

**Union Properties
Public Joint Stock Company
and its subsidiaries**

**Interim condensed consolidated
financial information (unaudited)**
30 June 2014

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated financial information (unaudited)

30 June 2014

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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 2014 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 2014;
- the interim condensed consolidated statement of profit or loss for the three month and six month periods ended 30 June 2014;
- the interim condensed consolidated statement of other comprehensive income for the three month and six month periods ended 30 June 2014;
- the interim condensed consolidated statement of changes in equity for the six month period ended 30 June 2014;
- the interim condensed consolidated statement of cash flows for the six month period ended 30 June 2014; 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 2014 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

KPMG Lower Gulf Limited
Munther Dajani
Registration No. 268
Abu Dhabi, United Arab Emirates

22 JUL 2014

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of profit or loss (unaudited)
for the six month period ended 30 June 2014

		Six month period ended 30 June	
	Note	2014 AED'000	2013 AED'000
Property management and sales revenue	15	64,424	165,019
Contracting and other operating activities	15	308,020	570,374
Gain on sale of investment properties	7(i)	77,937	25,997
Share in profit of joint ventures	5	7,166	15,804
Gain on valuation of properties	7(ii)	711,565	56,253
Finance income		10,433	156
Other income	6	108,984	84,528
Total income		1,288,529	918,131
Direct costs	15	(491,484)	(670,733)
Administrative and general expenses		(57,011)	(50,529)
Finance expense		(32,887)	(61,703)
Profit for the period attributable to the shareholders of the Company		707,147	135,166
Basic and diluted earnings per share (AED) (for the period)	13	0.200	0.038

The notes on pages 8 to 15 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 profit or loss (unaudited) for the six month period ended 30 June 2014

	Note	Three month period ended 30 June	
		2014 AED'000	2013 AED'000
Property management and sales revenue	15	48,701	139,251
Contracting and other operating activities	15	110,651	287,780
Gain on sale of investment properties	7(i)	141	15,941
Share in profit of joint ventures	5	3,282	3,865
Gain on valuation of properties	7(ii)	711,565	25,753
Finance income		4,206	97
Other income	6	5,600	82,914
Total income		884,146	555,601
Direct costs	15	(313,530)	(393,959)
Administrative and general expenses		(27,648)	(25,885)
Finance expense		(15,612)	(22,502)
Profit for the period attributable to the shareholders of the Company		527,356	113,255
Basic and diluted earnings per share (AED) (for the quarter)	13	0.149	0.032

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Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of other comprehensive income (unaudited) for the six month period ended 30 June 2014

	Six month period ended 30 June		Three month period 30 June	
	2014 AED'000	2013 AED'000	2014 AED'000	2013 AED'000
Profit for the period	707,147	135,166	527,356	113,255
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)	-	(23)
Total comprehensive income for the period	707,147	135,133	527,356	113,232

The notes on pages 8 to 15 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 2014

	Note	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000	Unaudited 30 June 2013 AED'000
ASSETS				
Non-current assets				
Intangible assets		295	295	295
Property, plant and equipment		105,129	114,945	117,185
Investment properties	7	5,610,364	5,092,655	4,079,910
Development properties	8	54,279	80,926	982,642
Investment in joint ventures	5	537,964	530,798	469,957
Non-current receivables		158,715	100,650	171,064
		<u>6,466,746</u>	<u>5,920,269</u>	<u>5,821,053</u>
Current assets				
Other investments	11	201,203	190,987	5,287
Inventories		32,831	31,244	30,419
Contract work-in-progress		494,770	366,503	230,547
Trade and other receivables	9	681,515	603,262	1,748,216
Due from related parties	10	7,045	10,092	91,674
Cash in hand and at bank		405,115	329,456	499,786
		<u>1,822,479</u>	<u>1,531,544</u>	<u>2,605,929</u>
Total assets		<u>8,289,225</u>	<u>7,451,813</u>	<u>8,426,982</u>
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		3,535,199	3,366,857	3,366,857
Treasury shares		(4,998)	(4,998)	(4,998)
Statutory reserve		175,545	175,545	17,579
General reserve		313,697	313,697	313,697
Hedging reserve		-	-	1
Retained earnings/(accumulated losses)		826,190	287,385	(995,138)
Total equity attributable to the shareholders of the Company		<u>4,845,633</u>	<u>4,138,486</u>	<u>2,697,998</u>
Non-current liabilities				
Long-term bank loans		1,078,154	1,078,154	1,078,154
Advances from sale of properties		162,545	108,293	2,165,166
Deferred income		-	-	25,313
Non-current payables		6,107	5,564	12,679
Provision for staff terminal benefits		75,403	80,579	83,267
		<u>1,322,209</u>	<u>1,272,590</u>	<u>3,364,579</u>
Current liabilities				
Trade and other payables		1,432,355	1,374,488	1,747,219
Advances and deposits		200,515	173,230	161,888
Due to related parties		2,780	1,966	-
Short-term bank borrowings		125,733	131,053	95,298
Current portion of long-term bank loans	12	360,000	360,000	360,000
		<u>2,121,383</u>	<u>2,040,737</u>	<u>2,364,405</u>
Total liabilities		<u>3,443,592</u>	<u>3,313,327</u>	<u>5,728,984</u>
Total equity and liabilities		<u>8,289,225</u>	<u>7,451,813</u>	<u>8,426,982</u>

