



**EMAAR
ANNUAL
REPORT**

2009

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LETTER TO SHAREHOLDERS

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

Adversity is the true measure of resilience. Extreme turbulence is the real test that reveals the integrity of an organisation's foundation.

The last twelve months of our financial year, 2009, have been a humbling as well as instructive experience for all of us at Emaar. Multiple challenges, compressed within the span of a single year, honed our leadership and management skills, and provided tough lessons for a lifetime.

Today, Burj Khalifa soars 828 meters into the skies, its unprecedented height supported by an innovative structural system. This singular feat of architecture and engineering of Burj Khalifa by Skidmore, Owings, and Merrill of Chicago serves to remind us that dreams must be grounded on firm foundations. Only then can we stay true to our course and fulfil our commitments to our stakeholders.

Emaar's resilience and strength is pivotal to the continuity of our organisation. Financial independence allows Emaar to stand on solid ground and control our own destiny. Profitable growth in the good years coupled with prudent cost management has allowed Emaar to build a healthy balance sheet of approximately USD 17 billion, with a comparatively low debt obligation. Net debt to net worth for Emaar is below 18 percent. Hence, despite the challenges of 2009, Emaar was able to dedicate itself to project delivery, including the completion and launch of Burj Khalifa.

FINANCIAL HIGHLIGHTS

Financial Performance

As a result of concerted effort by the Company to optimize resource use during 2009 - a challenging year internationally, the Company continued to deliver robust performance. The Group recorded annual net profits from continued operations of AED 2,051 million (US\$ 558 million), as compared to the restated net profits from continued operations of AED 4,191 million (US\$ 1,141 million) in 2008. Annual revenue for 2009 was AED 8,413 million (US\$ 2,290 million) as compared to the restated revenue of AED 10,717 million (US\$ 2,918 million) in 2008. The restatement of profit and revenue of the year 2008 relates to change in revenue recognition policy from percentage completion method to completed contract method in accordance with International Financial Reporting Standards (IFRS).

During 2009, the Group has recorded losses relating to the write down of its net investment of AED 1,762 million (US\$ 480 million) in WL Homes, Group's US subsidiary, upon discontinuation of its significant operations.

The net profit after losses from discontinued operations attributable to equity holders was AED 327 million (US\$ 89 million) in 2009 as compared to AED 167 million (US\$ 45 million) in 2008.

As a result of the Group's revenue diversification and business segmentation strategies, the revenue from the Malls and Hospitality increased significantly during 2009. The Group implemented a number of customer oriented policies, which assisted in maintaining gross profit margins at 2008 levels.

The Group was able to maintain the profitability levels for its core businesses despite taking into account the provisions made by its associated companies in the financial sector, Amlak Finance and Dubai Banking Group towards their loans and advances portfolio.

ACHIEVEMENTS IN 2009

Property Development

Dubai

Amidst an economic slow-down in Dubai, we renewed our focus on project delivery for property development, leveraging on cost-economies for speedier completion and handover. We handed over the Alma townhomes and La Avenida luxury villas in the Arabian Ranches well over five months ahead of schedule. Projects delivered by Emaar during the year also included Burj Views in Downtown Dubai and the Fairways in The Views.

International Markets

In tandem with Dubai, we increased the momentum of delivery for our international projects with Tuscan Valley houses

in Turkey as well as Mirador villas in Canyon Views, Islamabad, Pakistan. The year also witnessed our completion of the Marassi Beach Clubhouse, which has become a popular tourist spot in the Sidi Abdel Rahman region of Egypt.

Emaar continues to tap on the region's strong demand for integrated lifestyle communities. In Saudi Arabia, Emaar Middle East launched the second phase of villas in Al Khobar Lakes. In Egypt, we enjoyed good customer response to Mivida ready-to-live homes and the second phase of The Apartments in the Samarah Dead Sea Resort of Jordan. In Lebanon, we signed a management agreement to develop BeitMisk, a master-planned community set in the Northern Metn region.

With India en route to economic recovery, Emaar MGF Limited has proceeded to file its Draft Red Herring Prospectus with the Securities and Exchange Board of India. This is in line with our joint venture company's plans to enter India's capital market with an initial public offering of AED 2,938 million (IR 38,500 million or USD 830 million).

Emaar continues to make strong progress with its international forays. Several projects are expected to come on line next year in Saudi Arabia, Morocco, Syria, Jordan and Saudi Arabia.

The World's Most Prestigious Kilometre

In 2009, we had the pride and pleasure of watching Downtown Dubai take shape and dramatic form. We completed Burj Khalifa, The Dubai Mall, The Dubai Fountain, The Old Town, The Old Town Island, The Residences, South Ridge, Emaar Square and Emaar Boulevard, which sprang collectively from blueprint to reality. Today, residents and visitors of Downtown Dubai can immerse themselves in a holistic, world-class experience that integrates home, work and play – against the dramatic backdrop of iconic projects, including the world's tallest tower, one of the world's largest malls and the world's tallest performing water-music spectacle.

The world's tallest tower

Emaar unveiled Burj Khalifa to the world in a spectacular inauguration ceremony on 4th January 2010 to mark the fourth anniversary of the Accession Day of His Highness Sheikh Mohammed Bin Rashid Al Maktoum as the Ruler of Dubai. It was a milestone in the history of Emaar, which was witnessed by 400,000 people on site as well as an international audience receiving the broadcast across the world.

"At the Top", Burj Khalifa's outdoor observation deck located on the 124th storey is the highest in the world has opened its door to overwhelming public response. Burj Khalifa received its first residents in February 2010 as we handed over the prestigious Armani Residences on levels 9 to 16. These residents are the first of over 12,000 people to live and work in the mixed-use tower that combines luxurious apartments, prime office space and the world's first Armani Hotel.

One of the world's largest malls

We opened The Dubai Mall in a soft opening in November 2008 with over 600 stores. By October 2009, in less than a year from its soft opening, The Dubai Mall had attracted 30 million visitors, boosted by the opening of new stores in the mall, which topped 1000 stores by the last quarter of the year.

The Dubai Mall has also established itself as one of the region's largest family leisure destinations in 2009. The Dubai Aquarium & Underwater Zoo houses over 33,000 aquatic animals and holds the Guinness World Record for the world's largest acrylic panel. KidZania® – first in the region – is an award-winning children's edutainment concept that incorporates a dedicated city designed to promote the physical and intellectual growth of children through professional role-play. In addition, the mall's 22-screen REEL Cinema sprawls over 150,000 square feet and is the largest in Dubai.

We are pleased to note that The Dubai Mall is playing a key role in reinforcing Dubai's prominence on the global retail map. Together with Burj Khalifa and The Dubai Fountain, it has become a valuable driver of tourism growth in the Emirate. Through our mall and hospitality projects, Emaar was able to contribute to the economy with the creation of nearly 12,000 new jobs in Dubai.

The world's tallest performing water-music spectacle

Designed by the creators of the Fountains of Bellagio in Las Vegas, The Dubai Fountain is set within the 30-acre lake in Downtown Dubai and shoots water jets as high as 500 ft (150 metres), equivalent to that of a 50-storey building. On 8th May 2009, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President & Prime Minister and Ruler of Dubai, formally opened The Dubai Mall, marked by the unveiling of The Dubai Fountain. Through this magnificent opening ceremony, we were able to pay tribute to His Highness' inspiring leadership vision of courage, growth and imagination.

Hospitality and Leisure

Armani Hotel Dubai

Emaar will officially launch the Armani Hotel Dubai on 22nd April, 2010. Gracing the Burj Khalifa from concourse to level 8,

in addition to levels 38 and 39, the Armani Dubai will be the first hotel in a historic collaboration between Giorgio Armani S.p.A and Emaar. The Armani Hotel Dubai marks the debut of a global chain of hotels, resorts and residences designed by Giorgio Armani. It will be followed by the launch of the Armani Hotel Milano, the Armani Resort in Marrakech and the Armani Residences villas for Marassi in Egypt. We are targeting Armani hotels, resorts and residences for global cities, including New York, Tokyo, Shanghai and London.

The Address Hotels + Resorts

In 2009, Emaar reiterated our commitment to build our hospitality and leisure businesses as growth engines for our organisation. Today, The Address Hotels + Resorts is a premier hotel brand. Created and owned by our subsidiary, Emaar Hospitality Group, operates a portfolio of five hotels, including The Address Downtown Dubai, The Address Montgomerie Dubai and The Palace – The Old Town. Emaar Hospitality Group also owns and manages a diversified portfolio of hospitality assets, including hotels, serviced residences, golf resorts, a polo and equestrian club, recreation clubs and the Dubai Marina Yacht Club and Marinas.

2009 was a year of significant development for our hospitality business. In September, Emaar opened The Address Dubai Mall, a five-star premium hotel that is directly linked to The Dubai Mall. In October, Emaar opened The Address Dubai Marina. Commanding a prime waterfront location at the Dubai Marina, the 220-room hotel is situated within Dubai's new business and leisure hub. Beyond Dubai, the Address Hotels + Resorts brand entered the European market with a management contract to operate Domaine de Lavagnac, a luxury resort developed by Residence De Lavagnac SARL in Languedoc-Roussillon, South of France. The Address Hotels + Resorts brand also signed a management contract with the Jnan Amar Polo retreat in Morocco. The brand is slated to open its first hotel in Egypt at Emaar's Uptown Cairo project.

In due course, The Address Hotels + Resorts brand will spread its wings. Future destinations include Shanghai, Jordan, Saudi Arabia, Syria, Turkey, London, Los Angeles and New York.

BUILDING A BRIDGE TO THE FUTURE

In the face of an epic crisis, confusion and paralysis are spontaneous reactions to mounting turbulence. But crises can only be ignored at our own peril. Dubai is facing its most severe economic challenge to date and its real estate sector, which formed a significant part of the economy, has been similarly affected. We must confront today's harsh realities and adopt decisive actions. In preparation, we armed Emaar for the long haul by taking a hard-nosed approach of managing costs at an early stage. More important, we recognised that today there is a need for developing real estate targeted towards the increasing middle class across the countries we operate in.

Management during the crises is about unearthing the good from the bad, siphoning the positives from the negatives. Do the crises present an unparalleled opportunity to remake and reposition ourselves? Can the challenges be transformed into a springboard? Can an organisation emerge with a more solid business model? In such times, Emaar's onerous responsibility to our stakeholders is to focus on opportunity and reinvention.

In our exploration for new possibilities, we returned to Emaar's basic purpose from day one. "Emaar builds more than just homes, we build communities and lives." In an environment filled with flux, our purpose is the immutable constant that gives our endeavours meaning and purpose beyond profit. It is in our purpose that we discover new seeds for growth. Moving forward, Emaar will shift its focus to a new market segment in Dubai. We will divert our resources to affordable housing, where there is a genuine and untapped demand by a major demographic – low mid to mid income earners. Low construction costs for affordable housing increase the financial viability of this business strategy.

A second positive point to emerge from 2009 is the reinforcement of Emaar's brand equity. Perhaps stronger than any written testimonial, Emaar continued to deliver amidst escalating uncertainty. Through the sheer act of building, we built the Emaar Brand. Emaar's unwavering commitment to reach the finish line is a precious asset on which we can leverage for growth beyond 2009. Emaar must continue its focus on realising existing projects, on optimizing their value and bringing them to fruition.

By building Emaar's brand equity, we can also build brand extensions successfully. In 2004, Emaar took the direction to diversify its geographical markets and business segments. This strategy has produced a stable stream of recurring income, a wide base of unleveraged operating assets and strong cash flows. An even stronger positive is that these alternative streams of recurring cash flows can be further enhanced in the long run. We can invest in Emaar's future by leveraging on the strong head-starts made by the Malls and Hospitality segments in Dubai. We can bring these businesses to maturity on our home ground while planting the Emaar flag abroad. Our forays into international markets with these segments have already begun in earnest in Egypt, Turkey and Syria.

Emaar has developed a proven formula for value creation by transforming land into visionary lifestyle communities. Emaar created waterfront living at Dubai Marina with one of the largest man-made marinas forming the heart of the development. In tandem, we developed the infrastructure at Dubai Marina and serviced land plots that were sold to developers for

the construction of premium residences. This strategy generated cash flows and profits for our Group. We can replicate it with Emaar's sizeable international land bank, where developing economies have the potential of offering high rates of return.

Emaar has significant growth prospects across markets and business segments. We have a strong balance sheet which holds the key to maintaining Emaar's financial independence and agility. Core assets can be monetised and proceeds used to fund growth. Malls and Hospitality segments exemplify Emaar's robust and scalable businesses that are totally unleveraged. We can extract value from these businesses through initial public offerings. In addition, we can fund Emaar's expansion in promising markets, such as Egypt and Turkey, via the equity route. Emaar MGF has already initiated the process of an IPO in India.

Emaar will remain vigilant on its debt level. Value creation and financial prudence are inseparable bed-fellows. The turmoil of the last financial year has driven this message home with devastating force. We will make concerted efforts to reduce our reliance on debt capital markets.

Downturns don't last forever. This simple truth reminds us to keep our focus firmly on the long view. We must embrace change, opportunity and stakeholders. We must build new revenue sources and realize the full value of our assets. "Resilient people and companies face reality with staunchness, make meaning of hardship, and improvise solutions from thin air." Resilience determines who succeeds and who fails. Resilience is rebounding.

His Highness Sheikh Mohammed Bin Rashid Al Maktoum inspired Emaar with the courage to dream bigger, build better and strive higher. Emaar has been blessed in our ability to complete existing projects despite turbulence and vindicate His Highness' leadership, passion and wisdom. Our vision of geographical diversification and business segmentation, outlined in 2006, remains intact. Only the timeframe has been extended. We remain unwaveringly committed to our goals.

BUSINESS REVIEW

In a challenging year for businesses globally, Emaar Properties PJSC focused its energies on the on-schedule completion of announced projects in 2009 with the opening of Burj Khalifa in the first week of 2010 serving as the crowning glory of the Company's achievements in project development.

Emaar took concerted efforts to optimize resource use efficiency by working closely with all stakeholders to make the Company resilient and deliver results. Emaar's Hospitality and Mall subsidiaries were significant contributors to the Company's revenue stream, with the year witnessing the opening of two new hotels and the grand inauguration of The Dubai Mall, the world's largest shopping centre, which attracted more than 37 million visitors in its first year of operation.

Highlighting Emaar's successful business segmentation strategy, in 2009 the Company opened two new hotels, The Address Dubai Mall and The Address Dubai Marina increasing the portfolio of Emaar's own hotel brand to five, including The Address Downtown Dubai, The Palace - The Old Town, and The Address Montgomerie Dubai. The Company's Healthcare subsidiary, Emaar Healthcare Group opened its first world-class medical centre in Dubai – The Dubai Mall Medical Centre - in 2009

Emaar continued its focus on geographic expansion and concentrated its energies on completing the projects in key overseas markets. Emaar MGF Land Limited, the Company's joint venture in that country, has filed its Draft Red Herring Prospectus with the Securities and Exchange Board of India to enter the capital market with an initial public offering of AED 2.755 billion (INR35 billion; US\$750 million).

Emaar MGF Land Limited is also on course with the completion of the Commonwealth Games Village 2010, a residential complex set in 27.7 acres in Delhi with an estimated saleable area of 1.8 million sq ft. Emaar has made considerable progress with its master-planned communities in India, Syria, Morocco, Jordan, Saudi Arabia and Egypt, with several hundred homes to be handed over this year.

With Tuscan Valley houses in Turkey and Mirador villas in Canyon Views in Pakistan, Emaar has already handed over its pioneering master-planned communities overseas – a trend that complements the company's delivery track-record in Dubai.

In 2010, Emaar will continue its focus of completing announced projects, strengthening its business subsidiaries and continuing to explore growth opportunities in new geographies.

UNITED ARAB EMIRATES

In 2009, Emaar focused on project delivery and completion of projects, and delivered approximately 3,100 residential units during the year.

Despite the challenges of the global financial crisis, Emaar handed over Alma townhomes in Arabian Ranches five months ahead of schedule complementing the hand over of La Avenida, a cluster of 17 luxury villas within Arabian Ranches, eight months ahead of schedule. A community of 212 luxury homes, Alma townhomes in Arabian Ranches had gained overwhelming investor response when launched in 2007.

Emaar also handed over Burj Views, a three-tower residential complex, with several apartments opening to prime views of Burj Khalifa, the world's tallest building, and The Dubai Fountain, the world's tallest performing fountain. The homes are located along the outer edge of Downtown Dubai, described as the 'most prestigious square kilometre on earth.'

Also highlighting Emaar's focus on project delivery was the hand-over of homes in Lofts in Downtown Dubai, as well as serviced residences at The Address Dubai Mall and The Address Downtown Dubai.

Further establishing the appeal of Downtown Dubai as one of the most sought-after and premier lifestyle destinations in Dubai, Emaar unveiled an iconic residential project, The Palace Residences, to strong investor response.

Part of The Old Town Island development, The Palace Residences are on a class of their own with 65 units, all of them completed and offered for viewing. Customers had the choice of opting to live in or benefit from the lease options provided by The Address Hotels + Resorts, the hotel brand owned by Emaar Hospitality Group.

Emaar welcomed the residents of Ghadeer in The Lakes and Fairways in The Views, both established residential communities that are part of Emirates Living. In Dubai Marina, Emaar handed over homes in Marina Quays and The Address Dubai Mall serviced residences.

Emaar also successfully recertified its Quality Management System (QMS) for ISO 9001:2008 certification, the latest global benchmark in the standards of excellence.

Emaar was originally certified to the ISO 9001:2000 by LQRA in September 2006. After completion of its three year validity period, Emaar underwent a stringent recertification audit in August-September 2009 to audit the Company's QMS to ISO 9001:2008 standards.

Downtown Burj Dubai

Emaar's flagship project in the UAE, Downtown Dubai is a vibrant mixed-use 500-acre community in the heart of the city and continues to gain international headlines due to its iconic components that include the Burj Khalifa, the world's tallest building; The Dubai Mall, the world's largest shopping centre; and The Dubai Fountain, the world's tallest performing fountain.

Burj Khalifa

Described as both a 'Vertical City' and 'A Living Wonder,' Burj Khalifa is the world's tallest building. At 828 metres (2,716.5 ft), the 200-storey Burj Khalifa has over 160 habitable storeys, the most of any building in the world.

The tower was inaugurated on January 4, 2010, to coincide with the fourth anniversary of the Accession Day of His Highness Sheikh Mohammed Bin Rashid Al Maktoum as the Ruler of Dubai.

With a total built-up area of 5.67 million sq ft, Burj Khalifa features 1.85 million sq ft of residential space and over 300,000 sq ft of prime office space. That is in addition to the area occupied by the Armani Hotel Dubai and the Armani Residences.

The tower offers luxurious recreational and leisure facilities including four swimming pools, a private library, an exclusive residents' lounge, health and wellness facilities, and *At.mosphere*, the world's highest fine dining restaurant at Level 122.

The world's highest observation deck with an outdoor terrace on level 124, *At the Top*, is a must-see attraction and offers breathtaking views of the city and the surrounding emirate.

Armani Residences Dubai

Armani Residences Dubai has been designed personally by Giorgio Armani, and is a reflection of his personal approach to elegance and style. Located on levels 9 to 16, the 144 one and two-bedroom suites highlight Armani's smooth, understated style combined with space and furnishings that focus on the compatibility of materials, form and lighting, in a superb, softly luminous setting.

In addition to the full access to services offered by the Armani Hotel Dubai such as concierge, 24/7 room service, house-keeping, library, spa, gym and swimming pool, residents of Armani Residences will also have access to recreational facilities and entertainment venues within Burj Khalifa.

The Armani Hotel Dubai

The world-first Armani Hotel Dubai opens to the world in 2010. From the room designs to the carefully selected textiles and fabrics, to the impeccable service, every aspect of the Armani Hotel experience will bear the signature of fashion legend Giorgio Armani.

Armani Hotel Dubai targets connoisseurs who value excellence, understated style and elegance. Offering 160 guest rooms and suites, restaurants and a spa, and covering more than 269,000 sq ft, Armani Hotel Dubai brings to life the *Stay with Armani* promise, an exceptional experience defined by the highest standards of aesthetics and service excellence.

The Residences

The world's most prestigious address will be home to a select few. With 900 residences including studios and one, two, three and four-bedroom apartments, The Residences at Burj Khalifa are designed for the connoisseur. The homes are spread over levels 19-108 of the tower.

The Corporate Suites

The Corporate Suites are located on the highest levels of Burj Khalifa. They occupy 37 floors, with the top three floors merged into a single office. The entrance lobby is at the Concourse of the tower. In addition to valet parking, express lifts take office visitors directly to a lounge lobby at Level 123.

The Offices

A complement to The Corporate Suites is *The Offices*, a 12-storey annex with direct access to Burj Khalifa and The Dubai Mall. Parking spaces for *The Offices* will be offered at the mall and the tower for the convenience of tenants. *The Offices* have a total area of 337,000 sq ft.

The Dubai Fountain

A world-class water, light and music spectacle in a 30-acre lake within Downtown Dubai, The Dubai Fountain is located near Burj Khalifa and The Dubai Mall.

At over 900 ft (275 metres) in length, The Dubai Fountain is designed by California-based WET and is the world's tallest performing fountain. Over 6,600 lights and 25 colour projectors create a visual spectrum of over 1,000 different water expressions that will appeal to visitors. Different combinations of water-forms of Dubai Fountain perform to selected musical pieces – chosen from a range of classical to contemporary Arabic and world music.

The Dubai Fountain, when fully operational, has over 22,000 gallons of water in the air at any given moment. Its nozzles will take water to different heights – from 70 to 500 ft. The 25 colour projectors provide the full spectrum of colour with a total output of 500,000 lumens.

The Old Town & The Old Town Island

Divided into six quarters, stocked with restaurants, outlets, hotels and a fabulous Souk, The Old Town is all about living in comfort and style, but with heritage and inescapable culture all around. It's where age-old charm blends with new age expectations in perfect harmony. The Old Town development puts a more traditional face on modern, luxurious city living.

With the charm of years gone by, The Old Town Island offers an exceptional way to experience downtown living. At the very heart of Downtown Dubai, this charismatic neighbourhood is a mixture of exquisite low-rise waterfront apartments; Souk Al Bahar – a shopping mall with Arabesque architectural features; boutique offices and The Palace - The Old Town hotel. With an appeal quite its own, this destination overlooks a lake and is spruced with inner alleys, courtyards and waterfront walkways. It's where lifestyle and culture come together in rare confluence.

8 Boulevard Walk

The first residential tower in Downtown Dubai, 8 Boulevard Walk is located close to the bustling Emaar Boulevard. Designed to elevate aspirations, this 35-storey tower claims its place at the nerve centre of Downtown Dubai.

The Lofts

The Lofts assures the comfort of spacious living and features three towers - East, West and Central - featuring spacious one, two, and three-bedroom apartments and also penthouses. All homes come with floor to ceiling windows that heighten the feeling of space and light.

The Residences

A cluster of 9 high-rise residential towers, The Residences has been handed over to customers. The Residences feature one, two, three, and four-bedroom luxury residential suits, penthouses and villas.

Burj Park

Burj Park is a prime-location development that combines style and sophistication to create an ambience of unparalleled indulgence. The project incorporates neo-classical architectural features and offers views of Burj Khalifa, the waterfront, and The Old Town Island. The buildings offer state-of-the-art interiors and world-class amenities.

