

United Development Company Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

30 SEPTEMBER 2015

United Development Company Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Nine months ended 30 September 2015

	Note	<i>For the Nine Months Ended 30 September</i>	
		<i>2015</i> <i>(Unaudited)</i> <i>QR'000</i>	<i>2014</i> <i>(Unaudited)</i> <i>QR'000</i>
Revenue		1,230,097	1,573,325
Cost of revenue		(454,472)	(638,117)
Gross profit		775,625	935,208
Dividend income		20,252	15,744
Other income		156,514	31,391
General, administrative, sales and marketing expenses		(277,128)	(321,051)
Results from operating activities		675,263	661,292
Finance income		25,979	15,401
Finance costs		(99,869)	(109,244)
Net finance income and costs		(73,890)	(93,843)
Net share of results of associates		18,519	21,281
Profit for the period		619,892	588,730
Attributable to:			
Equity holders of the parent		595,094	559,042
Non-controlling interest		24,798	29,688
Profit for the period		619,892	588,730
Basic earnings per share			
Basic earnings per share	6	1.68	1.58

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

United Development Company Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Nine months ended 30 September 2015

		<i>For the Nine Months Ended 30 September</i>	
		2015	2014
	<i>Note</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
		QR'000	QR'000
Profit for the period		619,892	588,730
Net gain in fair value of available-for-sale financial assets	16	(11,104)	107,364
Net movement in cash flow hedge reserve	16	(220)	-
Total comprehensive income for the period		608,568	696,094
Attributable to:			
Equity holders of the parent		583,770	666,406
Non-controlling interests		24,798	29,688
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		608,568	696,094

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

United Development Company Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

		<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Assets			
Non-current assets			
Property, plant and equipment	7	4,308,142	4,001,168
Investment properties	8	8,535,047	8,394,340
Intangible assets	9	3,677	4,466
Investment in associates	10	304,932	317,033
Available-for-sale financial assets	11	497,702	508,805
Accounts and other receivables - long term	12	140,165	18,071
Total non-current assets		13,789,665	13,243,883
Current assets			
Inventories		1,394,720	1,665,331
Assets held for sale	13	-	16,535
Accounts and other receivables, net – short term		1,335,473	1,464,281
Cash and cash equivalents	14	2,516,384	2,823,476
Total current assets		5,246,577	5,969,623
TOTAL ASSETS		19,036,242	19,213,506
Equity and liabilities			
Equity			
Share capital	15	3,540,862	3,540,862
Legal reserve		1,511,758	1,452,249
Other reserves	16	1,668,804	1,680,128
Retained earnings		4,189,699	4,098,763
Equity attributable to equity holders of the parent		10,911,123	10,772,002
Non-controlling interest		354,480	347,045
Total equity		11,265,603	11,119,047
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	17	3,328,521	4,420,170
Retention payable		112,267	111,063
Accounts and other payables – long term		67,629	58,747
Employees' end of service benefits		37,810	32,257
Total non-current liabilities		3,546,227	4,622,237
Current liabilities			
Accounts and other payables – short term		2,635,970	2,671,429
Interest bearing loans and borrowings	17	1,441,534	641,458
Retention payable		146,908	159,335
Total current liabilities		4,224,412	3,472,222
Total liabilities		7,770,639	8,094,459
TOTAL EQUITY AND LIABILITIES		19,036,242	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 October 2015.

Turki Mohammed Khaled Al Khater
Chairman of the Board

Ibrahim Jassim Al-Othman
President & Chief Executive Officer

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

United Development Company Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Nine months ended 30 September 2015

	<i>Attributable to the owners of the parent</i>				<i>Total</i> <i>QR '000</i>	<i>Non-</i> <i>controlling</i> <i>interest</i> <i>QR '000</i>	<i>Total</i> <i>equity</i> <i>QR '000</i>
	<i>Share</i> <i>capital</i> <i>QR '000</i>	<i>Legal</i> <i>reserve</i> <i>QR '000</i>	<i>Other</i> <i>reserves</i> <i>(Note 16)</i> <i>QR '000</i>	<i>Retained</i> <i>earnings</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	-	-	-	595,094	595,094	24,798	619,892
Other comprehensive income							
Net gain in fair value of available-for-sale financial assets	-	-	(11,104)	-	(11,104)	-	(11,104)
Change in cash flow hedge reserve	-	-	(220)	-	(220)	-	(220)
Total other comprehensive income	-	-	(11,324)	-	(11,324)	-	(11,324)
Total comprehensive income for the period	-	-	(11,324)	595,094	583,770	24,798	608,568
Dividend declared	-	-	-	(442,608)	(442,608)	(19,404)	(462,012)
Transfer to legal reserve	-	59,509	-	(59,509)	-	-	-
Change in non-controlling interest	-	-	-	(2,041)	(2,041)	2,041	-
Total transactions with owners	-	59,509	-	(504,158)	(444,649)	(17,363)	(462,012)
Balance at 30 September 2015 (Unaudited)	3,540,862	1,511,758	1,668,804	4,189,699	10,911,123	354,480	11,265,603

