

**Emaar Properties PJSC and its  
Subsidiaries**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2014**

**Emaar Properties PJSC and its Subsidiaries**

**Consolidated Financial Statements  
For the year ended 31 December 2014**

**Table of Contents**

---

	<b><u>Pages</u></b>
Directors' Report	1 – 2
Independent Auditor's Report	3 – 4
Consolidated Income Statement	5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8 – 9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11 - 69

## 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 at 31 December 2014 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2014.

### *Principal activities*

The principal activities of the Group during the year ended 31 December 2014 were property investment and development, shopping malls and retail, hospitality, property management and utility services, and investment in providers of financial services.

### *Financial results*

The Group has recorded a net profit attributable to the owners of the parent of AED 3,293 million for the year ended 31 December 2014 (2013: AED 2,568 million).

In accordance with the Articles of Association of the Company and UAE Federal Commercial Companies Law No. 8 of 1984, as amended, an appropriation of AED 329 million is made to a general reserve from the distributable profit of AED 3,293 million.

The transfer to statutory reserve has been suspended as the reserve has reached 50% of the paid up share capital. However, during the year, in compliance with article 203 of UAE Federal Commercial Companies Law, AED 1,348 million has been credited to statutory reserve, being excess of conversion price over the nominal value per share on conversion of Convertible Notes.

In December 2014, the Company declared a special dividend of AED 9 billion following the successful IPO and listing of Emaar Malls Group PJSC, the shopping mall and retail business of the Group. This is in addition to the 15% cash dividend and 10 % bonus shares distributed in the early part of the year as per the approval of the shareholders of the Company on 23 April 2014 at its Annual General Meeting. The total dividend distribution by the Company during the current year marks a record in dividend distribution by a Public Joint Stock Company in the region highlighting the commitment of the Company to create long term value for its shareholders.

The Board of Directors of the Company has proposed a cash dividend of 15%, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The balance of the distributable profit after considering appropriation to general reserve and proposed dividend (subject to approval of the shareholders at the Annual General Meeting) will be transferred to retained earnings.

Total shareholders' funds as at 31 December 2014 amount to AED 33,011 million (2013: AED 34,542 million) prior to proposed dividend.

### *Outlook for 2015*

Dubai is now firmly positioned as the centre of international trade flow and a global hub for business, leisure, retail, hospitality and fashion with Dubai International Airport clinching the honour as the world's busiest airport for international passengers and The Dubai Mall continuing to be the world's most-visited retail destination.

## DIRECTORS' REPORT (continued)

The Group is committed to strengthening the economic impact of its projects through innovative approaches that will build Dubai's competitiveness as the world's leading investment and lifestyle destination. The city's positive growth will continue to energize the Group's operations across all business sectors in the coming years.

The Group's strategy for 2015 is to focus on world-class project delivery in Dubai and international markets through professional project management supported by the highest standards in customer service to ensure sustained value creation for its stakeholders.

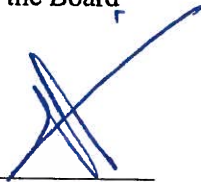
### *Directors*

H.E. Mohamed Ali Alabbar	(Chairman)
Mr. Hussain Ahmad Al Qemzi	(Vice Chairman)
Mr. Ahmed Jamal Jawa	(Director)
Mr. Fadhel Abdulbaqi Alali	(Director)
Mr. Jamal Majed Theniyah	(Director)
Mr. Ahmad Thani Al Matrooshi	(Director)
Mr. Marwan Abedin	(Director)
Mr. Jamal Al Marri	(Director)
Mr. Arif Obeid Aldehail	(Director)
Mr. Abdulrahman Hareb Al Hareb	(Director)
Mr. Abdulla Saeed Belyoahah	(Director)

### *Auditors*

Ernst and Young were appointed as external auditors of the Group for the year ended 31 December 2014. The Board of Directors has recommended Ernst and Young as the auditors for 2015 for approval by the shareholders at the forthcoming Annual General Meeting.

On behalf of the Board



**Hussain Ahmad Al Qemzi**  
**Vice Chairman**  
Dubai, United Arab Emirates  
4 March 2015

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC AND ITS SUBSIDIARIES**

### **Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of **Emaar Properties PJSC** (the "Company") **and its Subsidiaries** (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's responsibility for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, the applicable provisions of the article of association of the Company and of the UAE Commercial Companies Law of 1984 (as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 control. 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 consolidated 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 consolidated financial position of the Group as at 31 December 2014, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

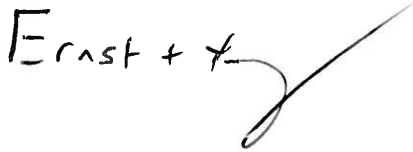
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
EMAAR PROPERTIES PJSC AND ITS SUBSIDIARIES (continued)**

***Emphasis of Matter***

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

**Report on other legal and regulatory requirements**

Also, 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  
Anthony O'Sullivan  
Partner  
Registration No. 687

Dubai, United Arab Emirates  
4 March 2015

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

		<i>(US\$ 1.00 = AED 3.673)</i>	
		<b>2014</b>	<b>2013</b>
		<b>AED'000</b>	<b>AED'000</b>
	<i>Notes</i>		
Revenue	4	9,893,205	10,328,472
Cost of revenue	4	<b>(3,989,316)</b>	<b>(5,179,347)</b>
<b>GROSS PROFIT</b>		<b>5,903,889</b>	<b>5,149,125</b>
Other operating income		302,757	326,644
Other operating expenses		<b>(170,787)</b>	<b>(176,148)</b>
Selling, general and administrative expenses	5	<b>(2,586,613)</b>	<b>(2,440,119)</b>
Finance income	6	478,392	284,428
Finance costs		<b>(508,908)</b>	<b>(603,669)</b>
Discounting of long term loan to an associate	13	<b>(27,569)</b>	-
Other income		420,013	110,665
Share of results of associates and joint ventures	14	<b>(87,497)</b>	<b>(97,538)</b>
Impairment of loan to an associate	13	<b>(29,487)</b>	-
<b>PROFIT BEFORE TAX</b>		<b>3,694,190</b>	<b>2,553,388</b>
Income tax expense	7	<b>(7,760)</b>	<b>(12,773)</b>
<b>PROFIT FOR THE YEAR</b>		<b>3,686,430</b>	<b>2,540,615</b>
<b>ATTRIBUTABLE TO:</b>			
Owners of the parent		<b>3,293,205</b>	2,568,136
Non-controlling interests		<b>393,225</b>	<b>(27,521)</b>
		<b>3,686,430</b>	<b>2,540,615</b>
Earnings per share attributable to the owners of the parent:			
- basic and diluted earnings per share (AED)	27	<b>0.48</b>	0.42

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	<i>(US\$ 1.00 = AED 3.673)</i>	
	<i>2014</i>	<i>2013</i>
	<i>AED'000</i>	<i>AED'000</i>
Profit for the year	3,686,430	2,540,615
<i>Other comprehensive income / (loss) to be reclassified to income statement in subsequent periods:</i>		
Increase in hedging reserve	47,816	32,155
Decrease in unrealised gains / (losses) reserve	(5,534)	(24,188)
Decrease in foreign currency translation reserve	(211,967)	(537,277)
<b>Net other comprehensive loss to be reclassified to income statement in subsequent periods</b>	<b>(169,685)</b>	<b>(529,310)</b>
<i>Other comprehensive income / (loss) not to be reclassified to income statement in subsequent periods:</i>		
Increase in unrealised gains / (losses) reserve	552	420,813
Realised gain on fair value movement through other comprehensive income	4,566	12,788
<b>Net other comprehensive income not to be reclassified to income statement in subsequent periods</b>	<b>5,118</b>	<b>433,601</b>
<b>Total comprehensive income for the year</b>	<b>3,521,863</b>	<b>2,444,906</b>
<b>ATTRIBUTABLE TO:</b>		
Owners of the parent	3,150,912	2,537,153
Non-controlling interests	370,951	(92,247)
	<b>3,521,863</b>	<b>2,444,906</b>

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.





Emaar Properties PJSC and its Subsidiaries  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2014

(US\$ 1.00 = AED 3.673)

	Notes	2014 AED'000	2013 AED'000
<b>ASSETS</b>			
Bank balances and cash	8	16,017,745	8,572,804
Trade receivables	9	1,126,558	547,391
Other assets, receivables, deposits and prepayments	10	3,392,747	2,867,321
Development properties	11	27,625,627	25,866,716
Investments in securities	12	931,599	2,160,027
Loans to associates and joint ventures	13	2,919,514	3,145,148
Investments in associates and joint ventures	14	5,590,791	5,819,666
Property, plant and equipment	15	8,213,675	8,015,681
Investment properties	16	8,314,934	7,891,111
Goodwill	17	46,066	46,066
<b>TOTAL ASSETS</b>		<b>74,179,256</b>	<b>64,931,931</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Trade and other payables	18	9,860,351	8,022,810
Advances from customers	19	15,482,005	9,763,407
Retentions payable	20	721,620	592,579
Interest-bearing loans and borrowings	21	5,959,484	6,356,918
Convertible notes - liability component	22	-	1,721,133
Sukuk	23	6,391,638	3,652,403
Provision for employees' end-of-service benefits	24	133,584	89,689
<b>TOTAL LIABILITIES</b>		<b>38,548,682</b>	<b>30,198,939</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	25	7,159,739	6,109,939
Employees' performance share program		(1,684)	(1,684)
Reserves	26	16,407,081	14,876,113
Convertible notes - equity component	22	-	35,498
Retained earnings		9,445,391	13,522,353
<b>Non-controlling interests</b>		<b>33,010,527</b>	<b>34,542,219</b>
		<b>2,620,047</b>	<b>190,773</b>
<b>TOTAL EQUITY</b>		<b>35,630,574</b>	<b>34,732,992</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>74,179,256</b>	<b>64,931,931</b>

The consolidated financial statements were authorised for issue on 4 March 2015 by the Board of Directors and signed on their behalf by:

  
Vice Chairman

  
Director

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

# Emaar Properties PJSC and its Subsidiaries

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

(US\$ 1.00 = AED 3.673)  
Attributable to the owners of the parent

	Share capital AED '000	Employees' performance share program AED '000	Reserves AED '000	Convertible notes - equity component AED '000	Retained earnings AED '000	Total AED '000	Non-controlling interests AED '000	Total equity AED '000
Balance at 1 January 2014	6,109,939	(1,684)	14,876,113	35,498	13,522,353	34,542,219	190,773	34,732,992
Profit for the year	-	-	-	-	3,293,205	3,293,205	393,225	3,686,430
Other comprehensive (loss) / income for the year	-	-	(146,859)	-	4,566	(142,293)	(22,274)	(164,567)
Total comprehensive (loss) / income for the year	-	-	(146,859)	-	3,297,771	3,150,912	370,951	3,521,863
Dilution of investment in subsidiary (Note 2.1)	-	-	175	-	3,581,652	3,581,827	2,058,173	5,640,000
Issue of bonus shares (Notes 25 and 30)	650,885	-	-	-	(650,885)	-	-	-
Transfer to reserves (Note 26)	-	-	329,321	-	(329,321)	-	-	-
Dividend (Note 30)	-	-	-	-	(9,976,328)	(9,976,328)	-	(9,976,328)
Conversion of convertible notes (Notes 22, 25 & 26)	398,915	-	1,348,331	(35,498)	149	1,711,897	-	1,711,897
Movement in non-controlling interests (net)	-	-	-	-	-	-	150	150
<b>Balance at 31 December 2014</b>	<b>7,159,739</b>	<b>(1,684)</b>	<b>16,407,081</b>	<b>-</b>	<b>9,445,391</b>	<b>33,010,527</b>	<b>2,620,047</b>	<b>35,630,574</b>

