

United Development Company Q.P.S.C.

**Condensed consolidated interim financial statements
as at and for the period ended 31 March 2022**

United Development Company Q.P.S.C.

Condensed consolidated interim financial statements as at and for the period ended 31 March 2022

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United Development Company Q.P.S.C.

Condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022

	Note	Three-month period ended 31 March	
		2022 (Unaudited) QR'000	2021 (Unaudited) QR'000
Revenue		385,857	351,066
Cost of revenue		(219,789)	(224,384)
Gross profit		166,068	126,682
Dividend income		38	24
Other operating income		9,919	12,496
Fair value gain on investment securities		3,919	1,988
Provision for impairment on trade receivables		-	(1,421)
General and administrative expenses		(70,119)	(69,048)
Sales and marketing expenses		(11,742)	(2,210)
Operating profit		98,083	68,511
Finance income		15,837	16,283
Finance costs		(30,447)	(27,972)
Net finance costs		(14,610)	(11,689)
Net share of results of associates		(237)	1,178
Profit before tax		83,236	58,000
Income tax		(550)	(1,459)
Net profit for the period		82,686	56,541
Net profit for the period attributable to:			
Equity holders of the Parent		80,288	46,374
Non-controlling interests		2,398	10,167
		82,686	56,541
Earnings per share attributable to equity holders of the Parent:			
Basic and diluted earnings per share (QR)	6	0.023	0.013
Other comprehensive income		-	-
Total comprehensive income for the period		82,686	56,541
Total comprehensive income for the period attributable to:			
Equity holders of the Parent		80,288	46,374
Non-controlling interests		2,398	10,167
		82,686	56,541

The attached notes from 1 to 32 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 2022

	Note	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Assets			
Non-current assets			
Property, plant and equipment	7	2,894,677	2,867,580
Investment properties	8	10,065,640	10,005,575
Right-of-use assets	9	11,319	11,698
Intangible assets	10	2,679	2,498
Investment in associates	11	37,717	37,954
Investment securities	12	53,742	49,823
Accounts and other receivables	15	803,686	831,257
Deferred costs	14	116,337	119,789
Total non-current assets		13,985,797	13,926,174
Current assets			
Inventories, net	13	890,405	953,001
Work in progress		1,927,476	1,769,583
Accounts and other receivables	15	1,528,351	1,543,372
Deferred costs	14	13,809	13,809
Cash and bank balances	16	1,669,665	1,795,865
Total current assets		6,029,706	6,075,630
Total assets		20,015,503	20,001,804
Equity and liabilities			
Equity			
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		4,361,035	4,475,494
Equity attributable to equity holders of the parent		10,884,377	10,998,836
Non-controlling interests		70,723	75,568
Total equity		10,955,100	11,074,404
Liabilities			
Non-current liabilities			
Loans and borrowings	19	3,489,758	3,012,139
Accounts and other payables	20	118,132	114,240
Retention payable	21	196,563	181,575
Deferred revenue	22	597,395	607,462
Employees' end-of-service benefits	23	50,808	49,708
Lease liabilities	24	9,010	9,273
Total non-current liabilities		4,461,666	3,974,397
Current liabilities			
Loans and borrowings	19	1,244,259	1,521,084
Accounts and other payables	20	3,175,987	3,257,356
Retention payable	21	116,882	112,943
Deferred revenue	22	58,731	58,731
Lease liabilities	24	2,878	2,889
Total current liabilities		4,598,737	4,953,003
Total liabilities		9,060,403	8,927,400
Total equity and liabilities		20,015,503	20,001,804

These condensed consolidated interim financial statements were approved by the Board of Directors and signed on their behalf on 21 April 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 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 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	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	-	-	-	46,374	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)	-	(177,043)
Balance at 31 March 2021 (Unaudited)	3,540,862	1,757,030	1,212,049	4,314,373	10,824,314	376,963	11,201,277
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	-	-	-	80,288	80,288	2,398	82,686
Other comprehensive income for the period	-	-	-	-	-	-	-
Dividend paid (Note 31)	-	-	-	(194,747)	(194,747)	(7,243)	(201,990)
Balance at 31 March 2022 (Unaudited)	3,540,862	1,770,431	1,212,049	4,361,035	10,884,377	70,723	10,955,100

