Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated financial information (unaudited)

30 September 2013

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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 September 2013 interim condensed consolidated financial information of Union Properties PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

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

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

Scope of Review

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

Conclusion

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

Emphasis of a Matter

Without qualifying our conclusion above, we draw reference to note 9 which explains that the Group's trade and other receivables as at 30 September 2013 includes claim receivables outstanding for more than one year. The Company's Board of Directors and management are of the opinion that the carrying value of these receivables at 30 September 2013 is fairly stated.

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

13 NOV 2013

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Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated income statement (unaudited)

for the nine month period ended 30 September 2013

		Nine month period ended 30 September 2013			Nine month period ended 30 September 2012		
	Note	**Property management and sales AED'000**	**Other operating activities AED'000**	**Total AED'000**	Property management and sales AED'000	Other operating activities AED'000	Total AED'000
Revenue	*15*	**1,129,019**	**766,713**	**1,895,732**	441,172	891,081	1,332,253
Direct costs		**(1,001,922)**	**(662,411)**	**(1,664,333)**	(385,107)	(733,960)	(1,119,067)
Gross profit	*15*	**127,097**	**104,302**	**231,399**	56,065	157,121	213,186
Administrative and general expenses				**(76,240)**			(104,610)
Finance income				**1,829**			876
Finance expense				**(85,799)**			(149,544)
Other income	*6*			**87,973**			6,283
Gain on sale of investment properties	*7*			**28,712**			10,843
Share in profit of joint ventures	*5*			**62,928**			7,314
Profit/(loss) for the period before valuation of properties				**250,802**			(15,652)
Gain on valuation of properties	*7*			**56,253**			171,279
Profit for the period attributable to the shareholders of the Company				**307,055**			155,627
Basic and diluted earnings per share (AED) (for the period)	*13*			**0.09**			0.05

The notes on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

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

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated income statement (unaudited)

for the nine month period ended 30 September 2013

	Note	Three month period ended 30 September 2013			Three month period ended 30 September 2012		
		Property management and sales	**Other operating activities**	**Total**	Property management and sales	Other operating activities	Total
		AED'000	**AED'000**	**AED'000**	AED'000	AED'000	AED'000
Revenue	*15*	**964,000**	**196,339**	**1,160,339**	42,932	285,334	328,266
Direct costs		**(847,106)**	**(146,494)**	**(993,600)**	(37,848)	(237,400)	(275,248)
Gross profit	*15*	**116,894**	**49,845**	**166,739**	5,084	47,934	53,018
Administrative and general expenses				**(25,711)**			(33,626)
Finance income				**1,673**			164
Finance expense				**(24,096)**			(42,580)
Other income	*6*			**3,445**			2,183
Gain on sale of investment properties	*7*			**2,715**			5,303
Share in profit of joint ventures	*5*			**47,124**			(5,817)
Profit/(loss) for the period before valuation of properties				**171,889**			(21,355)
Gain on valuation of properties	*7*			**-**			71,000
Profit for the period attributable to the shareholders of the Company				**171,889**			49,645
Basic and diluted earnings per share (AED) (for the quarter)	*13*			**0.05**			0.01

The notes on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

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Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of comprehensive income (unaudited)

for the nine month period ended 30 September 2013

	Nine month period ended 30 September		Three month period ended 30 September	
	2013	2012	**2013**	2012
	AED'000	AED'000	**AED'000**	AED'000
Profit for the period	**307,055**	155,627	**171,889**	49,645
Other comprehensive income for the period				
Items that will be or maybe reclassified subsequently to profit or loss				
Net movement in cash flow hedge	**(34)**	83	**(24)**	7
Total comprehensive income for the period	**307,021**	155,710	**171,865**	49,652

The notes on pages 8 to 17 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 September 2013