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2014

(US\$ 1.00 = AED 3.673)  
Attributable to the owners of the parent

	Share capital AED '000	Employees' share program AED '000	Reserves AED '000	Convertible notes - equity component AED '000	Retained earnings AED '000	Total AED '000	Non-controlling interests AED '000	Total equity AED '000
Balance at 1 January 2013	6,091,239	(1,684)	14,599,863	37,155	11,807,367	32,533,940	285,390	32,819,330
Profit / (loss) for the year	-	-	-	-	2,568,136	2,568,136	(27,521)	2,540,615
Other comprehensive income for the year	-	-	(43,771)	-	12,788	(30,983)	(64,726)	(95,709)
Total comprehensive income for the year	-	-	(43,771)	-	2,580,924	2,537,153	(92,247)	2,444,906
Transfer to reserves (Note 26)	-	-	256,814	-	(256,814)	-	-	-
Dividend (Note 30)	-	-	-	-	(609,124)	(609,124)	-	(609,124)
Conversion of convertible notes (Notes 22,25 & 26)	18,700	-	63,207	(1,657)	-	80,250	-	80,250
Movement in non-controlling interests (net)	-	-	-	-	-	-	(2,370)	(2,370)
Balance at 31 December 2013	6,109,939	(1,684)	14,876,113	35,498	13,522,353	34,542,219	190,773	34,732,992

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2014

(US\$ 1.00 = AED 3.673)

	Notes	2014 AED'000	2013 AED'000
<b>Cash flows from operating activities</b>			
Profit before tax		3,694,190	2,553,388
Adjustments for:			
Share of results of associates and joint ventures	14	87,497	97,538
Depreciation	5	855,276	813,975
Provision for employees' end-of-service benefits, net	24	43,895	12,420
Loss on disposal of property, plant and equipment		1,395	2,129
Finance costs		508,908	603,669
Discounting on long term loan to associate	13	27,569	-
Finance income	6	(478,392)	(284,428)
Impairment of assets/provision for doubtful debts / write off	5	9,321	90,824
Impairment of loan to associate	13	29,487	-
Cash from operations before working capital changes:		4,779,146	3,889,515
Trade receivables	9	(579,167)	365,058
Other assets, receivables, deposits and prepayments		(451,242)	(371,112)
Development properties, net	11	(1,927,492)	954,887
Advances from customers, net	19	5,718,598	2,154,179
Trade and other payables		160,311	(308,788)
Retentions payable	20	129,041	(106,165)
Income tax, net	7	1,057	3,752
<b>Net cash from operating activities</b>		<b>7,830,252</b>	<b>6,581,326</b>
<b>Cash flows from investing activities</b>			
Purchase of securities		(394,297)	(486,659)
Proceeds from disposal of securities		1,634,620	25,156
Proceeds from dilution of investment in Emaar Malls Group		5,800,000	-
Finance income received		348,460	227,390
Dividends received from associates and joint ventures		111,172	71,130
Repayment of loans to / (investment in) associates and joint ventures, net		210,789	65,969
Amounts incurred on investment properties	16	(628,497)	(64,748)
Purchase of property, plant and equipment	15	(754,736)	(473,915)
Proceeds from disposal of property, plant and equipment		4,873	3,793
Deposits maturing after three months (including deposits under lien)	8	(3,813,072)	(3,175,102)
<b>Net cash from / (used in) investing activities</b>		<b>2,519,312</b>	<b>(3,806,986)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	18, 30	(8,497,415)	(595,582)
Proceeds from interest-bearing loans and borrowings	21	5,179,437	575,407
Repayment of interest-bearing loans and borrowings	21	(5,529,507)	(431,044)
Proceeds from issuance of sukuk	23	2,754,750	-
Finance costs paid		(604,735)	(564,925)
Buy back of convertible notes	22	(7,346)	-
<b>Net cash used in financing activities</b>		<b>(6,704,816)</b>	<b>(1,016,144)</b>
<b>Increase in cash and cash equivalents</b>			
Net foreign exchange difference		3,644,748	1,758,196
Cash and cash equivalents at the beginning of the year	8	(12,879)	(71,055)
		4,038,884	2,351,743
<b>Cash and cash equivalents at the end of the year</b>	8	<b>7,670,753</b>	<b>4,038,884</b>

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

## 1 DOMICILE AND ACTIVITIES

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

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

### 2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (“IFRS”) 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 the 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 at fair value through other comprehensive income that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

#### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) as at 31 December 2014. Control is achieved where all the following criteria are met:

- (a) the Company has power over an entity;
- (b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
- (c) the Company has the ability to use its power over the entity to affect the amount of the Company’s returns.

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

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

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

#### *Subsidiaries*

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

# Emaar Properties PJSC and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

### 2.1 BASIS OF PREPARATION (continued)

#### Basis of consolidation (continued)

##### Subsidiaries (continued)

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit and loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Details of the Company's significant subsidiaries as at 31 December 2014 are as follows:

Subsidiary	Place of incorporation	Principal activities	Percentage of beneficial interest
Emaar Hospitality Group LLC	UAE	Providing hospitality services	100.00%
Emaar Misr for Development SAE	Arab Republic of Egypt ("Egypt")	Property investment and development	100.00%
Emaar Properties Gayrimenkul Gelistirme Anonim Sirketi	Republic of Turkey ("Turkey")	Property investment and development	100.00%
Emaar Libadiye Gayrimenkul Gelistirme A.S.	Republic of Turkey ("Turkey")	Property investment and development, development of retail, shopping malls and hospitality assets	100.00%
Emaar Retail Group	UAE	Leisure and entertainment activities	100.00%
Emaar Hotels & Resorts Group	UAE	Providing hospitality services	100.00%
Manarat Al Manzil Real Estate Investment Limited (LLC)	Kingdom of Saudi Arabia ("KSA")	Property investment and development	92.20%
Emaar Malls Group LLC	UAE	Retail development, management of shopping centre	84.63%
Emaar Middle East LLC	Kingdom of Saudi Arabia ("KSA")	Property investment and development	61.00%
Emaar IGO S.A.	Syrian Arab Republic ("Syria")	Property investment and development	60.00%
Dubai Hills Estate LLC	UAE	Property investment and development	50.00%

## 2.1 BASIS OF PREPARATION (continued)

### Basis of consolidation (continued)

#### *Subsidiaries (continued)*

On 29 September 2014, the Group sold 2,000,000,000 shares (face value of AED 1 per share) of Emaar Malls Group LLC ("EMG LLC"), representing 15.37% of the Group's investment in EMG LLC, through a secondary offering of shares in an Initial Public Offering ("IPO") and raised AED 5,800,000 thousands. As per IFRS 10 - *Consolidated Financial Statements*, profit on sale of EMG LLC's shares of AED 3,581,827 thousands (net of direct costs incurred) has been recognised directly in the retained earnings as an equity transaction. Subsequent to the IPO, EMG LLC has been established as a public joint stock company under the name Emaar Malls Group PJSC ("EMG") by Ministerial Decree number 22 of the year 2014 dated 30 September 2014. The shares of EMG were listed on the Dubai Financial Market ("DFM") and trading of shares commenced on DFM from 2 October 2014.

#### *Associated companies and joint ventures*

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

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

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

#### *Special purpose entities*

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

## 2.2 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted by the Group are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations:

### **New and revised Accounting Standards and Interpretations**

#### **(a) Standards, amendments and interpretations effective from 1 January 2014 which are adopted by the Group :**

The Group has applied certain standards interpretations and amendments for the first time which are effective for annual periods beginning on or after 1 January 2014. The nature and impact of each of such new standards, interpretations and amendments is described below:

#### *IFRS 10 Consolidated Financial Statements - (Amendments to IFRS 10, IFRS 12 and IAS 27)*

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

**2.2 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)**

**(a) Standards, amendments and interpretations effective from 1 January 2014 which are adopted by the Group (continued):**

*IAS 32 Financial Instruments: Presentation - (Amendments to IAS 32)*

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

*IAS 39 Financial Instruments: Recognition and measurement - (Amendments to IAS 39)*

The amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

*Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36*

These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no impact on the Group.

*Annual Improvements 2010-2012 cycle*

*IFRS 13 Fair Value Measurement - (Amendment to IFRS 13)*

The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

*Annual Improvements 2011-2013 cycle*

*IFRS 1 First-time Adoption of International Financial Reporting Standards - (Amendment to IFRS 1)*

The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

**(b) Standards, amendments and interpretations effective in 2014 but not relevant to the Group's operations:**

*IFRIC 21 Levies*

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of IFRIC 21 in prior years.



At 31 December 2014

**2.2 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)****(c) Standards, amendments and interpretations in issue but not yet effective:**

The Group has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

	<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 19 <i>Employees Benefit</i> : IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit.	1 July 2014
Amendments to IAS 16 <i>Property, plant and equipment</i> and IAS 38 <i>Intangible assets</i> : The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset.	1 January 2016
Amendments to IAS 27 <i>Separate Financial Statements</i> : The amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.	1 January 2016
Amendments to IAS 16 <i>Property, plant and equipment</i> and IAS 41 <i>Agriculture</i> : The amendment change the accounting requirements for biological assets that meet the definition of bearer plants.	1 January 2016
Amendments to IFRS 11 <i>Joint Arrangements</i> : The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained.	1 January 2016
IFRS 14 <i>Regulatory Deferral Accounts</i> : IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income.	1 January 2016
IFRS 15 <i>Revenue from Contracts with Customers</i> : IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.	1 January 2017

The management is currently assessing the impact of all the above standards, interpretations and amendments which will be adopted by the Group to the extent applicable. The adoption of these standards, interpretations and amendments is not expected to have any material impact on the consolidated financial statements of the Group in the period of their initial application, except for IFRS 15.

## 2.2 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

### Annual improvements 2011-2013 cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the consolidated financial statements of the Group, but include:

#### IFRS 3 *Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

#### IFRS 13 *Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9.

#### IAS 40 *Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

### Annual improvements 2010-2012 cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the consolidated financial statements of the Group, but include:

#### IFRS 2 *Share-based Payment*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

#### IFRS 3 *Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9.

#### IFRS 8 *Operating Segments*

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria mentioned in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

#### IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

#### IAS 24 *Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

### 2.3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS

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

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

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

#### **Judgments**

##### *Revenue recognition for real estate units*

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

##### *Revenue recognition for turnover rent*

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

##### *Investment properties*

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

##### *Classification of investment properties*

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

##### *Transfer of real estate assets from property, plant and equipment to development properties*

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

##### *Operating lease commitments - Group as lessor*

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

##### *Classification of investments*

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

##### *Consolidation of subsidiaries*

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

### 2.3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES AND ASSUMPTIONS (continued)

#### Estimations and assumptions

##### *Valuation of investment properties*

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

##### *Impairment of trade and other receivables*

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

##### *Useful lives of property, plant and equipment and investment properties*

The Group's management determines the estimated useful lives of its property, plant and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

##### *Cost to complete the projects*

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

##### *Taxes*

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

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

##### *Impairment of non-financial assets*

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

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Revenue recognition

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Revenue recognition (continued)

#### *Sale of property*

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

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

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

#### *Lease to buy scheme*

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

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

#### *Rental income from lease of investment property*

Rental income arising from operating leases on investment properties is recognised, net of discount, in accordance with the terms of the lease contracts over the lease term on a straight line basis.

#### *Hospitality revenue*

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

#### *Interest income*

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

#### *Services*

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

### **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 the consolidated income statement in the period in which they are incurred.

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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 as at the reporting date, and any adjustments to the tax payable in respect of prior years.

Income tax relating to items recognised directly in other comprehensive income or equity is recognised directly in other comprehensive income or equity and not in the consolidated 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 for financial reporting purpose at the reporting date.

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 as 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, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting 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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Property, plant and equipment**

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

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property, plant and equipment (continued)

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 consolidated income statement. The recoverable amount is the higher of fair value less costs to sell of property, plant and equipment and the value in use. The fair value less costs to sell is the amount obtainable from the sale of property, plant and equipment in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of property, plant and equipment and from its disposal at the end of its useful life.

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

### Investment properties

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

Buildings	10 - 45 years
Plant and machinery	3 - 10 years
Fixed furniture and fixtures	4 - 10 years
Movable furniture and fixtures	4 - 10 years

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

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

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

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

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

### Development properties

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Development properties (continued)

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

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

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

### Inventories

Inventories represent consumables and other goods relating to hospitality and retail business segments of the Group. Inventories are stated at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items.