Boulevard Central

Boulevard Central, a new residential project in Downtown Dubai, consists of two high-rise apartment buildings in close proximity to Burj Khalifa. Strategically located on Emaar Boulevard, residents will be mere footsteps away from the buzz of cafes, stores and vibrant street life. The project will feature studios, one, two and three-bedroom apartments. Podium level amenities include swimming pool, children's play area, communal BBQ area, a fully-equipped gymnasium, and a multipurpose room.

29 Burj Dubai Blvd

29 Burj Dubai Blvd is a stylish residential project in Downtown Dubai. Designed by Frank Williams & Partners Architects, 29 Burj Dubai Blvd offers luxurious podium level amenities, basement car parking and an unparalleled lifestyle within a bustling boulevard. The project has an unmistakable retro-New York look with a distinct identity through Arab-style decorative grills, panels and motifs. A frontal podium will feature a health club, roof garden and swimming pool.

Claren

Claren features two elegant mid-rise towers and boulevard apartments that offer residents the dual benefit of greater privacy and spacious living. Comprising studios, one, two and three-bedroom apartments, Claren has an extensive range of podium amenities, and is located on the vibrant Emaar Boulevard with easy access to Burj Khalifa.

Burj Views

Burj Views, handed over in 2009, is a three-tower residential complex within Downtown Dubai. The towers feature studios, one, two, and three-bedroom apartments and duplexes. A highlight of Burj Views is the exclusive retail space of 1,800 sq m. The temperature-controlled shopping arcade, facing Burj Khalifa, can be accessed from all the three towers.

Boulevard Plaza

Complementing the majesty of Burj Khalifa, Emaar launched a commanding symbol of style and status within the Boulevard's unique architectural collection. Boulevard Plaza is a place where business minds and decision makers come together to gain their competitive edge. Boulevard Plaza is situated close to residential towers and the DIFC – the financial capital of the region.

Standpoint

Emaar gives a new perspective to residential towers with Standpoint, two high-rise stepped towers, designed by International Architects Smallwood, Reynolds, Stewart and Stewart (SRSS). The towers feature studios, one, two, and three-bedroom apartments with amenities galore at podium level.

18 Burj Dubai Boulevard

Standing centrally on the Emaar Boulevard is 18 Burj Dubai Boulevard. The two-tower complex is inspired by its location and proximity to a world of attractions, and is attuned to fashion, food and entertainment. 18 Burj Dubai Boulevard not only offers residents ample opportunities to lead an ultra-modern lifestyle, but also represents their savoir-faire style.

The Mansion

Emaar opened up a striking new window view of Downtown Dubai and The Dubai Fountain with The Mansion, an aesthetically spectacular architectural marvel, strategically located on the Lake Promenade and Emaar Boulevard. Located on the inlet of the lake, The Mansion elegantly embraces a sense of duality in all facets of its architecture and construction. A single tower of 59 storeys with studios, one, two, and three-bedroom apartments, all units at The Mansion open to views of the fountain and Downtown Dubai.

South Ridge

Emaar has already handed over South Ridge, consisting of 6 high-rise residential towers, which overlook the vibrant landscape of Downtown Dubai. South Ridge comprises one, two, three, and four-bedroom apartments and penthouses with a multitude of amenities ranging from a swimming pool, children's wading pool and play area, fully-equipped gymnasium, 2 squash courts, a badminton court, and a golf simulator.

M Burj Dubai

Designed by internationally acclaimed, award-winning architects, M Burj Dubai consists of two-towers, one with 50 floors and the other with 22. With a grand inviting lobby and high majestic ceilings, the captivating décor breathes an impressive ambience. The towers feature one and two-bedroom apartments surrounded by an exciting urbane lifestyle on the Emaar Boulevard and offers easy access to Burj Khalifa and the rest of Downtown.

The Grand Boulevard

Adrian Smith brings his prolific design and expertise to Downtown Dubai with The Grand Boulevard. With grandiose aesthetics and well-spaced design, The Grand Boulevard is a mixed-use community accommodating two apartment buildings of 22 and 69 storeys respectively. Planted right on the Emaar Boulevard, The Grand Boulevard is an address of style and sophistication where charm and excitement define unparalleled ambience. But what gives this phenomenal masterpiece its true soul are the framed views of the iconic Burj Khalifa, which complements fabulous amenities, a sculptural amphitheatre and opulent outdoors, in a true cultural haven.

Burj Place

With a chic boulevard on the left, a networked metro on the right and an adjoining highway, Emaar offers convenient connectivity at Burj Place. This ultra-modern development consists of two 55-storey towers offering first-class homes located above the offices conveniently situated on the lower floors, while an adjoining corridor lines a path to a world-class hotel featuring cafes and retail outlets.

Emaar Square

Emaar Square is one of the first commercial buildings launched by Emaar offering premium office spaces, featuring state-of-the-art technology in one of the most desirable locations in Dubai. Positioned for success, Emaar Square is at the centre of Dubai's new business hub, to be serviced by the new Metro station and close to exclusive hotels and apartments.

Dubai Marina

The largest man-made Marina in the world and one of the largest waterfront developments in the region, Dubai Marina has a total development area of 50 million sq ft. It encompasses a large canal with 3.5 km of waterfront offering access to the sea from both ends. Fringing the canal are waterfront living apartments, offices, retails, a yacht club and a hotel and serviced residences.

Emaar has unveiled six luxurious projects at Dubai Marina – Al Majara, Al Sahab, Dubai Marina Towers, Marina Promenade, Marina Quays and Park Island. Five of them – Majara, Al Sahab, the Dubai Marina Towers, Marina Promenade and Marina Quays – have been completed and the keys handed over to buyers. Park Island will be handed over shortly.

Dubai Marina Mall Complex

The 150,000 sq m Dubai Marina Mall complex includes The Address Dubai Marina; the Dubai Marina Mall – a boutique mall with a family entertainment centre and a Cineplex – and an 8-storey tower Gourmet Tower dedicated to diverse cuisines. Adjacent is Marina Plaza and the Extreme Waterfront Offices, the only waterfront offices at Dubai Marina.

Marina Plaza

Marina Plaza is the only commercial tower within the Dubai Marina master-development. With its exceptional location on the Marina and a range of features including flexible floor plans and an 8 storey podium for parking, the 28-storey boutique freehold Marina Plaza Office generated strong investors' demand. Suites range from 3,742 to 4,030 sq ft in size with the last floor dedicated to a "penthouse loft" office of 23,820 sq ft, with its own elevator, balcony space of 3,358 sq ft, and panoramic views of the entire Marina.

The Extreme Waterfront Offices

These boutique offices are in the most exceptional location within Dubai Marina, in the leg of The Address Dubai Marina Hotel that extends directly into the water. This allows for stunning views while creating an impression of being immersed in the Marina. With just 4 floors and walls of windows, exclusivity and uninterrupted views across the Marina are ensured. Sizes range from 926 sq ft per unit to 2,451 sq ft for a full floor. The last floor has soaring ceilings allowing for mezzanine space. The main lobby has a full wall of window and direct access to the water with its own pier for easy drop off and pick up by boat. All units sold in a few hours.

Emirates Living

Emirates Living is the pioneering lifestyle concept by Emaar encompassing some of its key master-planned residential communities including four single family communities - Emirates Hills, The Lakes, The Meadows, The Springs – and two multi-family communities - The Greens and The Views. A collection of neighbourhoods, Emirates Living embodies Emaar's commitment to delivering integrated living communities.

The Lakes

An established gated community, The Lakes is set amidst placid lakes and a picturesque living environment. It comprises five distinct communities, Deema, Forat, Maeen, Zulal and Ghadeer, the newest community developed with five different types of Mediterranean villas to choose from. All have access to the vibrant Lakes Community Centre that features several recreational and retail outlets, exclusive neighbourhood parks with own swimming pool, diverse recreational amenities and over 11 miles of walkway meandering amongst greenery. The Lakes has now become one of the most sought-after single family community in Dubai. The Ghadeer homes were handed over in 2009.

The Views and The Greens

Both are master planned with exclusive amenities for residents which include landscaped swimming pools and decks, gymnasiums, play areas, underground and covered parking, 24 hour security, barbeque areas, neighbourhood shopping areas and parks with walkways.

The Views is expanding with the addition of Mosela and Tanaro - striking 24-storey buildings, drawing on Mediterranean influences with arched windows, expensive sun decks and terracotta facades. Mosela is a waterside tower offering incredible views of the Emirates Golf Course and the water canal. Homes in Fairways, also part of The Views, was handed over in 2009.

Arabian Ranches

A premium multi-billion Dirham desert development spread over 1,650 acres, Arabian Ranches has over 4,000 residential units and 11 communities comprising one and two-storey single-family homes inspired by diverse architectural styles, all with gardens and balconies, and is one of the most sought-after communities in Dubai. The masterplan also has exceptional golf and equestrian facilities.

Polo Homes

Emaar unveiled an exclusive collection of palatial residences - the Polo Homes community - at the Dubai Polo and Equestrian Club. The Polo Homes, limited in number to just 71, surrounds the polo fields and forms one of the most impressive and opulent residential communities by Emaar. In 2009, Emaar handed over Alma townhomes and La Avenida within Arabian Ranches, several months ahead of schedule.

Golf Homes

Emaar introduced a new addition to its golf community portfolio, also comprising Hattan and Mirador, by offering discerning investors the exclusive Golf Homes, set on the scenic and swaying dunes of the Arabian Ranches golf course. The Golf Homes community comprises only 18 detached villas available in three styles - Hacienda, Suncadia and Castilla - featuring Arabian and Spanish architectural elements. The villas feature luxurious architectural elements such as a courtyard, an entry court with a central fountain, a grand dining room, gallerias and a wrap-around promenade on a sun deck. The homes were successfully sold during an auction sale which attracted unprecedented investor and end user interest.

Umm Al Quwain Marina

Umm Al Quwain Marina LLC, the joint venture between the government of Umm Al Quwain and Emaar Middle East, launched the second phase of homes at Umm Al Quwain Marina, following encouraging investor response to the its Mistral villa community.

The AED 12 billion Umm Al Quwain Marina features over 8,000 homes including 6,000 villas and 2,000 townhomes, boutique hotels, retail outlets and recreational facilities set in a marina-themed environment. Umm Al Quwain Marina LLC broke ground for the first phase of residences and construction is progressing as per schedule.

INTERNATIONAL

With six business segments and more than 60 companies, Emaar has a collective presence in several key markets spanning the Middle East, North Africa, Pan-Asia, Europe and North America. The Company has established operations in the United Arab Emirates, Saudi Arabia, Syria, Jordan, Lebanon, Egypt, Morocco, India, Pakistan, Turkey, USA, Canada and United Kingdom. The Company also has offices and development projects under consideration in Algeria, Libya, Indonesia and China. In the international markets also, Emaar focused on its strategy of project completion and hand over during 2009. Highlights of the progress on country developments and new projects launched in 2009 are listed below:

SAUDI ARABIA

In Saudi Arabia, Emaar, The Economic City (Emaar.E.C), a Tadawul-listed company, is developing the largest private sector-led development in the region, King Abdullah Economic City (KAEC), which has a development value of over SR100 billion.

Also in the Kingdom, Emaar Middle East, a property development associate company of Emaar focused on the Middle East region, is developing the SR6 billion Jeddah Gate and Al Khobar Lakes, a multi-billion dollar luxury lakefront development set on 4.3 million sq m.

Emaar is also offering full-furnished spacious studios and one to three-bedroom serviced residences in the Holy City of Makkah. The Emaar Residences at the Fairmont Makkah are located on floors 30 to 53 of the Makkah Clock Royal Tower,

at the Fairmont Hotel in the tallest tower in the Holy City developed by Saudi Bin Laden Group and located in the heart of Abraj Al Bait. To drive the sale of Emaar Middle East projects and to complement the existing sales centres in Al Khobar and Jeddah, the company has opened a sales centre in Riyadh.

King Abdullah Economic City

KAEC is a 168 million sq m development located on the Red Sea coast. It has six key components – the Sea Port, Central Business District, Industrial Zone, Educational Zone, Resort District and Residential Communities.

In 2009, Emaar.E.C handed over several residential units and commercial land plots in the Industrial Valley to investors with full services within the first phase of the Industrial Valley (IV) on an area of 1.5 million sq m with investments amounting to SR 300 million.

Another 4.3 million sq m of area will be ready by 2012. Upon the completion of all phases, the total size of the Industrial Valley will be 63 million sq m and home to 2,500 factories and will provide more than 150,000 job opportunities.

The company also shifted its headquarters from Jeddah to KAEC, occupying one of the five office buildings within the Business Centre in Bay La Sun Village, the first integrated residential community which was launched to overwhelming sales response.

The infrastructure of Bay La Sun Village has been completed, and the first bridge in KAEC was opened to traffic. The bridge spans 400 meters over the water canals of Bay La Sun and connects with the rest of KAEC, and was designed, constructed and finalized in just 8 months with a cost of SR 40 million.

In another key development, Emaar.E.C signed a Heads of Terms Agreement with Saudi BinLadin Group (SBG) for establishing a new company that will be responsible for financing, developing, and operating the Port at KAEC.

The first phase of the Seaport is scheduled to be operational by 2012 with an initial capacity of approximately 1.7 million TEU (Twenty foot Equivalent Units), and an estimated SR 4 billion investment.

Last year, Emaar.E.C also signed a memorandum of understanding with Saudi Post Corporation (SPC) to provide basic postal services to the business and residential area of King Abdullah Economic City as well as develop the postal system service in the Economic City and create an information center.

Jeddah Gate

Emaar Middle East made rapid progress on the first phase of Jeddah Gate, a mixed use master-planned community spanning over half a million sq m in Jeddah's new downtown area. The development features residential units, a five star hotel, commercial towers and a range of cultural, retail and leisure outlets.

Jeddah Gate, located in the heart of the city, is positioned on two sites; the first is spread over 413,000 sq m and is located along King Abdullah Street; and the second is spread over 140,000 sq m along Abdullah Al Suleiman Street in close proximity to the main railroad linking the Holy Cities of Makkah and Madina to Jeddah. The project comprises 4,500 residential units, 230,000 sq m of commercial space and 75,000 sq m of gross leaseable area for retailers.

Emaar Middle East also unveiled Abraj Al Hilal, a key residential component of Jeddah Gate. The three towers, ranging from 19 to 22-storeys, have an elegant architecture that blends contemporary and traditional styles.

Emaar Middle East achieved an impressive eight day cycle per floor in the construction of Abraj Al Hilal. One floor is added every eight days, marking the rapid progress in the construction of the residential tower, and recording one of the best construction progress reports in the Kingdom.

The apartments, of size 124 to 600 sq m, are modern and offer a full range of amenities and high specifications. Sales are progressing and work on site is well underway and on schedule as planned.

Al Khobar Lakes

Emaar Middle East successfully launched Al Nada and Al Ghadeer residential villages in the first phase of Al Khobar Lakes, a multi-billion dollar luxury lakefront development set on 4.3 million sq m and featuring 80,000 sq m of serene water bodies. Work on the project is progressing as per schedule.

The first phase has a development value of US\$1.2 billion and features more than 2,000 private villas with retail and leisure amenities. Spread over 250,000 sq m, this phase will have 11 mosques, educational complexes spanning over 28,000 sq m, a shopping centre, community centre, coffee shops & restaurants, healthcare facilities and other amenities. The retail centre is located on an area of 110,000 sq m and will be an upscale shopping and leisure destination.

Emaar Residences at the Fairmont Makkah

Emaar launched sale of the first phase of fully-furnished and spacious studios and one to three-bedroom serviced apartments in the Holy City of Makkah. The Emaar Residences at the Fairmont Makkah are located on floors 30 to 53 of the Makkah Clock Royal Tower, at the Fairmont Hotel in the tallest tower of the Holy City developed by Saudi Bin Laden Group and situated in the heart of Abraj Al Bait, which is part of the King AbdulAziz Endowment of The Two Holy Mosques. Ideal for pilgrims and families, the homes vary in size from 40 to 160 sq m, and feature the latest digital network and other amenities.

Pakistan

In Pakistan, Emaar Pakistan, the country subsidiary of Emaar Properties, delivered the first homes in Canyon Views, a master-planned community in Islamabad as per schedule during 2009, to high quality standards.

Emaar has announced projects of development value AED 8.8 billion in Pakistan including The Highlands in Islamabad and Crescent Bay in Karachi. Last year, Emaar Pakistan was awarded the ISO 9001 Certification for its DHA Islamabad office, and PACRA (Pakistan Credit Rating Agency) awarded Emaar Pakistan the Best Developer rating. The ISO registration applies to residential and commercial property development, project management and customer service of operations of Emaar DHA Islamabad.

Canyon Views

Canyon Views is an exclusive gated community within the DHA Phase 2 Extension in Islamabad. Emaar Pakistan handed over Mirador villas in Canyon Views to customers. Work on Alma townhouses is ongoing.

Canyon Views offers luxury single-family townhomes and villas in a range of finest architectural styles with easy access to amenities including retail, security, views and green open spaces, sporting facilities, school and Mosque.

Crescent Bay

Emaar Pakistan launched sale of residences in seven towers – Coral, Pearl and Reef – in Crescent Bay, the Company's pioneering master-planned community in Karachi. Investor response was strong and work is progressing currently.

A 108-acre development, Crescent Bay features high and mid-rise towers for residential and commercial use, a shopping centre and five-star beachfront hotel. The towers will contain approximately 4,000 residential apartments. Crescent Bay is located within Karachi's DHA Phase 8 and in close proximity to the DHA golf course

EGYPT

In 2009, Emaar Misr, the wholly owned subsidiary of Emaar Properties PJSC, launched the EGP 5.75 billion Mivida community, a world-class, elegantly designed development in New Cairo City.

Emaar Misr is one of the largest foreign direct investors in the country's real estate sector with a development portfolio of EGP 31.67 billion. Emaar Misr's projects include the EGP 9.92 billion Marassi; the EGP 12 billion Uptown Cairo, the EGP 5.75 billion Mivida in New Cairo City; and the EGP 4 billion Cairo Gate.

H. H. Sheikh Khalifa City

Highlighting Emaar's commitment to part in social housing projects, the company signed an MoU with Abu Dhabi Municipality to develop and manage, on a not-for-profit basis, the 2.2 million sq m H. H. Sheikh Khalifa City, located in New Cairo on land provided by the Egyptian Government.

The project, is managed by Emaar Misr on behalf of the Abu Dhabi Municipality and will feature affordable homes ranging in size from 70 to 90 sq m. The fully-integrated community will have well-knit roads, advanced power and telecom connectivity, healthcare centres, educational institutions, retail outlets, places of worship and community centres.

The social project is being developed under the guidance of the Egyptian Ministry of Housing, Utilities and Urban Development aimed at providing homes and jobs for Egyptian youth.

Mivida

Emaar launched Mivida, its newest master-planned community in New Cairo City which has received very good customers response. The EGP 5.75 billion project is located only 1.5 km from the American University in Cairo.

Spread over 3.8 million sq m, Mivida features 5,000 homes designed by international architects. The ready-to-live-in homes starting in size from 220 sq m, are designed in Santa Barbara, Tuscan, Mediterranean and Andalusian architectural styles.

Cost-competitive and fully-finished, the Mivida homes bring to the Cairo market a new and innovative residential product with large green spaces, high quality standards and integrated commercial, residential and leisure facilities. Ideal for individuals and families, the 'work, live and play' environment of Mivida offers a rich array of lifestyle amenities including schools, business parks, hotels and healthcare facilities for residents. A central park sprawling over 30 acres of land and 222 acres of smaller community parks provide Mivida a relaxed charm.

Uptown Cairo

Emaar Misr achieved significant progress on Uptown Cairo in 2009. The EGP 12 billion residential, commercial and leisure development is located at the highest point of downtown Cairo - Mokattam Hills, 200 metres above sea level providing a unique, high quality and secured living environment.

Uptown Cairo is the largest lifestyle development within Cairo, and is billed to evolve into the true hub of the city with its easy accessibility from Maadi, Heliopolis, Nasr City and Central Cairo.

Spread over 4.5 million sq m, this self-contained development features a wide array of facilities including a business park, town centre, an open-air integrated retail center, sporting & leisure facilities, a world-class golf course and a variety of luxurious residential villages.

Marassi

In 2009, Emaar Misr completed and opened to the public the Beach Club in Marassi, which has recorded strong response from existing customers and the general public. Work on the mixed-use community, launched to overwhelming customer response, is progressing according to plans with the first homes to be handed over at the end of 2010.

Emaar is also developing the Armani Residences, developed by Emaar in partnership with Armani S.p.A, in Marassi. Personally fashioned by Giorgio Armani, the resort-style residences feature a combination of stacked villas and 3 and 4-bedroom villas all facing the Mediterranean Sea. Armani Residences in Marassi is the first villa offering under the Armani Residences brand.

A 1,544-acre tourist resort project of development value EGP 9.92 billion, Marassi is located on Sidi Abdel Rahman and Alamein. Marassi features seven distinct lifestyle districts, each with distinctive identities and activities, inspired by Mediterranean architectural styles. The resort will feature up to 3,000 hotel rooms, a marina, golf course and healthcare facilities. The Marina in Marassi will be the largest in the region with its own dry storage facility.

Cairo Gate

Emaar Misr's Cairo Gate Project located at the start of the Cairo-Alexandria road is a residential-cum-commercial project with a development spread of over 670,000 sq m. The project is being considered for a large mixed use development.

INDONESIA

The Lombok Project

Emaar signed a joint venture agreement with Perusahaan Pengelola Aset (PPA), the state-owned Asset Management Company, to launch the IDR 5,446 billion project spread over 1,200 hectares. The project is currently under review.

JORDAN

The Dead Sea Touristic and Real Estate Investment Company, a venture of Emaar Properties PJSC and a group of regional and Jordanian investors, is developing the Samarah Dead Sea Resort, a mixed-use project with a development value of over JD 300 million.

Samarah Dead Sea Resort

Emaar International Jordan made strong progress on the construction of the first phase of Samarah Dead Sea. The resort's Rift Apartments are located directly on the Dead Sea, adjacent to the waterway and across Wadi Mukheiris from the King Hussein Bin Talal Convention Centre and Samarah Dead Sea Resort Sales Centre. It features nine low rise buildings (The Apartments) located on the seafront comprising 223 Mediterranean-styled multi-family apartments. Amenities include walkways, neighbourhood shopping and easy access to a full-fledged Club House. The first phase, launched in 2007, will be ready for handover to customers in the second half of 2010.

Emaar International Jordan opened a fully-equipped Sales Centre, the first of its kind in the Kingdom, and also opened its corporate office in Amman at the Rabia Towers, to drive the sales and marketing activities of projects in Jordan. The office displays a true-to-type model of Samarah Dead Sea Resort.

SYRIA

Emaar-IGO, a venture between Emaar Syria and IGO, an offshore investment and property development company, is developing the SYP26 billion Eighth Gate project in Yafour, near Damascus.

The Eighth Gate

In 2009, Emaar-IGO recorded strong progress in the construction of eight office buildings in addition to the Damascus Stock Exchange building - a key component of The Eighth Gate. Work on the master-planned community is progressing with the first office building handed over to customers in December 2009 and the remaining ones scheduled to be handed over during 2010. The other components of The Eighth Gate development, including the mall and additional commercial buildings will also be launched during 2010.