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


Director


General Manager

22 JUL 2014

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 2014

	Note	Six month period ended 30 June	
		2014 AED'000	2013 AED'000
Operating activities			
Profit for the period		707,147	135,166
<i>Adjustments for:</i>			
Depreciation		7,564	8,840
Gain on disposal of investment properties		(77,937)	(25,997)
Gain on valuation of properties		(711,565)	(56,253)
Share in profit of joint ventures		(7,166)	(15,804)
Gain on disposal of property, plant and equipment		(410)	-
Income from government grant		-	(1,125)
Finance income		(10,433)	(156)
Finance expense		32,887	61,703
<i>Operating profit before working capital changes</i>		(59,913)	106,374
Change in trade and other receivables		135,140	208,615
Change in inventories		(1,587)	2,749
Change in contract work-in-progress		(128,267)	(42,896)
Change in non-current receivables		(58,065)	(19,387)
Change in due from related parties		3,047	43,242
Change in trade and other payables		89,224	(535,821)
Change in due to related parties		814	(16,836)
Change in non-current payables		543	(263,105)
Change in advances and deposits		27,285	95,937
Change in staff terminal benefits (net)		(5,176)	68,463
<i>Net cash from/(used in) operating activities</i>		3,045	(352,665)
Investing activities			
Additions to property, plant and equipment		(2,458)	(7,238)
Additions to investment properties	7	(37,050)	-
Additions to development properties (net)		-	(663)
Dividend income	5	-	10,000
Proceeds from disposal of property, plant and equipment		410	-
Proceeds from disposal of investment properties		94,500	701,261
Interest income		10,433	156
Change in other investments		(10,216)	7
Change in deposit with banks		(17,343)	13,210
<i>Net cash from investing activities</i>		38,276	716,733
Financing activities			
Net movement in long-term bank loans		-	(2,098,023)
Net movement in short-term bank borrowings		-	(28,346)
Interest paid		(31,937)	(54,647)
Change in advances from sale of properties		54,252	2,085,191
<i>Net cash from/(used in) financing activities</i>		22,315	(95,825)
Net increase in cash and cash equivalents		63,636	268,243
Cash and cash equivalents at the beginning of the period		122,998	144,769
Cash and cash equivalents at the end of the period		186,634	413,012

The notes on pages 8 to 15 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 changes in equity (unaudited) for the six month period ended 30 June 2014

	Share capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	General reserve AED'000	Hedging reserve AED'000	Retained earnings/ (Accumulated losses) AED'000	Total AED'000
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
At 1 January 2014 (audited)	3,366,857	(4,998)	175,545	313,697	-	287,385	4,138,486
Total comprehensive income for the period	168,342	-	-	-	-	707,147	707,147
Issuance of bonus share	-	-	-	-	-	(168,342)	-
At 30 June 2014 (unaudited)	3,535,199	(4,998)	175,545	313,697	-	826,190	4,845,633

No allocation of profit has been made to the statutory reserve for the six month period ended 30 June 2014 as it would be effected at the year-end.

The notes on pages 8 to 15 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 2013.

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 2013.

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 2013.

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 2013.

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

5 Share of profit in joint ventures

During the six month period ended 30 June 2014, the Group's share of profit in Properties Investment LLC amounted to AED 0.1 million (30 June 2013: AED 9.3 million) and its share of profit in Emirates District Cooling LLC amounted to AED 7.1 million (30 June 2013: AED 6.5 million). Furthermore, Properties Investment LLC has declared and paid a dividend of nil (30 June 2013: AED 10 million) during the six month period ended 30 June 2014.

6 Other income

Other income mainly represents positive saving of AED 100 million on account of liabilities settlement with the contractors for certain projects.

