

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

**Interim condensed consolidated financial statements  
as at and for the period ended 30 September 2022**

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

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## **Interim condensed consolidated financial statements as at and for the period ended 30 September 2022**

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

## Interim consolidated statement of profit or loss and other comprehensive income for the nine-month period ended 30 September 2022

	<u>Nine-month period ended 30 September</u>	
	2022	2021
Note	(Unaudited) QR'000	(Unaudited) QR'000
Revenue	1,237,756	1,615,422
Cost of revenue	<u>(780,209)</u>	<u>(1,174,445)</u>
<b>Gross profit</b>	<b>457,547</b>	<b>440,977</b>
Dividend income	38	984
Other operating income	44,160	40,398
Fair value gain on investment securities	1,713	119
(Provision for) / reversal of impairment on trade receivables	(5,357)	4,669
General and administrative expenses	(192,611)	(211,842)
Sales and marketing expenses	<u>(24,911)</u>	<u>(7,362)</u>
<b>Operating profit</b>	<b>280,579</b>	<b>267,943</b>
Finance income	46,407	55,128
Finance costs	<u>(104,205)</u>	<u>(87,865)</u>
<b>Net finance costs</b>	<b>(57,798)</b>	<b>(32,737)</b>
Net share of results of associates	<u>(3,038)</u>	<u>488</u>
<b>Profit before tax</b>	<b>219,743</b>	<b>235,694</b>
Income tax	26 <u>(2,746)</u>	<u>(28,818)</u>
<b>Net profit for the period</b>	<b><u>216,997</u></b>	<b><u>206,876</u></b>
<b>Net profit for the period attributable to:</b>		
Equity holders of the Parent	208,544	179,269
Non-controlling interests	<u>8,453</u>	<u>27,607</u>
	<b><u>216,997</u></b>	<b><u>206,876</u></b>
<b>Earnings per share attributable to equity holders of the Parent:</b>		
Basic and diluted earnings per share (QR)	6 <u>0.059</u>	<u>0.051</u>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b><u>216,997</u></b>	<b><u>206,876</u></b>
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the Parent	208,544	179,269
Non-controlling interests	<u>8,453</u>	<u>27,607</u>
	<b><u>216,997</u></b>	<b><u>206,876</u></b>

The attached notes from 1 to 32 form part of these interim condensed consolidated financial statements.

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

## Interim consolidated statement of financial position as at 30 September 2022

	Note	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	3,098,376	3,050,943
Investment properties	8	9,896,382	9,822,212
Right-of-use assets	9	10,559	11,698
Intangible assets	10	3,292	2,498
Investment in associates	11	30,116	37,954
Investment securities	12	51,536	49,823
Accounts and other receivables, net	15	687,620	831,257
Deferred costs	14	123,515	119,789
<b>Total non-current assets</b>		<b>13,901,396</b>	<b>13,926,174</b>
<b>Current assets</b>			
Inventories, net	13	833,916	953,001
Work in progress		2,301,120	1,769,583
Accounts and other receivables, net	15	1,740,566	1,543,372
Deferred costs	14	14,222	13,809
Cash and bank balances	16	1,622,662	1,795,865
<b>Total current assets</b>		<b>6,512,486</b>	<b>6,075,630</b>
<b>Total assets</b>		<b>20,413,882</b>	<b>20,001,804</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	17	3,540,862	3,540,862
Legal reserve		1,770,431	1,770,431
Other reserve	18	1,212,049	1,212,049
Retained earnings		4,489,291	4,475,494
<b>Equity attributable to equity holders of the parent</b>		<b>11,012,633</b>	<b>10,998,836</b>
Non-controlling interests		77,828	75,568
<b>Total equity</b>		<b>11,090,461</b>	<b>11,074,404</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	19	2,930,211	3,012,139
Accounts and other payables	20	130,632	114,240
Retention payable	21	173,583	181,575
Deferred revenue	22	642,156	607,462
Employees' end-of-service benefits	23	53,170	49,708
Lease liabilities	24	8,667	9,273
<b>Total non-current liabilities</b>		<b>3,938,419</b>	<b>3,974,397</b>
<b>Current liabilities</b>			
Loans and borrowings	19	2,029,130	1,521,084
Accounts and other payables	20	3,175,125	3,257,356
Retention payable	21	118,035	112,943
Deferred revenue	22	60,369	58,731
Lease liabilities	24	2,343	2,889
<b>Total current liabilities</b>		<b>5,385,002</b>	<b>4,953,003</b>
<b>Total liabilities</b>		<b>9,323,421</b>	<b>8,927,400</b>
<b>Total equity and liabilities</b>		<b>20,413,882</b>	<b>20,001,804</b>

