

Union Properties PJSC
and its Subsidiaries

Condensed consolidated interim
financial statements
30 September 2016

Union Properties PJSC and its Subsidiaries

Condensed consolidated interim financial statements

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

The Shareholders
Union Properties PJSC

Introduction

We have reviewed the accompanying 30 September 2016 condensed consolidated interim financial statements of Union Properties PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise:

- the condensed consolidated statement of profit or loss and other comprehensive income for the three month and nine month periods ended 30 September 2016;
- the condensed consolidated statement of financial position as at 30 September 2016;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 2016;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2016; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim 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 the interim financial statements 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 condensed consolidated interim financial statements as at 30 September 2016 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

A handwritten signature of the KPMG firm, written in blue ink.

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

8 November 2016

Union Properties PJSC and its Subsidiaries

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

for the three month and nine month periods ended 30 September 2016

	Note	Three month period ended 30 September		Nine month period ended 30 September	
		2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
Property management and sales revenue	16	21,292	22,099	55,717	60,503
Contracting and other operating activities	16	185,605	153,109	470,157	413,618
Share of profit of equity accounted investees	5	14,497	4,805	32,899	40,436
Gain on sale of investment properties	7(i)	-	-	8,680	68,018
Gain on valuation of properties	7(ii)	-	133,156	165,670	271,109
Finance income		11,065	6,706	23,406	18,135
Other income	6	20,501	8,087	89,733	32,523
Total income		252,960	327,962	846,262	904,342
Direct costs	16	(182,710)	(173,804)	(579,183)	(559,460)
Administrative and general expenses	16	(24,548)	(30,317)	(84,993)	(93,321)
Finance expense	16	(13,391)	(13,182)	(35,941)	(93,387)
Profit for the period attributable to the shareholders of the Company		32,311	110,659	146,145	158,174
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		32,311	110,659	146,145	158,174
Basic and diluted earnings per share (AED)	12	0.008	0.028	0.037	0.040

The notes on pages 7 to 14 form an integral part of these condensed consolidated interim financial statements.

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

Union Properties PJSC and its Subsidiaries

Condensed consolidated statement of financial position (unaudited)

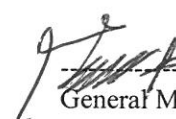
		Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 30 September 2015 AED'000
ASSETS				
Non-current assets				
Intangible assets		295	295	295
Property, plant and equipment		86,700	86,572	96,201
Investment properties	7	6,206,685	6,070,095	5,677,959
Development properties	8	40,084	42,608	42,832
Equity-accounted investees	5	510,852	582,061	577,135
Non-current receivables	9	299,691	383,319	462,114
		<u>7,144,307</u>	<u>7,164,950</u>	<u>6,856,536</u>
Current assets				
Other investments	11	180,630	109,826	111,974
Inventories		62,054	48,064	30,805
Contract work-in-progress		223,440	226,839	361,443
Trade and other receivables	9	547,398	363,822	556,810
Due from related parties	10	15,876	9,549	29,467
Cash in hand and at bank		274,016	368,968	335,022
		<u>1,303,414</u>	<u>1,127,068</u>	<u>1,425,521</u>
Total assets		<u><u>8,447,721</u></u>	<u><u>8,292,018</u></u>	<u><u>8,282,057</u></u>
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		3,971,796	3,711,959	3,711,959
Treasury shares	13	-	(4,998)	(4,998)
Statutory reserve		305,505	305,505	262,044
General reserve		313,697	313,697	313,697
Retained earnings		882,178	995,870	767,896
Total equity attributable to the shareholders of the Company		<u>5,473,176</u>	<u>5,322,033</u>	<u>5,050,598</u>
Non-current liabilities				
Long-term bank borrowings	14	1,258,365	1,304,340	1,396,616
Advances from sale of properties		50,699	52,923	52,684
Non-current payables		647	1,000	3,900
Provision for staff terminal benefits		61,934	60,571	63,513
		<u>1,371,645</u>	<u>1,418,834</u>	<u>1,516,713</u>
Current liabilities				
Trade and other payables		1,211,645	1,096,068	1,337,382
Advances and deposits		116,269	134,127	176,064
Due to related parties	10	8,870	5,311	-
Short-term bank borrowings		170,802	183,070	173,607
Current portion of long-term bank borrowings	14	95,314	132,575	27,693
		<u>1,602,900</u>	<u>1,551,151</u>	<u>1,714,746</u>
Total liabilities		<u>2,974,545</u>	<u>2,969,985</u>	<u>3,231,459</u>
Total equity and liabilities		<u><u>8,447,721</u></u>	<u><u>8,292,018</u></u>	<u><u>8,282,057</u></u>

The notes on pages 7 to 14 form an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements was authorized for issue on behalf of the Board of Directors on 8 November 2016.