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

United Development Company Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the Nine months ended 30 September 2015

	<i>Attributable to the owners of the parent</i>					<i>Non-controlling interest</i> QR'000	<i>Total equity</i> QR'000
	<i>Share capital</i> QR'000	<i>Legal reserve</i> QR'000	<i>Other reserves</i> QR'000	<i>Retained earnings</i> QR'000	<i>Total</i> 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	-	-	-	559,042	559,042	29,688	588,730
Other comprehensive income							
Net gain in fair value of available-for-sale financial assets	-	-	107,364	-	107,364	-	107,364
Total other comprehensive income	-	-	107,364	-	107,364	-	107,364
Total comprehensive income for the period	-	-	107,364	559,042	666,406	29,688	696,094
Distribution of bonus shares	168,612	-	-	(168,612)	-	-	-
Dividend declared	-	-	-	(337,225)	(337,225)	(17,786)	(355,011)
Transfer to legal reserve	-	55,904	-	(55,904)	-	-	-
Change in non-controlling interest	-	-	-	-	-	(1,225)	(1,225)
Total transactions with owners	168,612	55,904	-	(561,741)	(337,225)	(19,011)	(356,236)
Balance at 30 September 2014 (Unaudited)	3,540,862	1,445,586	1,719,991	4,054,441	10,760,880	326,063	11,086,943

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

United Development Company Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Nine months ended 30 September 2015

	<i>30 September 2015 (Unaudited) QR'000</i>	<i>30 September 2014 (Unaudited) QR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	619,892	588,730
Adjustments for:		
Net share of results of associates	(18,519)	(21,281)
Depreciation and amortization	57,747	75,965
Loss (profit) on disposal of property, plant & equipment	(634)	(40)
Net finance income and costs	73,890	93,843
Loss on disposal of assets held for sale	2,816	-
Dividend income	(20,252)	(15,744)
Write off of assets	610	2,113
Provision for employees' end of service benefits	9,554	6,073
	<u>725,104</u>	<u>729,659</u>
Operating profit before working capital changes		
Changes in working capital:		
Inventories	166,372	345,225
Accounts and other receivables	12,327	107,280
Accounts and other payables	(25,382)	40,085
Retentions payable	(11,223)	(58,670)
	<u>867,198</u>	<u>1,163,579</u>
Cash from operating activities		
Finance cost paid	(102,964)	(111,744)
Proceeds from disposal of assets held for sale	13,719	-
Employees' end of service benefits paid	(3,764)	(4,650)
	<u>774,189</u>	<u>1,047,185</u>
Net cash flows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(368,220)	(205,192)
Proceeds from sale of property, plant and equipment	1,233	507
Acquisition of intangible assets	(455)	-
Finance income received	23,900	14,356
Dividend income received	20,252	15,744
Additions to investment property	(36,468)	(1,078)
Movement in time deposits maturing after three months	(679,929)	(327,229)
Dividend received from associate companies	30,400	50,960
	<u>(1,009,287)</u>	<u>(451,932)</u>
Net cash flow used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from term loans	1,522,193	630,727
Repayment of term loans	(1,818,449)	(924,962)
Dividend paid	(455,667)	(345,327)
Net movement in non-controlling interest	-	(1,224)
	<u>(751,923)</u>	<u>(640,786)</u>
Net cash flow used in financing activities		
Net decrease in cash and cash equivalents	(987,021)	(45,533)
Cash and cash equivalents at the beginning of the period	<u>2,435,061</u>	<u>1,890,879</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>14</u> <u>1,448,040</u>	<u>1,845,346</u>

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

United Development Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

United Development Company Q.P.S.C. (the “Company”) was incorporated as a Qatari Public 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 Nine months period ended 30 September 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 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.P.S.C for the Nine months ended 30 September 2015 were authorised for issue in accordance with a resolution of the Board of the Directors on 26 October 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 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 Group's annual consolidated 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 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 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 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.

<i>Topic</i>	<i>Effective date</i>
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

United Development Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of United Development Company Q.P.S.C. and all its subsidiaries as at 30 September 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.P.S.C. and its below listed subsidiaries.

	<i>Country of incorporation</i>	<i>% equity interest</i>	
		<i>2015</i>	<i>2014</i>
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%), The Rising Sun L.L.C (95.68%) and Urban Restaurant Development L.L.C (90%) in its consolidated financial statements. The Operation of Modern Lebanese Restaurant L.L.C which had a stake of 90% in 2014 is currently being liquidated. 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 Development Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

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.

United Development Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

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.

