

Union Properties (P.J.S.C.)
and its subsidiaries

Unaudited interim condensed
consolidated financial statements
30 September 2024

Union Properties (P.J.S.C.) and its subsidiaries

Unaudited interim condensed consolidated financial statements

30 September 2024

<i>Contents</i>	<i>Page(s)</i>
Report on review of interim condensed consolidated financial statements	1
Interim condensed consolidated statement of profit or loss and other comprehensive income	2 - 3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of cash flows.....	5
Interim condensed consolidated statement of changes in equity	6
Notes to the interim condensed consolidated financial statements.....	7 - 19

Report on Review of Interim Condensed Consolidated Financial Statements To the Shareholders of Union Properties P.J.S.C

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Union Properties P.J.S.C (the "Company") and its subsidiaries (the "Group") as at September 30, 2024, the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three months and nine months period then ended, and the related interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows for the nine months period then ended and other related explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the interim condensed consolidated financial statements 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".



GRANT THORNTON UAE

Dr. Osama El-Bakry

Registration No: 935

Dubai, United Arab Emirates

25 October 2024

Union Properties (P.J.S.C.) and its subsidiaries

Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)

For the nine-month period ended 30 September 2024

	Notes	Nine-month period ended 30 September	
		2024 AED'000	2023 AED'000
Revenue from contracts with customers	15	389,086	364,308
Direct costs	15	(313,746)	(287,397)
Gross profit		75,340	76,911
Administrative and general expenses	15	(87,504)	(64,636)
Other operating income	5.2	31,309	12,298
Gain on sale of investment properties	6	51,897	38,673
Operating profit		71,042	63,246
Share of losses from associate, net	7	(7,661)	(49,181)
Other income	5.1	18,109	106,896
Finance income		213	1,562
Finance cost		(21,962)	(85,082)
Profit before tax for the period		59,741	37,441
Income tax for the period	17	(6,599)	-
Profit for the period		53,142	37,441
Total comprehensive income for the period		53,142	37,441
Basic and diluted earnings per share (AED)	11	0.0124	0.0087

The notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements

Union Properties (P.J.S.C.) and its subsidiaries

Interim condensed consolidated statement of profit or loss and other comprehensive income
(unaudited)

For the three-month period ended 30 September 2024

		Three-month period ended 30 September	
		2024 AED'000	2023 AED'000
	Notes		
Revenue from contracts with customers	15	123,301	123,465
Direct costs	15	(100,607)	(92,188)
Gross profit		22,694	31,277
Administrative and general expenses	15	(36,187)	(27,154)
Other operating income		21,407	3,300
Gain on sale of investment properties		20,696	48
Operating profit		28,610	7,471
Share of losses from associates, net		(1,847)	(20,167)
Other income		512	60,213
Finance income		63	1,149
Finance cost		(6,929)	(28,935)
Profit before tax for the period		20,409	19,731
Income tax for the period		(2,038)	-
Profit for the period		18,371	19,731
Total comprehensive income for the period		18,371	19,731
Basic and diluted earnings per share (AED)	11	0.0043	0.0046

The notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements

Union Properties (P.J.S.C.) and its subsidiaries

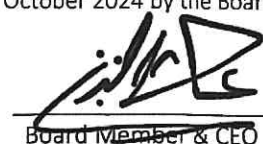
Interim condensed consolidated statement of financial position

As at 30 September 2024

		Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment		320,206	309,684
Right-of-use assets		14,768	8,090
Investment properties	6.1	2,495,238	2,957,379
Development properties		13,449	11,912
Investment in an associate	7	12,253	19,914
Non-current receivables		72,658	11,575
Total non-current assets		2,928,572	3,318,554
Current assets			
Investment properties held for sale	6.2	540,960	932,960
Investments at fair value through profit or loss		704	699
Inventories		6,703	5,852
Contract assets		25,797	29,575
Trade and other receivables	8	449,078	413,807
Bank balances and cash	10	109,850	78,305
Total current assets		1,133,092	1,461,198
Total assets		4,061,664	4,779,752
EQUITY AND LIABILITIES			
Equity			
Share capital		4,289,540	4,289,540
Statutory reserve		397,857	397,857
Asset revaluation surplus		212,689	212,689
Accumulated losses		(2,051,968)	(2,105,110)
Total equity attributable to the shareholders of the Company		2,848,118	2,794,976
Non-current liabilities			
Non-current portion of bank loans	12	209,733	220,935
Non-current payables		152,500	244,000
Lease liabilities		12,774	8,979
Provision for staff terminal benefits		31,686	30,600
Total non-current liabilities		406,693	504,514
Current liabilities			
Trade and other payables	13	291,696	437,046
Contract liabilities		13,108	12,452
Lease liabilities		2,455	2,245
Bank overdrafts		27,195	41,589
Current portion of bank loans	12	472,399	986,930
Total current liabilities		806,853	1,480,262
Total liabilities		1,213,546	1,984,776
Total equity and liabilities		4,061,664	4,779,752