Costs are those expenses incurred in bringing each product to its present location and condition on a weighted average cost basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

### Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in the associates and joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment individually.

The consolidated income statement reflects the Group's share of the results of operations of its associates and joint venture after tax and non-controlling in the subsidiaries of the associate. Where there has been a change recognised directly in the other comprehensive income or equity of an associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of comprehensive income or the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the interest in the associate or joint venture.

The financial statement of the associates and joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated income statement. When the remaining investment in joint venture constitutes significant influence, it is accounted for as an investment in associate.



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Derivative financial instruments**

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

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

### *Hedge accounting*

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

### *Fair value hedges*

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

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

### **Financial assets**

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial assets (continued)

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

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

### *Classification of financial assets*

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

### *Equity investments*

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

### *Debt instruments*

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

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

### *Cash and cash equivalents*

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

### *Trade receivables*

Trade receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. When a trade receivable is uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

### *Foreign exchange gains and losses*

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial assets (continued)

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

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *Impairment of financial assets*

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

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Financial liabilities and equity instruments issued by the Group**

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

#### *Trade and other payables*

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

#### *Loans and borrowings*

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

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

#### *Sukuk*

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

#### *Convertible notes*

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

The liability component is carried at amortised cost using the effective interest method until extinguishment upon conversion or at the instrument's maturity date.

Issue costs are apportioned between the liability and equity components of the convertible notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

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

#### *Other financial liabilities*

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

#### *Derecognition of financial liabilities*

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

#### *Offsetting of financial instruments*

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Impairment of non-financial assets**

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

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

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

### **Leases**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

#### *Group as a lessee*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement in accordance with the terms of the lease contracts over the lease term based on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

#### *Group as a lessor*

The Group has entered into 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 accounts for the contracts as operating leases. Lease income is recognised in the consolidated income statement in accordance with the terms of the lease contracts over the lease term on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

### **Business combinations and goodwill**

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Business combinations and goodwill (continued)**

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39: *Financial Instruments: Recognition and Measurement* in the consolidated statement of comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

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

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

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired.

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

### **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 UAE 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 legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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 charge or credit to the consolidated income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Under the Company's policy, 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 AED which is the functional currency of the Company. 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.

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 translated at the rate of exchange ruling at the reporting date. All differences are taken to the 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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

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 statements of income 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.

### Fair value measurement

The Group measures financial instruments, such as investment in securities and hedges, at fair value at each statement of financial position date.

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

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Fair value measurement (continued)

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

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

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

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

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

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

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

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 3 SEGMENT INFORMATION

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

### Business segments

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

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



At 31 December 2014

**3 SEGMENT INFORMATION (continued)****Geographic segments**

The Group is currently operating in number of countries outside the UAE and is engaged in development of several projects which will have significant impact in future years.

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

**Business segments**

The following tables include revenue, profit, and certain assets and liabilities information regarding business segments for the years ended 31 December 2014 and 2013.

	<i>Real estate AED'000</i>	<i>Leasing and related activities AED'000</i>	<i>Hospitality AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
<b>2014:</b>					
<b>Revenue</b>					
Revenue from external customers	4,526,473	3,686,035	1,680,697	-	9,893,205
<b>Results</b>					
Contribution for the year	1,672,607	2,155,562	379,036	53,072	4,260,277
Unallocated selling, general and administrative expenses					(705,722)
Unallocated finance income, net					139,635
Profit before tax for the year					3,694,190
<b>Assets and liabilities</b>					
Segment assets	54,577,287	11,317,353	4,824,255	3,460,361	74,179,256
Segment liabilities	28,714,281	8,708,161	633,088	493,152	38,548,682
<b>Other segment information</b>					
Capital expenditure (property, plant and equipment and investment properties)	170,052	837,546	343,722	31,913	1,383,233
Depreciation (property, plant and equipment and investment properties)	146,699	429,784	219,157	59,636	855,276

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

**3 SEGMENT INFORMATION (continued)**

*Business segments (continued)*

2013:

	<i>Real estate AED'000</i>	<i>Leasing and related activities AED'000</i>	<i>Hospitality AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Revenue					
Revenue from external customers	5,528,508	3,284,962	1,515,002	-	10,328,472
Results					
Contribution for the year	708,337	1,894,980	327,410	125,494	3,056,221
Unallocated selling, general and administrative expenses					(443,966)
Unallocated finance cost, net					(58,867)
Profit before tax for the year					2,553,388
Assets and liabilities					
Segment assets	45,825,700	10,822,360	4,659,288	3,624,583	64,931,931
Segment liabilities	24,276,904	4,850,851	665,878	405,306	30,198,939
Other segment information					
Capital expenditure (property, plant and equipment and investment properties)	122,547	209,264	177,926	28,926	538,663
Depreciation (property, plant and equipment and investment properties)	142,077	406,350	208,723	56,825	813,975

*Geographic segments*

The following tables include revenue and certain asset and liability information regarding geographic segments for the years ended 31 December 2014 and 2013.

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
<b>2014:</b>			
<b>Revenue</b>			
Revenue from external customers	7,862,376	2,030,829	9,893,205
<b>Assets</b>			
Segment assets	47,308,924	21,279,541	68,588,465
Investments in associates and joint ventures	1,582,771	4,008,020	5,590,791
<b>Total assets</b>	48,891,695	25,287,561	74,179,256
<b>Other Segment Information</b>			
Capital expenditure (property, plant and equipment and investment properties)	1,349,914	33,319	1,383,233

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

3 SEGMENT INFORMATION (continued)

*Geographic segments (continued)*

	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
<i>2013:</i>			
Revenue			
Revenue from external customers	9,052,299	1,276,173	10,328,472
Assets			
Segment assets	39,024,828	20,087,437	59,112,265
Investments in associates and joint ventures	1,558,136	4,261,530	5,819,666
Total assets	40,582,964	24,348,967	64,931,931
Other Segment Information			
Capital expenditure (property, plant and equipment and investment properties)	495,021	43,642	538,663

4 REVENUE AND COST OF REVENUE

	<i>2014 AED'000</i>	<i>2013 AED'000</i>
<b>Revenue</b>		
<b>Revenue from property sales</b>		
Sale of villas	1,825,306	1,327,771
Sale of commercial units, plots of land and others	1,427,230	590,122
Sale of condominiums	1,273,937	3,610,615
<b>Revenue from hospitality</b>	<b>1,680,697</b>	<b>1,515,002</b>
<b>Rental income from leased properties and related income</b>	<b>3,686,035</b>	<b>3,284,962</b>
	<u><b>9,893,205</b></u>	<u><b>10,328,472</b></u>
<b>Cost of revenue</b>		
<b>Cost of revenue from property sales</b>		
Cost of villas	1,220,757	919,192
Cost of commercial units, plots of land and others	368,762	362,291
Cost of condominiums	770,127	2,420,092
<b>Operating cost of hospitality</b>	<b>951,096</b>	<b>851,023</b>
<b>Operating cost of leased properties</b>	<b>678,574</b>	<b>626,749</b>
	<u><b>3,989,316</b></u>	<u><b>5,179,347</b></u>

Cost of revenue includes AED 28,992 thousands (2013: AED 170,891 thousands) of costs incurred on certain projects of the Group which are discontinued.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

**5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Sales and marketing expenses	654,982	504,230
Depreciation of property, plant and equipment (Note 15)	579,530	544,211
Payroll and related expenses	532,839	421,878
Property management expenses	276,282	272,402
Depreciation of investment properties (Note 16)	275,746	269,764
Rental expenses	52,052	55,375
Pre-operating expenses	13,328	11,772
Land registration fees	10,287	27,922
Provision for doubtful debts/write off, net	9,321	90,824
Other expenses	182,246	241,741
	<u>2,586,613</u>	<u>2,440,119</u>

**6 FINANCE INCOME**

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Finance income on fixed deposits with banks	88,584	54,521
Other finance income	389,808	229,907
	<u>478,392</u>	<u>284,428</u>

**7 INCOME TAX**

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
<b>Consolidated income statement</b>		
Current income tax expense	(9,667)	(9,894)
Deferred income tax	1,907	(2,879)
	<u>(7,760)</u>	<u>(12,773)</u>
<b>Consolidated statement of financial position</b>		
Income tax payable, balance at the beginning of the year	15,747	11,995
Charge for the year	9,667	9,894
Paid during the year	(8,610)	(6,142)
	<u>16,804</u>	<u>15,747</u>
Income tax payable, balance at the end of the year (Note 18)	<u>16,804</u>	<u>15,747</u>

## Emaar Properties PJSC and its Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

#### 7 INCOME TAX (continued)

The tax expense relates to the tax payable on the results of the subsidiaries, as adjusted in accordance with the taxation laws and regulations of the countries in which the subsidiaries operate. The relationship between the tax expense and the accounting profit can be explained as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Profit before tax	3,694,190	2,553,388
Profit not subject to tax, net	(3,723,165)	(2,650,738)
Accounting profit subject to income tax, net	<u>(28,975)</u>	<u>(97,350)</u>
Current income tax expense	<u>(9,667)</u>	<u>(9,894)</u>
UAE applicable income tax rate	<u>0.00%</u>	<u>0.00%</u>
Effective tax rate as percentage of accounting profit	<u>33.36%</u>	<u>10.16%</u>

The income tax charge is applicable on the Group's operations in the United States of America, Turkey, Egypt, Morocco, India, Pakistan, Lebanon, Kingdom of Saudi Arabia, the United Kingdom, Syria and Italy.

#### 8 BANK BALANCES AND CASH

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Cash in hand	7,206	9,420
Current and call bank deposit accounts	7,119,429	3,368,026
Fixed deposits maturing within three months	544,118	661,438
Cash and cash equivalents	<u>7,670,753</u>	<u>4,038,884</u>
Deposits under lien (Note 21)	23,550	68,542
Fixed deposits maturing after three months	8,323,442	4,465,378
	<u>16,017,745</u>	<u>8,572,804</u>
	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
<b>Bank balances and cash located:</b>		
Within UAE	15,056,994	8,080,479
Outside UAE	960,751	492,325
	<u>16,017,745</u>	<u>8,572,804</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

**8 BANK BALANCES AND CASH (continued)**

	<i>2014</i>	<i>2013</i>
	<i>AED'000</i>	<i>AED'000</i>
<b>Bank balances and cash are denominated in the following currencies:</b>		
United Arab Emirates Dirham (AED)	15,056,994	8,080,479
United States Dollar (USD)	258,624	258,571
Saudi Riyal (SAR)	211,335	135,100
Egyptian Pound (EGP)	417,433	57,505
Moroccan Dirham (MAD)	20,221	23,114
Other currencies	53,138	18,035
	<u>16,017,745</u>	<u>8,572,804</u>

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

Fixed deposits maturing after three months earn interest at rates between 0.65 % and 1.3 % per annum (2013: 1.2% and 1.7% per annum).

Bank balances maintained in the UAE includes an amount of AED 21,605 thousands (2013: AED 21,016 thousands) committed for investments in a project in Syria.

The Company is required to maintain certain deposits/balances amounting to AED 8,827,178 thousands (2013: AED 3,355,315 thousands) with banks for unclaimed dividends and advances received from customers against sale of development properties which are deposited into escrow accounts. These deposits/balances are not under lien.

**9 TRADE RECEIVABLES**

	<i>2014</i>	<i>2013</i>
	<i>AED'000</i>	<i>AED'000</i>
Amounts receivable within 12 months, net	804,398	422,653
Amounts receivable after 12 months, net	322,160	124,738
	<u>1,126,558</u>	<u>547,391</u>

Trade receivables include AED 694,366 thousands (2013: AED 231,005 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due under agreed credit terms.

