



UNION LAND
DEVELOPMENT

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نموذج رقم (5-1) Form No. (1-5)	
To: Jordan Securities Commission Amman Stock Exchange Date: 31/10/2018 Ref: 169 /2018/gen.1 Subject: Quarterly Report as of 30/9/2018	السادة هيئة الأوراق المالية السادة بورصة عمان التاريخ: - 2018/10/31 الرقم : 169/2018/gen.1 الموضوع: التقرير الربع السنوي كما هي في 2018/9/30
Attached the Quarterly Report of (Union Land Development. P.L.C) as of 30/9/2018 in English	مرفق طيه نسخة من البيانات المالية الربع السنوية لشركة (شركة الإتحاد لتطوير الأراضي م.ع.م) كما هي بتاريخ 2018/9/30 باللغة الانجليزية
Kindly accept our highly appreciation and respect Union Land Development. P.L.C General Manager Signature Muath Mustafa Enayah	وتفضلوا بقبول فائق الاحترام،،، شركة الإتحاد لتطوير الأراضي م.ع.م توقيع المدير العام معاذ مصطفى عنايه

بورصة عمان
الإتحاد لتطوير الأراضي
عمان
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رقم السجل التجاري 288 (م.ع.م)
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UNION LAND DEVELOPMENT CORPORATION

PUBLIC SHAREHOLDING COMPANY

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

30 SEPTEMBER 2018



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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 September 2018, comprising of the interim consolidated statement of financial position as at 30 September 2018 and the related interim consolidated statement of profit or loss, interim consolidated statement of other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine months period then ended and explanatory information. The Board of Directors 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 a matter

- As disclosed in note (10) to the interim condensed consolidated financial statements, investment properties include land plots with an amount of JD 2,785,399 that are not registered in the name of the Group as at 30 September 2018.
- Financial asset at fair value through other comprehensive income includes investments in investment funds with a fair value of JD 1,740,000 that are not registered in the Group's name as at 30 September 2018.

Other matter

Our audit opinion on the consolidated financial statements for the year ended 31 December 2017 was qualified in relation to that the Group did not perform impairment testing on its project under construction amounted to JD 6,913,443 as of 31 December 2017. The Group has restated the effect of the impairment on the opening balance of its retained earnings on 1 January 2017.

Amman – Jordan
29 October 2018



Ernst + Young

UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	Notes	30 September 2018	31 December 2017	As of 1 January 2017
		JD (Unaudited)	JD (Audited, Restated Note 13)	JD (Audited, Restated Note 13)
ASSETS				
Non-current assets -				
Property, plant and equipment	7	2,577,669	2,622,198	3,990,708
Projects under construction		3,069,281	3,063,443	3,053,488
Investment properties	10	42,646,735	39,827,254	46,326,963
Financial assets at fair value through other comprehensive income		3,353,353	2,505,559	5,476,020
		<u>51,647,038</u>	<u>48,018,454</u>	<u>58,847,179</u>
Current Assets -				
Inventories		18,023	25,611	28,815
Trade receivables		199,058	215,832	176,624
Other current assets		397,230	696,012	402,323
Due from related parties	6	6,908,982	4,723,646	460,931
Cash and bank balances		3,276	8,948	207,897
		<u>7,526,569</u>	<u>5,670,049</u>	<u>1,276,590</u>
Non-current assets held for sale	12	-	6,503,839	-
Total Assets		<u>59,173,607</u>	<u>60,192,342</u>	<u>60,123,769</u>
EQUITY AND LIABILITIES				
Equity -				
Attributable to equity holders of the parent -				
Paid in capital	1	42,065,129	42,065,129	42,065,129
Share premium		4,253,659	4,253,659	4,253,659
Statutory reserve		1,717,194	1,717,194	1,584,652
Voluntary reserve	3	1,495,745	1,495,745	1,495,745
Other reserves	3	1,309,287	1,309,287	1,309,287
Fair value reserve		(650,242)	(137,770)	326,326
Retained earnings (accumulated losses)		3,325,806	(159,034)	(2,298,820)
		<u>53,516,578</u>	<u>50,544,210</u>	<u>48,735,978</u>
Non-controlling interests		-	1,863	1,863
Net Equity		<u>53,516,578</u>	<u>50,546,073</u>	<u>48,737,841</u>
Liabilities				
Non-Current liabilities -				
Long term loans	11	1,288,663	2,044,801	3,519,257
Current Liabilities -				
Current portion of long term loans	11	2,100,000	2,368,148	3,535,028
Bank overdrafts	8	130,002	63,058	368,848
Due to a related party		-	-	219,290
Payables and other current liabilities		1,818,082	4,851,132	3,455,392
Income tax provision	5	320,282	319,130	288,113
		<u>4,368,366</u>	<u>7,601,468</u>	<u>7,866,671</u>
Total Liabilities		<u>5,657,029</u>	<u>9,646,269</u>	<u>11,385,928</u>
Total Equity and Liabilities		<u>59,173,607</u>	<u>60,192,342</u>	<u>60,123,769</u>