These interim condensed consolidated financial statements were approved by the Board of Directors and signed on their behalf on 19 October 2022 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 32 form part of these interim condensed consolidated financial statements.

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

### Interim consolidated statement of changes in equity for the nine-month period ended 30 September 2022

	Attributable to equity holders of the Parent					Non- controlling interests	Total equity
	Share capital	Legal reserve	Other reserves	Retained earnings	Total		
	QR'000	QR'000	QR'000	QR'000	QR'000		
Balance at 1 January 2021 (Audited)	3,540,862	1,752,393	1,212,049	4,449,679	10,954,983	366,796	11,321,779
Net profit for the period	-	-	-	179,269	179,269	27,607	206,876
Other comprehensive income for the period	-	-	-	-	-	-	-
Related party share of tax	-	-	-	-	-	7,820	7,820
Transfer to legal reserve	-	17,927	-	(17,927)	-	-	-
Dividend paid (Note 32)	-	-	-	(177,043)	(177,043)	-	(177,043)
Addition during the period	-	-	-	-	-	490	490
Acquisition of non- controlling interest without change in control	-	-	-	(60,834)	(60,834)	(326,619)	(387,453)
<b>Balance at 30 September 2021 (Unaudited)</b>	<b>3,540,862</b>	<b>1,770,320</b>	<b>1,212,049</b>	<b>4,373,144</b>	<b>10,896,375</b>	<b>76,094</b>	<b>10,972,469</b>
Balance at 1 January 2022 (Audited)	3,540,862	1,770,431	1,212,049	4,475,494	10,998,836	75,568	11,074,404
Net profit for the period	-	-	-	208,544	208,544	8,453	216,997
Other comprehensive income for the period	-	-	-	-	-	-	-
Addition during the period	-	-	-	-	-	1,050	1,050
Dividend paid (Note 32)	-	-	-	(194,747)	(194,747)	(7,243)	(201,990)
<b>Balance at 30 September 2022 (Unaudited)</b>	<b>3,540,862</b>	<b>1,770,431</b>	<b>1,212,049</b>	<b>4,489,291</b>	<b>11,012,633</b>	<b>77,828</b>	<b>11,090,461</b>

The attached notes from 1 to 32 form part of these interim condensed consolidated financial statements.