The above trade receivables are net of AED 109,192 thousands (2013: AED 112,382 thousands) relating to provision for doubtful debts representing management's best estimate of doubtful trade receivables which are past due for more than 90 days. All other receivables are considered recoverable.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

**9 TRADE RECEIVABLES (continued)**

Movement in the provision for doubtful debts during the year is as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning of the year	112,382	122,392
(Reversal) / provision made during the year, net	(2,486)	3,606
Allowance written off during the year	(704)	(13,616)
Balance at the end of the year	<u>109,192</u>	<u>112,382</u>

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

	<i>Total</i> <i>AED'000</i>	<i>Neither past due nor impaired</i> <i>AED'000</i>	<i>Past due but not impaired</i>			
			<i>Less than 30 days</i> <i>AED'000</i>	<i>Between 30 to 60 days</i> <i>AED'000</i>	<i>Between 60 to 90 days</i> <i>AED'000</i>	<i>More than 90 days</i> <i>AED'000</i>
<b>2014</b>	<u>1,126,558</u>	<u>795,105</u>	<u>152,030</u>	<u>48,244</u>	<u>10,776</u>	<u>120,403</u>
2013	<u>547,391</u>	<u>320,919</u>	<u>140,189</u>	<u>25,653</u>	<u>9,700</u>	<u>50,930</u>

Refer Note 32 (a) on credit risks of trade receivables, which discusses how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

**10 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Prepayments (including prepaid lease rentals)	1,255,752	1,326,358
Advances to contractors and others	1,052,273	549,012
Value added tax recoverable	330,652	319,558
Inventory - Hospitality and Retail	90,644	80,775
Recoverable from non-controlling interests	71,556	61,316
Receivables from Communities Owner Associations	70,677	112,959
Deferred income tax assets	39,493	39,353
Deposits for acquisition of land	36,703	56,048
Accrued interest	25,230	16,655
Other income receivable	43,416	13,663
Other receivables and deposits	376,351	291,624
	<u>3,392,747</u>	<u>2,867,321</u>
	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Amounts recoverable within 12 months	1,990,901	1,425,531
Amounts recoverable after 12 months	1,401,846	1,441,790
	<u>3,392,747</u>	<u>2,867,321</u>

# Emaar Properties PJSC and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

### 11 DEVELOPMENT PROPERTIES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning of the year	25,866,716	26,998,226
Add: cost incurred during the year	4,287,138	2,746,688
Less: cost transferred to cost of revenue during the year	(2,359,646)	(3,701,575)
Less: cost transferred to property, plant and equipment, net (Note 15)	(122,500)	(104,886)
Less: cost transferred to investment properties, net (Note 16)	(46,081)	(71,737)
Balance at the end of the year	<u>27,625,627</u>	<u>25,866,716</u>
<b><i>Development properties located:</i></b>		
Within UAE	13,840,754	12,594,905
Outside UAE	13,784,873	13,271,811
	<u>27,625,627</u>	<u>25,866,716</u>

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and include the costs of:

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

Common infrastructure cost is allocated to various projects and forms part of the estimated cost to complete a project in order to determine the cost attributable to revenue being recognised. The development span of the some of the development properties is estimated to be over 10 years.

The valuation of most of the Group's development properties is carried out by independent professionally qualified valuers in accordance with RICS appraisals and valuation standards. Accordingly, the fair value of the development properties as at the reporting date is in excess of AED 71,811,173 thousands (2013: AED 68,091,724 thousands) compared to the carrying value of AED 27,625,627 thousands (2013: AED 25,866,716 thousands).

As at 31 December 2014, an amount of AED 250,751 thousands (2013: AED 239,100 thousands) was capitalised as cost of borrowings for the construction of development properties.

#### ***Fair value hierarchy***

The Group uses the following hierarchy for determining and disclosing the fair value of its development properties by valuation technique:

	<i>Total</i> <i>AED'000</i>	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>
2014	<u>71,811,173</u>	-	-	<u>71,811,173</u>
2013	<u>68,091,724</u>	-	-	<u>68,091,724</u>

Any significant movement in the assumptions used for the fair valuation of development properties such as discount rates, yield etc. would result in significantly lower / higher fair value of those assets.



Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

12 INVESTMENTS IN SECURITIES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Financial assets at fair value through other comprehensive income (i)	931,599	939,871
Financial assets at amortised cost	-	1,220,156
	<u>931,599</u>	<u>2,160,027</u>
<i>Investments in securities located:</i>		
Within UAE	896,738	2,123,602
Outside UAE	34,861	36,425
	<u>931,599</u>	<u>2,160,027</u>

(i) Financial assets at fair value through other comprehensive income includes a contingent convertible instrument recorded at fair value of AED 6,778 thousands (2013: Nil) (refer Note 13 (i)).

*Fair value hierarchy*

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

	<i>Total</i> <i>AED'000</i>	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>
2014	<u>931,599</u>	<u>124,114</u>	<u>779,005</u>	<u>28,480</u>
2013	<u>939,871</u>	<u>146,184</u>	<u>771,985</u>	<u>21,702</u>

Valuations for Level 2 investments in securities have been derived by determining their redemption value which is generally net asset value per share of the investee companies.

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

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

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at 1 January	21,702	21,702
Purchase / fair value at initial recognition	6,778	-
Balance at 31 December	<u>28,480</u>	<u>21,702</u>

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.

At 31 December 2014

**13 LOANS TO ASSOCIATES AND JOINT VENTURES**

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Amlak Finance PJSC (i)	114,998	240,016
Emaar MGF Land Limited and its related parties (ii)	2,631,031	2,739,460
Golden Ace Pte Ltd (iii)	168,121	161,271
Other associates and joint ventures	5,364	4,401
	<u>2,919,514</u>	<u>3,145,148</u>

- (i) During the year, a restructuring arrangement has been agreed by existing depositors/financiers of Amlak Finance PJSC ("Amlak"), the Coordination Committee ("Committee") established to restructure the existing facility and Amlak. The restructuring arrangement has been subsequently ratified by the shareholders of Amlak in their meeting held on 28 September 2014 and the final restructuring agreement was signed on 25 November 2014.

As per the terms of the restructuring agreement, 20% of the principal amount (AED 47,749 thousand) has been repaid by Amlak, 65% is restructured into a long term facility maturing in 12 years carrying a profit rate of 2% per annum and 15% is restructured into a 12 year contingent convertible instrument (CCI).

As the terms of new long term facility is substantially different from the terms of the original facility, the new facility is considered as a new debt under IFRS 9 "*Financial Instruments*" and is being recognised at its fair value. The fair value of new debt as at 28 September 2014, at a discount rate of 5% per annum, was AED 127,161 thousands. The difference between carrying value and the fair value of the new long term facility has been charged to the consolidated income statement (AED 27,569 thousands).

The CCI has been recorded as a composite financial instrument at fair value through other comprehensive income as per IFRS 9. The fair value of CCI at Amlak's discount rate of 15% per annum is AED 6,778 thousands and is included under Financial assets through other comprehensive income (refer Note 12). The difference between carrying value and the fair value of CCI has been charged to the consolidated income statement (AED 29,487 thousands).

The redemption value of CCI will be the current carrying value plus a predetermined conversion fee. Amlak has the discretion to redeem CCI using cash. As the CCI is redeemed, due to the fixed nature of the redemption, there will be a proportionate reduction in conversion fee. CCI carries a payment in kind ("PIK") of 1% per annum that will be accrued annually and will be paid at the end of the tenor. Also refer Note 14 (iii) and 14 (iv).

- (ii) The amount due from Emaar MGF Land Limited ("EMGF") and its related parties include an amount of AED 1,865,030 thousands (2013: AED 1,958,231 thousands) which is secured against certain development properties of EMGF. The loans to EMGF and its related parties earns a return ranging from 7% to 15% per annum other than on Compulsory Convertible Debentures (refer Note 14 (i)) (2013: compound return ranging from 7% to 15% per annum).

The loan amounting to AED 762,709 thousands (2013 : AED 762,709 thousands) extended to related parties of EMGF is expected to be restructured into an equity investment in a project currently owned by EMGF.

- (iii) The amount owed by Golden Ace Pte Ltd is unsecured and earned an average return ranging from 4% to 4.17% per annum (2013: average return ranging from 4.17% to 6.36% per annum). The other promoter of Golden Ace Pte Ltd has indemnified the Group for any non recovery of amount advanced by the Group and the Group currently hold certain shares of the other promoter group held in EMGF as a security for such indemnification.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

**14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
<b>Carrying value of investments in:</b>		
<b>Associates:</b>		
Emaar MGF Land Limited (i)	<b>1,600,948</b>	1,830,848
Emaar, The Economic City (Saudi Joint Stock Company) - quoted (ii)	<b>2,204,125</b>	2,224,486
Amlak Finance PJSC - quoted [(iii) & (iv)]	<b>727,960</b>	697,851
Emaar Industries and Investment (Pvt) JSC	<b>127,681</b>	132,963
Dead Sea Company for Tourist and Real Estate Investment	<b>128,812</b>	133,667
Other associates	<b>104,518</b>	98,747
	<b>4,894,044</b>	5,118,562
<b>Joint Ventures:</b>		
Emaar Bawadi LLC	<b>445,686</b>	440,024
Turner International Middle East Ltd	<b>251,061</b>	261,080
	<b>696,747</b>	701,104
	<b>5,590,791</b>	5,819,666

- (i) During 2012, the Group had invested an amount of USD 49,975 thousands (AED 183,560 thousands) into 5% Compulsory Convertible Debentures ("CCD") issued by EMGF. These CCDs can be converted into equity shares of EMGF after the expiry of six months from the date of allotment of the CCDs at the discretion of the Group. It is mandatory to convert these CCDs into equity shares on the date of issue of any draft red herring prospectus by EMGF, or on expiry of 10 years from the date of allotment if the above option of early conversion is not exercised.
- (ii) The market value of the shares held in Emaar, The Economic City ("EEC") (quoted on the Saudi Stock Exchange - Tadawul) as at 31 December 2014 was AED 3,025,207 thousands (2013: AED 3,387,071 thousands).
- (iii) During the year, a restructuring arrangement has been agreed by the existing Depositors / Financiers of Amlak Finance PJSC ("Amlak"), the Coordination Committee established to restructure the existing facilities and Amlak. This arrangement have been ratified by the Amlak's shareholders in their meeting held on 28 September 2014 and the final restructuring agreements was signed on 25 November 2014. Trading in Amlak's shares on the Dubai Financial Market have been suspended and is expected to resume after the submission of post restructuring financial statements to the authorities.
- (iv) The auditors have issued a qualified opinion on the consolidated financial statements of Amlak as of 31 December 2011 with respect to valuation of investment properties and advances for investment properties amounting to AED 3,297 million and AED 792 million, respectively. The Group's management will assess its investment for any impairment once Amlak's financial statements incorporating the adjustments relating to the restructuring arrangement is available. The management does not expect such impairment to be significant.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

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

	Country of incorporation	Ownership	
		2014	2013
<b>Associates:</b>			
Emaar MGF Land Limited	India	48.86%	48.86%
Emaar, The Economic City (Saudi Joint Stock Company)	KSA	30.59%	30.59%
Amlak Finance PJSC	UAE	48.08%	48.08%
Emaar Industries and Investments (Pvt) JSC	UAE	40.00%	40.00%
Dead Sea Company for Tourist and Real Estate Investment	Jordan	29.33%	29.33%
<b>Joint Ventures:</b>			
Emaar Bawadi LLC	UAE	50.00%	50.00%
Turner International Middle East Ltd	UAE	50.00%	50.00%

The following table summarises the statement of financial position of the Group's associates as at 31 December 2014:

	<i>Emaar, The Economic City (Saudi Joint Stock Company) – quoted AED'000</i>	<i>Emaar Industries and Investment (Pvt) JSC AED'000</i>	<i>Dead Sea Company for Tourist and Real Estate Investment AED'000</i>	<i>Other Associates* AED'000</i>	<i>Total AED'000</i>
Total assets	15,771,548	669,632	725,570	23,206,417	40,373,167
Total liabilities	8,566,169	350,430	286,390	21,656,304	30,859,293
<b>Net assets</b>	<b>7,205,379</b>	<b>319,202</b>	<b>439,180</b>	<b>1,550,113</b>	<b>9,513,874</b>
<b>Group's share of net assets</b>	<b>2,204,125</b>	<b>127,681</b>	<b>128,812</b>	<b>731,822</b>	<b>3,192,440</b>
Goodwill Impairment					1,731,604 (30,000)
					<b>4,894,044</b>

\*Includes associates for which the summarised financial information as at 31 December 2014 has not been made publicly available

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following table summarises the income statements of the Group's associates for the year ended 31 December 2014:

	<i>Emaar, The Economic City (Saudi Joint Stock Company) – quoted AED'000</i>	<i>Emaar Industries and Investment (Pvt) JSC AED'000</i>	<i>Dead Sea Company for Tourist and Real Estate Investment AED'000</i>	<i>Other Associates* AED'000</i>	<i>Total AED'000</i>
Revenue	632,029	469,144	28,319	574,154	1,703,646
Loss before tax	(32,863)	(3,625)	(21,562)	(289,323)	(347,373)
Income tax expense	(26,047)	-	-	(582)	(26,629)
<b>Loss for the year</b>	<b>(58,910)</b>	<b>(3,625)</b>	<b>(21,562)</b>	<b>(289,905)</b>	<b>(374,002)</b>
Other comprehensive loss	-	(60)	-	(7,295)	(7,355)
<b>Total comprehensive income for the year</b>	<b>(58,910)</b>	<b>(3,685)</b>	<b>(21,562)</b>	<b>(297,200)</b>	<b>(381,357)</b>
<b>Loss attributable to owners of the parent</b>	<b>(58,910)</b>	<b>(17,607)</b>	<b>(16,553)</b>	<b>(289,905)</b>	<b>(382,975)</b>
<b>Group's share of loss for the year</b>	<b>(18,020)</b>	<b>(7,043)</b>	<b>(4,855)</b>	<b>(148,056)</b>	<b>(177,974)</b>
<b>Dividend received during the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,333</b>	<b>8,333</b>

\*Includes associates for which the summarised financial information as at 31 December 2014 has not been made publicly available.

