

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF UNITED DEVELOPMENT COMPANY Q.P.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of United Development Company Q.P.S.C. and its subsidiaries (collectively "the Group") as at 30 June 2022, comprising of the interim consolidated statement of financial position as at 30 June 2022 and the related interim consolidated statement of profit or loss and other comprehensive income for the six months period ended 30 June 2022, the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for six months period then ended and the related explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matter

The interim condensed consolidated financial statements of the Group as at and for the period ended 30 June 2021, were reviewed and the consolidated financial statements as at and for the year ended 31 December 2021 were audited by another auditor, whose reports dated 28 July 2021 and 2 February 2022, respectively, expressed an unmodified review conclusion and audit opinion.

Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Date: 27 July 2022
Doha

United Development Company Q.P.S.C.

Interim consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2022

	<u>Six-month period ended 30 June</u>	
	2022 (Reviewed) QR'000	2021 (Reviewed) QR'000
Revenue	855,058	1,216,261
Cost of revenue	<u>(502,040)</u>	<u>(907,809)</u>
Gross profit	353,018	308,452
Dividend income	38	984
Other operating income	23,770	28,170
Fair value loss on investment securities	(284)	(1,290)
Provision for impairment on trade receivables	(2,019)	(1,206)
General and administrative expenses	(151,965)	(149,001)
Sales and marketing expenses	<u>(16,631)</u>	<u>(5,078)</u>
Operating profit	205,927	181,031
Finance income	31,002	32,490
Finance costs	<u>(61,076)</u>	<u>(54,999)</u>
Net finance costs	(30,074)	(22,509)
Net share of results of associates	<u>(1,318)</u>	<u>1,183</u>
Profit before tax	174,535	159,705
Income tax	<u>(1,519)</u>	<u>(2,271)</u>
Net profit for the period	173,016	157,434
Net profit for the period attributable to:		
Equity holders of the Parent	167,600	135,781
Non-controlling interests	<u>5,416</u>	<u>21,653</u>
	173,016	157,434
Earnings per share attributable to equity holders of the Parent:		
Basic and diluted earnings per share (QR)	<u>0.047</u>	<u>0.038</u>
Other comprehensive income	-	-
Total comprehensive income for the period	173,016	157,434
Total comprehensive income for the period attributable to:		
Equity holders of the Parent	167,600	135,781
Non-controlling interests	<u>5,416</u>	<u>21,653</u>
	173,016	157,434

United Development Company Q.P.S.C.

Interim consolidated statement of financial position as at 30 June 2022

	30 June 2022 (Reviewed) QR'000	31 December 2021 (Audited) QR'000
Assets		
Non-current assets		
Property, plant and equipment	3,083,468	3,050,943
Investment properties	9,901,020	9,822,212
Right-of-use assets	10,939	11,698
Intangible assets	2,914	2,498
Investment in associates	35,036	37,954
Investment securities	49,539	49,823
Accounts and other receivables	727,647	831,257
Deferred costs	118,947	119,789
Total non-current assets	13,929,510	13,926,174
Current assets		
Inventories, net	860,843	953,001
Work in progress	2,053,356	1,769,583
Accounts and other receivables	1,794,667	1,543,372
Deferred costs	14,222	13,809
Cash and bank balances	1,761,237	1,795,865
Total current assets	6,484,325	6,075,630
Total assets	20,413,835	20,001,804
Equity and liabilities		
Equity		
Issued capital	3,540,862	3,540,862
Legal reserve	1,770,431	1,770,431
Other reserve	1,212,049	1,212,049
Retained earnings	4,448,347	4,475,494
Equity attributable to equity holders of the parent	10,971,689	10,998,836
Non-controlling interests	73,741	75,568
Total equity	11,045,430	11,074,404
Liabilities		
Non-current liabilities		
Loans and borrowings	3,467,763	3,012,139
Accounts and other payables	123,497	114,240
Retention payable	172,107	181,575
Deferred revenue	585,174	607,462
Employees' end-of-service benefits	51,588	49,708
Lease liabilities	8,443	9,273
Total non-current liabilities	4,408,572	3,974,397
Current liabilities		
Loans and borrowings	1,499,453	1,521,084
Accounts and other payables	3,258,179	3,257,356
Retention payable	114,523	112,943
Deferred revenue	84,811	58,731
Lease liabilities	2,867	2,889
Total current liabilities	4,959,833	4,953,003
Total liabilities	9,368,405	8,927,400
Total equity and liabilities	20,413,835	20,001,804

These interim condensed consolidated financial statements were approved by the Board of Directors and signed on their behalf on 27 July 2022 by:

Ibrahim Jassim Al-Othman
President and Chief Executive Officer

Turki Bin Mohamed Al-Khater
Chairman of the Board

United Development Company Q.P.S.C.