The attached notes from 1 to 14 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 NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2018	2017	2018	2017
		JD	JD	JD	JD
Continuing Operations					
Lands sales revenue		-	125,000	-	565,000
Rental revenue		714,754	709,100	2,119,417	2,105,933
Total revenue		714,754	834,100	2,119,417	2,670,933
Lands costs		-	(100,000)	-	(513,517)
Rental costs		(118,424)	(116,208)	(354,770)	(380,787)
Commodore Hotel operating expenses		(5,313)	(5,465)	(29,539)	(16,475)
Gross profit		591,017	612,427	1,735,108	1,760,154
Administrative expenses		(160,472)	(100,443)	(520,979)	(469,993)
Finance costs		(83,207)	(114,867)	(295,104)	(387,709)
Gain (loss) from sale of a subsidiary		-	72,634	-	(78,807)
Other expenses		(1,690)	(8,683)	(9,190)	(30,647)
Profit for the period, before income tax from continuing operations		345,648	461,068	909,835	792,998
Income tax expense for the period		-	(800)	(1,152)	(800)
Profit for the period, after income tax from continuing operations		345,648	460,268	908,683	792,198
Discontinued Operations					
(Loss) profit after tax from discontinued operations	12	-	(3,760)	2,808,326	(3,760)
Profit for the period		345,648	456,508	3,717,009	788,438
		<u>Fils / JD</u>	<u>Fils / JD</u>	<u>Fils / JD</u>	<u>Fils / JD</u>
Basic and diluted earnings per share for the period attributable to equity holders of the parent		0/008	0/011	0/088	0/019

The attached notes from 1 to 14 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 NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2018	2017	2018	2017
	JD	JD	JD	JD
Profit for the period	345,648	456,508	3,717,009	788,438
Add: other comprehensive income items not to reclassified to profit or loss in subsequent periods:				
Net losses of financial assets at fair value through other comprehensive income	<u>(744,641)</u>	<u>(277,767)</u>	<u>(744,641)</u>	<u>(201,953)</u>
Total comprehensive income for the period	<u>(398,993)</u>	<u>178,741</u>	<u>2,972,368</u>	<u>586,485</u>

The attached notes from 1 to 14 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 NINE MONTHS ENDED 30 SEPTEMBER 2018 (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	
For the nine months period ended 30 September 2018 -																					
Balance as at 1 January 2018	42,065,129		4,253,659	1,717,194	1,495,745	1,309,287	(137,770)	(159,034)	50,544,210	1,863	50,546,073										
Profit for the period	-	-	-	-	-	-	-	3,717,009	3,717,009	-	3,717,009										3,717,009
Other comprehensive income items	-	-	-	-	-	-	(744,641)	-	(744,641)	-	(744,641)										(744,641)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-										(1,863)
Loss on selling of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	232,169	(232,169)	-	-	-										-
Balance at 30 September 2018	42,065,129		4,253,659	1,717,194	1,495,745	1,309,287	(650,242)	3,325,806	53,516,578	-	53,516,578										53,516,578

