

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

**Condensed consolidated  
interim financial statements  
as at 31 March 2021**

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**as at 31 March 2021**

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<b>Contents</b>	<b>Page</b>
Condensed consolidated statement of profit or loss and other comprehensive income	1
Condensed consolidated statement of financial position	2
Condensed consolidated statement of changes in equity	3
Condensed consolidated statement of cash flows	4
Notes to the condensed consolidated interim financial statements	5 – 15

# 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 2021

	Note	Three-month period ended 31 March	
		2021 (Unaudited) QR'000	2020 (Unaudited) QR'000
Revenue		351,066	296,072
Cost of revenue		(224,384)	(152,583)
<b>Gross profit</b>		<b>126,682</b>	<b>143,489</b>
Dividend income		24	48
Other operating income		12,496	25,819
Fair value gain/(loss) on investment securities		1,988	(16,518)
Provision for impairment on trade receivables		(1,421)	(737)
General and administrative expenses		(69,048)	(70,772)
Sales and marketing expenses		(2,210)	(2,782)
<b>Operating profit</b>		<b>68,511</b>	<b>78,547</b>
Finance income		16,283	10,226
Finance costs		(27,972)	(32,220)
<b>Net finance costs</b>		<b>(11,689)</b>	<b>(21,994)</b>
Net share of results of associates		1,178	218
<b>Profit before tax</b>		<b>58,000</b>	<b>56,771</b>
Income tax		(1,459)	-
<b>Net profit for the period</b>		<b>56,541</b>	<b>56,771</b>
<b>Net profit for the period attributable to:</b>			
Equity holders of the Parent		46,374	49,192
Non-controlling interests		10,167	7,579
		<b>56,541</b>	<b>56,771</b>
<b>Earnings per share attributable to equity holders of the Parent:</b>			
Basic and diluted earnings per share (QR)	6	0.013	0.014
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>56,541</b>	<b>56,771</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Parent		46,374	49,192
Non-controlling interests		10,167	7,579
		<b>56,541</b>	<b>56,771</b>

The attached notes from 1 to 33 form part of these condensed consolidated interim financial statements.

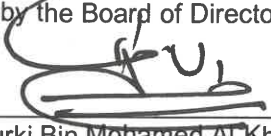
# United Development Company Q.P.S.C.

## Condensed consolidated statement of financial position as at 31 March 2021

	Note	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	2,848,611	2,870,783
Investment properties	8	9,463,446	9,481,804
Right-of-use assets	9	6,794	7,207
Intangible assets	10	859	709
Investment in associates	11	44,411	43,233
Investment securities	12	53,775	51,787
Accounts and other receivables	15	908,829	853,393
Deferred costs	14	125,373	128,476
<b>Total non-current assets</b>		<b>13,452,098</b>	<b>13,437,392</b>
<b>Current assets</b>			
Inventories, net	13	805,620	902,826
Work in progress		2,075,259	1,760,763
Accounts and other receivables	15	1,439,751	1,480,689
Deferred costs	14	12,983	13,263
Cash and bank balances	16	2,116,637	1,881,251
<b>Total current assets</b>		<b>6,450,250</b>	<b>6,038,792</b>
<b>Total assets</b>		<b>19,902,348</b>	<b>19,476,184</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	17	3,540,862	3,540,862
Legal reserve		1,757,030	1,752,393
Other reserve	18	1,212,049	1,212,049
Retained earnings		4,314,373	4,449,679
<b>Equity attributable to equity holders of the parent</b>		<b>10,824,314</b>	<b>10,954,983</b>
Non-controlling interests		376,963	366,796
<b>Total equity</b>		<b>11,201,277</b>	<b>11,321,779</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	19	3,258,981	3,237,894
Accounts and other payables	20	100,378	97,675
Retention payable	21	138,771	106,731
Deferred revenue	22	637,832	638,166
Employees' end-of-service benefits	23	48,723	47,977
Lease liabilities	24	6,094	6,034
<b>Total non-current liabilities</b>		<b>4,190,779</b>	<b>4,134,477</b>
<b>Current liabilities</b>			
Loans and borrowings	19	1,128,255	624,180
Accounts and other payables	20	3,209,207	3,221,907
Retention payable	21	114,598	115,205
Deferred revenue	22	57,225	57,225
Lease liabilities	24	1,007	1,411
<b>Total current liabilities</b>		<b>4,510,292</b>	<b>4,019,928</b>
<b>Total liabilities</b>		<b>8,701,071</b>	<b>8,154,405</b>
<b>Total equity and liabilities</b>		<b>19,902,348</b>	<b>19,476,184</b>

