United Development Company Q.S.C.

INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

30 JUNE 2015

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF UNITED DEVELOPMENT COMPANY Q.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of United Development Company Q.S.C. (the "Company") and its subsidiaries (referred together as the "Group") as of 30 June 2015 and related interim condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Firas Qoussous
of Ernst & Young
Auditor's Registration No. 236

Date: 15 July 2015
Doha

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

		For the Six Months Ended 30 June	
	Notes	***2015 (Reviewed) QR'000***	*2014 (Reviewed) QR'000*
Revenue		**1,011,447**	1,108,685
Cost of revenue		**(354,357)**	(406,546)
Gross profit		**657,090**	702,139
Dividend income		**20,021**	15,744
Other income		**109,870**	30,800
General, administrative, sales and marketing expenses		**(172,929)**	(176,239)
Results from operating activities		**614,052**	572,444
Finance income		**16,633**	10,016
Finance costs		**(67,026)**	(70,656)
Net finance income and costs		**(50,393)**	(60,640)
Net share of results of associates		**13,409**	9,249
Profit for the period		**577,068**	521,053
Attributable to:			
Equity holders of the parent		**557,181**	498,860
Non-controlling interest		**19,887**	22,193
Profit for the period		**577,068**	521,053
Basic earnings per share			
Basic earnings per share	6	**1.57**	1.41

	Notes	*For the Six Months Ended 30 June* **2015** ***(Reviewed)*** ***QR'000***	*2014* *(Reviewed)* *QR'000*
Profit for the period		**577,068**	521,053
Net gain in fair value of available-for-sale financial assets	16	**404**	44,142
Net movement in cash flow hedge reserve	16	**(159)**	-
Total comprehensive income for the period		**577,313**	565,195
Attributable to:			
Equity holders of the parent		**557,426**	543,002
Non-controlling interests		**19,887**	22,193
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**577,313**	565,195

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	*30 June 2015 (Reviewed) QR'000*	*31 December 2014 (Audited) QR'000*
Assets			
Non-current assets			
Property, plant and equipment	7	**4,193,328**	4,001,168
Investment properties	8	**8,512,663**	8,394,340
Intangible assets	9	**3,739**	4,466
Investment in associates	10	**299,882**	317,033
Available-for-sale financial assets	11	**509,209**	508,805
Accounts and other receivables - long term	12	**117,215**	18,071
Total non-current assets		**13,636,036**	13,243,883
Current assets			
Inventories		**1,428,122**	1,665,331
Assets held for sale	13	**-**	16,535
Accounts and other receivables, net – short term		**1,420,342**	1,464,281
Cash and cash equivalents	14	**2,429,160**	2,823,476
Total current assets		**5,277,624**	5,969,623
TOTAL ASSETS		**18,913,660**	19,213,506
Equity and liabilities			
Equity			
Share capital	15	**3,540,862**	3,540,862
Legal reserve		**1,507,967**	1,452,249
Other reserves	16	**1,680,373**	1,680,128
Retained earnings		**4,157,618**	4,098,763
Equity attributable to equity holders of the parent		**10,886,820**	10,772,002
Non-controlling interest		**347,528**	347,045
Total equity		**11,234,348**	11,119,047
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	17	**3,502,520**	4,420,170
Retention payable		**106,914**	111,063
Accounts and other payables – long term		**67,013**	58,747
Employees' end of service benefits		**37,432**	32,257
Total non-current liabilities		**3,713,879**	4,622,237
Current liabilities			
Accounts and other payables – short term		**2,423,845**	2,671,429
Interest bearing loans and borrowings	17	**1,388,368**	641,458
Retention payable		**153,220**	159,335
Total current liabilities		**3,965,433**	3,472,222
Total liabilities		**7,679,312**	8,094,459
TOTAL EQUITY AND LIABILITIES		**18,913,660**	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 15 July 2015

Turki Mohammed Khaled Al Khater	Ibrahim Jassim Al-Othman
Chairman of the Board and Managing Director	Chief Executive Officer