The following table summarises the statement of financial position of the Group's associates as at 31 December 2013:

	<i>Emaar, The Economic City (Saudi Joint Stock Company) – quoted AED'000</i>	<i>Emaar Industries and Investment (Pvt) JSC AED'000</i>	<i>Dead Sea Company for Tourist and Real Estate Investment AED'000</i>	<i>Other Associates* AED'000</i>	<i>Total AED'000</i>
Total assets	13,654,889	768,242	757,097	23,055,976	38,236,204
Total liabilities	6,382,950	435,836	301,364	21,113,688	28,233,838
Net assets	7,271,939	332,406	455,733	1,942,288	10,002,366
Group's share of net assets	2,224,486	132,963	133,667	925,842	3,416,958
Goodwill Impairment					1,731,604 (30,000)
					5,118,562

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following table summarises the income statements of the Group's associates for the year ended 31 December 2013:

	<i>Emaar, The Economic City (Saudi Joint Stock Company) – quoted AED'000</i>	<i>Emaar Industries and Investment (Pvt) JSC AED'000</i>	<i>Dead Sea Company for Tourist and Real Estate Investment AED'000</i>	<i>Other Associates* AED'000</i>	<i>Total AED'000</i>
Revenue	737,615	419,269	12,369	630,421	1,799,674
Profit/(loss) before tax	119,049	(9,781)	(9,089)	(421,134)	(320,955)
Income tax (expense) / credit	(30,471)	-	-	194	(30,277)
Profit / (loss) for the year	88,578	(9,781)	(9,089)	(420,940)	(351,232)
Other comprehensive income / (loss)	-	13,247	-	(29,487)	(16,240)
Total comprehensive income for the year	88,578	3,466	(9,089)	(450,427)	(367,472)
Profit / (loss) attributable to owners of the parent	88,578	(22,819)	(5,230)	(450,427)	(389,898)
Group's share of profit/(loss) for the year	27,096	(9,128)	(1,534)	(211,551)	(195,117)
Dividend received during the year	-	-	-	7,000	7,000

The Group's associates had contingent liabilities of AED 531,048 thousands (2013: AED 468,546 thousands) and commitments of AED 4,703,678 thousands (2013: AED 2,748,931 thousand) as at 31 December 2014.

The financial information of the Group's associates included above have been adjusted to bring their accounting policies in line with the accounting policies followed by the Group.

\*Includes associates for which the summarised financial information as at 31 December 2013 has not been made publicly available.

The following table summarises the statements of financial position of the Group's joint ventures as at 31 December 2014:

	<i>Emaar Bawadi LLC AED'000</i>	<i>Turner International Middle East Ltd AED'000</i>	<i>Total AED'000</i>
Total assets (including cash and cash equivalents of AED 317,667 thousands)	1,041,652	759,364	1,801,016
Total liabilities	150,278	480,508	630,786
Net assets	891,374	278,856	1,170,230
Group's share of net assets	445,687	139,428	585,115
Goodwill			111,632
			696,747

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following table summarises the income statements of the Group's joint ventures for the year ended 31 December 2014:

	<i>Emaar Bawadi LLC AED'000</i>	<i>Turner International Middle East Ltd AED'000</i>	<i>Total AED'000</i>
Revenue	-	250,688	250,688
Depreciation and amortisation	(836)	-	(836)
Finance income	-	243	243
<b>(Loss) / profit before tax</b>	<b>(4,686)</b>	<b>189,328</b>	<b>184,642</b>
Income tax expense	-	(3,688)	(3,688)
<b>(Loss) / profit for the year</b>	<b>(4,686)</b>	<b>185,640</b>	<b>180,954</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>(4,686)</b>	<b>185,640</b>	<b>180,954</b>
<b>(Loss) / profit attributable to owners of the parent</b>	<b>(4,686)</b>	<b>185,640</b>	<b>180,954</b>
<b>Group's share of (loss) / profit for the year</b>	<b>(2,343)</b>	<b>92,820</b>	<b>90,477</b>
<b>Dividend received during the year</b>	<b>-</b>	<b>102,839</b>	<b>102,839</b>

The following table summarises the statements of financial position of the Group's joint ventures as at 31 December 2013:

	<i>Emaar Bawadi LLC AED'000</i>	<i>Turner International Middle East Ltd AED'000</i>	<i>Total AED'000</i>
Total assets (including cash and cash equivalents of AED 314,888 thousands)	1,033,461	737,076	1,770,537
Total liabilities	153,414	438,180	591,594
Net assets	880,047	298,896	1,178,943
Group's share of net assets	440,024	149,448	589,472
Goodwill			111,632
			701,104

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

**14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)**

The following table summarises the income statements of the Group's joint ventures for the year ended 31 December 2013:

	<i>Emaar Bawadi LLC AED'000</i>	<i>Turner International Middle East Ltd AED'000</i>	<i>Total AED'000</i>
Revenue	-	199,499	199,499
Depreciation and amortisation	(4,277)	(831)	(5,108)
Finance income	-	298	298
(Loss) / profit before tax	(7,640)	207,718	200,078
Income tax expense	-	(4,920)	(4,920)
(Loss) / profit for the year	(7,640)	202,798	195,158
Other comprehensive income	-	-	-
Total comprehensive income for the year	(7,640)	202,798	195,158
(Loss) / profit attributable to owners of the parent	(7,640)	202,798	195,158
Group's share of (loss) / profit for the year	(3,820)	101,399	97,579
Dividend received during the year	-	84,332	84,332

The Group's joint ventures had contingent liabilities of AED 62,668 thousands (2013: AED 57,083 thousands ) as at 31 December 2014.



Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

15 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
<b>Cost:</b>									
At 1 January 2014	475,954	6,295,624	270,760	1,348,854	60,539	706,776	998,411	290,224	10,447,142
Additions	13,607	61,992	42,033	31,250	14,148	103,631	36,048	452,027	754,736
Disposals/adjustments	(10,468)	(21)	(1,357)	(2,823)	(6,652)	(13,085)	(2,256)	-	(36,662)
Transfers	-	105,311	55	(14,486)	-	16,485	11,950	(119,315)	-
Transferred from development properties (Note 11)	-	61,167	-	19,082	-	16,761	2,983	22,507	122,500
Transferred from / (to) investment - properties (Note 16)	-	-	-	-	-	-	791	(26,354)	(25,563)
Foreign currency translation differences	(47,435)	(13,375)	(955)	(4,195)	(573)	(3,929)	(2,020)	(6,305)	(78,787)
<b>At 31 December 2014</b>	<b>431,658</b>	<b>6,510,698</b>	<b>310,536</b>	<b>1,377,682</b>	<b>67,462</b>	<b>826,639</b>	<b>1,045,907</b>	<b>612,784</b>	<b>11,183,366</b>
<b>Accumulated depreciation:</b>									
At 1 January 2014	80,391	1,014,916	212,299	371,874	43,326	392,854	315,801	-	2,431,461
Depreciation charge for the year	43,961	204,985	36,359	91,719	9,182	121,507	71,817	-	579,530
Eliminated on disposals/adjustments	(2,467)	(21)	(1,258)	(1,832)	(6,365)	(10,035)	(414)	-	(22,392)
Foreign currency translation differences	(9,214)	(3,457)	(774)	(1,489)	(318)	(2,482)	(1,174)	-	(18,908)
<b>At 31 December 2014</b>	<b>112,671</b>	<b>1,216,423</b>	<b>246,626</b>	<b>460,272</b>	<b>45,825</b>	<b>501,844</b>	<b>386,030</b>	<b>-</b>	<b>2,969,691</b>
<b>Net carrying amount:</b>									
<b>At 31 December 2014</b>	<b>318,987</b>	<b>5,294,275</b>	<b>63,910</b>	<b>917,410</b>	<b>21,637</b>	<b>324,795</b>	<b>659,877</b>	<b>612,784</b>	<b>8,213,675</b>

The valuation of the Group's significant revenue generating property, plant and equipment is carried out by independent professionally qualified valuers. The net income has been capitalised at terminal yield range of 6.5% to 7.5% (2013: 8% to 9%) and a discount rate range of 6.5% to 9% (2013 : 6.25% to 10%) representing the characteristics and risk profile of an asset to determine the value of each of the revenue generating property, plant and equipment. At 31 December 2014, the fair value of these revenue generating property, plant and equipment is AED 10,169,113 thousands (2013: AED 9,754,240 thousands) compared with a carrying value of AED 5,609,633 thousands (2013: AED 5,649,596 thousands).

Certain property, plant and equipments are pledged as security against interest-bearing loans and borrowings as disclosed under Note 21.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

**15 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 2013	404,908	5,767,550	229,178	861,509	56,605	595,301	995,264	1,250,477	10,160,792
Additions	1,236	69,589	42,840	36,699	9,530	98,819	11,526	203,676	473,915
Disposals/adjustments	(49)	-	(1,011)	(3,657)	(3,570)	(22,636)	(7,971)	-	(38,894)
Transfers	3,278	511,086	2,892	420,732	-	31,691	1,841	(971,520)	-
Transferred (to)/from development properties (Note 11)	55,477	(10,909)	(45)	41,690	-	7,624	2,620	-	96,457
Transferred to investment properties (Note 16)	-	-	-	-	-	-	-	(193,724)	(193,724)
Foreign currency translation differences	11,104	(41,692)	(3,094)	(8,119)	(2,026)	(4,023)	(4,869)	1,315	(51,404)
At 31 December 2013	475,954	6,295,624	270,760	1,348,854	60,539	706,776	998,411	290,224	10,447,142
Accumulated depreciation:									
At 1 January 2013	37,827	822,490	189,903	292,256	38,835	320,093	250,274	-	1,951,678
Depreciation charge for the year	41,021	207,894	25,516	87,499	8,974	98,936	74,371	-	544,211
Eliminated on disposals/adjustments	(49)	-	(779)	(2,159)	(3,490)	(20,095)	(6,399)	-	(32,971)
Transferred to development properties (Note 11)	-	(5,374)	(44)	(644)	-	(2,367)	-	-	(8,429)
Foreign currency translation differences	1,592	(10,094)	(2,297)	(5,078)	(993)	(3,713)	(2,445)	-	(23,028)
At 31 December 2013	80,391	1,014,916	212,299	371,874	43,326	392,854	315,801	-	2,431,461
Net carrying amount:									
At 31 December 2013	395,563	5,280,708	58,461	976,980	17,213	313,922	682,610	290,224	8,015,681

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

**15 PROPERTY, PLANT AND EQUIPMENT (continued)**

*Fair value hierarchy*

The Group uses the following hierarchy for determining and disclosing the fair value of its revenue generating property, plant and equipment by valuation technique:

	<i>Total AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
<b>2014</b>	<b>10,165,080</b>	-	-	<b>10,165,080</b>
<b>2013</b>	<b>9,754,240</b>	-	-	<b>9,754,240</b>

Any significant movement in the assumptions used for the fair valuation of revenue generating property, plant and equipments such as discount rates, long term revenue/margin growth etc. would result in significantly lower / higher fair value of those assets.