The interim condensed consolidated financial statements were authorised for issue on 25 October 2024 by the Board of Directors and signed on its behalf by:


Chairman


Board Member & CEO

The notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

Union Properties (P.J.S.C.) and its subsidiaries

Interim condensed consolidated statement of cash flows (unaudited)

For the nine-month period ended 30 September 2024

	Notes	Nine-month period ended 30 September	
		2024 AED'000	2023 AED'000
Operating activities			
Profit for the period		53,142	37,441
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		6,138	6,187
Allowance for impairment loss on trade receivables		-	1,096
Depreciation of right of use assets		1,645	1,196
Gain on sale of investment properties	6	(51,897)	(38,673)
Share of results of equity accounted investments	7	7,661	49,181
Finance income		(213)	(1,562)
Finance cost		21,962	85,082
Other Income	5.1	(18,109)	-
<i>Operating profit before working capital changes</i>		20,329	139,948
Change in inventories		(851)	(1,884)
Change in contract assets		3,778	(3,576)
Change in trade and other receivables		129,512	(25,327)
Change in non-current payables		(91,500)	642
Change in trade and other payables and contract liabilities		(145,350)	(153,396)
Change in staff terminal benefits (net)		1,086	4,192
Change in development properties		(1,537)	-
<i>Net cash used in operating activities</i>		(84,533)	(39,401)
Investing activities			
Additions to property, plant and equipment		(8,027)	(14,146)
Additions to investment properties	6	(295)	(2,235)
Proceeds from disposal of property, plant and equipment		-	3,194
Proceeds from sale of investment properties	6	519,673	133,731
Interest income received		213	1,562
Changes in deposits under lien with banks		712	6,164
Proceeds from sales of Investment properties held for sale		166,134	-
<i>Net cash generated from investing activities</i>		678,410	128,270
Financing activities			
Proceed from long-term bank loans	12	56,068	77,579
Repayment of long-term bank loans	12	(581,801)	(97,843)
Interest paid		(18,943)	(22,944)
Payment of lease liabilities		(2,550)	-
<i>Net cash used in financing activities</i>		(547,226)	(43,208)
Net increase in cash and cash equivalents		46,651	45,661
Cash and cash equivalent at the beginning of the period		29,812	780
Cash and cash equivalent at the end of the period	10	76,463	46,441

The notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

Union Properties P.J.S.C and its subsidiaries

Interim condensed consolidated statement of changes in equity (unaudited)

For the nine-month period ended 30 September 2024

	Share capital AED'000	Statutory reserve AED'000	Asset revaluation surplus AED'000	Accumulated losses AED'000	Total Equity AED'000
At 1 January 2023	4,289,540	355,976	212,689	(2,900,846)	1,957,359
Total comprehensive income for the period	-	-	-	37,441	37,441
At 30 September 2023 (unaudited)	<u>4,289,540</u>	<u>355,976</u>	<u>212,689</u>	<u>(2,863,405)</u>	<u>1,994,800</u>
At 1 January 2024	4,289,540	397,857	212,689	(2,105,110)	2,794,976
Total comprehensive income for the period	-	-	-	53,142	53,142
At 30 September 2024 (unaudited)	<u>4,289,540</u>	<u>397,857</u>	<u>212,689</u>	<u>(2,051,968)</u>	<u>2,848,118</u>

The notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements

For the nine-month period ended 30 September 2024

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 include but is not limited to investment in and development of properties, the management and maintenance of owned 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 other entities.