Billed as the No. 1 business hub in Syria, the integrated commercial precinct will host a 32-storey office tower and a number of office buildings that provide commercial space for brokers, bankers and other companies closely affiliated with the Damascus Stock Exchange, among others.

The Eighth Gate has three zones - Commercial Centre, Waterfront and Touristic Area. A mall inspired by the souks of Damascus offering high-end shopping experiences is part of the community.

LIBYA

Emaar Properties has signed a MoU with the Zowara-Abou Kemash Development Zone to develop the Zowara-Abou Kemash area on the Mediterranean coast near Tripoli, Libya. It is the largest international project of Emaar and is currently in a detailed review stage.

EMAAR TURKEY

Emaar Turkey is the country-subsiary of Emaar Properties PJSC and opened its Istanbul office in June 2006. In a key development last year, Emaar purchased 40 per cent shares of Cihan Kamer, the Chairman of the Board of Directors of Atasay Group, to own the entire shares of Emaar Turkey.

Emaar Turkey developed and handed over the first phase of its first gated community renowned project, Tuscan Valley which has a development value of US\$700 million. The initial investment was followed by a further US\$400 million investment to purchase a prime land at the Asian side of Istanbul.

Tuscan Valley

Inspired by the Tuscan architectural style, and enriched with magnificent views of Büyükçekmece Lake and Marmara Sea, Tuscan Valley offers an elegant lifestyle for residents. The project is located in the western part of Istanbul, just 20 kms from Ataturk International Airport and 45 minutes from the city centre, and covers 1.7 million sq m.

Tuscan Valley includes 540 luxury units including villas, apartments and townhouses, in 12 different types and ranging in size from 149 to 940 sq m. The community includes fully-equipped facilities such as outdoor and indoor swimming pools, spa, tennis, squash and basketball courts and soccer fields. A modern Tuscan Shopping Arcade will meet the retail and lifestyle needs of residents.

Hand over of the first phase of homes in Tuscan Valley was achieved, according to plans, in 2009 and the neighbourhood is now an established lifestyle community. It is billed to become one of the prime residential destinations in Istanbul.

New Istanbul Development

Emaar Turkey acquired approximately 75,000 sq m of prime land in February 2008 to develop a mixed-use project in Libadiye.

Located in the Istanbul Asian side within the junction of main highways, it is also in close proximity to the proposed metro line that will join the rail tube tunnel under the Marmara Sea connecting Asia to Europe.

The mixed-use project envisaged in the prime land will feature residences, retail, commercial space, leisure and entertainment components. The design of the project is being finalized with the launch of first units for sale and construction scheduled to commence in 2010.

INDIA

Emaar and MGF Developments Limited of India rolls out India's largest FDI in real estate through projects in 26 cities pan India. Emaar MGF has a land bank in excess of 11,000 acres with 82% of the land reserves in National Capital Regions and

state capital regions. Emaar MGF has a long term commitment to India and today has emerged as one of the leading real estate developers in the country with projects planned across residential, commercial, retail and hospitality sectors.

The total development area currently planned is more than 430 million sq m including development of residential, retail and hospitality assets.

Emaar's JV, Cyberabad Convention Centre Private Limited (CCCPL), built the country's largest and most technologically advanced conference centre - the Hyderabad International Convention Centre (HICC) - and Novotel Hyderabad. Emaar is also developing Boulder Hills, a residential cum leisure complex in Hyderabad.

Emaar-MGF projects:

Emaar-MGF has a rich portfolio of projects in several key destinations, in various stages of development. Most of the projects are expected to be handed over in 2010 thus bringing in a new dynamic to the country's property sector.

Among key projects is Mohali Hills, a master-planned community spread over 3,000 acres. It features residential plots, townhouses and villas, supported by an integrated infrastructure of civic amenities including landscaped gardens, shopping and recreational centres.

The Views at Mohali Hills has an estimated saleable area of 1.9 million sq ft all of which is currently under development and has been launched for sale.

The Central Plaza at Mohali Hills will serve as the centre of the community, providing a dynamic tenant mix ranging from supermarkets, laundries and pharmacies to eclectic boutiques and stylish restaurants.

The Commonwealth Games Village 2010 residential complex, a 27.7 acre project in Delhi with an estimated saleable area of 1.8 million sq ft is another prestigious project currently under development. It will be handed in March / April 2010 as committed to the Government.

The Palm Springs marked the launch of Emaar-MGF's first residential project in Gurgaon. Spanning across 20 acres, Palm Springs is a self-contained and amenity-rich community, providing a harmonious blend of lifestyle options; from low rise luxury villas to spacious apartment towers situated in acres of elegantly landscaped gardens and parks.

Palm Drive is a 31.6 acre residential development in Gurgaon, Emaar-MGF's second residential project after the Palm Springs. It will also have a mix of apartments and villas.

Emerald Hills, Gurgaon is a 500 acre integrated master planned community with 112.3 acres consisting of 209 plots, 42 villas, 1,059 independent villa floors and 1,029 apartments.

Boulder Hills, Hyderabad is a 510-acre integrated master planned community in Hyderabad. Currently, 38.4 acres of the project has been launched featuring 103 plotted developments and 306 apartments.

Chennai Esplanade (Phase I), a 7 acre residential project (and part of a 14 acre project) in North Chennai has an estimated saleable area of 0.4 million sq ft all of which is currently under development.

Emaar MGF also aims to become the provider of choice for real estate solutions for commercial and retail customers. Emaar-MGF will develop three JW Marriott-branded international luxury hotels in New Delhi, Hyderabad and Kolkata and one upper-moderate price-sector 'Courtyard by Marriott' hotel in Amritsar. The company has signed a management agreement with InterContinental Hotel Group to develop hotels in Kolkata and Dehradun. Holiday Inn in Kolkata will have about 250 keys.

MOROCCO

Emaar Morocco has unveiled three master-planned projects - Tinja, Oukaimeden and Saphira - as part of a MAD 42.6 billion MoU with the Moroccan Government under the patronage of His Majesty King Mohammed VI, King of Morocco. Emaar Morocco has also joined hands with Onapar, part of the ONA Group, to develop the MAD 2.6 billion Amelkis II and III, and the MAD 9.56 billion Bahia Bay.

Tinja

Emaar Morocco has made good progress on Aldea homes, launched to strong response. Forming one part of six distinctive communities within the Tinja project, Aldea enjoys a quaint location with villas by the sea and townhomes by the forest.

Easily accessible from the Tangiers International Airport, Tinja is located between the renowned Diplomatic Forest and the Atlantic Ocean on 300 hectares of pristine land. Aldea marks the first phase of Tinja, and its modern homes and integrated lifestyle amenities offer residents an exceptional lifestyle. Residents will have access to fitness centres, leisure complexes, green spaces, walkways, barbecue areas, beach clubs, riding clubs, hotels and restaurants. The model homes will be completed in the first quarter of 2010.

LEBANON

BeitMisk is a residential community that spreads over approximately 655,000 sq m of an exceptionally pristine location in the Northern Metn region.

The project consists of a major residential development that will comprise villas, townhouses and apartments buildings situated in a splendid rural setting and revolving around a vast community centre with retail and public squares. The development is managed by Emaar Lebanon.

CANADA

Emaar expanded its geographic presence in North America with a new subsidiary of Emaar International, Emaar Canada, based in Vancouver, British Columbia, Canada.

Emaar Canada launched the sale of its first project, Wills Creek, which is situated in the prestigious community of South Surrey, British Columbia.

The project comprises a variety of detached and semi-detached villas and a community centre; expansive green spaces on property with walking paths and salmon bearing stream; and close proximity to world class skiing, golfing and 2010 Winter Olympic Venues.

Additionally, Emaar Canada is in various stages of development on multiple projects throughout Western Canada. Most notably are a high-rise project in Victoria, British Columbia and a mid-rise residential project in Vancouver, British Columbia.

CHINA

Emaar Properties consolidated its expansion to China by signing a MoU with the Shanghai China-News Enterprise Development Limited, a Chinese government entity and subsidiary of the People's Daily Shanghai branch, to explore mixed-use property and infrastructure development projects in key Chinese cities.

The strategic partnership between Emaar and Shanghai China-News Enterprise Development Limited marks one of the first public-private partnerships between the Chinese government and Dubai's leading property developers, highlighting the increasing global role played by Dubai companies. Emaar had earlier marked a milestone in its expansion plans by being the first Middle East developer to open a full-fledged office in China in 2006.

ALGERIA

Emaar is currently reviewing four mixed-use projects of development value US\$20 billion in Algeria. Emaar is developing the New City of Sidi Abdellah; a tourist resort at Colonel Abbas; a waterfront development by Algiers Bay; and a modern healthcare city at Staouali County.

OTHER SECTORS

EMAAR HOSPITALITY GROUP LLC

Emaar Hospitality Group LLC is a wholly-owned subsidiary of Emaar Properties, and manages Emaar's hospitality & leisure projects across the region.

With a total portfolio of hospitality and leisure project assets of development value of AED 4 billion, Emaar Hospitality Group owns and manages a diversified portfolio of hospitality assets such as hotels, serviced residences, golf resorts, a polo and equestrian club, recreation clubs and the Dubai Marina Yacht Club and marinas.

Emaar has also partnered with hospitality operators such as Southern Sun and Troon Golf to manage some of its business units. Southern Sun, Africa's leading hotel group, currently manages and operates two properties – Al Manzil and Qamardeen Hotels at The Old Town in Downtown Dubai. Troon Golf manages the championship golf course at The Address Montgomerie Dubai.

Emaar Hospitality has also launched Nuran Serviced Residences and *Hayya!* health and recreation clubs.

The Address Hotels + Resorts

In May 2008, Emaar Hospitality Group launched its 5 star premium flagship hotel brand – The Address Hotels + Resorts, and in 2009, the brand expanded its portfolio to feature five world-class properties.

The Address Hotels + Resorts brings a new identity to the hospitality and service offering of Dubai and the region. It also marks the integration of Emaar Hospitality Group's offerings to provide the entire gamut of services including operating hotels and resorts.

The Address features a bouquet of experiences offering a unique essence for business and leisure travellers within its properties. The Address will have a presence in all markets where Emaar Properties has a geographic footprint, starting off with five properties located in Dubai.

These are The Address Downtown Dubai (opened in 2008), The Address Dubai Mall (opened on September 2009) and The Address Dubai Marina (opened in December 2009). The Address Hotels + Resorts assumed the management of The Address Montgomerie Dubai in October 2009. The brand also manages The Palace - The Old Town, a luxury hotel in Downtown Dubai, which has 242 well-appointed guest rooms and suites.

Emaar Hospitality Group plans to unveil The Address properties in key cities and tourist destinations in the Middle East and North Africa region, the Indian Subcontinent, Asia, Europe and America over the next ten years. The Address Hotels + Resorts has already expanded to Europe and North Africa through strategic tie-ups.

The Address Hotels + Resorts signed its first international management contract with Azmi Abdelhadi (AAH) Group, a leading Saudi Arabian based business conglomerate, to operate a luxury property within Jnan Amar Polo Retreat, a premium mixed-use development in Marrakech.

The Address Hotels + Resorts entered the European market with a management contract to operate Domaine de Lavagnac, a luxury resort developed by Residence De Lavagnac SARL in Languedoc-Roussillon, South of France. Scheduled to open in 2011, Domaine de Lavagnac is the first five star tourism development in Languedoc and comprises a 17th century chateau that is being transformed into a 70 suite hotel located in close proximity to the Mediterranean coast.

The Address Downtown Dubai, which opened to strong response globally, faces the iconic Burj Khalifa, the world's tallest building. As the second tallest building in Downtown Dubai, the architecture of the 63-floor hotel is unique and breathtaking, enhancing the mood of the venue as a premier lifestyle destination.

The Address Dubai Mall is a luxury 5-star hotel linked to the world's largest shopping and entertainment destination – The Dubai Mall. It is strategically located to offer ease of access to many attractions within Downtown Dubai. Both hotels provide stunning views of The Dubai Fountain – the tallest performing fountain in the world.

The Address Dubai Marina overlooks the world's largest man-made Marina and has a prime location in one of Dubai's most popular lifestyle districts, Dubai Marina. Dubai Marina Mall, linked to the hotel, offers 160 retail stores. Dubai Marina Yacht Club, located less than 500 metres away, lends guests an alternative and original venue for dining, relaxing and yachting opportunities.

An idyllic golf retreat, The Address Montgomerie Dubai accomplishes perfect harmony by combining premium golf in sublime surroundings with that of an exclusive retreat with luxury lifestyle amenities. The Address Montgomerie Dubai offers one of the most luxurious golf experiences in the Middle East and is the first operational retreat hotel under The Address Hotels + Resorts portfolio.

Located on The Old Town Island in Downtown Dubai, The Palace - The Old Town is managed and operated by The Address Hotels + Resorts. Open since September 2007, the hotel has 242 well-appointed guestrooms and suites including the imperial suite with an enchanting Middle Eastern ambience. The hotel is situated by the lake in Downtown Dubai and offers prime views of the world's tallest tower, Burj Khalifa and The Dubai Fountain.

Arabian Ranches Golf Club

Arabian Ranches Golf Club was built as a true 18 hole, par 72, desert style grass course, a signature course designed by Ian Baker-Finch in association with Nicklaus Design.

The Spanish Colonial style Clubhouse boasts the Ranches Restaurant, with a terrace offering panoramic scenic views over the 9th and 18th holes. Within the Clubhouse there are 11 luxurious en-suite guest rooms all offering spectacular views of the golf course.

The Dubai Polo & Equestrian Club

The Dubai Polo & Equestrian Club extends over 68 acres of desert landscape. Apart from polo, regarded as the Sport of Kings, the Club hosts show jumping and dressage, horse riding and desert hacking.

The Club has a unique Spanish hacienda-styled clubhouse, where guests can relax at one of four stylish lounges or dine al fresco on Argentinean cuisine cooked *Asado* style at the Palermo Restaurant. The grand patio at the Saha Courtyard is an ideal function venue. The Club also offers all modern amenities required for business meetings and conferences.

Dubai Marina Yacht Club

Dubai Marina Yacht Club is the port authority for all operations and berthing in the Dubai Marina canal, a 3.5 kilometre man-made waterway running through the prestigious Dubai Marina residential development. Two of four marinas, East Marina and Clubhouse Marina, have opened. These will be joined by a further two marinas to ultimately host over 500 yachts ranging from 6-36 metres in length.

Al Manzil and Qamardeen Hotels, The Old Town, Downtown Dubai

Combining hi-tech business environments with a traditional Arabian feel, Al Manzil and Qamardeen are four-star deluxe hotels operated by the South African Hotel group Southern Sun, and are located within Downtown Dubai.

Al Manzil, ideal for business travelers, features ground plus eight floors and offers 197 rooms. Qamardeen Hotel offers 186 rooms including suites, queen and twin rooms and rooms for the physically challenged.

Nuran Serviced Residences

Nuran Serviced Residences offers fully-serviced apartments defined by exceptional guest experiences for transient travellers and guests on extended stays for assignments and relocation.

All residences are fully equipped with modern household conveniences and appliances, and recreational facilities include a complete range of health and fitness facilities within the premises.

Hayya! Health Clubs

Hayya! is the health and fitness brand that adds value to the lifestyle of residents in Emaar communities. Personalised, supervised and professional, *Hayya!* health clubs offer a comfortable environment for regular exercise and relaxation. *Hayya!* clubs are located within The Lakes, Town Centre, Meadows Village and The Old Town, Downtown Dubai.

EMAAR MALLS GROUP

Emaar Malls Group LLC, the retail and shopping mall subsidiary of Emaar, drives the Company's diversification into shopping malls. Emaar Malls Group currently manages and operates a number of successful shopping centres in Dubai including The Dubai Mall, one of the world's largest shopping and entertainment destinations.

Emaar Malls Group also manages Dubai Marina Mall, the waterfront shopping mall catering for the Dubai Marina community; Souk Al Bahar, an Arabesque lifestyle shopping mall in Downtown Dubai; Gold & Diamond Park, a gold and jewellery destination; and several retail community centres in Emaar's master-planned communities.

Internationally, Emaar Malls Group is actively planning or developing shopping centres in Turkey, Syria, Egypt and Kingdom of Saudi Arabia and other key markets in the MENA region.

The Dubai Mall

The Dubai Mall marked its grand inauguration last year and has a retail spread of 1,200 outlets. The mall's key features include Dubai Aquarium & Underwater Zoo, Dubai Ice Rink, SEGA Republic, KidZania®, a 22-screen Cineplex, entrance to At the Top, Burj Khalifa, Fashion Avenue, The Grove, Gold Souk and The Waterfall.

Dubai Marina Mall

Dubai Marina Mall opened in December 2008 and caters to the Dubai Marina community and surrounding areas. With a GLA of 390,000 sq ft, spread across four levels, Dubai Marina Mall features 160 stores tailored to the lifestyle and entertainment needs of the marina residents.

Souk Al Bahar

Emaar Malls Group opened the first phase of Souk Al Bahar in November 2007 and has over 100 stores and an extensive waterfront promenade featuring 22 restaurants and cafés. Souk Al Bahar is uniquely situated on The Old Town Island overlooking the lake, Burj Khalifa and The Dubai Fountain.

Gold & Diamond Park

Since its launch in May 2001, the Gold & Diamond Park strategically located at Interchange Four on Sheikh Zayed Road, has almost tripled the amount of retailers and now has 90 stores and parking facilities to accommodate over 1,500 cars. There are also 120 manufacturing units, and commercial space for 350 offices.

Retail Community Centres

Emaar Malls Group's community portfolio includes: Arabian Ranches Community Centre, Emirates Hills Town Centre, Emaar Towers, Downtown Dubai, Marina Walk, The Greens Village, The Lakes Village, The Meadows Village and The Springs. These are lifestyle centres dedicated to providing daily convenience retail for residents.

Emaar Boulevard (Under Development)

Emaar Boulevard, a 3.5km parade in Downtown Dubai, has over 1,100,000 sq ft of retail GLA with 15,000 apartments and 1,000 hotel rooms located above the retail.

The Eighth Gate Mall, Syria (Under Development)

The Eighth Gate Mall, part of Emaar's mixed-use project in Syria, has been designed over two-and-a-half levels with approximately 89,187 sq m of GLA and 62,648 sq m of NLA. The retail offer will feature fashion and accessories, extensive outdoor F&B, and an entertainment precinct.

KAEC (Under Development)

In 2009, Emaar Malls worked with KAEC as their retail consultant involving retail design, leasing, and asset management of its first residential communities – Bay La Sun and Esmeralda.

New Istanbul Centre, Turkey (Schematic Design)

Emaar Malls is consulting Emaar Turkey on retail development, leasing and future management of the centre, which will offer a total Leasable Area of 124,000 sq m of retail over three levels. It will feature over 400 stores, 4,900 car parks and large scale family based entertainment amenities.

Uptown Cairo Mall

Uptown Cairo, Emaar Misr's master-planned community in Egypt, will feature the Uptown Cairo Mall and Uptown Town Centre, with an array of retail stores and boutique outlets showcasing traditional craftsmanship.

EMAAR RETAIL

Emaar Retail LLC is a wholly owned subsidiary of Emaar Malls Group LLC, and drives Emaar's mall developments in key emerging markets across the Middle East, North Africa and the Indian Subcontinent by creating the right leisure and retail mix for the various markets.

Emaar Retail LLC manages the business operations for The Dubai Mall and Dubai Marina Mall's retail, leisure and entertainment brands including **Dubai Aquarium & Underwater Zoo**, **Dubai Ice Rink**, **KidZania®**, **SEGA Republic**, **Reel Cinemas** and **ARMANI/CASA**.

Dubai Aquarium & Underwater Zoo is an integral part of Emaar Retail LLC's diverse entertainment portfolio. Located strategically at the centre of The Dubai Mall, **Dubai Aquarium** is one of the largest indoor aquariums of its kind in the world at 51 m x 20 m x 11 m and holds the Guinness Record for 'The World's Largest Acrylic Panel' - 32.88 m long x 8.3 m high. **Dubai Aquarium** has more than 33,000 aquatic animals, representing over 220 species, including Sharks and Stingrays. The **Underwater Zoo**, an interactive, educational centre on Level 2, takes visitors through 36 additional displays over three aquatic environments

Dubai Ice Rink is an Olympic-sized ice rink offering year-round entertainment at The Dubai Mall. Public skating and disco sessions are popular with the public. Skating lessons are on offer, as well as private or group skating lessons.

KidZania® is an award winning children's 'edutainment' concept that has been introduced to the region for the first time through an exclusive partnership with Emaar Retail LLC. **KidZania®** is an 80,000 sq ft interactive mini-city that provides children the ultimate in role-playing experiences, combining play with learning in a fun and innovative approach.

A new wave of high-adrenaline gaming leisure in Dubai is offered by **SEGA Republic**, an indoor theme park focused on action, adventure and entertainment. The two-level 76,000 sq ft adventure zone is developed by Emaar Retail LLC in partnership with SEGA Corporation, Japan's leading indoor theme park developer.

Emaar Retail LLC has entered into a joint-venture with Cathay Organisation Holdings Ltd in Singapore, to form **Reel Entertainment LLC**. Based in Dubai, **Reel Entertainment LLC** will develop and manage all the cineplexes in the shopping malls that Emaar Malls Group plans to develop in the Middle East, North Africa and the Indian Subcontinent.

Reel Entertainment has opened the 22-screen Reel Cinemas, the largest megaplex in Dubai, at The Dubai Mall, and will open **Reel Cinemas** at Dubai Marina Mall in 2010.

Emaar Retail LLC has partnered with Giorgio Armani S.p.A to open the flagship store of **Armani/Casa** in The Dubai Mall, which will be followed by other stores in the region.

EMAAR EDUCATION

Emaar Education plans to open over 100 educational institutions including nurseries, international schools, business schools and universities in locations close to and within its master-planned communities in the MENA region, the Indian Subcontinent and Asia. Emaar acquired Raffles Campus, the Singapore-based educational provider to lend expertise in its educational initiative.

Raffles International School

Raffles International School in Dubai is licensed by the Knowledge & Human Development Authority (KHDA), which works to enhance Dubai's education sector to international standards.

Raffles International School has two campuses in Dubai - Umm Suqeim 3 (Umm Suqeim West Campus and Umm Suqeim South Campus).

In addition, Raffles is operating six nurseries located within Emaar's master-planned communities in Arabian Ranches, The Springs, The Lakes, Emirates Hills and Downtown Dubai. Two new nurseries in Springs Town Centre and Downtown Dubai opened in early 2009.

Raffles International School also opened its Behror Campus, in Rajasthan, India. This is in addition to Emaar's first international school in Singapore – Emaar International School which opened in 2007.

Raffles Campus School of Hospitality

Raffles Campus, through its collaboration with Australia's Box Hill Institute, offers a unique Hospitality Management programme which provides vocational education and training that equip students with essential skills required for employment. In addition, Raffles Campus also offers and develops training programmes that are customised specifically for personnel engaged in the hospitality sector and industry.

Raffles Campus offers full time and part time programmes from Certificate to Advanced Diploma levels. Students will also undergo Industrial Attachment within the hospitality industry during the course of study.

The first intake of Hospitality Management programme commenced in 2008, taking in students who have completed 12 years of formal education.

Raffles Campus also launched the BTEC National Diploma programme offered by Edexcel, the UK's largest awarding body offering academic and vocational qualifications and testing to schools, colleges, employers and other places of learning in the UK and internationally.