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

## Interim consolidated statement of cash flows for the nine-month period ended 30 September 2022

	Note	Nine-month period ended 30 September	
		2022 (Unaudited) QR'000	2021 (Unaudited) QR'000
<b>Operating activities:</b>			
Profit before tax		219,743	235,694
Adjustments:			
Net share of results in associates		3,038	(488)
Depreciation on property, plant and equipment	7	74,522	77,033
Amortisation of intangible assets	10	171	113
Amortisation of right-of-use assets	9	1,139	2,149
Net finance costs		57,798	32,737
Dividend income		(38)	(984)
Loss on disposal of property, plant and equipment		-	2,022
Provision for / (reversal of) impairment of trade receivables		5,357	(4,669)
Fair value gain on investment securities		(1,713)	(119)
Provision for employees' end-of-service benefits	23	6,327	4,553
<b>Operating profit before changes in working capital</b>		<b>366,344</b>	<b>348,041</b>
Changes in working capital:			
Inventories		155,615	(168,142)
Work in progress		(531,537)	79,218
Accounts and other receivables		(46,990)	(160,861)
Accounts and other payables		(79,775)	(96,988)
Retention payable		(2,900)	64,156
Deferred revenue and cost, net		32,193	(11,909)
<b>Cash (used in) / generated from operating activities</b>		<b>(107,050)</b>	<b>53,515</b>
Finance costs paid		(101,370)	(82,264)
Employees' end-of-service benefits paid	23	(2,865)	(2,911)
Income tax paid		(2,738)	(28,813)
<b>Net cash used in operating activities</b>		<b>(214,023)</b>	<b>(60,473)</b>
<b>Investing activities:</b>			
Additions to property, plant and equipment	7	(121,955)	(135,000)
Additions to intangible assets	10	(965)	(793)
Finance income received		46,920	51,457
Additions to investment properties	8	(110,700)	(99,853)
Repayment of lease liabilities	24	(1,446)	(2,456)
Movement in time deposits with original maturities greater than 90 days		104,755	(77,184)
Dividend received		4,838	5,464
<b>Net cash used in investing activities</b>		<b>(78,553)</b>	<b>(258,365)</b>
<b>Financing activities:</b>			
Proceeds from loans and borrowings		876,954	1,083,400
Repayment of loans and borrowings		(450,836)	(469,680)
Dividend		(201,990)	(177,043)
Acquisition of non-controlling interest without change in control	3.2	-	(387,453)
<b>Net cash generated from financing activities</b>		<b>224,128</b>	<b>49,224</b>
Net decrease in cash and cash equivalents		(68,448)	(269,614)
Cash and cash equivalents at the beginning of the period		336,103	497,817
<b>Cash and cash equivalents at the end of the period</b>	16	<b>267,655</b>	<b>228,203</b>

The attached notes from 1 to 32 form part of these interim condensed consolidated financial statements.

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

## Notes to the interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2022

### 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 interim condensed consolidated financial statements of the Group as at and for the nine-month period ended 30 September 2022 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 interim condensed consolidated financial statements of the Group for the nine-month period ended 30 September 2022 were authorised for issue in accordance with approval of the Board of the Directors on 19 October 2022.

### 2. Basis of preparation

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

The interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated 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 2021.

The consolidated financial statements of the Group as at and for the year ended 31 December 2021 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

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

The accounting policies applied in these interim condensed consolidated 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 2021 except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group adopted the below new and amended International Financial Reporting Standards ("IFRS") and improvements to IFRS that are effective for annual periods beginning on 1 January 2022.

- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts - Costs of Fulfilling a Contract

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

### Notes to the interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2022 (continued)

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

##### 3.1 New and amended standards and interpretations adopted by Group (continued)

- Amendments to IAS 41: Taxation in fair value measurements
- Amendments to IFRS 1: Subsidiary as a first-time adopter
- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities

The adoption of the above amendments had no impact on the interim condensed consolidated financial statements of the Group.

##### 3.2 Basis of consolidation

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in these interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated statements of profit or loss and financial position separately from the Company shareholders' interests.

The interim condensed consolidated financial statements comprise the financial statements of the Company and all its subsidiaries as at 30 September 2022. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company using consistent accounting policies. The interim condensed consolidated 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	
		2022	2021
Qatar District Cooling Company Q.C.S.C.	Qatar	91.06	91.06
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 School International W.L.L.	Qatar	51	51
ProMan L.L.C.	Qatar	100	100
United Medical Company W.L.L.	Qatar	65	-
United District Energy International L.L.C.	Qatar	100	-



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

### **Notes to the interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2022 (continued)**

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

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

Qatar District Cooling Company Q.C.S.C (“Qatar Cool”) 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.

During the year ended 31 December 2021, the Group completed acquisition of the shares in Qatar Cool allotted to them from National Central Cooling Company (an Emirati company), which increased the Group’s equity interest in Qatar Cool from 51% to 91.06%.

The accumulated balance of non-controlling interest disclosed in the interim condensed consolidated statement of financial position of QR 77.8 million as at 30 September 2022 (31 December 2021: QR 75.5 million) mainly relates to the 8.94% equity interest in Qatar Cool that is not owned by the Group. Profit allocated to non-controlling interest for the nine-month period ended 30 September 2022 amounted to QR 8.5 million (2021: QR 27.6 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%), Flavours 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 Chocolate Jar W.L.L. (100%), Bread and Crumbs W.L.L. (100%) and Shirvan Metisse Doha Restaurant 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 Development Company Q.P.S.C.

