

Union Properties  
Public Joint Stock Company  
and its Subsidiaries

Interim condensed consolidated  
financial information (unaudited)  
*30 June 2016*

# Union Properties Public Joint Stock Company and its Subsidiaries

## Interim condensed consolidated financial information (unaudited)

30 June 2016

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

The Shareholders  
Union Properties PJSC

### **Introduction**

We have reviewed the accompanying 30 June 2016 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 profit or loss and other comprehensive income for the six month period ended 30 June 2016;
- the interim condensed consolidated statement of profit or loss and other comprehensive income for the three month period ended 30 June 2016;
- the interim condensed consolidated statement of financial position as at 30 June 2016;
- the interim condensed consolidated statement of changes in equity for the six month period ended 30 June 2016;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2016; 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.



**Union Properties PJSC**  
Independent Auditors' Report on Review of Interim  
Condensed Consolidated Financial Information  
30 June 2016

**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 2016 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

*KPMG*

KPMG Lower Gulf Limited  
Fawzi AbuRass  
Registration No: 968  
Dubai, United Arab Emirates

Date **08 AUG 2016**

# Union Properties Public Joint Stock Company and its Subsidiaries

## Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited) for the six month period ended 30 June 2016

		Six month period ended 30 June	
	Note	2016 AED'000	2015 AED'000
Property management and sales revenue	16	34,425	38,404
Contracting and other operating activities	16	284,552	260,509
Gain on sale of investment properties	7(i)	8,680	68,018
Profit from investment in equity accounted investees	5	18,402	35,631
Gain on valuation of properties	7(ii)	165,670	137,953
Finance income		12,341	11,429
Other income	6	69,232	24,436
<b>Total income</b>		<b>593,302</b>	<b>576,380</b>
Direct costs	16	(396,473)	(385,656)
Administrative and general expenses	16	(60,445)	(63,004)
Finance expense	16	(22,550)	(80,205)
<b>Profit for the period attributable to the shareholders of the Company</b>		<b>113,834</b>	<b>47,515</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>113,834</b>	<b>47,515</b>
<b>Basic and diluted earnings per share (AED)</b>	12	<b>0.029</b>	<b>0.012</b>

The notes on pages 8 to 15 form an integral part of these interim condensed consolidated financial information.

The independent auditors' report on review of interim condensed consolidated financial information is set out on pages 1 and 2.

# Union Properties Public Joint Stock Company and its Subsidiaries

Interim condensed consolidated statement of profit or loss  
and other comprehensive income (unaudited)  
for the three month period ended 30 June 2016

		Three month period ended 30 June	
	Note	2016 AED'000	2015 AED'000
Property management and sales revenue	16	18,104	19,758
Contracting and other operating activities	16	152,878	117,682
Gain on sale of investment properties	7(i)	1,880	-
Profit from investment in equity accounted investees	5	14,174	30,938
Gain on valuation of properties	7(ii)	164,616	121,407
Finance income		6,701	8,026
Other income	6	21,540	20,092
<b>Total income</b>		<b>379,893</b>	<b>317,903</b>
Direct costs	16	(267,193)	(254,734)
Administrative and general expenses	16	(32,741)	(31,875)
Finance expense	16	(8,216)	(11,926)
<b>Profit for the period attributable to the shareholders of the Company</b>		<b>71,743</b>	<b>19,368</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>71,743</b>	<b>19,368</b>
<b>Basic and diluted earnings per share (AED)</b>	12	<b>0.018</b>	<b>0.005</b>

The notes on pages 8 to 15 form an integral part of these interim condensed consolidated financial information.

The independent auditors' report on review of interim condensed consolidated financial information is set out on pages 1 and 2.

