

**Emaar Properties PJSC
and Subsidiaries**

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2010

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Emaar Properties PJSC (the “Company”) and its subsidiaries (the “Group”) which comprise the interim consolidated statement of financial position as at 30 September 2010 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, the related statements of cash flows and changes in equity for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of matter

- (i) We draw attention to note 21 to the interim condensed consolidated financial statements. The Company is involved in arbitration proceedings with another party resulting from a claim made by the other party in respect of a conditional joint venture agreement in the Kingdom of Saudi Arabia. In the opinion of the Company’s management and its legal advisors, the claim is without merit and the Company has good arguments to refute substantially this claim. The outcome of the dispute is however uncertain and therefore it is not possible to determine the impact of this matter on the interim condensed consolidated financial statements. Our conclusion is not qualified in respect of this matter.

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

Emphasis of matter (continued)

(ii) We also draw attention to notes 14 (ii) and 14 (iii) to the interim condensed consolidated financial statements regarding the Group's investment in Amlak Finance PJSC. Our conclusion is not qualified in respect of this matter.

Ernst & Young

Signed by
Farrukh Seer
Partner
For Ernst & Young
Registration No. 491
Dubai, United Arab Emirates
9 November 2010

Emaar Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2010 (Unaudited)

(US \$1.00 = AED 3.673)

	Notes	Nine month period ended		Three month period ended	
		30 September 2010 AED'000	30 September 2009 AED'000	30 September 2010 AED'000	30 September 2009 AED'000
CONTINUING OPERATIONS					
Revenue	4	8,320,378	5,429,496	2,781,831	1,948,641
Cost of revenue	4	(4,966,237)	(2,753,093)	(1,751,496)	(851,873)
GROSS PROFIT		3,354,141	2,676,403	1,030,335	1,096,768
Other operating income		301,894	357,498	60,886	141,809
Selling, general and administrative expenses	5	(1,395,499)	(1,367,660)	(445,956)	(457,640)
Other operating expenses		(199,780)	(208,984)	(49,764)	(77,420)
Finance costs		(282,065)	(172,105)	(127,037)	(61,613)
Finance income	6	198,616	290,387	71,224	67,235
Other income	15	468,658	70,711	162,625	40,764
Share of results of associated companies		(234,937)	(293,338)	(95,255)	(107,317)
Impairment of assets		-	(30,686)	-	-
Loss on disposal of subsidiaries	7	(52,522)	-	-	-
PROFIT BEFORE TAX		2,158,506	1,322,226	607,058	642,586
Income tax credit/(expense)		1,171	10,135	(2,185)	(6,705)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		2,159,677	1,332,361	604,873	635,881
DISCONTINUED OPERATIONS					
Loss from discontinued operations		-	(1,761,919)	-	-
NET PROFIT/(LOSS) FOR THE PERIOD		2,159,677	(429,558)	604,873	635,881
ATTRIBUTABLE TO:					
Owners of the parent		2,174,798	(392,802)	612,282	654,707
Non-controlling interests		(15,121)	(36,756)	(7,409)	(18,826)
		2,159,677	(429,558)	604,873	635,881
Earnings per share attributable to the owners of the parent:					
Total operations					
- basic and diluted earnings per share		0.36	(0.07)	0.10	0.11
Continuing operations					
- basic and diluted earnings per share		0.36	0.22	0.10	0.11
Discontinued operations					
- basic and diluted earnings per share		-	(0.29)	-	-

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

Emaar Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2010 (Unaudited)

(US \$1.00 = AED 3.673)

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2010 AED'000</i>	<i>30 September 2009 AED'000</i>	<i>30 September 2010 AED'000</i>	<i>30 September 2009 AED'000</i>
Net profit/ (loss) for the period	2,159,677	(429,558)	604,873	635,881
Other comprehensive income / (loss):				
(Decrease)/increase in hedging reserve	18 (218)	277	-	592
(Decrease)/increase in unrealised gains/ (losses) reserve	18 (152,411)	218,398	85,797	142,336
Realised loss on disposal of financial asset at fair value through other comprehensive income	(32,432)	-	(7,432)	-
Increase/ (decrease) in foreign currency translation reserve	133,340	(20,412)	199,743	(38,449)
Other comprehensive (loss)/ income for the period	(51,721)	198,263	278,108	104,479
Total comprehensive income/ (loss) for the period	2,107,956	(231,295)	882,981	740,360
ATTRIBUTABLE TO:				
Owners of the parent	2,126,180	(199,076)	886,644	757,687
Non-controlling interests	(18,224)	(32,219)	(3,663)	(17,327)
	2,107,956	(231,295)	882,981	740,360

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

Emaar Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

(US \$1.00 = AED 3.673)

	<i>Notes</i>	30 September 2010 AED'000 (Unaudited)	31 December 2009 AED'000 (Audited)
ASSETS			
Bank balances and cash	8	3,568,203	2,266,835
Trade receivables	9	1,011,627	981,354
Other receivables, deposits and prepayments	10	3,064,335	3,211,297
Development properties	11	28,827,966	31,075,718
Securities	12	776,419	936,661
Loans to associates	13	2,265,888	2,005,146
Investments in associates	14	7,928,534	7,860,604
Property, plant and equipment		7,318,342	6,821,705
Investment properties	15	8,125,979	8,546,087
Goodwill	7	46,066	439,391
TOTAL ASSETS		62,933,359	64,144,798
LIABILITIES AND EQUITY			
LIABILITIES			
Advances from customers		12,186,852	15,888,064
Trade and other payables	16	8,600,074	9,545,382
Interest-bearing loans and borrowings	17	9,932,559	8,625,104
Retentions payable		1,165,828	1,160,306
Provision for employees' end-of-service benefits		56,917	46,934
TOTAL LIABILITIES		31,942,230	35,265,790
EQUITY			
Equity attributable to owners of the parent company			
Share capital		6,091,239	6,091,239
Treasury shares		-	(1,113)
Employees' performance share program		(1,684)	(1,684)
Reserves	18	14,694,843	14,711,373
Retained earnings		10,019,867	7,877,501
		30,804,265	28,677,316
Non-controlling interests		186,864	201,692
TOTAL EQUITY		30,991,129	28,879,008
TOTAL LIABILITIES AND EQUITY		62,933,359	64,144,798