### Notes to the interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2022 (continued)

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

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

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 School International W.L.L. activity is in the management and operation of schools.

ProMan L.L.C.'s activity is in the management of operations and support services

United Medical Company W.L.L.'s activity is in the management and operation of hospitals.

United District Energy International L.L.C.'s activity is investment in infrastructure projects.

#### 4. Estimates and judgements

The preparation of interim condensed consolidated financial statements require management to make judgements, 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 judgements used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the Group's consolidated financial statements for the year ended 31 December 2021.

#### 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 2021.

#### 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>Nine-month period ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>QR'000</b>	<b>QR'000</b>
Profit for the year attributable to equity holders of the Parent (QR'000)	<b>208,544</b>	179,269
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>0.059</b>	0.051

#### 7. Property, plant and equipment

	<b>30 September 2022</b>	<b>31 December 2021</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>3,050,943</b>	2,948,433
Additions	<b>122,320</b>	208,290
Write off, net	<b>(365)</b>	(3,037)
Depreciation for the period/year	<b>(74,522)</b>	(102,743)
Carrying value at the end of the period/year	<b>3,098,376</b>	3,050,943

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

### Notes to the interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2022 (continued)

#### 8. Investment properties

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Balance at the beginning of the period/year	9,822,212	9,639,963
Additions	110,700	217,468
Transfers, net	(36,530)	(50,690)
Fair value gains	-	15,471
Balance at the end of the period/year	<u>9,896,382</u>	<u>9,822,212</u>

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

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Balance at the beginning of the period/year	11,698	7,207
Additions	-	7,213
Depreciation for the period/year	(1,139)	(2,722)
Balance at the end of the period/year	<u>10,559</u>	<u>11,698</u>

#### 10. Intangible assets

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Balance at the beginning of the period/year	2,498	709
Additions	965	2,015
Amortisation for the period/year	(171)	(226)
Balance at the end of the period/year	<u>3,292</u>	<u>2,498</u>

#### 11. Investment in associate

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Balance at the beginning of the period/year	37,954	43,233
Share of (loss)/profit for the period/year	(3,038)	1,121
Dividend received	(4,800)	(6,400)
Balance at the end of the period/year	<u>30,116</u>	<u>37,954</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 interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2022 (continued)

#### 12. Investment securities

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Balance at the beginning of the period/year	49,823	51,787
Fair value loss	1,713	(1,964)
Balance at the end of the period/year	<u>51,536</u>	<u>49,823</u>
<b>Presented as:</b>		
Quoted shares inside Qatar	34,179	32,396
Quoted shares outside Qatar	17,357	17,427
	<u>51,536</u>	<u>49,823</u>

#### 13. Inventories, net

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Land and properties held for trading	805,919	916,542
Construction works in progress	18,862	20,597
Material and spare parts	8,300	15,054
Food, beverage and consumables	835	808
	<u>833,916</u>	<u>953,001</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, net

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
<b>Non-current:</b>		
Accounts receivable	661,602	809,362
Long term deposits	24,773	20,659
Deferred tax asset	1,245	1,236
	<u>687,620</u>	<u>831,257</u>
<b>Current:</b>		
Accounts receivable, net	771,997	764,072
Advances to contractors	323,236	164,272
Amounts due from related parties (Note 25)	1,843	1,058
Prepayments and accruals	20,192	20,356
Others	623,298	593,614
	<u>1,740,566</u>	<u>1,543,372</u>

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

### Notes to the interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2022 (continued)

#### 16. Cash and bank balances

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Cash in hand and bank balances	267,655	336,103
Time deposits	1,355,007	1,459,762
Total cash and bank balances	<u>1,622,662</u>	<u>1,795,865</u>
Time deposits with original maturities greater than 90 days	<u>(1,355,007)</u>	<u>(1,459,762)</u>
Cash and cash equivalents	<u>267,655</u>	<u>336,103</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.

