

United Development Company Q.S.C

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2014

United Development Company Q.S.C**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the Nine months period ended 30 September 2014

<i>For the Nine months Period Ended 30 September</i>		
	2014	2013
	(Unaudited)	(Unaudited)
	QR'000	QR'000
Revenue	1,573,325	1,782,920
Cost of revenue	(663,590)	(1,035,715)
Gross profit	909,735	747,205
Dividend income	15,744	26,044
Gain on sale of available-for-sale financial assets	-	176
Other income	31,391	98,693
General, administrative, sales and marketing expenses	(295,578)	(203,452)
Loss on impairment of available-for-sale financial assets	-	(2,911)
Results from operating activities	661,292	665,755
Finance income	15,401	15,408
Finance costs	(109,244)	(58,665)
Net finance income and cost	(93,843)	(43,257)
Net share of results of associates	21,281	(44,621)
Profit for the period	588,730	577,877
Profit attributable to :		
Owners of the Parent	559,042	505,773
Non-controlling interest	29,688	72,104
Profit for the period	588,730	577,877
Basic earnings per share		
Basic earnings per share	6 1.58	1.43

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

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

For the Nine months period ended 30 September 2014

		<i>For the Nine months Period Ended 30 September</i>	
	<i>Note</i>	2014 (Unaudited) QR'000	2013 (Unaudited) QR'000
Profit for the period		588,730	577,877
Net change in fair value of available-for-sale financial assets	15	107,364	50,335
Change in cash flow hedge reserve		-	2,878
Total comprehensive income for the period		696,094	631,090
Total comprehensive income attributable to:			
Owners of the Parent		666,406	558,986
Non-controlling interest		29,688	72,104
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		696,094	631,090

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

United Development Company Q.S.C

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

		30 September 2014 (Unaudited) QR'000	31 December 2013 (Audited) QR'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	7	3,926,947	3,823,522
Investment properties	8	8,023,835	7,290,596
Intangible assets	9	4,832	6,097
Investment in associates	10	312,483	342,162
Accounts and other receivables - long term		18,071	18,071
Available-for-sale financial assets	11	544,226	436,862
Total non-current assets		12,830,394	11,917,310
Current assets			
Inventories		2,043,463	3,096,329
Assets held for sale	12	20,357	20,357
Accounts and other receivables, net – short term		1,622,644	1,728,912
Cash and cash equivalents	13	2,283,611	2,001,915
Total current assets		5,970,075	6,847,513
Total assets		18,800,469	18,764,823
EQUITY AND LIABILITIES			
Equity			
Share capital	14	3,540,862	3,372,250
Legal reserve		1,445,586	1,389,682
Other reserves	15	1,719,991	1,612,627
Retained earnings		4,054,441	4,057,140
		10,760,880	10,431,699
Equity attributable to owners of the parent			
Non-controlling interest		326,063	315,386
Total equity		11,086,943	10,747,085
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	16	4,374,152	4,048,320
Retention payable		129,978	122,409
Accounts and other payables – long term		62,875	42,554
Employees' end of service benefits		30,898	29,475
Total non-current liabilities		4,597,903	4,242,758
Current liabilities			
Accounts and other payables – short term		2,343,389	2,313,018
Interest bearing loans and borrowings	16	567,961	1,191,450
Retention payable		204,273	270,512
Total current liabilities		3,115,623	3,774,980
Total liabilities		7,713,526	8,017,738
Total equity and liabilities		18,800,469	18,764,823

These interim condensed consolidated financial statements were approved by the Board of Directors and were signed on their behalf by the following on 26 October 2014.

