

**United Development Company Q.P.S.C.**

**Condensed consolidated  
interim financial statements  
as at 31 March 2020**

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## United Development Company Q.P.S.C.

### Condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2020

	Note	Three-month period ended 31 March	
		2020 (Unaudited) QR'000	2019 (Unaudited) QR'000
Revenue		296,072	530,086
Cost of revenue		(152,583)	(268,238)
<b>Gross profit</b>		<b>143,489</b>	<b>261,848</b>
Dividend income		48	36
Other operating income		18,449	14,327
Fair value (loss)/gain on investment securities		(16,518)	1,702
Provision for impairment on trade receivables		(737)	-
General and administrative expenses		(63,402)	(64,424)
Sales and marketing expenses		(2,782)	(9,301)
<b>Operating profit</b>		<b>78,547</b>	<b>204,188</b>
Finance income		10,226	11,784
Finance costs		(32,220)	(43,768)
<b>Net finance costs</b>		<b>(21,994)</b>	<b>(31,984)</b>
Net share of results of associates		218	3,797
<b>Net profit for the period</b>		<b>56,771</b>	<b>176,001</b>
<b>Net profit for the period attributable to:</b>			
Equity holders of the Parent		49,192	170,596
Non-controlling interests		7,579	5,405
		<b>56,771</b>	<b>176,001</b>
<b>Earnings per share attributable to equity holders of the Parent:</b>			
Basic and diluted earnings per share (QR)	6	<b>0.014</b>	0.048
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>56,771</b>	<b>176,001</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Parent		49,192	170,596
Non-controlling interests		7,579	5,405
		<b>56,771</b>	<b>176,001</b>

The attached notes from 1 to 31 form part of these condensed consolidated interim financial statements.

# United Development Company Q.P.S.C.

## Condensed consolidated statement of financial position as at 31 March 2020

	Note	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	2,948,638	2,974,758
Investment properties	8	9,453,103	9,460,268
Right-of-use assets	9	9,073	5,616
Intangible assets	10	350	449
Investment in associates	11	45,586	48,568
Investment securities	12	46,159	62,677
Accounts and other receivables	15	609,940	589,584
Deferred costs	14	124,187	128,577
<b>Total non-current assets</b>		<b>13,237,036</b>	<b>13,270,497</b>
<b>Current assets</b>			
Inventories, net	13	947,083	939,978
Work in progress		816,443	720,002
Accounts and other receivables	15	1,787,148	1,955,425
Deferred costs	14	17,600	17,600
Cash and bank balances	16	1,305,572	1,298,366
<b>Total current assets</b>		<b>4,873,846</b>	<b>4,931,371</b>
<b>Total assets</b>		<b>18,110,882</b>	<b>18,201,868</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	17	3,540,862	3,540,862
Legal reserve		1,734,706	1,729,787
Other reserve	18	1,212,049	1,212,049
Retained earnings		4,299,865	4,431,132
<b>Equity attributable to equity holders of the parent</b>		<b>10,787,482</b>	<b>10,913,830</b>
Non-controlling interests		331,795	325,719
<b>Total equity</b>		<b>11,119,277</b>	<b>11,239,549</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	19	1,478,070	1,508,651
Accounts and other payables	20	192,589	187,543
Retention payable	21	31,124	21,787
Deferred revenue	22	661,521	676,202
Employees' end-of-service benefits	23	47,238	45,264
Lease liabilities	24	6,436	4,518
<b>Total non-current liabilities</b>		<b>2,416,978</b>	<b>2,443,965</b>
<b>Current liabilities</b>			
Loans and borrowings	19	1,866,705	1,851,584
Accounts and other payables	20	2,527,991	2,483,907
Retention payable	21	120,801	126,332
Deferred revenue	22	56,268	55,318
Lease liabilities	24	2,862	1,213
<b>Total current liabilities</b>		<b>4,574,627</b>	<b>4,518,354</b>
<b>Total liabilities</b>		<b>6,991,605</b>	<b>6,962,319</b>
<b>Total equity and liabilities</b>		<b>18,110,882</b>	<b>18,201,868</b>

These condensed consolidated interim financial statements were approved by the Board of Directors and signed on their behalf on 22 April 2020 by:

Ibrahim Jassim Al-Othman  
President and Chief Executive Officer

Turki Bin Mohamed Al-Khater  
Chairman of the Board

The attached notes from 1 to 31 form part of these condensed consolidated interim financial statements.

