

**UNION LAND DEVELOPMENT CORPORATION**

**PUBLIC SHAREHOLDING COMPANY**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

**30 JUNE 2017**



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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF UNION LAND DEVELOPMENT CORPORATION  
PUBLIC SHAREHOLDING COMPANY  
AMMAN - JORDAN**

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Union Land Development Corporation (the "Company") and its subsidiaries (the "Group") as at 30 June 2017, comprising of the interim consolidated statement of financial position as at 30 June 2017 and the related interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six months period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 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 Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for the 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 and consequently 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.

**Emphasis of matter**

As disclosed in note (9) to the interim condensed consolidated financial statements, investment properties include land plots with an amount of JD 413,517 that are not registered in the name of the Group as of 30 June 2017.



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### Other matter

The consolidated financial statements for the year ended 31 December 2016 and the interim condensed consolidated financial statements for the period ended 30 June 2016 were audited and reviewed respectively by another auditor who issued an unqualified opinion and an unqualified conclusion on these financial statements on 28 February 2017 and 27 July 2016, respectively.

Amman – Jordan  
30 July 2017

*Ernst + Young*

**UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	Notes	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2,612,742	3,936,952
Projects in progress		6,908,553	6,903,488
Investment properties	9	42,326,950	43,596,320
Financial assets at fair value through other comprehensive income		2,830,050	5,476,020
		<u>54,678,295</u>	<u>59,912,780</u>
<b>Current assets</b>			
Inventories		25,611	28,815
Accounts receivable		2,764,114	2,729,157
Other current assets		927,216	650,183
Due from related parties	5	2,963,000	458,881
Cash and bank balances		1,261,759	207,897
		<u>7,941,700</u>	<u>4,074,933</u>
<b>Total Assets</b>		<u>62,619,995</u>	<u>63,987,713</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity-</b>			
Paid in capital	1	42,065,129	42,065,129
Share premium		4,253,659	4,253,659
Statutory reserve	3	1,584,652	1,584,652
Voluntary reserve	3	1,495,745	1,495,745
Other reserves		1,309,287	1,309,287
Fair value reserve		127,096	326,326
Retained earnings		3,121,498	1,551,180
<b>Net equity</b>		<u>53,957,066</u>	<u>52,585,978</u>
Non-controlling interests		1,863	1,863
		<u>53,958,929</u>	<u>52,587,841</u>
<b>Liabilities-</b>			
<b>Non-current liabilities</b>			
Long term loans	10	2,802,772	3,519,257
<b>Current liabilities</b>			
Current portion of long term loans	10	2,355,717	3,535,028
Due to banks	7	299,459	368,848
Accounts payable and other current liabilities		2,947,923	3,500,866
Due to related parties	5	-	220,678
Income tax provision	4	255,195	255,195
		<u>5,858,294</u>	<u>7,880,615</u>
<b>Total liabilities</b>		<u>8,661,066</u>	<u>11,399,872</u>
<b>Total Equity and Liabilities</b>		<u>62,619,995</u>	<u>63,987,713</u>

The attached notes from 1 to 11 form part of these interim condensed consolidated financial statements

**UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)**

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017	2016	2017	2016
		JD	JD	JD	JD
Lands sales revenue		440,000	-	440,000	367,044
Rental revenue		698,700	690,269	1,396,833	1,386,746
<b>Total revenue</b>		<b>1,138,700</b>	<b>690,269</b>	<b>1,836,833</b>	<b>1,753,790</b>
Lands costs		(413,517)	-	(413,517)	(308,072)
Rental costs		(121,429)	(115,691)	(264,579)	(233,348)
Commodore Hotel operating expenses		(5,697)	(12,844)	(11,010)	(23,264)
<b>Gross profit</b>		<b>598,057</b>	<b>561,734</b>	<b>1,147,727</b>	<b>1,189,106</b>
Administrative expenses		(95,184)	(120,317)	(369,550)	(277,906)
Marketing expenses		-	-	-	(4,020)
Finance costs		(146,694)	(232,394)	(294,806)	(438,279)
Loss from sale of a subsidiary		(151,441)	-	(151,441)	-
Other revenues (expenses)		-	4,779	-	(73)
<b>Profit before tax</b>		<b>204,738</b>	<b>213,802</b>	<b>331,930</b>	<b>468,828</b>
Income tax for the period	4	-	(53,696)	-	(98,774)
<b>Profit for the period</b>		<b>204,738</b>	<b>160,106</b>	<b>331,930</b>	<b>370,054</b>
		<u>Fils / JD</u>	<u>Fils / JD</u>	<u>Fils / JD</u>	<u>Fils / JD</u>
<b>Earnings per share attributable to equity holders of the Company</b>		<b>0/005</b>	<b>0/004</b>	<b>0/008</b>	<b>0/009</b>