**16 INVESTMENT PROPERTIES**

	<i>Land AED'000</i>	<i>Buildings AED'000</i>	<i>Furniture and fixtures AED'000</i>	<i>Capital work-in- progress AED'000</i>	<i>Total AED'000</i>
<b>Cost:</b>					
At 1 January 2014	28,097	9,449,174	3,606	62,344	9,543,221
Additions	-	34,594	-	593,903	628,497
Transfers	-	8,781	-	(8,781)	-
Transferred from development properties (Note 11)	6,160	39,921	-	-	46,081
Transferred from / (to) property, plant and equipment (Note 15)	-	26,354	-	(791)	25,563
Foreign currency translation differences	(63)	(520)	-	-	(583)
<b>At 31 December 2014</b>	<b>34,194</b>	<b>9,558,304</b>	<b>3,606</b>	<b>646,675</b>	<b>10,242,779</b>
<b>Accumulated depreciation:</b>					
At 1 January 2014	-	1,648,504	3,606	-	1,652,110
Depreciation charge for the year	-	275,746	-	-	275,746
Foreign currency translation differences	-	(11)	-	-	(11)
<b>At 31 December 2014</b>	<b>-</b>	<b>1,924,239</b>	<b>3,606</b>	<b>-</b>	<b>1,927,845</b>
<b>Net carrying amount:</b>					
<b>At 31 December 2014</b>	<b>34,194</b>	<b>7,634,065</b>	<b>-</b>	<b>646,675</b>	<b>8,314,934</b>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

16 INVESTMENT PROPERTIES (continued)

	<i>Land</i> <i>AED'000</i>	<i>Buildings</i> <i>AED'000</i>	<i>Furniture and fixtures</i> <i>AED'000</i>	<i>Capital work-in- progress</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Cost:					
At 1 January 2013	28,097	9,181,373	3,606	-	9,213,076
Additions	-	7,720	-	57,028	64,748
Transferred from development properties (Note 11)	-	71,737	-	-	71,737
Transferred from property, plant and equipment (Note 15)	-	188,408	-	5,316	193,724
Foreign currency translation differences	-	(64)	-	-	(64)
At 31 December 2013	<u>28,097</u>	<u>9,449,174</u>	<u>3,606</u>	<u>62,344</u>	<u>9,543,221</u>
Accumulated depreciation:					
At 1 January 2013	-	1,378,740	3,606	-	1,382,346
Depreciation charge for the year	-	269,764	-	-	269,764
At 31 December 2013	<u>-</u>	<u>1,648,504</u>	<u>3,606</u>	<u>-</u>	<u>1,652,110</u>
Net carrying amount:					
At 31 December 2013	<u><u>28,097</u></u>	<u><u>7,800,670</u></u>	<u><u>-</u></u>	<u><u>62,344</u></u>	<u><u>7,891,111</u></u>

The fair value of the freehold interest in Group's investment properties at 31 December 2014 was determined by the management based on valuations performed by independent and renowned external valuers. The valuation was performed in accordance with the RICS Valuation Standards, adopting the IFRS basis of fair value and using established valuation techniques. The value of the investment properties has been determined through analysis of the income cash flow achievable for the buildings and takes into account the projected annual expenditure. Both the contracted rent and estimated rental values have been considered in the valuation with allowances for void periods, running costs, vacancy rates and other costs. Based on the type and location of the property, the value of each of the properties has been determined by capitalising the estimated net income at an equivalent yield in the range of 9% to 10% (2013: 6% to 7%) (income capitalisation method); or assuming rental growth rates of 2.50% to 5%, discount rates of 9.41% to 10.81% and exit cap rates of 6.25% to 10% (discounted cash flow method). Where there are outstanding construction costs to complete the property these have been reflected in the valuation (residual method).

The fair value of investment properties is AED 44,581,989 thousands (2013: AED 23,978,806 thousands) compared with a carrying value of AED 8,314,934 thousands (2013: AED 7,891,111 thousands).

Investment properties represent the Group's interest in land and buildings situated in the UAE, Turkey and Egypt.

**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of its investment properties by valuation technique:

	<i>Total</i> <i>AED'000</i>	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>
2014	<u><u>44,581,989</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>44,581,989</u></u>
2013	<u><u>23,978,806</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>23,978,806</u></u>

Any significant movement in the assumptions used for the fair valuation of investment properties such as discount rates, yield, rental growth, vacancy rate etc. would result in significantly lower / higher fair value of those assets.

# Emaar Properties PJSC and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

### 17 GOODWILL

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning and end of the year	<u>46,066</u>	<u>46,066</u>

The goodwill relates to the operations of Hamptons in the MENA region and has been tested for impairment using a value in use model. The calculation of value in use was sensitive to the following assumptions:

*Gross margins* - Gross margins were based on the expectations of management based on past experience and expectation of future market conditions.

*Discount rates* - Discount rates reflected management's estimate of the specific risks. The discount rate was 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 was the benchmark used by management to assess performance and to evaluate future investment proposals. Management estimated that such discount rate to be used for evaluation of the investment should be between 7% and 8%.

*Growth rate estimates* - Management prepared a five year budget based on their expectations of future results, thereafter a growth rate of 0.5% to 1% was assumed.

#### Sensitivity to changes in assumptions

With regard to the assessment of value in use of the Goodwill, management believes that no reasonably possible change in a key assumption would cause the carrying value of the goodwill to materially exceed its recoverable amount.

### 18 TRADE AND OTHER PAYABLES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Project contract cost accruals and provisions	3,626,967	3,530,473
Trade payables	1,159,093	938,057
Payable to non-controlling interests	992,344	991,978
Creditors for land purchase	546,777	535,511
Dividends payable	1,604,824	125,911
Deferred income tax payable	32,412	34,836
Income tax payable (Note 7)	16,804	15,747
Other payables and accruals	1,881,130	1,850,297
	<u>9,860,351</u>	<u>8,022,810</u>

Trade and other payables are non-interest bearing and for explanations on the Group's credit risk management process, refer to Note 32.

### 19 ADVANCES FROM CUSTOMERS

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning of the year	9,763,407	7,631,764
Add: amount billed during the year	14,168,865	10,989,901
Less: revenue recognised during the year	(8,212,508)	(8,813,470)
Less: forfeiture/other income recognised during the year	(237,759)	(44,788)
Balance at the end of the year	<u>15,482,005</u>	<u>9,763,407</u>

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

**20 RETENTIONS PAYABLE**

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Retentions payable within 12 months	404,070	303,606
Retentions payable after 12 months	317,550	288,973
	<u>721,620</u>	<u>592,579</u>

**21 INTEREST-BEARING LOANS AND BORROWINGS**

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning of the year	6,356,918	6,212,555
Add : Borrowings drawn down during the year	5,179,437	575,407
Less : Borrowings repaid during the year	(5,529,507)	(431,044)
Balance at the end of the year	6,006,848	6,356,918
Less: unamortised portion of directly attributable costs	(47,364)	-
Net interest-bearing loans and borrowings at the end of the year	<u>5,959,484</u>	<u>6,356,918</u>
 <i>Interest-bearing loans and borrowings maturity profile :</i>		
within 12 months	729,528	2,590,070
after 12 months	5,229,956	3,766,848
	<u>5,959,484</u>	<u>6,356,918</u>
 <i>Interest-bearing loans and borrowings located:</i>		
Within UAE	4,635,711	4,381,958
Outside UAE	1,323,773	1,974,960
	<u>5,959,484</u>	<u>6,356,918</u>

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

**Secured**

- Indian Rupees (INR) 31,750 thousands (AED 1,844 thousands) loan from financial institutions, secured by way of first charge on certain property, plant and equipment and receivables in India, carries interest at 13.03% per annum and fully repayable in 2015.

- USD 115,734 thousands (AED 425,091 thousands) of syndicated facility, secured against certain investment properties owned by the Group in Turkey, carries interest at LIBOR plus 4% per annum and fully repayable by 2019.

- USD 61,487 thousands (AED 225,842 thousands) loans from a commercial bank, secured against certain assets in Lebanon and carries interest at 6.5% to 7.5% per annum and is repayable by 2020.

## 21 INTEREST-BEARING LOANS AND BORROWINGS (continued)

### Unsecured

- During the year, the Group has partially drawdown USD 1,250,000 thousands (AED 4,591,250 thousands) out of USD 1,500,000 thousands (AED 5,509,500 thousands) Syndicated Murhabha Islamic Finance Facility (the "Syndicated Facility") availed from a syndication of commercial banks in UAE. The Syndicated Facility is presented in the consolidated financial statements at USD 1,237,105 thousands (AED 4,543,886 thousands) net of directly attributable transaction cost. The Syndicated Facility is unsecured, carries profit rate at LIBOR plus 1.75% per annum and is fully repayable in 2021. The bank has a lien of AED 23,550 thousands (Note 8) towards accrued interest.
- PKR 519,728 thousands (AED 18,918 thousands) loan from a commercial bank, bearing interest at KIBOR plus 1% per annum and is repayable in 2015.
- PKR 2,171,618 thousands (AED 79,047 thousands) loan from a commercial bank, bearing interest at KIBOR plus 1% per annum and is repayable in 2015.
- PKR 3,140,576 thousands (AED 114,317 thousands) loan from a commercial bank, bearing interest at KIBOR plus 0.85% per annum and is fully repayable in 2015.
- PKR 1,094,409 thousands (AED 39,837 thousands) loan from a commercial bank, bearing interest at KIBOR plus 0.75% per annum and is fully repayable in 2015.
- Egyptian Pound (EGP) 816,141 thousands (AED 418,806 thousands) of funding facilities from commercial banks in Egypt, carries interest at rates of 11.5% to 12.75% per annum and repayable by 2017.
- USD 25,000 thousands (AED 91,825 thousands) represents partial drawdown out of USD 500,000 thousands (AED 1,836,500 thousands) Revolving Credit Line Facility availed from the syndication of commercial banks in UAE, carries interest at LIBOR plus 1.25% - 1.35% per annum and is repayable by 2020.

## 22 CONVERTIBLE NOTES

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

The Notes issued were unconditionally and irrevocably guaranteed by the Company (the Guarantor). Each Note entitled the holder an option to convert such Note into new and/or existing shares between the period from 30 January 2011 to 25 November 2015 (final maturity date for conversion) as fully paid at a conversion price of AED 4.38 per share of the Company. Unless previously purchased and cancelled, redeemed or converted, the Notes would have been redeemed at their principal amount on the final maturity date.

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

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

During the year, Pyrus received conversion notices from holders of the Notes with face value of USD 475,700 thousands (AED 1,747,246 thousands) [2013: USD 22,300 thousands (AED 81,907 thousands)]. Accordingly, the Company issued 398,914,594 new equity shares of AED 1 each on 22 January 2014 (2013: 18,700,432 new equity shares of AED 1 each on 22 December 2013). The Company settled the remaining Notes with face value of USD 2,000 thousands (AED 7,346 thousands), wherein the holders had not applied for conversion, in cash on 6 February 2014 pursuant to the conversion notice issued by the Company on 6 January 2014. The above conversion and settlement resulted in full extinguishment of the Group's liability towards the Notes (Also refer to Notes 25 and 26).

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

**22 CONVERTIBLE NOTES (continued)**

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

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Liability component as at the end of the year	-	1,721,133
Equity component on initial recognition	-	35,498

**23 SUKUK**

**A. Emaar Sukuk Limited:**

Emaar Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of the Group, has established a trust certificate issuance programme (the "Programme") pursuant to which the Issuer may issue from time to time up to USD 2,000,000 thousands (AED 7,346,000 thousands) of trust certificates in series.