## United Development Company Q.P.S.C.

### Condensed consolidated statement of changes in equity for the three-month period ended 31 March 2020

	Attributable to equity holders of the Parent				Total QR'000	Non- controlling interests QR'000	Total equity QR'000
	Share capital QR'000	Legal reserve QR'000	Other reserves QR'000	Retained earnings QR'000			
Balance at 1 January 2019 (Audited)	3,540,862	1,687,457	1,212,049	4,414,833	10,855,201	290,911	11,146,112
Net profit for the period	-	-	-	170,596	170,596	5,405	176,001
Other comprehensive income for the period	-	-	-	-	-	-	-
Transfer to legal reserve	-	17,060	-	(17,060)	-	-	-
Dividend paid (Note 30)	-	-	-	(354,086)	(354,086)	-	(354,086)
Movement in non-controlling interests	-	-	-	-	-	2,951	2,951
<b>Balance at 31 March 2019 (Unaudited)</b>	<b>3,540,862</b>	<b>1,704,517</b>	<b>1,212,049</b>	<b>4,214,283</b>	<b>10,671,711</b>	<b>299,267</b>	<b>10,970,978</b>
Balance at 1 January 2020 (Audited)	3,540,862	1,729,787	1,212,049	4,431,132	10,913,830	325,719	11,239,549
Net profit for the period	-	-	-	49,192	49,192	7,579	56,771
Other comprehensive income for the period	-	-	-	-	-	-	-
Transfer to legal reserve	-	4,919	-	(4,919)	-	-	-
Dividend paid (Note 30)	-	-	-	(177,043)	(177,043)	-	(177,043)
Movement in non-controlling interests	-	-	-	1,503	1,503	(1,503)	-
<b>Balance at 31 March 2020 (Unaudited)</b>	<b>3,540,862</b>	<b>1,734,706</b>	<b>1,212,049</b>	<b>4,299,865</b>	<b>10,787,482</b>	<b>331,795</b>	<b>11,119,277</b>

The attached notes from 1 to 31 form part of these condensed consolidated interim financial statements.

## United Development Company Q.P.S.C.

### Condensed consolidated statement of cash flows for the three-month period ended 31 March 2020

	Note	31 March 2020 (Unaudited) QR'000	31 March 2019 (Unaudited) QR'000
<b>Operating activities:</b>			
Net profit for the period		56,771	176,001
Adjustments:			
Net share of results in associates		(218)	(3,797)
Depreciation on property, plant and equipment	7	27,241	26,838
Amortisation of intangible assets		99	-
Amortisation of right-of-use assets	9	914	2,154
Net finance costs		21,994	31,984
Dividend income		(48)	(36)
Loss on disposal of property, plant and equipment	7	2,695	-
Provision for impairment of trade receivables		737	-
Fair value loss/(gain) on investment securities		16,518	(1,702)
Provision for employees' end-of-service benefits	23	2,757	8,024
<b>Operating profit before changes in working capital</b>		<b>129,460</b>	<b>239,466</b>
Changes in working capital:			
Inventories		1,876	102,567
Work in progress		(96,441)	(42,946)
Accounts and other receivables		152,548	(29,829)
Accounts and other payables		36,479	130,183
Retention payable		3,806	(30,670)
Deferred revenue and cost, net		(9,341)	(55,378)
<b>Cash generated from operating activities</b>		<b>218,387</b>	<b>313,393</b>
Finance costs paid		(17,786)	(39,891)
Employees' end-of-service benefits paid	23	(783)	(289)
<b>Net cash generated from operating activities</b>		<b>199,818</b>	<b>273,213</b>
<b>Investing activities:</b>			
Additions to property, plant and equipment	7	(3,816)	(5,274)
Finance income received		4,862	8,247
Additions to investment properties	8	(1,816)	(2,890)
Repayment of lease liabilities	24	(938)	(1,463)
Movement in time deposits maturing after three months		56,038	144,757
Dividend received from associate and other investees		3,248	36
<b>Net cash generated from investing activities</b>		<b>57,578</b>	<b>143,413</b>
<b>Financing activities:</b>			
Proceeds from loans and borrowings		28,980	65,201
Repayment of loans and borrowings		(46,089)	(165,452)
Dividend	30	(177,043)	(354,086)
<b>Net cash used in financing activities</b>		<b>(194,152)</b>	<b>(454,337)</b>
Net increase/(decrease) in cash and cash equivalents		63,244	(37,711)
Cash and cash equivalents at the beginning of the period		300,897	272,693
<b>Cash and cash equivalents at the end of the period</b>	16	<b>364,141</b>	<b>234,982</b>

