

Union Properties
Public Joint Stock Company
and its subsidiaries

Interim condensed consolidated
financial information (unaudited)
30 September 2014

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated financial information (unaudited)

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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 2014 interim condensed consolidated financial information of Union Properties PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the interim condensed consolidated statement of financial position as at 30 September 2014;
- the interim condensed consolidated statement of profit or loss for the three month and nine month periods ended 30 September 2014;
- the interim condensed consolidated statement of other comprehensive income for the three month and nine month periods ended 30 September 2014;
- the interim condensed consolidated statement of changes in equity for the nine month period ended 30 September 2014;
- the interim condensed consolidated statement of cash flows for the nine month period ended 30 September 2014; and
- notes to the interim condensed consolidated financial information.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2014 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793
Dubai, United Arab Emirates

10 NOV 2014

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of profit or loss (unaudited)

for the nine month period ended 30 September 2014

	Note	Nine month period ended 30 September	
		2014 AED'000	2013 AED'000
Property management and sales revenue	15	83,481	1,129,019
Contracting and other operating activities	15	469,388	766,713
Gain on sale of investment properties	7(i)	115,859	28,712
Share in profit of joint ventures	5	18,968	62,928
Gain on valuation of properties	7(ii)	922,865	56,253
Finance income		11,174	1,829
Other income	6	111,272	87,973
Total income		1,733,007	2,133,427
Direct costs	15	(760,997)	(1,664,333)
Administrative and general expenses	15	(87,698)	(76,240)
Finance expense	15	(50,434)	(85,799)
Profit for the period attributable to the shareholders of the Company		833,878	307,055
Basic and diluted earnings per share (AED) (for the period)	13	0.24	0.09

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

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

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of profit or loss (unaudited) (continued)
for the nine month period ended 30 September 2014

	Note	Three month period ended 30 September	
		2014 AED'000	2013 AED'000
Property management and sales revenue	15	19,057	964,000
Contracting and other operating activities	15	162,563	196,339
Gain on sale of investment properties	7(i)	37,922	2,715
Share in profit of joint ventures	5	11,802	47,124
Gain on valuation of properties	7(ii)	211,300	-
Finance income		741	1,673
Other income	6	2,288	3,445
Total income		445,673	1,215,296
Direct costs	15	(269,513)	(993,600)
Administrative and general expenses	15	(30,687)	(25,711)
Finance expense	15	(17,547)	(24,096)
Profit for the period attributable to the shareholders of the Company		127,926	171,889
Basic and diluted earnings per share (AED) (for the period)	13	0.04	0.05

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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 other comprehensive income (unaudited)
for the nine month period ended 30 September 2014

	Nine month period ended 30 September		Three month period ended 30 September	
	2014 AED'000	2013 AED'000	2014 AED'000	2013 AED'000
Profit for the period	833,878	307,055	127,926	171,889
Other comprehensive income for the period				
<i>Items that will be or maybe reclassified subsequently to profit or loss</i>				
Net movement in cash flow hedge	-	(34)	-	(24)
Total comprehensive income for the period	833,878	307,021	127,926	171,865
	=====	=====	=====	=====

The notes on pages 8 to 16 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 2014