	Note	Unaudited 30 September 2013 AED'000	Audited 31 December 2012 AED'000	Unaudited 30 September 2012 AED'000
ASSETS				
Non-current assets				
Intangible assets		**295**	295	295
Property, plant and equipment		**113,763**	129,285	124,385
Investment properties	7	**2,995,112**	4,611,050	4,344,616
Development properties	8	**157,458**	1,194,758	1,474,515
Investment in joint ventures	5	**517,081**	464,153	461,710
Non-current receivables		**129,800**	151,677	124,800
		3,913,509	6,551,218	6,530,321
Current assets				
Other investments	11	**186,328**	5,294	5,364
Inventories		**30,813**	33,168	32,070
Contract work-in-progress		**258,147**	187,651	235,695
Trade and other receivables	9	**1,740,703**	1,952,185	2,166,459
Due from related parties	10	**50,288**	134,916	89,268
Cash in hand and at bank		**360,738**	227,467	284,867
		2,627,017	2,540,681	2,813,723
Total assets		**6,540,526**	9,091,899	9,344,044
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		**3,366,857**	3,366,857	3,366,857
Treasury shares		**(4,998)**	(4,998)	(4,998)
Statutory reserve		**17,579**	17,579	-
General reserve		**313,697**	313,697	313,697
Hedging reserve		**-**	34	36
Accumulated losses		**(823,249)**	(1,130,304)	(1,132,887)
Total equity attributable to the shareholders of the Company		**2,869,886**	2,562,865	2,542,705
Non-current liabilities				
Long-term bank loans	12	**1,078,154**	2,998,270	3,000,624
Advances from sale of properties		**87,539**	275,784	284,559
Deferred income		**24,750**	26,438	27,000
Non-current payables		**12,794**	14,804	12,202
Provision for staff terminal benefits		**84,881**	79,975	79,805
		1,288,118	3,395,271	3,404,190
Current liabilities				
Trade and other payables		**1,716,441**	2,406,712	2,636,682
Advances and deposits		**170,514**	65,951	62,417
Due to related parties		**-**	16,836	39,412
Short-term bank borrowings		**43,112**	106,357	120,731
Current portion of long-term bank loans	12	**452,455**	537,907	537,907
		2,382,522	3,133,763	3,397,149
Total liabilities		**3,670,640**	6,529,034	6,801,339
Total equity and liabilities		**6,540,526**	9,091,899	9,344,044

The notes on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

13 NOV 2013

Director

General Manager

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

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of cash flows (unaudited)

for the nine month period ended 30 September 2013

	Note	Nine month period ended 30 September 2013 AED'000	2012 AED'000
Operating activities			
Profit for the period		**307,055**	155,627
Adjustments for:			
Depreciation		**13,494**	12,704
Gain on disposal of investment properties		**(28,712)**	(10,843)
Gain on valuation of properties		**(56,253)**	(171,279)
Share in profit of joint ventures		**(62,928)**	(61,820)
Income from government grant		**(1,688)**	(1,688)
Finance income		**(1,829)**	(876)
Finance expense		**85,799**	149,544
Operating profit before working capital changes		**254,938**	71,325
Change in trade and other receivables		**211,727**	(248,060)
Change in inventories		**2,355**	9,870
Change in contract work-in-progress		**(70,496)**	5,841
Change in non-current receivables		**21,877**	41,733
Change in due from related parties		**84,628**	(55,581)
Change in trade and other payables		**298,180**	106,336
Change in due to related parties		**(16,836)**	12,595
Change in non-current payables		**(262,990)**	(4,804)
Change in advances and deposits		**104,563**	(62,046)
Change in staff terminal benefits (net)		**70,077**	1,105
Net cash from/(used in) operating activities		**698,023**	(121,686)
Investing activities			
Additions to property, plant and equipment		**(8,769)**	(5,491)
Additions to development properties (net)	*8*	**(40,260)**	(107,441)
Dividend income		**10,000**	25,000
Proceeds from disposal of investment properties		**1,788,773**	518,473
Interest income		**1,829**	876
Change in other investments		**(181,034)**	(540)
Change in deposit with banks		**13,326**	-
Net cash from investing activities		**1,583,866**	430,877
Financing activities			
Net movement in long-term bank loans	*12*	**(2,005,568)**	(230,544)
Net movement in short-term bank borrowings		**(39,158)**	26,187
Interest paid		**(74,043)**	(124,301)
Change in advances from sale of properties		**7,564**	94,304
Net cash used in financing activities		**(2,111,205)**	(234,354)
Net increase in cash and cash equivalents		**170,684**	74,837
Cash and cash equivalents at the beginning of the period		**144,769**	121,003
Cash and cash equivalents at the end of the period		**315,453**	195,840

