

United Development Company Q.S.C

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2015

United Development Company Q.S.C

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Three months period ended 31 March 2015

	<i>Note</i>	<i>For the Three months Period Ended 31 March</i>	
		<i>2015 (Unaudited)</i>	<i>2014 (Unaudited/ Restated) QR '000</i>
Revenue		399,732	484,486
Cost of revenue		<u>(140,845)</u>	<u>(176,989)</u>
Gross profit		258,887	307,497
Dividend income		20,021	15,540
Other income		97,920	20,194
General, administrative, sales and marketing expenses		<u>(84,402)</u>	<u>(79,035)</u>
Results from operating activities		292,426	264,196
Finance income		7,674	5,266
Finance costs		<u>(33,731)</u>	<u>(27,239)</u>
Net finance income and cost		(26,057)	(21,973)
Net share of results of associates		<u>3,800</u>	<u>7,996</u>
Profit for the period		270,169	250,219
Profit attributable to :			
Owners of the Parent		261,804	241,384
Non-controlling interest		<u>8,365</u>	<u>8,835</u>
Profit for the period		270,169	250,219
Basic earnings per share			
Basic earnings per share	6	0.74	0.68

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

United Development Company Q.S.C

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Three months period ended 31 March 2015

		<i>For the Three months Period Ended 31 March</i>	
		<i>2015</i>	<i>2014</i>
<i>Note</i>		<i>(Unaudited)</i>	<i>(Unaudited/ restated)</i>
		<i>QR '000</i>	<i>QR '000</i>
	Profit for the period	270,169	250,219
	Net change in fair value of available-for-sale financial assets	15 (20,349)	77,294
	Total comprehensive income for the period	249,820	327,513
	Total comprehensive income attributable to:		
	Owners of the Parent	241,455	318,678
	Non-controlling interest	8,365	8,835
	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	249,820	327,513

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

United Development Company Q.S.C

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

		<i>31 March 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	7	4,115,106	4,001,168
Investment properties	8	8,443,308	8,394,340
Intangible assets	9	4,122	4,466
Investment in associates	10	320,834	317,033
Accounts and other receivables - long term		18,071	18,071
Available-for-sale financial assets	11	488,456	508,805
Total non-current assets		13,389,897	13,243,883
Current assets			
Inventories		1,569,248	1,665,331
Assets held for sale	12	16,535	16,535
Accounts and other receivables		1,589,135	1,464,281
Cash and cash equivalents	13	2,399,712	2,823,476
Total current assets		5,574,630	5,969,623
Total assets		18,964,527	19,213,506
EQUITY AND LIABILITIES			
Equity			
Share capital	14	3,540,862	3,540,862
Legal reserve		1,478,429	1,452,249
Other reserves	15	1,659,779	1,680,128
Retained earnings		3,891,779	4,098,763
Equity attributable to owners of the parent		10,570,849	10,772,002
Non-controlling interest		336,006	347,045
Total equity		10,906,855	11,119,047
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	16	3,545,883	4,420,170
Retention payable		122,696	111,063
Accounts and other payables – long term		58,733	58,747
Employees' end of service benefits		33,955	32,257
Total non-current liabilities		3,761,267	4,622,237
Current liabilities			
Accounts and other payables		2,753,376	2,671,429
Interest bearing loans and borrowings	16	1,383,076	641,458
Retention payable		159,953	159,335
Total current liabilities		4,296,405	3,472,222
Total liabilities		8,057,672	8,094,459
Total equity and liabilities		18,964,527	19,213,506

These interim condensed consolidated financial statements were approved by the Board of Directors and were signed on their behalf by the following on 26 April 2014.

