United Development Company Q.P.S.C.

Condensed consolidated interim financial statements as at 30 June 2019

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Condensed consolidated interim financial statements
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Contents

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Independent auditor's report on review of condensed consolidated interim financial statements

To the Board of Directors
United Development Company Q.P.S.C.
Doha
State of Qatar

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of United Development Company Q.P.S.C. (the "Company") as at 30 June 2019, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and the notes to the interim financial statements ("the condensed consolidated interim financial statements"). The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements 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 condensed consolidated interim financial statements as at and for the six months period ended 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

24 July 2019
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors Registry Number 251
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License Number 120153

United Development Company Q.P.S.C.

Condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2019

	Note	Six-month period ended 30 June 2019 (Reviewed) QR'000	2018 (Reviewed) QR'000
Revenue		**912,225**	888,572
Cost of revenue		**(496,660)**	(443,918)
Gross profit		**415,565**	444,654
Dividend income		**1,356**	2,374
Other operating income		**29,940**	71,157
Gain on sale of investment securities		**-**	10,172
Fair value gain/(loss) on investment securities		**1,168**	(29,979)
Impairment loss on trade and other receivables		**(1,194)**	(1,761)
General and administrative expenses		**(135,675)**	(130,089)
Sales and marketing expenses		**(21,702)**	(22,166)
Operating profit		**289,458**	344,362
Finance income		**21,762**	19,765
Finance costs		**(81,511)**	(88,976)
Net finance cost		**(59,749)**	(69,211)
Net share of results of associates		**8,184**	4,108
Net profit for the period		**237,893**	279,259
Net profit for the period attributable to:			
Equity holders of the Parent		**224,622**	260,432
Non-controlling interests		**13,271**	18,827
		237,893	279,259
Other comprehensive income		**-**	-
Total comprehensive income for the period		**237,893**	279,259
Total comprehensive income attributable to:			
Equity holders of the Parent		**224,622**	260,432
Non-controlling interests		**13,271**	18,827
		237,893	279,259
Earnings per share attributable to equity holders of the Parent			
Basic and diluted earnings per share (QR)	**6**	**0.063**	0.074

The attached notes 1 to 21 form part of these condensed consolidated interim financial statements.

United Development Company Q.P.S.C.

Condensed consolidated statement of financial position
as at 30 June 2019

	Note	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	**2,985,711**	3,026,216
Investment properties	8	**9,414,597**	9,434,550
Right-of-use assets		**5,788**	-
Intangible assets	9	**558**	586
Investment in associates	10	**48,267**	43,441
Investment securities	11	**61,749**	60,581
Accounts and other receivables	12	**331,215**	378,815
Deferred costs		**130,937**	133,438
Total Non-Current Assets		**12,978,822**	13,077,627
Current Assets			
Inventories		**1,060,434**	1,142,539
Work in progress		**550,566**	403,975
Accounts and other receivables	12	**2,284,646**	2,252,860
Deferred costs		**16,952**	16,673
Cash and bank balances	13	**1,221,115**	1,441,122
Total Current Assets		**5,133,713**	5,257,169
Total Assets		**18,112,535**	18,334,796
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**3,540,862**	3,540,862
Legal reserve		**1,709,919**	1,687,457
Other reserves	15	**1,212,049**	1,212,049
Retained earnings		**4,262,907**	4,414,833
Equity attributable to equity holders of the Parent		**10,725,737**	10,855,201
Non-controlling interest		**304,182**	290,911
Total Equity		**11,029,919**	11,146,112
Liabilities			
Non-Current Liabilities			
Interest bearing loans and borrowings	16	**2,350,326**	2,534,700
Accounts and other payables		**140,992**	130,042
Retention payable		**32,201**	23,004
Deferred revenue		**656,634**	662,623
Employees' end-of-service benefits		**45,461**	36,704
Lease liability		**4,825**	-
Total Non-Current Liabilities		**3,230,439**	3,387,073
Current Liabilities			
Interest bearing loans and borrowings	16	**1,262,037**	1,249,904
Accounts and other payables		**2,418,716**	2,354,650
Retentions payable		**108,444**	140,025
Deferred revenue		**62,087**	57,032
Lease liability		**893**	-
Total Current Liabilities		**3,852,177**	3,801,611
Total Liabilities		**7,082,616**	7,188,684
Total Equity and Liabilities		**18,112,535**	18,334,796