* An amount of JD 650,242 is restricted from use as at 30 September 2018, representing the negative balance of the fair value reserve

The attached notes from 1 to 14 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 NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Paid in capital	Share premium	Statutory reserve	Voluntary reserve	Other reserves	Fair value reserve	Accumulated losses	Total	Non-controlling interests		Total
									JD	JD	
For the nine months period ended 30 September 2017 -											
Balance as at 1 January 2017	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	
Prior years restatement (note 13)	-	-	-	-	-	-	(3,850,000)	(3,850,000)	-	(3,850,000)	
Restated balance as at 1 January 2017	42,065,129	4,253,659	1,584,652	1,495,745	1,309,287	326,326	(2,298,820)	48,735,978	1,863	48,737,841	
Profit for the period	-	-	-	-	-	-	788,438	788,438	-	788,438	
Other comprehensive income items	-	-	-	-	-	(201,953)	-	(201,953)	-	(201,953)	
Gain on selling of financial assets at fair value through other comprehensive income	-	-	-	-	-	(1,238,388)	1,238,388	-	-	-	
Balance at 30 September 2017	42,065,129	4,253,659	1,584,652	1,495,745	1,309,287	(1,114,015)	(271,994)	49,322,463	1,863	49,324,326	

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements

UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
 INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Notes	For the nine months ended 30 September	
		2018 JD	2017 JD
OPERATING ACTIVITIES			
Profit for the period before tax from continuing operations		909,835	792,998
Profit (loss) for the period before tax from discontinued operations		2,808,326	(3,760)
profit for the period before tax		<u>3,718,161</u>	<u>789,238</u>
Adjustments for:			
Depreciation		368,632	354,179
Gain on sale of investment properties		-	(51,483)
Gain on sale of property, plant and equipment		-	(2,500)
Finance costs		295,104	387,709
Loss from sale of a subsidiary		-	78,807
Working capital changes:			
Inventories		7,588	3,204
Receivables and other current assets		(1,284,288)	(240,965)
Payables and other current liabilities		(3,033,050)	(1,074,443)
Related parties balances		(2,185,336)	(3,479,625)
Net cash flows used in operating activities		<u>(2,113,189)</u>	<u>(3,235,879)</u>
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(7,583)	(60,563)
Proceeds from sale of property, plant and equipment		-	1,357,315
Purchases of investment properties		(99,717)	(128,059)
Proceeds from sale of investment properties		-	589,810
Net cash acquired from the acquisition of a subsidiary	4	156	-
Purchase of financial assets at fair value through other comprehensive income		(3,389,178)	(646,902)
Proceeds from sale of financial assets at fair value through other comprehensive income		2,112,123	4,238,221
Proceeds from sale of a subsidiary	12	4,750,000	-
Projects under construction		(5,838)	(7,510)
Net cash flows from investing activities		<u>3,359,963</u>	<u>5,342,312</u>
FINANCING ACTIVITIES			
Repayments of loans		(1,024,286)	(2,327,626)
Proceeds from loans		-	443,000
Finance costs paid		(295,104)	(387,709)
Net cash flows used in financing activities		<u>(1,319,390)</u>	<u>(2,272,335)</u>
Net decrease in cash and cash equivalents		(72,616)	(165,902)
Cash and cash equivalents at 1 January		(54,110)	(160,951)
Cash and cash equivalents at 30 September	9	<u>(126,726)</u>	<u>(326,853)</u>

The attached notes from 1 to 14 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 SEPTEMBER 2018 (UNAUDITED)

(1) GENERAL

Union Land Development Corporation (the "Company") was established as a public shareholding company on 1 August 1995, under the registration number (288) with a 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 current main activity is the establishment and management of tourism enterprises and the investment of their funds in shares, bonds, lands 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 29 October 2018.