Turki Mohammed Khaled Al Khater
Chairman of the Board and Managing Director

Moftah Jassim Mohammed Al-Moftah
Director

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

United Development Company Q.S.C
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Nine months period ended 30 September 2014

	<i>Attributable to owners of the parent</i>					<i>Non-controlling interest</i> <i>QR'000</i>	<i>Total equity</i> <i>QR'000</i>
	<i>Share 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 2014 (Audited)	3,372,250	1,389,682	1,612,627	4,057,140	10,431,699	315,386	10,747,085
Profit for the period	-	-	-	559,042	559,042	29,688	588,730
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	107,364	-	107,364	-	107,364
Total other comprehensive income	-	-	107,364	-	107,364	-	107,364
Total comprehensive income for the period	-	-	107,364	559,042	666,406	29,688	696,094
Distribution of bonus shares	168,612	-	-	(168,612)	-	-	-
Dividend declared	-	-	-	(337,225)	(337,225)	(17,786)	(355,011)
Transfer to legal reserve	-	55,904	-	(55,904)	-	-	-
Change in non controlling interest	-	-	-	-	-	(1,225)	(1,225)
Total transactions with owners	168,612	55,904	-	(561,741)	(337,225)	(19,011)	(356,236)
Balance at 30 September 2014 (Unaudited)	3,540,862	1,445,586	1,719,991	4,054,441	10,760,880	326,063	11,086,943

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

United Development Company Q.S.C
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the Nine months period ended 30 September 2014

	<i>Attributable to owners of the parent</i>					<i>Non-controlling interest</i>	<i>Total equity</i>
	<i>Share Capital</i> <i>QR'000</i>	<i>Legal reserve</i> <i>QR'000</i>	<i>Other reserves</i> <i>QR'000</i>	<i>Retained earnings</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Balance at 1 January 2013 (Audited)	3,372,250	1,357,404	1,581,334	4,111,562	10,422,550	827,149	11,249,699
Profit for the period	-	-	-	505,773	505,773	72,104	577,877
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	50,335	-	50,335	-	50,335
Change in cash flow hedge reserve	-	-	2,878	-	2,878	-	2,878
Total other comprehensive income	-	--	53,213	-	53,213	-	53,213
Total comprehensive income for the period	-	-	53,213	505,773	558,986	72,104	631,090
Transfer to legal reserve	-	50,577	-	(50,577)	-	-	-
Dividend declared	-	-	-	(337,225)	(337,225)	-	(337,225)
Change in non-controlling interest				383	383	(383)	-
Distribution and dividend paid to non-controlling interest	-	-	-	-	-	(597,785)	(597,785)
Contribution from non-controlling interest	-	-	-	-	-	182	182
Total transactions with owners	-	50,577	-	(387,419)	(336,842)	(597,986)	(934,828)
Balance at 30 September 2013 (Unaudited)	3,372,250	1,407,981	1,634,547	4,229,916	10,644,694	301,267	10,945,961

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

United Development Company Q.S.C**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Nine months period ended 30 September 2014

	<i>Note</i>	30 September 2014 (Unaudited) QR'000	30 September 2013 (Unaudited) QR'000
Cash flows from operating activities			
Profit for the period		588,730	577,877
Adjustments for:			
Net share of results of associates		(21,281)	44,621
Depreciation & amortization	7 & 9	75,965	75,242
(Profit)/loss on disposal of property, plant & equipment		(40)	10,214
Gain on disposal of available-for-sale financial assets		-	(176)
Net finance income and costs		93,843	43,257
Loss on impairment of available-for-sale financial assets		-	2,911
Dividend income		(15,744)	(26,044)
Write off of assets	7	2,113	-
Provision for employees' end of service benefits		6,073	6,300
Operating profit before working capital changes		729,659	734,202
Changes in Working capital:			
Inventories		345,225	(783,274)
Work in progress		-	1,540,874
Accounts and other receivables		107,280	(216,960)
Accounts and other payables		40,085	(157,337)
Retention payable		(58,670)	(20,062)
Cash from operating activities		1,163,579	1,097,443
Finance cost paid		(111,744)	(52,956)
Employees' end of service benefits paid		(4,650)	(4,463)
Net cash flows from operating activities		1,047,185	1,040,024
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	7	(205,192)	(475,783)
Proceeds from sale of property, plant and equipment		507	560
Proceeds from sale of available-for-sale investments		-	1,028
Interest income		14,356	18,545
Dividend income		15,744	26,044
Addition of investment property	8	(1,078)	(148,862)
Dividend Received from Associate Companies		50,960	50,000
Movement in time deposit maturing after 90 days		(327,229)	53,020
Net cash flow used in investing activities		(451,932)	(475,448)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest bearing loans and borrowings	16	630,727	2,405,698
Repayment of interest bearing loans and borrowings	16	(924,962)	(2,451,108)
Net movement in non-controlling interest		(1,224)	(581,434)
Dividend paid		(345,327)	(344,798)
Net cash used in financing activities		(640,786)	(971,642)
Net decrease in cash and cash equivalents		(45,533)	(407,066)
Cash and cash equivalents at the beginning of the period		1,890,879	2,265,842
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13	1,845,346	1,858,776