These condensed consolidated interim financial statements were approved by the Board of Directors and signed on their behalf on 24 July 2019 by:

Ibrahim Jassim Al-Othman
President and Chief Executive Officer

Abdulrahman Abdullah Al-Abdulghani
Vice Chairman of the Board

The attached notes 1 to 21 form part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity
for the six-month period ended 30 June 2019

	Attributable to equity holders of the Parent						
	Share capital QR'000	Legal reserve QR'000	Other reserves QR'000	Retained earnings QR'000	Total QR'000	Non-controlling interests QR'000	Total equity QR'000
2019:							
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	-	-	-	224,622	224,622	13,271	237,893
Other comprehensive income for the period	-	-	-	-	-	-	-
Transfer to legal reserve	-	22,462	-	(22,462)	-	-	-
Dividend paid	-	-	-	(354,086)	(354,086)	-	(354,086)
Balance at 30 June 2019 (Reviewed)	**3,540,862**	**1,709,919**	**1,212,049**	**4,262,907**	**10,725,737**	**304,182**	**11,029,919**
2018:							
Balance at 1 January 2018 (Audited)	3,540,862	1,637,375	1,222,941	4,674,435	11,075,613	460,007	11,535,620
Adjustments for initial application of IFRS 15 *	-	-	-	(272,284)	(272,284)	(212,827)	(485,111)
Adjustments for initial application of IFRS 9 *	-	-	(18,734)	17,077	(1,657)	-	(1,657)
Adjusted balance at 1 January 2018 (Audited)	3,540,862	1,637,375	1,204,207	4,419,228	10,801,672	247,180	11,048,852
Net profit for the period				260,432	260,432	18,827	279,259
Other comprehensive income for the period	-	-	-	-	-	-	-
Transfer to legal reserve	-	26,040	-	(26,040)	-	-	-
Dividend paid	-	-	-	(442,608)	(442,608)	-	(442,608)
Balance at 30 June 2018 (Reviewed)	3,540,862	1,663,415	1,204,207	4,211,012	10,619,496	266,007	10,885,503

* Updated adjustments as reported in the consolidated financial statements as at 31 December 2018.

The attached notes 1 to 21 form part of these condensed consolidated interim financial statements.

United Development Company Q.P.S.C.

Condensed consolidated statement of cash flows for the six-month period ended 30 June 2019

	Note	Six-month period ended 30 June 2019 (Reviewed) QR'000	2018 (Reviewed) QR'000
Operating activities:			
Profit for the period		**237,893**	279,259
Adjustments for:			
Net share of results in associates		**(8,184)**	(4,108)
Depreciation	3.1 & 7	**54,071**	51,379
Impairment/write-off of property, plant and equipment	7	**1,250**	2,665
Amortisation of intangible asset	9	**28**	157
Impairment of intangible asset		**-**	4,481
Profit on disposal of property, plant and equipment		**-**	(143)
Net finance costs		**59,749**	69,211
Dividend income		**(1,356)**	(2,374)
Impairment of trade and other receivables		**1,194**	1,761
Fair value (gain)/loss on investment securities		**(1,168)**	29,979
Gain on sale of investment securities		**-**	(10,172)
Provision for employees' end-of-service benefits		**10,802**	4,499
Operating profit before changes in working capital		**354,279**	426,594
Changes in working capital:			
Inventories		**110,945**	161,579
Work in progress		**(146,591)**	(108,603)
Accounts and other receivables		**14,620**	(468,767)
Accounts and other payables		**79,487**	230,043
Retention payable		**(22,384)**	9,596
Deferred revenue and cost, net		**1,288**	-
Cash generated from operating activities		**391,644**	250,442
Finance cost paid		**(82,157)**	(84,939)
Employees' end-of-service benefits paid		**(2,045)**	(4,065)
Net cash generated from operating activities		**307,442**	161,438
Investing activities:			
Additions to property, plant and equipment	7	**(14,237)**	(8,802)
Additions to investment securities		**-**	(29,269)
Proceeds from the sale of property, plant and equipment		**-**	504
Finance income received		**21,762**	19,765
Dividend received		**4,714**	22,374
Additions to investment properties	8	**(8,887)**	(6,626)
Repayment of lease liabilities		**(735)**	-
Movement in time deposits maturing after three months		**169,660**	559,124
Net proceeds from the sale of investment securities		**-**	17,619
Net cash generated from investing activities		**172,277**	574,689
Financing activities:			
Proceeds from interest-bearing loans and borrowings	16	**86,636**	60,302
Repayment of interest-bearing loans and borrowings	16	**(262,616)**	(251,530)
Dividend paid		**(354,086)**	(421,076)
Net cash used in financing activities		**(530,066)**	(612,304)
Net (decrease)/increase in cash and cash equivalents		**(50,347)**	123,823
Cash and cash equivalents at the beginning of the period		**272,693**	884,312
Cash and cash equivalents at the end of the period	13	**222,346**	1,008,135