The attached notes from 1 to 31 form part of these condensed consolidated interim financial statements.

# **United Development Company Q.P.S.C.**

## **Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2020**

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### **1. Corporate information and principal activities**

United Development Company Q.P.S.C. (the “Company”) (the “Parent”) 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 and its registered office address is P.O box 7256. The condensed consolidated interim financial statements of the Group as at and for the three-month period ended 31 March 2020 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 3.2.

The principal activity of the Group is to contribute and invest in infrastructure and utilities, urban development, environment related businesses, marina and related services, hospitality and leisure, business management and providing information technology solutions.

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 condensed consolidated interim financial statements of the Group for the three-month period ended 31 March 2020 were authorised for issue in accordance with approval of the Board of the Directors on 22 April 2020.

### **2. Basis of preparation**

The condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting*.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for land categorised as property, plant and equipment, investment securities and investment properties that are presented at fair value in accordance with IFRS.

These condensed consolidated interim financial statements are presented in Qatari Riyals (QR), which is the Group’s functional currency. All financial information is presented in Qatari Riyals and all values are rounded to the nearest thousands unless and otherwise indicated.

These condensed consolidated interim financial statements do not include all the information required in the annual consolidated financial statements and should be read in conjunction with the Group consolidated financial statements as at 31 December 2019.

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 are available upon request from the Company’s registered office or at the Company’s website [www.udcqatar.com](http://www.udcqatar.com).

### **3. Significant accounting policies**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those that were applied in the consolidated financial statements of the Group as at and for the year ended 31 December 2019.

# United Development Company Q.P.S.C.

## Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2020 (continued)

### 3. Significant accounting policies (continued)

#### 3.1 Adoption of IFRS 16 “Leases”

The Group adopted IFRS 16 *Leases* effective from 1 January 2019, using the modified retrospective approach. As a lessee, IFRS 16 stipulates that all leases and associated contractual rights and obligations should be recognised on the Group’s statement of financial position, unless the lease term is 12 months or less or the lease is for a low value asset. For each lease, the Lessee recognises a liability for the lease obligations payable in the future. Correspondingly, a right-of-use lease asset is capitalised at an amount equivalent to the present value of the future lease payments plus directly attributable costs, which is amortised over the useful life.

The Group has land leases for cooling plants, office premises and properties used for retail outlets and staff accommodation. Upon adoption of IFRS 16, the Group recognised right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

IFRS 16 did not have an impact for leases where the Group is the lessor. The Group as a lessor continues to classify leases as finance lease or operating lease and accounts for them differently. However, IFRS 16 has expanded the disclosures required explaining how the lessor manages the risks arising from its residual interest on the leased assets. This does not have an impact on the Group as it has no finance leases as a lessor.

#### 3.2 Basis of consolidation

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in these condensed consolidated interim financial statements from the date that control commences until that date that control ceases. The Group consolidates all the entities where it has the power to govern the financial and operating policies. All balances and transactions between Group entities included in these condensed consolidated interim financial statements have been eliminated upon consolidation.