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


Chairman


Director

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

Emaar Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2010 (Unaudited)

(US \$1.00 = AED 3.673)

	Notes	30 September 2010 AED'000	30 September 2009 AED'000
CONTINUING OPERATIONS			
OPERATING ACTIVITIES			
Profit before tax		2,158,506	1,322,226
Adjustments for:			
Share of results of associated companies		234,937	293,338
Depreciation	5	532,667	458,768
Provision for employees' end-of-service benefits, net		9,983	5,209
(Gain)/loss on disposal of property, plant and equipment		(19,438)	142
Gain on disposal of investment property	15	(358,960)	-
Loss on disposal of subsidiaries		52,522	-
Impairment of assets		-	30,686
Finance cost		282,065	172,105
Finance income		(198,616)	(290,387)
Cash from operations before working capital changes:		2,693,666	1,992,087
Trade receivables		(117,789)	62,565
Other receivables, deposits and prepayments		173,464	84,840
Development properties, net		2,128,629	(2,826,255)
Advances from customers, net		(3,701,212)	(796,433)
Trade and other payables		(870,779)	(227,381)
Retentions payable		5,522	75,507
Income tax, net		3,154	(4,586)
Net cash from/ (used in) operating activities		314,655	(1,639,656)
INVESTING ACTIVITIES			
Purchase of securities		(5,818)	(12,543)
Proceeds from disposal of securities		12,894	-
Proceeds from disposal of subsidiaries		403,483	-
Finance income received		146,351	134,018
Additional investments and loans to associates, net		(438,253)	(637,656)
Amounts incurred on investment properties		(3,518)	(26,104)
Purchase of property, plant and equipment		(738,206)	(1,515,412)
Proceeds from sale of property, plant and equipment		49,799	4,946
Proceeds from sale of investment property, net	15	530,178	-
Deposits under lien or maturing after three months	8	(978,577)	(292,068)
Net cash used in investing activities		(1,021,667)	(2,344,819)
FINANCING ACTIVITIES			
Dividend paid		(874)	(3,452)
Interest-bearing loans and borrowings	17	2,210,164	1,260,714
Repayment of interest bearing loans and borrowings	17	(871,189)	(540,592)
Funds invested by non-controlling interests, net		3,239	(43,854)
Payment of finance cost		(304,436)	(159,992)
Net cash from financing activities		1,036,904	512,824
NET CASH FROM/ (USED IN) CONTINUING OPERATIONS		329,892	(3,471,651)
DISCONTINUED OPERATIONS			
Net cash used in discontinued operations		-	(113,043)
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		329,892	(3,584,694)
Net foreign exchange difference		(7,101)	11,159
Cash and cash equivalents at the beginning of the period	8	1,860,158	5,175,223
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	2,182,949	1,601,688

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

Emaar Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2010 (Unaudited)

(US \$1.00 = AED 3.673)

Attributable to owners of the parent

	Share capital AED '000	Treasury shares AED '000	Employees' 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 1 January 2010 (audited)	6,091,239	(1,113)	(1,684)	14,711,373	7,877,501	28,677,316	201,692	28,879,008
Profit/(loss) for the period	-	-	-	-	2,174,798	2,174,798	(15,121)	2,159,677
Other comprehensive loss for the period	-	-	-	(16,186)	(32,432)	(48,618)	(3,103)	(51,721)
Total comprehensive (loss)/ income for the period	-	-	-	(16,186)	2,142,366	2,126,180	(18,224)	2,107,956
Sales of treasury shares	-	1,113	-	(344)	-	769	-	769
Movement in non-controlling interests, net	-	-	-	-	-	-	3,396	3,396
Balance at 30 September 2010	6,091,239	-	(1,684)	14,694,843	10,019,867	30,804,265	186,864	30,991,129

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

Emaar Properties PJSC and Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2010 (Unaudited)

(US \$1.00 = AED 3.673)

Attributable to owners of the parent

	Share capital AED '000	Treasury shares AED '000	Employees' 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 1 January 2009 (audited)	6,091,239	(1,113)	(1,684)	14,431,863	15,480,448	36,000,753	561,601	36,562,354
Effect of changes in accounting policy	-	-	-	-	(7,894,220)	(7,894,220)	(67,249)	(7,961,469)
Balance at 1 January 2009 (restated)	6,091,239	(1,113)	(1,684)	14,431,863	7,586,228	28,106,533	494,352	28,600,885
Loss for the period	-	-	-	-	(392,802)	(392,802)	(36,756)	(429,558)
Other comprehensive income for the period	-	-	-	193,726	-	193,726	4,537	198,263
Total comprehensive income/ (loss) for the period	-	-	-	193,726	(392,802)	(199,076)	(32,219)	(231,295)
Write down of non-controlling interest of a subsidiary	-	-	-	-	-	-	(278,079)	(278,079)
Movement in non-controlling interests, net	-	-	-	-	-	-	(48,749)	(48,749)
Balance at 30 September 2009	6,091,239	(1,113)	(1,684)	14,625,589	7,193,426	27,907,457	135,305	28,042,762

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

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

1 DOMICILE AND ACTIVITIES

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

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

On 29 September 2010, the Company announced the placement and final terms relating to the offering of AED 1,837 million (USD 500 million) of Convertible Notes ("Notes") maturing in 2015 by a newly formed wholly owned subsidiary and guaranteed by the Company. The Notes will be listed on the Luxembourg Euro MTF market. The issue of Notes was approved by the shareholders at an Extraordinary General Meeting ("EGM") held on 8 November 2010.

On 30 September 2010, Emaar MGF Land Limited ("EMGF"), an associate of the Company, domiciled in India, filed its Draft Red Herring Prospectus ("DRHP") with Securities and Exchange Board of India ("SEBI") to enter the capital market with an initial public offer ("IPO") of AED 1,310 million (Indian Rupees 16,000 million).