The attached notes 1 to 21 form part of these condensed consolidated interim financial statements.

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 six months period ended 30 June 2019 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, 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 reclamation and the development of the land are being performed on a mix use development basis.

The condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2019 were authorised for issue in accordance with approval of the Board of the Directors.

2. Basis of accounting

These condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 *Interim Financial Reporting.*

The 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 consolidated financial statements of the Group as at 31 December 2018.

The Group has applied IFRS 16 for the first time in 2019. IFRS 16 introduces a single on-balance sheet accounting model for lessees wherein a lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing the related obligations towards lease payments.

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements at 31 December 2018, except for new significant judgements related to lease accounting under IFRS 16, which are described in Note 3.

The condensed consolidated interim 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 2018 are available upon request from the Company's registered office or at www.udcqatar.com.

3. Significant accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those that were applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019, as appropriate.

The Group has adopted IFRS 16 *Leases* effective from 1 January 2019. A number of other new standards are effective from 1 January 2019 however they do not have a significant effect on these condensed consolidated interim financial statements.

3.1 Adoption of IFRS 16 *Leases*

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives*, and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Group 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. The classification required under IAS 17 *Leases* into operating and finance leases is eliminated for Lessees. For each lease, the Lessee recognises a liability for the lease obligations payable in the future. Correspondingly, a right-to-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. Prior to adoption of IFRS 16, the Group had classified these leases (as lessee) at the inception date as operating leases. 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. In accordance with the modified retrospective method of adoption, the cumulative effect of initially applying the standard (if any) is recognised as an adjustment to the opening balance of retained earnings.

Upon adoption of IFRS 16, the right to use the leased assets were measured at an amount equivalent to unpaid lease liabilities using incremental borrowing rate as at 1 January 2019. IFRS 16 transition disclosures requires the Group to present a reconciliation of off-balance sheet lease obligations as at 31 December 2018 with the recognised lease liabilities as at 1 January 2019, as below:

	QAR'000
Operating lease commitments	13,662
Discount using the Group's incremental borrowing rate at the date of initial application	(7,295)
Lease liability recognised at 1 January 2019	6,367

The right of use assets was measured at an amount equal to the outstanding lease liabilities, adjusted by the amount of any prepaid or accrued lease payments recognised in the consolidated statement of financial position as at 31 December 2018. There was no impact on retained earnings at 1 January 2019.

	30 June 2019 **QR'000**	1 January 2019 QR'000
Total right-of-use assets	**5,788**	6,367
Lease liabilities	**5,718**	6,367

3. Significant accounting policies (continued)

3.1 Adoption of IFRS 16 *Leases* (continued)

	Six-month period ended 30 June	
	2019 (Reviewed) QR'000	2018 (Reviewed) QR'000
Depreciation expense on right-of-use assets	**579**	-
Interest on lease liabilities	**86**	-
Operating lease expenses	**-**	759

The Group separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the condensed consolidated statement of cash flows.

