

Union Properties
Public Joint Stock Company
and its subsidiaries

Interim condensed consolidated
financial information (unaudited)
30 June 2013

Union Properties Public Joint Stock Company and its subsidiaries

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KPMG Lower Gulf Limited
P O Box 341145
Level 12, IT Plaza Building
Dubai Silicon Oasis
Dubai
United Arab Emirates

Telephone +971 (4) 356 9500
Main Fax +971 (4) 326 3788
Audit Fax +971 (4) 326 3773
website www.ae-kpmg.com

Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information

The Shareholders
Union Properties PJSC

Introduction

We have reviewed the accompanying 30 June 2013 interim condensed consolidated financial information of Union Properties PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the interim condensed consolidated statement of financial position as at 30 June 2013;
- the interim condensed consolidated income statement for the three month and six month periods ended 30 June 2013;
- the interim condensed consolidated statement of comprehensive income for the three month and six month periods ended 30 June 2013;
- the interim condensed consolidated statement of changes in equity for the six month period ended 30 June 2013;
- the interim condensed consolidated statement of cash flows for the six month period ended 30 June 2013; and
- notes to the interim condensed consolidated financial information.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2013 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Vijendranath Malhotra
(Registration No. B 48)
Dubai, United Arab Emirates

31 JUL 2013

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated income statement (unaudited) for the six month period ended 30 June 2013

	Six month period ended 30 June 2013			Six month period ended 30 June 2012			
	Note	Property management and sales AED'000	Other operating activities AED'000	Total AED'000	Property management and sales AED'000	Other operating activities AED'000	Total AED'000
Revenue	13	165,019	570,374	735,393	398,240	605,747	1,003,987
Direct costs		(154,816)	(515,917)	(670,733)	(347,259)	(496,560)	(843,819)
Gross profit	13	10,203	54,457	64,660	50,981	109,187	160,168
Administrative and general expenses				(50,529)			(70,984)
Finance income				156			1,297
Finance expense				(61,703)			(107,549)
Other income	6			84,528			4,100
Gain on sale of investment properties	7			25,997			5,540
Share in profit of joint ventures	5			15,804			13,131
Profit for the period before valuation of properties				78,913			5,703
Gain on valuation of properties	7			56,253			100,279
Profit for the period attributable to the shareholders of the Company				135,166			105,982
Basic and diluted earnings per share (AED) (for the period)	11			0.040			0.031

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

The independent auditors' report on review of interim condensed consolidated financial information is set out on page 1.

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated income statement (unaudited) for the six month period ended 30 June 2013

	Three month period ended 30 June 2013			Three month period ended 30 June 2012			
	Note	Property management and sales AED'000	Other operating activities AED'000	Total AED'000	Property management and sales AED'000	Other operating activities AED'000	Total AED'000
Revenue	13	139,251	287,780	427,031	238,404	318,545	556,949
Direct costs	13	(135,292)	(258,667)	(393,959)	(235,180)	(262,307)	(497,487)
Gross profit		3,959	29,113	33,072	3,224	56,238	59,462
Administrative and general expenses				(25,885)			(35,849)
Finance income				97			502
Finance expense				(22,502)			(47,093)
Other income	6			82,914			2,029
Gain on sale of investment properties	7			15,941			(2,855)
Share in profit of joint ventures	5			3,865			7,095
Profit/(loss) for the period before valuation of properties				87,502			(16,709)
Gain on valuation of properties	7			25,753			100,279
Profit for the period attributable to the shareholders of the Company				113,255			83,570
Basic and diluted earnings per share (AED) (for the quarter)	11			0.03			0.02

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

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Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of comprehensive income (unaudited) for the six month period ended 30 June 2013

	Six month period ended 30 June		Three month period ended 30 June	
	2013 AED'000	2012 AED'000	2013 AED'000	2012 AED'000
Profit for the period	135,166	105,982	113,255	83,570
Other comprehensive income for the period				
<i>Items that will be or maybe reclassified subsequently to profit or loss</i>				
Net movement in cash flow hedge	(33)	60	(23)	7
Total comprehensive income for the period	135,133	106,042	113,232	83,577

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

The independent auditors' report on review of interim condensed consolidated financial information is set out on page 1.