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 United Arab Emirates law.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009. In addition, results for the nine month period ended 30 September 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

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

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

Basis of consolidation

Subsidiary Companies

The interim condensed consolidated financial statements comprise the interim financial statements of Emaar Properties PJSC and its subsidiaries drawn up to 30 September 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets and liabilities are eliminated in full. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the interim consolidated income statement, interim consolidated statement of comprehensive income and within equity in the interim consolidated statement of financial position, separately from parent shareholders' equity. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Associated Companies

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

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgments

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

Investment properties

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

Classification of investment properties

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

Operating lease commitments-Group as lessor

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

Estimation uncertainty

Impairment of non financial assets

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

Impairment of accounts receivable

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

Useful lives of property, plant and equipment

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

Taxes

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations effective for an annual period beginning on or after 1 January 2010, noted below.

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

The Group applied the revised standards from 1 January 2010. IFRS 3 (Revised) introduced significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position nor performance of the Group.

Improvements to IFRSs (issued May 2008)

In May 2008, the Board issued its first omnibus of amendments to its standards. All amendments issued are effective as at 31 December 2009, apart from the following:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and had no impact on the financial position nor financial performance of the Group.

Improvements to IFRSs (issued April 2009)

In April 2009, the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment did not have any impact on the financial position or performance of the Group.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Improvements to IFRSs (issued April 2009) (continued)

IAS 36 *Impairment of Assets*: The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Group:

IFRS 3 Business Combinations
IFRS 7 Financial Instruments: Disclosures
IAS 1 Presentation of Financial Statements
IAS 27 Consolidated and Separate Financial Statements
IFRIC 13 Customer Loyalty Programmes

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 2 *Share-based Payment*
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
IAS 1 *Presentation of Financial Statements*
IAS 17 *Leases*
IAS 38 *Intangible Assets*
IAS 39 *Financial Instruments: Recognition and Measurement*
IFRIC 9 *Reassessment of Embedded Derivatives*
IFRIC 16 *Hedge of a Net Investment in a Foreign Operation*

The Group has not early adopted any other standard, interpretation or amendment except IFRS 9 that was issued but is not yet effective.

Selected accounting policies

In accordance with the requirement of Securities Authority and Commodities (Circular dated 12-10-2008) certain significant accounting policies from Group's financial statements as of 31 December 2009 are reproduced below:

Revenue recognition

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

Sale of property

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

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

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

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Lease to buy scheme

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

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

Lease of investment property

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

Interest revenue

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

Services

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

Investment properties

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

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

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

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

Development properties

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

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

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 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments

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

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

Hedge accounting

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

Fair value hedges

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

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

Cash flow hedges

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

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

Financial assets

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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

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

Classification of financial assets

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

Equity investments

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

Debt instruments

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

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

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at fair value through profit or loss, the foreign exchange component is recognised in the consolidated income statement. For financial assets designated at fair value through other comprehensive income any foreign exchange component is recognised in the consolidated statement of comprehensive income. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the 'other gains and losses' line item in the consolidated statement of comprehensive income.

Derecognition of financial assets

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

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

Impairment of financial assets

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

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

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

Fair values

For investments traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates with the same maturity.

3 SEGMENT INFORMATION

Business Segments:

For management purposes, the Group is organised into three major segments, namely, real estate (develop and sells condominiums, villas, commercial units and plots of land), leasing and related activities (develop, lease and manage malls, retail, commercial and residential space) and hospitality (develop, own and/or manage hotels, service apartments and leisure activities). Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8. These businesses are property management services, education, healthcare and investments in providers of financial services.

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

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

3 SEGMENT INFORMATION (continued)

Geographic Segments:

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

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

Business Segments:

The following tables represent revenue and profit information regarding business segments for the nine month and three month periods ended 30 September 2010 and 2009 and certain asset and liability information as at 30 September 2010 and 31 December 2009.

Nine month period ended 30 September 2010:

	<i>Real estate</i>	<i>Leasing and related activities</i>	<i>Hospitality</i>	<i>Others</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Revenue					
Revenue from external customers	6,309,989	1,340,016	670,373	-	8,320,378
Total revenue	<u>6,309,989</u>	<u>1,340,016</u>	<u>670,373</u>	<u>-</u>	<u>8,320,378</u>

Results

Profit for the period before income tax,
finance costs, finance income,
share of results of associated companies,
loss on disposal of subsidiaries and
impairment of assets

1,954,46	631,941	(39,761)	(17,232)	2,529,414
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	<i>Real estate</i>	<i>Leasing and related activities</i>	<i>Hospitality</i>	<i>Others</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Other segment information					
Capital expenditure (property, plant and equipment and investment property)	70,994	69,462	557,630	43,638	741,724
Depreciation (property, plant and equipment and investment property)	88,995	288,067	112,735	42,870	532,667

Three month period ended 30 September 2010:

Revenue					
Revenue from external customers	2,149,235	435,739	196,857	-	2,781,831
Total revenue	<u>2,149,235</u>	<u>435,739</u>	<u>196,857</u>	<u>-</u>	<u>2,781,831</u>

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2010 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business Segments (continued):

	<i>Real estate</i> <i>AED'000</i>	<i>Leasing and related activities</i> <i>AED'000</i>	<i>Hospitality</i> <i>AED'000</i>	<i>Others</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Results					
Profit for the period before income tax, finance costs, finance income, share of results of associated companies, loss on disposal of subsidiaries and impairment of assets	627,063	184,968	(50,631)	(3,274)	758,126
Assets and liabilities					
(At 30 September 2010)					
Segment assets	45,312,516	9,481,770	4,772,050	3,367,023	62,933,359
Segment liabilities	27,936,620	3,135,307	738,673	131,630	31,942,230
<i>Nine month period ended 30 September 2009:</i>					
	<i>Real estate</i> <i>AED'000</i>	<i>Leasing and related activities</i> <i>AED'000</i>	<i>Hospitality</i> <i>AED'000</i>	<i>Others</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Revenue					
Revenue from external customers	3,890,349	1,092,136	447,011	-	5,429,496
Total revenue	3,890,349	1,092,136	447,011	-	5,429,496
Results					
Profit for the period before income tax, finance costs, finance income, share of results of associated companies, loss on disposal of subsidiaries and impairment of assets	1,063,342	533,357	(8,099)	(60,632)	1,527,968
Other segment information					
Capital expenditure (property, plant and equipment and investment property)	392,071	299,792	684,005	165,648	1,541,516
Depreciation (property, plant and equipment and investment property)	91,673	260,328	59,190	47,577	458,768

