

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

**Condensed consolidated  
interim financial statements  
as at 30 September 2021**

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

### Condensed consolidated statement of profit or loss and other comprehensive income for the nine-month period ended 30 September 2021

	Note	Nine-month period ended 30 September	
		2021 (Unaudited) QR'000	2020 (Unaudited) QR'000
Revenue		1,615,422	849,389
Cost of revenue		(1,174,445)	(468,444)
<b>Gross profit</b>		<b>440,977</b>	<b>380,945</b>
Dividend income		984	1,128
Other operating income		40,398	44,981
Fair value gain/(loss) on investment securities		119	(10,714)
Reversal of/(provision for) impairment on trade receivables		4,669	(49,579)
General and administrative expenses		(211,842)	(199,908)
Sales and marketing expenses		(7,362)	(4,617)
<b>Operating profit</b>		<b>267,943</b>	<b>162,236</b>
Finance income		55,128	46,063
Finance costs		(87,865)	(86,178)
<b>Net finance costs</b>		<b>(32,737)</b>	<b>(40,115)</b>
Net share of results of associates		488	3,725
<b>Profit before tax</b>		<b>235,694</b>	<b>125,846</b>
Tax expense	25	(28,818)	(2,489)
<b>Net profit for the period</b>		<b>206,876</b>	<b>123,357</b>
<b>Net profit for the period attributable to:</b>			
Equity holders of the Parent		179,269	95,976
Non-controlling interests		27,607	27,381
		<b>206,876</b>	<b>123,357</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>206,876</b>	<b>123,357</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Parent		179,269	95,976
Non-controlling interests		27,607	27,381
		<b>206,876</b>	<b>123,357</b>
<b>Earnings per share attributable to equity holders of the Parent:</b>			
Basic and diluted earnings per share (QR)	6	0.051	0.027

The attached notes from 1 to 35 form part of these condensed consolidated interim financial statements.

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

## Condensed consolidated statement of financial position as at 30 September 2021

	Note	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	2,848,975	2,870,783
Investment properties	8	9,952,827	9,639,844
Right-of-use assets	9	9,796	7,207
Intangible assets	10	1,389	709
Investment in associates	11	39,241	43,233
Investment securities	12	51,906	51,787
Accounts and other receivables	15	958,778	853,393
Deferred costs	14	121,469	128,476
<b>Total non-current assets</b>		<b>13,984,381</b>	<b>13,595,432</b>
<b>Current assets</b>			
Inventories, net	13	857,957	902,826
Work in progress		1,601,139	1,602,723
Accounts and other receivables	15	1,552,884	1,480,689
Deferred costs	14	13,529	13,263
Cash and bank balances	16	1,688,821	1,881,251
<b>Total current assets</b>		<b>5,714,330</b>	<b>5,880,752</b>
<b>Total assets</b>		<b>19,698,711</b>	<b>19,476,184</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	17	3,540,862	3,540,862
Legal reserve		1,770,320	1,752,393
Other reserve	18	1,212,049	1,212,049
Retained earnings		4,373,144	4,449,679
<b>Equity attributable to equity holders of the parent</b>		<b>10,896,375</b>	<b>10,954,983</b>
Non-controlling interests		76,094	366,796
<b>Total equity</b>		<b>10,972,469</b>	<b>11,321,779</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	19	3,051,475	3,237,894
Accounts and other payables	20	108,054	97,675
Retention payable	21	173,525	106,731
Deferred revenue	22	618,762	638,166
Employees' end-of-service benefits	23	49,619	47,977
Lease liabilities	24	8,562	6,034
<b>Total non-current liabilities</b>		<b>4,009,997</b>	<b>4,134,477</b>
<b>Current liabilities</b>			
Loans and borrowings	19	1,430,783	624,180
Accounts and other payables	20	3,113,349	3,221,907
Retention payable	21	112,567	115,205
Deferred revenue	22	57,979	57,225
Lease liabilities	24	1,567	1,411
<b>Total current liabilities</b>		<b>4,716,245</b>	<b>4,019,928</b>
<b>Total liabilities</b>		<b>8,726,242</b>	<b>8,154,405</b>
<b>Total equity and liabilities</b>		<b>19,698,711</b>	<b>19,476,184</b>