Board Member



General Manager

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

Union Properties PJSC and its Subsidiaries

Condensed consolidated statement of cash flows (unaudited) for the nine month period ended 30 September 2016

	Nine month period ended 30 September	
	2016	2015
	AED'000	AED'000
Operating activities		
Profit for the period	146,145	158,174
<i>Adjustments for:</i>		
Depreciation	9,563	12,194
Gain on sale of investment properties	(8,680)	(68,018)
Gain on valuation of properties	(165,670)	(271,109)
Share of profit of equity accounted investees	(32,899)	(40,436)
Gain on disposal of property, plant and equipment	(14,139)	-
Finance income	(23,406)	(18,135)
Finance expense	35,941	93,387
	-----	-----
<i>Operating loss before working capital changes</i>	(53,145)	(133,943)
Change in non-current receivables	83,628	(291,770)
Change in inventories	(13,990)	208
Change in contract work-in-progress	3,399	120,334
Change in trade and other receivables	(162,003)	475,894
Change in due from related parties	(6,327)	(22,002)
Change in non-current payables	(354)	(1,300)
Change in trade and other payables	113,839	(59,464)
Change in advances and deposits	(17,858)	(46,926)
Change in due to related parties	3,559	(16,239)
Change in staff terminal benefits (net)	1,363	(7,459)
	-----	-----
<i>Net cash (used in)/generated from operating activities</i>	(47,889)	17,333
	-----	-----
Investing activities		
Additions to property, plant and equipment	(5,790)	(8,869)
Additions to investment properties	(73,143)	(25,862)
Dividend income	10,000	25,000
Proceeds from disposal of property, plant and equipment	15,000	-
Proceeds from sale of investment properties	108,180	60,377
Proceeds from sale of equity accounted investees (net)	94,108	-
Interest received	6,831	18,135
Change in other investments	(70,804)	125,904
Change in deposit with banks	39,971	(8,864)
	-----	-----
<i>Net cash generated from investing activities</i>	124,353	185,821
	-----	-----
Financing activities		
Net movement in long-term bank borrowings	(83,236)	(33,351)
Net movement in trust receipts	(3,721)	17,228
Dividends paid	-	(106,056)
Interest paid	(35,941)	(92,637)
	-----	-----
<i>Net cash used in financing activities</i>	(122,898)	(214,816)
	-----	-----
Net decrease in cash and cash equivalents	(46,434)	(11,662)
Cash and cash equivalents at the beginning of the period	121,256	143,951
	-----	-----
Cash and cash equivalents at the end of the period	74,822	132,289
	=====	=====

The notes on pages 7 to 14 form an integral part of these condensed consolidated interim financial statements.

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

Union Properties PJSC and its Subsidiaries

Condensed consolidated statement of changes in equity (unaudited) for the nine month period ended 30 September 2016

	Share capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	General reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2015 (audited)	3,535,199	(4,998)	262,044	313,697	892,538	4,998,480
Total comprehensive income for the period	-	-	-	-	158,174	158,174
Issuance of bonus share	176,760	-	-	-	(176,760)	-
Dividend declared and paid	-	-	-	-	(106,056)	(106,056)
At 30 September 2015 (unaudited)	3,711,959	(4,998)	262,044	313,697	767,896	5,050,598
At 1 January 2016 (audited)	3,711,959	(4,998)	305,505	313,697	995,870	5,322,033
Total comprehensive income for the period	-	-	-	-	146,145	146,145
Issuance of bonus share	259,837	-	-	-	(259,837)	-
Sale of treasury shares (refer note 13)	-	4,998	-	-	-	4,998
At 30 September 2016 (unaudited)	3,971,796	-	305,505	313,697	882,178	5,473,176

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

The notes on pages 7 to 14 form an integral part of these condensed consolidated interim financial statements.