Group as a lessor

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, 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 subsidiaries are included in the condensed consolidated interim 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. All balances and transactions between Group entities consolidated in these condensed consolidated interim financial statements have been eliminated upon consolidation.

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 condensed consolidated interim statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value as at the date control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset under IFRS 9 depending on the level of the 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 consolidated statement of profit or loss and within equity in the condensed consolidated interim statement of financial position, separately from Company shareholders' equity.

The condensed consolidated interim financial statements comprise the financial statements of the Company and all its subsidiaries as at 30 June 2019. The financial statements of the subsidiaries are prepared for the same reporting period as that of the parent company, using consistent accounting policies. Below is a list of subsidiaries included in these condensed consolidated interim financial statements:

		% equity interest	
Name of the entity	Country of incorporation	2019	2018
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

3. Significant accounting policies (continued)

3.2 Basis of consolidation (continued)

Name of the entity	Country of incorporation	% equity interest 2019	2018
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
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
Porto Arabia Retail Company 1	Cayman Island	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 304 million as at 30 June 2019 (31 December 2018: QR 291 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 during the period to non-controlling interest amounted to QR 13 million (2018: QR 19 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. is engaged in real estate investment activities.

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%), Urban Restaurant Development L.L.C (90%), 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. is engaged in the advertising sector.

3. Significant accounting policies (continued)

3.2 Basis of consolidation (continued)

PragmaTech Company W.L.L. is engaged 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.

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.

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

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

4. Estimates

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 and liabilities, income and expense. 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 preparation of the Group's consolidated financial statements for the year ended 31 December 2018.

5. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's consolidated financial statements as at 31 December 2018.

6. Basic and diluted earnings per share

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

	Six-month period ended 30 June	
	2019	2018
	(Reviewed)	(Reviewed)
Profit for the period attributable to equity holders of the Parent (QR'000)	**224,622**	260,432
Weighted average number of shares outstanding during the period ('000)	**3,540,862**	3,540,862
Basic and diluted earnings per share (QR)	**0.063**	0.074

As per the 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 3,540,862,480. Consequently, earnings per share for the current period has been adjusted and has been restated for the comparative period.

7. Property, plant and equipment

	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
Balance at the beginning of the period/year	**3,026,216**	3,052,891
Additions for the period/year	**14,237**	83,259
Disposals	**-**	(365)
Depreciation for the period/year	**(53,492)**	(106,904)
Impairment/write-off	**(1,250)**	(2,665)
Balance at the end of the period/year	**2,985,711**	3,026,216

8. Investment properties

	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
Balance at the beginning of the period/year	**9,434,550**	9,249,691
Development costs incurred during the period/year	**8,887**	83,866
Transfers – net	**(28,840)**	(42,875)
Fair value gains	**-**	143,868
Balance at the end of the period/year	**9,414,597**	9,434,550

9. Intangible assets

	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
Balance at the beginning of the period/year	**586**	5,776
Amortisation for the period/year	**(28)**	(709)
Impairment/write-off	**-**	(4,481)
Balance at the end of the period/year	**558**	586

10. Investment in associates

	Country of incorporation	Shareholding	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
United Readymix W.L.L.	Qatar	32%	**48,267**	43,441
			48,267	43,441

United Readymix W.L.L. is engaged in the production and sale of ready-mix concrete and other building materials.

11. Investment securities

Investment securities represent the Group's investments in market listed securities both inside and outside Qatar. These are carried at fair value through profit or loss.

12. Accounts and other receivables

	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
Accounts receivable, net	**1,611,774**	1,733,177
Amounts due from related parties	**6,679**	9,757
Other receivables, prepayments and advances	**997,408**	888,741
	2,615,861	2,631,675

Presented in the condensed consolidated interim statement of financial position as follows:

	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
Current assets	**2,284,646**	2,252,860
Non-current assets	**331,215**	378,815
	2,615,861	2,631,675

13. Cash and bank balances

	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
Cash on hand and bank balances	**204,485**	201,694
Time deposits	**1,016,630**	1,239,428
Cash and bank balances at the end of the period/year	**1,221,115**	1,441,122
Less: Time deposits with original maturities greater than three months	**(998,769)**	(1,168,429)
Cash and cash equivalents at the end of the period/year	**222,346**	272,693

14. Share capital

At the reporting date, share capital represents 354,086,248 authorised, issued and fully paid up ordinary shares of QR 1 each. As per the 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 causing an increase in the number of authorised and issued shares from 354,086,248 to 3,540,862,480.