The attached notes from 1 to 11 form part of these interim condensed consolidated financial statements

**UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)**

	For the three months ended 30 June		For the six months ended 30 June	
	2017	2016	2017	2016
	JD	JD	JD	JD
Profit for the period	204,738	160,106	331,930	370,054
<b>Add: other comprehensive income items not to be reclassified to profit or loss in subsequent periods:</b>				
Change in fair value reserve	(1,065,870)	(203,392)	(201,953)	(238,081)
Gain on sale of financial assets at fair value through other comprehensive income	1,238,388	-	1,238,388	-
<b>Total comprehensive income for the period</b>	<b>377,256</b>	<b>(43,286)</b>	<b>1,368,365</b>	<b>131,973</b>

The attached notes from 1 to 11 form part of these interim condensed consolidated financial statements

**UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)**

	Paid in capital		Share premium		Statutory reserve		Voluntary reserve		Other reserves		Fair value reserve		Retained earnings		Total		Non-controlling interests		Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
<b>As at 1 January 2017</b>	42,065,129	4,253,659	1,584,652	1,495,745	1,309,287	326,326	1,551,180	52,585,978	1,863	52,587,841											
Total comprehensive income for the period	-	-	-	-	-	(201,953)	331,930	129,977	-	129,977											
Gain on sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	2,723	1,238,388	1,241,111	-	1,241,111											
<b>Balance at 30 June 2017</b>	<b>42,065,129</b>	<b>4,253,659</b>	<b>1,584,652</b>	<b>1,495,745</b>	<b>1,309,287</b>	<b>127,096</b>	<b>3,121,498</b>	<b>53,957,066</b>	<b>1,863</b>	<b>53,958,929</b>											
<b>Balance at 1 January 2016</b>	<b>42,065,129</b>	<b>4,253,659</b>	<b>1,584,652</b>	<b>1,495,745</b>	<b>1,309,287</b>	<b>660,578</b>	<b>1,652,362</b>	<b>53,021,412</b>	<b>1,863</b>	<b>53,023,275</b>											
Total comprehensive income for the period	-	-	-	-	-	(238,081)	370,054	131,973	-	131,973											
<b>Balance at 30 June 2016</b>	<b>42,065,129</b>	<b>4,253,659</b>	<b>1,584,652</b>	<b>1,495,745</b>	<b>1,309,287</b>	<b>422,497</b>	<b>2,022,416</b>	<b>53,153,385</b>	<b>1,863</b>	<b>53,155,248</b>											

The attached notes from 1 to 11 form part of these interim condensed consolidated financial statements

**UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)**

	For the six months ended 30 June	
	2017	2016
Note	JD	JD
<b><u>OPERATING ACTIVITIES</u></b>		
Profit before income tax	331,930	468,828
<b>Adjustments for:</b>		
Depreciation	234,426	235,256
Gain on sale of investment properties	(26,483)	(58,972)
Loss on sale of property, plant and equipment	-	4,852
Finance costs	294,806	438,279
Loss from sale of a subsidiary	151,441	-
<b>Working capital changes:</b>		
Inventories	3,204	1,552
Accounts receivable and other current assets	(311,990)	(53,589)
Accounts payable and other current liabilities	(552,943)	(115,422)
Due from related parties	(2,724,797)	(439,573)
<b>Net cash flows (used in) from operating activities</b>	<b>(2,600,406)</b>	<b>481,211</b>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchase of property, plant and equipment	(57,652)	(7,743)
Proceeds from sale of property, plant and equipment	1,354,815	50,000
Investment in properties	-	(23,200)
Proceeds from sale of property investments	1,088,474	353,544
Purchase of financial assets at fair value through other comprehensive income	(618,989)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	3,652,676	-
Proceeds from sale of a subsidiary	500,000	-
Projects under construction	(5,065)	(57,246)
<b>Net cash flows from investing activities</b>	<b>5,914,259</b>	<b>315,355</b>
<b><u>FINANCING ACTIVITIES</u></b>		
Repayments of loans	(1,895,796)	(344,597)
Proceeds from loans	-	47,966
Finance costs paid	(294,806)	(438,279)
<b>Net cash flows used in financing activities</b>	<b>(2,190,602)</b>	<b>(734,910)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,123,251</b>	<b>61,656</b>
Cash and cash equivalents at 1 January	(160,951)	(451,753)
<b>Cash and cash equivalents at 30 June</b>	<b>8 962,300</b>	<b>(390,097)</b>

The attached notes from 1 to 11 form part of these interim condensed consolidated financial statements



**UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2017 (UNAUDITED)**

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**(1) GENERAL**

Union Land Development Corporation (the "Company") was established as a public shareholding company on 1 August 1995, under the registration number (288) and paid in capital of JD 42,065,129 divided into 42,065,129 shares at a par value of JD 1 per share.