Upon 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 upon loss of control is recognised in the condensed consolidated interim statement of profit or loss. If the Group retains any interest in the previous subsidiary, such interest is measured at fair value as at the date control is lost. Subsequently it is accounted as an equity-accounted investee or as a financial asset under IFRS 9 depending on the level of influence retained.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the condensed consolidated interim statements of profit or loss and financial position separately from the Company shareholders’ interests.

The condensed consolidated interim financial statements comprise the financial statements of the Company and all its subsidiaries as at 31 March 2020. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company using consistent accounting policies. The condensed consolidated interim financial statements include the financial statements of The Parent, and its subsidiaries listed in the following table:

<u>Name of the entity</u>	<u>Country of incorporation</u>	<u>% equity interest</u>	
		<u>2020</u>	<u>2019</u>
Qatar District Cooling Company Q.C.S.C.	Qatar	51	51
Ronautica Middle East W.L.L.	Qatar	100	100
The Pearl Qatar Company W.L.L.	Qatar	100	100
Hospitality Development Company W.L.L.	Qatar	100	100
United Fashion Company W.L.L.	Qatar	100	100
Madina Centrale Company W.L.L.	Qatar	100	100
Abraj Al-Mutahida Company W.L.L.	Qatar	100	100
United Facilities Management Company W.L.L.	Qatar	100	100
Scoop Media and Communication Company W.L.L.	Qatar	100	100
Pragmatech Company W.L.L.	Qatar	100	100
Glitter W.L.L.	Qatar	100	100
Insure Plus W.L.L.	Qatar	100	100
Madina Innova W.L.L.	Qatar	100	100



## United Development Company Q.P.S.C.

### Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2020 (continued)

#### 3. Significant accounting policies (continued)

##### 3.2 Basis of consolidation (continued)

Name of the entity	Country of incorporation	% equity interest	
		2020	2019
The Pearl Owners Corporation W.L.L.	Qatar	100	100
United Development Investment Company	Cayman Island	100	100
United Technology Solution W.L.L.	Qatar	100	100
Leisure and Resorts Company W.L.L.	Qatar	100	100

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

The accumulated balance of non-controlling interest disclosed in the condensed consolidated interim statement of financial position of QR 331.8 million as at 31 March 2020 (31 December 2019: QR 325.7 million) relates to the 49% equity interest in Qatar District Cooling Company Q.C.S.C that is not owned by the Group. Profit allocated to non-controlling interest for the three-month period ended 31 March 2020 amounted to QR 7.6 million (2019: QR 5.4 million).

Ronautica Middle East W.L.L. is involved in the operation of marina and sale of marine related equipment. During 2008, the capital of Ronautica Middle East W.L.L. 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 purchased the non-controlling interest of Ronautica Middle East W.L.L., which increased its equity interest from 88% to 100%.

The Pearl Qatar Company W.L.L.'s activity is real estate investments.

Hospitality Development Company W.L.L. (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 (100%), Flavour of Mexico L.L.C (100%), The Rising Sun L.L.C (95.68%), Wafflemaster Restaurant L.L.C (100%), Isla Mexican Kitchen W.L.L. (100%), Arabeque Restaurant W.L.L.(100%), The Circle Café W.L.L. (100%) and Alison Nelson's Chocolate Bar W.L.L. (100%) in its consolidated financial statements.

United Fashion Company W.L.L. was engaged in fashion retailing. The mandate of the Company was to acquire top international names for brand franchising and operating in the Middle East. The Company ceased operations during 2017.

Medina Centrale Company W.L.L. is engaged in the investment of real estate properties.

Abraj Al-Mutahida Company W.L.L.'s activity is in the development of real estate properties. During 2016, the name of the company was changed from "Abraj Quartier Company" to "Abraj Al-Mutahida".

United Facilities Management Company W.L.L. was engaged in facility management activity. The Company ceased operations during 2017.

Scoop Media and Communication Company W.L.L. activity is in the advertising sector.

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

Glitter W.L.L.'s activity is to provide cleaning related services.

Insure plus W.L.L.'s activity is an insurance agency and providing technical and risk related services.

Madina Innova W.L.L. is engaged in providing registry and master community services at the Pearl Qatar.

