

United Development Company Q.P.S.C

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2017

United Development Company Q.P.S.C

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Nine months period ended 30 September 2017

	<i>For the Nine months Period Ended 30 September</i>	
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Revenue	1,542,848	1,311,658
Cost of revenue	(813,719)	(634,557)
Gross profit	729,129	677,101
Dividend income	1,467	17,659
Other operating income	63,918	97,843
Impairment loss of available-for-sale financial assets	(970)	(15,000)
General, administrative, sales and marketing expenses	(227,264)	(247,086)
Operating profit	566,280	530,517
Finance income	38,882	27,312
Finance costs	(136,917)	(92,774)
Net finance cost	(98,035)	(65,462)
Net share of results of associates	14,132	18,586
Profit for the period	482,377	483,641
Profit attributable to :		
Equity holders of the parent	435,860	451,590
Non-controlling interests	46,517	32,051
Profit for the period	482,377	483,641
Earnings per share		
Basic earnings per share	6 1.23	1.28

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

United Development Company Q.P.S.C**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the Nine months period ended 30 September 2017

		<i>For the Nine months Period Ended 30 September</i>	
	<i>Note</i>	2017 (Unaudited) QR'000	2016 (Unaudited) QR'000
Profit for the period		482,377	483,641
Other comprehensive income			
<i>Other comprehensive (loss)/profit to be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value of available-for-sale financial assets	15	1,294	(101,828)
Net change in cash flow hedge reserve	15	190	-
Total comprehensive income for the period		<u>483,861</u>	<u>381,813</u>
Total comprehensive income attributable to:			
Equity holders of the parent		437,344	349,762
Non-controlling interests		<u>46,517</u>	<u>32,051</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>483,861</u></u>	<u><u>381,813</u></u>

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

United Development Company Q.P.S.C

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Note	30 September 2017 (Unaudited) QR'000	31 December 2016 (Audited) QR'000
Assets			
Non-current assets			
Property, plant and equipment	7	3,040,640	3,231,194
Investment properties	8	9,035,012	8,861,377
Intangible assets	9	6,099	6,838
Investment in associates	10	304,707	316,385
Available-for-sale financial assets	11	49,323	90,444
Accounts and other receivables	12	298,443	368,415
Total non-current assets		12,734,224	12,874,653
Current assets			
Inventories		1,512,329	1,997,627
Work In Progress		90,851	20,034
Accounts and other receivables – current, net	12	2,184,657	2,265,087
Cash and cash equivalents	13	1,707,093	1,565,883
Total current assets		5,494,930	5,848,631
TOTAL ASSETS		18,229,154	18,723,284
Equity and liabilities			
Equity			
Share capital	14	3,540,862	3,540,862
Legal reserve		1,627,121	1,583,535
Other reserves	15	1,129,329	1,275,975
Retained earnings		4,595,613	4,497,817
Equity attributable to equity holders of the parent		10,892,925	10,898,189
Non-controlling interest		437,128	411,632
Total equity		11,330,053	11,309,821
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	16	3,733,479	3,272,796
Retention payable		24,024	17,545
Accounts and other payables – long term		105,521	88,344
Employees' end of service benefits		36,873	34,795
Total non-current liabilities		3,899,897	3,413,480
Current liabilities			
Accounts and other payables		2,344,189	2,589,031
Interest bearing loans and borrowings	16	500,636	1,245,125
Retentions payable		154,379	165,827
Total current liabilities		2,999,204	3,999,983
Total liabilities		6,899,101	7,413,463
TOTAL EQUITY AND LIABILITIES		18,229,154	18,723,284

These interim condensed consolidated financial statements were approved by the Board of Directors and were signed on their behalf by the following on 25th October 2017.