7 Investment properties

	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000	Unaudited 30 June 2013 AED'000
Opening balance	5,092,655	4,611,050	4,611,050
Additions during the period/year	37,050	6,092	-
Gain on fair valuation (refer note (ii) below)	711,565	2,104,724	56,253
Transfer from development properties	-	140,451	89,075
Sale of investment properties (refer note (i) below)	(230,906)	(1,762,758)	(675,264)
Transfer to property, plant and equipment	-	(6,904)	(1,204)
Closing balance	<u>5,610,364</u>	<u>5,092,655</u>	<u>4,079,910</u>

- (i) During the six month period ended 30 June 2014, the Group has sold various investment properties with carrying value of AED 230.9 million (30 June 2013: AED 675.3 million) for a net consideration of AED 308.8 million (30 June 2013: AED 701.3 million) resulting in a net gain of AED 77.9 million (30 June 2013: AED 26 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, 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 711.6 million (2013: fair value gain of AED 56.3 million) has been recognized in the interim condensed consolidated income statement.

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

8 Development properties

	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000	Unaudited 30 June 2013 AED'000
Opening balance	80,926	1,194,758	1,194,758
Net additions during the period/year	-	54,510	663
Cost of properties sold	(26,647)	(1,027,891)	(123,704)
Transfer to investment properties	-	(140,451)	(89,075)
Closing balance	<u>54,279</u>	<u>80,926</u>	<u>982,642</u>

- (i) During the six month period ended 30 June 2014, 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 31 December 2013. Accordingly, no impairment provision has been recognized in this interim condensed consolidated income statement.

9 Trade and other receivables

The ageing of trade/contract and retention receivables (including non-current receivables) at the period/year is under:

	Unaudited 30 June 2014		Audited 31 December 2013		Unaudited 30 June 2013	
	Gross AED '000	Provision AED '000	Gross AED '000	Provision AED '000	Gross AED '000	Provision AED '000
Not Past Due	53,136	-	135,336	-	178,564	-
Past due 1-90 days	69,736	34	182,995	-	281,448	429
Past due 91-365 days	141,440	26,198	313,927	11,207	312,497	4,468
More than one year	1,966,086	1,746,425	1,758,930	1,758,930	1,955,373	934,106
	<u>2,230,398</u>	<u>1,772,657</u>	<u>2,391,188</u>	<u>1,770,137</u>	<u>2,727,882</u>	<u>939,003</u>

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

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

	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000	Unaudited 30 June 2013 AED'000
At 1 January	1,770,137	941,141	941,141
Provision for the period/year	2,520	841,236	7,056
Amounts written off/provision reversed during the period/year	-	(12,240)	(9,194)
Closing balance	<u>1,772,657</u>	<u>1,770,137</u>	<u>939,003</u>

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

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:

	Unaudited 30 June 2014 AED'000	Unaudited 30 June 2013 AED'000
Project management income and income from contracts	21,017	24,336
Interest expenses	18,031	39,905
Funds received from a joint venture	-	65,699
Sale of properties	-	386,795
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	3,318	3,644
- Provision towards staff terminal benefits	120	217

11 Investments at fair value through profit and loss

During the previous year, the Company had invested AED 184.4 million in various financial instruments held for short term purposes. During the current period, the Company has made additional investment amounting to AED 3.7 million. The market value of these financial instruments as at the reporting date is AED 196.8 million. These investments at fair value through profit or loss are pledged towards the credit line facility obtained during the previous year specifically for these investments. The Board of Directors had approved these investments and confirmed that they are held for short term purposes. Also refer note 14.

12 Long-term bank loans

During the six month period ended 30 June 2014, the repayments terms of a term loan facility amounting to AED 360 million was extended and fully paid by 20 July 2014. However, subsequent to the period end, the Company has secured a loan of AED 360 million from another creditor bank at normal commercial interest rate and mutually agreed terms.

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

13 Basic and diluted earnings per share

	Unaudited		Unaudited	
	Six month period ended 30 June 2014	2013	Three month period ended 30 June 2014	2013
Net profit attributable to shareholders (AED'000)	707,147	135,166	527,356	113,255
Weighted average number of shares	3,533,803,743	3,533,803,743	3,533,803,743	3,533,803,743

For recalculating the earnings per share for 30 June 2013, the weighted average number of shares has been adjusted as if the bonus issue had occurred at the beginning of 2013.