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to the owners of the parent						
	Share capital QR'000	*Legal reserve QR'000*	*Other reserves (Note 16) QR'000*	*Retained earnings QR'000*	*Total QR'000*	*Non-controlling interest QR'000*	*Total equity QR'000*
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	-	-	-	557,181	557,181	19,887	577,068
Other comprehensive income							
Net gain in fair value of available-for-sale financial assets	-	-	404	-	404	-	404
Change in cash flow hedge reserve	-	-	(159)	-	(159)	-	(159)
Total other comprehensive income	-	-	245	-	245	-	245
Total comprehensive income for the period	-	-	245	557,181	557,426	19,887	577,313
Dividend declared	-	-	-	(442,608)	(442,608)	(19,404)	(462,012)
Transfer to legal reserve	-	55,718	-	(55,718)	-	-	-
Total transactions with owners	-	55,718	-	(498,326)	(442,608)	(19,404)	(462,012)
Balance at 30 June 2015 (Reviewed)	**3,540,862**	**1,507,967**	**1,680,373**	**4,157,618**	**10,886,820**	**347,528**	**11,234,348**

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2015

	Attributable to the owners of the parent						
	Share capital QR'000	*Legal reserve QR'000*	*Other reserves QR'000*	*Retained earnings QR'000*	*Total QR'000*	*Non-controlling interest QR'000*	*Total equity QR'000*
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	-	-	-	498,860	498,860	22,193	521,053
Other comprehensive income							
Net gain in fair value of available-for-sale assets	-	-	44,142	-	44,142	-	44,142
Total other comprehensive income	-	-	44,142	-	44,142	-	44,142
Total comprehensive income for the period	-	-	44,142	498,860	543,002	22,193	565,195
Distribution of bonus shares	168,612	-	-	(168,612)	-	-	-
Dividend declared	-	-	-	(337,225)	(337,225)	(17,787)	(355,012)
Transfer to legal reserve	-	49,886	-	(49,886)	-	-	-
Change in non-controlling interest	-	-	-	-	-	(1,224)	(1,224)
Total transactions with owners	168,612	49,886	-	(555,723)	(337,225)	(19,011)	(356,236)
Balance at 30 June 2014 (Reviewed)	**3,540,862**	**1,439,568**	**1,656,769**	**4,000,277**	**10,637,476**	**318,568**	**10,956,044**

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Note	***30 June 2015 (Reviewed) QR'000***	*30 June 2014 (Reviewed) QR'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**577,068**	521,053
Adjustments for:			
Net share of results of associates		**(13,409)**	(9,249)
Depreciation and amortization	7 & 9	**38,912**	51,271
Loss (profit) on disposal of property, plant & equipment		**59**	(32)
Net finance income and costs		**50,393**	60,640
Dividend income		**(20,021)**	(15,744)
Loss on disposal of assets held for sale		**2,816**	-
Write off of assets	7	**610**	2,113
Provision for employees' end of service benefits		**7,590**	4,127
Operating profit before working capital changes		**644,018**	614,179
Changes in working capital:			
Inventories		**155,354**	218,383
Accounts and other receivables		**(50,311)**	(513,096)
Accounts and other payables		**(242,244)**	33,551
Retentions payable		**(10,264)**	(64,602)
Cash from operating activities		**496,553**	288,415
Finance cost paid		**(69,004)**	(66,442)
Proceeds from disposal of assets held for sale		**13,719**	-
Employees' end of service benefits paid		**(2,160)**	(3,374)
Net cash flows from operating activities		**439,108**	218,599
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	7	**(234,795)**	(113,194)
Proceeds from sale of property, plant and equipment		**255**	429
Acquisition of intangible assets	9	**(8)**	-
Finance income received		**15,275**	11,380
Dividend income received		**20,021**	15,744
Additions to investment property	8	**(36,468)**	(780)
Movement in time deposits maturing after three months		**(989,479)**	(482,809)
Dividend received from associate companies		**30,400**	50,960
Net cash flow used in investing activities		**(1,194,799)**	(518,270)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from term loans	17	**720,335**	867
Repayment of term loans	17	**(893,406)**	(191,087)
Dividend paid		**(455,033)**	(344,031)
Net movement in non-controlling interest		**-**	(1,224)
Net cash flow used in financing activities		**(628,104)**	(535,475)
Net decrease in cash and cash equivalents		**(1,383,795)**	(835,146)
Cash and cash equivalents at the beginning of the period		**2,435,061**	1,890,879
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	14	**1,051,266**	1,055,733

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

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 six months period ended 30 June 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, E-payment protocol activities and insurance agency, technical services, and risk related services to insurance 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 "The 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, penthouses, five star hotels, marinas and schools with related infrastructure and community facilities. The reclamation and the development of the land are being performed on a mix use development basis with substantial completion achieved in 2011.