.....
Ibrahim Jassim Al-Othman
President and Chief Executive Officer

.....
Turki Mohammed Khaled Al Khater
Chairman of the Board

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

United Development Company Q.P.S.C

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Nine months period ended 30 September 2017

	<i>Attributable to equity holders of the parent</i>					<i>Non-controlling interest</i> <i>QR'000</i>	<i>Total equity</i> <i>QR'000</i>
	<i>Issued Capital</i> <i>QR'000</i>	<i>Legal reserve</i> <i>QR'000</i>	<i>Other reserves</i> <i>(Note 15)</i> <i>QR'000</i>	<i>Retained earnings</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>		
Balance at 1 January 2017 (Audited)	3,540,862	1,583,535	1,275,975	4,497,817	10,898,189	411,632	11,309,821
Total comprehensive income for the period							
Profit for the period	-	-	-	435,860	435,860	46,517	482,377
Other comprehensive income							
Transfer of revaluation gain	-	-	(148,130)	148,130	-	-	-
Net change in cash flow hedge reserve	-	-	190	-	190	-	190
Net change in fair value of available-for-sale financial assets	-	-	1,294	-	1,294	-	1,294
Total other comprehensive income	-	-	(146,646)	148,130	1,484	-	1,484
Total comprehensive income for the period	-	-	(146,646)	583,990	437,344	46,517	483,861
Transfer to legal reserve	-	43,586	-	(43,586)	-	-	-
Dividend declared	-	-	-	(442,608)	(442,608)	(21,021)	(463,629)
Total transactions with equity holders	-	43,586	-	(486,194)	(442,608)	(21,021)	(463,629)
Balance at 30 September 2017 (Unaudited)	3,540,862	1,627,121	1,129,329	4,595,613	10,892,925	437,128	11,330,053

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

United Development Company Q.P.S.C

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the Nine months period ended 30 September 2017

	<i>Attributable to equity holders of the parent</i>					<i>Non-controlling interest</i> QR'000	<i>Total equity</i> QR'000
	<i>Issued Capital</i> QR'000	<i>Legal reserve</i> QR'000	<i>Other reserves</i> QR'000	<i>Retained earnings</i> QR'000	<i>Total</i> QR'000		
Balance at 1 January 2016 (Audited)	3,540,862	1,521,213	1,594,006	4,257,545	10,913,626	372,925	11,286,551
Total comprehensive income for the period							
Profit for the period	-	-	-	451,590	451,590	32,051	483,641
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	(101,828)	-	(101,828)	-	(101,828)
Total other comprehensive income	-	-	(101,828)	-	(101,828)	-	(101,828)
Total comprehensive income for the period	-	-	(101,828)	451,590	349,762	32,051	381,813
Transfer to legal reserve	-	45,159	-	(45,159)	-	-	-
Dividend declared	-	-	-	(531,129)	(531,129)	(19,404)	(550,533)
Total transactions with equity holders	-	45,159	-	(576,288)	(531,129)	(19,404)	(550,533)
Balance at 30 September 2016 (Unaudited)	3,540,862	1,566,372	1,492,178	4,132,847	10,732,259	385,572	11,117,831

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

United Development Company Q.P.S.C

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Nine months period ended 30 September 2017

	Note	30 September 2017 (Unaudited) QR'000	30 September 2016 (Unaudited) QR'000
OPERATING ACTIVITIES			
Profit for the period		482,377	483,641
<i>Adjustments to reconcile profit to net cash flows:</i>			
Net share of results of associates		(14,132)	(18,586)
Depreciation		67,301	52,487
Amortization & Write off of intangible asset		830	1,617
Loss/(Profit) on disposal of property, plant & equipment		1,715	(2,381)
Loss on disposal investment in property		1,736	-
Net Gain on sale and impairment of available-for-sale financial assets		970	14,951
Net finance income and costs		98,035	65,462
Dividend income		(1,467)	(17,659)
Provision for employees' end of service benefits		6,347	6,548
Operating Profit before working capital changes		643,712	586,080
<i>Working capital adjustments:</i>			
Inventories		454,331	263,681
Work in progress		(26,931)	-
Accounts and other receivables		150,179	(453,719)
Accounts and other payables		(230,163)	(134,839)
Retention payable		(4,969)	(24,179)
Cash generated from operating activities		986,159	237,024
Finance cost paid		(137,482)	(91,108)
Employees' end of service benefits paid		(4,586)	(9,580)
Net cash flows from operating activities		844,091	136,336
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(34,888)	(351,864)
Proceeds from sale of property, plant and equipment		610	2,676
Proceeds from sale of investment in property		250	-
Addition to intangible assets		(91)	(5,996)
Net proceeds from sale & purchase of available-for-sale financial assets		41,444	154,688
Interest received		39,115	26,029
Dividend from associates		26,000	14,170
Dividend received		1,467	17,659
Additions to investment properties		(32,733)	(3,217)
Time deposits with maturities more than 90 days		(829,816)	429,448
Net cash flow (used in)/from investing activities		(788,642)	283,593
FINANCING ACTIVITIES			
Proceeds from interest bearing loans and borrowings		877,910	323,259
Repayment of interest bearing loans and borrowings		(1,161,522)	(503,195)
Dividend paid		(460,443)	(543,869)
Net cash flows used in financing activities		(744,055)	(723,805)
Net decrease in cash and cash equivalents		(688,606)	(303,876)
Cash and cash equivalents at the beginning of the period	13	1,094,799	1,053,570
CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	13	406,193	749,694

