

Union Properties  
Public Joint Stock Company  
and its Subsidiaries

Interim condensed consolidated  
financial information (unaudited)  
*31 March 2016*

# Union Properties Public Joint Stock Company and its Subsidiaries

## Interim condensed consolidated financial information (unaudited)

31 March 2016

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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 31 March 2016 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 31 March 2016;
- the interim condensed consolidated statement of profit or loss and other comprehensive income for the three month period ended 31 March 2016;
- the interim condensed consolidated statement of cash flows for the three month period ended 31 March 2016;
- the interim condensed consolidated statement of changes in equity for the three month period ended 31 March 2016; 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 31 March 2016 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

09 MAY 2016

09 MAY 2016

# Union Properties Public Joint Stock Company and its Subsidiaries

Interim condensed consolidated statement of profit or loss  
and other comprehensive income (unaudited)  
for the three month period ended 31 March 2016

	Note	Three month period ended 31 March	
		2016 AED'000	2015 AED'000
Property management and sales revenue	16	16,321	18,646
Contracting and other operating activities	16	131,674	142,827
Gain on sale of investment properties	7(i)	6,800	68,018
Share in profit of joint ventures	5	4,228	4,693
Gain on valuation of properties	7(ii)	1,054	16,547
Finance income		5,640	3,403
Other income	6	47,692	4,343
<b>Total income</b>		<b>213,409</b>	<b>258,477</b>
Direct costs	16	(129,280)	(130,922)
Administrative and general expenses	16	(27,704)	(31,129)
Finance expense	16	(14,334)	(68,279)
<b>Profit for the period attributable to the shareholders of the Company</b>		<b>42,091</b>	<b>28,147</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>42,091</b>	<b>28,147</b>
<b>Basic and diluted earnings per share (AED)</b>	12	<b>0.011</b>	<b>0.008</b>

The notes on pages 6 to 14 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 31 March 2016

	Note	Unaudited 31 March 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 31 March 2015 AED'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		295	295	295
Property, plant and equipment		92,176	86,572	102,870
Investment properties	7	6,044,440	6,070,095	5,437,783
Development properties	8	40,569	42,608	47,202
Investment in joint ventures	5	586,289	582,061	566,392
Non-current receivables	9	376,403	383,319	99,711
		<u>7,140,172</u>	<u>7,164,950</u>	<u>6,254,253</u>
<b>Current assets</b>				
Other investments	11	105,345	109,826	112,213
Inventories		64,457	48,064	30,167
Contract work-in-progress		224,114	226,839	497,508
Trade and other receivables	9	445,451	363,822	1,017,584
Due from related parties	10	8,317	9,549	8,392
Cash in hand and at bank		305,534	368,968	445,998
		<u>1,153,218</u>	<u>1,127,068</u>	<u>2,111,862</u>
<b>Total assets</b>		<u><u>8,293,390</u></u>	<u><u>8,292,018</u></u>	<u><u>8,366,115</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital		3,711,959	3,711,959	3,535,199
Treasury shares	14	-	(4,998)	(4,998)
Statutory reserve		262,044	262,044	262,044
General reserve		313,697	313,697	313,697
Proposed dividend	13	259,837	-	282,816
Retained earnings		821,585	1,039,331	637,869
<b>Total equity attributable to the shareholders of the Company</b>		<u><u>5,369,122</u></u>	<u><u>5,322,033</u></u>	<u><u>5,026,627</u></u>
<b>Non-current liabilities</b>				
Long-term bank loans		1,255,790	1,304,340	1,428,860
Advances from sale of properties		56,198	52,923	54,164
Non-current payables		1,000	1,000	3,900
Provision for staff terminal benefits		61,839	60,571	61,580
		<u>1,374,827</u>	<u>1,418,834</u>	<u>1,548,504</u>
<b>Current liabilities</b>				
Trade and other payables		1,135,684	1,096,068	1,454,473
Advances and deposits		127,214	134,127	184,422
Due to related parties	10	9,335	5,311	1,464
Short-term bank borrowings		143,005	183,070	121,825
Current portion of long-term bank loans		134,203	132,575	28,800
		<u>1,549,441</u>	<u>1,551,151</u>	<u>1,790,984</u>
<b>Total liabilities</b>		<u><u>2,924,268</u></u>	<u><u>2,969,985</u></u>	<u><u>3,339,488</u></u>
<b>Total equity and liabilities</b>		<u><u>8,293,390</u></u>	<u><u>8,292,018</u></u>	<u><u>8,366,115</u></u>