Interim consolidated statement of changes in equity for the six-month period ended 30 June 2022

	Attributable to equity holders of the Parent					Non- controlling interests	Total equity
	Share capital	Legal reserve	Other reserves	Retained earnings	Total		
	QR'000	QR'000	QR'000	QR'000	QR'000		
Balance at 1 January 2021 (Audited)	3,540,862	1,752,393	1,212,049	4,449,679	10,954,983	366,796	11,321,779
Net profit for the period	-	-	-	135,781	135,781	21,653	157,434
Other comprehensive income for the period	-	-	-	-	-	-	-
Related party share of tax	-	-	-	-	-	5,146	5,146
Transfer to legal reserve	-	13,578	-	(13,578)	-	-	-
Dividend paid (Note 32)	-	-	-	(177,043)	(177,043)	-	(177,043)
Balance at 30 June 2021 (Reviewed)	3,540,862	1,765,971	1,212,049	4,394,839	10,913,721	393,595	11,307,316
Balance at 1 January 2022 (Audited)	3,540,862	1,770,431	1,212,049	4,475,494	10,998,836	75,568	11,074,404
Net profit for the period	-	-	-	167,600	167,600	5,416	173,016
Other comprehensive income for the period	-	-	-	-	-	-	-
Dividend paid (Note 32)	-	-	-	(194,747)	(194,747)	(7,243)	(201,990)
Balance at 30 June 2022 (Reviewed)	3,540,862	1,770,431	1,212,049	4,448,347	10,971,689	73,741	11,045,430

United Development Company Q.P.S.C.

Interim consolidated statement of cash flows for the six-month period ended 30 June 2022

	30 June 2022 (Reviewed) QR'000	30 June 2021 (Reviewed) QR'000
Operating activities:		
Profit before tax	174,535	159,705
Adjustments:		
Net share of results in associates	1,318	(1,183)
Depreciation on property, plant and equipment	49,613	51,732
Amortisation of intangible assets	113	81
Amortisation of right-of-use assets	759	1,506
Net finance costs	30,074	22,509
Dividend income	(38)	(984)
Loss on disposal of property, plant and equipment	-	(22)
Provision for impairment of trade receivables	2,019	1,206
Fair value loss on investment securities	284	1,290
Provision for employees' end-of-service benefits	4,101	3,047
Operating profit before changes in working capital	262,778	238,887
Changes in working capital:		
Inventories	64,560	(275,527)
Work in progress	(283,773)	231,688
Accounts and other receivables	(148,284)	(156,705)
Accounts and other payables	14,209	(158,150)
Retention payable	(7,888)	57,322
Deferred revenue and cost, net	4,221	(7,494)
Cash used in operating activities	(94,177)	(69,979)
Finance costs paid	(61,509)	(49,685)
Employees' end-of-service benefits paid	(2,221)	(1,311)
Income tax paid	(5,329)	(8,392)
Net cash used in operating activities	(163,236)	(129,367)
Investing activities:		
Additions to property, plant and equipment	(82,138)	(80,429)
Additions to intangible assets	(529)	(216)
Finance income received	33,693	35,854
Additions to investment properties	(51,210)	(47,449)
Repayment of lease liabilities	(1,053)	(1,791)
Movement in time deposits with original maturities greater than 90 days	122,181	(45,537)
Dividend received from associate	1,638	3,544
Net cash generated from / (used in) investing activities	22,582	(136,024)
Financing activities:		
Proceeds from loans and borrowings	785,978	992,058
Repayment of loans and borrowings	(355,781)	(196,280)
Dividend	(201,990)	(177,043)
Net cash generated from financing activities	228,207	618,735
Net increase in cash and cash equivalents	87,553	353,344
Cash and cash equivalents at the beginning of the period	336,103	497,817
Cash and cash equivalents at the end of the period	423,656	851,161