		Unaudited 30 September 2014 AED'000	Audited 31 December 2013 AED'000	Unaudited 30 September 2013 AED'000
ASSETS				
Non-current assets				
Intangible assets		295	295	295
Property, plant and equipment		105,769	114,945	113,763
Investment properties	7	5,745,075	5,092,655	2,995,112
Development properties	8	50,189	80,926	157,458
Investment in joint ventures	5	549,766	530,798	517,081
Non-current receivables		160,689	100,650	129,800
		<u>6,611,783</u>	<u>5,920,269</u>	<u>3,913,509</u>
Current assets				
Other investments	11	220,657	190,987	186,328
Inventories		32,614	31,244	30,813
Contract work-in-progress		545,232	366,503	258,147
Trade and other receivables	9	662,557	603,262	1,740,703
Due from related parties	10	7,680	10,092	50,288
Cash in hand and at bank		298,331	329,456	360,738
		<u>1,767,071</u>	<u>1,531,544</u>	<u>2,627,017</u>
Total assets		<u><u>8,378,854</u></u>	<u><u>7,451,813</u></u>	<u><u>6,540,526</u></u>
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		3,535,199	3,366,857	3,366,857
Treasury shares		(4,998)	(4,998)	(4,998)
Statutory reserve		175,545	175,545	17,579
General reserve		313,697	313,697	313,697
Retained earnings/(accumulated losses)		952,921	287,385	(823,249)
Total equity attributable to the shareholders of the Company		<u>4,972,364</u>	<u>4,138,486</u>	<u>2,869,886</u>
Non-current liabilities				
Long-term bank loans	12	1,423,754	1,078,154	1,078,154
Advances from sale of properties		82,217	108,293	87,539
Deferred income		-	-	24,750
Non-current payables		6,107	5,564	12,794
Provision for staff terminal benefits		74,766	80,579	84,881
		<u>1,586,844</u>	<u>1,272,590</u>	<u>1,288,118</u>
Current liabilities				
Trade and other payables		1,495,384	1,374,488	1,716,441
Advances and deposits		154,963	173,230	170,514
Due to related parties		8,635	1,966	-
Short-term bank borrowings		146,264	131,053	43,112
Current portion of long-term bank loans	12	14,400	360,000	452,455
		<u>1,819,646</u>	<u>2,040,737</u>	<u>2,382,522</u>
Total liabilities		<u>3,406,490</u>	<u>3,313,327</u>	<u>3,670,640</u>
Total equity and liabilities		<u><u>8,378,854</u></u>	<u><u>7,451,813</u></u>	<u><u>6,540,526</u></u>

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.


Director


General Manager

10 NOV 2014

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

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of cash flows (unaudited)

for the nine month period ended 30 September 2014

	Note	Nine month period ended 30 September	
		2014 AED'000	2013 AED'000
Operating activities			
Profit for the period		833,878	307,055
<i>Adjustments for:</i>			
Depreciation		10,117	13,494
Gain on disposal of investment properties		(115,859)	(28,712)
Gain on valuation of properties		(922,865)	(56,253)
Share in profit of joint ventures		(18,968)	(62,928)
Gain on disposal of property, plant and equipment		(410)	-
Income from government grant		-	(1,688)
Finance income		(11,174)	(1,829)
Finance expense		50,434	85,799
		-----	-----
<i>Operating (loss)/profit before working capital changes</i>		(174,847)	254,938
Change in trade and other receivables		195,294	211,727
Change in inventories		(1,370)	2,355
Change in contract work-in-progress		(178,729)	(70,496)
Change in non-current receivables		(60,039)	21,877
Change in due from related parties		2,412	84,628
Change in trade and other payables		154,051	298,180
Change in due to related parties		6,669	(16,836)
Change in non-current payables		543	(262,990)
Change in advances and deposits		(18,267)	104,563
Change in staff terminal benefits (net)		(5,813)	70,077
		-----	-----
<i>Net cash (used in)/from operating activities</i>		(80,096)	698,023
		-----	-----
Investing activities			
Additions to property, plant and equipment		(3,362)	(8,769)
Additions to investment properties	7	(41,934)	-
Additions to development properties (net)		-	(40,260)
Dividend income	5	-	10,000
Proceeds from disposal of property, plant and equipment		410	-
Proceeds from disposal of investment properties		171,849	1,788,773
Interest income		11,174	1,829
Change in other investments		(29,670)	(181,034)
Change in deposit with banks		(17,340)	13,326
		-----	-----
<i>Net cash from investing activities</i>		91,127	1,583,866
		-----	-----
Financing activities			
Net movement in long-term bank loans		-	(2,005,568)
Net movement in short-term bank borrowings		-	(39,158)
Interest paid		(48,634)	(74,043)
Change in advances from sale of properties		(26,076)	7,564
		-----	-----
<i>Net cash used in financing activities</i>		(74,710)	(2,111,205)
		-----	-----
Net (decrease)/increase in cash and cash equivalents		(63,679)	170,684
Cash and cash equivalents at the beginning of the period		122,998	144,769
		-----	-----
Cash and cash equivalents at the end of the period		59,319	315,453
		=====	=====