The notes on pages 6 to 14 form an integral part of this interim condensed consolidated financial information.

Board Member

09 MAY 2016

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 three month period ended 31 March 2016

	Three month period ended 31 March	
	2016 AED'000	2015 AED'000
<b>Operating activities</b>		
Profit for the period	42,091	28,147
<i>Adjustments for:</i>		
Depreciation	3,082	2,293
Gain on sale of investment properties	(6,800)	(68,018)
Gain on valuation of properties	(1,054)	(16,547)
Share in profit of joint ventures	(4,228)	(4,693)
Finance income	(5,640)	(3,403)
Finance expense	14,334	68,279
	<hr/>	<hr/>
<i>Operating profit before working capital changes</i>	41,785	6,058
Change in non-current receivables	6,916	70,633
Change in inventories	(16,393)	846
Change in contract work-in-progress	2,725	(15,731)
Change in trade and other receivables	(78,667)	(275,807)
Change in due from related parties	1,232	(927)
Change in non-current payables	-	(1,300)
Change in trade and other payables	42,891	350,099
Change in advances and deposits	(6,913)	(38,568)
Change in due to related parties	4,024	(14,775)
Change in staff terminal benefits (net)	1,268	(9,392)
	<hr/>	<hr/>
<i>Net cash (used in)/generated from operating activities</i>	(1,132)	71,136
	<hr/>	<hr/>
<b>Investing activities</b>		
Additions to property, plant and equipment	(1,888)	(1,984)
Additions to investment properties	(16,014)	(8,658)
Proceeds from sale of investment properties	46,800	15,000
Interest income	5,640	3,403
Change in other investments	4,481	125,665
Change in deposit with banks	38,536	2,008
	<hr/>	<hr/>
<i>Net cash generated from investing activities</i>	77,555	135,434
	<hr/>	<hr/>
<b>Financing activities</b>		
Net movement in long-term bank loans	(46,922)	-
Net movement in trust receipts	(2,406)	7,167
Interest paid	(14,334)	(67,879)
	<hr/>	<hr/>
<i>Net cash used in financing activities</i>	(63,662)	(60,712)
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	12,761	145,858
Cash and cash equivalents at the beginning of the period	121,256	143,951
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	134,017	289,809
	<hr/>	<hr/>

The notes on pages 6 to 14 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 three month period ended 31 March 2016

	Share capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	General reserve AED'000	Proposed dividend 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	-	-	-	-	-	28,147	28,147
Proposed bonus share	-	-	-	-	176,760	(176,760)	-
Proposed cash dividend	-	-	-	-	106,056	(106,056)	-
<b>At 31 March 2015 (unaudited)</b>	<b>3,535,199</b>	<b>(4,998)</b>	<b>262,044</b>	<b>313,697</b>	<b>282,816</b>	<b>637,869</b>	<b>5,026,627</b>
At 1 January 2016 (audited)	3,711,959	(4,998)	262,044	313,697	-	1,039,331	5,322,033
Total comprehensive income for the period	-	-	-	-	-	42,091	42,091
Proposed bonus share (refer note 13)	-	-	-	-	259,837	(259,837)	-
Sale of treasury shares (refer note 14)	-	4,998	-	-	-	-	4,998
<b>At 31 March 2016 (unaudited)</b>	<b>3,711,959</b>	<b>-</b>	<b>262,044</b>	<b>313,697</b>	<b>259,837</b>	<b>821,585</b>	<b>5,369,122</b>

No allocation of profit has been made to the statutory reserve for the three month period ended 31 March 2016 as it would be effected at the year-end.