In January 2009, Raffles Campus achieved the ISO 9001:2008 by Lloyd's Register Quality Assurance (LRQA).

Raffles Campus, with full-fledged training facilities including Front Office, Housekeeping, Food and Beverages (bar counter and restaurant setting) and Kitchen Facilities, is located in Umm Suqeim 2.

Raffles Campus has two other campuses in Singapore and Vietnam offering Hospitality Management programmes.

EMAAR HEALTHCARE

Emaar Healthcare Group LLC is the wholly-owned subsidiary of Emaar Properties PJSC.

As part of Emaar's commitment to developing integrated lifestyle communities Emaar Healthcare is developing holistic and integrated healthcare facilities within these neighbourhoods. The focal areas of Emaar Healthcare Group are the emerging markets of the Middle East and North Africa region, where it will develop world-class medical centres, hospitals and clinics.

Following the opening in 2009 of The Dubai Mall Medical Centre, Emaar Healthcare opened The Meadows Community Clinic and is opening an additional clinic in early 2010 in Arabian Ranches, thus setting up the foundations for a truly integrated Health System.

The Dubai Mall Medical Centre

Located in the heart of the prestigious Downtown Dubai, state-of-the-art centre is a 60,000 sq ft premium multi-speciality out-patient facility offering the full range of specialities including cardiology, orthopaedics, general surgery, paediatrics, family medicine, endocrinology, ophthalmology, urology, gastroenterology, general medicine, obstetrics and gynaecology.

The Dubai Mall Medical Centre is Emaar Healthcare Group's first medical centre and is envisaged as the largest out-patient centre in the region.

Emaar Healthcare has partnered with Methodist International (MI), the international arm of US-based The Methodist Hospital, to deliver world-class healthcare innovations.

Through this partnership, Emaar Healthcare and Methodist International are working together to ensure that patients receive the highest quality of care. The Dubai Mall Medical Centre offers a patient-centric approach in a hospitable and caring environment with the aim of enhancing the patient's lifestyle. In addition, patients also have the option of getting second opinions from The Methodist Hospital Specialists in the US.

The Dubai Mall Medical Centre is the only healthcare provider of its kind in the area and serves a community of 100,000 residents in the surrounding area as well as over 37 million annual visitors to The Dubai Mall.

With 50 modern Consulting Suites at The Dubai Mall Medical Centre, Emaar Healthcare strives to provide the region's best in specialised care. On-site clinical services include modern paperless patient administration and electronic medical records.

HAMPTONS

Emaar brought together its entire property management services portfolio under the Hamptons International brand, which now serves as a one-stop shop for product sales, letting and advisory services of Emaar and non-Emaar properties in an international arena.

Hamptons has a number of branches in the UAE including Abu Dhabi and two branches in Dubai – and plans further expansion throughout the GCC this year with branch openings in Jeddah, Saudi Arabia, and Cairo, Egypt.

CORPORATE GOVERNANCE

The first stand-alone governance regulations for public joint stock companies were adopted by the Securities and Commodities Authority (“SCA”) in April 2007. However, in Emaar we are committed to maintaining the highest standards of business conduct and corporate governance. We believe this is essential in operating a successful business, serving our shareholders and maintaining Emaar’s integrity in the marketplace. Emaar’s approach to governance is based on the connection between governance excellence and maximizing shareholder value. We report to all our stakeholders with accuracy and transparency and maintain full compliance with laws, rules and regulations that govern our businesses.

On 29 October 2009 the Minister of Economy issued Decree No. 518 for the year 2009 in relation to Corporate Governance Regulations (the “Regulations”). Public companies have an obligation to comply with the Regulations as of 1 May 2010.

Emaar is currently working on achieving full compliance with the Regulations by 1 May 2010, which will be reflected in Emaar’s governance report for the financial year 2010. This report focuses on Corporate Governance matters during the financial year 2009.

Board of Directors

One of the Board’s main responsibilities is to provide effective governance over the Company’s affairs for the benefit of its shareholders, and to balance the interests of its diverse stakeholders, including customers, employees, suppliers, and local communities. Apart from its mandated responsibilities, the Board reviews and approves annual business plans, strategic plans, operational initiatives, significant investments, funding initiatives, and reviews the overall financial performance of the Company, in addition to the compensation and remuneration of senior management. In achieving the above-mentioned strategic tasks, the Board is required to act in good faith, provide insight and at all times to consider the interests of the Company as well as the shareholders.

The Company’s Board consists of eight members, of which six are non-executive directors. The Board is headed by the Chairman who schedules the meetings, prepares agenda in consultation with the Group Chief Executive Officer / Managing Director and effectively administers the flow of information between senior management and the Board.

To perform its duties, the Board has direct access to senior management. If necessary, the Board can seek independent professional advice at the Company’s expense. The position of the Chairman and the Group Chief Executive Officer / Managing Director are held by two persons, in support of effective and clear supervision and accountability at the Board and management levels.

Members of the Board are prominent individuals with extensive experience in public administration, finance, legal, strategic management, retail and commercial businesses. Further details of the Directors, their qualifications and professional experience are provided in the Annual Report, under the section Board of Directors.

The Board may establish and ensure the effective functioning of board committees & sub committees as it considers necessary or appropriate to oversee critical or major functional areas and to address matters which require detailed review or in-depth consideration. Further details of the Board Committees are provided in the following sections.

Board Committees

There are four Board Committees; Executive Committee, Audit Committee, Nominating Committee and Remuneration Committee. These Committees and their composition are for the calendar year 2009.

Executive Committee

The Executive Committee is established principally to assist the Board in making decisions expeditiously and to exercise the authority and functions set out below or as may be delegated to it by the Board from time to time. The Committee is comprised of a chairman and two non-executive directors.

The Executive Committee members are as follows:

- Mohamed Ali Rashed Alabbar (Chairman)
- Hussain Ahmad Dhaen Al Qemzi (Member)
- Ahmed Jamal Jawa (Member)

The objectives and responsibilities of the Executive Committee are as follows:

- The formulation and review of policy matters.
- The overall planning and deployment of strategy towards achieving medium and long term objective(s) of the Group.
- Urgent and important business of a confidential nature or otherwise requiring an immediate and/or discreet decision, which would, but for this delegation to the Executive Committee, require the attention and decision of the Board.
- Decide on business matters which are of an unusual or extraordinary nature or which have strategic or significant impact (financial or otherwise) on the Group.
- Oversee the establishment and operation of the risk management system, including reviewing the adequacy of risk management practices for the material risks, such as credit, market, project, legal risks, regulatory compliance and operational risks; and
- Perform such other functions, and exercise powers and authorities as may from time to time be delegated to it by the Board.

Audit Committee

The Audit Committee is comprised of non-executive directors, all of whom have accounting or related financial management expertise and experience.

Members of the Audit Committee are as follows:

- Majid Saif Ahmed Al Ghurair (Chairman)
- Dr. Lowai Mohd Khalfan Belhoul (Member)

The main objective of the Audit Committee is to assist the Board of Directors in fulfilling its oversight and fiduciary responsibilities to Emaar Properties PJSC and its subsidiary and associated companies ("the Emaar Group") to act in the interest of the Emaar's shareholders and stakeholders as a whole.

The main objectives and responsibilities of the Audit Committee are as follows:

- Oversee and appraise the quality of the Audit efforts of the Emaar Group's Internal Audit function and of its External Auditors.
- Review annually the effectiveness of the Emaar Group's material Internal Controls, including operational and compliance controls, risk management and evaluate adherence.
- Ascertain the adequacy of the Emaar Group's Corporate Governance policy and processes and ensure adherence thereto.
- Serve as an independent and objective party to review the integrity of the financial information presented by management to the shareholders, regulators and the general public.
- Provide communication between the Board and the External and Internal Auditors.
- Review and ensure the independence of the External and Internal Auditors.

In preview of its scope of work, the Audit Committee responsibilities include review of the Interim, Annual Financial Statements and the Group Internal Control System. Further, the review scope includes rectifying measures of reported non-compliances with provisions or requirements of the Law.

The Audit Committee also reviews arrangements by which staff of the Company may, in confidence, raise concerns about possible fraudulent activities and improprieties. The Audit Committee has a Hotline reporting mechanism, where staff may raise suspected concerns to the Audit Committee for further review.

As mentioned above, the main three functions that the Audit Committee overlooks are; internal audit, internal control, and risk management. The following gives a brief background on each of these functions:

Internal Audit

It is the policy of the Company's Board of Directors to maintain and support a quality Internal Audit function. It has been entrusted internally and reports directly to the Audit Committee.

The Internal Audit is guided by its Charter that represents the general authorization from the Audit Committee to perform Internal Audit activities within a certain scope of work in accordance with the annual audit plan approved by the Audit Committee.

The Internal Audit Charter also sets out the purpose, authority and responsibility of the Internal Audit function. It establishes the Internal Audit activity's position within the organization, authorizes access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of work.

The Internal Audit's core responsibility is to review the effectiveness of the Internal Control systems within the Company. Internal Audit covers all business processes and support functions within the Company, whether situated in the UAE or internationally.

Reports raised by the Internal Audit are submitted to the Audit Committee and senior management of the Company. On an ongoing basis, the Audit Committee monitors the progress that management has made with respect to remedial actions taken on issues and findings raised by the Internal Audit.

Internal Control

The Board is responsible for ensuring that a framework of appropriate policies on Internal Controls are maintained and reviewed for their effectiveness. The system of Internal Controls is designed to provide reasonable assurance that the company's objectives are achieved, assets are safeguarded, transactions are authorized and properly recorded and that material errors and irregularities are either prevented or would be detected in a timely manner. Additionally, establishing a sound system of Internal Controls is meant to safeguard the shareholders interests.

Towards this, written policies, guidelines and procedures, approval limits, automated controls and performance monitoring mechanisms were established and are in place. However, the system is intended to enable the group to identify and manage the risk inherent in its businesses and accordingly can provide reasonable but not absolute assurance against material misstatement or losses.

Assessment of the Internal Controls is obtained from ongoing reviews carried out by the Internal Audit function and the reports from External Auditors and Government Auditors on matters identified in course of their audits. Formal procedures are in place to deal with issues arising from these audits which are reviewed by the senior management, considered by the Audit Committee, and further reported to the Board.

Risk Management

The Board of Directors is responsible for the Group's system of Internal Control and Risk Management, and for reviewing its effectiveness. In order to discharge that responsibility, the Board has initiated the Enterprise-Wide Risk Management ("ERM") process in the 4th quarter 2007 to identify significant business risks facing the Group. The Board has provided the mandate to the Audit Committee, to oversee the risk management process within Emaar and assess whether there exist management's actions or plans to manage significant risks identified by management.

Nominating Committee

The Nominating Committee is comprised of a chairman and two non-executive directors, as follows:

- Mohamed Ali Rashed Alabbar (Chairman)
- Majid Saif Ahmed Al Ghurair (Member)
- Hussain Ahmad Dhaen Al Qemzi (Member)

Objectives and responsibilities of the Nominating Committee are as follows:

- Identify candidates and review all nominations and make recommendations for appointments to the members of the board, committees and top management.
- Review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
- Determine the criteria to be applied in identifying candidates and reviewing nominations for the appointments of the board, committees and top management.
- Charged with the responsibility of re-nomination having regard to the Directors' contribution and performance (e.g. attendance, preparedness, participation and candour).
- Determine annually whether or not a Director is independent.
- Determine whether or not a director is able to and has been adequately carrying out his duties as a Director.
- Assess the performance of the Board and its effectiveness as a whole by reference to Qualitative and Quantitative Criteria.
- Assess the contribution of each individual Director to the Board's effectiveness by adopting certain criteria.
- Review significant changes in job responsibilities of key management positions.

Remuneration Committee

The Remuneration Committee is comprised of two members who are knowledgeable in the field of executive compensation in view of their vast corporate experience.

Members of the Remuneration Committee are as follows:

- Majid Saif Ahmed Al Ghurair (Chairman)
- Ahmad Thani Rashed Al Matrooshi (Member)

The objectives and responsibilities of the Remuneration Committee are as follows:

- Assist the Board in overseeing executive staff compensation and development in the Group.
- Determine and review from time to time the Remuneration Policy of the Emaar Group in the best interest of the Company and its shareholders.
- Review and set the compensation policies and salaries, bonus and incentives for executive directors and senior executives.
- Ensure as far as possible, that the remuneration and compensation packages take due account of the environment and circumstances, which are faced by the various business units in the markets and countries in which the Group operates.
- Administer the Share Option Scheme and any other share option schemes established from time to time for the Emaar Group executives and directors.

Communication with Shareholders

The Company does not practice selective disclosure of price sensitive information. Information which could impact the share price of the Company is released to the public on a timely basis and in an accurate manner. As a reflection of Emaar's commitment to disseminating information transparently, the Board approved a Disclosure Policy and established a Disclosure Committee at management level. The Policy confirms in writing Emaar's commitment to provide investors and stakeholders with material information in a broad and non-exclusionary fashion. In 2009, Emaar disclosed all material information to authorities as per the requirements of disclosure regulations. Company website is used effectively in communicating with investors and the public.

Annual reports and other financial results are announced and issued within the mandatory periods. During the Annual General Meeting, shareholders are given the opportunity to share their views and direct their queries regarding the Company to directors and senior management.

Securities Transaction

The Company has established a restrictions policy on share dealings which is issued to employees of the Company who may be in possession of price-sensitive information.

Communication with Stakeholders

At Emaar, stakeholder rights established by laws or through mutual agreements are always respected. Corporate Values set the guidelines for the Board, executive management and employees in undertaking their duties and responsibilities. These values also set the background for Emaar's stakeholder engagement activities.

EMAAR INVESTOR RELATIONS

2009 was a year of international economic challenges. Such an environment required a of business strategy which also required effective communications to stakeholders.

Emaar Properties continues to emphasize the importance of shareholder communication and Investor Relations ensured that the challenges and management initiatives to meet these challenges were appropriately informed to the shareholders through update of stock market news, investor relations website and media with timely and accurate updates.

We continue to review and update our investor relations website, which provides relevant information such as financial reports, press releases, investor presentations, an investor calendar and frequently asked questions. Through the website, stakeholders may also register for SMS and email alerts and contact the investor relations department. Emaar won the best Investor Relations website in the region in 2009 by Hallvarsson & Halvarsson's Webranking in the Gulf.

Senior management met in one-on-one meetings with over 540 institutional investors. The Company also participated in investor conferences internationally. Equity research coverage of Emaar increased in 2009 with new equity research coverage initiated by several regional and international firms.

BOARD OF DIRECTORS



MOHAMED ALABBAR

Chairman, Emaar Properties PJSC

Mohamed Alabbar is the founding member and Chairman of Emaar Properties PJSC since the Company's inception in July, 1997.

Chairman of the Bahrain-based Al Salam Bank, an Islamic bank, Mr Alabbar is also a Board Member of Noor Investment Group, an affiliate of Dubai Group, the leading diversified financial company of Dubai Holding.

Mr Alabbar is currently spearheading Emaar's growth strategy of global expansion and business segmentation into property development, hospitality & leisure, shopping malls, healthcare, education and financial services. He also heads Emaar's joint venture with Italy's Giorgio Armani to set up the Armani-branded luxury hotel and resort chain in key international destinations.

Mr Alabbar chairs Emaar MGF, the joint venture of Emaar and MGF Developments Limited of India, rolling out the country's largest FDI in real estate. He is also the Chairman of RSH Limited, the leading pan-Asian marketer, distributor and retailer of international brand-names.

FDi magazine, published by the Financial Times Group, named Mr Alabbar as "Middle East Personality of the Year". *Arabian Business*, the leading regional business magazine, ranked him second in its 2009 list of *Power 100: The World's Most Influential Arabs*.

Mr Alabbar holds an Honorary Doctorate in Humanities and is a graduate in Finance and Business Administration, both from Seattle University in the United States.

He works closely with regional NGOs, and is especially committed to the cause of educational reform. A keen sportsman, he is an active member of UAE endurance horse racing community.



HUSSEIN AL QEMZI

Vice Chairman

Hussain Al Qemzi, a Non-Executive Director, was appointed to the Board as Vice Chairman of Emaar Properties PJSC on March 8, 2006. He is a member of the Nomination and Remuneration Committee of the Company - March 2010.

A seasoned banking professional with over 28 years experience working with the leading banks in the UAE, Hussain Al Qemzi now helms the Noor Investment Group and its flagship entity Noor Islamic Bank as its Group Chief Executive.

With proven expertise in corporate and consumer banking, he has proved his mettle in quality and operations control and strategic planning.

Al Qemzi is currently on the Board of Emirates Institute for Banking and Financial Studies, Emirates Media, DIFC, Awqaf and Minors Affairs Foundation apart from Emaar Properties.

Al Qemzi was formerly Chief Executive of Sharjah Islamic Bank and Chief Operating Officer of DIFC, and is credited with laying the ground for a world-class financial centre.



SAEED AHMAD AL TAYER

Director

Saeed Ahmad Al Tayer was appointed to the Board of Emaar Properties PJSC on 29 April 2009. He is a member of the Nomination and Remuneration Committee of the Company - March 2010.

Saeed worked in Jebel Ali Port in the early 80's and was part of the management group that started the Jebel Ali Free Trade Zone in 1985. He was then appointed as the Director of Administration in 1987 and served as Assistant Chairman and Deputy Managing Director till 1995.

In 1995 Saeed joined MAF (Majid Al Futtaim) Group and was appointed as Vice President in charge of the development of shopping centers and Carrefour throughout the Middle East, and was appointed as Chairman of the group in Egypt. In 1999 he was promoted to be the Group Vice President. Mr. Al Tayer left MAF Group to do his own business in 2005.

He has also volunteered in the social and sports activity in the city of Dubai. He is the Vice Chairman of Al Nasr Sports Club.



KHALIFA HASSAN ALDABOOS

Director

Khalifa Hassan Aldaboos was appointed to the Board of Emaar Properties PJSC on April 29, 2009. He is a member of the Audit and Internal Control Committee of the Company - March 2010.

He serves on the Board of Jeema Mineral Water; M'sharie Venture Capital, a subsidiary of Dubai Investment Company; National Bonds Corporation; Emirates Investment and Development PSC and Emirates Rawabi.

Investment Director with the Investment Corporation of Dubai, the investment arm of the Government of Dubai and the body responsible for managing the emirate's assets, Khalifa was earlier Investment Director with the Department of Finance at His Highness The Ruler's Court of the Government of Dubai, overseeing strategic investments.

A banking professional, he has worked with the Emirates Bank International and has extensive experience in the capital market and forex trading.

Khalifa holds a Bachelor of Science degree in Computer Information Systems and Management Science from the Metropolitan State College in Denver.



DR. LOWAI BELHOUL

Director

Dr Lowai Belhoul was appointed to the Board of Emaar Properties PJSC as a Non-Executive Director, on March 8, 2006. He is a member of the Audit and Internal Control Committee of the Company - March 2010.

Dr Belhoul brings a wealth of experience to the Board as a result of his current position as the Director General of the Government of Dubai Legal Affairs Department. A Law graduate from the UAE University in 1984 and PhD in Law from Exeter University in 2000, Dr Belhoul has an in-depth understanding of cross border legal issue, international law and possesses an astounding insight into the UAE laws.

Previously, Dr Belhoul was a visiting lecturer at Dubai Police Academy offering specialist classes in Maritime and Aviation Law. He has also served on several high-profile judicial committees formed by Orders of His Highness the Ruler of Dubai.



MAJID SAIF AL GHURAIR

Director

Majid Saif Al Ghurair, a Non-Executive Director, was appointed to the Board of Emaar Properties PJSC on March 8, 2006. He is Chairman of the Audit and Internal Control Committee of the Company - March 2010.

Voted 'Business Leader Personality of the Year 2004,' Majid Saif Al Ghurair is a UAE entrepreneur with a 'golden touch.' As CEO of the Al Ghurair Private Company, he has demonstrated his entrepreneurial acumen in an array of fields including trade and retail, industry, manufacturing and real estate. Steering the company's growth through far-sighted vision and innovation, he lends hands-on expertise to the business conglomerate as President of BurJuman Centre and Reef Mall; and Managing Director of Gulf Extrusions and Arabian Can Industry.

Majid is also Chairman of Shuaa Capital, Gulf Finance Corp, Drake & Scull International & Dubai Wing; a Board Member of Mashreq Bank, National Cement Co, RAK Bank, Dubai Statistic Centre & Dubai Economic Council.

A graduate in Accounting from the Al Ain University, Majid was involved in the formation of the Middle East Council of Shopping Centers. He is also an active member of the World Economic Forum and Young Global Leaders.



AHMED JAMAL JAWA

Director

Ahmed Jamal Jawa, a Non-Executive Director, was appointed to the Board of Emaar Properties on March 8, 2006. He is Chairman of the Nomination and Remuneration Committee of the Company - March 2010.

Ahmed is President, CEO and Board Member, of Starling Holding Ltd, a global investment group that deals with private equity and direct investments world-wide. Starling Holding Ltd has drawn its strength from Ahmed's in-depth understanding of the financial markets. A Saudi national, he has enhanced Starling's fortunes through well-informed and strategic investment plans.

A board member of Rak Petroleum, Ahmed is also President of Contracting and Trading Company (CTC), a Saudi Arabian firm that oversees investment opportunities and options in the GCC region and the Middle East.

Credited with introducing a range of Walt Disney licensed products to the Middle East markets through the Disney-Jawa Enterprises, a joint venture between the Walt Disney Company and the Jawa family. Helming the JV as Chairman, he supervised the sales and marketing of Disney computer software, interactive multimedia, toys.

home furnishing, personal care products, consumer electronics and English and Arabic videos in the region.

A graduate in Business Administration and MBA from the University of San Francisco, Ahmed has served on the Boards of the Novapark Swiss Hotel Group; Mirapolice, an entertainment company that builds theme parks in France; and Tricon Group, a US-based securities trading firm.

Honoured as one of the Global Leaders for Tomorrow by the World Economic Forum in February 1996 in Davos, Switzerland, Ahmed is trilingual, fluent in Arabic, English and French.



AHMAD THANI AL MATROOSHI

Managing Director and Executive Director of the board of Emaar Properties PJSC.

Ahmad Thani Al Matrooshi, an Executive Director, was appointed to the Board of Emaar Properties PJSC on March 8, 2006.

As Managing Director at Emaar Properties PJSC, Ahmad oversees the day to day operations within Emaar Group. Prior to joining Emaar in November 2005, Ahmad held the position of Chief Executive Officer at the government-run Dubai Development Board (DDB) for almost a decade. At the DDB, Ahmad ensured affordable housing and competitive financing rates to all residents across the Emirate.

Before this move, Ahmad worked for 14 years as Deputy Director of the Dubai Chamber of Commerce & Industry.

Founder and Chairman of Dubai Property Society (DPS), he is dedicated to an ongoing forum that ensures a code of ethics for real estate practices and procedures.

Ahmad holds memberships to a number of important organizations as Dubai Investment Park.

Born and brought up in Dubai, United Arab Emirates, Ahmad holds a Bachelor of Arts in Public Administration and a Diploma in Property Management from NCFE - UK.