The Company and its subsidiaries are collectively referred to as ("the Group").

2 NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2024 and has been explained in Group annual consolidated financial statements as at year ended 31 December 2023, but they do not have a material impact on the Group's interim condensed consolidated financial statements.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34: Interim Financial Reporting and applicable requirements of the United Arab Emirates laws.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements.

Income tax expense for the interim period is determined by applying management's best estimate of the weighted-average income tax rate for annual period, adjusted for certain items fully applicable to the interim period if needed, to profit or loss before tax.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for investments at fair value through profit and loss, investment properties, and land as included in property, plant and equipment that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The results for the nine-month period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

Going concern assumption

The Group's interim condensed consolidated financial statements have been prepared on a going concern basis. As of 30 September 2024, the Group's accumulated losses reached an amount of AED 2,051 million from an issued capital of AED 4,290 million reaching 47.9% of its issued share capital.

The Group's management team is committed in implementing a thorough cost rationalization plan reducing its operating costs and overheads along with a change in management program which will create impact on entity's business model, financial structure, and management team, to address challenges in order to increase value of the Company for shareholders.

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 2024

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

Going concern assumption (continued)

Management of the Group has prepared a short and medium strategy plan leveraged by a long-term vision for a period of six years from the date of these interim condensed consolidated financial statements and there is high probability that the Group will have adequate resources to continue its operation in the foreseeable future.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim condensed consolidated financial statements 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 statements, 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 2023 except for the estimation of corporate tax (note 17).

Corporate tax related judgements

The Group recognizes income tax provisions using judgements and estimates based on latest expert opinions of its tax advisors in relation to suggested tax groupings and election for the realization/accrual basis which is still under management assessment. Differences, if any, between the recorded income tax provision and final tax liability, are recorded on the final determination of such liability.

5 OTHER INCOME AND OTHER OPERATING INCOME

5.1 Other income

Other income

	Unaudited 30 September 2024 AED'000	Unaudited 30 September 2023 AED'000
Write back of liabilities / reversal of provisions (note a)	3,714	97,747
Foreign exchange gain (note b)	14,395	9,149
Other income	18,109	106,896

a Write back of liabilities/ reversal of provisions

The write back of liabilities are mainly related to payables and accruals in relation to completed projects and cancellation of contracts for which management assessed that no settlement will be required against.

b Foreign exchange gain

Foreign exchange gain represents gain on account of overdraft balances held in Egyptian pound.

5.2 Other operating income

	Unaudited 30 September 2024 AED'000	Unaudited 30 September 2023 AED'000
NOC Fee	10,588	601
Scrap Sale	3,251	401
Rental Income	7,118	7,639
Miscellaneous Income	10,352	3,657
	31,309	12,298

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 2024

6 INVESTMENT PROPERTIES

6.1 Movement in Investment properties	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
At 1 January	2,957,379	3,163,998
Additions during the period/year	295	1,812
Sale of investment properties	(462,436)	(191,487)
Transfer from property, plant and equipment Investments held for sale	-	10,136
Gain on fair valuation	-	(932,960)
Closing balance	2,495,238	2,957,379

The Group follows the fair value model under IAS 40 Investment property 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. The most recent valuation was carried out on 31 December 2023 by an independent registered valuer, who carried out the valuation in accordance with RICS Appraisal and the Valuation Manual issued by the Royal Institute of Chartered Surveyors.

Sale of investment properties

During the nine-month period ended 30 September 2024, investment properties with a carrying value of AED 462.4 million (31 December 2023: AED 191.4 million) were disposed of for a total consideration of AED 519.6 million less cost to sell (31 December 2023: AED 261.8 million) resulting in a gain of AED 51.9 million (31 December 2023: AED 70.4 million).

Valuation gain on gross floor area

In the previous years, the Group had conducted a survey of the Masterplan for Dubai Motorcity (built and non-built area) and submitted formal requests to the concerned regulatory authorities for the issuance of revised affection plans with amended Gross Floor Areas ("GFA") and requesting to repurpose the land usage (in some cases).