These condensed consolidated interim financial statements were approved by the Board of Directors and signed on their behalf on 21 April 2021 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 33 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 2021

	Attributable to equity holders of the Parent				Non-controlling interests	Total equity
	Share capital	Legal reserve	Other reserves	Retained earnings	QR'000	QR'000
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Balance at 1 January 2020 (Audited)	3,540,862	1,729,787	1,212,049	4,431,132	325,719	11,239,549
Net profit for the period	-	-	-	49,192	7,579	56,771
Other comprehensive income for the period	-	-	-	-	-	-
Transfer to legal reserve	-	4,919	-	(4,919)	-	-
Dividend paid (Note 31)	-	-	-	(177,043)	-	(177,043)
Movement in non-controlling interests	-	-	-	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>331,795</b>	<b>11,119,277</b>
Balance at 1 January 2021 (Audited)	3,540,862	1,752,393	1,212,049	4,449,679	366,796	11,321,779
Net profit for the period	-	-	-	46,374	10,167	56,541
Other comprehensive income for the period	-	-	-	-	-	-
Transfer to legal reserve	-	4,637	-	(4,637)	-	-
Dividend paid (Note 31)	-	-	-	(177,043)	-	(177,043)
<b>Balance at 31 March 2021 (Unaudited)</b>	<b>3,540,862</b>	<b>1,757,030</b>	<b>1,212,049</b>	<b>4,314,373</b>	<b>376,963</b>	<b>11,201,277</b>

The attached notes from 1 to 33 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 2021

	Note	31 March 2021 (Unaudited) QR'000	31 March 2020 (Unaudited) QR'000
<b>Operating activities:</b>			
Net profit for the period		56,541	56,771
Adjustments:			
Net share of results in associates		(1,178)	(218)
Depreciation on property, plant and equipment	7	26,281	27,241
Amortisation of intangible assets		41	99
Amortisation of right-of-use assets	9	413	914
Net finance costs		11,689	21,994
Dividend income		(24)	(48)
Loss on disposal of property, plant and equipment	7	-	2,695
Provision for impairment of trade receivables		1,421	737
Fair value (gain)/loss on investment securities		(1,988)	16,518
Provision for employees' end-of-service benefits	23	1,506	2,757
<b>Operating profit before changes in working capital</b>		<b>94,702</b>	<b>129,460</b>
Changes in working capital:			
Inventories		117,996	1,876
Work in progress		(314,496)	(96,441)
Accounts and other receivables		(13,884)	152,548
Accounts and other payables		(18,987)	63,165
Retention payable		31,433	3,806
Deferred revenue and cost, net		3,049	(9,341)
<b>Cash (used in)/generated from operating activities</b>		<b>(100,187)</b>	<b>245,073</b>
Finance costs paid		(15,260)	(17,786)
Employees' end-of-service benefits paid	23	(760)	(783)
<b>Net cash (used in)/generated from operating activities</b>		<b>(116,207)</b>	<b>226,504</b>
<b>Investing activities:</b>			
Additions to property, plant and equipment	7	(6,043)	(3,816)
Additions to intangible assets	10	(191)	-
Finance income received		14,248	4,862
Additions to investment properties	8	(2,432)	(1,816)
Repayment of lease liabilities	24	(414)	(938)
Movement in time deposits maturing after three months		(451,933)	56,038
Dividend received from associate		24	3,248
<b>Net cash (used in)/generated from investing activities</b>		<b>(446,741)</b>	<b>57,578</b>
<b>Financing activities:</b>			
Proceeds from loans and borrowings		668,596	28,980
Repayment of loans and borrowings		(145,152)	(46,089)
Dividend	31	(177,043)	(177,043)
<b>Net cash generated from/(used in) financing activities</b>		<b>346,401</b>	<b>(194,152)</b>
Net (decrease)/increase in cash and cash equivalents		(216,547)	89,930
Cash and cash equivalents at the beginning of the period		497,817	300,897
<b>Cash and cash equivalents at the end of the period</b>	16	<b>281,270</b>	<b>390,827</b>

The attached notes from 1 to 33 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 2021

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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 2021 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 2021 were authorised for issue in accordance with approval of the Board of the Directors on 21 April 2021.