.....
Turki Mohammed Khaled Al Khater
Managing Director and Chairman of the Board

.....
The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

United Development Company Q.S.C

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Three months period ended 31 March 2015

	<i>Attributable to owners of the parent</i>					<i>Non-controlling interest</i> <i>QR'000</i>	<i>Total equity</i> <i>QR'000</i>
	<i>Share Capital</i> <i>QR'000</i>	<i>Legal reserve</i> <i>QR'000</i>	<i>Other reserves</i> <i>(Note 15)</i> <i>QR'000</i>	<i>Retained earnings</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>		
Balance at 1 January 2015 (Audited)	3,540,862	1,452,249	1,680,128	4,098,763	10,772,002	347,045	11,119,047
Profit for the period	-	-	-	261,804	261,804	8,365	270,169
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	(20,349)	-	(20,349)	-	(20,349)
Total other comprehensive income	-	-	(20,349)	-	(20,349)	-	(20,349)
Total comprehensive income for the period	-	-	(20,349)	261,804	241,455	8,365	249,820
Dividend declared	-	-	-	(442,608)	(442,608)	(19,404)	(462,012)
Transfer to legal reserve	-	26,180	-	(26,180)	-	-	-
Total transactions with owners	-	26,180	-	(468,788)	(442,608)	(19,404)	(462,012)
Balance at 31 March 2015 (Unaudited)	3,540,862	1,478,429	1,659,779	3,891,779	10,570,849	336,006	10,906,855

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

United Development Company Q.S.C

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the Three months period ended 31 March 2015

	<i>Attributable to owners of the parent</i>					<i>Non-controlling interest</i> <i>QR'000</i>	<i>Total equity</i> <i>QR'000</i>
	<i>Share Capital</i> <i>QR'000</i>	<i>Legal reserve</i> <i>QR'000</i>	<i>Other reserves</i> <i>QR'000</i>	<i>Retained earnings</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>		
Balance at 1 January 2014 (Audited)	3,372,250	1,389,682	1,612,627	4,057,140	10,431,699	315,386	10,747,085
Profit for the period	-	-	-	241,384	241,384	8,835	250,219
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	77,294	-	77,294	-	77,294
Total other comprehensive income	-	-	77,294	-	77,294	-	77,294
Total comprehensive income for the period	-	-	77,294	241,384	318,678	8,835	327,513
Bonus shares issued	168,612	-	-	(168,612)	-	-	-
Dividend declared	-	-	-	(337,225)	(337,225)	(17,787)	(355,012)
Transfer to legal reserve	-	24,138	-	(24,138)	-	-	-
Total transactions with owners	168,612	24,138	-	(529,975)	(337,225)	(17,787)	(355,012)
Balance at 31 March 2014 (Unaudited/restated)	3,540,862	1,413,820	1,689,921	3,768,549	10,413,152	306,434	10,719,586

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

United Development Company Q.S.C

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the Three months period ended 31 March 2015

	<i>Note</i>	31 March 2015 (Unaudited) QR'000	31 March 2014 (Unaudited/ Restated) QR'000
Cash flows from operating activities			
Profit for the period		270,169	250,219
Adjustments for:			
Net share of results of associates		(3,800)	(7,996)
Depreciation & amortization		18,802	26,089
Loss/(gain) on disposal of property, plant & equipment		57	(32)
Write off of property, plant & equipment		4,482	-
Net finance income and costs		26,057	21,973
Dividend income		(20,021)	(15,540)
Provision for employees' end of service benefits		2,499	2,422
Operating profit before working capital changes		<u>298,245</u>	<u>277,135</u>
Changes in Working capital:			
Inventories		48,072	92,632
Accounts and other receivables		(126,882)	(155,862)
Accounts and other payables		69,470	(22,123)
Retention payable		12,252	(26,158)
Cash from operating activities		<u>301,157</u>	<u>165,624</u>
Finance cost paid		(39,012)	(24,257)
Employees' end of service benefits paid		(544)	(1,454)
Net cash flows from operating activities		<u>261,601</u>	<u>139,913</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(137,190)	(46,412)
Proceeds from sale of property, plant and equipment		254	33
Interest income		9,702	6,148
Dividend income		20,021	9,820
Additions to investment properties		(957)	(284)
Movement in time deposit maturing after 90 days		52,829	22,918
Net cash flow used in from investing activities		<u>(55,341)</u>	<u>(7,777)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/utilization of interest bearing loans and borrowings		657,498	867
Repayment of interest bearing loans and borrowings		(790,136)	(82,719)
Dividend paid		(444,557)	(306,218)
Net cash used in financing activities		<u>(577,195)</u>	<u>(388,070)</u>
Net decrease in cash and cash equivalents		(370,935)	(255,934)
Cash and cash equivalents at the beginning of the period	13	<u>2,435,061</u>	<u>1,890,879</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13	<u>2,064,126</u>	<u>1,634,945</u>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