# Union Properties Public Joint Stock Company and its Subsidiaries

## Interim condensed consolidated statement of financial position (unaudited)

at 30 June 2016

	Note	Unaudited 30 June 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 30 June 2015 AED'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		295	295	295
Property, plant and equipment		88,839	86,572	98,773
Investment properties	7	6,186,188	6,070,095	5,536,676
Development properties	8	40,569	42,608	42,832
Equity-accounted investees	5	510,609	582,061	597,330
Non-current receivables	9	346,815	383,319	402,322
		<u>7,173,315</u>	<u>7,164,950</u>	<u>6,678,228</u>
<b>Current assets</b>				
Other investments	11	102,527	109,826	112,769
Inventories		61,977	48,064	29,996
Contract work-in-progress		237,233	226,839	515,199
Trade and other receivables	9	443,793	363,822	710,999
Due from related parties	10	9,069	9,549	11,308
Cash in hand and at bank		333,739	368,968	347,169
		<u>1,188,338</u>	<u>1,127,068</u>	<u>1,727,440</u>
<b>Total assets</b>		<u><b>8,361,653</b></u>	<u><b>8,292,018</b></u>	<u><b>8,405,668</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital		3,971,796	3,711,959	3,711,959
Treasury shares	13	-	(4,998)	(4,998)
Statutory reserve		305,505	305,505	262,044
General reserve		313,697	313,697	313,697
Retained earnings		849,867	995,870	657,237
<b>Total equity attributable to the shareholders of the Company</b>		<u><b>5,440,865</b></u>	<u><b>5,322,033</b></u>	<u><b>4,939,939</b></u>
<b>Non-current liabilities</b>				
Long-term bank loans	14	1,146,768	1,304,340	1,423,044
Advances from sale of properties		50,923	52,923	51,966
Non-current payables		647	1,000	3,900
Provision for staff terminal benefits		62,617	60,571	62,703
		<u>1,260,955</u>	<u>1,418,834</u>	<u>1,541,613</u>
<b>Current liabilities</b>				
Trade and other payables		1,150,649	1,096,068	1,545,249
Advances and deposits		123,871	134,127	187,141
Due to related parties	10	11,606	5,311	1,552
Short-term bank borrowings		139,504	183,070	162,481
Current portion of long-term bank loans	14	234,203	132,575	27,693
		<u>1,659,833</u>	<u>1,551,151</u>	<u>1,924,116</u>
<b>Total liabilities</b>		<u><b>2,920,788</b></u>	<u><b>2,969,985</b></u>	<u><b>3,465,729</b></u>
<b>Total equity and liabilities</b>		<u><b>8,361,653</b></u>	<u><b>8,292,018</b></u>	<u><b>8,405,668</b></u>

The notes on pages 8 to 15 form an integral part of these interim condensed consolidated financial information.

The interim condensed consolidated financial information was authorized for issue on behalf of the Board of Directors on \_\_\_\_\_.

08 AUG 2016

Board Member

General Manager

The independent auditors' report on review of interim condensed consolidated financial information is set out on pages 1 and 2.



# 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 2016

	Six month period ended 30 June	
	2016 AED'000	2015 AED'000
<b>Operating activities</b>		
Profit for the period	113,834	47,515
<i>Adjustments for:</i>		
Depreciation	7,199	4,465
Gain on sale of investment properties	(8,680)	(68,018)
Gain on valuation of properties	(165,670)	(137,953)
Profit from investment in equity accounted investees	(18,402)	(35,631)
Gain on disposal of property, plant and equipment	(14,139)	-
Finance income	(12,341)	(11,429)
Finance expense	22,550	80,205
	-----	-----
<i>Operating loss before working capital changes</i>	(75,649)	(120,846)
Change in non-current receivables	36,504	(231,978)
Change in inventories	(13,913)	1,017
Change in contract work-in-progress	(10,394)	(33,422)
Change in trade and other receivables	(77,159)	335,655
Change in due from related parties	480	(3,843)
Change in non-current payables	(355)	(1,300)
Change in trade and other payables	52,581	142,246
Change in advances and deposits	(10,256)	(35,849)
Change in due to related parties	6,295	(14,687)
Change in staff terminal benefits (net)	2,046	(8,269)
	-----	-----
<i>Net cash (used in)/generated from operating activities</i>	(89,820)	28,724
	-----	-----
<b>Investing activities</b>		
Additions to property, plant and equipment	(2,518)	(3,712)
Additions to investment properties	(52,646)	(17,771)
Dividend income	10,000	-
Proceeds from disposal of property, plant and equipment	15,000	-
Proceeds from sale of investment properties	108,180	46,627
Interest income received	12,341	11,429
Change in other investments	7,299	125,109
Change in deposit with banks	39,971	(8,864)
	-----	-----
<i>Net cash generated from investing activities</i>	137,627	152,818
	-----	-----
<b>Financing activities</b>		
Net movement in long-term bank loans	(55,944)	(6,947)
Net movement in trust receipts	(3,721)	17,228
Dividends paid	-	(106,056)
Interest paid	(22,550)	(80,205)
	-----	-----
<i>Net cash used in financing activities</i>	(82,215)	(175,980)
	-----	-----
<b>Net (decrease)/increase in cash and cash equivalents</b>	(34,408)	5,562
Cash and cash equivalents at the beginning of the period	121,256	143,951
	-----	-----
<b>Cash and cash equivalents at the end of the period</b>	86,848	149,513
	=====	=====