The interim condensed consolidated financial statements of United Development Company Q.S.C for the six months ended 30 June 2015 were authorised for issue in accordance with a resolution of the Board of the Directors on 15 July 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 (QR'000) 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.

3 SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments adopted by the Group
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

The following amended accounting standards became effective in 2015 and have been adopted by the Company in preparation of these interim condensed financial statements as applicable. Whilst they did not have any impact on these interim condensed financial statements, they may require additional disclosures in the annual financial statements for the year ended 31 December 2015.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle
These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 *Share-based Payment*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

IFRS 8 *Operating Segments*
The amendments are applied retrospectively and clarify that:
- An entity must disclose the judgements 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'.
- 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.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 18 in these financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of his decision making.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the 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.

Annual Improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 *Business Combinations*
The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

IFRS 13 *Fair Value Measurement*
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 *Investment Property*
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 the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

Standards issued but not yet effective
The following new standards have been issued but are not yet effective. The Group is currently evaluating the impact of these new standards and intend to adopt these standards, if applicable, when they become effective.

Topic	***Effective date***
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 16 and IAS 38: Clarifications of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 27: Equity method in Separate Financial Statements	1 January 2016
Amendments IFRS 11 Joint Arrangement: Accounting for Acquisition	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
IFRS 9 Financial Instruments	1 January 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 30 June 2015. The financial statements of the subsidiaries are prepared for the same reporting period as that of the parent company, using consistent accounting policies. The interim condensed consolidated financial statements include the financial information of United Development Company Q.S.C. and its below listed subsidiaries.

	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
Madina 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 Solution 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

United Facilities Management Company and 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.

Madinainnova O.M.C is engaged in 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.

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.

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.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit recognised on the loss of control is recognised in the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that the control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of the influence retained.

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 these interim condensed consolidated financial statements, the significant judgements made by 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 as at 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 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.

	For the Six Months Ended 30 June	
	2015	*2014*
	(Reviewed)	*(Reviewed)*
Profit for the period attributable to the owners of the parent (QR'000)	**557,181**	498,860
Weighted average number of shares outstanding during the period ('000)	**354,086**	354,086
Basic and diluted earnings per share (QR)	**1.57**	1.41

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

7 PROPERTY, PLANT AND EQUIPMENT

	30 June 2015	*31 December 2014*
	(Reviewed)	*(Audited)*
	QR'000	*QR'000*
Net carrying value at 1 January	**4,001,168**	3,823,522
Additions	**234,795**	316,043
Written off	**(610)**	(2,245)
Transfers	**(3,534)**	(36,640)
Depreciation	**(38,177)**	(83,717)
Impairment including revaluation loss	**-**	(15,175)
Net disposal	**(314)**	(620)
Net carrying value at the end of the period/year	**4,193,328**	4,001,168

8 INVESTMENT PROPERTIES

	30 June 2015	*31 December 2014*
	(Reviewed)	*(Audited)*
	QR'000	*QR'000*
Balance at 1 January	**8,394,340**	7,290,596
Additions	**36,468**	4,548
Transfers	**81,855**	1,136,248
Impairment loss	**-**	(37,052)
Balance at the end of the period/year	**8,512,663**	8,394,340

9 INTANGIBLE ASSETS

	30 June 2015 (Reviewed) QR'000	*31 December 2014 (Audited) QR'000*
Balance at 1 January	**4,466**	6,097
Additions	**8**	362
Amortisation	**(735)**	(1,993)
Balance at the end of the period/year	**3,739**	4,466

10 INVESTMENTS IN ASSOCIATES

The Group has the following investments in associate companies:

	Country of incorporation	*Shareholding*	***30 June 2015 (Reviewed) QR'000***	*31 December 2014 (Audited) QR'000*
Middle East Dredging Company Q.S.C. (a)	Qatar	45.9%	**-**	-
Al-Seef Limited Q.S.C.	Qatar	20%	**252,535**	271,427
United Readymix W.L.L.	Qatar	32%	**45,893**	44,152
ASTECO Qatar (b)	Qatar	30%	**1,454**	1,454
			299,882	317,033

(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. As a result the 45.9% equity holding in the associate was impaired in full as at 31 December 2013.