The Company was registered as an entity in Aqaba Special Economic Zone Authority under No. 1101032808 dated 28 March 2001.

The Company's main activity is the establishment and management of tourism enterprises and the investment of their funds in shares, bonds, land and real estate development, in addition to the establishment, ownership, operation, management and investment of hotels.

The interim condensed consolidated financial statements were approved by the Company's Board of Directors in their meeting held on 30 July 2017.

**(2) BASIS OF PREPARATION**

The interim condensed consolidated financial statements for the six months period ended 30 June 2017 have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

The interim condensed consolidated financial statements do not contain all information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual report as of 31 December 2016. In addition, the results for the six months period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

### CHANGES IN ACCOUNTING POLICES

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

#### **Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative**

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Group's interim condensed financial statements.

#### **Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses**

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments. The adoption of these amendments have no impact on the Group's interim condensed financial statements.

### (3) STATUTORY RESERVE

The Group did not appropriate for statutory reserve in accordance with the Jordanian Companies Law as these financial statements are interim condensed consolidated financial statements.

### (4) INCOME TAX

Income tax for the six months ended June 2017 and 2016 was calculated in accordance with the Income Tax Law No. (34) for 2014.

The Income and Sales Tax Department reviewed the accounting records of the Group and its subsidiaries up to 2011.

Income and Sales Tax Department did not review the Group's accounting records for the years 2012, 2013, 2014, 2015 and 2016 up to the date of these interim condensed consolidated financial statements.

**UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2017 (UNAUDITED)**

**(5) RELATED PARTIES**

These interim condensed consolidated financial statements include the financial statements of the following subsidiaries:

	<u>Country</u>	<u>Paid In Capital</u> JD	<u>Major Activity</u>	<u>Percentage Of Ownership</u> %
Nibal Housing Company LLC	Jordan	30,000	Land Development	100
Paradise Contracting LLC	Jordan	50,000	Contracting	100
Adam Investment Company LLC	Jordan	30,000	Investment in properties	100
Paradise Architectural Industries LLC	Jordan	100,000	Architectural	100
Thiban Real Estate LLC	Jordan	30,000	Land development	100
Al Mahila Real Estate LLC	Jordan	1,000	Land development	100
Al Amiri Real Estate Investments LLC	Jordan	1,000	Land development	100
Al Farait Real Estate Investments LLC*	Jordan	1,000	Land development	100
Al Ghuzlanieh Real Estate Investments LLC	Jordan	1,000	Land development	100
Dhaba'a Real Estate LLC	Jordan	1,000	Land development	100
Al Tajamouat Real Estate LLC	Jordan	1,000	Land development	97,5

Related parties include associates, major shareholders; board of directors members, executive management, as well as companies controlled or have a significant influence directly or indirectly, by those entities.

\* This subsidiary was sold during the second quarter of 2017 with an amount of JD 500,000 and incurred a loss from sale of a subsidiary by JD 151,441.

Balances with related parties included in the interim consolidated statement of financial position are as follow:

	<u>30 June 2017</u> JD (Unaudited)	<u>31 December 2016</u> JD (Audited)
<b>Due from related parties:</b>		
Union Tobacco and Cigarette Industries (Sister Company)	-	458,881
Union Investment Corporation (Parent Company)	2,963,000	-
	<u>2,963,000</u>	<u>458,881</u>
<b>Due from related parties:</b>		
Union Investment Corporation	-	<u>220,678</u>

**UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
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**30 JUNE 2017 (UNAUDITED)**

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**Key management salaries and bonuses:**

The key management salaries and bonuses amounted to JD 13,820 for the six months ended 30 June 2017 (30 June 2016: JD 10,500)

**(6) PROPERTY, PLANT AND EQUIPMENT**

Additions to property, plant and equipment were amounted to JD 57,652 for the six months ended 30 June 2017 (30 June 2016: JD 7,743).