United Development Company Q.S.C. (the “Company”) was incorporated as a Qatari Shareholding Company in accordance with the Emiri Decree No 2 on 2 February 1999 and whose shares are publicly traded. The registered office of the Company is situated in Doha, State of Qatar. The interim condensed consolidated financial statements of the Group as at and for the three months period ended 31 March 2015 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates. Information regarding the Group’s structure is provided in Note 3.

The principal activity of the Group is to contribute and invest in infrastructure and utilities, hydrocarbon and energy, urban development, environment related businesses, marina and related services, fashion, hospitality and leisure, business management, advertising, providing information technology solutions, cleaning activities and insurance agency activities.

Pursuant to the Emiri Decree No 17 of 2004, the Company has been provided with a right to develop an island off the shore of Qatar for the sale and/or lease of properties. The Company is presently engaged in the development of this area known as “Pearl Qatar project”. The Pearl Qatar project involves reclamation of land covering an area of 985 acres (4.2 million square meters) into a manmade island and the development of the island into various districts comprising housing beachfront villas, town homes, luxury apartments, retail shopping complex, penthouse, five star hotels, marinas and schools with related infrastructure and community facilities. The reclamation and the development of the land is being performed on a mix use development basis which was substantially completed in 2011.

The interim condensed consolidated financial statements of the Group for the Three months period ended 31 March 2015 were authorised for issue in accordance with a resolution of the Board of the Directors on 26 April 2015.

2 STATEMENT OF COMPLIANCE

The interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”.

They do not include all of the information required for a full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at 31 December 2014.

The interim condensed consolidated financial statements are prepared and presented in Qatari Riyals rounded to nearest thousands, except when otherwise indicated.

The consolidated financial statements of the Group as at and for the year ended 31 December 2014 are available upon request from the Company’s registered office or at www.udcqatar.com.

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 01 January 2015.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar" and the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

IAS 40 Investment Properties

The description of ancillary services in IAS 40 differentiates between investment property and owner occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is purchase of an asset or a business combination. This amendment does not impact the accounting policy of the Group.

During the period, the Group has adopted the following standards effective for the annual period beginning on or after 1 January 2015.

Standards	Contents	Effective date
IFRS 9	Financial instruments	1 January 2015
IAS 32	Amendment to IAS 32, 'Financial instruments: Presentation on asset and liability offsetting	1 January 2015

The implementation of the above standard did not have any material impact on the presentation of these interim condensed consolidated financial statements.

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Annual Improvements

These improvements will not have an impact on the Group, but include:

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of United Development Company Q.S.C. and all its subsidiaries as at 31 March 2015. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. The interim condensed consolidated financial statements include the financial statements of United Development Company Q.S.C. and its subsidiaries listed in the following table:

	Country of incorporation	% equity interest	
		2015	2014
Qatar District Cooling Company Q.C.S.C	Qatar	51	51
Ronautica Middle East O.M.C.	Qatar	100	100
The Pearl Qatar Company O.M.C.	Qatar	100	100
Hospitality Development Company O.M.C.	Qatar	100	100
United Fashion Company O.M.C.	Qatar	100	100
Medina Centrale Company O.M.C.	Qatar	100	100
Abraj Quartier Company O.M.C.	Qatar	100	100
United Facilities Management Company O.M.C	Qatar	100	100
Scoop Media and Communication Company O.M.C.	Qatar	100	100
Pragmatech Company O.M.C.	Qatar	100	100
Glitter O.M.C	Qatar	100	100
Enterprise Development Company	Republic of Turkey	100	100
Insure Plus O.M.C.	Qatar	100	100
Madina Innova O.M.C	Qatar	100	100
The Pearl Owners Corporation O.M.C	Qatar	100	100
United Development Investment Company	Cayman Island	100	100
United Technology Solutions O.M.C	Qatar	100	100
Porto Arabia Retail Company 1	Cayman Island	100	100
Leisure and Resorts O.M.C	Qatar	100	100

Qatar District Cooling Company Q.C.S.C is engaged in the construction, owning and operation of district cooling systems and it consolidates Installation Integrity 2006 W.L.L. (100%) and Cool Tech Qatar W.L.L. (100%) in its consolidated financial statements.

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Ronautica Middle East O.M.C. is involved in the development, operation of marina and sale of marine related equipment. During 2008, the capital of Ronautica Middle East O.M.C. was increased from QR 30 million to QR 100 million. The increase in capital was fully paid by the Group, which increased its equity interest from 60% to 88%. During 2009, the Group has purchased the non-controlling interest of Ronautica Middle East O.M.C., which increased its equity interest from 88% to 100%.

The Pearl Qatar Company O.M.C activity is in the real estate sector.

Hospitality Development Company O.M.C. (HDC) is engaged in the investment and management of restaurants and sales and purchases of fast moving consumer goods in the hospitality sector. HDC consolidates Lebanese Restaurants Development L.L.C (84%), China Square L.L.C (80.01%), Flavour of Mexico L.L.C (90%), Modern Lebanese Restaurant L.L.C (90%), The Rising Sun L.L.C (95.68%) and Urban Restaurant Development L.L.C (90%) in its consolidated financial statements. During the year 2011, the capital of the company was increased from QR 18.25 million to QR 50 million.

United Fashion Company O.M.C. (UFC) is engaged in fashion retailing. The mandate of the Company is to acquire top international names for brand franchising and operating in the Middle East. UFC consolidates Rony Nacouzi (60%) in its consolidated financial statements. The operation of Hiref Middle East W.L.L which had a 51% stake was officially closed as of 30 September 2014 and the management is in the process of liquidating the Company. During the year 2011, the capital of the company was increased from QR 18.25 million to QR 80 million.

Medina Centrale Company O.M.C. is engaged in the investment of real estate properties.

Abraj Quartier Company O.M.C activity is in the development of real estate properties.

United Facilities Management Company O.M.C is engaged in facility management activity.

Scoop Media and Communication Company O.M.C activity is in the advertising sector.

PragmaTech Company O.M.C. activity is in providing information technology solutions. During the year 2012, a decision was taken to close this company's branch in Lebanon.

Glitter O.M.C. is engaged in cleaning services and related activities.

The Enterprise Development Company operates in the real estate sector and during the year 2013, a decision was taken to liquidate the company. The liquidation process is currently being carried out.

Insure plus O.M.C acts as an insurance agent and provides technical services and risk related services of an insurance nature to the Group.

Madina Innova O.M.C is engaged in providing registry and master community services at the Pearl Qatar.

The Pearl Owners Corporation O.M.C is engaged in property management support services.

United Development Investment Company is engaged in development and investment of real estate activities.

United Technology Solutions O.M.C is engaged in providing information technology solutions.

Porto Arabia Retail Company 1 is engaged in real estate rental activities.

Leisure and Resorts O.M.C engages in resort operations and development activities.

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full on consolidation.

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group consolidates all the entities where it has the power to govern the financial and operating policies.

4 ESTIMATES

The preparation of 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 this interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2014.