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2010 (Unaudited)

3 SEGMENT INFORMATION (continued)

Business Segments (continued):

Three month period ended 30 September 2009:

	<i>Real estate</i> <i>AED'000</i>	<i>Leasing and related activities</i> <i>AED'000</i>	<i>Hospitality</i> <i>AED'000</i>	<i>Others</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Revenue					
Revenue from external customers	1,446,366	371,415	130,860	-	1,948,641
Total revenue	1,446,366	371,415	130,860	-	1,948,641
Results					
Profit for the period before income tax, finance costs, finance income, share of results of associated companies, loss on disposal of subsidiaries and impairment of assets	590,930	179,672	(20,322)	(5,999)	744,281
Assets and liabilities (At 31 December 2009)					
Segment assets	45,507,612	10,136,977	4,381,708	4,118,501	64,144,798
Segment liabilities	32,352,400	1,782,574	859,826	270,990	35,265,790

Geographic Segments:

The following tables represent revenue and profit information regarding geographic segments for the nine month and three month period ended 30 September 2010 and 2009 and certain asset and liability information as at 30 September 2010 and 31 December 2009.

Nine month period ended 30 September 2010:

	<i>Domestic</i> <i>AED'000</i>	<i>International</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Revenue			
Revenue from external customers	8,011,919	308,459	8,320,378
Total revenue	8,011,919	308,459	8,320,378

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

3 SEGMENT INFORMATION (continued)

Geographic Segments: (continued)

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Other Segment Information			
Capital expenditure (property, plant and equipment and investment property)	681,801	59,923	741,724
<i>Three month period ended 30 September 2010:</i>			
Revenue			
Revenue from external customers	2,673,954	107,877	2,781,831
Total revenue	2,673,954	107,877	2,781,831
Assets (At 30 September 2010)			
Segment assets	38,520,831	16,483,994	55,004,825
Investments in associates	2,119,570	5,808,964	7,928,534
Total assets	40,640,401	22,292,958	62,933,359
<i>Nine month period ended 30 September 2009:</i>			
	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	5,013,203	416,293	5,429,496
Total revenue	5,013,203	416,293	5,429,496
Other Segment Information			
Capital expenditure (property, plant and equipment and investment property)	1,478,096	63,420	1,541,516
<i>Three month period ended 30 September 2009:</i>			
	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	1,883,241	65,400	1,948,641
Total revenue	1,883,241	65,400	1,948,641
Assets (At 31 December 2009)			
Segment assets	40,814,181	15,470,013	56,284,194
Investments in associates	2,175,987	5,684,617	7,860,604
Total assets	42,990,168	21,154,630	64,144,798

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

4 REVENUE AND COST OF REVENUE

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2010 AED'000</i>	<i>30 September 2009 AED'000</i>	<i>30 September 2010 AED'000</i>	<i>30 September 2009 AED'000</i>
Revenue				
Revenue from property sales:				
Sale of condominiums	5,104,814	2,777,689	1,337,843	887,107
Sale of commercial space and villas	1,179,516	978,520	811,392	476,366
Sale of plots of land	25,659	134,140	-	82,893
Revenue from hospitality	670,373	447,011	196,857	130,860
Rental income from leased properties and related income	1,340,016	1,092,136	435,739	371,415
	<u>8,320,378</u>	<u>5,429,496</u>	<u>2,781,831</u>	<u>1,948,641</u>
Cost of revenue				
Cost of revenue of property sales:				
Cost of condominiums	3,569,014	1,823,590	980,386	574,023
Cost of commercial space and villas	651,977	449,512	509,706	120,690
Cost of plots of land	8,598	6,989	-	3,491
Operating cost of hospitality	448,501	274,976	151,042	89,861
Operating cost of leased properties	288,147	198,026	110,362	63,808
	<u>4,966,237</u>	<u>2,753,093</u>	<u>1,751,496</u>	<u>851,873</u>

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2010 AED'000</i>	<i>30 September 2009 AED'000</i>	<i>30 September 2010 AED'000</i>	<i>30 September 2009 AED'000</i>
Payroll and related expenses	288,927	371,100	83,426	125,669
Sales and marketing expenses	146,637	150,322	55,203	42,544
Depreciation of property, plant and equipment	298,995	224,147	104,234	79,375
Depreciation of investment properties	233,672	234,621	77,316	78,396
Property management expenses	98,444	46,519	30,151	15,424
Land registration fees	36,900	42,479	13,983	14,167
Pre-operating expenses	48,422	29,156	9,257	14,628
Other expenses	243,502	269,316	72,386	87,437
	<u>1,395,499</u>	<u>1,367,660</u>	<u>445,956</u>	<u>457,640</u>

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

6 FINANCE INCOME

	<i>Nine month period ended</i>		<i>Three month period ended</i>	
	<i>30 September 2010</i>	<i>30 September 2009</i>	<i>30 September 2010</i>	<i>30 September 2009</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Finance income on fixed deposits with banks	43,544	141,648	18,616	21,453
Other finance income	155,072	148,739	52,608	45,782
	<u>198,616</u>	<u>290,387</u>	<u>71,224</u>	<u>67,235</u>

7 LOSS ON DISPOSAL OF SUBSIDIARIES

Disposal of Hamptons Group Limited

On 24 August 2006 (the acquisition date), the Group acquired 100% of the voting shares of Hamptons Group Limited ("HGL"), an estate agency and property services consultant, an unlisted limited liability company, headquartered in London, United Kingdom (UK), for a purchase consideration of AED 560,882 thousands (GBP 82,000 thousands). On the acquisition date, the Group had recorded a goodwill amounting to AED 427,724 thousands.