The notes on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

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

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of changes in equity (unaudited)

for the nine month period ended 30 September 2013

	Share capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	General reserve AED'000	Hedging reserve AED'000	Accumulated losses AED'000	Total AED'000
At 1 January 2012 (audited)	3,366,857	(4,998)	-	313,697	(47)	(1,288,514)	2,386,995
Total comprehensive income for the period	-	-	-	-	83	155,627	155,710
At 30 September 2012 (unaudited)	**3,366,857**	**(4,998)**	**-**	**313,697**	**36**	**(1,132,887)**	**2,542,705**
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	-	-	-	-	(34)	307,055	307,021
At 30 September 2013 (unaudited)	**3,366,857**	**(4,998)**	**17,579**	**313,697**	**-**	**(823,249)**	**2,869,886**

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

The notes on pages 8 to 17 form an integral part of this interim condensed consolidated financial information.

Notes
(forming part of the interim condensed consolidated financial information)

1 Legal status and principal activities

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

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

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

2 Basis of preparation and significant accounting policies

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

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

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

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

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

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

IFRS 10 Consolidated Financial Statements

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

Notes *(continued)*

2 Basis of preparation and significant accounting policies (continued)

IFRS 10 Consolidated Financial Statements (continued)

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

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

IFRS 11 Joint Arrangements

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

IFRS 13 Fair Value Measurement

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

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

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

(ii) Financial commitments

The Group has made a profit of AED 307.1 million for the nine month period ended 30 September 2013. The Group has accumulated losses of AED 823.3 million as at 30 September 2013. Furthermore the Group has bank borrowings of AED 1,573.7 million of which an amount of AED 495.6 million is due within twelve months from the reporting date.

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

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

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

Notes *(continued)*

3 Significant accounting estimates and judgements

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

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

4 Financial risk management

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

5 Share of profit in joint ventures

During the nine month period ended 30 September 2013, the Group's share of profit in Properties Investment LLC amounted to AED 50.2 million *(30 September 2012: AED 1.5 million)* and its share of profit in Emirates District Cooling LLC amounted to AED 12.8 million *(30 September 2012: AED 5.8 million)*. Furthermore, Properties Investment LLC has declared and paid a dividend of AED 10.0 million *(30 September 2012: AED 25 million)* during the nine month period ended 30 September 2013.

6 Other income

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

7 Investment properties

	Unaudited 30 September 2013 AED'000	Audited 31 December 2012 AED'000	Unaudited 30 September 2012 AED'000
Opening balance	**4,611,050**	4,266,030	4,266,030
Additions during the period/year	**-**	92,049	92,050
Gain on fair valuation (refer note (ii) below)	**56,253**	207,686	100,279
Transfer from development properties (refer note (iii) below)	**89,074**	597,987	393,887
Sale of investment properties (refer note (i) below)	**(1,760,061)**	(552,702)	(507,630)
Transfer to property, plant and equipment	**(1,204)**	-	-
Closing balance	**2,995,112**	4,611,050	4,344,616

(i) During the nine month period ended 30 September 2013, the Group has sold various investment properties with carrying value of AED 1,760.1 million *(30 September 2012: AED 507.6 million)* for a net consideration of AED 1,788.8 million *(30 September 2012: AED 518.4 million)* resulting in a net gain of AED 28.7 million *(30 September 2012: AED 10.8 million)*. Also refer note 10.