PRINCIPAL OFFICERS

As of March 2010

CORPORATE OFFICE

Mohamed Ali Alabbar
Chairman
Emaar Properties PJSC

Ahmad Thani Al Matrooshi
Managing Director
Emaar Properties PJSC

Low Ping
Executive Director - Finance and Risk
Emaar Properties PJSC

Ayman Hamdy
Executive Director - Legal & Company Secretary
Emaar Properties PJSC

Amit Jain
Group Chief Financial Officer
Emaar Properties PJSC

Kenneth Foong
Chief Information Officer
Emaar Properties PJSC

Fred Durie
Chief Executive Officer - Joint Venture Companies
Emaar Properties PJSC

Mohammed El Dahan
Executive Director, Internet Audit
Emaar Properties PJSC

UNITED ARAB EMIRATES

Issam Galadari
Chief Executive Officer
Emaar Dubai LLC

Naaman Atallah
Chief Operating Officer
Emaar Dubai LLC

INTERNATIONAL

Sergio Casari
Chief Executive Officer
Emaar International

Raghuraj Balakrishna
Chief Financial Officer
Emaar International

Egypt
Mohamed El Dahan
Acting Chief Executive Officer
Emaar Egypt

Hazem Ashry
General Manager
Emaar Egypt

India
Shravan Gupta
Executive Vice Chairman & Managing Director
Emaar MGF Land Private Limited

Shrikant Joshi
Chief Executive Officer
Emaar MGF Land Private Limited

Jordan
Peter Titus
General Manager
Emaar Jordan

Lebanon
Nabil Zard Abou Jaoude
Managing Director
Emaar Lebanon

Morocco
Yves Delmar
Chief Executive Officer
Emaar Morocco

North America (United States of America and Canada)
Robert Booth
Chief Executive Officer
North America
Managing Director
Emaar Properties (Canada) Limited

Pakistan
Dr. Dia Malaeb
Regional CEO - Emaar Pakistan and Emaar Middle East
Emaar Pakistan

Saudi Arabia
Fahd Al-Rasheed
Chief Executive Officer and Managing Director
King Abdullah Economic City

Joseph J. Kilar
President Real Estate
King Abdullah Economic City

Ahmad Al Kulli
General Manager
Emaar Middle East

Syria
Sarhad Haffar
General Manager
Emaar Syria

Turkey
Ozan Balaban

General Manager
Emaar Turkey

BUSINESS SEGMENTS

Malls and Retail

Nasser Rafi
Chief Executive Officer
Emaar Malls Group LLC

Arif Amiri
Chief Executive Officer
Emaar Retail LLC

Hospitality

Marc-Francois Dardenne
Chief Executive Officer
Emaar Hospitality Group LLC and
Emaar Hotels & Resorts LLC

Healthcare

Omar Al Shunnar
Chief Executive Officer
Emaar Healthcare Group LLC

Education

Ng Boon Yew
Chief Executive Officer
Emaar Education LLC

OTHER BUSINESSES

Naaman Atallah
Group Managing Director
Hamptons International Holding Pte Ltd

Brian Etemad
Managing Director
Hamptons International Middle East

Ali H. Odeh
Chairman and Chief Executive Officer
Turner International Middle East LLC

Salaam Al Shaksy
Chief Executive Officer
Dubai Bank PJSC

Arif AlHarmi
Chief Executive Officer
Amlak Finance PJSC

Ali Farid Al Khatib
Chief Executive Officer
Emaar Financial Services LLC

Mohammed Saeed Al Raqbani
Chief Executive Officer
Emaar Industries & Investments LLC

GROUP STRUCTURE

As of March 2010

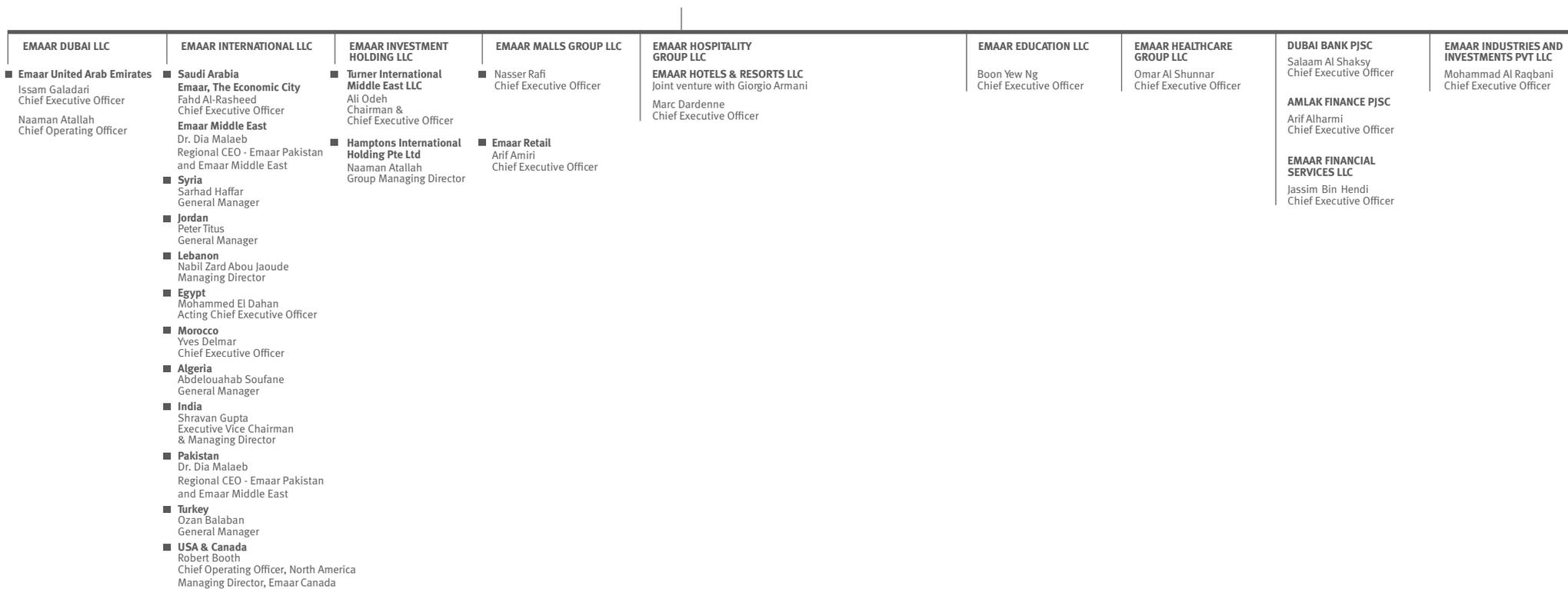
EMAAR PROPERTIES PJSC

EMAAR DUBAI LLC	EMAAR INTERNATIONAL LLC	EMAAR INVESTMENT HOLDING LLC	EMAAR MALLS GROUP LLC	EMAAR HOSPITALITY GROUP LLC	EMAAR HOTELS & RESORTS LLC	EMAAR EDUCATION LLC	EMAAR HEALTHCARE GROUP LLC	EMAAR INVESTMENTS	EMAAR INDUSTRIES AND INVESTMENTS LLC	EMAAR INVESTMENTS INTERNATIONAL LLC	BAWADI JOINT VENTURE
<ul style="list-style-type: none"> Real estate development in Dubai. 	<ul style="list-style-type: none"> Real estate development in the international arena. 	<ul style="list-style-type: none"> Strategic acquisitions and alliances. 	<ul style="list-style-type: none"> Development, lease, and asset management of retail facilities . 	<ul style="list-style-type: none"> Hotels, service apartments and leisure facilities. 	<ul style="list-style-type: none"> Joint venture with Giorgio Armani. 	<ul style="list-style-type: none"> International standard pre-schools, schools and tertiary educational facilities throughout South Asia and MENA region. 	<ul style="list-style-type: none"> World class hospitals, medical centers and healthcare facilities throughout South Asia and MENA region. 	<ul style="list-style-type: none"> Financial Services 	<ul style="list-style-type: none"> Formed to complement the government's drive to encourage private sector investment in light and medium industries and provide the region with the best manufacturing capabilities by tapping into the profit and growth potential of migrating companies. 	<ul style="list-style-type: none"> Formed for international investments, mergers and acquisitions. 	<ul style="list-style-type: none"> Joint venture with Bawadi LLC
<ul style="list-style-type: none"> Emaar Services LLC Emaar District Cooling LLC Emaar Utilities LLC 	<ul style="list-style-type: none"> Emaar, The Economic City Emaar Middle East LCC Emaar Syria S.A. Emaar International Jordan Emaar Lebanon S.A. Emaar Misr for Development S.A.E. Emaar Morocco Emaar Algérie spa Emaar MGF Land Limited Emaar Giga Karachi Limited & Emaar DHA Islamabad Limited PT Emaar Indonesia Emaar Properties Gayrimenkul Gelistirme Anonim Sirketi Emaar John Laing Homes Emaar Properties (Canada) Limited Emaar APIC Al Shamiyah Al Lettaweer Al Omarani Company 	<ul style="list-style-type: none"> Turner International Middle East LLC Global building service provider. Strategic alliance to tap the MENA region. Hamptons International Holding Pte Ltd U.K.'s leading realtor. An international showcase reaching a clientele network of 130 offices across the world. 	<ul style="list-style-type: none"> Dubai Mall LLC Emaar Retail LLC Emaar International Malls LLC Emaar Dubai Malls LLC RSH Limited Reel Cinema 	<ul style="list-style-type: none"> Emaar Hotels Group LLC Emaar Serviced Apartment Management LLC Nuran LLC Emaar International Hospitality LLC Emaar Hotels Management LLC Emaar Leisure Group LLC The Address Hotels & Resorts LLC The Address, Downtown Burj Dubai LLC The Address, Dubai Mall LLC The Address, Dubai Marina Mall LLC 	<ul style="list-style-type: none"> Raffles Campus Pte Ltd Emaar Education Management LLC Emaar International Education LLC Emaar MGF Education Pte Ltd 	<ul style="list-style-type: none"> Management agreement with Methodist International 	<ul style="list-style-type: none"> Emaar Financial Services LLC Brokerage company. Dubai Bank PJSC Important investment channel for Emaar Group resources. Amlak Finance PJSC Region's foremost Islamic financing company for home mortgages & vehicle finance. Largest publicly held financial company in the UAE. 				

MANAGEMENT STRUCTURE

EMAAR PROPERTIES PJSC

As of March 2010



Emaar Properties PJSC and Subsidiaries

Consolidated Financial Statements
31 December 2009



12th Annual General Meeting

Directors' Report and Consolidated Financial Statements 2009

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DIRECTORS' REPORT

The Board of Directors of Emaar Properties PJSC (the "Company") and its Subsidiaries (the "Group") has pleasure in submitting the consolidated statement of financial position of the Group as of 31 December 2009, and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended 31 December 2009.

Principal activities

The principal activities of the Group during the year ended 31 December 2009 were property investment and development, property management services, education, healthcare, hospitality, retail and investment in providers of financial services.

Financial results

The Group has recorded a net profit from continuing operations of AED 2,051 million for the year ended 31 December 2009 (2008: AED 4,191 million).

The Group's losses from discontinued operations were AED 1,762 million (2008: AED 4,068 million). These losses primarily relate to the write down of Group's net investment in WL Homes, Group's subsidiary in United States, upon discontinuation of its significant operations. The net profit attributable to equity holders of the Group after losses from discontinued operations was AED 327 million (2008: AED 166 million).

In accordance with the Articles of Association of the Company and UAE Federal Commercial Companies Law, an appropriation of AED 33 million is made to general reserve from the distributable profit of AED 327 million.

The transfer to statutory reserve has been suspended as the reserve has reached 50% of the paid up share capital.

In view of the current financial and economic uncertainty, the Board of Directors of the Company have not recommended any dividend to the shareholders for the year 2009, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The balance of the distributable profit of AED 294 million after considering appropriation to general reserve will be transferred to retained earnings.

Total shareholders' funds as at 31 December 2009 amount to AED 28,677 million (2008: AED 28,107 million).

Outlook 2010

The Group's primary focus in 2010 will be on timely completion of existing real estate developments across the global markets through stronger resource optimisation, development of middle income housing as strategic growth area to meet the growing demand for homes in emerging international markets and continue to build on successful Group's diversified growth model by realising the benefits of its investments in shopping malls and hospitality & leisure.

The Group's effort would remain concentrated on optimum use of resources with the objective of making Emaar a resilient company delivering results committed towards creating value for its shareholders.

DIRECTORS' REPORT (continued)

Directors

H.E. Mohamed Ali Alabbar	(Chairman)
Mr. Hussain Al Qemzi	(Vice Chairman)
H.E. Dr. Lowai Mohamed Belhouf	(Director)
Mr. Majid Saif Al Ghurair	(Director)
Mr. Ahmad Jamal Jawa	(Director)
Mr. Khalifa Aldaboos	(Director)
Mr. Saeed Ahmad Al Tayer	(Director)
Mr. Ahmed Thani Al Matrooshi	(Director)

Auditors

Ernst & Young were appointed as external auditors of the Group for the year ended 31 December 2009. Ernst & Young are eligible for reappointment for 2010 and have expressed their willingness to continue in office.

On behalf of the Board



Mohamed Ali Alabbar
Chairman
Dubai, United Arab Emirates
23 March 2010

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
EMAAR PROPERTIES PJSC AND ITS SUBSIDIARIES***Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of Emaar Properties PJSC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2009, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the articles of association of Emaar Properties PJSC and the UAE Commercial Companies Law of 1984 (as amended). This responsibility includes: designing, implementing and maintaining internal control, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
EMAAR PROPERTIES PJSC AND ITS SUBSIDIARIES (continued)***Emphasis of matter*

- (i) Without qualifying our opinion we draw attention to note 29 to the 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 financial statements.
- (ii) Furthermore, without qualifying our opinion we draw attention to note 15 to the financial statements. As at 31 December 2009, the Group has an investment in Amlak Finance PJSC ("Amlak") with a carrying amount of AED 944 million. The Federal Government of the UAE has announced that it is in discussions with the relevant authorities to potentially merge Amlak with other entities and in conjunction with the steering committee formed by the UAE Ministry of Finance and Industry is evaluating various options to secure sustainable funding for Amlak in order to enable it to meet its commitments. The Group's management is not in a position to assess its investment for any impairment pending the outcome of recommendations from the steering committee.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended) and the articles of association of Emaar Properties PJSC; proper books of account have been kept by Emaar Properties PJSC, an inventory was duly carried out and the contents of the report of the Board of Directors relating to these consolidated financial statements are consistent with the books of account. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of Emaar Properties PJSC have occurred during the year which would have had a material effect on the business of Emaar Properties PJSC or on its financial position.



Signed by
Edward B. Quinlan (Registration No. 93)
Partner
For Ernst & Young
Dubai, United Arab Emirates
23 March 2010

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009

(US \$1.00 = AED 3.673)

	Notes	2009 AED'000	2008 AED'000 (Restated)
CONTINUING OPERATIONS			
Revenue	4	8,413,262	10,717,111
Cost of revenue	4	(4,313,806)	(5,487,355)
GROSS PROFIT		4,099,456	5,229,756
Other operating income		519,816	531,423
Selling, general and administrative expenses	5	(1,911,865)	(1,904,738)
Other operating expenses		(287,579)	(362,511)
Finance costs		(216,687)	(75,405)
Finance income	6	355,733	421,622
Other income		83,026	240,109
Share of results of associated companies	15	(534,469)	108,622
Impairment of assets		(79,677)	-
PROFIT BEFORE TAX		2,027,754	4,188,878
Income tax credit	8	23,541	2,569
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		2,051,295	4,191,447
DISCONTINUED OPERATIONS			
Loss from discontinued operations	7	(1,761,919)	(4,067,890)
NET PROFIT FOR THE YEAR		289,376	123,557
ATTRIBUTABLE TO:			
Equity holders of the parent		327,315	165,586
Non-controlling interest		(37,939)	(42,029)
		289,376	123,557
Earnings per share attributable to the equity holders of the parent:			
Total operations			
- basic and diluted earnings per share	28	AED 0.05	AED 0.03
Continuing operations			
- basic and diluted earnings per share	28	AED 0.34	AED 0.70
Discontinued operations			
- basic and diluted earnings per share	28	AED (0.29)	AED (0.67)

The attached notes 1 to 33 form part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

(US \$1.00 = AED 3.673)

	Notes	2009 AED'000	2008 AED'000 (Restated)
Net profit for the year		289,376	123,557
Other comprehensive income/ (loss):			
Decrease in hedging reserve	26	(328)	(5,538)
Increase/ (decrease) in unrealised reserve	26	43,200	(1,491,960)
Increase/ (decrease) in foreign currency translation reserve		210,410	(896,062)
Other comprehensive income/ (loss) for the year		253,282	(2,393,560)
Total comprehensive income/ (loss) for the year		542,658	(2,270,003)
ATTRIBUTABLE TO:			
Equity holders of the parent		574,093	(2,202,860)
Non-controlling interest		(31,435)	(67,143)
		542,658	(2,270,003)

The attached notes 1 to 33 form part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

(US \$1.00 = AED 3.673)

	Notes	2009 AED'000	2008 AED'000 (Restated)	2007 AED'000 (Restated)
ASSETS				
Bank balances and cash	9	2,266,835	5,392,986	4,726,616
Trade receivables	10	981,354	1,058,354	1,263,695
Other receivables, deposits and prepayments	11	3,211,297	3,510,821	2,705,232
Development properties	12	31,075,718	26,799,447	22,302,917
Securities	13	936,661	867,122	4,560,642
Loans to associates	14	2,005,146	1,636,086	537,829
Investments in associates	15	7,860,604	8,313,770	8,845,282
Property, plant and equipment	16	6,821,705	5,414,196	7,433,222
Investment properties	17	8,546,087	13,248,196	5,635,573
Goodwill	19	439,391	439,391	2,961,968
TOTAL ASSETS		64,144,798	66,680,369	60,972,976
LIABILITIES AND EQUITY				
LIABILITIES				
Advances from customers	20	15,888,064	18,109,424	14,093,599
Trade and other payables	21	9,545,382	9,680,254	5,918,899
Interest-bearing loans and borrowings	22	8,625,104	9,174,165	7,703,753
Retentions payable	23	1,160,306	1,078,549	1,054,560
Provision for employees' end-of-service benefits	24	46,934	37,092	18,394
TOTAL LIABILITIES		35,265,790	38,079,484	28,789,205
EQUITY				
Equity attributable to equity holders of the parent company				
Share capital	25	6,091,239	6,091,239	6,091,239
Treasury shares	25	(1,113)	(1,113)	-
Employees' performance share program		(1,684)	(1,684)	(1,446)
Reserves	26	14,711,373	14,431,863	16,494,778
Retained earnings		7,877,501	7,586,228	8,946,974
		28,677,316	28,106,533	31,531,545
Non-controlling interest		201,692	494,352	652,226
TOTAL EQUITY		28,879,008	28,600,885	32,183,771
TOTAL LIABILITIES AND EQUITY		64,144,798	66,680,369	60,972,976

The consolidated financial statements were authorised for issue on 23 March 2010 by:




Chairman Director

The attached notes 1 to 33 form part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2009

(US \$1.00 = AED 3.673)

	Notes	2009 AED'000	2008 AED'000 (Restated)
CONTINUING OPERATIONS			
OPERATING ACTIVITIES			
Profit before tax		2,027,754	4,188,878
Adjustments for:			
Share of results of associated companies	15	534,469	(108,622)
Depreciation	5	635,712	294,633
Provision for employees' end-of-service benefits, net	24	9,842	18,698
Loss on disposal of property, plant and equipment		1,033	2,995
Cost of share based payments	24	-	757
Gain on disposal of securities		-	(29,307)
Provision for doubtful debts/ write off	5	94,484	-
Impairment of assets		79,677	-
Cash from operations before working capital changes:		3,382,971	4,368,032
Trade receivables		18,461	161,642
Other receivables, deposits and prepayments		74,984	(867,738)
Development properties, net		(3,019,744)	(5,823,921)
Advances from customers, net		(2,221,360)	4,015,825
Trade and other payables		53,751	4,258,885
Retentions payable	23	81,757	23,989
Income tax, net	8	(2,998)	(4,464)
Net cash (used in)/ from operating activities		(1,632,178)	6,132,250
INVESTING ACTIVITIES			
Purchase of securities		(12,543)	(298,605)
Proceeds from disposal of securities		-	2,640,582
Deposit in escrow account for acquisition of additional shares in subsidiary	18	-	(23,665)
Consideration for additional shares/ acquisition of subsidiary net of cash and cash equivalents acquired	18	-	(162,435)
Additional investments and loans to associates, net		(635,121)	(1,227,310)
Amounts incurred on investment properties	17	(132,153)	(149,026)
Purchase of property, plant and equipment	16	(1,733,810)	(5,839,820)
Proceeds from sale of property, plant and equipment		6,420	2,821
Purchase of treasury shares	25	-	(1,113)
Deposits under lien or maturing after three months	9	(283,053)	2,377,174
Net cash used in investing activities		(2,790,260)	(2,681,397)
FINANCING ACTIVITIES			
Dividend paid		(3,567)	(1,198,845)
Interest-bearing loans and borrowings	22	2,004,542	2,802,400
Repayment of interest bearing loans and borrowings	22	(808,620)	(537,160)
Funds invested by non-controlling interest, net		17,211	92,373
Received on vesting of share options	24	-	1,462
Net cash from financing activities		1,209,566	1,160,230
NET CASH (USED IN)/ FROM CONTINUING OPERATIONS		(3,212,872)	4,611,083
DISCONTINUED OPERATIONS			
Net cash used in discontinued operations	7	(113,043)	(1,537,199)
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(3,325,915)	3,073,884
Net foreign exchange difference		10,850	(30,340)
Cash and cash equivalents at the beginning of the period	9	5,175,223	2,131,679
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	9	1,860,158	5,175,223

The attached notes 1 to 33 form part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

(US \$1.00 = AED 3.673)

	Attributable to equity holders 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 interest AED '000	Total equity AED '000
Balance at 1 January 2009 (audited)	6,091,239	(1,113)	(1,684)	14,431,863	15,480,448	36,000,753	561,601	36,562,354
Effect of change in accounting policy (note 2.2)	-	-	-	-	(7,894,220)	(7,894,220)	(67,249)	(7,961,469)
Balance at 1 January 2009 (restated)	6,091,239	(1,113)	(1,684)	14,431,863	7,586,228	28,106,533	494,352	28,600,885
Profit for the year	-	-	-	-	327,315	327,315	(37,939)	289,376
Other comprehensive income for the year	-	-	-	246,778	-	246,778	6,504	253,282
Total comprehensive income/ (loss) for the year	-	-	-	246,778	327,315	574,093	(31,435)	542,658
Transfer to reserves (note 26)	-	-	-	32,732	(32,732)	-	-	-
Board meetings allowance	-	-	-	-	(3,310)	(3,310)	-	(3,310)
Write down of non-controlling interest of a subsidiary (note 7)	-	-	-	-	-	-	(278,079)	(278,079)
Movement in non-controlling interest, net	-	-	-	-	-	-	16,854	16,854
Balance at 31 December 2009	6,091,239	(1,113)	(1,684)	14,711,373	7,877,501	28,677,316	201,692	28,879,008

The attached notes 1 to 33 form part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

(US \$1.00 = AED 3.673)

	Attributable to equity holders 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 interest AED '000	Total equity AED '000
Balance at 1 January 2008 (audited)	6,091,239	-	(1,446)	16,494,778	13,951,469	36,536,040	652,226	37,188,266
Effect of change in accounting policy	-	-	-	-	(5,004,495)	(5,004,495)	-	(5,004,495)
Balance at 1 January 2008 (restated)	6,091,239	-	(1,446)	16,494,778	8,946,974	31,531,545	652,226	32,183,771
Profit for the year	-	-	-	-	165,586	165,586	(42,029)	123,557
Other comprehensive loss for the year	-	-	-	(2,368,446)	-	(2,368,446)	(25,114)	(2,393,560)
Total comprehensive income/ (loss) for the period	-	-	-	(2,368,446)	165,586	(2,202,860)	(67,143)	(2,270,003)
Transfer to reserves (note 26)	-	-	-	305,531	(305,531)	-	-	-
Dividends – 2007	-	-	-	-	(1,218,248)	(1,218,248)	-	(1,218,248)
Board meetings allowance	-	-	-	-	(3,310)	(3,310)	-	(3,310)
Share based payments	-	-	-	-	757	757	-	757
Shares allocated to employees' performance share program	-	-	(1,700)	-	-	(1,700)	-	(1,700)
Issuance of shares under employees' performance share program (note 24)	-	-	1,462	-	-	1,462	-	1,462
Purchase of treasury shares (note 25)	-	(1,113)	-	-	-	(1,113)	-	(1,113)
Movement in non-controlling interest, net	-	-	-	-	-	-	(90,731)	(90,731)
Balance at 31 December 2008 (restated)	6,091,239	(1,113)	(1,684)	14,431,863	7,586,228	28,106,533	494,352	28,600,885

The attached notes 1 to 33 form part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

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. The shares of the Company 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 investment in providers of financial services.