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of financial position (unaudited)

at 30 June 2013

	Note	Unaudited 30 June 2013 AED'000	Audited 31 December 2012 AED'000	Unaudited 30 June 2012 AED'000
ASSETS				
Non-current assets				
Intangible assets		295	295	296
Property, plant and equipment		117,185	129,285	126,305
Investment properties	7	4,079,910	4,611,050	4,512,095
Development properties	8	982,642	1,194,758	1,360,743
Investment in joint ventures	5	469,957	464,153	482,022
Non-current receivables		171,064	151,677	163,770
		<u>5,821,053</u>	<u>6,551,218</u>	<u>6,645,231</u>
Current assets				
Other investments	12	5,287	5,294	5,303
Inventories		30,419	33,168	33,219
Contract work-in-progress		230,547	187,651	255,753
Trade and other receivables		1,748,216	1,952,185	1,992,431
Due from related parties	9	91,674	134,916	215,693
Cash in hand and at bank		499,786	227,467	258,618
		<u>2,605,929</u>	<u>2,540,681</u>	<u>2,761,017</u>
Total assets		<u>8,426,982</u>	<u>9,091,899</u>	<u>9,406,248</u>
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		3,366,857	3,366,857	3,366,857
Treasury shares		(4,998)	(4,998)	(4,998)
Statutory reserve		17,579	17,579	-
General reserve		313,697	313,697	313,697
Hedging reserve		1	34	13
Accumulated losses		(995,138)	(1,130,304)	(1,182,532)
Total equity attributable to the shareholders of the Company		<u>2,697,998</u>	<u>2,562,865</u>	<u>2,493,037</u>
Non-current liabilities				
Long-term bank loans	10	1,078,154	2,998,270	3,098,819
Advances from sale of properties		2,165,166	275,784	301,780
Deferred income		25,313	26,438	27,563
Non-current payables		12,679	14,804	26,327
Provision for staff terminal benefits		83,267	79,975	78,538
		<u>3,364,579</u>	<u>3,395,271</u>	<u>3,533,027</u>
Current liabilities				
Trade and other payables		1,747,219	2,406,712	2,575,552
Advances and deposits		161,888	65,951	78,296
Due to related parties		-	16,836	16,619
Short-term bank borrowings		95,298	106,357	88,036
Current portion of long-term bank loans	10	360,000	537,907	621,681
		<u>2,364,405</u>	<u>3,133,763</u>	<u>3,380,184</u>
Total liabilities		<u>5,728,984</u>	<u>6,529,034</u>	<u>6,913,211</u>
Total equity and liabilities		<u>8,426,982</u>	<u>9,091,899</u>	<u>9,406,248</u>

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

31 JUL 2013


Director


General Manager

The independent auditors' report on review of interim condensed consolidated financial information is set out on page 1.

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of cash flows (unaudited)