After a long journey and constructive negotiation, the Group announced in Q4 2023 a major step forward by achieving a settlement with the regulator. Under the agreement, the Group is honouring the payment plan agreed with "Dubai land" for a total amount of AED 400 million by instalments over a three (3) year period and obtained no objection certificate from the regulator, which allows the Group to repurpose parts of its Motor City master plan including the Theme Park land.

6.2 Investment properties held for sale

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
Opening balance	932,960	-
Sold during the period / year	(392,000)	-
Reclassified from investments properties	-	932,960
Closing balance	540,960	932,960

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 2024

6 INVESTMENT PROPERTIES (CONTINUED)

6.2 Investment properties held for sale (continued)

Investment properties held for sale represent plots of land intended to be sold in the normal course of business. The estimates of net realisable values are based on the most reliable evidence available at the reporting date of the amount that the Group is expected to realise from the sale of these properties in its ordinary course of business.

During the nine-month period ended 30 September 2024, the Group has disposed properties amounting to AED 392 million which were classified as held for sale as at 31 December 2023. The consideration received was equal to the carrying value of the properties and hence no gain or loss arose on this transaction.

7 INVESTMENT IN AN ASSOCIATE

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
Movement for the period/Year		
Opening Balance	19,914	79,327
Share of loss from associate	(7,661)	(59,413)
Closing Balance	<u>12,253</u>	<u>19,914</u>
Profit or Loss		
Share of loss in Properties Investment LLC	(7,661)	(49,181)
Investment in Properties Investment LLC		

The Group has a 30% equity interest in Properties Investment LLC, involved in property investments. Property Investment LLC is a private equity investment that is not listed on any public exchange. The Group's interest in Property Investment LLC is accounted for using the equity method in the consolidated financial statements.

8 TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
Financial instruments		
Trade receivables	268,743	326,823
Property sales receivables	180,177	100,167
Retention receivables	16,045	14,386
	<u>464,965</u>	<u>441,376</u>
Less: allowance for expected credit losses	(107,605)	(110,002)
	<u>357,360</u>	<u>331,374</u>
Other receivables	62,127	61,976
Total (A)	<u>419,487</u>	<u>393,350</u>
Non-financial instruments		
Advances to contractors (note 8.2)	3,888	2,499
Prepayments and advances	25,703	17,958
Total (B)	<u>29,591</u>	<u>20,457</u>
Total (A+B)	<u>449,078</u>	<u>413,807</u>

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 2024

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's exposure to credit risk and impairment losses related to receivables are disclosed below:

Impairment losses

Set out below is the information about the credit risk exposure on the Group's trade and retention receivables using a provision matrix:

	Trade and other receivables							
	Advances to contractors	Retentions receivable	Property sales receivable	Current	Past due			Total
					1-90 days	91-365 days	>365 days	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
30 September 2024 (unaudited)								
Expected credit loss rate	95.88%	33.11%	0.00%	0.00%	0.00%	3.39%	74.43%	35.43%
Gross amount	94,480	16,045	180,177	68,399	36,680	27,483	136,181	559,445
Expected credit loss	90,592	5,313	-	-	-	931	101,361	198,197
31 December 2023 (audited)								
Expected credit loss rate	97.32%	50.11%	0.00%	0.00%	4.66%	32.12%	72.47%	37.53%
Gross amount	93,091	14,386	100,167	88,289	86,454	28,367	123,713	534,467
Expected credit loss	90,592	7,209	-	-	4,031	9,112	89,650	200,594

The movement in the allowance for expected credit losses in respect of trade and retentions receivables, advance to contractors, property sales receivables during the period/year is as follows:

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
At 1 January	200,594	207,884
Provision for the period/year	1,006	4,252
Amounts written off	(3,403)	(11,542)
Closing balance	198,197	200,594

8.1 Allowance for expected credit losses

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
Provision against trade and retentions receivables	107,605	110,002
Provision against advances to contractors (note 8.2)	90,592	90,592
	198,197	200,594

8.2 Advances to contractors

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
Advances to contractors	94,480	93,091
Less: Allowance for expected credit losses	(90,592)	(90,592)
	3,888	2,499

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 2024

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

8.2 Advances to contractors (Continued)

Significant payments aggregating to AED 90.6 million were made, between May and October 2021 to a third-party vendor. Those payments were documented internally as related to various design and project management contracts, although the management identified that no or negligible service had been received, therefore the Company decided to classify it as advances to contractors.