On 27 June 2009, the Company announced that Emaar Properties PJSC and Dubai Holdings LLC (Dubai Holdings) are in progressive discussion with regards to their intention of combining the real estate activities of the Company and the real estate subsidiaries (Dubai Properties LLC, Sama Dubai LLC and Tatweer LLC) of Dubai Holdings. Subsequently on 9 December 2009, the Board of Directors of the Company decided not to proceed with the proposed merger as it was not economically viable in the current economic climate.

On 29 September 2009, 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 2,763 million (Indian Rupees 35,000 million). EMGF have received the final observations to its DRHP from SEBI on 18 February 2010.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (“IASB”) and applicable requirements of United Arab Emirates laws.

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

Basis of consolidation

Subsidiary Companies

The consolidated financial statements comprise the financial statements of Emaar Properties PJSC and its subsidiaries as at 31 December 2009. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets are eliminated in full. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from parent shareholders’ equity. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

Associated Companies

Associated companies are companies in which the Group has significant influence, but not control, over the financial and operating policies. In the 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 consolidated statement of financial position at cost, plus post acquisition changes in the Group’s share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the Group’s share of the results of its associates.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards and interpretations as of 1 January 2009 and early adoption of IFRS 9, noted below. Except for the impact of IFRIC 15 and the early adoption of IFRS 9, adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

IFRS 2 Share-based Payment - Vesting Conditions and Cancellations

The IASB issued an amendment to IFRS 2 which clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. The Group adopted this amendment as of 1 January 2009. It did not have an impact on the financial position or performance of the Group.

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 2009. It did not have an impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures of the Group are presented in note 13. The liquidity risk disclosures of the Group are not significantly impacted by the amendments and are presented in note 31. The Group has elected not to provide comparative for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

IFRS 8 Operating Segments

This standard requires disclosure of information about the Group’s operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting.

IFRS 9 Financial Instruments (phase 1)

The Group has early adopted IFRS 9 *Financial Instruments (IFRS 9)* in 2009 in advance of its effective date. The Group has chosen 31 December 2009 as its date of initial application (i.e. the date on which the Group has assessed its existing financial assets) as this is the first reporting period end since the first phase of IFRS 9 was issued on 12 November 2009.

Phase 1 of IFRS 9 specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortised cost or fair value. Debt instruments are measured at amortised cost using effective interest rate method only if (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has elected to designate debt instruments at the amortised cost after initial measurement. Only financial assets that are classified and measured at amortised cost are tested for impairment.

Investments in equity instruments are designated by the Group as at fair value through other comprehensive income. If the equity instrument is designated as at fair value through other comprehensive income, all gains and losses, except for dividend income recognised in accordance with IAS 18 Revenue, are recognised in the consolidated statement of comprehensive income and are not subsequently reclassified to the consolidated income statement.

The management has reviewed and assessed all of the Group’s existing financial assets as at the date of initial application of IFRS 9. As a result:

- the Group’s investments in debt instruments meeting the required criteria are measured at amortised cost;
- the Group’s equity investments not held for trading have been designated as at fair value through other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**IFRS 9 Financial Instruments (phase 1) (continued)**

The Group has applied the new standard from 1 January 2009 and reclassified with effect from 1 January 2009 all available for sale securities that were still held at 31 December 2009 as fair value through other comprehensive income. Restatement of comparative figures has not been performed following adoption of this standard as it is not required for early adoption of IFRS 9. If IFRS 9 had not been adopted in 2009, the impact of impairment losses on available for sale investments held as of 31 December 2009 would have been to reduce the profit for the year by AED 109 million and to increase the other comprehensive income for the year by the same amount. Earnings per share would have been AED 0.04 per share. There is no impact on total comprehensive income or equity following the adoption of IFRS 9.

IAS 1 Presentation of Financial Statements (Revised)

The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, companies have an option to continue presenting a 'traditional' income statement complemented by a second statement, the statement of comprehensive income (SOC), or to present a single statement, also named 'statement of comprehensive income', that includes both elements. The Group has taken the option of presenting an income statement complemented by the statement of comprehensive income.

IAS 1 has also introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised standard has required the presentation of a third comparative period in statement of financial position at 1 January 2008 due to the retrospective application of IFRIC 15.

IAS 23 Borrowing Costs

A revised IAS 23 Borrowing Costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group accounting policy was already in accordance with this revised standard.

IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation

The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified criteria. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

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.

IAS 40 Investment Property (Amended)

IAS 40 has been amended to bring within its scope investment property under construction. Consequently such property is measured at fair value when completed investment properties are measured at fair value. However, the adoption of this amendment did not have any impact on the financial position of the Group as it uses cost model for measuring its investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement**

These amendments to IFRIC 9 require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

IFRIC 13 Customer Loyalty Programmes

IFRIC 13 requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. The Group does not engage in such transactions.

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 15 Agreements for the Construction of Real Estate was issued in July 2008 and become effective for annual financial years beginning on or after 1 January 2009. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. The Group has reviewed the impact of IFRIC 15 in each of the jurisdictions in which it operates and using the guidelines of the interpretation, the Group has determined the appropriate accounting policy for revenue recognition in each jurisdiction.

The impact of the application of the new accounting policy is that in some jurisdictions, transactions which in the past recognised revenue progressively through the construction period will now not have revenue recognised until the time of handover to the buyer.

Accordingly the comparative figures have been restated and adjusted the opening balance of retained earnings as required by IAS 8 Accounting policies, changes in accounting estimates and errors and IFRIC 15. The effects of the change in accounting policy are given below:

Income statement**Year ended 31 December 2008**

	<i>As previously reported AED'000</i>	<i>Increase/ (decrease) AED'000</i>	<i>Restated AED'000</i>
Continuing operation:			
Revenue	14,823,912	(4,106,801)	10,717,111
Cost of revenue	(6,849,281)	1,361,926	(5,487,355)
Other operating income	537,062	(5,639)	531,423
Share of results of associated companies	315,082	(206,460)	108,622
Non-controlling interest	23,042	(67,249)	(44,207)

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IFRIC 15 Agreements for the Construction of Real Estate (continued)

Statement of financial position

At 31 December 2008	As previously reported AED'000	Increase/ (decrease) AED'000	Restated AED'000
Assets			
Trade receivables	2,047,678	(989,324)	1,058,354
Other receivables, deposits and prepayments	3,665,732	(154,911)	3,510,821
Development properties	19,177,852	7,621,595	26,799,447
Loans to associates	1,655,400	(19,314)	1,636,086
Investment in associates	8,782,245	(468,475)	8,313,770
Liabilities			
Advances from customers	4,072,537	14,036,887	18,109,424
Trade and other payables	9,766,101	(85,847)	9,680,254
Equity			
Retained earnings	15,480,448	(7,894,220)	7,586,228
Non-controlling interest	561,601	(67,249)	494,352

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation. As the Group did not dispose off any net investment, it has had no impact on the financial position or performance of the Group.

IFRIC 18 Transfer of Assets from Customers

The interpretation is to be applied prospectively. IFRIC 18 interpretation provide the guidance on how to account for items of property, plant and equipment by recipients which have been received from customers, or cash that is received and used to acquire or construct specific assets. It concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer. The entity must identify the services delivered and allocate the consideration received to each identifiable service, with the credit recognised as revenue in accordance with IAS 18 Revenue. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group.

Improvements to IFRSs

In May 2008 and April 2009 the IASB issued its first omnibus of amendments to its standards, primarily with a view to remove 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 1 Presentation of Financial Statements

Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the statement of financial position. This did not result in any re-classification of financial instruments.

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 will impact the presentation in the statement of cash flows.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Improvements to IFRSs (continued)

IAS 16 Property, Plant and Equipment

Replace the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

IAS 18 Revenue

The IASB has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

- has primary responsibility for providing the goods or service
- has inventory risk
- has discretion in establishing prices
- bears the credit risk

The Group has assessed its revenue arrangements against these criteria and concluded that it is acting as principal in all arrangements. The revenue recognition accounting policy has been updated accordingly.

IAS 20 Accounting for Government Grants and Disclosures of Government Assistance

Loans granted with no or low interest will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates. This amendment did not impact the Group.

IAS 23 Borrowing Cost

The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

IAS 36 Impairment of Asset

When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment had no immediate impact on the consolidated financial statements of the Group because the recoverable amount of its cash generating units is currently estimated using 'value in use'.

IAS 38 Intangible Assets

Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. This amendment has no impact on the Group as the Group accounting policy is in compliance with the revised standard.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

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

Investment properties

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

Classification of investment properties

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

Operating lease commitments-Group as lessor

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

Taxes

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

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

Valuation of investment properties

The Group hires the services of third party valuers to obtain estimates of the market value of investment properties for the purposes of their impairment review and disclosures in the consolidated financial statements.

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.

Cost to complete the projects

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Lease to buy scheme

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

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

Lease of investment property

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

Interest revenue

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

Services

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in consolidated income statement in the period in which they are incurred.

Income tax

Taxation is provided in accordance with the relevant fiscal regulations of the countries in which the Group operates.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to the tax payable in respect of prior years.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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)

Trade receivables

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

Loans and advances

Loans and advances are stated at amortised cost net of interest suspended and provisions for impairment. All loans and advances are recognised when cash is disbursed to borrowers.

Expenses incurred in making loans or advances are charged to the income statement in the year of disbursing these loans and advances.

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 profit or loss, which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

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

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

Classification of financial assets

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

Equity investments

For subsequent measurements, all financial assets that are equity investments are measured at fair value either through Other Comprehensive Income (OCI) or through profit or loss. This is an irrevocable choice that the Group has made on early adoption of IFRS 9 – Phase 1 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss.

Gain or loss on disposal of equity investments is not recycled.

Dividend income for all equity investments are recorded through the 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:

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Foreign exchange gains and losses

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

Derecognition of financial assets

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

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

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

Development properties

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

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

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

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

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

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

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 - 5 years
Sales centers	1 - 5 years
Other 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 & other assets	2 - 25 years

No depreciation is charged on 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 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 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 is recorded when there is an indication that the impairment losses recognised for the property, plant and equipment no longer exist or have reduced.

Investment properties

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

Buildings	10 - 45 years
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.

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 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 while value in use is the present value of estimated future cash flows expected to arise from the continuing use of this 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.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in an associate

The Group's investment in its associate is accounted for using the equity method of accounting. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the consolidated income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and minority interests in the subsidiaries of the associates.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

Interest in a joint venture

The Group has interests in joint ventures which are jointly controlled. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which the venturer has an interest. The Group recognises its interest in the joint ventures using the equity method until the date on which the Group ceases to have joint control over the joint venture. The interest in the joint venture is carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the joint venture, less any impairment in value. The consolidated income statement reflects the Group's share of the results of its joint venture.

The financial statements of the joint venture are prepared for the same reporting year as the parent company, using consistent accounting policies.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method of accounting. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following 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, or Groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or Group of units. Each unit or Group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IFRS 8 Segment Reporting

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

Goodwill is tested for impairment annually (at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units, to which goodwill relates. Where the recoverable amount of the cash generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognised.

2.4 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 period. 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.

Impairment of financial assets

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

End of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Share based payment transactions

Employees (including senior executives) of the Group also receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments ("equity settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which the awards are granted. The cost of equity-settled transactions with employees is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled ending on the date on which the employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Under the Company Programme, awards, which represent the right to purchase the Company's ordinary shares at par, are allocated to eligible employees (including executive directors) of the Company.

Foreign currency translations

The consolidated financial statements are presented in UAE Dirhams (AED) which is the functional currency of the parent company. Each company in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to consolidated income statement. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

As at the reporting date, the assets and liabilities of subsidiaries with functional currencies other than AED are translated into AED at the rate of exchange ruling at the reporting date and their income statements are translated at the weighted average exchange rates for the year. The differences arising on the translation are taken directly to the consolidated statement of comprehensive income. On disposal of an entity, the deferred cumulative amount recognised in equity relating to that entity is recognised in the consolidated income statement.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair values

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

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

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

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

Treasury shares

Treasury shares consist of the Company's own shares that have been issued, subsequently repurchased by the company and not yet reissued or cancelled. These shares are accounted for using the cost method. Under the cost method the average cost of the share repurchased is shown as deduction from the total shareholders' equity. When these shares are reissued, gains are credited to a separate capital reserve in shareholders' equity, which is non-distributable. Any realised losses are charged directly to retained earnings. Gains realised on the sale of reissue shares are first used to offset any previously recorded losses in the order of retained earnings and the capital reserve account. No cash dividends are paid on these shares.

2.5 NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The IASB and IFRIC have issued a number of standards and interpretations with an effective date after the date of these financial statements. The management has set out below only those which may have a material impact on the financial statements in future periods.

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

The revised standards are effective prospectively for business combinations affected in financial periods beginning on or after 1 July 2009. IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) to be accounted for as an equity transaction. Therefore, such a transaction would no longer give rise to goodwill, nor give rise to a gain or loss.

IAS 17 Leases – amendment

This amendment is effective for financial periods beginning on or after 1 January 2010. This amendment deletes much of the existing wording in the standard to the effect all leases of land (where title does not pass) were operating leases. The amendment requires that in determining whether the lease of land (either separately or in combination with other property) is an operating or a finance lease, the same criteria are applied as for any other asset. This may have the impact in the future that more leases of land will be treated as finance leases rather than operating leases.

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

This amendment was issued in July 2008 and is effective for financial years beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations.

Emaar Properties PJSC and its Subsidiaries

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At 31 December 2009

3 SEGMENT INFORMATION

Business segments:

For management purposes, the Group is organised into two major business segments.

The real estate segment develops and sells condominiums, villas, commercial units and plots of land and related retail, residential and commercial leasing 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, hospitality and investment in providers of financial services.

Income from sources other than the real estate segment and hospitality is included in other operating income.

Geographic segments:

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

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

Business segments

The following table represents revenue and profit information and certain asset and liability information regarding business segments for the years ended 31 December 2009 and 2008.

2009:	Real estate AED'000	Others AED'000	Eliminations AED'000	Total AED'000
Revenue				
Revenue from external customers	7,759,369	667,155	(13,262)	8,413,262
Total revenue	<u>7,759,369</u>	<u>667,155</u>	<u>(13,262)</u>	<u>8,413,262</u>
Results				
Profit for the year before impairment of assets, income tax, finance costs, finance income, share of results of associated companies	<u>2,573,623</u>	<u>(56,247)</u>	<u>(14,522)</u>	<u>2,502,854</u>
Assets and liabilities				
Segment assets	<u>60,475,682</u>	<u>9,965,633</u>	<u>(6,296,517)</u>	<u>64,144,798</u>
Segment liabilities	<u>35,038,541</u>	<u>5,687,519</u>	<u>(5,460,270)</u>	<u>35,265,790</u>
Other Segment Information				
Capital expenditure (property, plant and equipment)	<u>610,007</u>	<u>1,123,803</u>	<u>-</u>	<u>1,733,810</u>
Depreciation (property, plant and equipment)	<u>164,264</u>	<u>157,936</u>	<u>-</u>	<u>322,200</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3 SEGMENT INFORMATION (continued)

Business segments (continued)

2008 (restated):

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
Revenue				
Revenue from external customers	10,145,285	576,950	(5,124)	10,717,111
Total revenue	<u>10,145,285</u>	<u>576,950</u>	<u>(5,124)</u>	<u>10,717,111</u>
Results				
Profit for the year before impairment of assets, income tax, finance costs, finance income, share of results of associated companies	3,856,406	(119,725)	(2,642)	3,734,039
Assets and liabilities				
Segment assets	62,197,116	9,203,522	(4,720,269)	66,680,369
Segment liabilities	37,818,036	4,382,967	(4,121,519)	38,079,484
Other Segment Information				
Capital expenditure (property, plant and equipment)	4,403,104	1,445,084	-	5,848,188
Depreciation (property, plant and equipment)	99,486	115,925	-	215,411

Geographic segments

The following tables represent revenue and profit information and certain asset and liability information regarding geographic segments for the years ended 31 December 2009 and 2008.

2009:

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	7,775,828	637,434	8,413,262
Total revenue	<u>7,775,828</u>	<u>637,434</u>	<u>8,413,262</u>
Assets			
Segment assets	40,814,181	15,470,013	56,284,194
Investment in associates	2,175,987	5,684,617	7,860,604
Total assets	<u>42,990,168</u>	<u>21,154,630</u>	<u>64,144,798</u>
Other Segment Information			
Capital expenditure (property, plant and equipment)	1,583,963	149,847	1,733,810

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3 SEGMENT INFORMATION (continued)

Geographic segments (continued)

2008 (restated):

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue			
Revenue from external customers	10,623,202	93,909	10,717,111
Total revenue	<u>10,623,202</u>	<u>93,909</u>	<u>10,717,111</u>
Assets			
Segment assets	41,191,333	17,175,266	58,366,599
Investment in associates	2,552,415	5,761,355	8,313,770
Total assets	<u>43,743,748</u>	<u>22,936,621</u>	<u>66,680,369</u>
Other Segment Information			
Capital expenditure (property, plant and equipment)	5,471,970	376,218	5,848,188

4 REVENUE AND COST OF REVENUE

	<i>2009 AED'000</i>	<i>2008 AED'000 (Restated)</i>
Revenue		
Revenue from property sales:		
Sale of condominiums	4,312,397	6,052,642
Sale of villas	1,728,705	2,511,140
Sale of plots of land	135,194	612,726
Sale of commercial and others	59,910	464,696
Revenue from hospitality	667,155	576,949
Rental income from leased properties and related income	1,509,901	498,958
	<u>8,413,262</u>	<u>10,717,111</u>
Cost of revenue		
Cost of revenue of property sales:		
Cost of condominiums	2,802,559	3,868,877
Cost of villas	753,680	904,973
Cost of plots of land	8,957	24,621
Cost of commercial and others	32,786	144,337
Operating cost of hospitality	447,732	366,653
Operating cost of leased properties	268,092	177,894
	<u>4,313,806</u>	<u>5,487,355</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2009 AED'000	2008 AED'000
Payroll and related expenses	453,536	600,625
Sales and marketing expenses	188,844	379,547
Depreciation of property, plant and equipment (note 16)	322,200	208,996
Depreciation of investment properties (note 17)	313,512	85,637
Property management expenses	66,926	70,671
Land registration fees	72,498	96,930
Provision for doubtful debts/ write off	94,484	-
Pre-operating expenses	51,737	69,462
Other expenses	348,128	392,870
	<u>1,911,865</u>	<u>1,904,738</u>

6 FINANCE INCOME

	2009 AED'000	2008 AED'000
Finance income on fixed deposits with banks	156,815	253,829
Other finance income	198,918	167,793
	<u>355,733</u>	<u>421,622</u>

7 DISCONTINUED OPERATIONS

On 19 February 2009, the Group's US subsidiary, WL Homes LLC along with its affiliates, filed Chapter 11 petitions in the US Bankruptcy Court for the District of Delaware. The Chapter 11 process allows reorganisation of the company's debts and the continuation of operations during the reorganisation process. On 5 June 2009 the bankruptcy court had ordered the conversion from reorganisation under Chapter 11 to liquidation under Chapter 7 due to the restructuring plan not being acceptable to unsecured creditors. As a result, the carrying values of the net assets relating to WL Homes LLC were fully written off during the year.

The results for the year from discontinued operations and the carrying value of the net assets written off relating to WL Homes LLC as at 31 December 2009 were as follows:-

	2009 AED'000	2008 AED'000
Revenue	5,637	1,191,221
Cost of revenue	(28,337)	(2,354,494)
Gross loss for the year	<u>(22,700)</u>	<u>(1,163,273)</u>
Selling, general and administrative expenses	(45,768)	(377,859)
Net finance cost	(220)	(5,360)
Other income	7,089	51,617
Share of results of associated companies (note 15)	(3,544)	(50,438)
Impairment of Goodwill	-	(2,522,577)
Net loss for the year	<u>(65,143)</u>	<u>(4,067,890)</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7 DISCONTINUED OPERATIONS (continued)

Net assets written off

	2009 AED'000	2008 AED'000
Assets		
Bank balances and cash	94,139	-
Other receivables, deposits and prepayments	177,370	-
Development properties	3,284,004	-
Investments in associates	296,382	-
Property, plant and equipment	7,647	-
Total assets	<u>3,859,542</u>	<u>-</u>
Liabilities		
Trade and other payables	177,924	-
Interest-bearing loans and borrowings	1,706,763	-
Non controlling interest	278,079	-
Total liabilities	<u>2,162,766</u>	<u>-</u>
Net assets written off	<u>(1,696,776)</u>	<u>-</u>
Net loss from discontinued operations	<u>(1,761,919)</u>	<u>(4,067,890)</u>

ATTRIBUTABLE TO:

Equity holders of the parent	(1,762,655)	(4,070,068)
Non-controlling interest	736	2,178
	<u>(1,761,919)</u>	<u>(4,067,890)</u>
Earnings per share attributable to equity holders:		
- basic and diluted earnings per share	<u>AED (0.29)</u>	<u>AED (0.67)</u>

The cash flow statement of the discontinued operations is as follows:

	2009 AED'000	2008 AED'000
Cash used in operating activities	(117,946)	(599,982)
Cash from/ (used in) investing activities	43,482	(106,071)
Cash used in financing activities	(38,579)	(831,146)
Net cash used in discontinued operations	<u>(113,043)</u>	<u>(1,537,199)</u>

The Group has established a new subsidiary company EJL Homes LLC ("EJL") in United States of America (USA). The EJL's registered office is at Delaware, USA. The principal activity of EJL is property investment and development. EJL has acquired certain assets and liabilities of WL Homes LLC.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 INCOME TAX

	2009 AED'000	2008 AED'000
Income statement:		
Current income tax expense	(233)	(5,626)
Deferred income tax	23,774	8,195
	<u>23,541</u>	<u>2,569</u>
Current liabilities:		
Balance at 1 January	17,091	21,555
For the year	233	5,626
Paid during the year	(3,231)	(10,090)
	<u>14,093</u>	<u>17,091</u>

The tax expense relates to the tax payable on the profit earned by the subsidiaries, as adjusted in accordance with the taxation laws and regulations of the countries in which the Group operates.