Notes *(continued)*

7 Investment properties (continued)

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

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

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

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

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

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

8 Development properties

	Unaudited 30 September 2013 AED'000	Audited 31 December 2012 AED'000	Unaudited 30 September 2012 AED'000
Opening balance	**1,194,758**	1,555,536	1,555,536
Net additions during the period/year	**2,170**	460,144	460,144
Cost of properties sold (also refer note 10)	**(950,396)**	(222,935)	(218,278)
Transfer to investment properties	**(89,074)**	(597,987)	(393,887)
Gain on fair valuation	**-**	-	71,000
Closing balance	**157,458**	1,194,758	1,474,515

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

Notes *(continued)*

9 Trade and other receivables

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

	Unaudited 30 September 2013		Audited 31 December 2012		Unaudited 30 September 2012	
	Gross AED '000	**Provision AED '000**	Gross AED '000	Provision AED '000	Gross AED '000	Provision AED '000
Not Past Due	**186,792**		335,439	-	165,397	-
Past due 1-90 days	**262,385**	**34**	273,977	700	408,806	700
Past due 81-365 days	**437,650**	**3,172**	337,946	2,996	535,456	2,996
More than one year	**1,841,208**	**940,514**	1,787,981	937,445	1,738,573	937,445
	2,728,035	**943,720**	2,735,343	941,141	2,848,232	941,141

The outstanding amount for more than one year primarily represents amounts due from certain customers for work done and certified, and work done and yet to be certified. 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 is as the follows:

	Unaudited 30 September 2013 AED'000	Audited 31 December 2012 AED'000	Unaudited 30 September 2012 AED'000
At 1 January	**191,141**	175,733	175,733
Provision for the period/year	**11,756**	15,693	15,693
Amounts written off/provision reversed during the period/year	**(9,177)**	(285)	(285)
Closing balance	**193,720**	191,141	191,141
Provision for contracting related activities	**750,000**	750,000	750,000

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 September 2013 AED'000	Unaudited 30 September 2012 AED'000
Project management income and income from contracts	**36,435**	48,018
Long-term loans obtained from a related party, a bank	**-**	76,425
Long-term loans re-paid to a related party, a bank	**1,968,873**	181,969
Interest expenses	**50,336**	96,499
Funds transferred to a joint venture (refer note (i) below)	**-**	60,547
Sale of properties (refer notes 7 & 8)	**2,459,635**	-
Funds received from a joint venture (refer note (i) below)	**82,897**	-
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	**5,460**	6,870
- Provision towards staff terminal benefits	**283**	265

(i) Included in balances due from related parties is an amount of AED 46.8 million *(30 September 2012: AED 60.6 million)* held in trust by a joint venture, which are expected to be repaid to the Company shortly.

(ii) The Board of Directors of the Company has approved sale of certain properties amounting to AED 2,459.6 million to related parties. The prices for these transactions had been determined based on an open market valuation carried out by an independent valuer. The proceeds from these sale of properties are used to settle loans taken from various banks, in particular an amount of AED 1,968.9 million to a related party, a bank. Also refer notes 2(ii) and 12.

During the nine month period ended 30 September 2013, the Group has transferred title deeds of properties amounting to AED 2,459.6 million which is recognised as sale in the interim condensed consolidated financial information.

11 Investments at fair value through profit and loss

During the nine month period ended 30 September 2013, the Company has invested AED 182.1 million in various financial instruments held for short term purposes. The market value of these financial instruments as at the reporting date is AED 179.4 million resulting into fair value loss of AED 2.7 million. These investments at fair value through profit or loss are pledged towards the credit line facility obtained during the nine month period ended 30 September 2013 specifically for these investments. The Board of Directors have approved these investments and confirmed that they are held for short term purposes. Also refer note 12(ii).

12 Long-term bank loans

(i) During the nine month period ended 30 September 2013, the Company has repaid long-term bank loans amounting to AED 2,098.0 million to various banks, in particular an amount of AED 1,968.9 million to a related party, a bank. The borrowings carry interest at normal commercial rates and are secured by assignment of certain contract receivables, corporate guarantee and promissory note. Refer note 10.