The notes on pages 8 to 15 form an integral part of these interim condensed consolidated financial information.

The independent auditors' report on review of interim condensed consolidated financial information is set out on pages 1 and 2.



# 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 2016

	Share capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	General reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2015 (audited)	3,535,199	(4,998)	262,044	313,697	892,538	4,998,480
Total comprehensive income for the period	-	-	-	-	47,515	47,515
Issuance of bonus share	176,760	-	-	-	(176,760)	-
Dividend declared and paid	-	-	-	-	(106,056)	(106,056)
<b>At 30 June 2015 (unaudited)</b>	<b>3,711,959</b>	<b>(4,998)</b>	<b>262,044</b>	<b>313,697</b>	<b>657,237</b>	<b>4,939,939</b>
At 1 January 2016 (audited)	3,711,959	(4,998)	305,505	313,697	995,870	5,322,033
Total comprehensive income for the period	-	-	-	-	113,834	113,834
Issuance of bonus share	259,837	-	-	-	(259,837)	-
Sale of treasury shares (refer note 13)	-	4,998	-	-	-	4,998
<b>At 30 June 2016 (unaudited)</b>	<b>3,971,796</b>	<b>-</b>	<b>305,505</b>	<b>313,697</b>	<b>849,867</b>	<b>5,440,865</b>

No allocation of profit has been made to the statutory reserve for the six month period ended 30 June 2016 as it would be effected at the year-end.

The notes on pages 8 to 15 form an integral part of these 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, joint ventures and associates.

The Company and its subsidiaries are collectively referred to as (“the Group”). Most 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**

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 2015.

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 2015.

### **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 2015.

### **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 2015.

# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 5 Equity-accounted investees

During the six months period ended 30 June 2016, the Company sold 20% equity interest in its existing joint venture "Properties Investment LLC", for an amount of AED 98 million resulting in a gain amounting to AED 3.9 million recognized in the statement of profit or loss and other comprehensive income. Due to the sale of 20% shares, "Properties Investment LLC" is no longer a joint venture and has been classified as an associate of the Company as at 30 June 2016.

During the six months period ended 30 June 2016, the Group's share of profit in Emirates District Cooling LLC amounted to AED 14.4 million (30 June 2015: AED 14.2 million) and its share of profit in Properties Investment LLC amounted to AED 4 million (30 June 2015: AED 21.4 million), taking into consideration the change in equity interest as stated above.

## 6 Other income

Other income of the period represents sale of a fully impaired asset, management fees and sale of obsolete and slow moving products.

## 7 Investment properties

	Unaudited 30 June 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 30 June 2015 AED'000
Opening balance	6,070,095	5,907,879	5,907,879
Additions during the period/year	52,646	49,718	17,771
Sale of investment properties (refer note (i) below)	(99,500)	(556,965)	(526,927)
Gain on fair valuation (refer note (ii) below)	165,670	669,463	137,953
Transfer to property, plant and equipment (refer note (iii) below)	(4,762)	-	-
Transfer from development properties (refer note (iv) below)	2,039	-	-
Closing balance	<u>6,186,188</u>	<u>6,070,095</u>	<u>5,536,676</u>

The fair value measurement for investment properties has been categorized as a level 3 fair value based on the inputs to the valuation technique used. For different level of fair value hierarchy refer note 15.

- (i) During the six month period ended 30 June 2016, the Group has sold various investment properties with carrying value of AED 99.5 million (30 June 2015: AED 526.9 million) resulting in a net gain of AED 8.7 million (30 June 2015: AED 68 million).
- (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, ValuStrat Consulting FZCO, who carried out the valuation in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors. The independent valuers provide the fair value of the Group's investment property portfolio every six months.