Since acquisition, the Group expanded the Hamptons' estate agency and property services portfolio to Middle East and North Africa (MENA) region by commencing operations in UAE, Egypt and Morocco and further consolidated the existing Hamptons operations in Oman under the MENA region.

On 16 June 2010, the Group entered into an agreement (the "agreement") to transfer its rights to operate the Hamptons' international operations in UK, Europe and Asia by way of transfer of its shareholding in HGL to Countrywide, a UK's largest estate agency and property services Group, with effect from 1 June 2010 at a consideration of AED 428,066 thousands (GBP 77,572 thousands).

Under the terms of the agreement, The Group will continue to operate Hamptons' estate agency and property services in the MENA region where it has existing or prospective businesses, while Countrywide will own the rights to operate Hamptons' international business in the UK, Europe and Asia.

On the date of the agreement, the Group had allocated the goodwill amount of AED 427,724 thousand to the cash generating units of both Hamptons' international operations and MENA region. An amount of AED 381,658 thousands was allocated to Hamptons' international operations and AED 46,066 thousands to MENA region.

The operating results of HGL prior to the disposal were as follows:

	<i>Period from 1 January 2010 to 31 May 2010 AED'000</i>
Other operating income	126,381
Selling, general and administrative expenses	(57,705)
Other operating expenses	(60,561)
Net interest income	325
PROFIT BEFORE TAX	<u>8,440</u>
Income tax expense	(437)
NET PROFIT FOR THE PERIOD	<u>8,003</u>

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

7 LOSS ON DISPOSAL OF SUBSIDIARIES (continued)

The following table summarises the carrying value of net assets and the loss on disposal of Hamptons international operations.

	<i>31 May 2010 AED'000</i>
Assets	
Bank balances and cash	27,960
Trade receivables	87,046
Other receivables, deposits and prepayments	19,631
Property, plant and equipment	48,852
Goodwill	381,658
Total assets	<u>565,147</u>
Liabilities	
Trade and other payables	83,649
Interest-bearing loans and borrowings	31,520
Foreign exchange translation reserve	(16,142)
Non-controlling interest	(406)
Total liabilities	<u>98,621</u>
Net assets disposed of	<u>466,526</u>
Less: sales proceeds on disposal of subsidiary	<u>428,066</u>
Loss on disposal of subsidiary	<u><u>38,460</u></u>

Disposal of Raffles Campus Pte Ltd

During the period, the Group has recorded a net loss of AED 14,062 thousands including the write off of goodwill amounting to AED 11,667 thousands upon disposal of 100% shareholding in its subsidiary Raffles Campus Pte. Ltd., owning and managing education business in Singapore, Vietnam and Hong Kong.

8 BANK BALANCES AND CASH

	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000 (Audited)</i>
Cash in hand	5,510	7,508
Current and call deposit accounts	644,957	722,458
Fixed deposits maturing within three months	1,532,482	1,130,192
Cash and cash equivalents	<u>2,182,949</u>	<u>1,860,158</u>
Deposits under lien (note 17 and 21)	438,928	387,557
Fixed deposits maturing after three months	946,326	19,120
	<u><u>3,568,203</u></u>	<u><u>2,266,835</u></u>

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

8 BANK BALANCES AND CASH (continued)

	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000 (Audited)</i>
Bank balances and cash located:-		
Within UAE	2,953,499	1,777,815
Outside UAE	614,704	489,020
	<u>3,568,203</u>	<u>2,266,835</u>
Bank balances and cash denominated in following currencies:-		
United Arab Dirham (AED)	2,953,499	1,777,815
United States Dollar (USD)	218,900	42,398
Egyptian Pound (EGP)	229,922	251,014
Moroccan Dirham (MAD)	46,209	7,850
Other currencies	119,673	187,758
	<u>3,568,203</u>	<u>2,266,835</u>

9 TRADE RECEIVABLES

	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000 (Audited)</i>
Amounts receivable within 12 months	802,291	749,563
Amounts receivable after 12 months	209,336	231,791
	<u>1,011,627</u>	<u>981,354</u>

The above trade receivables include AED 341,525 thousands (31 December 2009: AED 414,162 thousands) relating to sale of properties where the amounts are payable in instalments and these instalments are accrued but not yet due under agreed credit terms.

10 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000 (Audited)</i>
Advances to contractors and others	739,138	1,029,460
Advances for acquisition of leasehold interest	1,234,612	1,234,612
Prepayments	85,165	114,930
Receivables from service companies	119,949	137,001
Deposits for acquisition of land	81,112	89,215
Value added tax recoverable	189,978	164,419
Accrued interest and other income	9,437	33,549
Recoverable from non-controlling interests	46,705	14,414
Other deposits and receivables	558,239	393,697
	<u>3,064,335</u>	<u>3,211,297</u>

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2010 (Unaudited)

11 DEVELOPMENT PROPERTIES

	<i>30 September 2010 AED'000</i>
Balance at the beginning of the period	31,075,718
Add: cost incurred during the period	2,100,960
Less: cost transferred to cost of revenue during the period	(4,229,589)
Less: transfer to property, plant and equipment during the period	(119,123)
	<u>28,827,966</u>

	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000 (Audited)</i>
Development properties located:		
Within UAE	17,288,037	20,440,293
Outside UAE	11,539,929	10,635,425
	<u>28,827,966</u>	<u>31,075,718</u>

12 SECURITIES

	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000 (Audited)</i>
Financial assets at fair value through other comprehensive income	<u>776,419</u>	<u>936,661</u>
Securities located:		
Within UAE	739,867	906,042
Outside UAE	36,552	30,619
	<u>776,419</u>	<u>936,661</u>