These condensed consolidated interim financial statements were approved by the Board of Directors and signed on their behalf on 20 October 2021 by:

  
Ibrahim Jassim Al-Othman  
President and Chief Executive Officer

  
Turki Bin Mohamed Al-Khater  
Chairman

The attached notes from 1 to 35 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 nine-month period ended 30 September 2021

	Attributable to equity-holders of the Parent				Total QR'000	Non- controlling interests QR'000	Total equity QR'000
	Share capital QR'000	Legal reserve QR'000	Other reserves QR'000	Retained earnings QR'000			
Balance at 1 January 2020 (Audited)	3,540,862	1,729,787	1,212,049	4,431,132	10,913,830	325,719	11,239,549
Net profit for the period	-	-	-	95,976	95,976	27,381	123,357
Other comprehensive income for the period	-	-	-	-	-	-	-
Transfer to legal reserve	-	9,598	-	(9,598)	-	-	-
Dividend paid (Note 32)	-	-	-	(177,043)	(177,043)	-	(177,043)
<b>Balance at 30 September 2020 (Unaudited)</b>	<b>3,540,862</b>	<b>1,739,385</b>	<b>1,212,049</b>	<b>4,340,467</b>	<b>10,832,763</b>	<b>353,100</b>	<b>11,185,863</b>
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 (Note 3.1)	-	-	-	(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>

The attached notes from 1 to 35 form part of these condensed consolidated interim financial statements.

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

## Condensed consolidated statement of cash flows for the nine-month period ended 30 September 2021

	Note	Nine-month period ended 30 September	
		2021 (Unaudited) QR'000	2020 (Unaudited) QR'000
<b>Operating activities:</b>			
Net profit for the period		206,876	123,357
Adjustments:			
Net share of results in associates		(488)	(3,725)
Depreciation on property, plant and equipment	7	77,041	78,644
Amortisation of intangible assets		113	184
Amortisation of right-of-use assets	9	2,149	2,736
Net finance costs		32,737	40,115
Dividend income		(984)	(1,128)
Loss on disposal of property, plant and equipment		2,022	2,706
(Reversal of)/provision for impairment of trade receivables		(4,669)	49,579
Fair value (gain)/loss on investment securities		(119)	10,714
Provision for employees' end-of-service benefits	23	4,553	6,897
<b>Operating profit before changes in working capital</b>		<b>319,231</b>	<b>310,079</b>
Changes in working capital:			
Inventories		(168,261)	(7,079)
Work in progress		1,584	(480,613)
Accounts and other receivables		(160,930)	26,533
Accounts and other payables		(96,914)	296,493
Retention payable		64,156	37,682
Deferred revenue and cost, net		(11,909)	(28,457)
<b>Cash (used in)/generated from operating activities</b>		<b>(53,043)</b>	<b>154,638</b>
Finance costs paid		(82,264)	(65,427)
Employees' end-of-service benefits paid	23	(2,911)	(5,315)
<b>Net cash (used in)/generated from operating activities</b>		<b>(138,218)</b>	<b>83,896</b>
<b>Investing activities:</b>			
Additions to property, plant and equipment	7	(57,255)	(8,423)
Additions to intangible assets	10	(793)	-
Finance income received		51,457	39,258
Additions to investment properties	8	(99,853)	(84,620)
Repayment of lease liabilities	24	(2,456)	(3,038)
Movement in time deposits maturing after three months		(77,184)	(146,370)
Dividend received		5,464	4,328
<b>Net cash used in investing activities</b>		<b>(180,620)</b>	<b>(198,865)</b>
<b>Financing activities:</b>			
Proceeds from loans and borrowings		1,083,400	572,287
Repayment of loans and borrowings		(469,680)	(113,738)
Dividend	32	(177,043)	(177,043)
Acquisition of non-controlling interest without change in control	3.1	(387,453)	-
<b>Net cash generated from financing activities</b>		<b>49,224</b>	<b>281,506</b>
Net (decrease)/increase in cash and cash equivalents		(269,614)	166,537
Cash and cash equivalents at the beginning of the period		497,817	300,897
<b>Cash and cash equivalents at the end of the period</b>	16	<b>228,203</b>	<b>467,434</b>

The attached notes from 1 to 35 form part of these condensed consolidated interim financial statements.