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

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

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of changes in equity (unaudited)

for the nine month period ended 30 September 2014

	Share capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	General reserve AED'000	Hedging reserve AED'000	Retained earnings/ (Accumulated losses) AED'000	Total AED'000
At 1 January 2013 (audited)	3,366,857	(4,998)	17,579	313,697	34	(1,130,304)	2,562,865
Total comprehensive income for the period	-	-	-	-	(34)	307,055	307,021
At 30 September 2013 (unaudited)	3,366,857	(4,998)	17,579	313,697	-	(823,249)	2,869,886
At 1 January 2014 (audited)	3,366,857	(4,998)	175,545	313,697	-	287,385	4,138,486
Total comprehensive income for the period	-	-	-	-	-	833,878	833,878
Issuance of bonus share	168,342	-	-	-	-	(168,342)	-
At 30 September 2014 (unaudited)	3,535,199	(4,998)	175,545	313,697	-	952,921	4,972,364

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

The notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

Union Properties Public Joint Stock Company and its subsidiaries

Notes

(forming part of the interim condensed consolidated financial information)

1 Legal status and principal activities

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

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

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

2 Basis of preparation and significant accounting policies

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

The interim condensed consolidated financial information are to be read in conjunction with the latest audited consolidated financial statements of the Group for the year ended 31 December 2013.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2013.

3 Significant accounting estimates and judgements

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

In preparing these interim condensed consolidated financial information, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

4 Financial risk management

The Group’s financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

5 Share of profit in joint ventures

During the nine month period ended 30 September 2014, the Group's share of profit in Properties Investment LLC amounted to AED 5.6 million (30 September 2013: AED 50.2 million) and its share of profit in Emirates District Cooling LLC amounted to AED 13.4 million (30 September 2013: AED 12.8 million). Furthermore, Properties Investment LLC has declared and paid a dividend of nil (30 September 2013: AED 10 million) during the nine month period ended 30 September 2014.

6 Other income

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

7 Investment properties

	Unaudited 30 September 2014 AED'000	Audited 31 December 2013 AED'000	Unaudited 30 September 2013 AED'000
Opening balance	5,092,655	4,611,050	4,611,050
Additions during the period/year	41,934	6,092	-
Gain on fair valuation (refer note (ii) below)	922,865	2,104,724	56,253
Transfer from development properties	-	140,451	89,074
Sale of investment properties (refer note (i) below)	(312,379)	(1,762,758)	(1,760,061)
Transfer to property, plant and equipment	-	(6,904)	(1,204)
	-----	-----	-----
Closing balance	5,745,075 =====	5,092,655 =====	2,995,112 =====

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 14.

- (i) During the nine month period ended 30 September 2014, the Group has sold various investment properties with carrying value of AED 312.4 million (30 September 2013: AED 1,760.1 million) for a net consideration of AED 428.3 million (30 September 2013: AED 1,788.8 million) resulting in a net gain of AED 115.9 million (30 September 2013: AED 28.7 million).
- (ii) The Group follows the fair value model under IAS 40 (Revised 2003) where investment property defined as land and buildings owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on an open market valuation carried out by an independent registered valuer, JAJ Consultants LLC, who carried out the valuation in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors.

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

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

Based on the valuation, a fair value gain of AED 922.9 million (2013: AED 56.3 million) has been recognized in the interim condensed consolidated income statement.

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

8 Development properties

	Unaudited 30 September 2014 AED'000	Audited 31 December 2013 AED'000	Unaudited 30 September 2013 AED'000
Opening balance	80,926	1,194,758	1,194,758
Net additions during the period/year	-	54,510	2,170
Cost of properties sold	(30,737)	(1,027,891)	(950,396)
Transfer to investment properties	-	(140,451)	(89,074)
	-----	-----	-----
Closing balance	50,189	80,926	157,458
	=====	=====	=====

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 profit or loss for the nine month period ended 30 September 2014.

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 2014		Audited 31 December 2013		Unaudited 30 September 2013	
	Gross AED '000	Provision AED '000	Gross AED '000	Provision AED '000	Gross AED '000	Provision AED '000
Not Past Due	54,790	-	135,336	-	186,792	-
Past due 1-90 days	55,553	34	182,995	-	262,385	34
Past due 91-365 days	126,367	27,206	313,927	11,207	437,650	3,172
More than one year	2,016,742	1,746,425	1,758,930	1,758,930	1,841,208	940,514
	-----	-----	-----	-----	-----	-----
	2,253,452	1,773,665	2,391,188	1,770,137	2,728,035	943,720
	=====	=====	=====	=====	=====	=====