**Series 1:**

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

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Sukuk liability as at the end of the year	<u>1,830,269</u>	<u>1,826,728</u>

**Series 2:**

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

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Sukuk liability as at the end of the year	<u>1,827,361</u>	<u>1,825,675</u>



# Emaar Properties PJSC and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

### 23 SUKUK (continued)

#### B. EMG Sukuk Limited:

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

	<i>2014</i> <i>AED'000</i>
Proceeds from the issuance of the Sukuk	2,754,750
Less: Sukuk issuance cost	(21,667)
Sukuk liability on initial recognition	2,733,083
Profit accrued up to the end of the year	925
Sukuk liability at the end of the year	<u>2,734,008</u>

*The total Sukuk liability is as follows:*

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
<b>Emaar Sukuk Limited:</b>		
- Series 1	1,830,269	1,826,728
- Series 2	1,827,361	1,825,675
<b>EMG Sukuk Limited:</b>		
- Sukuk	2,734,008	-
Total Sukuk liability at the end of the year	<u>6,391,638</u>	<u>3,652,403</u>

### 24 EMPLOYEE BENEFITS

#### *End-of-Service Benefits*

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

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Balance at the beginning of the year	89,689	77,269
Provided during the year	58,252	32,361
Paid during the year	(14,357)	(19,941)
Balance at the end of the year	<u>133,584</u>	<u>89,689</u>

# Emaar Properties PJSC and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

### 24 EMPLOYEE BENEFITS (continued)

#### *Employees' Performance Share Programme*

The Company has an Employee Performance Share Programme ("the Programme") to recognise and retain high 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:

	2014		2013	
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	59,743	AED 1.00	59,743	AED 1.00
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	<u>59,743</u>	<u>AED 1.00</u>	<u>59,743</u>	<u>AED 1.00</u>

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 expense recognised during the year in respect of the programme was AED Nil (2013: AED Nil).

### 25 SHARE CAPITAL

	2014 AED'000	2013 AED'000
Authorised capital 7,159,738,882 shares of AED 1 each (31 December 2013: 6,109,938,935 shares of AED 1 each)	<u>7,159,739</u>	<u>6,109,939</u>
Issued and fully paid-up 7,159,738,882 shares of AED 1 each (31 December 2013: 6,109,938,935 shares of AED 1 each)	<u>7,159,739</u>	<u>6,109,939</u>

- (a) Pyrus, a wholly owned subsidiary of the Group, had issued convertible notes (the "Notes") in 2010 which were unconditionally and irrevocably guaranteed by the Company. During the year, Pyrus received additional conversion notices from holders of the Notes with face value of USD 475,700 thousands (AED 1,747,246 thousands) [2013: USD 22,300 thousands (AED 81,907 thousands)]. Accordingly, the Company has converted these Notes at a conversion price of AED 4.38 per share and has issued 398,914,594 new equity shares of AED 1 each on 22 January 2014 (2013: 18,700,432 new equity shares of AED 1 each on 22 December 2013) after securing necessary approvals from statutory authorities (also refer Notes 22, 26 and 27).
- (b) The Company's shareholders, at the annual general meeting held on 23 April 2014, approved a share dividend of AED 0.10 per share (refer Note 30). Accordingly, effective 1 May 2014, the Company has issued 650,885,353 new equity shares of AED 1 each after securing necessary approvals from statutory authorities.

Emaar Properties PJSC and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

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 2013	13,808,707	3,660	3,126,466	(82,929)	(1,326,517)	(929,524)	14,599,863
Increase in unrealised reserves	-	-	-	32,155	396,755	-	428,910
Decrease in foreign currency translation reserve	-	-	-	-	-	(472,681)	(472,681)
Net income/(loss) recognised directly in equity	-	-	-	32,155	396,755	(472,681)	(43,771)
Conversion of convertible notes (Notes 22 & 25)	63,207	-	-	-	-	-	63,207
Net movement during the year	-	-	256,814	-	-	-	256,814
Balance at 31 December 2013	13,871,914	3,660	3,383,280	(50,774)	(929,762)	(1,402,205)	14,876,113
Increase / (decrease) in unrealised reserves	-	-	-	48,096	(5,087)	-	43,009
Decrease in foreign currency translation reserve	-	-	-	-	-	(189,868)	(189,868)
Net income/(loss) recognised directly in equity	-	-	-	48,096	(5,087)	(189,868)	(146,859)
Conversion of convertible notes (Notes 22 & 25)	1,348,331	-	-	-	-	-	1,348,331
Dilution fo investment in subsidiary	-	-	-	175	-	-	175
Net movement during the year	-	-	329,321	-	-	-	329,321
<b>Balance at 31 December 2014</b>	<b>15,220,245</b>	<b>3,660</b>	<b>3,712,601</b>	<b>(2,503)</b>	<b>(934,849)</b>	<b>(1,592,073)</b>	<b>16,407,081</b>

## Emaar Properties PJSC and its Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

#### 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 the statutory reserve may be suspended when the reserve reaches 50% of the paid-up capital. Transfers to the 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 Company and therefore in accordance with a resolution of the Annual General Meeting, the Group has ceased further transfers to this reserve. However, in compliance with Article 203 of the U.A.E. Federal Commercial Companies Law, during the year, AED 1,348,331 thousands has been transferred to the statutory reserve upon conversion of the Notes (also refer to Notes 22 and 25).

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;
- AED 11,321,656 thousands being the premium collected to date at AED 4 per share (share par value at AED 1 per share) on the 1:1 rights issue announced during the year ended 31 December 2005;
- AED 63,207 thousands being the premium of AED 3.38 per share (share par value at AED 1 per share) on conversion of the Notes having face value of USD 22,300 thousands (AED 81,907 thousands) on 22 December 2014 (also refer note 22); and
- AED 1,348,331 thousands being the premium of AED 3.38 per share (share par value at AED 1 per share) on conversion of the notes having face value of USD 475,700 thousands (AED 1,747,246 thousands) on 22 January 2014 (also refer notes 22 and 25).

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

Net unrealised gains/(losses) reserve:

- This reserve records fair value changes in financial assets at fair value through other comprehensive income and the Group's share in fair value reserve of the associated companies.

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.

Hedging reserves:

- Hedging reserves represents the effective portion of the gain or loss on the interest rate swap contracts held by the Group.

#### 27 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit or loss for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit or loss attributable to the owners of the parent (after adjusting for interest on the convertible notes) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

## Emaar Properties PJSC and its Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

#### 27 EARNINGS PER SHARE (continued)

The information necessary to calculate basic and diluted earnings per share is as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
<b>Earnings:</b>		
Profit attributable to the owners of the parent for basic earnings	3,293,205	2,568,136
Interest on convertible notes	-	151,451
	<u>3,293,205</u>	<u>2,719,587</u>
<b>Profit attributable to the owners of the parent adjusted for the effect of dilution</b>	<u><u>3,293,205</u></u>	<u><u>2,719,587</u></u>
 <i>Number of shares in thousands</i>		
	<i>2014</i>	<i>2013</i>
Weighted average number of ordinary shares for basic earnings per share *	6,922,798	6,091,751
<i>Effect of dilution:</i>		
Convertible notes	-	418,780
	<u>-</u>	<u>418,780</u>
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<u><u>6,922,798</u></u>	<u><u>6,510,531</u></u>
<b>Earnings per share:</b>	<i>2014</i>	<i>2013</i>
- basic and diluted earnings per share	<u><u>AED 0.48</u></u>	<u><u>AED 0.42</u></u>

\* On 22 January 2014, the Company issued 398,914,594 new equity shares pursuant to conversion of convertible notes (refer Notes 22, 25 & 26). Additionally on 1 May 2014, the Company has issued 650,885,353 equity shares pursuant to the share dividend approved by the shareholders (refer Note 30). Accordingly, the weighted average number of shares takes into account the weighted average effect of change in number of equity shares on conversion of convertible notes and issue of bonus shares.

#### 28 GUARANTEES

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

1. Facilities taken by an associate from commercial banks amounting to AED 102,748 thousands (2013: AED 139,700 thousands) are guaranteed by the Group.
2. The Group has issued financial guarantees of AED 102,922 thousands (2013: AED 215,950 thousands) for the letter of credit issued by a commercial bank.
3. The Group has provided a financial guarantee of AED 5,000 thousands (2013: AED 5,000 thousands) as a security for the letter of guarantee issued by a commercial bank for issuance of a trade license from Government of Dubai.
4. The Group has provided a financial guarantee of AED 3,287 thousands (2013: AED 3,287 thousands) as a security for the performance of its contractual obligations.
5. The Group has provided financial guarantees of AED 1,858,975 thousands (2013: AED 978,760 thousands) to Real Estate Regulatory Authority (RERA), Dubai for its new projects as per RERA regulations.
6. The Group has provided a corporate guarantee of AED 73,460 thousands (2013: AED 73,460 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of the joint venture of the Group.

## Emaar Properties PJSC and its Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

#### 29 COMMITMENTS

At 31 December 2014, the Group had commitments of AED 17,357,464 thousands (2013: AED 6,522,210 thousands) which include project commitments of AED 16,904,105 thousands (2013: AED 6,141,508 thousands). This represents the value of contracts issued at 31 December 2014 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.

#### Operating lease commitments - Group as lessee

The Group has entered into various operating lease agreements for properties, office facilities and equipment. These leases have an average life of between 1 to 10 years. There are no restrictions placed upon by the Group on entering into these leases. Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Within one year	74,454	16,456
After one year but not more than five years	177,473	143,089
More than five years	18,093	54,280
	<u>270,020</u>	<u>213,825</u>

#### Operating lease commitments - Group as lessor

The Group has entered into leases on its investment property portfolio. The future minimum rentals receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Within one year	1,793,552	1,496,906
After one year but not more than five years	3,355,954	2,500,371
More than five years	719,899	857,574
	<u>5,869,405</u>	<u>4,854,851</u>

#### 30 DIVIDENDS

A cash dividend of AED 0.15 per share and a share dividend of AED 0.10 per share for the year 2013 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 23 April 2014.

Further, a special dividend of AED 1.257 per share was approved by the shareholders of the Company at the Ordinary General Meeting of the Company held on 23 December 2014.

A cash dividend of AED 0.15 per share for 2014 is proposed by the Board of Directors of the Company subject to the approval of the shareholders in the forthcoming Annual General Meeting.

# Emaar Properties PJSC and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

### 31 RELATED PARTY DISCLOSURES

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

#### Related party transactions

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

	2014 AED'000	2013 AED'000
<b>Associates and joint ventures:</b>		
Islamic finance income	4,317	4,236
Finance income earned on loans	108,399	162,395
Property development expenses	112,460	72,206
Selling, general and administrative expenses	3,926	4,548
Rental income from leased properties and related income	3,175	3,141
Cost of revenue	4,177	1,561
Other operating income	1,100	1,064
Other income	140	240
	<u>          </u>	<u>          </u>
<b>Directors', Key management personnel and their related parties:</b>		
Sale of property	105,213	10,317
Rental income from leased properties and related income	94,266	80,754
Islamic finance income	5,400	4,009
Other income	921	-
Finance costs incurred on interest-bearing loans and borrowings	13,249	5,156
Revenue from hospitality	2,054	2,173
Selling, general and administrative expenses	36,287	26,033
Cost of revenue	25,998	20,393
Capital expenditure	110	302
Property development expenses	5,014	3
	<u>          </u>	<u>          </u>

#### Related party balances

The following table summarise the significant related party balances (and the statement of financial position captions within which these are included) as at 31 December 2014 and 31 December 2013:

	2014 AED'000	2013 AED'000
<b>Associates and joint ventures:</b>		
Trade and other payables	51,880	62,374
Trade receivables	366	372
<b>Directors', Key management personnel and their related parties:</b>		
Bank balances and cash	1,406,248	525,658
Trade receivables	1,099	7,703
Other assets, receivables, deposits and prepayments	1,265	10,358
Investment in securities at fair value through other comprehensive income	85,835	93,231
Trade and other payables	4,840	3,561
Advance from customers	16,193	7,450
Interest-bearing loans and borrowings	226,317	9,183
	<u>          </u>	<u>          </u>

During 2010 the Company had cancelled a development agreement with a company in which one of the Directors of the Company has an interest. During the year, an agreement has been signed between the Company and the Director to settle the receivable relating to this in full.