	2009 AED'000	2008 AED'000 (Restated)
The relationship between the tax expense and the accounting profit can be explained as follows:		
Accounting profit before tax	265,835	120,988
Effect of higher tax rates in other jurisdictions	(233)	(5,626)
Effective income tax rate	<u>0.09%</u>	<u>4.65%</u>

The income tax charge arises primarily from the Group's operations in United States of America, Morocco, India, Egypt, Pakistan and the United Kingdom.

9 BANK BALANCES AND CASH

	2009 AED'000	2008 AED'000
Cash in hand	7,508	5,041
Current and call deposit accounts	722,458	987,688
Fixed deposits maturing within three months	1,130,192	4,182,494
	<u>1,860,158</u>	<u>5,175,223</u>
Cash and cash equivalents		
Deposits under lien (note 22)	387,557	-
Fixed deposits maturing after three months	19,120	217,763
	<u>2,266,835</u>	<u>5,392,986</u>
Bank balances and cash located:		
Within UAE	1,777,815	4,511,892
Outside UAE	489,020	881,094
	<u>2,266,835</u>	<u>5,392,986</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

9 BANK BALANCES AND CASH (continued)

Bank balances and cash denominated in following currencies:

	2009 AED'000	2008 AED'000
United Arab Dirham (AED)	1,777,815	4,511,892
United States Dollar (USD)	42,398	304,707
Egyptian Pound (EGP)	251,014	203,788
Moroccan Dirham (MAD)	7,850	99,413
Other currencies	187,758	273,186
	<u>2,266,835</u>	<u>5,392,986</u>

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

Fixed deposits having a maturity after three months earn interest at rates between 1% and 5% per annum (2008: between 6% and 8% per annum).

10 TRADE RECEIVABLES

	2009 AED'000	2008 AED'000 (Restated)	2007 AED'000 (Restated)
Amounts receivable within 12 months, net	749,563	637,914	898,020
Amounts receivable after 12 months, net	231,791	420,440	365,675
	<u>981,354</u>	<u>1,058,354</u>	<u>1,263,695</u>

Trade receivables include AED 414,162 thousands (2008: AED 865,413 thousands, 2007: AED 909,303 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due under the agreed credit terms.

The above trade receivables are net off AED 58,539 thousands (2008: nil, 2007: nil) relating to provision for doubtful debts.

At 31 December, the ageing analysis of trade receivables is as follows:

	Total AED'000	Past due but not impaired				
		Neither past due nor impaired AED'000	Less than 30 days AED'000	Between 30 to 60 days AED'000	Between 60 to 90 days AED'000	More than 90 days AED'000
2009	<u>981,354</u>	<u>480,114</u>	<u>186,390</u>	<u>66,826</u>	<u>61,692</u>	<u>186,332</u>
2008 (Restated)	<u>1,058,354</u>	<u>865,413</u>	<u>111,325</u>	<u>30,334</u>	<u>12,372</u>	<u>38,910</u>
2007 (Restated)	<u>1,263,695</u>	<u>1,095,174</u>	<u>117,447</u>	<u>13,358</u>	<u>4,947</u>	<u>32,769</u>

Emaar Properties PJSC and its Subsidiaries

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11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2009 AED'000	2008 AED'000 (Restated)	2007 AED'000
Advances to contractors and others	1,029,460	1,209,716	1,034,137
Advances for acquisition of leasehold interests	1,234,612	1,028,924	823,201
Prepayments	114,930	174,442	179,549
Receivables from service companies	137,001	172,653	42,754
Deposits for acquisition of land and subsidiary	89,215	121,963	101,400
Value added tax recoverable	164,419	119,664	-
Accrued interest and other income	33,549	67,025	80,936
Recoverable from non controlling interest	14,414	28,855	36,876
Other deposits and receivables	393,697	587,579	406,379
	<u>3,211,297</u>	<u>3,510,821</u>	<u>2,705,232</u>

12 DEVELOPMENT PROPERTIES

	2009 AED'000	2008 AED'000 (Restated)	2007 AED'000 (Restated)
Balance at the beginning of the year	26,799,447	22,302,917	13,441,087
Add: cost incurred during the year	6,726,854	11,793,832	14,496,968
Add: transfer from investment property (note 17)	4,520,750	-	1,875,000
Less: cost transferred to cost of revenue during the year	(3,626,319)	(7,297,302)	(7,510,138)
Less: impairment of development properties (refer note below)	(61,010)	-	-
Less: write down of development properties relating to discontinued operations (note 7)	(3,284,004)	-	-
Balance at the end of the year	<u>31,075,718</u>	<u>26,799,447</u>	<u>22,302,917</u>
Development properties located:			
Within UAE	20,440,293	14,487,581	11,714,857
Outside UAE	10,635,425	12,311,866	10,588,060
	<u>31,075,718</u>	<u>26,799,447</u>	<u>22,302,917</u>

Management of the Group has assessed its development properties for impairment as at 31 December 2009. Based on the review, the Group has provided an impairment loss of AED 61,010 thousands (2008: nil, 2007: nil) relating to initial cost incurred on certain abandoned international projects and excess of carrying value over the realisable value of certain development properties.

The fair value of the development properties is determined by the Group based on valuations carried out by independent valuers. The fair value of the development properties is determined by reference to the discounted net cash flow, which depict the residual value of the group in development properties net of amount collected from sales and the cost incurred to date. Accordingly, the fair value of development properties is arrived at AED 35,231,714 thousands (2008: AED 42,275,446 thousands).

For the purpose of comparison of fair value to the carrying value of development properties, which comprise of the cost incurred to date for the projects under construction and unsold inventory, the realised value from sale of the properties under construction is added to the above stated fair value.

The fair value of the development properties including the realised value from sale of properties under construction of AED 15,323,922 thousands (2008: AED 16,912,611 thousands) is AED 50,555,636 thousands (2008: AED 59,188,057 thousands) compared to the carrying value of AED 31,075,718 thousands (2008: AED 26,799,447 thousands).

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13 SECURITIES

	2009 AED'000	2008 AED'000
Financial assets at fair value through other comprehensive income	<u>936,661</u>	<u>867,122</u>
Securities located:		
Within UAE	906,042	844,668
Outside UAE	30,619	22,454
	<u>936,661</u>	<u>867,122</u>

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	2009 AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Financial assets at fair value through other comprehensive income	936,661	107,270	496,246	333,145

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

14 LOANS TO ASSOCIATES

	2009 AED'000	2008 AED'000 (Restated)	2007 AED'000 (Restated)
Amlak Finance PJSC (i)	875,580	932,904	248,667
Emaar MGF Land Limited and their related parties (ii)	460,131	397,597	-
Golden Ace Pte Ltd (iii)	608,286	132,425	116,276
Prestige Resorts SA	-	70,000	70,000
Amelkis Resorts SA	33,234	54,569	54,563
Other associates	27,915	48,591	48,323
	<u>2,005,146</u>	<u>1,636,086</u>	<u>537,829</u>

(i) The amount owed by Amlak Finance PJSC ("Amlak") is unsecured and earns an average return ranging from 3% to 4.5% per annum (2008: average return ranging from 3% to 7% per annum).

The above loan includes AED 634,025 thousands relates to the credit facility extended to Amlak in the normal course of business for settlement of instalment payments relating to sale of properties, where customers have availed financing facility from Amlak. An amount of AED 196,615 thousands was received from Amlak during the year ended 31 December 2009. The Group's management believes that the loan due from Amlak is fully recoverable (also refer note 15 (ii)).

(ii) The amounts owed by Emaar MGF Land Limited and their related parties are unsecured and earns a compound return of 15% per annum (2008: 10% per annum).

(iii) The amount owed by Golden Ace Pte Ltd is unsecured and earns a return ranging from 5.03% to 11.20% per annum (2008: 6.36% per annum).

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15 INVESTMENTS IN ASSOCIATES

	2009 AED'000	2008 AED'000 (Restated)	2007 AED'000 (Restated)
Carrying value of investment in:			
Emaar MGF Land Limited	2,901,579	2,745,198	3,592,632
Emaar The Economic City (Saudi Joint Stock Company) – quoted (i)	2,348,919	2,486,278	2,536,543
Amlak Finance PJSC – quoted (ii)	944,418	1,113,598	1,036,386
Dubai Banking Group PJSC (iii)	429,653	762,284	764,179
Emaar Bawadi LLC	359,398	253,593	-
Turner International Middle East Ltd	225,364	226,038	220,741
Emaar Industries and Investment (Pvt) JSC	198,384	179,479	145,479
Dead Sea Company for Tourist and Real Estate Investment	137,502	137,836	136,864
Emrill Services LLC	14,601	11,244	7,113
Emaar Financial Services LLC	6,468	6,179	43,299
Other associates	294,318	392,043	362,046
	7,860,604	8,313,770	8,845,282

(i) The market value of the shares held in Emaar The Economic City (quoted on the Saudi Stock Exchange – Tadawul) as at 31 December 2009 was AED 2,487,775 thousands (2008: AED 2,319,957 thousands, 2007: AED 5,740,134 thousands).

(ii) On 23 November 2008, the UAE Ministry of Finance announced that it has started the official procedure to merge Amlak Finance PJSC (“Amlak”) and Tamweel PJSC (“Tamweel”), two leading Sharia-compliant real estate finance providers in United Arab Emirates, under Emirates Development Bank to create the largest real estate finance institution in the country under the umbrella of Federal Government of United Arab Emirates. In view of the above circumstances, the trading for Amlak was suspended pending merger. On 4 February 2009, the Ministry of Finance has formed a Steering Committee with the aim to review merger of Amlak and Tamweel and recommend possible ways the two companies can go forward. The Steering Committee in connection with the proposed merger is evaluating various options to secure sustainable funding in order to enable Amlak to continue to meet its commitments. The Steering Committee is expected to give its recommendation to the government on the restructuring plan in near future. The Group’s management is not in a position to assess its investments for any impairment pending the recommendations from the Steering Committee. The market value of the shares held in Amlak (quoted on Dubai Financial Market) at the date of suspension of trading was AED 735,677 thousands (2008: AED 735,677 thousands, 2007: AED 3,700,024 thousands).

(iii) During the year 2007, Dubai Banking Group PJSC (“DBG”), an associate of the Company, invested in convertible bonds of Shuaa Capital PSC (“Shuaa”), convertible into shares at conversion price of AED 6 per share upon maturity of the bond (which was originally 31 October 2008 and extended upto 31 October 2009). Subsequently in July 2009 through a settlement agreement between DBG and Shuaa, the conversion price and number of shares were adjusted to AED 2.91 per share providing 48% voting rights to DBG in Shuaa. Based on the revised conversion price in comparison with then prevailing market price of Shuaa, DBG has recorded an impairment of AED 514,000 thousands in respect of their investment in Shuaa. Accordingly, the Group has recorded its share of impairment of AED 154,200 thousands for its 30% interest in DBG.

Emaar Properties PJSC and its Subsidiaries

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15 INVESTMENTS IN ASSOCIATES (continued)

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

	Country of incorporation	Ownership 2009	2008
Emaar MGF Land Limited	India	43.86%	43.33%
Emaar The Economic City (Saudi Joint Stock Company)	KSA	30.59%	30.59%
Amlak Finance PJSC	UAE	48.08%	48.08%
Turner International Middle East Ltd	UAE	50.00%	50.00%
Dubai Banking Group PJSC	UAE	30.00%	30.00%
Emaar Industries and Investments (Pvt) JSC	UAE	40.00%	40.00%
Emaar Financial Services LLC	UAE	37.50%	37.50%
Emrill Services LLC	UAE	33.33%	33.33%
Prestige Resorts SA	Morocco	50.00%	50.00%
Amelkis Resorts SA	Morocco	50.00%	50.00%
Orientis Invest	Morocco	50.00%	50.00%
Golden Ace Pte Ltd	Singapore	30.00%	30.00%
Emaar Bawadi LLC	UAE	50.00%	50.00%
Dead Sea Company for Tourist and Real Estate Investment	Jordan	29.33%	29.33%

The following table summarises information of the Group’s investment in associates:

	2009 AED'000	2008 AED'000 (Restated)	2007 AED'000 (Restated)
Group’s share in assets and liabilities of its associates:			
Current assets	17,797,314	12,194,378	8,788,969
Non-current assets	5,850,908	12,862,725	7,345,845
Total assets	23,648,222	25,057,103	16,134,814
Current liabilities	14,140,088	15,250,358	7,616,782
Non-current liabilities	3,242,446	2,938,930	1,978,475
Total liabilities	17,382,534	18,189,288	9,595,257
Net assets	6,265,688	6,867,815	6,539,557
Goodwill	1,594,916	1,445,955	1,445,955
Investment in preference shares	-	-	859,770
	7,860,604	8,313,770	8,845,282

Share of associates’ revenues and results:

Revenues	1,795,209	1,587,543	1,540,828
Results:			
Continuing operations	(534,469)	108,622	169,628
Discontinued operation (refer note 7)	(3,544)	(50,438)	(29,296)
	(538,013)	58,184	140,332

Emaar Properties PJSC and its Subsidiaries

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16 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements AED '000	Land and buildings AED '000	Computers and office equipment AED '000	Plant, machinery and heavy equipment AED '000	Motor vehicles AED '000	Furniture and fixtures AED '000	Leisure, entertainment and other assets AED '000	Capital work-in-progress AED '000	Total AED '000
Cost:									
At 1 January 2009	52,662	2,167,033	171,633	453,712	25,760	379,837	274,143	2,368,396	5,893,176
Additions	9,585	113,030	64,360	186,684	15,062	1,469	138,791	1,204,829	1,733,810
Transfers	-	1,201,005	1,008	83,044	-	11,940	453,563	(1,750,560)	-
Disposals	(4,035)	(2,711)	(560)	(3)	(1,245)	(2,767)	(703)	-	(12,024)
Impairment/ write off (refer note below)	(21,999)	-	(6,293)	-	-	(8,557)	-	-	(36,849)
Foreign currency translation differences	6,793	6,509	3,808	2,560	106	1,913	(920)	7,201	27,970
At 31 December 2009	43,006	3,484,866	233,956	725,997	39,683	383,835	864,874	1,829,866	7,606,083
Accumulated depreciation/impairment:									
At 1 January 2009	20,814	186,977	72,989	71,856	10,855	108,811	6,678	-	478,980
Depreciation charge for the year	12,258	94,219	74,713	51,928	11,102	38,774	39,661	-	322,655
Disposals	(2,006)	(118)	(287)	-	(725)	(897)	(538)	-	(4,571)
Impairment/ write off (refer note below)	(8,974)	-	(8,933)	-	-	(5,518)	-	-	(23,425)
Foreign currency translation differences	3,299	1,112	2,703	1,226	169	2,431	(201)	-	10,739
At 31 December 2009	25,391	282,190	141,185	125,010	21,401	143,601	45,600	-	784,378
Net carrying amount:									
At 31 December 2009	17,615	3,202,676	92,771	600,987	18,282	240,234	819,274	1,829,866	6,821,705

During the year ended 31 December 2009, an amount of AED 18,607 thousands (2008: AED 123,667 thousands) was capitalised as cost of borrowings for the construction of these assets.

At 31 December 2009, the fair value of revenue generating assets is AED 5,163,394 thousands (2008: AED 4,228,028 thousands) compared with a carrying value of AED 4,157,918 thousands (2008: AED 2,582,492 thousands).

During the current year the Group has written off property, plant and equipment related to WL Homes LLC having net book value of AED 7,647 thousands. In addition, the Group had also impaired certain assets located in United Kingdom having net book value of AED 5,777 thousands.

Emaar Properties PJSC and its Subsidiaries

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16 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements AED '000	Land and buildings AED '000	Computers and office equipment AED '000	Plant, machinery and heavy equipment AED '000	Motor vehicles AED '000	Furniture and fixtures AED '000	Leisure, entertainment and other assets AED '000	Capital work-in-progress AED '000	Total AED '000
Cost:									
At 1 January 2008	50,239	1,389,517	101,928	444,194	20,474	280,455	3,003	5,479,692	7,769,502
Additions	13,926	184,413	75,680	35,835	21,151	96,270	-	5,420,913	5,848,188
Transfers	-	683,915	5,425	10,457	-	11,250	271,140	(982,187)	-
Disposals	(4,232)	(29,584)	(406)	(1,107)	(1,283)	(893)	-	-	(37,505)
Transfer to investment properties (note 17)	-	-	-	-	-	-	-	(7,549,234)	(7,549,234)
Foreign currency translation differences	(7,271)	(61,228)	(10,994)	(35,667)	(14,582)	(7,245)	-	(788)	(137,775)
At 31 December 2008	52,662	2,167,033	171,633	453,712	25,760	379,837	274,143	2,368,396	5,893,176
Accumulated depreciation/ impairment:									
At 1 January 2008	14,903	147,884	51,902	38,281	9,590	71,770	1,950	-	336,280
Depreciation charge for the year	7,553	74,106	28,581	48,477	10,520	41,446	4,728	-	215,411
Disposals	(380)	(29,522)	(325)	(152)	(1,043)	(267)	-	-	(31,689)
Foreign currency translation differences	(1,262)	(5,491)	(7,169)	(14,750)	(8,212)	(4,138)	-	-	(41,022)
At 31 December 2008	20,814	186,977	72,989	71,856	10,855	108,811	6,678	-	478,980
Net carrying amount:									
At 31 December 2008	31,848	1,980,056	98,644	381,856	14,905	271,026	267,465	2,368,396	5,414,196

Emaar Properties PJSC and its Subsidiaries

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16 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation charge for the year is allocated as follows:

	2009 AED'000	2008 AED'000
Continuing operations	322,200	208,996
Discontinued operation	455	6,415
	<u>322,655</u>	<u>215,411</u>

17 INVESTMENT PROPERTIES

	Land AED'000	Buildings AED'000	Furniture and fixtures AED'000	Total AED'000
Cost				
At 1st January 2009	4,548,847	8,821,662	3,606	13,374,115
Additions	-	132,153	-	132,153
Transfers to development properties (note 12)	(4,520,750)	-	-	(4,520,750)
At 31 December 2009	<u>28,097</u>	<u>8,953,815</u>	<u>3,606</u>	<u>8,985,518</u>
Accumulated depreciation:				
At 1 January 2009	-	122,613	3,306	125,919
Depreciation charge for the year	-	313,417	95	313,512
At 31 December 2009	<u>-</u>	<u>436,030</u>	<u>3,401</u>	<u>439,431</u>
Net carrying amount:				
At 31 December 2009	<u>28,097</u>	<u>8,517,785</u>	<u>205</u>	<u>8,546,087</u>

	Land AED'000	Buildings AED'000	Furniture and fixtures AED'000	Total AED'000
Cost:				
At 1 January 2008	4,548,847	1,123,402	3,606	5,675,855
Additions	-	149,026	-	149,026
Transfers from property, plant and equipments (note 16)	-	7,549,234	-	7,549,234
At 31 December 2008	<u>4,548,847</u>	<u>8,821,662</u>	<u>3,606</u>	<u>13,374,115</u>
Accumulated depreciation:				
At 1 January 2008	-	37,076	3,206	40,282
Depreciation charge for the year	-	85,537	100	85,637
At 31 December 2008	<u>-</u>	<u>122,613</u>	<u>3,306</u>	<u>125,919</u>
Net carrying amount:				
At 31 December 2008	<u>4,548,847</u>	<u>8,699,049</u>	<u>300</u>	<u>13,248,196</u>

Emaar Properties PJSC and its Subsidiaries

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17 INVESTMENT PROPERTIES (continued)

During the year ended 31 December 2009, the cost relating to plot of land at L'Usailly, UAE amounting to AED 4,520,750 thousands was transferred from investment properties to development properties upon commencement of development.

The fair value of investment properties is AED 14,981,486 thousands (2008: AED 24,701,919 thousands) compared with a carrying value of AED 8,546,087 thousands (2008: AED 13,248,196 thousands).

Investment properties represent Group's interest in land and buildings situated within United Arab Emirates.

18 BUSINESS COMBINATIONS

Acquisition of Emaar Properties Gayrimenkul Geliştirme A.Ş.

On 1 October 2008, the Group had acquired an additional 40% holding in Emaar Properties Gayrimenkul Geliştirme A.Ş. ("Emaar Turkey"), an unlisted limited liability company in Turkey, thereby resulting in 100% ownership and control of the entity.

The fair value of the identifiable assets and liabilities of Emaar Turkey at the date of acquisition were:

	Recognised on acquisition AED'000	Carrying value AED'000
Bank balances and cash	23,206	23,206
Other receivables, deposits and prepayments	103,557	103,557
Development properties	2,140,744	2,042,604
Property, plant and equipment	5,452	5,452
	<u>2,272,959</u>	<u>2,174,819</u>
Trade and other payables	176,151	176,151
Interest-bearing loans and borrowings	1,631,558	1,631,558
	<u>1,807,709</u>	<u>1,807,709</u>
Net assets acquired	465,250	367,110
Less: interest held by the Group prior to acquisition	(279,150)	
Total acquisition cost	<u>186,100</u>	

The total acquisition cost of AED 186,100 thousands was paid in cash.

Cash outflow on acquisition:

	2008 AED'000
Cash paid to minority interest holders	(162,435)
Deposit in escrow account	(23,665)
Net cash outflows	<u>(186,100)</u>

The deposit in escrow account was released and paid to minority interest holders in January 2009.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19 GOODWILL

	2009 AED'000	2008 AED'000
Balance at 1 January	439,391	2,961,968
Impaired during the year (i)	-	(2,522,577)
Balance at 31 December	<u>439,391</u>	<u>439,391</u>

(i) On 1 June 2006 (acquisition date), the Group acquired 100% of the voting shares of WL Homes LLC, a residential home builder, an unlisted limited liability company headquartered in Newport Beach, California, United States of America. On the acquisition date, the Group had recorded a goodwill amounting to AED 2,522,577 thousands. The management of the Group had undertaken an impairment review of the goodwill as at 31 December 2008. Based on the review and the Group's future intentions with respect to restructuring this investment in light of the unprecedented slowdown in the US housing market, the Group had decided to write down the entire goodwill of AED 2,522,577 thousands recorded at the time of acquisition. Subsequently, during the year ended 31 December 2009 the Group has written down its entire net investment in WL Homes LLC (refer note 7).

(ii) On 24 August 2006 (acquisition date), the Group acquired 100% of the voting shares of Hamptons, Group Limited, a property management consultant, an unlisted limited liability company, headquartered in London, United Kingdom (UK). On the acquisition date, the Group had recorded a goodwill amounting to AED 427,724 thousands. This goodwill has been allocated to cash generating unit and has been tested for impairment using a value in use model. The calculation of value in use is sensitive to the following assumptions:

Gross margins – Gross margins are based on the expectations of management based on past experience and expectation of future market conditions.

Discount rates – Discount rates reflect management's estimate of the specific risks. The discount rate is based on the risk free rate of the investment's country, market risk premium related to the industry and individual unit related risk premium/ discount. This is the benchmark used by management to assess performance and to evaluate future investment proposals. Management estimates that such discount rate to be used for evaluation of the investment should be between 9% and 11%.

