



شركة الإتحاد للاستثمارات المالية م.ع.م  
Union Investment Corp. P.L.C

للمضاع

\* بورصة عمان  
البريد

السيد

نموذج رقم (5-1)  
Form No. (1-5)

٥/١٥

To: Jordan Securities Commission

Amman Stock Exchange

Date: 15/5/2018

Ref: 2/3/3/8996

Subject: Quarterly Report as of 31/3/2018

السادة هيئة الأوراق المالية

السادة بورصة عمان

التاريخ: 2018/5/15

الرقم: 8996/3/3/2

الموضوع: التقرير ربع السنوي كما هي في 2018/3/31

Attached the Quarterly Report of (Union Investment Corp. P.L.C) in English as of 31/3/2018

مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة (شركة الإتحاد للاستثمارات المالية م.ع.م) باللغة الإنجليزية كما هي بتاريخ 2018/3/31

Kindly accept our highly appreciation and respect

Union Investment Corp. P.L.C

Financial Manager's Signature

Iyad Yaghmour

وتفضلوا بقبول فائق الاحترام...

شركة الإتحاد للاستثمارات المالية م.ع.م

توقيع المدير المالي

إياد يغمور



شركة الإتحاد للاستثمارات المالية م.ع.م  
Union Investment Corp. P.L.C

UNION INVESTMENT CORPORATION  
PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2018



Building a better  
working world

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

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Union Investment Corporation (the "Company") and its subsidiaries (the "Group") as at 31 March 2018, comprising of the interim consolidated statement of financial position as at 31 March 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 three 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.

**Basis of qualified conclusion**

- The Company's management did not perform impairment testing on the indefinite intangible assets amounted to JD 3,647,535 as at 31 March 2018 in accordance with the requirements of International Accounting Standard 36 "Impairment of Assets". We were unable to determine the impact of not applying the requirements of International Accounting Standard 36 on the interim condensed consolidated financial statements of the Group as of 31 March 2018, if any.



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- The Group's management did not perform impairment testing on its project under construction amounted to JD 6,915,888 as at 31 March 2018 in which there has been no additional work on that project since the year 2012. In accordance with international Financial reporting standards, if an indication exists that an asset may be impaired, the asset's recoverable amount should be estimated and where the carrying amount exceeds the asset's recoverable amount, the asset is considered impaired. We were not provided with a comprehensive study to assess the project's revocable amount, and accordingly, we were unable to verify the related financial effect on the interim condensed consolidated financial statements, if any
- The Group recognized a gain of JD 653,248 from a sale of machinery and equipment during 2017 after receiving an amount of JD 1,775,000, which represents 50% of the total sale price. The machinery and equipment remains in the Group's possession until the factory in Iraq is completed at which point the machinery and equipment will be shipped to the factory.

#### **Qualified conclusion**

Based on our review, except for the effect of the matters described in the basis of qualified conclusion paragraph, 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 (7) to the interim condensed consolidated financial statements, investment properties include land plots amounting to JD 2,785,399 that are not registered in the name of the Group.

Amman – Jordan  
30 April 2018

*Ernst + Young*

**UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Notes	31 March 2018 JD (Unaudited)	31 December 2017 JD (Audited)
<b>ASSETS</b>			
<b>Non-current assets -</b>			
Property, plant and equipment	6	20,349,824	20,579,096
Projects under construction		6,915,888	6,913,443
Investment properties	7	63,588,308	63,616,649
Advance payments on machine purchases		101,244	101,244
Intangible assets		3,647,535	3,647,535
Financial assets at fair value through other comprehensive income		1,961,035	1,968,677
		<u>96,563,834</u>	<u>96,826,644</u>
<b>Current assets -</b>			
Inventories		14,541,975	13,422,781
Trade receivables		20,621,507	23,343,804
Other current assets		3,025,686	3,451,003
Financial asset at fair value through profit or loss		41,499	38,932
Cash and bank balances		1,792,137	229,605
		<u>40,022,804</u>	<u>40,486,125</u>
<b>Total Assets</b>		<u>136,586,638</u>	<u>137,312,769</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity -</b>			
<b>Equity attributable to equity holders of the parent-</b>			
Paid in capital	1	50,000,000	50,000,000
Statutory reserve	3	12,500,000	12,500,000
Voluntary reserve	3	736,749	736,749
Treasury shares		(1,634,628)	(1,662,877)
Fair value reserve		(454,250)	(448,187)
Other reserves		1,499,978	1,496,510
Accumulated losses		(28,689,390)	(27,767,442)
		<u>33,958,459</u>	<u>34,854,753</u>
Non-controlling interests		37,114,762	37,213,402
<b>Total Equity</b>		<u>71,073,221</u>	<u>72,068,155</u>
<b>Liabilities -</b>			
<b>Non-current liabilities -</b>			
Long term loans	9	16,386,786	16,940,941
<b>Current liabilities -</b>			
Current portion of long term loans	9	8,378,952	8,998,926
Bank overdrafts		1,121,729	1,344,446
Trade payables and other current liabilities		39,044,419	36,960,516
Income tax provision	4	581,531	999,785
		<u>49,126,631</u>	<u>48,303,673</u>
<b>Total liabilities</b>		<u>65,513,417</u>	<u>65,244,614</u>
<b>Total Equity and Liabilities</b>		<u>136,586,638</u>	<u>137,312,769</u>