13 LOANS TO ASSOCIATES

	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000 (Audited)</i>
Amlak Finance PJSC (i)	772,631	875,580
Emaar MGF Land Limited and their related parties (ii)	1,301,116	460,131
Golden Ace Pte Ltd	137,435	608,286
Amelkis Resorts SA	33,234	33,234
Other associates	21,472	27,915
	<u>2,265,888</u>	<u>2,005,146</u>

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2010 (Unaudited)

13 LOANS TO ASSOCIATES (continued)

- (i) The amount owed by Amlak Finance PJSC ("Amlak") includes AED 533,683 thousands relating to a credit facility extended to Amlak in the normal course of business for settlement of installment payments relating to sale of properties, where customers have availed of a financing facility from Amlak. An amount of AED 146,235 thousands was received from Amlak during the period ended 30 September 2010 (31 December 2009: AED 196,615 thousands). The Group's management believes that the loan due from Amlak is fully recoverable (also refer note 14).
- (ii) During the period, the Group paid an amount of AED 759,243 thousands to the lenders towards part settlement of the Fully Convertible Debenture (FCD) including the associated cost relating to the Group's associate, Emaar MGF Land Limited (EMGF), against which the Group had provided a corporate guarantee. As per the regulatory requirement of India, the redemption of FCD's can only be made through accumulated profit/reserves. In the absence of adequate accumulated profits/reserves, EMGF could not redeem these FCD's on the due date.

EMGF is in the process of entering the capital market in India through initial public offering (IPO). The Group has made the above settlement in the interim and this amount is repayable to the Group by EMGF through the proceeds of its forthcoming IPO. The other promoter group of EMGF has indemnified to the extent 50% for any non recovery of such amount advanced by the Group resulting from the transaction and the Group currently holds certain shares of the other promoter group held in EMGF as a security for such indemnification. The Group also gains rights to increase its shareholding in EMGF, if the amount paid relating to aforementioned FCDs is not repaid within a reasonable period of time.

14 INVESTMENTS IN ASSOCIATES

	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000 (Audited)</i>
Emaar MGF Land Limited (i)	3,111,752	2,901,579
Emaar the Economic City (Saudi Joint Stock Company) – quoted	2,242,489	2,348,919
Amlak Finance PJSC (Amlak) – quoted (ii) & (iii)	930,525	944,418
Dubai Banking Group PJSC	353,116	429,653
Emaar Bawadi LLC	383,868	359,398
Turner International Middle East Ltd	257,037	225,364
Emaar Industries and Investment (Pvt) JSC	184,486	198,384
Dead Sea Company for Tourist and Real Estate Investment	137,586	137,502
Emrill Services LLC	16,188	14,601
Emaar Financial Services LLC	2,621	6,468
Other associates	308,866	294,318
	<u>7,928,534</u>	<u>7,860,604</u>

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2010 (Unaudited)

14 INVESTMENTS IN ASSOCIATES (continued)

- (i) On 29 March 2006, the Group entered into an option agreement (the "agreement") with an investment bank (the "investor"). The agreement provided the right to the investor to require the Group to buy back all shares purchased by the investor in one of the Group's associate companies, in the event of an Initial Public Offering ("IPO") of the associate not occurring within 39 months of the date of purchase of shares of the associate, which was subsequently extended until 30 June 2010 under an agreement dated 29 September 2009.

Since the IPO had not occurred at 30 June 2010, the Group paid an amount of USD 55,832 thousands (AED 205,072 thousands) to buy back all the shares initially purchased by the investor in 2006 together with the associated costs in accordance with the agreement. Subsequent to the reporting date, the other promoter group transferred additional shares in the associated company to the group which was calculated based on 50% the value of the shares acquired from the investor and an estimate of the share value for the IPO purpose.

- (ii) The Governmental Committee for Amlak's affairs continues to explore the possibilities of a merger and balance sheet restructuring of Amlak. This has entailed a full review and assessment of Amlak's business operations and liquidity position and providing guidance to the Amlak's management and regulators where necessary with a view to making recommendations to the UAE Government on Amlak's long term stability, liquidity, assets and liabilities management requirements. Trading in the Amlak's shares on the Dubai Financial Market has been suspended until the Governmental Committee finalises its recommendations. The Group's management is not in a position to assess its investment for any impairment pending the recommendations from the Governmental Committee.
- (iii) The auditors have issued a qualified conclusion on the interim condensed consolidated financial statements of Amlak as of 30 September 2010 with respect to valuation of investment properties and advances for investment properties amounting to AED 3,160,201 thousands and AED 779,315 thousand respectively. Management of Amlak believe that property prices have generally declined since these assets were acquired but are unable to quantify the amount of decline in view of the limited number of transactions currently taking place in the market and accordingly continued to carry such assets at their acquisition cost.

15 INVESTMENT PROPERTIES

During the period, the Group has sold some of its commercial buildings included in investment properties for a net consideration of AED 530,178 thousands having a carrying value of AED 171,218 thousands. The resulting gain is included in other income.

16 TRADE AND OTHER PAYABLES

	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000 (Audited)</i>
Project contract cost accruals	4,603,737	5,485,910
Other payables and accruals	1,880,486	1,852,346
Trade payables	1,130,718	1,214,591
Payable to non-controlling interests	891,503	901,185
Dividends payable	76,383	77,257
Income tax payable	17,247	14,093
	<u>8,600,074</u>	<u>9,545,382</u>

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

17 INTEREST-BEARING LOANS AND BORROWINGS

	<i>30 September 2010 AED'000</i>	
Balance at the beginning of the period	8,625,104	
Borrowings drawn down during the period	2,210,164	
Borrowings repaid during the period	(871,189)	
Borrowing relating to subsidiaries disposed (note 7)	(31,520)	
Balance at the end of the period	<u>9,932,559</u>	
	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000 (Audited)</i>
Maturing within 12 months	4,775,674	4,499,761
Maturing after 12 months	5,156,885	4,125,343
Balance at the end of the period/ year	<u>9,932,559</u>	<u>8,625,104</u>
The above represent balances due:		
Within UAE	5,816,700	4,726,826
Outside UAE	4,115,859	3,898,278
	<u>9,932,559</u>	<u>8,625,104</u>