Union Properties PJSC and its Subsidiaries

Notes

(forming part of the condensed consolidated interim financial statements)

1 Legal status and principal activities

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

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

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

2 Basis of preparation and significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements 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 and other investments which are stated at fair values.

The condensed consolidated interim financial statements are to be read in conjunction with the latest audited consolidated financial statements of the Group for the year ended 31 December 2015.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2015.

3 Significant accounting estimates and judgements

The preparation of condensed consolidated interim 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 condensed consolidated interim 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 2015.

4 Financial risk management

The Group’s financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2015.

Union Properties PJSC and its Subsidiaries

Notes (continued)

5 Equity-accounted investees

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

During the nine month period ended 30 September 2016, the Group's share of profit in Emirates District Cooling LLC amounted to AED 22.3 million (30 September 2015: AED 19.6 million) and its share of profit in Properties Investment LLC amounted to AED 10.6 million (30 September 2015: AED 20.8 million), taking into consideration the change in equity interest as stated above.

6 Other income

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

7 Investment properties

	Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 30 September 2015 AED'000
Opening balance	6,070,095	5,907,879	5,907,879
Additions during the period/year	73,143	49,718	25,862
Sale of investment properties (refer note (i) below)	(99,500)	(556,965)	(526,891)
Gain on fair valuation (refer note (ii) below)	165,670	669,463	271,109
Transfer to property, plant and equipment (refer note (iii) below)	(4,762)	-	-
Transfer from development properties (refer note (iv) below)	2,039	-	-
Closing balance	<u>6,206,685</u>	<u>6,070,095</u>	<u>5,677,959</u>

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

- (i) During the nine month period ended 30 September 2016, the Group has sold various investment properties with carrying value of AED 99.5 million (30 September 2015: AED 526.9 million) resulting in a net gain of AED 8.7 million (30 September 2015: AED 68 million).
- (ii) The Group follows the fair value model under IAS 40 (Revised 2003) where investment property defined as land and buildings owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on an open market valuation carried out by an independent registered valuer, ValuStrat Consulting FZCO, who carried out the valuation in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors.

Based on the valuation, a fair value gain of AED 165.7 million (30 September 2015: AED 271.1 million) has been recognized in the condensed consolidated statement of profit or loss and other comprehensive income.

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

Properties PJSC and its Subsidiaries

(continued)

8 Development properties

	Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 30 September 2015 AED'000
Opening balance	42,608	49,423	49,423
Cost of properties sold	(485)	(6,815)	(6,591)
Transfer to investment properties (refer note 7 (iv))	(2,039)	-	-
	-----	-----	-----
Closing balance	<u>40,084</u>	<u>42,608</u>	<u>42,832</u>

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

9 Trade and other receivables

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

	Unaudited 30 September 2016		Audited 31 December 2015		Unaudited 30 September 2015	
	Gross AED'000	Provision AED'000	Gross AED'000	Provision AED'000	Gross AED'000	Provision AED'000
Not Past Due	506,454	-	466,788	-	569,653	-
Past due 1-90 days	75,393	-	43,111	425	186,718	-
Past due 91-365 days	149,632	7,202	70,336	1,960	183,460	5,160
More than one year	1,790,344	1,784,203	1,888,475	1,789,428	1,763,791	1,763,791
	-----	-----	-----	-----	-----	-----
	<u>2,521,823</u>	<u>1,791,405</u>	<u>2,468,710</u>	<u>1,791,813</u>	<u>2,703,622</u>	<u>1,768,951</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 September 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 30 September 2015 AED'000
At 1 January	1,791,813	1,794,823	1,771,586
Provision for the period/year	600	750	785
Amounts written off during the period/year	(1,008)	(3,760)	(3,420)
	-----	-----	-----
Closing balance	<u>1,791,405</u>	<u>1,791,813</u>	<u>1,768,951</u>

Union Properties PJSC 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 condensed consolidated interim financial statements are as follows:

Transactions with related parties

	Unaudited 30 September 2016 AED'000	Unaudited 30 September 2015 AED'000
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	4,667	4,190
- Provision towards staff terminal benefits	252	231
	=====	=====

11 Investments at fair value through profit and loss

The Company had invested in various financial instruments held for short term purposes. The Company made an additional investment of AED 92 million during the nine month period ended 30 September 2016 (30 September 2015: AED 1.9 million) and sold various financial instruments with fair value of AED 26.5 million (30 September 2015: AED 128.1 million). The fair value of these financial instruments as at the reporting date is AED 176.8 million (31 December 2015: AED 106 million).