#### 18. Other reserve

Other reserve represents 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

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Loans and borrowings	4,984,183	4,563,731
Unamortised costs associated with raising finance	<u>(24,842)</u>	<u>(30,508)</u>
	<u>4,959,341</u>	<u>4,533,223</u>
Presented as:		
Non-current liability	2,930,211	3,012,139
Current liability	<u>2,029,130</u>	<u>1,521,084</u>
	<u>4,959,341</u>	<u>4,533,223</u>

#### 20. Accounts and other payables

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
<b>Non-current:</b>		
Master community reserve fund	<u>130,632</u>	<u>114,240</u>
<b>Current:</b>		
Accounts payable	155,170	222,607
Accrued contract costs	563,879	567,808
Advances received from customers	1,687,249	1,728,819
Other accruals	224,033	200,961
Income tax payable	2,752	5,310
Amounts due to related parties (Note 25)	11,376	-
Other liabilities	<u>530,666</u>	<u>531,851</u>
	<u>3,175,125</u>	<u>3,257,356</u>

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

### Notes to the interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2022 (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 interim consolidated statement of profit or loss at the same time (Note 14).

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

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Balance at the beginning of the period/year	49,708	47,977
Charge for the period/year	6,327	6,213
Payments during the period/year	<u>(2,865)</u>	<u>(4,482)</u>
Balance at the end of the period/year	<u>53,170</u>	<u>49,708</u>

#### 24. Lease liabilities

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Balance at the beginning of the period/year	12,162	7,445
Additions	-	7,213
Lease payments during the period/year	<u>(1,446)</u>	<u>(3,051)</u>
Interest expense on lease liabilities	294	555
Balance at the end of the period/year	<u>11,010</u>	<u>12,162</u>
<u>Presented as:</u>		
Non-current liabilities	8,667	9,273
Current liabilities	<u>2,343</u>	<u>2,889</u>
	<u>11,010</u>	<u>12,162</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:

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
<u>Due from related parties</u>		
United Readymix W.L.L.	793	1,058
Ruzgar Healthcare Holding L.L.C.	<u>1,050</u>	<u>-</u>
	<u>1,843</u>	<u>1,058</u>

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

### Notes to the interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2022 (continued)

#### 25. Related parties (continued)

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
<u>Due to related parties</u>		
Orbital Education W.L.L.	8,086	-
Corinthia Hotels Limited	3,290	-
	<u>11,376</u>	<u>-</u>
	<b><u>Nine-month period ended 30 September</u></b>	
	2022 (Unaudited) QR'000	2021 (Unaudited) QR'000
<u>Transactions with related parties</u>		
Revenue	-	10,016
Rental income	72	1,340

#### 26. Income tax

Income tax expense in the interim consolidated statement of profit or loss is as follows:

	<b><u>Nine-month period ended 30 September</u></b>	
	2022 (Unaudited) QR'000	2021 (Unaudited) QR'000
Income tax expense for the current period	2,738	4,242
Capital gains tax	-	24,571
Change in estimate related to prior year	19	74
Deferred income tax	(11)	(69)
	<u>2,746</u>	<u>28,818</u>

#### 27. Contingent liabilities

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Bank guarantees and bonds	<u>5,746</u>	<u>6,062</u>

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

There is an ongoing court case between the Company and a developer wherein the developer has filed a case against the Company and the Company has filed a counterclaim against the developer, each seeking compensation for 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 recognized by the Company but based on the assessment of the Company's lawyers, no material additional liability is expected to arise from this case.

There is a court case between the Company and a developer wherein both parties have claimed compensation and damages from each other. Although the case was decreed by the court in favour of the developer after netting the amounts due to the Company, the Company appealed against the judgement. The appeal was accepted, and the case will be reviewed again by the related Court. Based on the assessment of the Company's lawyers, no material liability is expected to arise from this case.

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

### Notes to the interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2022 (continued)

#### 28. Capital commitments

	30 September 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Contractual commitments to contractors and suppliers	<u>1,683,317</u>	<u>1,518,006</u>

#### 29. 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 2021.

#### 30. Fair values of financial instruments

Financial assets consist of investment securities, cash and bank balances, accounts receivable and other receivables. Financial liabilities consist of loans and borrowings, accounts payable, accrued expenses and other liabilities.