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 on terms and conditions approved by the Group's management.

During the previous year, the Group had extended a loan to its associate amounting to AED 3.4 million which was recognized in the interim condensed consolidated financials as at September 30, 2024 carrying an interest of 2.75% + 3 months EIBOR.

The significant transactions with related parties, other than those already disclosed separately elsewhere in the interim condensed consolidated financial statements are as follows:

	Unaudited 30 September 2024 AED'000	Unaudited 30 September 2023 AED'000
Interest received on loan extended to associate	213	-
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	5,802	6,865
- Provision towards staff terminal benefits	411	637

Director's fee

At the Annual General Meeting held on 30 April 2024, the shareholders approved the proposed Directors' fee amounting to AED 1.4 million for the year ended 31 December 2023.

10 BANK BALANCES AND CASH

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
Cash in hand	1,080	1,054
Cash at bank		
- in current accounts	102,578	70,347
- in deposit accounts held under lien	6,192	6,904
	<u>109,850</u>	<u>78,305</u>

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 2024

10 BANK BALANCES AND CASH (CONTINUED)

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
Cash and cash equivalent comprise:		
Bank balance and cash (excluding deposits under lien)	103,658	71,401
Bank overdrafts	(27,195)	(41,589)
	<u>76,463</u>	<u>29,812</u>

11 BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited Nine month period ended 30 September		Unaudited Three month period ended 30 September	
	2024	2023	2024	2023
Profit attributable to shareholders (AED)	53,142	37,441	18,371	19,731
Weighted average number of shares	4,289,540	4,289,540	4,289,540	4,289,540
Basic and diluted earnings per share (AED)	<u>0.0124</u>	<u>0.0087</u>	<u>0.0043</u>	<u>0.0046</u>

12 BANK LOANS

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
Balance	682,132	1,207,865
Less: Current portion	(472,399)	(986,930)
Non-current portion	<u>209,733</u>	<u>220,935</u>

The bank loans carry interest at commercial rates. The movement in bank loans during the period/year was as follows:

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
At 1 January	1,207,865	822,498
Availed during the period/year	56,068	101,227
Repayments during the period/year	(581,801)	(130,943)
Movement due to the loan restructure during the year	-	487,192
Settlement against advances to bank	-	(72,109)
At the end of the period/year	<u>682,132</u>	<u>1,207,865</u>

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 2024

13 TRADE AND OTHER PAYABLES

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
Financial liabilities :		
Trade payables	81,911	207,013
Retention payables	1,012	2,265
Accruals and deposits payables	90,317	93,757
Total	173,240	303,035
Non financial liabilities:		
Advances received from customers	11,072	10,777
Corporate tax payable	6,599	-
Other payables and accruals (note 13.1)	100,785	123,234
Total	118,456	134,011
Total	291,696	437,046

13.1 Other payables and accruals

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
<i>Other payables and accruals includes:</i>		
Provisions and accruals for payment to contractors cost	75,448	88,404
Provision for staff related payables	25,337	32,338
Provisions and accruals against contracting business	-	2,492
Total	100,785	123,234

14 FINANCIAL INSTRUMENTS

Financial assets of the Group include non-current receivables, investments, trade and other receivables and cash at banks. Financial liabilities of the Group include trade and other payables, lease liabilities, short-term bank borrowings and long-term bank loans. 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:

	At fair value through profit or loss AED'000	At amortized cost AED'000	Total amount AED'000
30 September 2024 (unaudited)			
Financial assets			
Non-current receivables	-	72,658	72,658
Investments at FVTPL	704	-	704
Trade and other receivables	-	419,487	419,487
Cash at banks	-	108,770	108,770
Total	704	600,915	601,619
Financial liabilities			
Trade and other payables	-	173,240	173,240
Lease liabilities	-	15,229	15,229
Bank overdrafts	-	27,195	27,195
Bank loans	-	682,132	682,132
Total	-	897,796	897,796