At 31 December 2014

**31 RELATED PARTY DISCLOSURES (continued)**

During the year, the Company has paid bonus of AED 500 thousands to each of the members of the Board of Directors of the Company for the year 2013 as approved by the shareholders at the Annual General Meeting of the Company held on 23 April 2014.

**Compensation of key management personnel**

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

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Short-term benefits	<b>247,501</b>	198,730
Employees' end-of-service benefits	<b>29,283</b>	9,703
	<u><b>276,784</b></u>	<u>208,433</u>

During the year, the number of key management personnel is 224 (31 December 2013: 179).

**32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****Overview**

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

- a) Credit risk,
- b) Market risk, and
- c) 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. Group's senior 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's 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's 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 interest-bearing loans and borrowings, sukuk, retentions payable and trade and other 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 bank balances and cash, trade receivables and other receivables and deposits, which arise directly from its operations.

The Group also enters into derivative transactions, primarily interest rate swap contracts. The purpose is to manage the interest rate risk arising from the Group's sources of finance.



**32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

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 influence on credit risk. The Group earns its revenues from a large number of customers spread across different geographical segments. However, geographically 98% (2013: 94%) 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 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.

***Other financial assets and cash deposits***

With respect to credit risk arising from the other financial assets of the Group, which comprise bank balances and cash, financial assets at fair value through other comprehensive income, loans to associates and joint ventures, other receivables and deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

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 in meeting its obligations.

***Guarantees***

The Group's policy is to provide financial guarantees only to its subsidiaries and certain associates and joint ventures. For details of guarantees outstanding as at the reporting date refer Note 28 to the consolidated financial statements.

***Excessive risk of concentration***

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

At 31 December 2014

**32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****b) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk, interest rate risk and equity prices risks, which will affect the Group's income or the value of its holdings of financial instruments. Financial instruments affected by market risk include interest-bearing 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 interest rate swap. The purpose is to manage the interest rate risk arising from the Group's sources of finance.

The Group does not hold or issue derivative financial instruments for speculative purposes.

***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. It also enters into an interest rate swap contracts to hedge the interest rate risk of the firm commitment (also refer note 34). Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rates 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 borrowing from financial institutions, investment in financial products and fixed deposits.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, after the impact of hedge accounting, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings):

	<i>2014</i>		<i>2013</i>	
	<i>Change in basis points</i>	<i>Sensitivity of interest income/ expense AED'000</i>	<i>Change in basis points</i>	<i>Sensitivity of interest income/ expense AED'000</i>
Financial assets	± 100	1,680	± 100	1,558
Financial liabilities	± 100	31,243	± 100	33,205

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

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 13 to the consolidated financial statements. Interest rates on loans from financial institutions are disclosed in Note 21 to the consolidated financial statements.

At 31 December 2014

**32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****b) Market risk (continued)*****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 USD are not considered to represent significant currency risk.

However, the Group's exposure to the risk of changes in foreign exchange rates primarily relates 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 and which are not pegged to the AED and USD. The foreign currency exchange differences arising upon consolidation of these entities for the purpose of preparation of the Group's consolidated financial statements are recorded in the consolidated statement of changes in equity through the consolidated statement of comprehensive income.

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

Currency	2014		2013	
	Change in currency rate in %	Effect on equity AED'000	Change in currency rate in %	Effect on equity AED'000
EGP	±10	207,291	±10	83,630
INR	±10	271,600	±10	276,910
Other currencies not pegged to US Dollar	±10	15,274	±10	38,062

***Exposure to equity price risk***

Equity price risk is the risk that the fair values of equities increase or decrease as a 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 instruments held by the Group at fair value through other comprehensive income. 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. The primary goal of the Group's investment strategy is to maximise investment returns.

The effect on fair value of equity instruments (as a result of a change in the fair value of equity instruments held at fair value through other comprehensive income as at 31 December 2014) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

Quoted investments	2014		2013	
	Change in equity price in %	Effect on equity AED'000	Change in equity price in %	Effect on equity AED'000
Quoted investments	±10	84,913	±10	84,933

***Exposure to overseas country risks***

Management monitors political and economic events and developments in countries where the Group operates to assess the likelihood of any potential impact to the Group's financial position and results of operations.

# Emaar Properties PJSC and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

### 32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### 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 lease 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	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 2014</i>					
Interest-bearing loans and borrowings	136,261	797,874	1,214,041	4,723,799	6,871,975
Retentions payable	65,341	338,729	317,550	-	721,620
Payable to non-controlling interests	-	-	992,344	-	992,344
Dividend payable	1,604,824	-	-	-	1,604,824
Sukuk	136,819	262,546	4,802,154	3,320,521	8,522,040
Other liabilities	1,521,046	2,526,752	2,740,635	382,974	7,171,407
<b>Total undiscounted financial liabilities</b>	<b>3,464,291</b>	<b>3,925,901</b>	<b>10,066,724</b>	<b>8,427,294</b>	<b>25,884,210</b>
<i>As at 31 December 2013</i>					
Financial liabilities	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
Interest-bearing loans and borrowings	1,528,509	1,381,739	3,591,861	639,092	7,141,201
Retentions payable	54,382	249,224	288,973	-	592,579
Payable to non-controlling interests	-	-	991,978	-	991,978
Dividend payable	125,911	-	-	-	125,911
Convertible notes	7,416	-	-	-	7,416
Sukuk	136,819	136,819	4,572,886	-	4,846,524
Other liabilities	1,745,951	1,898,054	2,753,510	243,555	6,641,070
<b>Total undiscounted financial liabilities</b>	<b>3,598,988</b>	<b>3,665,836</b>	<b>12,199,208</b>	<b>882,647</b>	<b>20,346,679</b>

At 31 December 2014

**32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****d) Capital management**

Capital includes equity attributable to the equity holders of the parent. The Group's 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 below 50%. The Group includes within net debt, interest bearing loans and borrowings and sukuk less cash and cash equivalents. Capital includes equity attributable to the owners of the parent less the net unrealised gains/(losses) reserve. At 31 December 2014, the Groups' gearing ratio is 12% (31 December 2013: 18%). The Board of Directors 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, the return on capital to shareholders or issuance of new shares to maintain or adjust the capital structure.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 31 December 2013.

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.

**33 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities.

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

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

**34 HEDGING ACTIVITIES****Cash flow hedges**

At 31 December 2014, the Group held certain interest rate swap contracts designated as a hedge of expected future payments under the borrowing contracts entered by the Group for which it has firm commitments. The interest rate swap contract is being used to hedge the interest rate risk of the firm commitments. The nominal amount of these contracts is USD 725,000 thousands. (2013: USD 218,672 thousands and AED 2,457,000 thousands respectively).

	<i>2014</i>		<i>2013</i>	
	<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>Interest rate swap contracts</i>				
Fair value	-	<b>2,958</b>	-	50,774

# Emaar Properties PJSC and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

### 34 HEDGING ACTIVITIES (continued)

#### *Fair value hierarchy*

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

	<i>Total</i> <i>AED'000</i>	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>
<b>2014</b>				
Interest rate swap contracts	2,958	-	2,958	-
<b>2013</b>				
Interest rate swap contracts	50,774	-	50,774	-

#### *Valuation technique*

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

### 35 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries of the Group that have material non-controlling interest are provided below:

	<i>Country of incorporation</i>	<i>Ownership 2014</i>	<i>Ownership 2013</i>
Emaar Malls Group PJSC	U.A.E	84.63%	100.00%
Dubai Hills Estate LLC	U.A.E	50.00%	50.00%
Emaar IGO S.A.	Syria	60.00%	60.00%
Renaissance Metn SAL	Lebanon	65.00%	65.00%
Emaar Giga Karachi Limited	Pakistan	73.12%	73.12%
Emaar Middle East LLC	KSA	61.00%	61.00%

The following table summarises the statement of financial position of these subsidiaries as at 31 December 2014. This information is based on the amounts before inter-company elimination.

	<i>Emaar Malls Group PJSC*</i> <i>AED'000</i>	<i>Dubai Hills Estate LLC</i> <i>AED'000</i>	<i>Emaar IGO S.A.</i> <i>AED'000</i>	<i>Renaissance Metn SAL</i> <i>AED'000</i>	<i>Emaar Giga Karachi Limited</i> <i>AED'000</i>	<i>Emaar Middle East LLC</i> <i>AED'000</i>
Total assets	22,557,824	1,385,321	254,805	621,198	622,498	2,818,851
Total liabilities	8,757,147	734,747	84,036	480,866	717,506	2,802,543
Total equity	13,800,677	650,574	170,769	140,332	(95,008)	16,308
<b>Attributable to:</b>						
Owners of the parent	11,678,976	325,287	101,945	91,216	(59,897)	(58,431)
Non-controlling interest	2,121,701	325,287	68,824	49,116	(35,111)	74,739

# Emaar Properties PJSC and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2014

### 35 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

The following table summarises the income statement of these subsidiaries as at 31 December 2014. This information is based on the amounts before inter-company elimination.

	<i>Emaar Malls Group PJSC* AED'000</i>	<i>Dubai Hills Estate LLC AED'000</i>	<i>Emaar IGO S.A. AED'000</i>	<i>Renaissance Metn SAL AED'000</i>	<i>Emaar Giga Karachi Limited AED'000</i>	<i>Emaar Middle East LLC AED'000</i>
Revenue	2,708,293	865,033	21,390	230,052	-	89,449
(Loss) / profit for the year	1,350,594	659,782	41,621	21,891	(2,534)	(44,223)
Total comprehensive income for the year	1,382,497	659,782	41,621	21,891	(2,534)	(44,223)
<b>Attributable to:</b>						
Owners of the parent	1,319,145	329,891	24,973	14,229	(1,853)	(25,651)
Non-controlling interest	63,352	329,891	16,648	7,662	(681)	(18,572)

The following table summarises the statement of financial position of these subsidiaries as at 31 December 2013. This information is based on the amounts before inter-company elimination.

	<i>Emaar Malls Group PJSC* AED'000</i>	<i>Dubai Hills Estate LLC AED'000</i>	<i>Emaar IGO S.A. AED'000</i>	<i>Renaissance Metn SAL AED'000</i>	<i>Emaar Giga Karachi Limited AED'000</i>	<i>Emaar Middle East LLC AED'000</i>
Total assets	9,411,685	142,972	289,932	636,360	507,263	2,708,471
Total liabilities	6,452,755	152,179	112,113	517,919	595,669	2,647,940
Total equity	2,958,930	(9,207)	177,819	118,441	(88,406)	60,531
<b>Attributable to:</b>						
Owners of the parent	2,958,930	(4,603)	106,176	76,987	(55,070)	(32,781)
Non-controlling interest	-	(4,604)	71,643	41,454	(33,336)	93,312

The following table summarises the income statement of these subsidiaries as at 31 December 2013. This information is based on the amounts before inter-company elimination.

	<i>Emaar Malls Group PJSC* AED'000</i>	<i>Dubai Hills Estate LLC AED'000</i>	<i>Emaar IGO S.A. AED'000</i>	<i>Renaissance Metn SAL AED'000</i>	<i>Emaar Giga Karachi Limited AED'000</i>	<i>Emaar Middle East LLC AED'000</i>
Revenue	2,395,283	-	8,430	38,746	-	139,893
(Loss) / profit for the year	1,099,439	(9,506)	66,470	(55,308)	(39,430)	(52,842)
Total comprehensive income for the year	1,109,673	(9,506)	66,470	(55,308)	(39,430)	(52,842)
<b>Attributable to:</b>						
Owners of the parent	1,109,673	(4,753)	39,882	(35,950)	(28,831)	(32,719)
Non-controlling interest	-	(4,753)	26,588	(19,358)	(10,599)	(20,123)

\*During the year, the Parent has converted the legal status of Emaar Malls Group from limited liability company to public joint stock company (also refer note 2.1).