Growth rate estimates – Management prepares a five year budget based on their expectations of future results, thereafter a growth rate of 0.5% to 1% is assumed

(iii) In 2006 the Group acquired 100% of the voting shares of Raffles Company Pte Ltd, an education provider, an unlisted limited liability company in Singapore. On the acquisition date, the Group had recorded a goodwill amounting to AED 11,667 thousands.

20 ADVANCES FROM CUSTOMERS

	2009 AED'000	2008 AED'000 (Restated)	2007 AED'000 (Restated)
Balance at 1 January	18,109,424	14,093,599	8,573,883
Add: amount collected during the year	5,530,384	15,347,208	18,452,827
Less: revenue recognised during the year	(7,751,744)	(11,331,383)	(12,933,111)
Balance at 31 December	<u>15,888,064</u>	<u>18,109,424</u>	<u>14,093,599</u>

Emaar Properties PJSC and its Subsidiaries

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21 TRADE AND OTHER PAYABLES

	2009 AED'000	2008 AED'000 (Restated)	2007 AED'000
Project contract cost accruals	5,485,910	5,523,867	2,799,037
Other payables and accruals	1,852,346	1,871,271	1,706,598
Trade payables	1,214,591	1,295,644	502,271
Payable to non controlling interest	901,185	891,556	828,016
Dividends payable	77,257	80,825	61,422
Income tax payable (note 8)	14,093	17,091	21,555
	<u>9,545,382</u>	<u>9,680,254</u>	<u>5,918,899</u>

22 INTEREST-BEARING LOANS AND BORROWINGS

	2009 AED'000	2008 AED'000
Balance at 1 January	9,174,165	7,703,753
Borrowings drawn down during the year	2,004,542	2,802,400
Borrowings repaid during the year	(808,620)	(537,160)
Net borrowings during the year relating to discontinued operations	(38,220)	(794,828)
Write down of borrowing relating to discontinued operations (refer note 7)	(1,706,763)	-
Balance at 31 December	<u>8,625,104</u>	<u>9,174,165</u>

Maturing within 12 months	4,499,761	4,563,896
Maturing after 12 months	4,125,343	4,610,269
Balance at the end of the year	<u>8,625,104</u>	<u>9,174,165</u>

The above represent balances due:

Within UAE	4,726,826	3,911,693
Outside UAE	3,898,278	5,262,472
	<u>8,625,104</u>	<u>9,174,165</u>

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

Secured

- Indian Rupees (INR) 1,287,501 thousands (AED 101,655 thousands) loan from financial institutions, secured by way of first charge on certain immovable properties and receivables in India, carries interest at bench mark rate plus 3.33% per annum. This loan is payable in quarterly installments and fully repayable by 2016.

- United States Dollar (USD) 13,073 thousands (AED 48,018 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at US\$ LIBOR plus 1.20% per annum. Loan is fully repayable by 2010.

- Canadian Dollar (CAD) 21,184 thousands (AED 74,218 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at Prime Rate plus 5.75% per annum and fully repayable by 2010.

- Canadian Dollar (CAD) 4,515 thousands (AED 15,819 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at 9.50% per annum and fully repayable by 2010.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

22 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Secured (continued)

- Great British Pound (GBP) 4,700 thousands (AED 27,886 thousands) loan from financial institution, secured against Group's specific lease hold properties, carries interest at bank's base rate plus 1.50% per annum.

- USD 303,000 thousands (AED 1,112,919 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at US\$ LIBOR plus 4.75% per annum and is repayable in 2010. The bank issuing stand by letter of credit facility has lien on certain cash collateral amounting to AED 387,557 thousands (note 9).

- USD 22,559 thousands (AED 82,859 thousands) of funding facility from financial institutions, secured against real estate owned by Group in United States of America (USA), carries interest rate at US\$ LIBOR plus 7.50% per annum fully repayable in 2010.

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

- Pakistani Rupee (PKR) 776,758 thousands (AED 33,874 thousands) loan from commercial bank, secure against receivables from projects in Pakistan and carries interest rate at KIBOR plus 2% per annum.

- Lebanese Pound (LBP) 38,441,250 thousands (AED 93,976 thousands) long term loan from commercial bank, secured against certain assets in Lebanon and carries interest rate at benchmark rate plus 1% per annum and fully repayable by 2011.

Unsecured

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

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

- AED 350,000 thousands of short term loan from commercial bank carries interest rate at 8.25% per annum and fully repayable by 2010.

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

- AED 8,446 thousands long term loan from commercial bank carries interest rate at 7.50% per annum and fully repayable by 2013.

- 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 2010.

- Pakistani Rupee (PKR) 4,024,654 thousands (AED 175,513 thousands) loan from commercial bank, bearing interest at KIBOR plus 2.50% per annum.

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

- Egyptian Pound (EGP) 1,021,493 thousands (AED 684,012 thousands) of funding facilities from commercial banks, carries interest at rates at 11% to 13.5% per annum.

- USD 50,000 thousands (AED 183,650 thousands) loan from commercial bank, carries interest at 8.75% per annum and is repayable in 2010.

- USD 48,000 thousands (AED 176,304 thousands) loan from commercial bank, carries interest at US\$ LIBOR plus 3.15% per annum and is repayable in 2010.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

22 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured (continued)

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

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

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

- Indian Rupees (INR) 67,000 thousands (AED 5,290 thousands) of funding facility from commercial bank carrying interest at 9.50% per annum and fully repayable by 2010.

- Moroccan Dirham (MAD) 80,000 thousands (AED 37,351 thousands) of short term loan from commercial bank carrying interest at 52 weeks treasury bond rate plus 1.15% per annum.

- USD 81,128 thousands (AED 297,984 thousands) of funding facility from commercial bank carries interest rate at 3.50% to 4.70% per annum.

23 RETENTIONS PAYABLE

	2009 AED'000	2008 AED'000
Retentions payable within 12 months	798,900	474,694
Retentions payable after 12 months	361,406	603,855
	<u>1,160,306</u>	<u>1,078,549</u>

24 EMPLOYEE BENEFITS

Employee Performance Share Programme

The Company has an Employee Performance Share Programme ("The Programme") to recognise and retain good performing staff. The Programme gives the employee the right to purchase the Company's shares at par. The shares carry full dividend and voting rights, and the option can be exercised at any time from the stipulated vested dates on the condition that the employee is still under employment at the exercise date. There are no cash settlement alternatives and the options have no contractual expiry date.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2009		2008	
	No.	WAEP	No.	WAEP
Outstanding at 1 January	59,743	AED 1.00	1,446,049	AED 1.00
Granted during the year	-	-	75,749	AED 1.00
Exercised during the year	-	-	(1,462,055)	AED 1.00
Outstanding at 31 December	<u>59,743</u>	<u>AED 1.00</u>	<u>59,743</u>	AED 1.00

The weighted average fair value of options granted during the year was AED nil per share (2008: AED 10 per share).

Emaar Properties PJSC and its Subsidiaries

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24 EMPLOYEE BENEFITS (continued)

Employee Performance Share Programme (continued)

The fair value of the vested shares is determined by reference to the official price list published by the Dubai Financial Market (DFM) for the 5 consecutive trading days prior to and after the vested date. As the options are granted deep in the money, management considers this to be an appropriate means of valuation.

The expenses recognised during the year in respect of the programme were AED nil (2008: AED 757 thousands).

End of Service Benefits

The movement in the provision for employees' end of service benefits was as follows:

	2009 AED'000	2008 AED'000
Balance at 1 January	37,092	18,394
Provided during the year	21,293	25,526
Paid during the year	(11,451)	(6,828)
Balance at 31 December	<u>46,934</u>	<u>37,092</u>

An actuarial valuation has not been performed as the net impact of discount rates and future increases in staff salaries is not likely to be material.

25 SHARE CAPITAL

	2009 AED'000	2008 AED'000
Authorised capital – 6,096,325,000 shares of AED 1 each (31 December 2008: 6,096,325,000 shares of AED 1 each)	<u>6,096,325</u>	<u>6,096,325</u>
Issued and fully paid-up – 6,091,238,503 shares of AED 1 each (31 December 2008 - 6,091,238,503 shares of AED 1 each)	<u>6,091,239</u>	<u>6,091,239</u>

During the year ended 31 December 2008, the Company obtained the necessary regulatory approvals to undertake a share buy-back program and a total of 200 thousand shares were purchased from the market at an average price of AED 5.57 per share amounting to AED 1,113 thousands.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

26 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 2008	13,808,707	4,004	2,152,114	6,084	52,678	471,191	16,494,778
Decrease in unrealized reserve	-	-	-	(5,538)	(1,491,960)	-	(1,497,498)
Decrease in foreign currency translation reserve	-	-	-	-	-	(870,948)	(870,948)
Net income and expense recognised directly in equity	-	-	-	(5,538)	(1,491,960)	(870,948)	(2,368,446)
Net movement during the year	-	-	305,531	-	-	-	305,531
Balance at 1 January 2009	13,808,707	4,004	2,457,645	546	(1,439,282)	(399,757)	14,431,863
(Decrease)/ increase in unrealised reserve	-	-	-	(328)	43,200	-	42,872
Increase in foreign currency translation reserve	-	-	-	-	-	203,906	203,906
Net income and expense recognised directly in equity	-	-	-	(328)	43,200	203,906	246,778
Net movement during the year	-	-	32,732	-	-	-	32,732
Balance at 31 December 2009	13,808,707	4,004	2,490,377	218	(1,396,082)	(195,851)	14,711,373

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

26 RESERVES (continued)

According to Article number 57 of the Articles of Association of the Company and Article 193 of the U.A.E. Federal Commercial Companies Law, 10% of annual net profits are allocated to the statutory reserve and another 10% to the general reserve. The transfers to statutory reserve may be suspended when the reserve reaches 50% of the paid-up capital. Transfers to general reserve may be suspended by the ordinary general assembly when the reserve reaches 50% of the paid-up capital.

The statutory reserve is in excess of 50% of the paid-up share capital of the Group and therefore in accordance with a resolution of the Annual General Meeting, the Group has ceased further transfers to this reserve.

The statutory reserve includes:

- AED 2,475,000 thousands being the premium collected at AED 15 per share (shares par value at that time was AED 10 per share) on the 1:1.65 rights issue during the year ended 31 December 1998; and
- AED 11,321,656 thousands being the premium collected to date at AED 4 per share on the 1:1 rights issue announced during the year ended 31 December 2005.

The capital reserve was created from gain on sale of treasury shares in 2003.

Net unrealised gains/ (losses) reserve:

- This reserve records fair value changes in financial assets fair value through other comprehensive income.

Foreign currency translation reserve:

- The foreign currency translation reserve is used to record exchange difference arising from translation of the financial statements of foreign subsidiaries and associates.

27 DIVIDENDS

The Board of Directors of the Company has proposed not to pay dividend for the year ended 2009 (No dividend was paid for the year ended 2008).

28 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit/ (loss) for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average numbers of shares outstanding during the year and the previous year have been adjusted for events that have changed the number of shares outstanding without a corresponding change in resources. For diluted earnings per share, the weighted average numbers of shares have been adjusted for rights issue shares to be allotted after the year end. The information necessary to calculate basic and diluted earnings per share is as follows:

	2009 <i>AED'000</i>	<i>2008</i> <i>AED'000</i> <i>(Restated)</i>
Earnings:		
Total operations		
- Net profit for the year attributable to equity holders of the parent	<u>327,315</u>	<u>165,586</u>
Continuing operations		
- Net profit for the year attributable to equity holders of the parent	<u>2,089,970</u>	<u>4,235,654</u>
Discontinued operations		
- Net loss for the year attributable to equity holders of the parent (note 7)	<u>(1,762,655)</u>	<u>(4,070,068)</u>
Shares (in thousands):		
Weighted average number of shares outstanding for calculating basic and diluted EPS	<u>6,091,239</u>	<u>6,091,239</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

28 EARNINGS PER SHARE (continued)

	2009	<i>2008</i> <i>(Restated)</i>
Earnings per share:		
Total operations		
- Basic and diluted earnings per share	<u>AED 0.05</u>	<u>AED 0.03</u>
Continuing operations		
- Basic and diluted earnings per share	<u>AED 0.34</u>	<u>AED 0.70</u>
Discontinued operations		
- Basic and diluted earnings per share	<u>AED (0.29)</u>	<u>AED (0.67)</u>

29 CONTINGENCIES AND COMMITMENTS

Guarantees

The Group has the following guarantees outstanding as at 31 December 2009:

1. Loans taken by an associated company from commercial banks amounting to AED 110,694 thousands (2008: AED 111,032 thousands) are guaranteed by the Group.
2. Loans taken by an associated company from commercial banks amounting to AED 1,414,839 thousands (2008: AED 1,352,130 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.
3. The Group has issued a financial guarantee of AED 79,776 thousands (2008: AED 79,865 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.
4. The Group has issued a financial guarantee of AED 6,839 thousands (2008: AED 6,676 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 (2008: 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 (2008: nil) as a security to Dubai Customs for importing goods.
7. The Group has provided a corporate guarantee of AED 110,190 thousands (2008: AED 110,190 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of the associated company of the Group.

Commitments

At 31 December 2009, the Group had commitments of AED 9,180,026 thousands (2008: AED 17,705,411 thousands) including project commitments of AED 9,074,091 thousands (2008: AED 16,110,055 thousands). This represents the value of contracts issued as of 31 December 2009 net of invoices received and accruals made at that date.

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

The Group had entered into a joint venture agreement (the "agreement") with Bawadi LLC, (a subsidiary of Tatweer LLC) to jointly develop land in Bawadi development in Dubai. According to the terms of 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 its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

29 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:

	2009 AED'000	2008 AED'000
Within one year	515,555	867,124
After one year but not more than five years	309,936	75,869
	<u>825,491</u>	<u>942,993</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:

	2009 AED'000	2008 AED'000
Within one year	1,048,647	746,719
After one year but not more than five years	1,919,316	3,136,220
More than five years	401,085	287,148
	<u>3,369,048</u>	<u>4,170,087</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.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

29 CONTINGENCIES AND COMMITMENTS (continued)

Contingent liabilities

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

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

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

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

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

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

30 TRANSACTIONS WITH RELATED PARTIES

For the purpose of these 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 financial year, following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	2009 AED'000	2008 AED'000
<i>Associates:</i>		
Net interest income on deposits / investments from Dubai Banking Group PJSC	15,411	17,331
Islamic finance income from Amlak Finance PJSC	49,830	33,206
Interest income earned on loan to Golden Ace Pte Ltd	29,959	16,128
Interest income earned on loan to Emaar MGF Land Limited and their related parties	61,233	16,944
	<u>-</u>	<u>351,687</u>
<i>Directors' and their related parties</i>		
Sale of plot of land	-	351,687
	<u>-</u>	<u>351,687</u>
<i>Other related parties:</i>		
Islamic finance income from Al Salam Bank, Bahrain	4,433	5,000
Islamic finance income from Al Salam Bank, Sudan	1,147	1,152
	<u>5,580</u>	<u>6,152</u>

The members of the board of directors received board meetings allowance totaling AED 4,300 thousands (2008: AED 3,881 thousands).

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30 TRANSACTIONS WITH RELATED PARTIES (continued)

Related party balances

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

	2009 AED'000	2008 AED'000
Associates:		
Fixed deposits with Dubai Banking Group PJSC	<u>50,000</u>	<u>699,001</u>
Directors and their related parties:		
Trade receivables	281,350	281,350
Other receivables, deposits and prepayments	<u>101,438</u>	<u>2,799</u>

The above trade receivables include AED 140,675 thousands (31 December 2008: AED 281,350 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due.

	2009 AED'000	2008 AED'000
Other related parties:		
Investment in Al Salaam Bank, Sudan	7,577	7,735
Investment in Al Salaam Bank, Bahrain	41,037	38,301
Investment in Al Salaam Bank, Algeria	<u>20,202</u>	<u>20,202</u>

The Company through its subsidiary, Emirates Property Holdings Limited has acquired the debt provided to Golden Ace Pte Ltd by its lenders with principal outstanding amounting to USD 122,587 thousands (AED 450,262 thousands). At the time acquisition of the loan, the related collateral of the loan representing 61% of Golden Ace Pte Ltd's investment in RSH Limited was also transferred to Emirates Property Holding Limited by the lenders.

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year were as follows:

	2009 AED'000	2008 AED'000
Short-term benefits	131,304	311,567
Employees' end of service benefits	<u>5,928</u>	<u>19,926</u>
	<u>137,232</u>	<u>331,493</u>

At 31 December 2009, the number of directors and other members of key management personnel were 193 (31 December 2008: 234).

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk,
- Market risk, and
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Senior Group management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities.

The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in others. The Group's risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's principal financial liabilities, other than derivatives, comprise bank borrowings, overdrafts and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The Group also enters into derivative transactions, primarily forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk principally from its receivables from customers, other receivables and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Group earns its revenues from a large number of customers spread across different geographical segments. However, geographically 90 percent (2008: 95 percent) of the Group's trade receivables are based in Middle East and North Africa.

The Group has entered into contracts for the sale of residential and commercial units and plots of land on an installment basis. The installments are specified in the contracts. The Group is exposed to credit risk in respect of installments due. However, the legal ownership of residential and commercial units and plots of land is transferred to the buyer only after all the installments are recovered. In addition, installment dues are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group does not require collateral in respect of trade and other receivables.

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31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**a) Credit risk (continued)****Trade and other receivables (continued)**

The Group establishes an allowance for impairment at each reporting date that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Financial instruments and cash deposits

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, financial assets at fair value through other comprehensive income and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the Group's policy. The Group limits its exposure to credit risk by only placing balances with international banks and local banks of good repute. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

Guarantees

The Group's policy is to provide financial guarantees only to its subsidiaries and certain associates. For details of guarantees outstanding at the reporting date refer note 29.

b) Market risk

Market risk is the risk that changes in market prices, such as currency risk, interest rate risk and equity prices will affect the Group's income or the value of its holdings of financial instruments. Financial instruments affected by market risk include loans and borrowings, deposits, financial assets at fair value through other comprehensive income and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group also enters into derivative transactions, primarily forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout years 2009 and 2008 the Group's policy that no trading in derivatives shall be undertaken.

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument. Other than commercial and overall business conditions, the Group's exposure to market risk for changes in interest rate environment relates mainly to its investment in financial products and fixed deposits.

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At 31 December 2009

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**b) Market risk (continued)****Exposure to interest rate risk (continued)**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

	2009		2008	
	Change in basis points	Sensitivity of interest income/expense AED'000	Change in basis points	Sensitivity of interest income/expense AED'000
Financial asset	± 100	2,408	± 100	2,442
Financial liability	± 100	(79,369)	± 100	(91,742)

The interest rate sensitivity set out above relates primarily to the Dirham as the Group does not have any significant net exposure for non-trading financial assets and financial liabilities denominated in currencies other than the AED or currencies pegged to the AED and US Dollars.

The investments in financial products are not for trading or speculative purposes but placed in securities or fixed deposits, with the objective of achieving better returns than cash at bank. The interest rates on loans to associates are described in note 14. Interest rates on loans from financial institutions are disclosed in note 22.

Exposure to foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's significant monetary assets and liabilities denominated in foreign currencies are either in USD or in currencies pegged to USD. As the AED is currently pegged to the USD, balances in USD and other currencies pegged against US Dollars are not considered to represent significant currency risk.

However, the Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investments in those subsidiaries and associates where functional currencies are denominated in a different currency from the Group's functional currency. The foreign currency exchange differences arising upon consolidation of these entities for the purpose of preparation of the Group consolidated financial statements are recorded in the consolidated statement of change in equity through consolidated other comprehensive income.

The table below indicates the sensitivity analysis of change in foreign exchange rates of these currencies and their impact on other comprehensive income:

	2009		2008	
Currency	Change in currency rate in %	Effect on equity AED'000	Change in currency rate in %	Effect on equity AED'000
GBP	±10	5,844	±10	5,212
INR	±10	342,472	±10	315,996
Other currencies not pegged to US Dollar	±10	35,959	±10	29,043

There is no significant impact of reasonably possible movement of the currency rates on the consolidated income statement.

Emaar Properties PJSC and its Subsidiaries

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At 31 December 2009

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Market risk (continued)

Exposure to equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio. Equity price risk arises from equity instrument held as fair value through other comprehensive income held by the Group. Management of the Group monitors equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed by qualified fund managers as well as on an individual basis. All buy and sell decisions related to portfolio managed on an individual basis are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

The effect on equity (as a result of a change in the fair value of equity instruments held as fair value through other comprehensive income at 31 December 2009) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	2009		2008	
	Change in equity price %	Effect on equity AED'000	Change in equity price %	Effect on equity AED'000
Quoted investments	±10%	53,572	±10%	35,956

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. trade receivables, other financial assets) and projected cash flows from operations.

The cash flows, funding requirements and liquidity of Group companies are monitored on a centralised basis, under the control of Group Treasury. The objective of this centralised system is to optimise the efficiency and effectiveness of the management of the Group's capital resources. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank borrowings and finance leases contracts. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Financial liabilities	On demand AED'000	Less than 3 months AED'000	3 to 12 months AED'000	1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
<i>As at 31 December 2009</i>						
Due to banks	40,531	2,241,445	2,613,274	4,192,448	72,441	9,160,139
Retention payable	-	143,588	655,312	361,406	-	1,160,306
Payable to non-controlling interest	-	-	-	901,185	-	901,185
Dividend payable	77,257	-	-	-	-	77,257
Other liabilities	83,642	3,264,095	2,115,684	1,534,274	175,398	7,173,093
Total undiscounted financial liabilities	201,430	5,649,128	5,384,270	6,989,313	247,839	18,471,980

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2009

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Liquidity risk (continued)

Financial liabilities	On demand AED'000	Less than 3 months AED'000	3 to 12 months AED'000	1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
<i>As at 31 December 2008 (Restated)</i>						
Due to banks	255,639	1,854,872	3,199,385	4,783,819	39,977	10,133,692
Retention payable	-	89,012	385,682	603,855	-	1,078,549
Payable to non-controlling interest	-	-	-	891,556	-	891,556
Dividend payable	80,825	-	-	-	-	80,825
Other liabilities	42,782	2,161,019	2,217,931	2,582,346	189,086	7,193,164
Total undiscounted financial liabilities	379,246	4,104,903	5,802,998	8,861,576	229,063	19,377,786

d) Capital management

The Group policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 33% and 50%. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent less the net unrealised gains reserve. At 31 December 2009, Groups' gearing ratio is 18% (31 December 2008: 12%). The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Board of Directors also monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to shareholders, return capital to shareholders or issue new shares to maintain or adjust the capital structure.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements other than the statutory requirements in the jurisdictions where the Group entities are incorporated.

32 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, securities, loans and advances, other receivables and due from related parties. Financial liabilities of the Group include customer deposits, loans from financial institutions, accounts payable and retentions payable.

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

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33 HEDGING ACTIVITIES

Cash flow hedges

At 31 December 2009, the Group held certain forward exchange contracts designated as hedges of expected future payments under construction contracts entered by its subsidiaries for which the Group has firm commitments. The forward exchange contracts are being used to hedge the foreign currency risk of the firm commitments. The nominal amounts of these contracts are AED 5,312 thousands (2008: AED 60,007 thousands)

	2009		2008	
	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>
	<i>AED' 000</i>	<i>AED' 000</i>	<i>AED' 000</i>	<i>AED' 000</i>
<i>Forward exchange contracts</i>				
Fair value	<u>219</u>	<u>-</u>	<u>546</u>	<u>-</u>