Notes *(continued)*

12 Long-term bank loans (continued)

(ii) During the nine month period ended 30 September 2013, the Company has utilised from new credit line facility an amount of AED 92.5 million to invest in certain financial investments. This borrowing carry interest at normal commercial rates and secured by investments at fair value through profit or loss. Refer note 11.

(iii) The Company had a term loan facility of AED 290 million from a bank, which was repayable in 40 quarterly instalments commencing 30 September 2006. During the previous years, the term loan facility had increased to AED 400 million and was restructured to be fully repayable on 20 January 2013. During the nine month period ended 30 September 2013, the Company paid an amount of AED 40 million and the balance loan outstanding is AED 360 million. This loan is being regularly re-scheduled and is now repayable in one instalment on 20 January 2014.

13 Earnings per share

	Unaudited Nine month period ended 30 September		Unaudited Three month period ended 30 September	
	2013	2012	**2013**	2012
Net profit attributable to shareholders (AED'000)	**307,055**	155,627	**171,889**	49,645
Weighted average number of shares	**3,365,527,374**	3,365,527,374	**3,365,527,374**	3,365,527,374

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 September 2013						
Financial assets						
Non-current receivables	-	129,800	-	-	129,800	129,800
Other investments	186,328	-	-	-	186,328	186,328
Trade and other receivables	-	1,708,249	-	-	1,708,249	1,708,249
Due from related parties	-	50,288	-	-	50,288	50,288
Cash in hand and at bank	-	360,738	-	-	360,738	360,738
Total	**186,328**	**2,249,075**	**-**	**-**	**2,435,403**	**2,435,403**
Financial liabilities						
Trade and other payables	-	-	1,551,648	-	1,551,648	1,551,648
Security deposits	-	-	4,464	-	4,464	4,464
Short-term bank borrowings	-	-	43,112	-	43,112	43,112
Long-term bank loans	-	-	1,530,609	-	1,530,609	1,530,609
Non-current payables	-	-	12,794	-	12,794	12,794
Interest rate swaps	-	-	-	-	-	-
Total	**-**	**-**	**3,142,627**	**-**	**3,142,627**	**3,142,627**

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 2012						
Financial assets						
Non-current receivables	-	151,677	-	-	151,677	151,677
Other investments	5,294	-	-	-	5,294	5,294
Trade and other receivables	-	1,805,953	-	-	1,805,953	1,805,953
Due from related parties	-	134,916	-	-	134,916	134,916
Cash in hand and at bank	-	227,467	-	-	227,467	227,467
Total	**5,294**	**2,320,013**	-	-	**2,325,307**	**2,325,307**
Financial liabilities						
Trade and other payables	-	-	2,248,292	-	2,248,292	2,248,292
Security deposits	-	-	12,693	-	12,693	12,693
Due to related parties	-	-	16,836	-	16,836	16,836
Short-term bank borrowings	-	-	106,357	-	106,357	106,357
Long-term bank loans	-	-	3,536,177	-	3,536,177	3,536,177
Non-current payables	-	-	14,804	-	14,804	14,804
Interest rate swaps	-	-	-	(34)	(34)	(34)
Total	**-**	**-**	**5,935,159**	**(34)**	**5,935,125**	**5,935,125**

	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 September 2012						
Financial assets						
Non-current receivables	-	124,800	-	-	124,800	124,800
Other investments	5,364	-	-	-	5,364	5,364
Trade and other receivables	-	2,134,005	-	-	2,134,005	2,134,005
Due from related parties	-	89,268	-	-	89,268	89,268
Cash in hand and at bank	-	284,867	-	-	284,867	284,867
Total	**5,364**	**2,632,940**	-	-	**2,638,304**	**2,638,304**
Financial liabilities						
Trade and other payables	-	-	2,416,830	-	2,416,830	2,416,830
Security deposits	-	-	12,704	-	12,704	12,704
Due to related parties	-	-	39,412	-	39,412	39,412
Short-term bank borrowings	-	-	120,731	-	120,731	120,731
Long-term bank loans	-	-	3,000,624	-	3,000,624	3,000,624
Non-current payables	-	-	12,202	-	12,202	12,202
Interest rate swaps	-	-	-	(36)	(36)	(36)
Total	**-**	**-**	**5,602,503**	**(36)**	**5,602,467**	**5,602,467**