### 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 2020.

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 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 2020.

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

## Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2021

### 3. Significant accounting policies (continued)

#### 3.1 New and amended standards and interpretations adopted by Group

The below recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by the Group with an annual reporting period beginning on or after 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16).

The adoption of the above amended and improved standards had no significant impact on the Group's financial statements.

#### 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 2021. 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:

Name of the entity	Country of incorporation	% equity interest	
		2021	2020
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
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
United Education Company W.L.L.	Qatar	51	51



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

### **Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2021**

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

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

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 377 million as at 31 March 2021 (31 December 2020: QR 366.8 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 2021 amounted to QR 10.2 million (2020: QR 7.6 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.

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.

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

## Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2021

### 3. Significant accounting policies (continued)

#### 3.2 Basis of consolidation (continued)

United Education Company W.L.L. activity is in the management and operation of schools.

### 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 2020.

### 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 2020.

### 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>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the year attributable to equity holders of the Parent (QR'000)	<b>46,374</b>	49,192
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>0.013</b>	0.014

### 7. Property, plant and equipment

	<b>31 March 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR'000</b>	<b>QR'000</b>
Carrying value at the beginning of the period/year	<b>2,870,783</b>	2,974,758
Additions	<b>6,043</b>	13,326
Write off, net	<b>(1,934)</b>	(12,410)
Depreciation for the period/year	<b>(26,281)</b>	(104,891)
Carrying value at the end of the period/year	<b>2,848,611</b>	2,870,783

### 8. Investment properties

	<b>31 March 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR'000</b>	<b>QR'000</b>
Balance at the beginning of the period/year	<b>9,481,804</b>	9,460,268
Additions during the period/year	<b>2,432</b>	13,121
Transfers, net	<b>(20,790)</b>	(35,148)
Fair value gains	<b>-</b>	43,563
Balance at the end of the period/year	<b>9,463,446</b>	9,481,804

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

### Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2021

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

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	7,207	5,616
Additions	-	5,105
Depreciation for the period/year	(413)	(3,514)
Balance at the end of the period/year	<u>6,794</u>	<u>7,207</u>

#### 10. Intangible assets

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	709	449
Additions	191	474
Amortisation for the period/year	(41)	(214)
Balance at the end of the period/year	<u>859</u>	<u>709</u>

#### 11. Investment in associate

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	43,233	48,568
Share of profit for the period/year	1,178	5,865
Dividend received	-	(11,200)
Balance at the end of the period/year	<u>44,411</u>	<u>43,233</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.

#### 12. Investment securities

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	51,787	62,677
Fair value gain/(loss)	1,988	(10,890)
Balance at the end of the period/year	<u>53,775</u>	<u>51,787</u>
Quoted shares inside Qatar	30,625	29,678
Quoted shares outside Qatar	<u>23,150</u>	<u>22,109</u>
	<u>53,775</u>	<u>51,787</u>

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

### Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2021

#### 13. Inventories

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Land and properties held for trading	772,084	871,252
Construction works in progress	24,827	23,058
Material and spare parts	562	7,968
Food, beverage and consumables	8,147	548
	<u>805,620</u>	<u>902,826</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 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
<b>Non-current:</b>		
Accounts receivable	847,025	791,531
Long term deposits	60,207	60,265
Deferred tax asset	1,564	1,564
Others	33	33
	<u>908,829</u>	<u>853,393</u>
<b>Current:</b>		
Accounts receivable, net	569,696	617,045
Advances to contractors	222,289	239,484
Amounts due from related parties	7,552	9,142
Prepayments and accruals	42,407	23,997
Others	597,807	591,021
	<u>1,439,751</u>	<u>1,480,689</u>

#### 16. Cash and bank balances

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Cash in hand and bank balances	281,270	397,728
Time deposits	1,835,367	1,483,523
Total cash and bank balances	<u>2,116,637</u>	<u>1,881,251</u>
Time deposits with original maturities greater than 90 days	<u>(1,835,367)</u>	<u>(1,383,434)</u>
Cash and cash equivalents	<u>281,270</u>	<u>497,817</u>