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

## Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2021

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### 1. Corporate information and principal activities

United Development Company Q.P.S.C. (the "Company") (the "Parent") was incorporated as a Qatari Shareholding Company in accordance with the Emiri Decree No. 2 on 2 February 1999 and whose shares are publicly traded. The registered office of the Company is situated in Doha, State of Qatar and its registered office address is P.O box 7256. The condensed consolidated interim financial statements of the Group as at and for the nine-month period ended 30 September 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 3.1.

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, school and hospital with related infrastructure and community facilities.

The condensed consolidated interim financial statements of the Group for the nine-month period ended 30 September 2021 were authorised for issue in accordance with approval of the Board of the Directors on 20 October 2021.

### 2. Basis of preparation

These 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 of the information required for a complete set of financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('the last annual financial statements'). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 are available upon request from the Company's registered office or at the Company's website [www.udcqatar.com](http://www.udcqatar.com).

### 3. Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those that were applied in the consolidated financial statements of the Group as at and for the year ended 31 December 2020.

A number of new amendments to standards are effective from 1 January 2021, however those amendments did not have a significant impact on these condensed consolidated interim financial statements. A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

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

## Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2021

### 3. Significant accounting policies (continued)

#### 3.1 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 30 September 2021. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies. The condensed consolidated interim financial statements include the financial statements of The Parent and its subsidiaries listed in the following table:

Name of the entity	Country of incorporation	% equity interest	
		2021	2020
Qatar District Cooling Company Q.C.S.C.	Qatar	91.06	51
Ronautica Middle East W.L.L.	Qatar	100	100
The Pearl Qatar Company W.L.L.	Qatar	100	100
Hospitality Development Company W.L.L.	Qatar	100	100
United Fashion Company W.L.L.	Qatar	100	100
Madina Centrale Company W.L.L.	Qatar	100	100
Abraj Al-Mutahida Company W.L.L.	Qatar	100	100
United Facilities Management Company W.L.L.	Qatar	100	100
Scoop Media and Communication Company W.L.L.	Qatar	100	100
Pragmatech Company W.L.L.	Qatar	100	100
Glitter W.L.L.	Qatar	100	100
Insure Plus W.L.L.	Qatar	100	100
Madina Innova W.L.L.	Qatar	100	100
The Pearl Owners Corporation W.L.L.	Qatar	100	100
United Development Investment Company	Cayman Island	100	100
United Technology Solution W.L.L.	Qatar	100	100
Leisure and Resorts Company W.L.L.	Qatar	100	100
United Education Company W.L.L.	Qatar	51	51
Proman LLC	Qatar	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.

During the period ended 30 September 2021, the Group completed acquisition of 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%.



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

### Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2021

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

##### 3.1 Basis of consolidation (continued)

Accordingly, accumulated balance of non-controlling interests disclosed in the condensed consolidated interim statement of financial position as at 30 September 2021 of QR 76.1 million relates to 8.94% equity interest in Qatar Cool that is not owned by the Group (31 December 2020: QR 366.8 million relating to 49%). Profit allocated to non-controlling interests for the nine-month period ended 30 September 2021 amounted to QR 27.6 million (2020: QR 27.4 million).

##### *Acquisition of non-controlling interest without change in control*

In August 2021, the Group completed acquisition of shares in Qatar District Cooling Company Q.C.S.C. ("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% without any change in the Group's controlling interests in Qatar Cool. This is treated as a transaction between shareholders of Qatar Cool in their capacity as owners, accordingly the purchase consideration and related transaction costs are presented as an adjustment to the carrying amount of controlling and non-controlling interests within the Statement of changes in equity.