2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION -

The interim condensed consolidated financial statements for the nine months period ended in 30 September 2018 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 2017. In addition, the results for the nine months period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

(2-2) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS -

The consolidated financial statements comprise of the Company's financial statements and its subsidiaries (together the "Group").

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

(2-3) CHANGES IN ACCOUNTING POLICIES -

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 2017, except for the adoption of new standards effective as of 1 January 2018:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

IFRS 9 requires the Group to record an allowance for expected credit losses for all debt instruments measured at amortized cost.

IFRS 9 (financial instruments) has eliminated the use of the incurred loss approach under IAS 39 (financial instrument: Recognition and measurement) by including a comprehensive model for the recognition and recording of forward looking expected credit loss, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

Impairment

The adoption of IFRS 9 (financial instruments) has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing the incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has no debt instruments at amortized cost; therefore, there was no material impact on the interim condensed consolidated financial statements from the adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The impact of adopting IFRS 15 was not material on the interim condensed financial statements and impacted its accounting policy for revenue recognition as detailed below:

(a) Sale of goods

The Group contracts with customers for the sale of goods generally include performance obligations. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer generally on delivery of the goods.

Variable consideration

Some contracts for the sale of goods provide customers with a right of return and volume rebates. Prior to the adoption of IFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Group deferred revenue recognition until the uncertainty was resolved.

Under IFRS 15, rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

Rights of return

When a contract provides a customer with a right to return the goods within a specified period, the Group previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under IFRS 15.

Under IFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price.

(b) Advances received from customers

Generally, the Group receives short-term advances from its customers. However, from time to time, the Group also receives long-term advances from customers. Prior to the adoption of IFRS 15, the Group presented these advances as deferred revenue in the consolidated statement of financial position.

Upon the adoption of IFRS 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less. If the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer is more than one year, the Group shall adjust the promised amount of consideration for the effects of the time value of money.

(c) Other adjustments:

In addition to the adjustments described above, upon adoption of IFRS 15, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them, profit or loss after tax for the period from discontinued operations, investments in associates and joint ventures, income tax expense, and retained earnings, were adjusted as necessary. Furthermore exchange differences on translation of foreign operations were also translated.

These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - measuring investees at fair value through profit or loss.

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Group's interim condensed consolidated financial statements

(3) STATUTORY RESERVE

The Group has not deducted legal reserves as required by Jordanian Companies Law as these financial statements are interim condensed consolidated financial statements.

UNION LAND DEVELOPMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

(4) PURCHASE OF A SUBSIDIARY

On 17 May 2018 the Group acquired 100% of the paid in capital of "Taj Al-Madina For Housing LLC" which is a company specialized in the purchase and development of investment properties. The Group acquired this company in addition to receiving cash of JD 4,750,000 and an account receivable amounted to JD 1,600,000 in return of selling its subsidiary "Al Tajamouat Real Estate LLC" (note 12).

The fair value of the assets and liabilities of Taj Al-Madina For Housing LLC at the date of acquisition and the book values immediately before the acquisition date are as follows:

	<u>Fair value</u>	<u>Book value</u>
	JD	JD
Investment properties (note 10)	3,036,284	3,662,740
Cash on hand and at banks	156	156
	<u>3,036,440</u>	<u>3,662,896</u>
Net assets	<u>3,036,440</u>	<u>3,662,896</u>
Net assets acquired	<u>3,036,440</u>	
Cash paid	<u>-</u>	
Cash acquired from the subsidiary		156
Cash paid		-
Net cash acquired from the acquisition of the subsidiary		<u>156</u>

(5) INCOME TAX

Income tax provision for the nine months ended 30 September 2018 and 2017 was calculated in accordance with the Income Tax Law No. (34) of 2014.