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 2024

14 FINANCIAL INSTRUMENTS (CONTINUED)

	At fair value through profit or loss AED'000	At amortized cost AED'000	Total amount AED'000
31 December 2023 (audited)			
<i>Financial assets</i>			
Non-current receivables	-	11,575	11,575
Investments at FVTPL	699	-	699
Trade and other receivables	-	393,350	393,350
Cash at banks	-	77,251	77,251
Total	<u>699</u>	<u>482,176</u>	<u>482,875</u>
<i>Financial liabilities</i>			
Trade and other payables	-	303,035	303,035
Lease liabilities	-	11,224	11,224
Bank overdrafts	-	41,589	41,589
Bank loans	-	1,207,865	1,207,865
Total	<u>-</u>	<u>1,563,713</u>	<u>1,563,713</u>

Fair value hierarchy

The table below analyses 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); and
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group holds investments at fair value through profit or loss. 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 September 2024 (unaudited)				
Investments at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>704</u>	<u>704</u>
31 December 2023 (audited)				
Investments at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>699</u>	<u>699</u>

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

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 2024

15 SEGMENT REPORTING

Business segments

The Group's activities include four main business segments, namely, real estate property management, contracting activities, sales of goods and services and investing activities. The details of segment revenue, segment result, segment assets and segment liabilities are as follows:

	Real estate	Contracting	Goods and services	Investments	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Nine-month period ended 30 September 2024 (unaudited)					
Segment revenue	36,690	21,124	331,272	-	389,086
Direct cost	(16,345)	(22,094)	(275,307)	-	(313,746)
Gross profit	20,345	(970)	55,965	-	75,340
Administrative and general expenses	(55,148)	(1,003)	(31,353)	-	(87,504)
Other operating income	16,266	4,689	10,354	-	31,309
Gain on sale of investment properties	51,897	-	-	-	51,897
Operating profit	33,360	2,716	34,966	-	71,042
Share of losses from an associate, net	-	-	-	(7,661)	(7,661)
Other income	3,714	-	-	14,395	18,109
Finance income	213	-	-	-	213
Finance cost	(11,253)	-	(10,709)	-	(21,962)
Corporate tax expense	(3,858)	(17)	(2,724)	-	(6,599)
Profit/(loss) for the period	22,176	2,699	21,533	6,734	53,142
Capital expenditure	1,421	1,969	6,166	-	9,556
Depreciation of property, plant and equipment	442	2,884	2,812	-	6,138
Depreciation of right of use assets	929	133	583	-	1,645
As at 30 September 2024 (unaudited)					
Segment assets	3,405,565	44,850	598,701	295	4,049,411
Investment in an associate	-	-	-	12,253	12,253
Total assets	3,405,565	44,850	598,701	12,548	4,061,664
Segment liabilities	620,952	253,131	309,951	29,512	1,213,546
Nine-month period ended 30 September 2023 (unaudited)					
Segment revenue	31,070	31,418	301,820	-	364,308
Direct cost	(17,092)	(26,273)	(244,032)	-	(287,397)
Gross profit	13,978	5,145	57,788	-	76,911
Administrative and general expenses	(25,813)	(4,090)	(34,733)	-	(64,636)
Other operating income	3,386	1,149	7,763	-	12,298
Gain on sale of investment properties	38,673	-	-	-	38,673
Operating profit/(loss)	30,224	2,204	30,818	-	63,246
Share of loss from associates	-	-	-	(49,181)	(49,181)
Other income	97,747	-	-	9,149	106,896
Finance income	1,562	-	-	-	1,562
Finance cost	(74,002)	-	(11,080)	-	(85,082)
Profit/(loss) for the period	55,531	2,204	19,738	(40,032)	37,441
Capital expenditure	2,370	4,949	9,054	8	16,381
Depreciation of property, plant and equipment	492	2,232	3,463	-	6,187
Depreciation of right of use assets	929	-	267	-	1,196
As at 31 December 2023 (audited)					
Segment assets	4,104,054	47,208	608,283	293	4,759,838
Investment in an associate	-	-	-	19,914	19,914
Total assets	4,104,054	47,208	608,283	20,207	4,779,752
Segment liabilities	1,592,413	40,759	308,967	42,637	1,984,776

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 2024

15 SEGMENT REPORTING (CONTINUED)

Business segments (continued)