The attached notes from 1 to 32 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 2022

	Note	31 March 2022 (Unaudited) QR'000	31 March 2021 (Unaudited) QR'000
Operating activities:			
Profit before tax		83,236	58,000
Adjustments:			
Net share of results in associates		237	(1,178)
Depreciation on property, plant and equipment	7	24,833	26,281
Amortisation of intangible assets		56	41
Amortisation of right-of-use assets	9	379	413
Net finance costs		14,610	11,689
Dividend income		(38)	(24)
Provision for impairment of trade receivables		-	1,421
Fair value gain on investment securities		(3,919)	(1,988)
Provision for employees' end-of-service benefits	23	2,358	1,506
Operating profit before changes in working capital		121,752	96,161
Changes in working capital:			
Inventories		28,325	117,996
Work in progress		(157,893)	(283,389)
Accounts and other receivables		42,273	(13,884)
Accounts and other payables		(74,669)	(20,446)
Retention payable		18,927	31,433
Deferred revenue and cost, net		(6,615)	3,049
Cash used in operating activities		(27,900)	(69,080)
Finance costs paid		(32,771)	(15,260)
Employees' end-of-service benefits paid	23	(1,258)	(760)
Net cash used in operating activities		(61,929)	(85,100)
Investing activities:			
Additions to property, plant and equipment	7	(51,930)	(6,043)
Additions to intangible assets	10	(237)	(191)
Finance income received		17,134	14,248
Additions to investment properties	8	(25,794)	(33,539)
Repayment of lease liabilities	24	(393)	(414)
Movement in time deposits maturing after three months		9,758	(451,933)
Dividend received from associate		38	24
Net cash used in investing activities		(51,424)	(477,848)
Financing activities:			
Proceeds from loans and borrowings		438,003	668,596
Repayment of loans and borrowings		(239,102)	(145,152)
Dividend	31	(201,990)	(177,043)
Net cash (used in)/generated from financing activities		(3,089)	346,401
Net decrease in cash and cash equivalents		(116,442)	(216,547)
Cash and cash equivalents at the beginning of the period		336,103	497,817
Cash and cash equivalents at the end of the period	16	219,661	281,270

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

United Development Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements as at and for the three-month period ended 31 March 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 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 2022 were authorised for issue in accordance with approval of the Board of the Directors on 21 April 2022.

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 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.

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 2021.

United Development Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2022 (continued)

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”) are required to be applied by the Group with an annual reporting period beginning on or after 1 January 2022:

- Covid-19 related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37)
- Annual improvements to IFRS Standards 2018-2020
- Property, plant and equipment – Proceeds before intended use (Amendments to IAS 16)
- References to the Conceptual Framework (Amendments to IFRS 3)

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 2022. 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	
		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 Development Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2022 (continued)

3. Significant accounting policies (continued)

3.2 Basis of consolidation (continued)

Name of the entity	Country of incorporation	% equity interest	
		2022	2021
United Education Company W.L.L.	Qatar	51	51
ProMan L.L.C.	Qatar	100	100
United Medical Company W.L.L.	Qatar	65	-

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 condensed consolidated interim statement of financial position of QR 70.7 million as at 31 March 2022 (31 December 2021: QR 75.5 million) 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 three-month period ended 31 March 2022 amounted to QR 2.4 million (2021: QR 10.2 million relating to 49%).

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.

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Notes to the condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2022 (continued)

3. Significant accounting policies (continued)

3.2 Basis of consolidation (continued)

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

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

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

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

United Education Company 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.

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 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.