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

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

United Development Company Q.S.C. (the “Company”) was incorporated as a Qatari Shareholding Company in accordance with the Emiri Decree number (2) on 2 February 1999.

The registered office of the Company is situated in Doha, State of Qatar.

The interim condensed consolidated financial statements of the Company as at and for the period ended 30 September 2014 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates.

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, advertising, providing information technology solutions, E-payment protocol activities, and insurance agency, technical services and risk related services to insurance activities.

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 “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, penthouse, five star hotels, marinas and schools with related infrastructure and community facilities. The reclamation and the development of the land is being performed on a mix use development basis which was substantially completed in 2011.

The interim condensed consolidated financial statements of the Group for the Nine months period ended 30 September 2014 were authorised for issue in accordance with a resolution of the Board of the Directors on 26 October 2014.

2 STATEMENT OF COMPLIANCE

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

They do not include all of the information required for a full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at 31 December 2013.

The interim condensed consolidated financial statements are prepared and presented in Qatari Riyals rounded to nearest thousands, except when otherwise indicated.

The consolidated financial statements of the Group as at and for the year ended 31 December 2013 are available upon request from the Company’s registered office or at www.udcqatar.com.

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014

3 SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

During the period, the Group has adopted the following standards effective for the annual period beginning on or after 1 January 2014.

The nature and the impact of each new standard/amendment is described below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments had no impact on the Group.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. The Group early adopted these disclosure requirements in the annual consolidated financial statements for the year ended 31 December 2013.

The following amendments to standards became effective in 2014, but did not have any impact on the accounting policies, financial position or performance of the Group.

<i>Standard/Interpretation</i>	<i>Content</i>
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (Amendment)
IFRIC 21	Levies

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of United Development Company Q.S.C. and all its subsidiaries as at 30 September 2014. The financial statements of the subsidiaries are prepared for the same reporting period as that of the parent company, using consistent accounting policies. The interim condensed consolidated financial statements include the financial statements of United Development Company Q.S.C. and its below listed subsidiaries.

	<i>Country of incorporation</i>	<i>% equity interest</i>	
		2014	2013
Qatar District Cooling Company Q.C.S.C	Qatar	51	51
Ronautica Middle East O.M.C.	Qatar	100	100
The Pearl Qatar Company O.M.C.	Qatar	100	100
Hospitality Development Company O.M.C.	Qatar	100	100
United Fashion Company O.M.C.	Qatar	100	100
Madina Centrale Company O.M.C.	Qatar	100	100
Abraj Quartier Company O.M.C.	Qatar	100	100
United Facilities Management Company O.M.C	Qatar	100	100
Scoop Media and Communication Company O.M.C.	Qatar	100	100
Pragmatech Company O.M.C.	Qatar	100	100
Glitter O.M.C	Qatar	100	100
Enterprise Development Company	Republic of Turkey	100	100
Insure Plus O.M.C.	Qatar	100	100
Madina Innova O.M.C	Qatar	100	100
The Pearl Owners Corporation O.M.C	Qatar	100	100
United Development Investment Company	Cayman Island	100	100
United Facility Solution Management Company O.M.C	Qatar	100	100
Porto Arabia Retail Company 1	Cayman Island	100	100
Leisure and Resorts O.M.C	Qatar	100	100

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

Ronautica Middle East O.M.C. is involved in the development, operation and sale of marina and marine related equipment. During 2008, the capital of Ronautica Middle East O.M.C. was increased from QR 30 million to 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 has 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 O.M.C. activity is engaged in real estate business.