The carrying amount of Qatar Cool's net assets in the Group's consolidated financial statements at the date of acquisition was QR 819.7 million. Details of purchase consideration and related changes in Shareholders' equity are as follows:

	QAR'000
Purchase consideration (including transaction costs)	(387,453)
Non-controlling interests acquired	326,619
Decrease in equity attributable to Shareholders of the Group	60,834

Ronautica Middle East W.L.L. is involved in the operation of marina and sale of marine related equipment. During 2008, the capital of Ronautica Middle East W.L.L. was increased from QR 30 million to QR 100 million. The increase in capital was fully paid by the Group, which increased its equity interest from 60% to 88%. During 2009, the Group purchased the non-controlling interest of Ronautica Middle East W.L.L., which increased its equity interest from 88% to 100%.

The Pearl Qatar Company W.L.L.'s activity is real estate investments.

Hospitality Development Company W.L.L. (HDC) is engaged in the investment and management of restaurants and sales and purchases of fast-moving consumer goods in the hospitality sector. HDC consolidates Lebanese Restaurants Development L.L.C (100%), Flavour of Mexico L.L.C (100%), The Rising Sun L.L.C (95.68%), Wafflemaster Restaurant L.L.C (100%), Isla Mexican Kitchen W.L.L. (100%), Arabeque Restaurant W.L.L. (100%), The Circle Café W.L.L. (100%) and Alison Nelson's Chocolate Bar W.L.L. (100%) in its consolidated financial statements.

United Fashion Company W.L.L. was engaged in fashion retailing. The mandate of the Company was to acquire top international names for brand franchising and operating in the Middle East. The Company ceased operations during 2017.

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

Abraj Al-Mutahida Company W.L.L.'s activity is in the development of real estate properties. During the year 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 the year 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.

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

### Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2021

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

##### 3.1 Basis of consolidation (continued)

Glitter W.L.L.'s activity is to provide cleaning related services. The Company ceased operations during the year 2016

Insure plus W.L.L.'s activity is an insurance agency and providing technical and risk related services. The Company ceased operations during the year 2016.

Madina Innova W.L.L. is engaged in providing registry and master community services at the Pearl Qatar.

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

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

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

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

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

Proman LLC's activity is in the management of operations and support services.

#### 4. Estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The critical estimates and judgments used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group's consolidated financial statements for the year ended 31 December 2020.

#### 5. Financial risk management

The Group financial risk management objectives and policies are consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 December 2020.

#### 6. Basic and diluted earnings per share

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

	<b>Nine-month period ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the period attributable to equity holders of the Parent (QR'000)	<b>179,269</b>	95,976
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>0.051</b>	0.027

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

### Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2021

#### 7. Property, plant and equipment

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	2,870,783	2,974,758
Additions during the period/year	57,255	13,326
Disposals and write off, net	(2,022)	(12,410)
Depreciation for the period/year	(77,041)	(104,891)
Balance at the end of the period/year	<u>2,848,975</u>	<u>2,870,783</u>

#### 8. Investment properties

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	9,639,844	9,511,268
Additions during the period/year	99,853	120,161
Transfers, net	213,130	(35,148)
Fair value gains	-	43,563
Balance at the end of the period/year	<u>9,952,827</u>	<u>9,639,844</u>

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

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	7,207	5,616
Additions during the period/year	4,738	5,105
Depreciation for the period/year	(2,149)	(3,514)
Balance at the end of the period/year	<u>9,796</u>	<u>7,207</u>

#### 10. Intangible assets

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	709	449
Additions during the period/year	793	474
Amortisation for the period/year	(113)	(214)
Balance at the end of the period/year	<u>1,389</u>	<u>709</u>

#### 11. Investment in associate

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	43,233	48,568
Share of profit for the period/year	488	5,865
Dividend received	(4,480)	(11,200)
Balance at the end of the period/year	<u>39,241</u>	<u>43,233</u>

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

### Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2021

#### 11. Investment in associate (continued)

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

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	51,787	62,677
Fair value gain/(loss)	119	(10,890)
Balance at the end of the period/year	<u>51,906</u>	<u>51,787</u>
Quoted shares inside Qatar	32,398	29,678
Quoted shares outside Qatar	19,508	22,109
	<u>51,906</u>	<u>51,787</u>

#### 13. Inventories

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Land and properties held for trading	822,982	871,252
Construction works in progress	26,220	23,058
Material and spare parts	8,118	7,968
Food, beverage and consumables	637	548
	<u>857,957</u>	<u>902,826</u>

#### 14. Deferred costs

These represent costs incurred in respect of connection revenue and one-time capacity revenue that is recognised on a straight-line basis over the term of the contracts with the customers, which is in line with the recognition of revenue from these sources.