	Three-month period ended 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
Profit for the year attributable to equity holders of the Parent (QR'000)	80,288	46,374
Weighted average number of outstanding shares during the year ('000)	3,540,862	3,540,862
Basic and diluted earnings per share (QR)	0.023	0.013

7. Property, plant and equipment

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
	QR'000	QR'000
Carrying value at the beginning of the period/year	2,867,580	2,870,783
Additions	51,930	116,138
Write off, net	-	(3,037)
Depreciation for the period/year	(24,833)	(102,743)
Carrying value at the end of the period/year	2,894,677	2,867,580

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Notes to the condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2022 (continued)

8. Investment properties

	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Balance at the beginning of the period/year	10,005,575	9,717,613
Additions	25,794	323,181
Transfers, net	34,271	(50,690)
Fair value gains	-	15,471
Balance at the end of the period/year	<u>10,065,640</u>	<u>10,005,575</u>

9. Right-of-use assets

	31 March 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	(379)	(2,722)
Balance at the end of the period/year	<u>11,319</u>	<u>11,698</u>

10. Intangible assets

	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Balance at the beginning of the period/year	2,498	709
Additions	237	2,015
Amortisation for the period/year	(56)	(226)
Balance at the end of the period/year	<u>2,679</u>	<u>2,498</u>

11. Investment in associate

	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Balance at the beginning of the period/year	37,954	43,233
Share of profit for the period/year	(237)	1,121
Dividend received	-	(6,400)
Balance at the end of the period/year	<u>37,717</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.

12. Investment securities

	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Balance at the beginning of the period/year	49,823	51,787
Fair value gain/(loss)	3,919	(1,964)
Balance at the end of the period/year	<u>53,742</u>	<u>49,823</u>

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Notes to the condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2022 (continued)

12. Investment securities (continued)

	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Quoted shares inside Qatar	37,355	32,396
Quoted shares outside Qatar	16,387	17,427
	<u>53,742</u>	<u>49,823</u>

13. Inventories

	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Land and properties held for trading	850,726	916,542
Construction works in progress	30,073	20,597
Material and spare parts	8,752	15,054
Food, beverage and consumables	854	808
	<u>890,405</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

	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Non-current:		
Accounts receivable	781,602	809,362
Long term deposits	20,849	20,659
Deferred tax asset	1,235	1,236
	<u>803,686</u>	<u>831,257</u>
Current:		
Accounts receivable, net	736,641	764,072
Advances to contractors	133,083	164,272
Amounts due from related parties (Note 25)	1,130	1,058
Prepayments and accruals	53,479	20,356
Others	604,018	593,614
	<u>1,528,351</u>	<u>1,543,372</u>

16. Cash and bank balances

	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Cash in hand and bank balances	219,661	336,103
Time deposits	1,450,004	1,459,762
Total cash and bank balances	1,669,665	1,795,865
Time deposits with original maturities greater than 90 days	(1,450,004)	(1,459,762)
Cash and cash equivalents	<u>219,661</u>	<u>336,103</u>

United Development Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2022 (continued)

17. Share capital

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

18. Other reserves

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

19. Loans and borrowings

	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Loans and borrowings	4,762,633	4,563,731
Unamortised costs associated with raising finance	<u>(28,616)</u>	<u>(30,508)</u>
	<u>4,734,017</u>	<u>4,533,223</u>
Presented as:		
Non-current liability	3,489,758	3,012,139
Current liability	<u>1,244,259</u>	<u>1,521,084</u>
	<u>4,734,017</u>	<u>4,533,223</u>

20. Accounts and other payables

	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Non-current:		
Master community reserve fund	<u>118,132</u>	<u>114,240</u>
Current:		
Accounts payable	124,448	222,607
Accrued contract costs	568,416	567,808
Advances received from customers	1,783,269	1,728,819
Other accruals	175,429	200,961
Income tax payable	5,845	5,310
Amounts due to related parties (Note 25)	980	-
Other liabilities	<u>517,600</u>	<u>531,851</u>
	<u>3,175,987</u>	<u>3,257,356</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).