During the nine month period ended 30 September 2016, the Group recognized a fair value gain of AED 5.3 million (30 September 2015: AED 0.3 million) in the condensed consolidated statement of profit or loss and other comprehensive income.

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

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

12 Basic and diluted earnings per share

	Unaudited Three month period ended 30 September		Unaudited Nine month period ended 30 September	
	2016	2015	2016	2015
Profit for the period attributable to shareholders of the Company (AED'000)	32,311	110,659	146,145	158,174
Weighted average number of shares	3,971,796,421	3,971,796,421	3,971,796,421	3,971,796,421
Basic and diluted earnings per share (AED)	0.008	0.028	0.037	0.040
	=====	=====	=====	=====

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

13 Treasury shares

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

Union Properties PJSC and its Subsidiaries

Notes (continued)

14 Long-term bank borrowings

- (i) During the nine month period ended 30 September 2016, the Company entered into an agreement with a bank to obtain a long-term bank loan which will be partially utilized to pay other loans of group subsidiary amounting to AED 550 million which carries commercial interest rate. The loan is repayable in 36 quarterly equal installments of AED 15.28 million commencing on September 2016. The long-term bank loan is secured by:
- Registered mortgage of whole real estates and buildings;
 - Corporate guarantee of one of the subsidiaries; and
 - Assignment of insurance of mortgage properties mentioned in (a).
- (ii) During the nine month period ended 30 September 2016, the Group has made an early settlement amounting to AED 500 million against one of its current long-term bank loans.
- (iii) During the nine month period ended 30 September 2016, the Company entered into an agreement with a bank and obtained a long-term bank loan amounting to AED 290 million which will be utilized for the construction of "Oia", a residential building in Motorctiy, this loan carries commercial interest rate. The loan is repayable in over 12 quarterly equal installments from the date of first drawdown, post the moratorium period. The long-term bank loan is secured by:
- Registered mortgage of the lands; and
 - Assignment of escrow account of the project and other RERA requirements.

15 Financial instruments

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

	Designated as fair value through profit or loss AED'000	Loans and receivables AED'000	Others at amortized cost AED'000	Carrying amount AED'000	Fair value AED'000
30 September 2016					
Financial assets					
Non-current receivables	-	299,691	-	299,691	299,691
Other investments	180,630	-	-	180,630	180,630
Trade and other receivables	-	487,764	-	487,764	487,764
Due from related parties	-	15,876	-	15,876	15,876
Cash in hand and at bank	-	274,016	-	274,016	274,016
Total	180,630	1,077,347	-	1,257,977	1,257,977
Financial liabilities					
Trade and other payables	-	-	1,206,491	1,206,491	1,206,491
Security deposits	-	-	13,384	13,384	13,384
Due to related parties	-	-	8,870	8,870	8,870
Short-term bank borrowings	-	-	170,802	170,802	170,802
Long-term bank borrowings	-	-	1,353,679	1,353,679	1,353,679
Non-current payables	-	-	647	647	647
Total	-	-	2,753,873	2,753,873	2,753,873

Union Properties PJSC and its Subsidiaries

Notes (continued)