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 2014 AED'000	Audited 31 December 2013 AED'000	Unaudited 30 September 2013 AED'000
At 1 January	1,770,137	941,141	941,141
Provision for the period/year	3,528	841,236	11,756
Amounts written off/provision reversed during the period/year	-	(12,240)	(9,177)
	-----	-----	-----
Closing balance	1,773,665	1,770,137	943,720
	=====	=====	=====

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

10 Transactions with related parties

The Group, in the normal course of business, enters into transactions with other enterprises, which fall within the definition of a related party contained in IAS 24. Such transactions are carried out at agreed rates. The transactions with related parties, other than those already disclosed separately elsewhere in the interim condensed consolidated financial information are as follows:

	Unaudited 30 September 2014 AED'000	Unaudited 30 September 2013 AED'000
Project management income and income from contracts	1,581	36,435
Long-term loans re-paid to a related party, a bank	-	1,968,873
Interest expenses	27,050	50,336
Funds received from a joint venture	-	82,897
Sale of properties	-	2,459,635
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	5,320	5,460
- Provision towards staff terminal benefits	190	283
	=====	=====

11 Investments at fair value through profit and loss

During the previous year, the Company had invested AED 184.4 million in various financial instruments held for short term purposes. During the current period, the Company has made additional investment amounting to AED 67.4 million and sold various financial instruments with fair value of AED 43.6 million. The market value of these financial instruments as at the reporting date is AED 215.4 million. These investments at fair value through profit or loss are pledged towards the credit line facility obtained during the previous year specifically for these investments. The Board of Directors had approved these investments and confirmed that they are held for short term purposes. Also refer note 14.

12 Long-term bank loans

During the nine month period ended 30 September 2014, the repayments terms of a term loan facility amounting to AED 360 million was extended and then fully paid on 20 July 2014. However, the previous facility was financed with a new Islamic financing facility for AED 360 million availed from another bank. The new facility is repayable in 25 quarterly instalments of AED 7.2 million commencing on April 2015 and final instalment of AED 180 million due on July 2021.

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

13 Basic and diluted earnings per share

	Unaudited Nine month period ended 30 September		Unaudited Three month period ended 30 September	
	2014	2013	2014	2013
Net profit attributable to shareholders (AED'000)	833,878	307,055	127,926	171,889
Weighted average number of shares	3,533,803,743	3,533,803,743	3,533,803,743	3,533,803,743
Basic and diluted earnings per share (AED)	0.24	0.09	0.04	0.05

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

14 Financial instruments

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

	Designated as fair value through profit or loss AED'000	Loans and receivables AED'000	Others at amortized cost AED'000	Carrying amount AED'000	Fair value AED'000
30 September 2014					
Financial assets					
Non-current receivables	-	160,689	-	160,689	160,689
Other investments	220,657	-	-	220,657	220,657
Trade and other receivables	-	613,177	-	613,177	613,177
Due from related parties	-	7,680	-	7,680	7,680
Cash in hand and at bank	-	298,331	-	298,331	298,331
Total	220,657	1,079,877	-	1,300,534	1,300,534
Financial liabilities					
Trade and other payables	-	-	1,439,519	1,439,519	1,439,519
Security deposits	-	-	9,725	9,725	9,725
Due to related parties	-	-	8,635	8,635	8,635
Short-term bank borrowings	-	-	146,264	146,264	146,264
Long-term bank loans	-	-	1,438,154	1,438,154	1,438,154
Non-current payables	-	-	6,107	6,107	6,107
Total	-	-	3,048,404	3,048,404	3,048,404

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

14 Financial instruments (continued)

	Designated as fair value through profit or loss AED'000	Loans and receivables AED'000	Others at amortized cost AED'000	Carrying amount AED'000	Fair value AED'000
31 December 2013					
Financial assets					
Non-current receivables	-	100,650	-	100,650	100,650
Other investments	190,987	-	-	190,987	190,987
Trade and other receivables	-	575,257	-	575,257	575,257
Due from related parties	-	10,092	-	10,092	10,092
Cash in hand and at bank	-	329,456	-	329,456	329,456
Total	190,987	1,015,455	-	1,206,442	1,206,442
Financial liabilities					
Trade and other payables	-	-	1,324,307	1,324,307	1,324,307
Security deposits	-	-	4,444	4,444	4,444
Due to related parties	-	-	1,966	1,966	1,966
Short-term bank borrowings	-	-	131,053	131,053	131,053
Long-term bank loans	-	-	1,438,154	1,438,154	1,438,154
Non-current payables	-	-	5,564	5,564	5,564
Total	-	-	2,905,488	2,905,488	2,905,488
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
Total	-	-	3,142,627	3,142,627	3,142,627