# United Development Company Q.P.S.C.

## Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2020 (continued)

### 3. Significant accounting policies (continued)

#### 3.2 Basis of consolidation (continued)

The Pearl Owners Corporation W.L.L. is engaged in property management support services.

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

United Technology Solutions W.L.L. is engaged in providing information technology solutions.

Leisure and Resorts W.L.L.'s activity is in the operation and development of hotels and resorts.

### 4. Estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The critical estimates and judgments used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group's consolidated financial statements for the year ended 31 December 2019.

### 5. Financial risk management

The Group financial risk management objectives and policies are consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 December 2019.

### 6. Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of shares outstanding during the year. There were no instruments or items that could cause a dilutive effect on the earnings per share calculation.

	<b>Three-month period ended 31 March</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
Profit for the year attributable to equity holders of the Parent (QR'000)	<b>49,192</b>	170,596
Weighted average number of outstanding shares during the year ('000)	<b>3,540,862</b>	3,540,862
Basic and diluted earnings per share (QR)	<b>0.014</b>	0.048

As per instructions of the Qatar Financial Markets Authority, the Extraordinary General Assembly on 26 February 2019 approved a 10 for 1 share split whereby 10 new shares with a par value of QAR 1 each were exchanged for each old share with a par value of QAR 10. This was effected on 3 July 2019 and the total number of outstanding shares increased from 354,086,248 to 3,540,862,500. Consequently, earnings per share for the comparative period has been restated.

### 7. Property, plant and equipment

	<b>31 March 2020</b>	31 December 2019
	<b>(Unaudited)</b>	(Audited)
	<b>QR'000</b>	QR'000
Carrying value at the beginning of the period/year	<b>2,974,758</b>	3,026,216
Additions	<b>3,816</b>	63,089
Transfers, net	-	(1,748)
Disposals	<b>(2,695)</b>	(2,430)
Depreciation for the period/year	<b>(27,241)</b>	(110,369)
Carrying value at the end of the period/year	<b>2,948,638</b>	2,974,758

## United Development Company Q.P.S.C.

### Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2020 (continued)

#### 8. Investment properties

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
Balance at the beginning of the period/year	9,460,268	9,434,550
Additions during the period/year	1,816	37,915
Transfers, net	(8,981)	(31,870)
Fair value gains	-	19,673
Balance at the end of the period/year	<u>9,453,103</u>	<u>9,460,268</u>

#### 9. Right-of-use assets

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
Balance at the beginning of the period/year	5,616	6,367
Additions	4,372	981
Amortisation for the period/year	(914)	(1,732)
Balance at the end of the period/year	<u>9,073</u>	<u>5,616</u>

#### 10. Intangible assets

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
Balance at the beginning of the period/year	449	586
Additions	-	-
Amortisation for the period/year	(99)	(194)
Impairment	-	57
Balance at the end of the period/year	<u>350</u>	<u>449</u>

#### 11. Investment in associate

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
Balance at the beginning of the period/year	48,568	43,441
Share of profit for the period/year	218	11,527
Dividend received	(3,200)	(6,400)
Balance at the end of the period/year	<u>45,586</u>	<u>48,568</u>

Investment in associate represents the Group's shareholding of 32% in United Readymix W.L.L., a company incorporated in the State of Qatar, engaged in the production and sale of ready-mix concrete and other building materials.

## United Development Company Q.P.S.C.

### Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2020 (continued)

#### 12. Investment securities

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
Balance at the beginning of the period/year	62,677	60,581
Fair value (loss)/gain	(16,518)	2,096
Balance at the end of the period/year	<u>46,159</u>	<u>62,677</u>
Quoted shares inside Qatar	23,084	29,197
Quoted shares outside Qatar	<u>23,075</u>	<u>33,480</u>
	<u>46,159</u>	<u>62,677</u>

#### 13. Inventories

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
Land and properties held for trading	906,045	907,514
Construction works in progress	14,534	16,102
Material and spare parts	25,883	15,718
Food, beverage and consumables	621	644
	<u>947,083</u>	<u>939,978</u>

#### 14. Deferred costs

These represent costs incurred in respect of connection revenue and one-time capacity revenue that is recognised on a straight-line basis over the term of the contracts with the customers, which is in line with the recognition of revenue from these sources.