The Income and Sales Tax Department reviewed the accounting records of the Company and its subsidiaries up to the year 2012.

The Income and Sales Tax Department did not review the Group's accounting records for the years 2013, 2014, 2015, 2016 and 2017 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 SEPTEMBER 2018 (UNAUDITED)

(6) RELATED PARTIES

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

	Country	Paid In Capital JD	Major Activity	Percentage Of Ownership %
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
Taj Al-Madina For Housing LLC (note 4)	Jordan	50,000	Land development	100

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.

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

	30 September 2018 JD (Unaudited)	31 December 2017 JD (Audited)
Due from related parties:		
Union Tobacco and Cigarette Industries (Sister company)	4,900,813	1,994,078
Union Investment Corporation (Parent company)	2,008,169	2,729,568
	<u>6,908,982</u>	<u>4,723,646</u>

Key management salaries and bonuses:

Compensation of executive management personnel of the Group amounted to JD 26,730 for the nine months ended 30 September 2018 (30 September 2017: JD 15,750)

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(7) PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2018, the Group acquired property, plant and equipment with a cost of JD 7,583 (30 September 2017: JD 60,563).

(8) 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>130,002</u>

The Company obtained facilities in the form of an overdraft with a ceiling of JD 300,000 with an annual interest rate of 8%, calculated and payable monthly, in addition to a commission rate of 0.5%. These facilities are guaranteed by the personal guarantee of the Company.

(9) CASH AND CASH EQUIVALENTS

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

	<u>30 September 2018</u> JD	<u>30 September 2017</u> JD
Cash and bank balances	3,276	26,437
Less: Due to banks (note 8)	<u>(130,002)</u>	<u>(353,290)</u>
	<u>(126,726)</u>	<u>(326,853)</u>

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(10) INVESTMENT PROPERTIES

Movement on investment properties is as follows:

	30 September 2018	31 December 2017
	JD (Unaudited)	JD (Audited)
Cost -		
Balance at 1 January	42,938,107	49,014,803
Additions	99,717	1,102,337
Acquisition of a subsidiary (note 4)	3,036,284	-
Transfer to assets held for sale (note 12)	-	(6,665,516)
Disposals – lands	-	(513,517)
Ending balance for the period/ year	<u>46,074,108</u>	<u>42,938,107</u>
Accumulated depreciation-		
Balance at 1 January	(3,110,853)	(2,687,840)
Depreciation	(316,520)	(423,013)
Ending balance for the period/ year	<u>(3,427,373)</u>	<u>(3,110,853)</u>
Net book value-	<u>42,646,735</u>	<u>39,827,254</u>

Investment properties include land plots that are not registered in the Group's name as follows:

	30 September 2018	31 December 2017
	JD (Unaudited)	JD (audited)
Lands	<u>2,785,399</u>	<u>2,785,399</u>

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(11) LOANS

	Currency	30 September 2018 (Unaudited)			31 December 2017 (Audited)		
		Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Bank Al Etihad (1)	JD	-	-	-	25,148	-	25,148
Bank Al Etihad (2)	JD	200,000	-	200,000	443,000	-	443,000
Jordan Kuwait Bank	JD	1,900,000	1,288,663	3,188,663	1,900,000	2,044,801	3,944,801
		<u>2,100,000</u>	<u>1,288,663</u>	<u>3,388,663</u>	<u>2,368,148</u>	<u>2,044,801</u>	<u>4,412,949</u>

Bank Al Etihad (1) - JD

During 2013, the Group 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. The loan is repayable in quarterly installments of JD 264,000 each including interest. The first installment was paid on 1 January 2014 and the last installment was paid during the first quarter of 2018.