The attached notes 1 to 17 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 30 September 2017

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

United Development Company Q.P.S.C. (the “Company”) 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 nine months period ended 30 September 2017 comprise the financial statements of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates. Information regarding the Group’s structure is provided in Note 3.

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

Pursuant to the Emiri Decree No 17 of 2004, the Company has been provided with a right to develop an island off the shore of Qatar for the sale and/or lease of properties. The Company is presently engaged in the development of this area known as “The Pearl Qatar Project”. The Pearl Qatar Project involves reclamation of land covering an area of 985 acres (4.2 million square meters) into a manmade island and the development of the island into various districts comprising housing beachfront villas, town homes, luxury apartments, retail shopping complex, penthouses, five star hotels, marinas and schools with related infrastructure and community facilities. The reclamation and the development of the land are being performed on a mix use development basis with substantial completion achieved in 2011.

The condensed consolidated interim financial statements of the Group for the nine months ended 30 September 2017 were authorised for issue in accordance with a resolution of the Board of the Directors.

2 STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”.

The condensed consolidated interim financial statements do not include all of the information required in the annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at 31 December 2016.

The condensed consolidated interim financial statements are prepared and presented in Qatari Riyals rounded to nearest thousands (QR’000) except when otherwise indicated.

The consolidated financial statements of the Group as at and for the year ended 31 December 2016 are available upon request from the Company’s registered office or at www.udcqatar.com.

United Development Company Q.P.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017

3 SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations which became effective as of 1 January 2017, as noted below:

- Disclosure Initiative - Amendments to IAS 7 (Effective 1 January 2017)
- Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (Effective 1 January 2017)

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

Standards, amendments and interpretations issued but not yet effective

The new standards, amendments to standards and interpretations, which have been issued but are not yet effective for the period ended 30 September 2017 and have not been early applied in preparing these condensed consolidated interim financial statements, were as follows:

- IFRS 15 Revenue from Contracts with Customers (Effective 1 January 2018)
- IFRS 9 Financial Instruments (Effective 1 January 2018)
- IFRS 16 Leases (Effective 1 January 2019)

Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of United Development Company Q.P.S.C. and all its subsidiaries as at 30 September 2017. The financial statements of the subsidiaries are prepared for the same reporting period as that of the parent company, using consistent accounting policies. Below is a list of subsidiaries included in the financial statements

	<i>Country of incorporation</i>	<i>% equity interest</i>	
		<i>2017</i>	<i>2016</i>
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
Porto Arabia Retail Company 1	Cayman Island	100	100
Leisure and Resorts Company W.L.L.	Qatar	100	100

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

United Development Company Q.P.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The accumulated balance of non-controlling interest disclosed in the statement of financial position of QR 437,889 thousands as at 30 September 2017 (31 December 2016: QR 412,292 thousands) applicable to the 49% equity interest in Qatar District Cooling Company Q.C.S.C that is not owned by the Group. Profit allocated to the non-controlling interest amounted to QR 46,618 thousands (2016: QR 31,979 thousands).

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

The Pearl Qatar Company W.L.L. activity is in the real estate sector.

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 (84%), Flavour of Mexico L.L.C (90%), The Rising Sun L.L.C (95.68%), Urban Restaurant Development L.L.C (90%) and Wafflemaster Restaurant L.L.C (100%) in its consolidated financial statements. During the year 2011, the capital of the company was increased from QR 18.250 million to QR 50 million.

HDC took the decision to discontinue the operations of Modern Lebanese Restaurant L.L.C (90%) and China Square L.L.C (80.01%), respectively from 31 May 2014 and 30 September 2015. The liquidation process for Modern Lebanese Restaurant is still ongoing, while the liquidation process for China Square was completed during the prior year.