for the six month period ended 30 June 2013

	Note	Six month period ended	
		30 June	
		2013	2012
		AED'000	AED'000
Operating activities			
Profit for the period		135,166	105,982
<i>Adjustments for:</i>			
Depreciation		8,840	21,225
Gain on disposal of investment properties		(25,997)	(5,540)
Gain on valuation of properties		(56,253)	(100,279)
Share in profit of joint ventures		(15,804)	(67,132)
Income from government grant		(1,125)	(1,125)
Finance income		(156)	(1,297)
Finance expense		61,703	107,549
		-----	-----
<i>Operating profit before working capital changes</i>		106,374	59,383
Change in other investments		7	(479)
Change in trade and other receivables		208,615	(62,833)
Change in inventories		2,749	8,721
Change in contract work-in-progress		(42,896)	(14,217)
Change in non-current receivables		(19,387)	2,763
Change in due from related parties		43,242	(182,006)
Change in trade and other payables		(535,821)	67,538
Change in due to related parties		(16,836)	(10,198)
Change in non-current payables		(263,105)	9,321
Change in advances and deposits		95,937	(46,167)
Change in staff terminal benefits (net)		68,463	(162)
		-----	-----
<i>Net cash used in operating activities</i>		(352,658)	(168,336)
Investing activities			
Additions to property, plant and equipment		(7,238)	(24,126)
Additions to development properties (net)	8	(663)	(34,472)
Dividend income		10,000	10,000
Proceeds from disposal of investment properties		701,261	345,691
Interest income		156	1,297
Change in deposit with banks		13,210	-
		-----	-----
<i>Net cash from investing activities</i>		716,726	298,390
Financing activities			
Net movement in long-term bank loans	10	(2,098,023)	(48,575)
Net movement in short-term bank borrowings		(28,346)	(801)
Interest paid		(54,647)	(85,356)
Change in advances from sale of properties		2,085,191	58,972
		-----	-----
<i>Net cash used in financing activities</i>		(95,825)	(75,760)
		-----	-----
Net increase in cash and cash equivalents		268,243	54,294
Cash and cash equivalents at the beginning of the period		144,769	121,003
		-----	-----
Cash and cash equivalents at the end of the period		413,012	175,297
		=====	=====

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of changes in equity (unaudited) for the six month period ended 30 June 2013

	Share capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	General reserve AED'000	Hedging reserve AED'000	Accumulated losses AED'000	Total AED'000
At 1 January 2012 (audited)	3,366,857	(4,998)	-	313,697	(47)	(1,288,514)	2,386,995
Total comprehensive income for the period	-	-	-	-	60	105,982	106,042
At 30 June 2012 (unaudited)	3,366,857	(4,998)	-	313,697	13	(1,182,532)	2,493,037
At 1 January 2013 (audited)	3,366,857	(4,998)	17,579	313,697	34	(1,130,304)	2,562,865
Total comprehensive income for the period	-	-	-	-	(33)	135,166	135,133
At 30 June 2013 (unaudited)	3,366,857	(4,998)	17,579	313,697	1	(995,138)	2,697,998

No allocation of profit has been made to the statutory reserve for the six month period ended 30 June 2013 as it would be effected at the year-end.

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

Union Properties Public Joint Stock Company and its subsidiaries

Notes

(forming part of the interim condensed consolidated financial information)

1 Legal status and principal activities

Union Properties Public Joint Stock Company (“the Company”) was incorporated on 28 October 1993 as a public joint stock company by a United Arab Emirates Ministerial decree. The Company’s registered office address is P.O. Box 24649, Dubai, United Arab Emirates (“UAE”).

The principal activities of the Company are investment in and development of properties, the management and maintenance of its own properties including the operation of cold stores, the undertaking of property related services on behalf of other parties (including related parties) and acting as the holding company of its subsidiaries and investing in joint ventures.

The Company and its subsidiaries are collectively referred to as “the Group”. All of the Group’s significant business and investment activities in land, properties, securities and financial derivatives are carried out within the UAE. The Group does not have significant foreign currency exposure towards land, properties, securities and financial derivatives.

2 Basis of preparation and significant accounting policies

- (i) These interim condensed consolidated financial information have been prepared in accordance with the International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. The interim condensed consolidated financial information of the Group, presented in UAE Dirhams (“AED”), which is also the Group’s functional currency, rounded to the nearest thousand, have been prepared under the historical cost convention except in respect of investment properties, derivative financial instruments and investment in marketable securities, which are stated at fair values.

The interim condensed consolidated financial information are to be read in conjunction with the latest audited consolidated financial statements of the Group for the year ended 31 December 2012.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

The Group applies, for the first time, certain standards and amendments which are effective from 1 January 2013. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interest in Other Entities, IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. The adoption of these new standards and amendments do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group, except for the presentation and disclosures. As required by IAS 34, the nature and the effect of these changes are disclosed below.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Group’s financial position.