(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

	30 June 2015 (Reviewed) QR'000	*31 December 2014 (Audited) QR'000*
Available-for-sale investments – quoted shares	**505,209**	504,805
Available-for-sale investments – unquoted shares	**4,000**	4,000
	509,209	508,805

12 ACCOUNTS AND OTHER RECEIVABLES – LONG TERM

	30 June 2015 (Reviewed) QR'000	*31 December 2014 (Audited) QR'000*
Long term deposits	**18,071**	18,071
Long term loan receivable (i)	**99,144**	-
	117,215	18,071

(i) In 2015, the Group entered into an agreement to provide a financing facility to its affiliate, Middle East Dredging Company Q.S.C. The loan is interest-bearing and repayable at the end of the loan term.

13 ASSETS HELD FOR SALE

	30 June 2015 (Reviewed) QR'000	*31 December 2014 (Audited) QR'000*
Balance at 1 January	**16,535**	20,357
Disposal	**(16,535)**	-
Impairment loss	**-**	(3,822)
Balance at the end of the period/ year	**-**	16,535

14 CASH AND CASH EQUIVALENTS

	30 June 2015 (Reviewed) QR'000	*31 December 2014 (Audited) QR'000*
Cash at bank and in hand	**243,928**	532,655
Time deposits	**2,185,232**	2,290,821
Total cash and cash equivalents	**2,429,160**	2,823,476
Less: reserves / time deposits maturing after 90 days	**(1,377,894)**	(388,415)
Cash and cash equivalents as per statement of cash flows	**1,051,266**	2,435,061

Time deposits carry interest at commercial rates.

15 SHARE CAPITAL

	30 June 2015 (Reviewed) QR'000	*31 December 2014 (Audited) QR'000*
Authorised, issued and fully paid up capital: 354,086,248 ordinary shares of QR 10 each (2014 : 354,086,248 shares of QR 10 each)	**3,540,862**	3,540,862
Number of shares ('000)		
On issue as at the beginning of the period/year	**354,086**	354,086
On issue as at the end of the period/year	**354,086**	354,086

At 30 June 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 and all issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends, 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.

16 OTHER RESERVES

	Fair value reserve QR'000	***Cash flow hedge reserve QR'000***	***Asset revaluation reserve QR'000***	***Total 30 June 2015 (Reviewed) QR'000***	*Total 31 December 2014 (Audited) QR'000*
Balance at 1 January	153,714	(6,129)	1,532,543	**1,680,128**	1,612,627
Increase/(decrease)	404	(159)	-	**245**	67,501
Balance as at the end of the period/year	**154,118**	**(6,288)**	**1,532,543**	**1,680,373**	1,680,128

Fair value reserve
The fair value reserve is used to record 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 an associate.

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.

17 INTEREST BEARING LOANS AND BORROWINGS

	30 June 2015 (Reviewed) QR'000	*31 December 2014 (Audited) QR'000*
Balance at 1 January	**5,098,334**	5,274,891
Draw downs	**720,335**	898,272
Repayments	**(893,406)**	(1,074,829)
	4,925,263	5,098,334
Less: Unamortised finance cost associated with raising finance	**(34,375)**	(36,706)
Balance as at the end of the period/year	**4,890,888**	5,061,628
Presented in the interim condensed consolidated statement of financial position as:		
Current liability	**1,388,368**	641,458
Non-current liability	**3,502,520**	4,420,170
	4,890,888	5,061,628

18 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.

Information regarding the results of each reportable segment is included below. 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 the State of Qatar except for the Enterprise Development Company (established in the 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 period ended 30 June 2015.