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.

In case where the Company do not have any on-going lease arrangements, fair values have been determined, where relevant, having regard to recent market transactions for similar properties in the same location as the Group's investment properties. These values are adjusted for differences in key attributes such as property size.

# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 7 Investment properties (continued)

Based on the valuation, a fair value gain of AED 165.7 million (30 June 2015: AED 138 million) has been recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income.

- (iii) During the six month period ended 30 June 2016, the Group has transferred one of its investment properties to property, plant and equipment amounting to AED 4.8 million.
- (iv) During the six month period ended 30 June 2016, the Group has transferred two units of its development properties to investment properties amounting to AED 2 million.

## 8 Development properties

### Development properties

	Unaudited 30 June 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 30 June 2015 AED'000
Opening balance	42,608	49,423	49,423
Cost of properties sold	-	(6,815)	(6,591)
Transfer to investment properties (refer note 7 (iv))	(2,039)	-	-
Closing balance	40,569	42,608	42,832

The management carries out a detailed review of its development properties portfolio at each reporting date. The Directors of the Company have reviewed the carrying value of development properties and are of the opinion that there is no impairment in the carrying value of development properties. Accordingly, no impairment loss has been recognized in the statement of profit or loss and other comprehensive income for the six month period ended 30 June 2016.

## 9 Trade and other receivables

The ageing of trade/contract and retention receivables (including non-current receivables) at the reporting date is as follows:

	Unaudited 30 June 2016		Audited 31 December 2015		Unaudited 30 June 2015	
	Gross AED'000	Provision AED'000	Gross AED'000	Provision AED'000	Gross AED'000	Provision AED'000
Not Past Due	509,377	-	466,788	-	527,330	-
Past due 1-90 days	87,085	-	43,111	425	117,512	-
Past due 91-365 days	143,274	6,952	70,336	1,960	169,884	4,960
More than one year	1,822,343	1,784,203	1,888,475	1,789,428	1,952,623	1,765,069
	2,562,079	1,791,155	2,468,710	1,791,813	2,767,349	1,770,029

The Board of Directors and management believe that existing provision for doubtful debts is adequate and consider that the balance amounts are fully recoverable.

# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 9 Trade and other receivables (continued)

The movement in the provision for doubtful debts in respect of trade/contract receivables during the period/year is as follows:

	Unaudited 30 June 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 30 June 2015 AED'000
At 1 January	1,791,813	1,794,823	1,771,586
Provision for the period/year	350	750	785
Amounts written off/provision reversed during the period/year	(1,008)	(3,760)	(2,342)
Closing balance	<u>1,791,155</u>	<u>1,791,813</u>	<u>1,770,029</u>

## 10 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:

### Transactions with related parties

	Unaudited 30 June 2016 AED'000	Unaudited 30 June 2015 AED'000
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	2,928	2,347
- Provision towards staff terminal benefits	159	143
	<u>      </u>	<u>      </u>

## 11 Investments at fair value through profit and loss

The Company had invested in various financial instruments held for short term purposes. The Company did not make any additional investment during the six month period ended 30 June 2016 (30 June 2015: AED 1.9 million) and sold various financial instruments with fair value of AED 4.8 million (30 June 2015: AED 126.7 million). The fair value of these financial instruments as at the reporting date is AED 98.7 million (31 December 2015: AED 106 million).

During the six month period ended 30 June 2016, the Group recognized a fair value loss of 2.5 million (30 June 2015: profit of AED 0.7 million) in the consolidated statement of profit or loss and other comprehensive income.

These investments at fair value through profit or loss are pledged towards the credit line facility obtained specifically for these investments. The Board of Directors has approved these investments and confirmed that they are held for short term purposes.

The Group also has investment in real estate fund of AED 3.8 million (30 June 2015: 3.8 million).