The notes on pages 6 to 14 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”. 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 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 2015.

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 2015.

## **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 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.

## **5 Share in profit of joint ventures**

During the three month period ended 31 March 2016, the Group’s share of loss in Properties Investment LLC amounted to AED 0.15 million (*31 March 2015: profit of AED 0.5 million*) and its share of profit in Emirates District Cooling LLC amounted to AED 4.37 million (*31 March 2015: AED 4.2 million*).



# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 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 31 March 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 31 March 2015 AED'000
Opening balance	6,070,095	5,907,879	5,907,879
Additions during the period/year	16,014	49,718	8,658
Sale of investment properties (refer note (i) below)	(40,000)	(556,965)	(495,300)
Transfer from development properties (refer note (ii) below)	2,039	-	-
Gain on fair valuation (refer note (ii) below)	1,054	669,463	16,546
Transfer to property, plant and equipments (refer note (iii) below)	(4,762)	-	-
Closing balance	<u>6,044,440</u>	<u>6,070,095</u>	<u>5,437,783</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 three month period ended 31 March 2016, the Group has sold one of its investment properties with carrying value of AED 40 million (31 March 2015: AED 495.3 million) resulting in a net gain of AED 6.8 million (31 March 2015: AED 68 million).
- (ii) During the three month period ended 31 March 2016, the Group has transferred development properties amounting to AED 2 million to their investment properties which was fair valued as of 31 March 2016 resulting in a valuation gain amounting to AED 1.1 million.

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.

The Directors of the Company have reviewed the fair value of investment properties as of 31 March 2016 and are of the opinion that there is no change of the fair value as compared to 31 December 2015 valuation, except for the valuation gain that was recorded from the transfer of development properties to investment properties as mentioned above.

- (iii) During the three month period ended 31 March 2016, the Group has transferred one of its investment properties to property, plant and equipment amounting to AED 4.8 million.

# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 8 Development properties

### Development properties

	Unaudited 31 March 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 31 March 2015 AED'000
Opening balance	42,608	49,423	49,423
Cost of properties sold	-	(6,815)	(2,221)
Transfer to investment properties (refer note 7 (ii))	(2,039)	-	-
Closing balance	<u>40,569</u>	<u>42,608</u>	<u>47,202</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 for the three month period ended 31 March 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 31 March 2016		Audited 31 December 2015		Unaudited 31 March 2015	
	Gross AED '000	Provision AED '000	Gross AED '000	Provision AED '000	Gross AED '000	Provision AED '000
Not Past Due	467,129	-	466,788	-	58,049	-
Past due 1-90 days	74,570	-	43,111	425	213,346	-
Past due 91-365 days	146,430	7,074	70,336	1,960	168,589	27,843
More than one year	1,844,329	1,784,343	1,888,475	1,789,428	1,828,441	1,743,341
	<u>2,532,458</u>	<u>1,791,417</u>	<u>2,468,710</u>	<u>1,791,813</u>	<u>2,268,425</u>	<u>1,771,184</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 31 March 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 31 March 2015 AED'000
At 1 January	1,791,813	1,794,823	1,771,586
Provision for the period/year	200	750	400
Amounts written off/provision reversed during the period/year	(596)	(3,760)	(802)
Closing balance	<u>1,791,417</u>	<u>1,791,813</u>	<u>1,771,184</u>

# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 10 Transactions with related parties

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

### Transactions with related parties

	Unaudited 31 March 2016 AED'000	Unaudited 31 March 2015 AED'000
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	1,463	1,460
- Provision towards staff terminal benefits	80	52
	<u>          </u>	<u>          </u>

## 11 Investments at fair value through profit and loss

The Company had invested in various financial instruments held for short term purposes. The Company did not make any additional investment during the three month period ended 31 March 2016 (31 March 2015: AED 1.9 million) and did not sell any financial instruments (31 March 2015: AED 126.7 million at fair value). The fair value of these financial instruments as at the reporting date is AED 101.5 million (31 December 2015: AED 106 million).