#### 15. Accounts and other receivables

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
<b>Non-current:</b>		
Accounts receivable	881,831	791,531
Long term deposits	75,980	60,265
Deferred tax asset	1,667	1,564
Others	-	33
	<u>958,778</u>	<u>853,393</u>
<b>Current:</b>		
Accounts receivable, net	723,857	617,045
Advances to contractors	189,382	239,484
Amounts due from related parties	1,188	9,142
Prepayments and accruals	28,401	23,997
Others	610,056	591,021
	<u>1,552,884</u>	<u>1,480,689</u>

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

### Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2021

#### 16. Cash and bank balances

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Cash in hand and bank balances	228,203	397,728
Time deposits	1,460,618	1,483,523
Total cash and bank balances	<u>1,688,821</u>	<u>1,881,251</u>
Time deposits with maturities more than 90 days	<u>(1,460,618)</u>	<u>(1,383,434)</u>
Cash and cash equivalents	<u>228,203</u>	<u>497,817</u>

#### 17. Share capital

At the reporting date, share capital represents 3,540,862,500 authorised, issued and fully paid ordinary shares of QR 1 each.

#### 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

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Loans and borrowings	4,514,694	3,889,012
Unamortised costs associated with raising finance	<u>(32,436)</u>	<u>(26,938)</u>
	<u>4,482,258</u>	<u>3,862,074</u>
Presented as:		
Non-current liability	3,051,475	3,237,894
Current liability	<u>1,430,783</u>	<u>624,180</u>
	<u>4,482,258</u>	<u>3,862,074</u>

#### 20. Accounts and other payables

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
<b>Non-current:</b>		
Master community reserve fund	<u>108,054</u>	<u>97,675</u>
<b>Current:</b>		
Accounts payable	150,053	256,636
Accrued contract costs	568,990	636,546
Advances received from customers	1,657,469	1,762,908
Other accruals	211,266	139,102
Income tax payable	4,266	8,318
Other liabilities	<u>521,305</u>	<u>418,397</u>
	<u>3,113,349</u>	<u>3,221,907</u>

#### 21. Retention payable

Retention payable represents amounts withheld from payments to contractors as per contractual terms. These amounts are payable upon completion of work and satisfactory discharge of obligations by the relevant contractors.

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

### Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2021

#### 22. Deferred revenue

Deferred revenue represents connection fees and one-time capacity revenues that will be recognised in the statement of profit or loss on a straight-line basis over the term of the contracts with customers. Related direct costs are recognised into the statement of profit or loss at the same time (Note 14).

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

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	47,977	45,264
Charge for the period/year	4,553	8,511
Payments during the period/year	(2,911)	(5,798)
Balance at the end of the period/year	<u>49,619</u>	<u>47,977</u>

#### 24. Lease liabilities

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Balance at the beginning of the period/year	7,445	5,731
Additions during the period/year	4,737	5,105
Lease payments during the period/year	(2,456)	(3,871)
Interest expense on lease liabilities	402	480
Balance at the end of the period/year	<u>10,129</u>	<u>7,445</u>
Presented as:		
Non-current liabilities	8,562	6,034
Current liabilities	1,567	1,411
	<u>10,129</u>	<u>7,445</u>

#### 25. Tax expense

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

	Nine-month period ended 30 September	
	2021 (Unaudited) QR'000	2020 (Unaudited) QR'000
Income tax expense for the current period	4,242	2,489
Capital gains tax	24,571	-
Change in estimates related to prior year	74	-
Deferred income tax	(69)	-
	<u>28,818</u>	<u>2,489</u>

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

### Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2021

#### 26. Related parties

Note 3.1 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 are as follows:

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
<u>Amounts due from related parties</u>		
United Readymix W.L.L.	1,188	3,497
National Central Cooling Company P.J.S.C	-	5,645
	<u>1,188</u>	<u>9,142</u>
<u>Transactions with related parties</u>		
Revenue	10,016	6,049
Rental income	<u>1,340</u>	<u>2,217</u>

#### 27. Contingent liabilities

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Bank guarantees and bonds	<u>5,746</u>	<u>5,698</u>

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

A court case is ongoing between the Group and a developer. The developer has filed a case against the Group and the Group has filed a counter claim against the developer, each seeking compensation for the recovery of costs incurred and damages suffered.