15. 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 recognized in equity.

16. Interest bearing loans and borrowings

	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
Balance at the beginning of the period/year	**3,804,202**	4,192,484
Proceeds from drawdown during the period/year	**86,636**	137,172
Repayments during the period/year	**(262,616)**	(525,454)
	3,628,222	3,804,202
Less: Unamortised costs associated with raising finance	**(15,859)**	(19,598)
Balance at the end of the period/year	**3,612,363**	3,784,604

Presented in the condensed consolidated interim statement of financial position as follows:

Current liabilities	**1,262,037**	1,249,904
Non-current non-current	**2,350,326**	2,534,700
	3,612,363	3,784,604

17. Segment reporting

Operating segments

The Group has three 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 construction and related sales and leasing activities.

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

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

Other operations include providing information technology solution services and master community services.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by Management. Segment profit is used to measure performance as management believes such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Intra-Group 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 United Development Investment Company and Porto Arabia Retail Company 1 (both established in Cayman Island). However, these companies do not have any operations outside the State of Qatar and therefore the majority of the Group's assets are located in Qatar. Accordingly, there is no distinctly identifiable geographical segment in the Group.

17. **Segment reporting (continued)**

	Urban development (Reviewed) QR'000	Hydrocarbon and energy (Reviewed) QR'000	Hospitality and leisure (Reviewed) QR'000	Infrastructure and utilities (Reviewed) QR'000	Others (Reviewed) QR'000	Inter-segment elimination (Reviewed) QR'000	Total (Reviewed) QR'000
30 June 2019:							
Revenue	640,256	-	13,602	188,112	85,015	(14,760)	912,225
Finance income	15,154	-	4	5,551	1,053	-	21,762
Finance costs	(69,514)	-	-	(11,997)	-	-	(81,511)
Depreciation	(22,584)	-	(1,376)	(29,884)	(227)	-	(54,071)
Net share of results of associates	8,184	-	-	-	-	-	8,184
Net profit/(loss) for the period	190,874	-	(4,380)	34,844	20,337	(3,782)	237,893
30 June 2018:							
Revenue	605,707	-	13,136	193,466	93,091	(16,828)	888,572
Finance income	15,348	-	5	3,533	879	-	19,765
Finance costs	(77,169)	-	-	(11,740)	(67)	-	(88,976)
Depreciation	(20,872)	-	(1,740)	(28,491)	(276)	-	(51,379)
Net share of results of associates	1,768	2,340	-	-	-	-	4,108
Net profit/(loss) for the period	241,903	2,340	(14,944)	44,656	27,173	(21,869)	279,259

18. Contingent liabilities

	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
Bank guarantees	**7,157**	7,871

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 counterclaim against the developer, each seeking compensation for the recovery of costs incurred and the damages suffered.

The developer's case was initially decreed by the Court in its favour but the Company has appealed against the judgment and the appeal is now in its initial stages. No profit or loss on this project has been recognised by the Company. Based on the assessment of the Group's lawyers, no material additional liability is expected to arise from this case.

19. Commitments

	30 June 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
Contractual commitments to contractors	**572,488**	557,336

20. Financial instruments

The significant accounting policies and methods adopted, including the criteria for recognition, the 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 Group's consolidated financial statements as at and for the year ended 31 December 2018.

21. Fair value measurement

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. The fair values of financial assets and financial liabilities are determined as follows:

- Fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices; and
- Fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on the present value calculation of expected future cash flows using prices from observable current market transactions and dealer quotes for similar instruments.

Management considers the carrying amounts of the Group's financial assets and financial liabilities approximate their fair values. The financial instruments are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets and liabilities.

21. Fair value measurement (continued)

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The Group's financial assets as at 30 June 2019 are classified as below:
- investment securities are classified as Level 1; and
- investment properties and property, plant and equipment are classified as Level 2 and Level 3.