IFRS 10 Consolidated Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including:

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

2 Basis of preparation and significant accounting policies (continued)

IFRS 10 Consolidated Financial Statements (continued)

- an investor has power over an investee;
- the investor has exposure, or rights, to variable returns from its involvement with the investee; and
- the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. IFRS 11 had no impact on the Group's financial position.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34, thereby affecting the interim condensed consolidated financial information period. The Group provides these disclosures in Note 11.

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

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

(ii) Financial commitments

The Group has made a profit of AED 135.2 million for the six month period ended 30 June 2013. The Group has accumulated losses of AED 995.1 million as at 30 June 2013. Furthermore the Group has bank borrowings of AED 1,533.5 million of which an amount of AED 455.3 million is due within twelve months from the reporting date.

The Board of Directors have reviewed the Group's cash flow projections which contain the following assumptions:

- Sufficient funds will be available from financial institutions on a timely basis to complete the existing projects;
- that the projects are profitable,
- the Group's existing core businesses will continue to remain profitable; and
- where appropriate and if deemed necessary, funds may be generated from sale of some of the Group's assets.

On this basis, the Board of Directors' have concluded that the Group will be able to meet its commitments as they fall due in the foreseeable future.

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

3 Significant accounting estimates and judgements

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

4 Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2012.

5 Share of profit in joint ventures

During the six month period ended 30 June 2013, the Group's share of profit in Properties Investment LLC amounted to AED 9.3 million (30 June 2012: AED 2.9 million) and its share of profit in Emirates District Cooling LLC amounted to AED 6.5 million (30 June 2012: AED 10.3 million). Furthermore, Properties Investment LLC has declared and paid a dividend of AED 10.0 million (30 June 2012: AED 10 million) during the six month period ended 30 June 2013.

6 Other income

Other income mainly represents positive saving of AED 80 million on account of liabilities settlement with the contractors for certain projects.

7 Investment properties

	Unaudited 30 June 2013 AED'000	Audited 31 December 2012 AED'000	Unaudited 30 June 2012 AED'000
Opening balance	4,611,050	4,266,030	4,266,030
Additions during the period/year	-	92,049	92,049
Gain on fair valuation (refer note (ii) below)	56,253	207,686	100,279
Transfer from development properties (refer note (iii) below)	89,075	597,987	393,887
Sale of investment properties (refer note (i) below)	(675,264)	(552,702)	(340,150)
Transfer to property, plant and equipment	(1,204)	-	-
Closing balance	<u>4,079,910</u>	<u>4,611,050</u>	<u>4,512,095</u>

- (i) During the six month period ended 30 June 2013, the Group has sold various investment properties with carrying value of AED 675.3 million (30 June 2012: AED 340.2 million) for a net consideration of AED 701.3 million (30 June 2012: AED 345.7 million) resulting in a net gain of AED 26 million (30 June 2012: AED 5.5 million). Also refer note 9.

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Notes (continued)

7 Investment properties (continued)

- (ii) The Group follows the fair value model under IAS 40 (Revised 2003) where investment property defined as land and buildings owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on an open market valuation carried out by an independent registered valuer, JAJ Consultants LLC, who carried out the valuation in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors.

The fair values have been determined by taking into consideration the discounted cash flow revenues. In this regard, the Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, have been taken into account.

Fair values have also been determined, where relevant, having regard to recent market transactions for similar properties in the same location as the Group's investment properties.

Furthermore, the valuation has been undertaken against a background of instability in global financial markets which has also impacted the UAE financial market. It is yet to be fully seen how these changing conditions in the local property market will impact upon pricing in the short to medium term because the combined impact of the current macroeconomic instability, the reduction in financial liquidity and legislative changes is that potential buyers and sellers may be unwilling to commit to transactions at the current time and there are few transactions taking place in the market.

Based on the valuation, a fair value gain of AED 56.3 million (2012: fair value gain of AED 100.3 million) has been recognized in the interim condensed consolidated income statement.