6 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period attributable to the owners of the Company by the weighted average number of shares outstanding during the period.

	<i>For the Three months Period Ended 31 March</i>	
	2015	2014
	(Unaudited)	(Unaudited/ Restated)
	QR'000	QR'000
Profit for the period attributable to the owners of the Parent	<u>261,804</u>	<u>241,384</u>
Weighted average number of shares outstanding during the period (000')	<u>354,086</u>	<u>354,086</u>
Basic and diluted earnings per share (QR)	<u><u>0.74</u></u>	<u><u>0.68</u></u>

There were no potentially dilutive shares outstanding at any time during the period. Therefore, the diluted earnings per share are equal to the basic earnings per share.

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015

7 PROPERTY, PLANT AND EQUIPMENT

	<i>31 March 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Net book value at 1 January	4,001,168	3,823,522
Additions for the period / year	137,190	316,043
Transfers	(4,482)	(36,640)
Written off	-	(2,245)
Depreciation for the period / year	(18,458)	(83,717)
Net disposal	(312)	(620)
Impairment including revaluation loss	-	(15,175)
	<u>4,115,106</u>	<u>4,001,168</u>

8 INVESTMENT PROPERTIES

	<i>31 March 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Balance at 1 January	8,394,340	7,290,596
Additions – development costs incurred during the period/year	957	4,548
Transfers	48,011	1,136,248
Impairment loss	-	(37,052)
	<u>8,443,308</u>	<u>8,394,340</u>

9 INTANGIBLE ASSETS

	<i>31 March 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Balance at 1 January	4,466	6,097
Additions	-	362
Amortisation for the period / year	(344)	(1,993)
	<u>4,122</u>	<u>4,466</u>

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015

10 INVESTMENTS IN ASSOCIATES

The Group has the following investments in associate companies:

	<i>Country of incorporation</i>	<i>Shareholding</i>	<i>31 March 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Middle East Dredging Company Q.S.C. (note a)	Qatar	45.9%	-	-
Al-Seef Limited Q.S.C.	Qatar	20%	272,331	271,427
United Readymix W.L.L.	Qatar	32%	47,049	44,152
ASTECO Qatar (note b)	Qatar	30%	1,454	1,454
			320,834	317,033

Notes:

- (a) Middle East Dredging Company Q.S.C. (the associate) is involved in project related dredging and reclamation activities in the Gulf States and other neighbouring countries.

The associate sustained losses relating to the Satah Al Razboot (SARB) Project. The project has been characterised by various delays and difficulties resulting in a cost overrun on the part of the associate. The management of the associate has submitted a claim to the counterparty in an effort to recover a portion of the cost overruns and the settlement amount is under negotiation. As a result the 45.9% equity holding in the associate was impaired in full during 2013. Although the associate recorded a profit for the three months period ended 31 March 2015, the Group has not recorded its share of this profit until the share of accumulated loss of the associate is fully absorbed.

- (b) ASTECO Qatar is involved in property management activity. During the year 2014, a decision was taken to liquidate the Company. The liquidation process is currently being carried out.

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>31 March 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Available-for-sale financial assets – quoted shares	484,456	504,805
Available-for-sale financial assets – unquoted shares	4,000	4,000
	488,456	508,805

12 ASSETS HELD FOR SALE

The Directors of the Company passed a resolution during the year 2013 to dispose of certain yachts owned by the Group. Accordingly, the yachts are classified as assets held for sale.

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13 CASH AND CASH EQUIVALENTS

	<i>31 March 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Cash on hand and bank balances	2,399,712	2,823,476
Less: Reserves/time deposits maturing after 90 days	<u>(335,586)</u>	<u>(388,415)</u>
Cash and cash equivalents as per statement of cash flows	<u>2,064,126</u>	<u>2,435,061</u>

Time deposits carry interest at commercial rates.