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 (31 March 2015: 3.8 million).

## 12 Basic and diluted earnings per share

	Unaudited Three month period ended 31 March	
	2016	2015
Net profit attributable to shareholders (AED'000)	42,091	28,147
Weighted average number of shares	3,711,959,373	3,711,959,373
	<u>                                  </u>	<u>                                  </u>
Basic and diluted earnings per share (AED)	0.011	0.008
	<u>                                  </u>	<u>                                  </u>

For recalculating the earnings per share for the three month period ended 31 March 2015, the weighted average number of shares has been adjusted as if the bonus share issued on 30 April 2015 had occurred at the beginning of 2015.

## 13 Proposed dividend

At the Annual General Assembly held on 24 April 2016, the shareholders approved issuing a 7% bonus shares as dividends.

## 14 Treasury shares

During the three month period ended 31 March 2016, one of the subsidiaries has sold AED 5 million treasury shares. No gain or loss was recognised in the consolidated statement of profit or loss on this transaction.

# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 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 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 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
<b>31 March 2016</b>					
<b>Financial assets</b>					
Non-current receivables	-	376,403	-	376,403	376,403
Other investments	105,345	-	-	105,345	105,345
Trade and other receivables	-	409,706	-	409,706	409,706
Due from related parties	-	8,317	-	8,317	8,317
Cash in hand and at bank	-	305,534	-	305,534	305,534
<b>Total</b>	<b>105,345</b>	<b>1,099,960</b>	<b>-</b>	<b>1,205,305</b>	<b>1,205,305</b>
<b>Financial liabilities</b>					
Trade and other payables	-	-	1,128,233	1,128,233	1,128,233
Security deposits	-	-	10,925	10,925	10,925
Due to related parties	-	-	9,335	9,335	9,335
Short-term bank borrowings	-	-	143,005	143,005	143,005
Long-term bank loans	-	-	1,389,993	1,389,993	1,389,993
Non-current payables	-	-	1,000	1,000	1,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,682,491</b>	<b>2,682,491</b>	<b>2,682,491</b>

	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
<b>31 December 2015</b>					
<b>Financial assets</b>					
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
<b>Total</b>	<b>109,826</b>	<b>1,094,899</b>	<b>-</b>	<b>1,204,725</b>	<b>1,204,725</b>
<b>Financial liabilities</b>					
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 loans	-	-	1,436,915	1,436,915	1,436,915
Non-current payables	-	-	1,000	1,000	1,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,729,586</b>	<b>2,729,586</b>	<b>2,729,586</b>

# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 15 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
<b>31 March 2015</b>					
<b>Financial assets</b>					
Non-current receivables	-	99,711	-	99,711	99,711
Other investments	112,213	-	-	112,213	112,213
Trade and other receivables	-	976,406	-	976,406	976,406
Due from related parties	-	8,392	-	8,392	8,392
Cash in hand and at bank	-	445,998	-	445,998	445,998
<b>Total</b>	<b>112,213</b>	<b>1,530,507</b>	<b>-</b>	<b>1,642,720</b>	<b>1,642,720</b>
<b>Financial liabilities</b>					
Trade and other payables	-	-	1,401,607	1,401,607	1,401,607
Security deposits	-	-	9,843	9,843	9,843
Due to related parties	-	-	1,464	1,464	1,464
Short-term bank borrowings	-	-	121,825	121,825	121,825
Long-term bank loans	-	-	1,457,660	1,457,660	1,457,660
Non-current payables	-	-	3,900	3,900	3,900
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,996,299</b>	<b>2,996,299</b>	<b>2,996,299</b>

### 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).

# Union Properties Public Joint Stock Company and its Subsidiaries

Notes (continued)