- (iii) The Board of Directors of the Company have reassessed the use of certain development properties. Accordingly, properties costing AED 89.1 million has been transferred from development properties to investment properties as these properties are now held for undetermined use. These properties are either held for capital appreciation or rented out to third parties or would be sold in an open market. As at the reporting date, these properties have been stated at fair values in accordance with the accounting policy adopted by the Group for valuation of investment properties.

8 Development properties

	Unaudited 30 June 2013 AED'000	Audited 31 December 2012 AED'000	Unaudited 30 June 2012 AED'000
Opening balance	1,194,758	1,555,536	1,555,536
Net additions during the period/year	663	460,142	412,482
Cost of properties sold	(123,704)	(222,933)	(213,388)
Transfer to investment properties	(89,075)	(597,987)	(393,887)
Closing balance	<u>982,642</u>	<u>1,194,758</u>	<u>1,360,743</u>

During the six month period ended 30 June 2013, the Directors' of the Company have reviewed the carrying value of development properties and are of the opinion that there is no decrease in the fair value of development properties as compared to the previous valuation carried out as at 31 December 2012. Accordingly, no impairment provision has been recognized in this interim condensed consolidated income statement.

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Notes (continued)

9 Transactions with related parties

The Group, in the normal course of business, enters into transactions with other enterprises, which fall within the definition of a related party contained in IAS 24. Such transactions are carried out at agreed rates. The transactions with related parties, other than those already disclosed separately elsewhere in the interim condensed consolidated financial information, are as follows:

	Unaudited 30 June 2013 AED'000	Unaudited 30 June 2012 AED'000
Project management income and income from contracts	24,336	31,800
Long-term loans obtained from a significant shareholder, a bank	-	76,425
Interest expenses	39,905	67,831
Funds transferred to a joint venture (refer note (i) below)	-	213,222
Sale of properties (refer note 6)	386,795	-
Funds received from a joint venture (refer note (i) below)	65,699	-
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	3,644	4,958
- Provision towards staff terminal benefits	217	153
	<u> </u>	<u> </u>

- (i) Included in balances due from related parties is an amount of AED 57.6 million (30 June 2012: AED 213.2) million held in trust by a joint venture, which are expected to be repaid to the Company shortly.
- (ii) The Board of Directors of the Company has approved sale of certain properties amounting to AED 2,208.3 million to a related party. The prices for this transaction had been determined based on an open market valuation carried out by an independent valuer. This related party has paid an advance amount of AED 2,208.3 against these sales of properties. The proceeds from this sale of properties are used to settle loans taken from a related party, significant shareholder, a bank; amounting to AED 2,012.8 million. Also refer notes 2(ii) and 10.

During the six month period ended 30 June 2013, the Group has transferred title deeds of certain investment properties amounting to AED 135.5 million which is recognised as sale in the interim condensed consolidated financial information. As at 30 June 2013, apart from these properties the Group is in process of transferring the title deeds of the remaining other properties.

10 Long-term bank loans

- (i) During the six month period ended 30 June 2013, the Group has repaid long-term bank loans amounting to AED 2,098 million to a bank, a significant shareholder of the Company. The borrowings carry interest at normal commercial rates and are secured by assignment of certain contract receivables, corporate guarantee and promissory note. Refer note 9.
- (ii) The Company had a term loan facility of AED 290 million from a bank, which was repayable in 40 quarterly instalments commencing 30 June 2006. During the previous years, the term loan facility had increased to AED 400 million and was restructured to be fully repayable on 20 January 2013. During the six month period ended 30 June 2013, the Company paid an amount of AED 40 million and the balance loan outstanding is AED 360 million. This loan is now repayable in one instalment on 20 July 2013. However, subsequent to the period-end, the management is in process of finalising the revised repayment terms with the bank. Also refer note 9.