**(7) DUE TO BANKS**

	<u>Currency</u>	<u>Average interest rate</u>	<u>Credit limit</u> JD	<u>Utilized balance</u> JD
Jordan Kuwait Bank	JD	8%	300,000	<u>299,459</u>

**(8) CASH AND CASH EQUIVALENTS**

For the purpose of interim consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	<u>30 June 2017</u> JD	<u>30 June 2016</u> JD
Cash and bank balances	1,261,759	8,658
Due to banks (Note 7)	<u>(299,459)</u>	<u>(398,755)</u>
	<u>926,300</u>	<u>(390,097)</u>

**UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2017 (UNAUDITED)**

**(9) INVESTMENT PROPERTIES**

Movement on investment properties during the period is as follow:

	30 June 2017	31 December 2016
	JD (Unaudited)	JD (audited)
<b>Cost -</b>		
Beginning balance for the period / year	46,698,554	48,978,769
Additions	-	23,200
Disposals – Lands	(1,061,991)	(2,303,415)
<b>Ending balance for the period / year</b>	<u>45,636,563</u>	<u>46,698,554</u>
<b>Accumulated depreciation -</b>		
Beginning balance for the period / year	3,102,234	2,733,199
Depreciation	207,379	370,035
<b>Ending balance for the period / year</b>	<u>3,309,613</u>	<u>3,102,234</u>
<b>Net book value</b>	<u>42,326,950</u>	<u>43,596,320</u>

Investment properties item include land plots not registered in the name of the Group as follows:

	30 June 2017	31 December 2016
	JD (Unaudited)	JD (audited)
Lands	<u>413,517</u>	<u>413,517</u>

UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 30 JUNE 2017 (UNAUDITED)

**(10) LOANS**

	Currency	30 June 2017 (Unaudited)			31 December 2016 (Audited)		
		Loan installments			Loan installments		
		Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Bank Al Etihad	JD	455,717	-	455,717	1,635,028	-	1,635,028
Jordan Kuwait Bank	JD	1,900,000	2,802,772	4,702,772	1,900,000	3,519,258	5,419,258
		<u>2,355,717</u>	<u>2,802,772</u>	<u>5,158,489</u>	<u>3,535,028</u>	<u>3,519,258</u>	<u>7,054,286</u>

**Bank Al Etihad - JD**

During 2013, the Company obtained a loan from Bank Al Etihad with an amount of JD 3,500,000 at an annual interest rate of 9.25% without commission and repayable over quarterly installments of JD 264,000 each. The first installment was due on 1 December 2014. This loan is secured by a mortgage of the first degree on a plot of land number 2157 Shmeisani No. 13.

**Jordan Kuwait Bank - JD**

During 2014, the Company obtained a declining loan from the Jordan Kuwait Bank with an amount of JD 7,900,000 at an annual interest rate of 8% without commission and repayable over semi annual installments of JD 950,000 each. The first installment was due on 30 May 2015. This loan is secured by a mortgage of the first degree on a plot of land No. 266 Alno'ajeyeh Al Mokta'a No. 8 lands of Al Yadoudah village.

The principal installments payable during next years are as follow:

year	JD
2017	2,355,717
2018	1,900,000
2019	902,772
	<u>5,158,489</u>

**(11) OPERATING SEGMENTS**

The presentation of key segments is determined on the basis that the risks and rewards relating to the Group are materially affected by the difference in the products or services of those segments. These segments are organized and managed separately by the nature of the services and products, each of which is a separate unit and is measured according to reports used by the Group's Chief Executive Officer and Chief Decision Maker.

The Group is organized for administrative purposes through the following sectors:

- Investment Properties
- Land Development

The Group's management monitors the results of the business segment separately for performance evaluation purposes. Segment performance is evaluated based on operating profit or loss for each segment.

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those in other economic environments. All operating segments are linked in one geographical sector.

**UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2017 (UNAUDITED)**

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Income, profit, assets and liabilities by business sector are as follows:

	Investment properties	Land Development	Total
	JD	JD	JD
<b>For the period ended 30 June 2017 (Unaudited)</b>			
<b><u>Revenues:</u></b>			
Revenues	1,729,461	107,372	1,836,833
<b><u>Business Results:</u></b>			
Profit (loss) for the period	418,963	(87,033)	331,930
<b><u>Other Segment Information:</u></b>			
Depreciation	(228,139)	(6,287)	(234,426)
Finance costs	(294,385)	(421)	(294,806)
<b>For the period ended 30 June 2016 (Unaudited)</b>			
<b><u>Revenues:</u></b>			
Revenues	1,649,130	104,660	1,753,790
<b><u>Business Results:</u></b>			
Profit for the period	321,149	48,905	370,054
<b><u>Other Segment Information:</u></b>			
Depreciation	(234,834)	(422)	(235,256)
Finance costs	(437,877)	(402)	(438,279)
<b>As of 30 June 2017 (Unaudited)</b>			
Segments assets	53,194,203	9,425,792	62,619,995
Segments liabilities	8,283,792	377,274	8,661,066
<b>As of 31 December 2016 (Audited)</b>			
Segments assets	53,928,873	10,058,840	63,987,713
Segments liabilities	11,110,135	289,737	11,399,872