	<i>For the Nine Months Ended</i>	
	<i>30 September</i>	
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period attributable to the owners of the parent (QR'000)	<u>595,094</u>	<u>559,042</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>1.68</u>	<u>1.58</u>

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

	<i>30 September</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Net carrying value at 1 January	4,001,168	3,823,522
Additions	368,220	316,043
Written off	(610)	(2,245)
Transfers	(3,534)	(36,640)
Depreciation	(56,503)	(83,717)
Impairment including revaluation loss	-	(15,175)
Net disposal	<u>(599)</u>	<u>(620)</u>
Net carrying value at the end of the period/year	<u>4,308,142</u>	<u>4,001,168</u>

8 INVESTMENT PROPERTIES

	<i>30 September</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Balance at 1 January	8,394,340	7,290,596
Additions	36,468	4,548
Transfers	104,239	1,136,248
Impairment loss	<u>-</u>	<u>(37,052)</u>
Balance at the end of the period/year	<u>8,535,047</u>	<u>8,394,340</u>

United Development Company Q.P.S.C.

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9 INTANGIBLE ASSETS

	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Balance at 1 January	4,466	6,097
Additions	455	362
Amortisation	<u>(1,244)</u>	<u>(1,993)</u>
Balance at the end of the period/year	<u>3,677</u>	<u>4,466</u>

10 INVESTMENTS IN ASSOCIATES

The Group has the following investments in associate companies:

	<i>Country of incorporation</i>	<i>Shareholding</i>	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Middle East Dredging Company Q.S.C. (a)	Qatar	45.9%	-	-
Al-Seef Limited Q.S.C.	Qatar	20%	255,830	271,427
United Readymix W.L.L.	Qatar	32%	47,648	44,152
ASTECO Qatar (b)	Qatar	30%	<u>1,454</u>	<u>1,454</u>
			<u>304,932</u>	<u>317,033</u>

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. 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

	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Available-for-sale investments – quoted shares	493,702	504,805
Available-for-sale investments – unquoted shares	<u>4,000</u>	<u>4,000</u>
	<u>497,702</u>	<u>508,805</u>

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At 30 September 2015

12 ACCOUNTS AND OTHER RECEIVABLES – LONG TERM

	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Long term deposits	18,071	18,071
Long term loan receivable (i)	<u>122,094</u>	<u>-</u>
	<u><u>140,165</u></u>	<u><u>18,071</u></u>

- (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

	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Balance at 1 January	16,535	20,357
Disposal	(16,535)	-
Impairment loss	<u>-</u>	<u>(3,822)</u>
Balance at the end of the period/ year	<u><u>-</u></u>	<u><u>16,535</u></u>

14 CASH AND CASH EQUIVALENTS

	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
Cash at bank and in hand	348,251	532,655
Time deposits	<u>2,168,133</u>	<u>2,290,821</u>
Total cash and cash equivalents	<u>2,516,384</u>	<u>2,823,476</u>
Less: reserves / time deposits maturing after 90 days	<u>(1,068,344)</u>	<u>(388,415)</u>
Cash and cash equivalents as per statement of cash flows	<u><u>1,448,040</u></u>	<u><u>2,435,061</u></u>

Time deposits carry interest at commercial rates.

United Development Company Q.P.S.C.

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At 30 September 2015

15 SHARE CAPITAL

	<i>30 September 2015 (Unaudited) QR'000</i>	<i>31 December 2014 (Audited) QR'000</i>
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)	<u>3,540,862</u>	<u>3,540,862</u>
Number of shares ('000)		
On issue as at the beginning of the period/year	<u>354,086</u>	<u>354,086</u>
On issue as at the end of the period/year	<u>354,086</u>	<u>354,086</u>

At 30 September 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

	<i>Fair value reserve QR'000</i>	<i>Cash flow hedge reserve QR'000</i>	<i>Asset revaluation reserve QR'000</i>	<i>Total 30 September 2015 (Unaudited) QR'000</i>	<i>Total 31 December 2014 (Audited) QR'000</i>
Balance at 1 January	153,714	(6,129)	1,532,543	1,680,128	1,612,627
Increase/(decrease)	<u>(11,104)</u>	<u>(220)</u>	<u>-</u>	<u>(11,324)</u>	<u>67,501</u>
Balance as at the end of the period/year	<u>142,610</u>	<u>(6,349)</u>	<u>1,532,543</u>	<u>1,668,804</u>	<u>1,680,128</u>

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.

United Development Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

17 INTEREST BEARING LOANS AND BORROWINGS

	<i>30 September 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	1,522,193	898,272
Repayments	(1,818,449)	(1,074,829)
	4,802,078	5,098,334
Less: Unamortised finance cost associated with raising finance	(32,023)	(36,706)
Balance as at the end of the period/year	4,770,055	5,061,628
Presented in the interim condensed consolidated statement of financial position as:		
Current liability	1,441,534	641,458
Non-current liability	3,328,521	4,420,170
	4,770,055	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.

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 September 2015.

19 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 September 2015, the Group has disbursed QR122 million related to this facility.