15 Financial instruments

	Designated as fair value through profit or loss AED'000	Loans and receivables AED'000	Others at amortized cost AED'000	Carrying amount AED'000	Fair value AED'000
31 December 2015					
Financial assets					
Non-current receivables	-	383,319	-	383,319	383,319
Other investments	109,826	-	-	109,826	109,826
Trade and other receivables	-	333,063	-	333,063	333,063
Due from related parties	-	9,549	-	9,549	9,549
Cash in hand and at bank	-	368,968	-	368,968	368,968
Total	109,826	1,094,899	-	1,204,725	1,204,725
Financial liabilities					
Trade and other payables	-	-	1,092,494	1,092,494	1,092,494
Security deposits	-	-	10,796	10,796	10,796
Due to related parties	-	-	5,311	5,311	5,311
Short-term bank borrowings	-	-	183,070	183,070	183,070
Long-term bank borrowings	-	-	1,436,915	1,436,915	1,436,915
Non-current payables	-	-	1,000	1,000	1,000
Total	-	-	2,729,586	2,729,586	2,729,586
30 September 2015					
Financial assets					
Non-current receivables	-	462,114	-	462,114	462,114
Other investments	111,974	-	-	111,974	111,974
Trade and other receivables	-	510,952	-	510,952	510,952
Due from related parties	-	29,467	-	29,467	29,467
Cash in hand and at bank	-	335,022	-	335,022	335,022
Total	111,974	1,337,555	-	1,449,529	1,449,529
Financial liabilities					
Trade and other payables	-	-	1,332,610	1,332,610	1,332,610
Security deposits	-	-	10,493	10,493	10,493
Short-term bank borrowings	-	-	173,607	173,607	173,607
Long-term bank borrowings	-	-	1,424,309	1,424,309	1,424,309
Non-current payables	-	-	3,900	3,900	3,900
Total	-	-	2,944,919	2,944,919	2,944,919

Union Properties PJSC and its Subsidiaries

Notes (continued)

15 Financial instruments (continued)

Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices),

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1 AED'000	Level 3 AED'000	Total AED'000
30 September 2016			
Other investment	176,796	3,834	180,630
	=====	=====	=====
31 December 2015			
Other investment	105,992	3,834	109,826
	=====	=====	=====
30 September 2015			
Other investment	108,140	3,834	111,974
	=====	=====	=====

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

Level 1:

	Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 30 September 2015 AED'000
Investment securities			
Opening balance	105,992	234,044	234,044
Additions	92,047	1,899	1,899
Sale of Investment securities at fair value	(26,510)	(128,513)	(128,142)
Total gains or losses – net:			
· in the condensed consolidated statement of profit or loss and other comprehensive income	5,267	(1,438)	339
	-----	-----	-----
Closing balance	176,796	105,992	108,140
	=====	=====	=====

Union Properties PJSC and its Subsidiaries

Notes (continued)

16 Segment reporting

Business segments

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

	Real estate property management and sales AED'000	Construction AED'000	Others AED'000	Total AED'000
Nine month period ended 30 September 2016				
Segment revenue	55,717	437,623	32,534	525,874
Share of profit of equity accounted investees	10,613	-	22,286	32,899
Gain on sale of investment properties	8,680	-	-	8,680
Gain on valuation of properties	165,670	-	-	165,670
Other income	82,005	5,141	2,587	89,733
Finance income	23,108	298	-	23,406
Total Income	345,793	443,062	57,407	846,262
Direct costs	(43,767)	(509,894)	(25,522)	(579,183)
Administrative and general expenses	(26,745)	(47,742)	(10,506)	(84,993)
Finance expense	(13,781)	(22,160)	-	(35,941)
Profit/(loss) for the period	261,500	(136,734)	21,379	146,145
Segment assets	7,181,659	708,526	44,734	7,934,919
Equity-accounted investees	155,129	-	357,673	512,802
Total assets	7,336,788	708,526	402,407	8,447,721
Segment liabilities	452,694	2,479,189	42,662	2,974,545
Capital expenditure	75,806	1,515	1,612	78,933
Depreciation	2,619	4,379	2,565	9,563
Nine month period ended 30 September 2015				
Segment revenue	60,503	380,829	32,789	474,121
Share of profit of equity accounted investees	20,829	-	19,607	40,436
Gain on sale of investment properties	68,018	-	-	68,018
Gain on valuation of properties	271,109	-	-	271,109
Other income	20,459	10,177	1,887	32,523
Finance income	17,564	571	-	18,135
Total Income	458,482	391,577	54,283	904,342
Direct Cost	(76,780)	(459,687)	(22,993)	(559,460)
Administrative and general expenses	(33,790)	(46,748)	(12,783)	(93,321)
Finance expense	(67,789)	(25,598)	-	(93,387)
Profit/(loss) for the period	280,123	(140,456)	18,507	158,174
Segment assets	6,606,969	1,037,549	60,404	7,704,922
Equity-accounted investees	234,847	-	342,288	577,135
Total assets	6,841,816	1,037,549	402,692	8,282,057
Segment liabilities	670,488	2,502,491	58,480	3,231,459
Capital expenditure	31,218	2,338	1,175	34,731
Depreciation	1,186	6,961	4,047	12,194