Hospitality Development Company O.M.C. (HDC) is engaged in the investment and management of restaurants, hotels and resorts development and sales / purchase of fast moving consumer goods in the hospitality sector. HDC consolidates Lebanese Restaurants Development LLC (84%), China Square LLC (80%), Flavour of Mexico LLC (90%), Modern Lebanese Liza Restaurant LLC (90%), The Rising Sun LLC (95.68%) and Urban Restaurant Development LLC (90%) in its consolidated financial statements. During the year 2011, the capital of the company was increased from QR 18.25 million to QR 50 million.

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

United Fashion Company O.M.C. (UFC) is engaged in fashion retailing. The mandate of the Company is to acquire top international names for brand franchising in the Middle East. UFC consolidates Hiref (51%) and Rony Nacouzi (60%) in its consolidated financial statements. During the year 2011, the capital of the company was increased from QR 18.25 million to QR 80 million.

Madina Centrale Company O.M.C. activity is engaged in the investment of real estate properties.

Abraj Quartier Company O.M.C. activity is engaged in the development of real estate properties.

United Facilities Management Company and is engaged in facility management activity.

Scoop Media and Communication Company O.M.C. activity is engaged in advertising business.

PragmaTech Company O.M.C. activity is engaged in providing information technology solution. During the year 2012, a decision was made to close this company's branch in Lebanon.

Glitter O.M.C. activity is engaged in cleaning services and related business.

The Enterprise Development Company operates in the real estate sector and during the year 2013, a decision was taken to liquidate the company. The liquidation process is currently being carried out.

Insure Plus O.M.C is involved in the insurance agency, technical services, and risk related services to insurance activities.

Madina Innova O.M.C is engaged in registry and master community services at the Pearl Qatar.

The Pearl Owners Corporation O.M.C is engaged in property management support services.

United Development Investment Company is engaged in development related activities.

United Facility Solution Management O.M.C is engaged in providing information technology solutions.

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

Leisure and Resorts O.M.C is under incorporation and will engage in resort operations and development activities.

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 parent 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 that the 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.

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014

4 ESTIMATES

The preparation of interim financial statements requires management to make judgements, 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 this interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the consolidated financial statements as at ended 31 December 2013.

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 2013.

6 BASIC AND DILUTED 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>	
	2014	2013
	(Unaudited)	(Unaudited)
	QR'000	restated QR'000
Profit for the period attributable to the owners of the Parent	<u>559,042</u>	<u>505,773</u>
Weighted average number of shares outstanding during the period (000')	<u>354,086</u>	<u>354,086</u>
Basic and diluted earnings per share (QR)	<u>1.58</u>	<u>1.43</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

	30 September 2014 (Unaudited) QR'000	31 December 2013 (Audited) QR'000
Net carrying value at 1 January	3,823,522	4,027,647
Additions	205,192	494,418
Revaluation gain	-	10
Written off	(2,113)	(41,881)
Transfers	(24,520)	(469,951)
Depreciation	(74,667)	(111,800)
Impairment including revaluation loss	-	(69,392)
Net disposal	<u>(467)</u>	<u>(5,529)</u>
Net carrying value at the end of the period/year	<u>3,926,947</u>	<u>3,823,522</u>

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014

8 INVESTMENT PROPERTIES

	<i>30 September 2014 (Unaudited) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Balance at 1 January	7,290,596	6,401,173
Additions	1,078	91,754
Transfers	732,161	797,669
	<u>8,023,835</u>	<u>7,290,596</u>
Balance at the end of the period/year	<u>8,023,835</u>	<u>7,290,596</u>

9 INTANGIBLE ASSETS

	<i>30 September 2014 (Unaudited) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Balance at 1 January	6,097	11,055
Additions/Transfers	33	427
Impairment	-	(3,479)
Amortisation	(1,298)	(1,906)
	<u>4,832</u>	<u>6,097</u>
Balance at the end of the period/year	<u>4,832</u>	<u>6,097</u>