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Notes (continued)

11 Earnings per share

	Unaudited Six month period ended 30 June		Unaudited Three month period ended 30 June	
	2013	2012	2013	2012
Net profit attributable to shareholders (AED'000)	135,166	105,982	113,255	83,570
Weighted average number of shares	3,365,527,374	3,365,527,374	3,365,527,374	3,365,527,374

12 Financial instruments

Financial assets of the Group include non-current receivables, other investments, trade and other receivables, amounts due from related parties and cash in hand and at bank. Financial liabilities of the Group include trade and other payables, security deposits, amounts due to related parties, short-term bank borrowings, long-term bank loans and non-current payables. The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values for the current and the comparative period:

	Designated as fair value through profit or loss AED'000	Loans and receivables AED'000	Others at amortized cost AED'000	Designated as cash flow hedge AED'000	Carrying amount AED'000	Fair value AED'000
30 June 2013						
Financial assets						
Non-current receivables	-	171,064	-	-	171,064	171,064
Other investments	5,287	-	-	-	5,287	5,287
Trade and other receivables	-	1,686,664	-	-	1,686,664	1,686,664
Due from related parties	-	91,674	-	-	91,674	91,674
Cash in hand and at bank	-	499,786	-	-	499,786	499,786
Total	5,287	2,449,188	-	-	2,454,475	2,454,475
Financial liabilities						
Trade and other payables	-	-	1,544,662	-	1,544,662	1,544,662
Security deposits	-	-	11,163	-	11,163	11,163
Short-term bank borrowings	-	-	95,298	-	95,298	95,298
Long-term bank loans	-	-	1,438,154	-	1,438,154	1,438,154
Non-current payables	-	-	12,679	-	12,679	12,679
Interest rate swaps	-	-	-	(1)	(1)	(1)
Total	-	-	3,101,956	(1)	3,101,955	3,101,955

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

12 Financial instruments (continued)

	Designated as fair value through profit or loss AED'000	Loans and receivables AED'000	Others at amortized cost AED'000	Designated as cash flow hedge AED'000	Carrying amount AED'000	Fair value AED'000
31 December 2012						
Financial assets						
Non-current receivables	-	151,677	-	-	151,677	151,677
Other investments	5,294	-	-	-	5,294	5,294
Trade and other receivables	-	1,805,953	-	-	1,805,953	1,805,953
Due from related parties	-	134,916	-	-	134,916	134,916
Cash in hand and at bank	-	227,467	-	-	227,467	227,467
Total	5,294	2,320,013	-	-	2,325,307	2,325,307
Financial liabilities						
Trade and other payables	-	-	2,248,292	-	2,248,292	2,248,292
Security deposits	-	-	12,693	-	12,693	12,693
Due to related parties	-	-	16,836	-	16,836	16,836
Short-term bank borrowings	-	-	106,357	-	106,357	106,357
Long-term bank loans	-	-	3,536,177	-	3,536,177	3,536,177
Non-current payables	-	-	14,804	-	14,804	14,804
Interest rate swaps	-	-	-	(34)	(34)	(34)
Total	-	-	5,935,159	(34)	5,935,125	5,935,125
30 June 2012						
Financial assets						
Non-current receivables	-	163,770	-	-	163,770	163,770
Other investments	5,303	-	-	-	5,303	5,303
Trade and other receivables	-	1,836,944	-	-	1,836,944	1,836,944
Due from related parties	-	215,693	-	-	215,693	215,693
Cash in hand and at bank	-	258,618	-	-	258,618	258,618
Total	5,303	2,475,025	-	-	2,480,328	2,480,328
Financial liabilities						
Trade and other payables	-	-	2,376,146	-	2,376,146	2,376,146
Security deposits	-	-	14,009	-	14,009	14,009
Due to related parties	-	-	16,619	-	16,619	16,619
Short-term bank borrowings	-	-	88,036	-	88,036	88,036
Long-term bank loans	-	-	3,098,819	-	3,098,819	3,098,819
Non-current payables	-	-	26,327	-	26,327	26,327
Interest rate swaps	-	-	-	(6)	(6)	(6)
Total	-	-	5,619,956	(6)	5,619,950	5,619,950