United Fashion Company W.L.L. (UFC) is engaged in fashion retailing. The mandate of the Company is to acquire top international names for brand franchising and operating in the Middle East. UFC consolidates Rony Nacouzi (60%) in its consolidated financial statements. During the year 2011, the capital of the company was increased from QR 18.250 million to QR 80 million.

The operation of Hiref Middle East W.L.L which had a 51% stake in 2014 was officially closed as of 30 September 2014 and liquidated during the year. During 2016 the operation of Rony Nacouzi was sold to a third party.

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

Abraj Al-Mutahida W.L.L. activity is in the development of real estate properties.

United Facilities Management Company W.L.L. is engaged in facility management activity.

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. activity is to provide cleaning related services.

Insure plus W.L.L. activity is to provide technical services and risk related services of an insurance nature to the Group.

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 Company Q.P.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

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

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

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group consolidates all the entities where it has the power to govern the financial and operating policies.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from Company shareholders' equity.

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit recognised on the loss of control is recognised in the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of the influence retained.

4 ESTIMATES

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at 31 December 2016.

United Development Company Q.P.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017

6 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period attributable to the owners of the Company by the weighted average number of shares outstanding during the period.

	<i>For the Nine months Period Ended 30 September</i>	
	<i>2017 (Unaudited) QR'000</i>	<i>2016 (Unaudited) QR'000</i>
Profit for the period attributable to the equity holders of the Parent	<u>435,860</u>	<u>451,590</u>
Weighted average number of shares outstanding during the period (000')	<u>354,086</u>	<u>354,086</u>
Basic earnings per share (QR)	<u><u>1.23</u></u>	<u>1.28</u>

There were no potentially dilutive shares outstanding at any time during the period. Therefore, the diluted earnings per share are equal to the basic earnings per share.

7 PROPERTY, PLANT AND EQUIPMENT

	<i>30 September 2017 (Unaudited) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Net book value at 1 January	3,231,194	4,499,199
Additions for the period / year	34,888	449,656
Transfers	(155,816)	(1,602,739)
Depreciation for the period / year	(67,301)	(101,992)
Net disposal	(2,325)	(8,827)
Impairment including revaluation loss	-	(4,103)
Net carrying value at the end of the period/year	<u>3,040,640</u>	<u>3,231,194</u>

8 INVESTMENT PROPERTIES

	<i>30 September 2017 (Unaudited) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Balance at 1 January	8,861,377	8,704,709
Additions - development costs incurred during the period/year	32,733	4,356
Transfers from inventory & Property Plant & equipment	142,887	152,312
Disposal	(1,985)	-
Balance at the end of the period/year	<u>9,035,012</u>	<u>8,861,377</u>

United Development Company Q.P.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017

9 INTANGIBLE ASSETS

	<i>30 September 2017 (Unaudited) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Balance at 1 January	6,838	3,678
Additions	91	1,404
Net transfers	-	4,250
Write off	-	(295)
Amortisation for the period / year	(830)	(2,199)
	<hr/>	<hr/>
Balance at the end of the period / year	6,099	6,838

10 INVESTMENTS IN ASSOCIATES

The Group has the following investments in associate companies:

		<i>30 September 2017 (Unaudited) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Middle East Dredging Company Q.S.C. (note a)	Qatar Shareholding 45.9%	-	-
Al-Seef Limited Q.S.C. (note b)	Qatar 20%	253,235	256,648
United Readymix W.L.L. (note c)	Qatar 32%	51,472	59,737
		<hr/>	<hr/>
		304,707	316,385

Notes:

- (a) Middle East Dredging Company Q.S.C. (the associate) is involved in project related dredging and reclamation activities in the Gulf States and other neighbouring countries. The equity holding in the associate was impaired in full during 2013.
- (b) Al-Seef Limited Q.S.C. is engaged in production and selling of Linear Alkyl Benzene (LAB), downstream petrochemical products and essential feedstock to worldwide detergent manufacturing industries.
- (c) United Readymix W.L.L. is engaged in the production and sale of ready-mix concrete and other building materials.