The developer's case was decreed by the court in their favour but the Group has appealed against the judgement, which has been accepted by the court returning the case to be heard again. No profit or loss on this project has been recognised by the Group but based on the assessment of the Group's lawyers, no material additional liability is expected to arise from this case.

#### 28. Capital commitments

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000
Contractual commitments to contractors and suppliers	<u>1,804,078</u>	<u>2,577,412</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 2020.

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

### Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2021

#### 30. Fair values of assets and 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 2 and investment properties (Note 8) are classified under Level 2 and Level 3.

#### 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.



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

### Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2021

#### 31. Operating segments (continued)

##### 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 2021.

	Urban development (Unaudited) QR'000	Hospitality and leisure (Unaudited) QR'000	Infra structure and utilities (Unaudited) QR'000	Others (Unaudited) QR'000	Inter- segment elimination (Unaudited) QR'000	Total (Unaudited) QR'000
<b>30 September 2021:</b>						
Revenue	1,182,666	15,058	347,665	125,444	(55,411)	1,615,422
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)	(7,583)	(77,033)
Net share of results in associates	488	-	-	-	-	488
Profit/(loss) for the period	124,337	(7,279)	79,499	29,185	(18,866)	206,876
<b>30 September 2020:</b>						
Revenue	454,200	13,809	314,606	100,327	(33,553)	849,389
Finance income	38,539	4	5,843	1,677	-	46,063
Finance costs	(75,439)	(59)	(17,481)	-	6,801	(86,178)
Depreciation	(23,734)	(2,031)	(45,667)	(386)	(7,010)	(78,828)
Net share of results in associates	3,725	-	-	-	-	3,725
Profit/(loss) for the period	40,736	(9,034)	58,149	26,461	7,045	123,357
<b>30 September 2021:</b>						
Segment assets	17,289,911	28,124	2,314,784	201,414	(135,522)	19,698,711
Segment liabilities	7,201,401	12,930	1,467,394	198,065	(153,548)	8,726,242
<b>31 December 2020</b>						
<b>(Audited):</b>						
Segment assets	17,160,066	19,597	2,274,786	245,708	(223,973)	19,476,184
Segment liabilities	6,660,998	13,236	1,440,722	215,468	(176,019)	8,154,405

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

### **Notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2021**

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#### **32. Dividend**

On 3 March 2021, the Company held its annual general meeting for the year 2020 which, among other things, approved a cash dividend of 5% of share capital amounting to QR 177 million (2019: On 3 March 2020, the Company held its annual general meeting for the year 2019 which, among other things, approved a cash dividend of 5% of share capital amounting to QR 177 million.

#### **33. 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 period.

#### **34. Subsequent events**

There were no significant events after the reporting date, which have a bearing on the understanding of the users of these condensed consolidated interim financial statements.

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

The coronavirus ("COVID-19") pandemic has spread across various regions globally, causing disruptions to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various fiscal and stimulus measures across the globe to counter possible adverse implications.

The Group has taken adequate measures to ensure business continuity during the pandemic period. Further, the management has assessed the accounting implications of these developments on the financial statements wherever applicable, including but not limited to the impairment of property, plant, and equipment under IAS 36 '*Impairment of Asset*', expected credit losses under IFRS 9 '*Financial instruments*', net realizable value of inventory under IAS 2 '*Inventories*', Fair value of investment properties under 'IAS 40' and contingent liabilities under IAS 37 '*Provisions, contingent liabilities and contingent assets*'. The management has ensured that all necessary steps have been taken to ensure the smooth and adequate continuation of its business in order to maintain business performance despite the hindered economic activity.

Based on the assessment, the management is of the view that there is no material impact of COVID-19 on the carrying amounts of assets and liabilities as at 30 September 2021. The management will continue to monitor the potential impact and take necessary steps to mitigate any negative effects.