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE THREE MONTHS ENDED IN 31 MARCH 2018 (UNAUDITED)

	Note	For the three months ended 31 March	
		2018 JD	2017 JD
Sales	10	3,827,907	1,337,834
Cost of sales		(3,032,843)	(1,458,989)
<b>Gross profit (loss)</b>		<u>795,064</u>	<u>(121,155)</u>
Change in fair value of financial assets at fair value through profit or loss		1,667	1,497
Depreciation of investment properties		(104,520)	(104,520)
Rental income, net		688,169	659,503
Dividends income		3,600	-
Other income (expenses), net		18,926	(67,398)
<b>Net revenues</b>		<u>1,402,906</u>	<u>367,927</u>
Administrative expenses		(904,007)	(1,120,179)
Marketing expenses		(128,172)	(103,237)
Finance costs		(750,110)	(817,233)
<b>Loss for the period</b>		<u>(379,383)</u>	<u>(1,672,722)</u>
Attributable to:			
Equity holders of the Parent		(447,681)	(1,506,319)
Non-controlling interests		68,298	(166,403)
		<u>(379,383)</u>	<u>(1,672,722)</u>
		<u>Fils / JD</u>	<u>Fils / JD</u>
<b>Basic and diluted loss per share attributable to equity holders of the Parent</b>		<u>(0/009)</u>	<u>(0/032)</u>

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

**UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED IN 31 MARCH 2018 (UNAUDITED)**

	For the three months ended 31 March	
	2018	2017
	JD	JD
<b>Loss for the period</b>	(379,383)	(1,672,722)
<b>Add: other comprehensive income items not to be reclassified to profit and loss in subsequent periods, net of tax:</b>		
Net (loss) gains of financial assets at fair value through other comprehensive income	(6,063)	37,538
<b>Total comprehensive income for the period</b>	<u>(385,446)</u>	<u>(1,635,184)</u>
<b>Attributable to:</b>		
Equity holders of the Parent	(453,744)	(1,468,781)
Non-controlling interests	68,298	(166,403)
	<u>(385,446)</u>	<u>(1,635,184)</u>

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

**UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED IN 31 MARCH 2018 (UNAUDITED)**

	Attributable to equity holders of the parent								Non -- controlling interests	Net equity
								Total		
	Paid in capital	Statutory reserve	Voluntary reserve	Treasury shares	Fair value reserve	Other reserve	Accumulated losses			
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>For the three months ended in 31 March 2018 -</b>										
Balance as at 1 January 2018	50,000,000	12,500,000	0	736,749	(448,187)	1,496,510	(27,767,442)	34,854,753		72,068,155
Loss for the period	-	-	-	-	-	-	(447,681)	(447,681)	37,213,402	(379,383)
Other comprehensive income items	-	-	-	-	(6,063)	-	-	(6,063)	-	(6,063)
Sale of treasury shares - net	-	-	-	28,249	-	3,468	-	31,717	-	31,717
Acquisition of non-controlling interests	-	-	-	-	-	-	(474,267)	(474,267)	(166,938)	(641,205)
<b>Balance at 31 March 2018</b>	<b>50,000,000</b>	<b>12,500,000</b>	<b>736,749</b>	<b>(1,634,628)</b>	<b>(454,250)</b>	<b>1,499,978</b>	<b>(28,689,390)</b>	<b>33,958,459</b>	<b>37,114,762</b>	<b>71,073,221</b>
<b>For the three months ended in 31 March 2017 -</b>										
Balance as at 1 January 2017	50,000,000	12,500,000	736,749	(3,137,267)	(485,003)	3,557	(24,980,601)	34,637,435	38,689,596	73,327,031
Loss for the period	-	-	-	-	-	-	(1,506,319)	(1,506,319)	(166,403)	(1,672,722)
Other comprehensive income items	-	-	-	-	37,538	-	-	37,538	-	37,538
Acquisition of non-controlling interests	-	-	-	-	-	-	(56,595)	(56,595)	(80,050)	(136,645)
<b>Balance at 31 March 2017</b>	<b>50,000,000</b>	<b>12,500,000</b>	<b>736,749</b>	<b>(3,137,267)</b>	<b>(447,465)</b>	<b>3,557</b>	<b>(26,543,515)</b>	<b>33,112,059</b>	<b>38,443,143</b>	<b>71,555,202</b>