United Development Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2022 (continued)

23. Employees' end-of-service benefits

	31 March 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	2,358	6,213
Payments during the period/year	<u>(1,258)</u>	<u>(4,482)</u>
Balance at the end of the period/year	<u>50,808</u>	<u>49,708</u>

24. Lease liabilities

	31 March 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	(393)	(3,051)
Interest expense on lease liabilities	119	555
Balance at the end of the period/year	<u>11,888</u>	<u>12,162</u>
Presented as:		
Non-current liabilities	9,010	9,273
Current liabilities	<u>2,878</u>	<u>2,889</u>
	<u>11,888</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:

	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Amounts due from United Readymix W.L.L.	<u>1,130</u>	<u>1,058</u>
Amounts due to Orbital Education	<u>(980)</u>	<u>-</u>

26. Contingent liabilities

	31 March 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000
Bank guarantees and bonds	<u>6,062</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.

United Development Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2022 (continued)

26. Contingent liabilities (continued)

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.

27. Capital commitments

	31 March 2022 (Unaudited) QR'000	31 December 2022 (Audited) QR'000
Contractual commitments to contractors and suppliers	<u>1,288,269</u>	<u>1,518,006</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 2021.

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.

United Development Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2022 (continued)

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.

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 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>31 March 2022 (Unaudited):</u>						
Real estate revenue	234,484	-	-	-	-	234,484
Capacity charges	-	-	61,964	-	(5,349)	56,615
Consumption & ETS sale	-	-	32,173	-	(5,965)	26,208
Marina operations	-	-	8,429	-	-	8,429
Food and beverage sale	-	7,762	-	-	-	7,762
Others	13,337	-	-	56,259	(17,237)	52,359
Total revenue	<u>247,821</u>	<u>7,762</u>	<u>102,566</u>	<u>56,259</u>	<u>(28,551)</u>	<u>385,857</u>
Finance income	13,378	2	1,982	475	-	15,837
Finance costs	(28,697)	(45)	(3,943)	-	2,238	(30,447)
Depreciation	(6,030)	(461)	(15,448)	(50)	(2,844)	(24,833)
Net share of results in associates	(237)	-	-	-	-	(237)
Profit/(loss) for the period	<u>125,777</u>	<u>(1,839)</u>	<u>27,224</u>	<u>6,594</u>	<u>(75,070)</u>	<u>82,686</u>
Segment assets	17,649,052	23,634	2,282,406	250,317	(189,906)	20,015,503
Segment liabilities	<u>7,571,291</u>	<u>13,911</u>	<u>1,408,400</u>	<u>236,248</u>	<u>(169,447)</u>	<u>9,060,403</u>

United Development Company Q.P.S.C.

Notes to the condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2022 (continued)

30. Operating 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
31 March 2021 (Unaudited):						
Real estate revenue	215,712	-	-	-	(1,837)	213,875
Capacity charges	-	-	53,719	-	(2,755)	50,964
Consumption & ETS sale	-	-	33,845	-	(5,669)	28,176
Marina operations	-	-	8,198	-	(261)	7,937
Food and beverage sale	-	7,065	-	-	(244)	6,821
Others	9,432	-	-	33,861	-	43,293
Revenue	<u>225,144</u>	<u>7,065</u>	<u>95,762</u>	<u>33,861</u>	<u>(10,766)</u>	<u>351,066</u>
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	<u>27,599</u>	<u>(757)</u>	<u>22,341</u>	<u>12,139</u>	<u>(4,781)</u>	<u>56,541</u>
Segment assets	19,361,484	11,386	887,654	648,993	(3,855,780)	19,902,348
Segment liabilities	<u>9,837,511</u>	<u>90,710</u>	<u>1,403,263</u>	<u>199,448</u>	<u>(2,829,861)</u>	<u>8,701,071</u>

31. 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.

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.