14 SHARE CAPITAL

	<i>31 March 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
<i>Authorised, issued and fully paid up capital:</i> 354,086,248 ordinary shares of QR 10 each (2014 : 354,086,248 ordinary shares of QR 10 each)	<u>3,540,862</u>	<u>3,540,862</u>
Number of shares ('000')		
On issue at the beginning of the period/year	<u>354,086</u>	<u>354,086</u>
On issue at the end of the period/year	<u>354,086</u>	<u>354,086</u>

At 31 March 2015, the authorised share capital comprised 354,086,248 ordinary shares (2014: 354,086,248 ordinary shares), all shares have a par value of QR 10. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividend, as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Group's residual assets.

15 OTHER RESERVES

	<i>Fair value reserve QR'000</i>	<i>Cash flow hedge reserve QR'000</i>	<i>Asset revaluation reserve QR'000</i>	<i>Total 31 March 2015 (Unaudited) QR'000</i>	<i>Total 31 December 2014 (Audited) QR'000</i>
Balance at 1 January (Audited)	153,714	(6,129)	1,532,543	1,680,128	1,612,627
Increase/(decrease)	<u>(20,349)</u>	<u>-</u>	<u>-</u>	<u>(20,349)</u>	<u>67,501</u>
Balance at the end of the period/year	<u>133,365</u>	<u>(6,129)</u>	<u>1,532,543</u>	<u>1,659,779</u>	<u>1,680,128</u>

Fair value reserve

The fair value reserve is used to record the changes, other than impairment losses in the fair value of available-for-sale financial assets.

Cash flow hedge reserve

The cash flow hedge reserve represents the Group's share of other comprehensive income of associates.

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of property, plant and equipment that were subject to fair valuation and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

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16 INTEREST BEARING LOANS AND BORROWINGS

	<i>31 March 2015 (Unaudited) QR '000</i>	<i>31 December 2014 (Audited) QR '000</i>
Balance at 1 January	5,098,334	5,274,891
Draw downs/utilization	657,498	898,272
Repayments	<u>(790,136)</u>	<u>(1,074,829)</u>
	4,965,696	5,098,334
Less: Unamortized finance cost associated with raising finance	<u>(36,737)</u>	<u>(36,706)</u>
Balance at the end of the period/year	<u>4,928,959</u>	<u>5,061,628</u>
Presented in the statement of financial position as:		
Current liability	1,383,076	641,458
Non-current liability	<u>3,545,883</u>	<u>4,420,170</u>
	<u>4,928,959</u>	<u>5,061,628</u>

17 OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require separate business strategies. For each of the strategic business units, the Group reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

Urban development: This includes real estate development and constructions activities.

Hydrocarbon & energy: This includes production and sale of chemicals and hydrocarbon materials.

Hospitality & leisure: This includes investment and development of hotel, leisure facilities and selling of luxurious items.

Infrastructure & utilities: This includes construction and management of district cooling systems and marina activities.

Other operations include providing advertising and information technology solution services, real estate brokering services, insurance agency services, and cleaning services.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Geographical segments

The Group has not diversified its activities outside of the State of Qatar except for Enterprise Development Company (established in Republic of Turkey), United Development Investment Company (established in Cayman Island) and Porto Arabia Retail Company 1 (established in Cayman Island). However these companies do not have any material operations outside Qatar and therefore majority of the Group assets are located in Qatar. Accordingly there are no distinctly identifiable geographical segments in the Group for the year ended 31 March 2015.

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18 COMPARATIVE INFORMATION

Comparative Information for the three months period ended 31 March 2014 has been reclassified to conform with the change of assessment subsequently made in the second quarter of the year 2014.

At 31 March 2014, the Group accounted for fair value gain on investment properties amounting to QR 110,145 thousand, which was subsequently reversed in the second quarter of the year 2014 due to change in assessment.

The financial statements for the three months period ended 31 March 2014 has been restated to correctly take account of the year 2014 change in assessment.