18 OPERATING SEGMENTS (CONTINUED)

	Urban Development		*Hydro Carbon & Energy*		*Hospitality & Leisure*		*Infrastructure & Utilities*		*Others*		*Total*	
	30 June 2015 (Reviewed) QR'000	*30 June 2014 (Reviewed) QR'000*	***30 June 2015 (Reviewed) QR'000***	*30 June 2014 (Reviewed) QR'000*	***30 June 2015 (Reviewed) QR'000***	*30 June 2014 (Reviewed) QR'000*	***30 June 2015 (Reviewed) QR'000***	*30 June 2014 (Reviewed) QR'000*	***30 June 2015 (Reviewed) QR'000***	*30 June 2014 (Reviewed) QR'000*	***30 June 2015 (Reviewed) QR'000***	*30 June 2014 (Reviewed) QR'000*
External revenue	**775,664**	879,861	-	-	**34,011**	33,898	**144,082**	149,567	**57,690**	45,359	**1,011,447**	1,108,685
Inter segment revenue	**15,029**	17,551	-	-	**163**	129	**10,057**	14,209	**40,406**	41,184	**65,655**	73,073
Interest income	**14,862**	8,835	-	-	**330**	54	**1,080**	1,127	**361**	-	**16,633**	10,016
Interest expense	**59,992**	63,648	-	-	**173**	178	**6,861**	6,830	**-**	-	**67,026**	70,656
Depreciation	**12,733**	14,944	-	-	**2,571**	5,154	**21,728**	28,467	**1,145**	1,863	**38,177**	50,428
Profit/(loss) for the period	**591,392**	566,303	-	-	**(1,616)**	(15,101)	**49,087**	49,600	**11,137**	6,372	**650,000**	607,174
Net share of results of associates	**8,141**	3,404	**5,268**	6,021	**-**	-	**-**	-	**-**	(176)	**13,409**	9,249

18 OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues and profit or loss:

Revenue

	30 June 2015 (Reviewed) QR'000	*30 June 2014 (Reviewed) QR'000*
Total revenue for reportable segments	**1,077,102**	1,181,758
Elimination of inter-segment revenue	**(65,655)**	(73,073)
Consolidated revenue	**1,011,447**	1,108,685

Profit or loss

	30 June 2015 (Reviewed) QR'000	*30 June 2014 (Reviewed) QR'000*
Total profit or loss for reportable segments	**650,000**	607,174
Elimination of inter-segment profits	**(86,341)**	(95,370)
Net share of results of associates	**13,409**	9,249
Consolidated profit for the period	**577,068**	521,053

19 FINANCIAL INSTRUMENTS

Fair values
Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments as at 30 June 2015 and 31 December 2014:

	Carrying amounts		*Fair values*	
	30 June 2015 (Reviewed) QR'000	*31 December 2014 (Audited) QR'000*	***30 June 2015 (Reviewed) QR'000***	*31 December 2014 (Audited) QR'000*
Financial assets				
Cash and cash equivalents	**2,429,160**	2,823,476	**2,429,160**	2,823,476
Accounts and other receivables, net	**1,537,557**	1,482,352	**1,537,557**	1,482,352
Available-for-sale financial assets	**509,209**	508,805	**509,209**	508,805
	4,475,926	4,814,633	**4,475,926**	4,814,633
Financial liabilities				
Accounts and other payables	**2,490,858**	2,730,176	**2,490,858**	2,730,176
Interest bearing loans and borrowings	**4,890,888**	5,061,628	**4,890,888**	5,061,628
Retentions payable	**260,134**	270,398	**260,134**	270,398
	7,641,880	8,062,202	**7,641,880**	8,062,202

19 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: Techniques which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

As at 30 June 2015 and 31 December 2014, the Group held the following classes of financial instruments measured at fair value:

Financial assets

	30 June 2015			
	(Reviewed) QR'000	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***
Available-for-sale financial assets	**505,209**	**505,209**	**-**	-
Investment property	**8,512,663**	**-**	**-**	**8,512,663**
Property, plant and equipment	**1,597,295**	**-**	**-**	**1,597,295**
	10,615,167	**505,209**	**-**	**10,109,958**

	31 December 2014			
	(Audited) QR'000	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*
Available-for-sale financial assets	504,805	504,805	-	-
Investment property	8,394,340	-	-	8,394,340
Assets held for sale	16,535	-	-	16,535
Property, plant and equipment	1,597,295	-	-	1,597,295
	10,512,975	504,805	-	10,008,170

20 CONTINGENCIES AND COMMITMENTS

The Group has contingencies and capital commitments in the form of bank guarantees, letters of credit and contractual commitments to contractors and suppliers. The Group anticipates that no material liability will arise from these guarantees and letters of credit, which are issued in the normal course of business.

In 2015, the Group entered into an agreement to provide a financing facility of QR247 million to its affiliate, Middle East Dredging Company Q.S.C. As at 30 June 2015, the Group has disbursed QR99.1 million related to this facility.