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 September 2013				
Other investment	**181,828**	**-**	**4,500**	**186,328**
31 December 2012				
Other investment	794	34	4,500	5,328
30 September 2012				
Other investment	803	36	4,500	5,339

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

Level 1:

	Unaudited 30 September 2013 AED'000	Audited 31 December 2012 AED'000	Unaudited 30 September 2012 AED'000
Investment securities			
Opening balance	**794**	324	324
Additions	**182,088**	-	-
Total gains or losses – net:			
- in the condensed consolidated interim statement of income	**(2,701)**	470	479
Closing balance	**180,181**	794	803

Level 2:

	Unaudited 30 September 2013 AED'000	Audited 31 December 2012 AED'000	Unaudited 30 September 2012 AED'000
Investment securities			
Opening balance	**34**	(47)	(47)
Total gains or losses – net:			
- in the condensed consolidated interim statement of other comprehensive income	**(34)**	81	83
Closing balance	**-**	34	36

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

	Property management and sales AED'000	Construction AED'000	Others AED'000	Total AED'000
Nine month period ended 30 September 2013				
Segment revenue	**1,129,019**	**726,749**	**39,964**	**1,895,732**
Segment result	**128,851**	**90,544**	**12,004**	**231,399**
Administrative and general expenses	**(25,653)**	**(40,438)**	**(10,149)**	**(76,240)**
Finance income	**1,430**	**399**	**-**	**1,829**
Finance expense	**(42,712)**	**(43,087)**	**-**	**(85,799)**
Gain on sale of investment properties	**28,712**	**-**	**-**	**28,712**
Other income	**83,729**	**2,521**	**1,723**	**87,973**
Share of profit in joint venture	**50,175**	**-**	**12,753**	**62,928**
Profit for the period before valuation	**224,532**	**9,939**	**16,331**	**250,802**
Gain on valuation of properties	**56,253**	**-**	**-**	**56,253**
Profit for the period	**280,785**	**9,939**	**16,331**	**307,055**
Segment assets	**3,461,150**	**2,313,333**	**248,962**	**6,023,445**
Investment in joint ventures	**211,815**	**-**	**305,266**	**517,081**
Total assets	**3,672,965**	**2,313,333**	**554,228**	**6,540,526**
Segment liabilities	**1,150,347**	**2,367,538**	**152,755**	**3,670,640**
Capital expenditure	**3,884**	**4,103**	**2,952**	**10,939**
Depreciation	**2,296**	**9,193**	**2,005**	**13,494**
Nine month period ended 30 September 2012				
Segment revenue	441,172	824,035	67,046	1,332,253
Segment result	56,065	130,936	26,185	213,186
Administrative and general expenses	(30,891)	(42,006)	(31,713)	(104,610)
Finance income	431	429	16	876
Finance expense	(90,284)	(59,260)	-	(149,544)
Gain on sale of investment properties	10,843	-	-	10,843
Other income	3,647	1,729	907	6,283
Share of profit in joint venture	1468	-	5,846	7,314
(Loss)/profit for the period before valuation	(48,721)	31,828	1,241	(15,652)
Gain on valuation of properties	171,279	-	-	171,279
Profit for the period	122,558	31,828	1,241	155,627
Segment assets	5,880,818	2,929,852	71,664	8,882,334
Investment in joint ventures	171,591	-	290,119	461,710
Total assets	6,052,409	2,929,852	361,783	9,344,044
Segment liabilities	4,470,679	2,247,768	82,892	6,801,339
Capital expenditure	553,849	3,215	170	557,234
Depreciation	4,250	7,509	672	12,431