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

Secured

- Indian Rupees (INR) 1,195,000 thousands (AED 97,847 thousands) loan from financial institutions, secured by way of first charge on certain immovable properties and receivables in India, carries interest at bench mark rate plus 5.75% per annum. This loan is payable in quarterly instalments and fully repayable by 2016.
- Canadian Dollar (CAD) 17,396 thousands (AED 62,107 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at prime rate plus 3.75% per annum and fully repayable in 2011.
- CAD 6,018 thousands (AED 21,485 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at 9.50% per annum and fully repayable in 2011.
- USD 303,000 thousands (AED 1,112,919 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at USD LIBOR plus 4.10% per annum and is repayable in December 2010. The bank issuing stand by letter of credit facility has lien on certain cash collateral amounting to AED 367,300 thousands (note 8).
- USD 50,000 thousands (AED 183,650 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at 4.10% per annum and is repayable in 2011.
- USD 50,000 thousands (AED 183,650 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at USD LIBOR plus 4.95% per annum and is repayable in December 2010.

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Secured (continued)

- USD 60,000 thousands (AED 220,380 thousands) loan from commercial bank, secured against certain real estate owned by Group in Turkey and a bank guarantee, carries interest at 3.20% per annum and is repayable in 2011.
- USD 60,000 thousands (AED 220,380 thousands) loan from commercial bank, secured against certain real estate owned by Group in Turkey and a bank guarantee, carries interest at 3.90% per annum and is repayable in 2011.
- USD 6,822 thousands (AED 25,057 thousands) loan from commercial bank, secured against certain real estate owned by Group in United Arab Emirates (UAE), carries interest at 2.41% per annum and is repayable in 2011.
- USD 15,921 thousands (AED 58,478 thousands) of funding facility from financial institutions, secured against real estate owned by Group in United States of America (USA), carries interest rate at USD LIBOR plus 7.50% per annum fully repayable in December 2010.
- USD 300,000 thousands (AED 1,101,900 thousands) loan from commercial bank, secured against certain real estate owned by Group in United Arab Emirates (UAE), carries interest rate at USD LIBOR plus 4.75% per annum and fully repayable in 2013.
- USD 43,175 thousands (AED 158,581 thousands) loan from commercial bank, secured against certain assets owned by Group in United Arab Emirates (UAE), carries interest rate at USD LIBOR plus 4.50% per annum and fully repayable by 2012.
- Pakistani Rupee (PKR) 777,638 thousands (AED 33,353 thousands) loan from commercial bank, secured against receivables from projects in Pakistan, carries interest rate at KIBOR plus 2% per annum and is fully repayable in 2011. The bank has lien on certain cash collateral amounting to AED 7,350 thousands (note 7).
- Lebanese Pound (LBP) 63,680,987 thousands (AED 157,292 thousands) long term loan from commercial bank, secured against certain assets in Lebanon and carries interest rate at benchmark rate plus 1% per annum.

Unsecured

- AED 150,000 thousands of short term loan from commercial bank carries interest rate at EIBOR plus 5% per annum and fully repayable by 2011.
- AED 200,000 thousands of short term loan from commercial bank carries interest rate at FDR plus 1% per annum and fully repayable by 2011.
- AED 275,000 thousands of short term loan from commercial bank carries interest rate at 8.25% per annum and fully repayable by 2011.
- AED 125,000 thousands of short term loan from commercial bank carries interest rate at 7.75% per annum and fully repayable in 2011.
- AED 89,900 thousands of short term loan from commercial bank carries interest rate at 6% per annum and fully repayable in 2011.
- AED 18,263 thousands long term loan from commercial bank carries interest rate at 7.50% per annum.
- USD 80,000 thousands (AED 293,840 thousands) loan from financial institutions in the USA, carries interest at US\$ LIBOR plus 0.60% per annum and fully repayable by 2011.
- PKR 1,975,120 thousands (AED 84,713 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.25% per annum and fully repayable in 2010.
- PKR 724,801 thousands (AED 31,087 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.25% per annum and fully repayable in 2011.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2010 (Unaudited)

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured (continued)

- PKR 1,494,662 thousands (AED 64,106 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.25% per annum and fully repayable by 2011.
- PKR 761,737 thousands (AED 32,671 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.50% per annum and fully repayable by 2011.
- USD 1,000,000 thousands (AED 3,673,000 thousands) of Musharaka Islamic Syndicated facility. This facility is repayable in 2012 with an option of early repayment without penalty to the Group and bears a profit rate of LIBOR plus 2% per annum.
- Egyptian Pound (EGP) 732,692 thousands (AED 619,575 thousands) of funding facilities from commercial banks, carries interest at rates at 11% to 13.5% per annum.
- USD 20,000 thousands (AED 73,460 thousands) loan from commercial bank, carries interest at USD LIBOR plus 6% per annum and is repayable in 2010.
- Saudi Riyal (SAR) 200,000 thousands (AED 196,000 thousands) of funding facility from commercial bank carrying interest at SAIBOR plus 3% per annum and repayable in instalments from October 2010 to 2012.
- Moroccan Dirham (MAD) 80,000 thousands (AED 35,976 thousands) of short term loan from commercial bank carrying interest at 52 weeks treasury bond rate plus 1.15% per annum and repayable by 2011.
- USD 69,526 thousands (AED 255,371 thousands) of funding facility from commercial bank carries interest rate at 4% to 6% per annum and is repayable in 2011.
- USD 13,133 thousands (AED 48,236 thousands) of funding facility from commercial bank carries interest rate at LIBOR plus 4.50% per annum and is repayable in December 2010.
- AED 29,282 thousands of funding facility from commercial bank carries interest rate at LIBOR plus 5% per annum and is repayable in 2010.