Bank Al Etihad (2) - JD

During 2017, the Group obtained a loan from Bank Al Etihad with an amount of JD 400,000 at an annual interest rate of 9% without commission. This loan is repayable over two installments of JD 200,000 each, the first installment was due on 25 May 2018 and the last installment will be due on 25 November 2018. 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 Group obtained a declining loan from Jordan Kuwait Bank with an amount of JD 7,900,000 at an annual interest rate of 8% without commission. This loan is repayable over semi annual installments of JD 950,000 each including interest. The first installment was due on 30 May 2015 and the last installment will be due on 30 November 2019. 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.

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(12) DISPOSAL OF A SUBSIDIARY

The Group sold all its share in its subsidiary "Al Tajamouat Real Estate LLC during the period ended 30 September 2018. The Group used to own 97.5% from that company before the selling transaction. The gain from the selling transaction amounted to JD 2,808,326.

The business results as of the loss of control date are as follows:

	30 September 2018	30 September 2017
	JD	JD
Gain on sale of investment properties	2,808,326	-
General and administrative expenses	-	(3,760)
Profit (loss) from discontinued operations	2,808,326	(3,760)

The book value of assets and liabilities that were recognized and derecognized on the date of sale are as follows:

	Net book value on date of	
	sale	31 December 2017
	JD	JD
Assets -		(Audited)
Cash on hand and at banks	3,229	3,954
Investment properties	6,740,516	6,665,516
Total assets	6,743,745	6,669,470
Liabilities -		
Other current liabilities	4,581	4,581
Due to related parties	161,050	161,050
Total liabilities	165,631	165,631
Net book value for the assets associated with the disposal	6,578,114	6,503,839

The details of the selling price of that company are as follows:

Cash received	4,750,000
Account receivable	1,600,000
Net assets – Taj Al-Madina For Housing LLC (Note 4)	3,036,440
	9,386,440
Net book value for the assets associated with the disposal	(6,578,114)
Gain from the sale of the subsidiary	2,808,326

(13) RESTATEMENT OF PRIOR YEARS FIGURES

Some of 2017 consolidated financial statements figures have been reclassified in order to correspond with the presentation of 2018 interim condensed consolidated financial statements. The reclassification has had an effect on the net equity for the year 2017.

Some of 2017 consolidated financial statements figures and prior years figures were restated after the Group has recognized an impairment loss of JD 3,850,000 related to its projects under construction.

The effects of the restatement on the Group's consolidated statement of financial position and consolidated statement of changes in equity as at 31 December 2017 and 1 January 2017 are as follows:

	31 December 2017	1 January 2017
	JD (Audited)	JD (Audited)
Equity-		
Accumulated losses	(3,850,000)	(3,850,000)
Non-current assets -		
Projects under construction	(3,850,000)	(3,850,000)

(14) 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.

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

	Investment properties	Land development	Total
	JD	JD	JD
For the period ended			
30 September 2018 (Unaudited)			
<u>Revenues:</u>			
Revenues	1,947,356	172,061	2,119,417
<u>Business Results:</u>			
Profit for the period from continuing operations	779,565	129,118	908,683
Profit for the period from discontinued operations	-	2,808,326	2,808,326
<u>Other segment Information:</u>			
Depreciation	(368,019)	(613)	(368,632)
Finance costs	(295,104)	-	(295,104)
For the period ended			
30 September 2017 (Unaudited)			
<u>Revenues:</u>			
Revenues	2,509,101	161,832	2,670,933
<u>Business Results:</u>			
Profit (loss) for the period from continuing operations	836,075	(47,877)	792,198
Loss for the period from discontinued operations	-	(3,760)	(3,760)
<u>Other Segment Information:</u>			
Depreciation	(328,555)	(25,624)	(354,179)
Finance costs	(387,709)	-	(387,709)
As of 30 September 2018 (Unaudited)			
Segments assets	49,880,070	9,293,537	59,173,607
Segments liabilities	5,475,816	181,213	5,657,029
As of 31 December 2017 (Audited)			
Segments assets	51,730,522	8,461,820	60,192,342
Segments liabilities	9,326,363	319,906	9,646,269