## 15 Financial instruments (continued)

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
<b>31 March 2016</b>			
Other investment	101,511	3,834	105,345
	<u>101,511</u>	<u>3,834</u>	<u>105,345</u>
<b>31 December 2015</b>			
Other investment	105,992	3,834	109,826
	<u>105,992</u>	<u>3,834</u>	<u>109,826</u>
<b>31 March 2015</b>			
Other investment	108,379	3,834	112,213
	<u>108,379</u>	<u>3,834</u>	<u>112,213</u>

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

### Level 1:

	Unaudited 31 March 2016 AED'000	Audited 31 December 2015 AED'000	Unaudited 31 March 2015 AED'000
<b>Investment securities</b>			
Opening balance	105,992	234,044	234,044
Additions	-	1,899	1,899
Sale of Investment securities at fair value	-	(128,513)	(128,502)
Total gains or losses – net:			
· in the condensed consolidated interim statement of profit or loss	(4,481)	(1,438)	938
	<u>101,511</u>	<u>105,992</u>	<u>108,379</u>
Closing balance	<u>101,511</u>	<u>105,992</u>	<u>108,379</u>

# Union Properties Public Joint Stock Company 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
<b>Three month period ended 31 March 2016</b>				
Segment revenue	16,321	116,160	15,514	147,995
Finance income	5,580	60	-	5,640
Gain on sale of investment properties	6,800	-	-	6,800
Gain on valuation of properties	1,054	-	-	1,054
Other income	44,423	2,468	801	47,692
Share in profit of joint venture	(148)	-	4,376	4,228
<b>Total Income</b>	<b>74,030</b>	<b>118,688</b>	<b>20,691</b>	<b>213,409</b>
Direct costs	(14,066)	(104,665)	(10,549)	(129,280)
Administrative and general expenses	(8,930)	(14,772)	(4,002)	(27,704)
Finance expense	(4,545)	(9,789)	-	(14,334)
<b>Profit/(loss) for the period</b>	<b>46,489</b>	<b>(10,538)</b>	<b>6,140</b>	<b>42,091</b>
Segment assets	6,941,026	706,048	60,027	7,707,101
Investment in joint ventures	240,119	-	346,170	586,289
<b>Total assets</b>	<b>7,181,145</b>	<b>706,048</b>	<b>406,197</b>	<b>8,293,390</b>
Segment liabilities	518,756	2,350,527	54,985	2,924,268
Capital expenditure	16,522	199	1,181	17,902
Depreciation	374	1,493	1,215	3,082
<b>Three month period ended 31 March 2015</b>				
Segment revenue	18,646	131,554	11,273	161,473
Finance income	3,396	7	-	3,403
Gain on sale of investment properties	68,018	-	-	68,018
Gain on valuation of properties	16,547	-	-	16,547
Other income	2,790	974	579	4,343
Share in profit of joint venture	537	-	4,156	4,693
<b>Total Income</b>	<b>109,934</b>	<b>132,535</b>	<b>16,008</b>	<b>258,477</b>
Direct Cost	(12,607)	(110,323)	(7,992)	(130,922)
Administrative and general expenses	(11,827)	(16,075)	(3,227)	(31,129)
Finance expense	(58,700)	(9,579)	-	(68,279)
<b>Profit/(loss) for the period</b>	<b>26,800</b>	<b>(3,442)</b>	<b>4,789</b>	<b>28,147</b>
Segment assets	6,514,509	1,231,138	54,076	7,799,723
Investment in joint ventures	239,555	-	326,837	566,392
<b>Total assets</b>	<b>6,754,064</b>	<b>1,231,138</b>	<b>380,913</b>	<b>8,366,115</b>
Segment liabilities	616,326	2,676,718	46,444	3,339,488
Capital expenditure	9,899	196	547	10,642
Depreciation	337	1,133	823	2,293

# Union Properties Public Joint Stock Company and its Subsidiaries

Notes *(continued)*

## **17 Subsequent events**

Subsequent to the period ended 31 March 2016, the Company completed the sale of 20% equity interest in its existing joint venture, Properties Investment LLC. Upon completion of the sale, Properties Investment LLC has become an associate of the Company.