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2010 (Unaudited)

18 RESERVES

	Statutory reserve AED '000	Capital reserve AED '000	General reserves AED '000	Hedging reserves AED '000	Net unrealised gains/ (losses) reserve AED '000	Foreign currency translation reserve AED '000	Total AED '000
Balance at 1 January 2010 (audited)	13,808,707	4,004	2,490,377	218	(1,396,082)	(195,851)	14,711,373
Decrease in unrealised reserve	-	-	-	(218)	(152,411)	-	(152,629)
Decrease in capital reserve	-	(344)	-	-	-	-	(344)
Increase in foreign currency translation reserve	-	-	-	-	-	136,443	136,443
Net (expense)/ income recognised directly in equity	-	(344)	-	(218)	(152,411)	136,443	(16,530)
Balance at 30 September 2010	13,808,707	3,660	2,490,377	-	(1,548,493)	(59,408)	14,694,843
Balance at 1 January 2009 (audited)	13,808,707	4,004	2,457,645	546	(1,439,282)	(399,757)	14,431,863
Increase in unrealised reserve	-	-	-	277	218,398	-	218,675
Decrease in foreign currency translation reserve	-	-	-	-	-	(24,949)	(24,949)
Net income/ (expense) recognised directly in equity	-	-	-	277	218,398	(24,949)	193,726
Balance at 30 September 2009	13,808,707	4,004	2,457,645	823	(1,220,884)	(424,706)	14,625,589

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

19 DIVIDENDS

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

20 TRANSACTIONS WITH RELATED PARTIES

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

Related party transactions

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

	<i>Nine month period ended 30 September</i>	
	<i>2010</i>	<i>2009</i>
	<i>AED'000</i>	<i>AED'000</i>
Shareholders:		
Revenue from sale of commercial properties	295,535	-
Associates:		
Net income on deposits / investments from Dubai Banking Group PJSC	1,280	15,405
Islamic finance income from Amlak Finance PJSC	26,295	36,427
Interest income earned on loan to Golden Ace Pte Ltd	36,214	17,495
Interest income earned on loan to Emaar MGF Land Limited and their related parties	63,994	44,573
	<u>16,170</u>	<u>3,122</u>
Directors' and their related parties:		
Rental income from leased properties and related income	16,170	3,122
	<u>16,170</u>	<u>3,122</u>
Other related parties:		
Islamic finance income from Al Salam Bank, Bahrain	2,207	4,433
Islamic finance income from Noor Islamic Bank PJSC	1,275	15,087
	<u>2,207</u>	<u>15,087</u>

Related party balances

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

	<i>30 September 2010</i>	<i>31 December 2009</i>
	<i>AED'000</i>	<i>AED'000</i>
		<i>(Audited)</i>
Associates:		
Fixed deposits with Dubai Bank PJSC	30,379	50,000
	<u>30,379</u>	<u>50,000</u>
Directors and their related parties:		
Bank balances and cash with Noor Islamic Bank PJSC, net	10,179	24,821
Trade receivables	300,671	282,528
Other receivables, deposits and prepayments	105,293	101,438
Interest-bearing loans and borrowing from Noor Islamic Bank PJSC	89,900	-
	<u>405,043</u>	<u>408,787</u>

The above trade receivables include AED 70,338 thousands (31 December 2009: AED 140,675 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due.

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2010 (Unaudited)

20 TRANSACTIONS WITH RELATED PARTIES (continued)

	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000 (Audited)</i>
Other related parties:		
Securities:		
Investment in Al Salaam Bank, Sudan	5,588	8,997
Investment in Al Salaam Bank, Bahrain	34,950	51,524
Investment in Al Salaam Bank, Algeria	20,202	20,202

21 CONTINGENCIES AND COMMITMENTS

Guarantees

The Group has the following guarantees outstanding as at 30 September 2010:

1. Loans taken by an associated company from commercial banks amounting to AED 108,270 thousands (31 December 2009: AED 110,694 thousands) are guaranteed by the Group.
2. Loans taken by an associated company from commercial banks amounting to AED 824,474 thousands (31 December 2009: AED 1,414,839 thousands) are guaranteed by the Group. The majority shareholder in the associate has provided the Group a counter guarantee and indemnity up to its share of liability for any claim made against the Group arising from the guarantee. A cash collateral amounting to AED 64,278 thousands (31 December 2009: nil) has been given to a bank against loan provided to a related party of an associated company (note 8).
3. Loans taken by an associated company from commercial banks amounting to AED 110,190 thousands (31 December 2009: AED nil) are guaranteed by the Group.
4. The Group has issued a financial guarantee of AED 4,490 thousands (31 December 2009: AED 6,839 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.
5. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2009: AED 5,000 thousands) as a security for the letter of guarantee issued by a commercial bank for issuance of trade license from Government of Dubai.
6. The Group has provided a financial guarantee of AED 1,847 thousands (31 December 2009: AED 1,847 thousands) as a security to Dubai Customs for importing goods.
7. The Group has provided a corporate guarantee of AED 110,190 thousands (31 December 2009: AED 110,190 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of the associated company of the Group.

Commitments

At 30 September 2010, the Group had commitments of AED 8,162,422 thousands (31 December 2009: AED 9,180,026 thousands) including project commitments of AED 8,068,223 thousands (31 December 2009: AED 9,074,091 thousands). This represents the value of contracts issued as of 30 September 2010 net of invoices received and accruals made at that date.

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

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

Emaar Properties PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2010 (Unaudited)

21 CONTINGENCIES AND COMMITMENTS (continued)

Operating Lease commitments – Group as lessee

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

	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000</i>
Within one year	548,501	515,555
After one year but not more than five years	605,360	309,936
	<u>1,153,861</u>	<u>825,491</u>

Operating lease commitments – Group as lessor

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

	<i>30 September 2010 AED'000</i>	<i>31 December 2009 AED'000</i>
Within one year	1,074,357	1,048,647
After one year but not more than five years	1,205,362	1,919,316
More than five years	347,339	401,085
	<u>2,627,058</u>	<u>3,369,048</u>

Legal claim

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

21 CONTINGENCIES AND COMMITMENTS (continued)

Contingent liabilities

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

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

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