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

14 Financial instruments (continued)

Fair value hierarchy

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

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices),
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
30 September 2014				
Other investment	216,823	-	3,834	220,657
	=====	===	=====	=====
31 December 2013				
Other investment	186,487	-	4,500	190,987
	=====	===	=====	=====
30 September 2013				
Other investment	181,828	-	4,500	186,328
	=====	===	=====	=====

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

Level 1:

	Unaudited 30 September 2014 AED'000	Audited 31 December 2013 AED'000	Unaudited 30 September 2013 AED'000
Investment securities			
Opening balance	186,487	794	794
Additions	67,355	186,127	182,088
Sale of Investment securities at fair value	(43,605)		
Total gains or losses – net:			
- in the condensed consolidated interim statement of income	6,586	(434)	(1,054)
	-----	-----	-----
Closing balance	216,823	186,487	181,828
	=====	=====	=====

Union Properties Public Joint Stock Company and its subsidiaries

Notes (continued)

15 Segment reporting

Business segments

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

	Real estate property management and sales AED'000	Construction AED'000	Others AED'000	Total AED'000
Nine month period ended 30 September 2014				
Segment revenue	83,481	432,949	36,439	552,869
Finance income	10,449	725	-	11,174
Gain on sale of investment properties	115,859	-	-	115,859
Gain on valuation of properties	922,865	-	-	922,865
Other income	108,166	1,566	1,540	111,272
Share in profit of joint venture	5,607	-	13,361	18,968
	-----	-----	-----	-----
Total Income	1,246,427	435,240	51,340	1,733,007
Direct costs	(73,641)	(658,405)	(28,951)	(760,997)
Administrative and general expenses	(32,060)	(45,466)	(10,172)	(87,698)
Finance expense	(21,172)	(29,262)	-	(50,434)
	-----	-----	-----	-----
Profit/(loss) for the period	1,119,554	(297,893)	12,217	833,878
	=====	=====	=====	=====
Segment assets	6,497,241	1,276,028	55,819	7,829,088
Investment in joint ventures	236,557	-	313,209	549,766
	-----	-----	-----	-----
Total assets	6,733,798	1,276,028	369,028	8,378,854
	=====	=====	=====	=====
Segment liabilities	764,075	2,596,164	46,252	3,406,490
	=====	=====	=====	=====
Capital expenditure	42,210	1,301	1,785	45,296
Depreciation	849	7,380	1,888	10,117
	=====	=====	=====	=====
Nine month period ended 30 September 2013				
Segment revenue	1,129,019	726,749	39,964	1,895,732
Finance income	1,430	399	-	1,829
Gain on sale of investment properties	28,712	-	-	28,712
Gain on valuation of properties	56,253	-	-	56,253
Other income	83,729	2,521	1,723	87,973
Share in profit of joint venture	50,175	-	12,753	62,928
	-----	-----	-----	-----
Total Income	1,349,318	729,669	54,440	2,133,427
Direct Cost	(1,000,168)	(636,205)	(27,960)	(1,664,333)
Administrative and general expenses	(25,653)	(40,438)	(10,149)	(76,240)
Finance expense	(42,712)	(43,087)	-	(85,799)
	-----	-----	-----	-----
Profit for the period	280,785	9,939	16,331	307,055
	=====	=====	=====	=====
Segment assets	2,958,227	3,002,010	63,208	6,023,445
Investment in joint ventures	211,815	-	305,266	517,081
	-----	-----	-----	-----
Total assets	3,170,042	3,002,010	368,474	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
	=====	=====	=====	=====

Union Properties Public Joint Stock Company and its subsidiaries

Notes *(continued)*

16 Subsequent events

Subsequent to the reporting date, the Group has sold certain assets from its investment property portfolio. Price for this transaction has been determined based on an open market valuation carried out by an independent valuer as at 30 September 2014. Also refer note 7(ii).