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

12 Financial instruments (continued)

Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** 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:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has other investments which are stated at fair value. The fair value of quoted securities is determined by reference to their quoted bid prices as at the reporting date. Investments in marketable securities are stated at cost where no observable market data is available. Accordingly, the fair value hierarchy is set out as below:

	Level 1	Level 2	Level 3	Total
30 June 2013				
Other investment	787	1	4,500	5,288
	====	====	====	====
31 December 2012				
Other investment	794	34	4,500	5,328
	====	====	====	====
30 June 2012				
Other investment	803	13	4,500	5,316
	====	====	====	====

There have been no reclassifications made during the current period or in the previous year/period.

Level 1:

	Unaudited 30 June 2013 AED'000	Audited 31 December 2012 AED'000	Unaudited 30 June 2012 AED'000
Investment securities			
Opening balance	794	324	324
Total gains or losses – net:			
- in the condensed consolidated interim statement of income	(7)	470	479
	----	----	----
Closing balance	787	794	803
	====	====	====

Level 2:

	Unaudited 30 June 2013 AED'000	Audited 31 December 2012 AED'000	Unaudited 30 June 2012 AED'000
Investment securities			
Opening balance	34	(47)	(47)
Total gains or losses – net:			
- in the condensed consolidated interim statement of other comprehensive income	(33)	81	60
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Closing balance	1	34	13
	====	====	====

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

13 Segment reporting

Business segments

The Group's activities comprise of two main business segments, namely, (i) real estate property management and sales and (ii) construction activities. Other activities mainly comprise hospitality services. The details of segment revenue, segment result, segment assets and segment liabilities are as under:

	Property management and sales AED'000	Construction AED'000	Others AED'000	Total AED'000
Six month period ended 30 June 2013				
Segment revenue	165,019	543,107	27,267	735,393
Segment result	10,203	45,163	9,294	64,660
Administrative and general expenses	(17,186)	(26,316)	(7,027)	(50,529)
Finance income	52	104	-	156
Finance expense	(33,464)	(28,239)	-	(61,703)
Gain on sale of investment properties	25,997	-	-	25,997
Other income	82,791	528	1,209	84,528
Share of profit in joint venture	9,301	-	6,503	15,804
Profit/(loss) for the period before valuation	77,694	(8,760)	9,979	78,913
Gain on valuation of properties	56,253	-	-	56,253
Profit/(loss) for the period	133,947	(8,760)	9,979	135,166
Segment assets	4,868,843	3,019,690	68,492	7,957,025
Investment in joint ventures	-	-	469,957	469,957
Total assets	4,868,843	3,019,690	538,449	8,426,982
Segment liabilities	3,321,801	2,343,191	63,992	5,728,984
Capital expenditure	1,942	3,597	2,362	7,901
Depreciation	1,593	6,055	1,192	8,840
Six month period ended 30 June 2012				
Segment revenue	398,240	555,273	50,474	1,003,987
Segment result	50,981	87,215	21,972	160,168
Administrative and general expenses	(21,430)	(28,654)	(20,900)	(70,984)
Finance income	507	779	11	1,297
Finance expense	(63,072)	(44,477)	-	(107,549)
Gain on sale of investment properties	5,540	-	-	5,540
Other income	2,406	767	927	4,100
Share of profit in joint venture	2857	-	10,274	13,131
(Loss)/profit for the period before valuation	(22,211)	15,630	12,284	5,703
Gain on valuation of properties	100,279	-	-	100,279
Profit for the period	78,068	15,630	12,284	105,982
Segment assets	5,969,078	2,881,102	74,046	8,924,226
Investment in joint ventures	187,979	-	294,043	482,022
Total assets	6,157,057	2,881,102	368,089	9,406,248
Segment liabilities	4,227,267	2,283,063	85,840	6,596,170
Capital expenditure	505,551	2,054	21,221	528,826
Depreciation	2,867	5,152	13,206	21,225