14 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 2014						
Financial assets						
Non-current receivables	-	158,715	-	-	158,715	158,715
Other investments	201,203	-	-	-	201,203	201,203
Trade and other receivables	-	629,660	-	-	629,660	629,660
Due from related parties	-	7,045	-	-	7,045	7,045
Cash in hand and at bank	-	405,115	-	-	405,115	405,115
Total	201,203	1,200,535	-	-	1,401,738	1,401,738
Financial liabilities						
Trade and other payables	-	-	1,372,836	-	1,372,836	1,372,836
Security deposits	-	-	9,721	-	9,721	9,721
Due to related parties	-	-	2,780	-	2,780	2,780
Short-term bank borrowings	-	-	125,733	-	125,733	125,733
Long-term bank loans	-	-	1,438,154	-	1,438,154	1,438,154
Non-current payables	-	-	6,107	-	6,107	6,107
Total	-	-	2,955,331	-	2,955,331	2,955,331

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

14 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 2013						
Financial assets						
Non-current receivables	-	100,650	-	-	100,650	100,650
Other investments	190,987	-	-	-	190,987	190,987
Trade and other receivables	-	575,257	-	-	575,257	575,257
Due from related parties	-	10,092	-	-	10,092	10,092
Cash in hand and at bank	-	329,456	-	-	329,456	329,456
Total	190,987	1,015,455	-	-	1,206,442	1,206,442
Financial liabilities						
Trade and other payables	-	-	1,324,307	-	1,324,307	1,324,307
Security deposits	-	-	4,444	-	4,444	4,444
Due to related parties	-	-	1,966	-	1,966	1,966
Short-term bank borrowings	-	-	131,053	-	131,053	131,053
Long-term bank loans	-	-	1,438,154	-	1,438,154	1,438,154
Non-current payables	-	-	5,564	-	5,564	5,564
Total	-	-	2,905,488	-	2,905,488	2,905,488

	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	-	1,658,464	-	-	1,658,464	1,658,464
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	2,420,988	-	-	2,426,275	2,426,275
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)

14 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 2 AED'000	Level 3 AED'000	Total AED'000
30 June 2014				
Other investment	197,369	-	3,834	201,203
Investment properties	-	-	5,610,364	5,610,364
31 December 2013				
Other investment	186,487	-	4,500	190,987
Investment properties	-	-	5,092,655	5,092,655
30 June 2013				
Other investment	787	1	4,500	5,288
Investment properties	-	-	4,079,910	4,079,910

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

Level 1:

	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000	Unaudited 30 June 2013 AED'000
Investment securities			
Opening balance	186,487	794	794
Additions	3,710	186,127	-
Total gains or losses – net:			
- in the condensed consolidated interim statement of income	7,172	(434)	(7)
Closing balance	197,369	186,487	787

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

15 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 services. The details of segment revenue, segment result, segment assets and segment liabilities are as under:

	Real estate property management and sales AED'000	Construction AED'000	Others AED'000	Total AED'000
Six month period ended 30 June 2014				
Segment revenue	64,424	280,479	27,541	372,444
Finance income	10,263	170	-	10,433
Gain on sale of investment properties	77,937	-	-	77,937
Gain on valuation of properties	711,565	-	-	711,565
Other income	106,148	1,851	985	108,984
Share in profit of joint venture	112	-	7,054	7,166
Total Income	970,449	282,500	35,580	1,288,529
Direct costs	(56,607)	(413,687)	(21,190)	(491,484)
Administrative and general expenses	(19,937)	(30,329)	(6,745)	(57,011)
Finance expense	(13,862)	(19,025)	-	(32,887)
Profit/(loss) for the period	880,043	(180,541)	7,645	707,147
Segment assets	6,493,073	1,197,971	60,217	7,751,261
Investment in joint ventures	231,062	-	306,902	537,964
Total assets	6,724,135	1,197,971	367,119	8,289,225
Segment liabilities	988,645	2,405,901	49,046	3,443,591
Capital expenditure	37,326	885	1,297	39,508
Depreciation	849	5,538	1,177	7,564
Six month period ended 30 June 2013				
Segment revenue	165,019	543,107	27,267	735,393
Finance income	52	104	-	156
Gain on sale of investment properties	25,997	-	-	25,997
Gain on valuation of properties	56,253	-	-	56,253
Other income	82,791	528	1,209	84,528
Share in profit of joint venture	9,301	-	6,503	15,804
Total Income	339,413	543,739	34,979	918,131
Direct Cost	(154,816)	(497,944)	(17,973)	(670,733)
Administrative and general expenses	(17,186)	(26,316)	(7,027)	(50,529)
Finance expense	(33,464)	(28,239)	-	(61,703)
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	175,536	-	294,421	469,957
Total assets	5,044,379	3,019,690	362,913	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