EMGF from carrying out any activity related to these developments. In addition, there were a few litigations which were initiated against the Group by third parties on the grounds of irregularities in acquisition and allocation of land.

The Group, based on legal advice, is of the opinion that all the aforesaid suites filed by APIIC shall be settled amicably by the parties under the Arbitration and Conciliation Act, 1996 of India or as per the Dispute Redressal Mechanism provided under AP Infrastructure Development Enabling Act, 2001 of India. Pending completion of various ongoing legal proceedings related to the above mentioned projects and based on the legal advice received, the management of the Group believes that the allegations/matters raised are contrary to the factual position and hence are not tenable.

(ii) Emaar Misr for Development S.A.E. (“Emaar Misr”), a subsidiary of the Group incorporated and operating in Egypt, received a request for arbitration initiated by El Nasr Housing and Development Company in connection with Zahraa Al-Mokattam land sales agreement. Management is confident that it has a strong legal position, the arbitration will be decided in its favor and will not have material financial impact on the interim condensed consolidated financial statements of the Group.

23 COMMITMENTS

At 31 March 2018, the Group had commitments of AED 23,470,090 thousands (31 December 2017: AED 23,936,182 thousands) which include project commitments of AED 22,715,413 thousands (31 December 2017: AED 23,078,164 thousands). This represents the value of contracts entered at 31 March 2018 (including contracts for purchase of plots of land) net of invoices received and accruals made at that date. There were certain claims submitted by contractors relating to various projects of the Group in the ordinary course of business from which it is anticipated that no material unprovided liabilities will arise.

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 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Within one year	**153,238**	130,110
After one year but not more than five years	**206,056**	244,063
More than five years	**457,209**	463,611
	816,503	837,784

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 as at the reporting date but not recognised as receivables, are as follows:

	31 March 2018 AED'000	*31 December 2017 AED'000 (Audited)*
Within one year	**2,739,957**	3,278,492
After one year but not more than five years	**5,675,941**	5,866,607
More than five years	**1,476,022**	1,462,484
	9,891,920	10,607,583

24 HEDGING ACTIVITIES

Cash flow hedges
At 31 March 2018, the Group held certain interest rate swap contracts 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 725,000 thousands (31 December 2017: USD 725,000 thousands).

	31 March 2018		*31 December 2017 (Audited)*	
	Assets AED'000	***Liabilities AED'000***	*Assets AED'000*	*Liabilities AED'000*
Interest rate swap contracts				
Fair value	**24,545**	**-**	12,004	-

24 HEDGING ACTIVITIES (continued)

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 2018				
Interest rate swap contracts	**24,545**	**-**	**24,545**	**-**
31 December 2017 *(Audited)*				
Interest rate swap contracts	12,004	-	12,004	-

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.

25 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, sukuk, accounts payable, retentions payable and other payable.

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