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>30 September 2017 (Unaudited) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Available-for-sale financial assets – quoted shares – Inside Qatar	2,514	2,770
Available-for-sale financial assets – quoted shares – Outside Qatar	42,809	83,674
Available-for-sale financial assets – unquoted shares	4,000	4,000
	<hr/>	<hr/>
	49,323	90,444

As of 30 September 2017, unquoted equity investments are carried at cost due to non-availability of quoted market prices or other reliable measures of fair value.

United Development Company Q.P.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017

12 ACCOUNTS AND OTHER RECEIVABLES

	<i>30 September 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Accounts receivables, Net	1,553,019	1,763,071
Amounts due from related parties	23,725	25,287
Other receivables, prepayments and advances	<u>906,356</u>	<u>845,144</u>
	<u>2,483,100</u>	<u>2,633,502</u>
Presented in the interim condensed consolidated statement of financial position as:		
Current assets	2,184,657	2,265,087
Non-current assets	<u>298,443</u>	<u>368,415</u>
	<u>2,483,100</u>	<u>2,633,502</u>

13 CASH AND CASH EQUIVALENTS

	<i>30 September 2017 (Unaudited) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Cash on hand and bank balances	1,707,093	1,565,883
Less: Reserves/time deposits maturing after 90 days	<u>(1,300,900)</u>	<u>(471,084)</u>
Cash and cash equivalents as per statement of cash flows	<u>406,193</u>	<u>1,094,799</u>

Time deposits carry interest at commercial rates.

14 ISSUED CAPITAL

	<i>30 September 2017 (Unaudited) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
<i>Authorised, issued and fully paid up capital:</i>		
354,086,248 ordinary shares of QR 10 each (2016 : 354,086,248 ordinary shares of QR 10 each)	<u>3,540,862</u>	<u>3,540,862</u>
Number of shares ('000')		
On issue at the beginning of the period/year	<u>354,086</u>	<u>354,086</u>
On issue at the end of the period/year	<u>354,086</u>	<u>354,086</u>

At 30 September 2017, the authorised share capital comprised 354,086,248 ordinary shares (2016: 354,086,248 ordinary shares), all shares have a par value of QR 10. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividend, as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Group's residual assets.

United Development Company Q.P.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017

15 OTHER RESERVES

	<i>Fair value reserve QR'000</i>	<i>Cash flow hedge reserve QR'000</i>	<i>Asset revaluation reserve QR'000</i>	<i>Total 30 September 2017 (Unaudited) QR'000</i>	<i>Total 31 December 2016 (Audited) QR'000</i>
Balance at 1 January (Audited)	4,921	(7,427)	1,278,481	1,275,975	1,594,006
Increase/(Decrease)	<u>1,294</u>	<u>190</u>	<u>(148,130)</u>	<u>(146,646)</u>	<u>(318,031)</u>
Balance at the end of the period/year	<u>6,215</u>	<u>(7,237)</u>	<u>1,130,351</u>	<u>1,129,329</u>	<u>1,275,975</u>

Fair value reserve

The fair value reserve is used to record the changes, other than impairment losses in the fair value of available-for-sale financial assets.

Cash flow hedge reserve

The cash flow hedge reserve represents the Group's share of other comprehensive income of associates.

Asset revaluation reserve

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

16 INTEREST BEARING LOANS AND BORROWINGS

	<i>30 September 2017 (Unaudited) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Balance at 1 January	4,547,236	4,840,091
Draw downs/utilization	877,910	356,160
Repayments	<u>(1,161,522)</u>	<u>(649,015)</u>
	4,263,624	4,547,236
Less: Unamortized finance cost associated with raising finance	<u>(29,509)</u>	<u>(29,315)</u>
Balance at the end of the period/year	<u>4,234,115</u>	<u>4,517,921</u>
Presented in the interim condensed consolidated statement of financial position as:		
Current liability	500,636	1,245,125
Non-current liability	<u>3,733,479</u>	<u>3,272,796</u>
	<u>4,234,115</u>	<u>4,517,921</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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17 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:

Urban development: This includes real estate development and constructions activities.

Hydrocarbon & energy: This includes production and sale of chemicals and hydrocarbon materials.

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

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

Other operations include providing property management services and information technology solution service.

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) and Porto Arabia Retail Company 1 (established in Cayman Island). However these companies do not have any material operations outside Qatar and therefore majority of the Group assets are located in Qatar. Accordingly there are no distinctly identifiable geographical segments in the Group for the year ended 30 September 2017.