10 INVESTMENTS IN ASSOCIATES

The Group has the following investments in associate companies:

	<i>Country of incorporation</i>	<i>Shareholding</i>	<i>30 September 2014 (Unaudited) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Middle East Dredging Company Q.S.C. (note a)	Qatar	45.9%	-	-
Al-Seef Limited Q.S.C.	Qatar	20%	268,163	302,360
United Readymix W.L.L.	Qatar	32%	42,767	38,056
ASTECO Qatar	Qatar	30%	1,553	1,746
			<u>312,483</u>	<u>342,162</u>

- (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 associate sustained losses relating to the Satah Al Razboot (SARB) Project. The project has been characterised by various delays and difficulties resulting in a cost overrun on the part of the associate. The management of the associate has submitted a claim to the counterparty in an effort to recover a portion of the cost overruns and the settlement amount is under negotiation. As a result the 45.9% equity holding in the associate is impaired in full as at 31 December 2013.

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>30 September 2014 (Unaudited) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Available-for-sale investments – quoted shares	540,226	432,862
Available-for-sale investments – unquoted shares	4,000	4,000
	544,226	436,862

12 ASSETS HELD FOR SALE

	<i>30 September 2014 (Unaudited) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Balance at 1 January	20,357	50,111
Impairment loss	-	(29,754)
	20,357	20,357

13 CASH AND CASH EQUIVALENTS

	<i>30 September 2014 (Unaudited) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Cash and cash equivalents	2,283,611	2,001,915
Less: Reserves/time deposits maturing after 90 days	(438,265)	(111,036)
Cash and cash equivalents as per statement of cash flows	1,845,346	1,890,879

14 SHARE CAPITAL

	<i>30 September 2014 (Unaudited) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Authorised, issued and fully paid up capital: 354,086,250 ordinary shares of QR 10 each (2013 : 337,225,000 shares of QR 10 each)	3,540,862	3,372,250
Number of shares ('000')		
On issue at the beginning of the period/year	337,225	337,225
On issue at the end of the period/year	354,086	337,225

At 30 September 2014, the authorised share capital comprised 354,086,250 ordinary shares (2013: 337,225,000 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.

During 2014, the authorised, issued and fully paid up capital was increased by way of an issue of 16,861,250 bonus shares for the value of QR 168,612,500.

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014

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 2014 (Unaudited) QR'000</i>	<i>Total 31 December 2013 (Audited) QR'000</i>
Balance at 1 January (Audited)	81,771	(6,317)	1,537,173	1,612,627	1,581,334
Increase/(decrease)	<u>107,364</u>	<u>-</u>	<u>-</u>	<u>107,364</u>	<u>31,293</u>
Balance at the end of the period/year	<u>189,135</u>	<u>(6,317)</u>	<u>1,537,173</u>	<u>1,719,991</u>	<u>1,612,627</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 2014 (Unaudited) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Balance at 1 January	5,274,891	5,388,620
Draw downs/utilization	630,727	1,159,500
Repayments	<u>(924,962)</u>	<u>(1,273,229)</u>
	4,980,656	5,274,891
Less: Unamortized finance cost associated with raising finance	<u>(38,543)</u>	<u>(35,121)</u>
Balance at the end of the period/year	<u>4,942,113</u>	<u>5,239,770</u>
Presented in the interim consolidated statement of financial position as:		
Current liability	567,961	1,191,450
Non-current liability	<u>4,374,152</u>	<u>4,048,320</u>
	<u>4,942,113</u>	<u>5,239,770</u>

United Development Company Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2014

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 different technology and marketing strategies. For each of the strategic business units, the Management reviews internal management reports on regular basis. The following summary describes the operations in each of the Group's reportable segments:

Urban Development: This includes real estate development and construction activities.

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

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

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

Other operations include providing advertising and information technology solution services, real estate brokering services, insurance investment services, cleaning and e-payment protocol services.

Performance is measured based on segment profit, as included in the internal 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 the State of Qatar except for Enterprise Development Company (established in Republic of Turkey), 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 period ended 30 September 2014.