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

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

Fair value of the investment properties and land under property, plant and equipment is determined primarily based on valuations carried out by professionally qualified third-party valuation companies, using the market comparable approach and discounted cash flow method. Management believes that the fair value as at 30 September 2022 does not materially differ from the fair value on 31 December 2021 had the fair valuation been carried out on that date.

The entire portfolio of investment securities (Note 12) is classified as Level 1, property, plant and equipment (Note 7) and investment properties (Note 8) are classified as Level 3. There were no transfers between Level 1 and Level 2 fair value measurements during the period.

The management considers the carrying amounts of the financial assets and financial liabilities recognised in these interim condensed consolidated financial statements are approximate to their fair values.



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

### Notes to the interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2022 (continued)

#### 31. 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.

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 30 September 2022.

	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
<u>30 September 2022</u> (Unaudited):						
Real estate revenue	721,432	-	-	-	(27,173)	694,259
Capacity charges	-	-	194,602	-	(26,551)	168,051
Consumption & ETS sale	-	-	166,837	-	-	166,837
Marina operations	-	-	26,769	-	-	26,769
Food and beverage sale	-	19,119	-	-	-	19,119
Others	-	-	-	211,806	(49,085)	162,721
Total revenue	<u>721,432</u>	<u>19,119</u>	<u>388,208</u>	<u>211,806</u>	<u>(102,809)</u>	<u>1,237,756</u>
Finance income	37,629	5	7,149	1,624	-	46,407
Finance costs	(97,733)	(133)	(13,017)	-	6,678	(104,205)
Depreciation	(17,942)	(1,394)	(46,225)	(428)	(8,533)	(74,522)
Net share of results in associates	(3,038)	-	-	-	-	(3,038)
Profit/(loss) for the period	<u>208,744</u>	<u>(8,261)</u>	<u>95,907</u>	<u>19,563</u>	<u>(98,956)</u>	<u>216,997</u>

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

### Notes to the interim condensed consolidated financial statements as at and for the nine-month period ended 30 September 2022 (continued)

#### 31. Operating segments (continued)

##### Geographical segments (continued)

	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
<u>30 September 2021</u>						
<u>(Unaudited):</u>						
Real estate revenue	1,182,665	-	-	-	(25,380)	1,157,285
Capacity charges	-	-	185,536	-	(16,707)	168,829
Consumption & ETS sale	-	-	137,104	-	-	137,104
Marina operations	-	-	25,025	-	-	25,025
Food and beverage sale	-	15,058	-	-	-	15,058
Others	-	-	-	125,445	(13,324)	112,121
Revenue	<u>1,182,665</u>	<u>15,058</u>	<u>347,665</u>	<u>125,445</u>	<u>(55,411)</u>	<u>1,615,422</u>
Finance income	47,962	8	5,504	1,654	-	55,128
Finance costs	(81,968)	(115)	(12,399)	-	6,617	(87,865)
Depreciation	(21,554)	(1,436)	(46,129)	(331)	(7,853)	(77,033)
Net share of results in associates	488	-	-	-	-	488
Profit/(loss) for the period	<u>124,337</u>	<u>(7,279)</u>	<u>79,499</u>	<u>29,185</u>	<u>(18,866)</u>	<u>206,876</u>

	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
<u>30 September 2022</u>						
<u>(Unaudited):</u>						
Segment assets	17,857,002	26,430	2,413,705	322,534	(205,789)	20,413,882
Segment liabilities	<u>7,748,991</u>	<u>12,208</u>	<u>1,463,339</u>	<u>265,804</u>	<u>(166,921)</u>	<u>9,323,421</u>

##### 31 December 2021

<u>(Audited):</u>						
Segment assets	17,586,516	22,999	2,359,594	242,423	(209,728)	20,001,804
Segment liabilities	<u>7,414,301</u>	<u>12,293</u>	<u>1,436,775</u>	<u>230,188</u>	<u>(166,157)</u>	<u>8,927,400</u>

#### 32. Dividend

On 9 March 2022 the Company held its annual general meeting for the year 2021 which, among other things, approved a cash dividend of 5.5% of share capital amounting to QR 194.7 million. 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.