#### 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.

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

### Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2021

#### 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 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Loans and borrowings	4,423,219	3,889,012
Unamortised costs associated with raising finance	(35,983)	(26,938)
	<u>4,387,236</u>	<u>3,862,074</u>
Presented as:		
Non-current liability	3,258,981	3,237,894
Current liability	1,128,255	624,180
	<u>4,387,236</u>	<u>3,862,074</u>

#### 20. Accounts and other payables

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
<b>Non-current:</b>		
Master community reserve fund	<u>100,378</u>	<u>97,675</u>
<b>Current:</b>		
Accounts payable	181,995	256,636
Accrued contract costs	574,366	636,546
Advances received from customers	1,890,006	1,762,908
Other accruals	134,797	139,102
Income tax payable	9,777	8,318
Other liabilities	418,266	418,397
	<u>3,209,207</u>	<u>3,221,907</u>

#### 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 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	47,977	45,264
Charge for the period/year	1,506	8,511
Payments during the period/year	(760)	(5,798)
Balance at the end of the period/year	<u>48,723</u>	<u>47,977</u>

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

### Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2021

#### 24. Lease liabilities

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	7,445	5,731
Additions	-	5,105
Lease payments during the period/year	(414)	(3,871)
Interest expense on lease liabilities	70	480
Balance at the end of the period/year	<u>7,101</u>	<u>7,445</u>
Presented as:		
Non-current liabilities	6,094	6,034
Current liabilities	<u>1,007</u>	<u>1,411</u>
	<u>7,101</u>	<u>7,445</u>

#### 25. Related parties

Note 3.2 and Note 11 provide information about the Group structure for subsidiaries and associates respectively. During the period certain transactions have occurred with related parties on the same commercial terms and conditions as third parties. Pricing policies and terms of these transactions are approved by the Group's management.

Balances with the related parties and nature of significant transactions and amounts involved are as follows:

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
<u>Amounts due from related parties</u>		
United Readymix W.L.L.	2,577	3,497
National Central Cooling Company P.J.S.C	<u>4,975</u>	<u>5,645</u>
	<u>7,552</u>	<u>9,142</u>

#### 26. Contingent liabilities

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Bank guarantees and bonds	<u>4,447</u>	<u>5,698</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 2021

#### 27. Capital commitments

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Contractual commitments to contractors and suppliers	<u>2,263,854</u>	<u>2,577,412</u>

#### 28. 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 2020.

#### 29. 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.

#### 30. 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 2021

#### 30. 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 2021.

	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 2021 (Unaudited):</b>						
Revenue	225,144	7,065	95,762	33,861	(10,766)	351,066
Finance income	13,977	2	1,683	621	-	16,283
Finance costs	(25,847)	(26)	(4,302)	-	2,203	(27,972)
Depreciation	(7,752)	(530)	(15,359)	(112)	(2,528)	(26,281)
Net share of results in associates	1,178	-	-	-	-	1,178
Profit/(loss) for the period	27,599	(757)	22,341	12,139	(4,781)	56,541
Segment assets	19,361,484	11,386	887,654	648,993	(3,855,780)	19,902,348
Segment liabilities	9,837,511	90,710	1,403,263	199,448	(2,829,861)	8,701,071
<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	36,881	(1,865)	16,221	8,276	(2,742)	56,771
Segment assets	18,459,929	19,423	2,313,600	586,092	(3,268,162)	18,110,882
Segment liabilities	8,070,646	111,278	1,533,650	184,383	(2,908,352)	6,991,605

#### 31. Dividend

On 3 March 2021, the Company held its annual general meeting for the year 2020 which, among other things, approved a cash dividend of 5% of share capital amounting to QR 177 million. 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.



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

### **Notes to the condensed consolidated interim financial statements for the three-month period ended 31 March 2021**

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#### **32. Comparative information**

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

#### **33. Impact of Covid-19**

Consequent to the coronavirus outbreak during the year 2020, the Group has performed an assessment of whether it is a going concern considering the current economic conditions and available information about future risks and uncertainties and covering the Group's future performance, capital and liquidity. The projections show that the Group has sufficient resources to continue in operational existence and therefore these condensed consolidated interim financial statements have been prepared on a going concern basis.

The Group's business operations and performance remain largely unaffected by the current situation. However, the Group continues to closely monitor as the situation progresses and has activated its business continuity planning and other risk management practices.