#### 15. Accounts and other receivables

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
<b>Non-current:</b>		
Accounts receivable	572,219	550,761
Long term deposits	<u>37,721</u>	<u>38,823</u>
	<u>609,940</u>	<u>589,584</u>
<b>Current:</b>		
Accounts receivable, net	996,045	1,198,349
Advances to contractors	150,700	125,529
Amounts due from related parties	7,216	9,503
Prepayments and accruals	42,176	30,811
Others	<u>591,011</u>	<u>591,233</u>
	<u>1,787,148</u>	<u>1,955,425</u>

## United Development Company Q.P.S.C.

### Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2020 (continued)

#### 16. Cash and bank balances

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
Cash in hand and bank balances	304,897	156,515
Time deposits	1,000,675	1,141,851
Total cash and bank balances	1,305,572	1,298,366
Time deposits with original maturities greater than 90 days	(941,431)	(997,469)
Cash and cash equivalents	364,141	300,897

#### 17. Share capital

At the reporting date, share capital represents 3,540,862,500 authorised, issued and fully paid ordinary shares of QR 1 each. As per instructions of the Qatar Financial Markets Authority, the Extraordinary General Assembly on 26 February 2019 approved a 10 for 1 share split whereby 10 new shares with a par value of QR 1 each were exchanged for each old share with a par value of QR 10. This was affected on 3 July 2019 causing an increase in the number of authorised and issued shares from 354,086,248 to 3,540,862,500.

#### 18. Other reserves

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

#### 19. Loans and borrowings

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
Loans and borrowings	3,361,528	3,378,637
Unamortised costs associated with raising finance	(16,753)	(18,402)
	3,344,775	3,360,235
Presented as:		
Non-current liability	1,478,070	1,508,651
Current liability	1,866,705	1,851,584
	3,344,775	3,360,235

#### 20. Accounts and other payables

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
<b>Non-current:</b>		
Master community reserve fund	88,000	84,427
Customer deposits	104,589	103,116
	192,589	187,543
<b>Current:</b>		
Accounts payable	144,098	135,788
Accrued contract costs	622,724	630,359
Advances received from customers	1,436,468	1,353,547
Other accruals	80,435	130,721
Other liabilities	244,266	233,492
	2,527,991	2,483,907

## United Development Company Q.P.S.C.

### Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2020 (continued)

#### 21. Retention payable

Retention payable represents amounts withheld from payments to contractors as per contractual terms. These amounts are payable upon completion of work and satisfactory discharge of obligations by the relevant contractors.

#### 22. Deferred revenue

Deferred revenue represents connection fees and one-time capacity revenues that will be recognised in the statement of profit or loss on a straight-line basis over the term of the contracts with customers. Related direct costs are recognised into the statement of profit or loss at the same time (Note 14).

#### 23. Employees' end-of-service benefits

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
Balance at the beginning of the period/year	45,264	36,704
Charge for the period/year	2,757	15,511
Payments during the period/year	(783)	(6,951)
Balance at the end of the period/year	<u>47,238</u>	<u>45,264</u>

#### 24. Lease liabilities

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
Balance at the beginning of the period/year	5,731	6,367
Additions	4,372	981
Lease payments during the period/year	(938)	(1,923)
Interest expense on lease liabilities	133	306
Balance at the end of the period/year	<u>9,298</u>	<u>5,731</u>
Presented as:		
Non-current liabilities	6,436	4,518
Current liabilities	<u>2,862</u>	<u>1,213</u>
	<u>9,298</u>	<u>5,731</u>

#### 25. Contingent liabilities

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
Bank guarantees and bonds	<u>319,325</u>	<u>7,044</u>

The Group anticipates that no material liability will arise from the above guarantees which are issued in the ordinary course of business.

A court case is ongoing between the Company and a developer. The developer has filed a case against the Company and the Company has filed a counter claim against the developer, each seeking compensation for the recovery of costs incurred and damages suffered.