## 12 Basic and diluted earnings per share

	Unaudited Six month period ended 30 June		Unaudited Three month period ended 30 June	
	2016	2015	2016	2015
Net profit attributable to shareholders (AED'000)	113,834	47,515	71,743	19,368
Weighted average number of shares	3,971,796,421	3,971,796,421	3,971,796,421	3,971,796,421
Basic and diluted earnings per share (AED)	<u>0.029</u>	<u>0.012</u>	<u>0.018</u>	<u>0.005</u>

For recalculating the earnings per share for the three month and six month periods ended 30 June 2015, the weighted average number of shares has been adjusted as if the bonus shares issued on 30 April 2016 had occurred at the beginning of 2015.

# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 13 Treasury shares

During the six month period ended 30 June 2016, one of the subsidiaries has sold AED 5 million treasury shares. No gain or loss was recognised in the consolidated statement of profit or loss and other comprehensive income on this transaction.

## 14 Long-term bank loans

During the six month period ended 30 June 2016, the Group entered into negotiations with a bank for rearrangement of one of its existing term loans. Furthermore, subsequent to the six month period ended 30 June 2016, on 4 July 2016 a scheduled payment against the loan in the amount of AED 50 million was satisfied on time, the next scheduled payment will be due on 31 August for AED 50 million.

During the six month period ended 30 June 2016, the Company entered into an agreement with a bank to obtain a long-term bank loan of AED 290 million which will be utilized for the construction of "Oia", a residential building in Motorciy. The facility is expected to be signed during the third quarter of 2016.

## 15 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 periods:

	Designated as fair value through profit or loss AED'000	Loans and receivables AED'000	Others at amortized cost AED'000	Carrying amount AED'000	Fair value AED'000
<b>30 June 2016</b>					
<b>Financial assets</b>					
Non-current receivables	-	346,815	-	346,815	346,815
Other investments	102,527	-	-	102,527	102,527
Trade and other receivables	-	381,925	-	381,925	381,925
Due from related parties	-	9,069	-	9,069	9,069
Cash in hand and at bank	-	333,739	-	333,739	333,739
<b>Total</b>	<b>102,527</b>	<b>1,071,548</b>	<b>-</b>	<b>1,174,075</b>	<b>1,174,075</b>
<b>Financial liabilities</b>					
Trade and other payables	-	-	1,142,588	1,142,588	1,142,588
Security deposits	-	-	11,334	11,334	11,334
Due to related parties	-	-	11,606	11,606	11,606
Short-term bank borrowings	-	-	139,504	139,504	139,504
Long-term bank loans	-	-	1,380,971	1,380,971	1,380,971
Non-current payables	-	-	647	647	647
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,686,650</b>	<b>2,686,650</b>	<b>2,686,650</b>



# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 15 Financial instruments

	Designated as fair value through profit or loss AED'000	Loans and receivables AED'000	Others at amortized cost AED'000	Carrying amount AED'000	Fair value AED'000
<b>31 December 2015</b>					
<b>Financial assets</b>					
Non-current receivables	-	383,319	-	383,319	383,319
Other investments	109,826	-	-	109,826	109,826
Trade and other receivables	-	333,063	-	333,063	333,063
Due from related parties	-	9,549	-	9,549	9,549
Cash in hand and at bank	-	368,968	-	368,968	368,968
<b>Total</b>	<b>109,826</b>	<b>1,094,899</b>	<b>-</b>	<b>1,204,725</b>	<b>1,204,725</b>
<b>Financial liabilities</b>					
Trade and other payables	-	-	1,092,494	1,092,494	1,092,494
Security deposits	-	-	10,796	10,796	10,796
Due to related parties	-	-	5,311	5,311	5,311
Short-term bank borrowings	-	-	183,070	183,070	183,070
Long-term bank loans	-	-	1,436,915	1,436,915	1,436,915
Non-current payables	-	-	1,000	1,000	1,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,729,586</b>	<b>2,729,586</b>	<b>2,729,586</b>
<b>30 June 2015</b>					
<b>Financial assets</b>					
Non-current receivables	-	402,322	-	402,322	402,322
Other investments	112,769	-	-	112,769	112,769
Trade and other receivables	-	638,202	-	638,202	638,202
Due from related parties	-	11,308	-	11,308	11,308
Cash in hand and at bank	-	347,169	-	347,169	347,169
<b>Total</b>	<b>112,769</b>	<b>1,399,001</b>	<b>-</b>	<b>1,511,770</b>	<b>1,511,770</b>
<b>Financial liabilities</b>					
Trade and other payables	-	-	1,495,028	1,495,028	1,495,028
Security deposits	-	-	10,211	10,211	10,211
Due to related parties	-	-	1,552	1,552	1,552
Short-term bank borrowings	-	-	162,481	162,481	162,481
Long-term bank loans	-	-	1,450,737	1,450,737	1,450,737
Non-current payables	-	-	3,900	3,900	3,900
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,123,909</b>	<b>3,123,909</b>	<b>3,123,909</b>



# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 15 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 AED'000	Level 3 AED'000	Total AED'000
<b>30 June 2016</b>			
Other investment	98,693	3,834	102,527
	=====	=====	=====
<b>31 December 2015</b>			
Other investment	105,992	3,834	109,826
	=====	=====	=====
<b>30 June 2015</b>			
Other investment	108,935	3,834	112,769
	=====	=====	=====

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

### Level 1:

	Unaudited 30 June 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 30 June 2015 AED'000
<b>Investment securities</b>			
Opening balance	105,992	234,044	234,044
Additions	-	1,899	1,899
Sale of Investment securities at fair value	(4,827)	(128,513)	(127,728)
Total gains or losses – net:			
- in the condensed consolidated interim statement of profit or loss and other comprehensive income	(2,472)	(1,438)	720
	=====	=====	=====
Closing balance	98,693	105,992	108,935
	=====	=====	=====

# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 16 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 of services. The details of segment revenue, segment result, segment assets and segment liabilities are as below:

	Real estate property management and sales AED'000	Construction AED'000	Others AED'000	Total AED'000
<b>Six month period ended 30 June 2016</b>				
Segment revenue	34,425	259,279	25,273	318,977
Gain on sale of investment properties	8,680	-	-	8,680
Profit from investment in equity accounted investees	4,009	-	14,393	18,402
Gain on valuation of properties	165,670	-	-	165,670
Finance income	12,146	195	-	12,341
Other income	63,924	3,637	1,671	69,232
<b>Total Income</b>	<b>288,854</b>	<b>263,111</b>	<b>41,337</b>	<b>593,302</b>
Direct costs	(28,238)	(351,053)	(17,182)	(396,473)
Administrative and general expenses	(19,017)	(33,648)	(7,780)	(60,445)
Finance expense	(8,690)	(13,860)	-	(22,550)
<b>Profit/(loss) for the period</b>	<b>232,909</b>	<b>(135,450)</b>	<b>16,375</b>	<b>113,834</b>
Segment assets	7,102,188	699,679	49,177	7,851,044
Equity-accounted investees	154,422	-	356,187	510,609
<b>Total assets</b>	<b>7,256,610</b>	<b>699,679</b>	<b>405,364</b>	<b>8,361,653</b>
Segment liabilities	407,910	2,469,115	43,763	2,920,788
Capital expenditure	52,942	975	1,247	55,164
Depreciation	2,023	2,879	2,297	7,199
<b>Six month period ended 30 June 2015</b>				
Segment revenue	38,404	236,713	23,796	298,913
Gain on sale of investment properties	68,018	-	-	68,018
Profit from investment in equity accounted investees	21,428	-	14,203	35,631
Gain on valuation of properties	137,953	-	-	137,953
Finance income	11,366	63	-	11,429
Other income	17,267	5,923	1,246	24,436
<b>Total Income</b>	<b>294,436</b>	<b>242,699</b>	<b>39,245</b>	<b>576,380</b>
Direct Cost	(54,231)	(314,912)	(16,513)	(385,656)
Administrative and general expenses	(21,803)	(33,266)	(7,935)	(63,004)
Finance expense	(63,456)	(16,749)	-	(80,205)
<b>Profit/(loss) for the period</b>	<b>154,946</b>	<b>(122,228)</b>	<b>14,797</b>	<b>47,515</b>
Segment assets	6,504,670	1,240,384	63,284	7,808,338
Equity-accounted investees	260,446	-	336,884	597,330
<b>Total assets</b>	<b>6,765,116</b>	<b>1,240,384</b>	<b>400,168</b>	<b>8,405,668</b>
Segment liabilities	611,054	2,795,073	59,602	3,465,729
Capital expenditure	16,784	2,972	1,727	21,483
Depreciation	756	2,393	1,316	4,465