	Real estate	Contracting	Goods and services	Investments	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Three month period ended 30 September 2024 (unaudited)					
Segment revenue	11,974	5,201	106,126	-	123,301
Direct cost	(3,754)	(6,298)	(90,555)	-	(100,607)
Gross profit/(Loss)	8,220	(1,097)	15,571	-	22,694
Administrative and general expenses	(25,380)	234	(11,041)	-	(36,187)
Other operating income	14,252	2,133	5,022	-	21,407
Gain on sale of investment properties	20,696	-	-	-	20,696
Operating profit	17,788	1,270	9,552	-	28,610
Share of losses from an associate, net	-	-	-	(1,847)	(1,847)
Other income	-	-	-	512	512
Finance income	63	-	-	-	63
Finance cost	(3,537)	-	(3,392)	-	(6,929)
Corporate tax expense	(1,341)	3	(700)	-	(2,038)
Profit/(Loss) for the period	12,973	1,273	5,460	(1,335)	18,371
Capital expenditure	180	441	2,780	-	3,401
Depreciation of property, plant and equipment	139	982	456	-	1,577
Depreciation of right of use assets	310	44	209	-	563
Three month period ended 30 September 2023 (unaudited)					
Segment revenue	10,880	10,182	102,403	-	123,465
Direct cost	(3,999)	(8,299)	(79,890)	-	(92,188)
Gross profit	6,881	1,883	22,513	-	31,277
Administrative and general expenses	(10,068)	(1,384)	(15,702)	-	(27,154)
Other operating income	1,854	280	1,166	-	3,300
Gain on sale of investment properties	48	-	-	-	48
Operating profit/(loss)	(1,285)	779	7,977	-	7,471
Share of losses from associates	-	-	-	(20,167)	(20,167)
Other income	60,213	-	-	-	60,213
Finance income	1,149	-	-	-	1,149
Finance cost	(25,192)	-	(3,743)	-	(28,935)
Profit/(loss) for the period	34,885	779	4,234	(20,167)	19,731
Capital expenditure	136	2,657	4,522	8	7,323
Depreciation of property, plant and equipment	(407)	827	1,511	(57)	1,874
Depreciation of right of use assets	310	-	47	-	357

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 2024

16 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
<i>Company and its subsidiaries</i>		
Contingent liabilities:		
Letters of guarantee	<u>27,901</u>	<u>27,901</u>

17 CORPORATE TAX LAW

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law to enact a new Corporate Tax regime in the UAE. The new Corporate Tax regime became effective for accounting periods beginning on or after 1 June 2023.

As the Group's accounting year ends on 31 December, accordingly the effective implementation date for the Group will start from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025. The Corporate Tax Law confirms the rate of 9% to be applied to taxable income exceeding a specified threshold to taxable income exceeding AED 375,000. As certain other cabinet decisions are pending as on the date of these interim condensed consolidated financial statements, the Group will continue to assess the impact of these pending cabinet decisions on deferred taxes and when finalized and published. Amounts accrued for tax expense in an interim period may have to be adjusted in subsequent interim period if the estimate of the annual income tax assessment changes.

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
Condensed interim income statements		
Current tax	<u>6,599</u>	<u>-</u>

Relationship between tax expense and accounting profit

	Unaudited 30 September 2024 AED'000	Audited 31 December 2023 AED'000
Profit for the period before taxation	59,741	-
Less share of loss from associate	<u>(7,661)</u>	<u>-</u>
Profit subject to taxation	67,402	-
Basic exemption limit (1)	(3,375)	-
Effect of the items not considered in determining taxable income (2)	1,251	-
Taxable profit for the period	<u>65,278</u>	<u>-</u>
Tax at applicable rate of 9% (3)	<u>(6,599)</u>	<u>-</u>

Union Properties (P.J.S.C.) and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

For the nine-month period ended 30 September 2024

17 CORPORATE TAX LAW (CONTINUED)

- (1) Basic exemption is a sum of quarterly apportioned annual exemptions for each entity in the aggregated FS
- (2) Identified non-deductible cost
- (3) Effective tax rate is 10.1% on the Taxable profits after offsetting losses in related entities

18 COMPARATIVES

Reclassifications

Certain comparative figures have been reclassified or regrouped, wherever necessary, to conform to the presentation adopted in these interim condensed consolidated financial statements. Such reclassifications do not affect the previously reported profit, net assets, or equity of the Group.