The developer's case was decreed by the court in their favour, but the Company has appealed against the judgement. No profit or loss on this project has been recognised by the Company but based on the assessment of the Company's lawyers, no material additional liability is expected to arise from this case.

## United Development Company Q.P.S.C.

### Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2020 (continued)

#### 26. Capital commitments

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000
Contractual commitments to contractors and suppliers	<u>1,730,286</u>	<u>1,329,871</u>

#### 27. Financial instruments

The significant accounting policies and methods adopted, including the criteria for recognition, basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are the same as those that were applied in the consolidated financial statements of the Group as at and for the year ended 31 December 2019.

#### 28. Fair values of financial instruments

Financial assets consist of investment securities, cash and bank balances, available-for-sale financial assets and receivables. Financial liabilities consist of loans and borrowings, payables, and accrued expenses.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Differences can therefore arise between book value under historical cost method and fair value estimates.

##### *Fair value hierarchy*

The Company 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 value that are not based on observable market data.

The management considers the carrying amounts of the financial assets and financial liabilities recognised in these condensed consolidated interim financial statements are approximate to their fair values. The entire portfolio of investment securities (Note 12) is classified as Level 1, property, plant and equipment (Note 7) is classified as Level 3 and investment properties (Note 8) are classified under Level 2 and Level 3.

#### 29. 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:

<u>Reportable segment</u>	<u>Nature of operations</u>
Urban development	Real estate development and construction activities
Hospitality and leisure	Investment and development of hotel, leisure facilities and selling of luxurious items
Infrastructure and utilities	Construction and management of district cooling systems and marina activities
Other operations	Providing information technology solutions and other services

The accounting policies of the reportable segments are the same as described in note 3.

## United Development Company Q.P.S.C.

### Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2020 (continued)

#### 29. Operating segments (continued)

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 of the State of Qatar except for United Development Investment Company (established in Cayman Island), which does not have any material operations outside Qatar. Majority of the Group assets are in the State of Qatar, accordingly, there are no distinctly identifiable geographical segments in the Group as at 31 March 2020.

	Urban development QR'000	Hospitality and leisure QR'000	Infrastructure and utilities QR'000	Others QR'000	Inter- segment elimination QR'000	Total QR'000
<b>31 March 2020 (Unaudited):</b>						
Revenue	172,562	6,150	84,873	34,284	(1,797)	296,072
Finance income	7,128	2	2,484	612	-	10,226
Finance costs	(27,823)	(22)	(6,657)	-	2,282	(32,220)
Depreciation	(7,879)	(1,249)	(15,249)	(130)	(2,733)	(27,240)
Net share of results in associates	218	-	-	-	-	218
Profit/(loss) for the period	<u>36,881</u>	<u>(1,865)</u>	<u>16,221</u>	<u>8,276</u>	<u>(2,742)</u>	<u>56,771</u>
<b>31 March 2019 (Unaudited):</b>						
Revenue	406,462	7,763	85,138	38,380	(7,657)	530,086
Finance income	8,411	2	2,829	542	-	11,784
Finance costs	(35,305)	-	(8,463)	-	-	(43,768)
Depreciation	(11,299)	(698)	(14,728)	(113)	-	(26,838)
Net share of results in associates	3,797	-	-	-	-	3,797
Profit/(loss) for the period	<u>157,148</u>	<u>(1,585)</u>	<u>14,805</u>	<u>8,243</u>	<u>(2,610)</u>	<u>176,001</u>

#### 30. Dividend

On 3 March 2020, the Company held its annual general meeting for the year 2019 which, among other things, approved a cash dividend of 5% of share capital amounting to QR 177 million. On 26 February 2019, the Company held its annual general meeting for the year 2018 which, among other things, approved a cash dividend of 10% of share capital amounting to QR 354 million.

#### 31. Comparative information

Certain comparative figures have been reclassified to conform to the presentation in the current period condensed consolidated interim financial statements. However, such reclassifications did not have any effect on the net profit and net equity of the comparative year.