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements



UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED IN 31 MARCH 2018 (UNAUDITED)

	Note	For the three months ended 31 March	
		2018 JD	2017 JD
<b><u>OPERATING ACTIVITIES</u></b>			
Loss for the period		(379,383)	(1,672,722)
<b>Adjustments for -</b>			
Depreciation		336,431	334,264
Dividends Income		(3,600)	-
Finance costs		750,110	817,233
<b>Working capital changes -</b>			
Inventories		(1,119,194)	177,817
Trade receivables and other current assets		3,147,614	4,273,167
Trade payables and other current liabilities		1,429,141	(2,302,016)
Financial assets at fair value through profit or loss		(2,567)	(1,497)
Income tax paid		(418,254)	(181,273)
<b>Net cash flows from operating activities</b>		<u>3,740,298</u>	<u>1,444,973</u>
<b><u>INVESTING ACTIVITIES</u></b>			
Purchase of investment properties		(76,179)	-
Purchases of property, plant and equipment		(2,639)	(2,340)
Projects under construction		(2,445)	(2,445)
Proceeds from sale of financial assets at fair value through other comprehensive income		1,579	-
Dividends income received		3,600	-
Proceeds from sale of property, plant and equipment		-	896,407
<b>Net cash flows (used in) from investing activities</b>		<u>(76,084)</u>	<u>891,622</u>
<b><u>FINANCING ACTIVITIES</u></b>			
Finance costs paid		(95,348)	(949,852)
Repayment of loans		(1,174,129)	(877,421)
Sale of treasury shares, net		31,717	-
Acquisition of non-controlling interests		(641,205)	(136,645)
<b>Net cash flows used in financing activities</b>		<u>(1,878,965)</u>	<u>(1,963,918)</u>
<b>Net increase in cash and cash equivalents</b>		<u>1,785,249</u>	<u>372,677</u>
Cash and cash equivalents at 1 January		(1,114,841)	(2,427,044)
<b>Cash and cash equivalents at 31 March</b>	8	<u>670,408</u>	<u>(2,054,367)</u>

The attached notes from 1 to 10 form part of these interim condensed consolidated financial statements

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
31 MARCH 2018 (UNAUDITED)

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**1) GENERAL**

Union Investment Corporation (the "Company") was established as a public shareholding company on 13 April 1994, with an authorized and paid in capital of JD 11,000,000 divided into 11,000,000 shares at a par value of JD 1 each, which has been increased throughout the years to become JD 50,000,000 divided into 50,000,000 shares.

The Company's objectives are to invest in different economic, industrial, manufacturing, commercial, agricultural and tourism sectors through investment projects or the participation in owning and investment in these projects in addition to investing in shares, bonds and securities inside and outside Jordan.

The interim condensed consolidated financial statements were approved by the Company's Board of Directors in their meeting held on 30 April 2018.

**2) BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**(2-1) BASIS OF PREPARATION -**

The interim condensed consolidated financial statements for the three months period ended in 31 March 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 Three months period ended 31 March 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 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 amortization 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 amortization cost; therefore, there was no effect on changing the accounting policy as a result of implementing 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 INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2018 (UNAUDITED)**

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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) Apartments sale**

The Group has concluded that revenue from apartments sale should be recognized at the point in time when control of the asset is transferred to the customer generally on handing off the apartment. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

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

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
31 MARCH 2018 (UNAUDITED)

**(4) INCOME TAX**

Income tax provision for the three months ended 31 March 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.

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

**(5) RELATED PARTIES**

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

	Paid In Capital JD	Main Activity	Percentage Of Ownership %
Al Failaq Housing LLC	5,000	Land Development	100
<b>Union for Cigarettes and Tobacco and its subsidiaries:</b>		Production of Tobacco and Cigarettes	83,05
Al Aseel for Marketing of Ma'asel and Cigarettes	15,083,657	Marketing	100
Union Tobacco and Cigarettes industries (Iraq)	100,000	Marketing	100
<b>Union Land Development corporation and its Subsidiaries:</b>			
Nibal Housing LLC	42,065,129	Property Investments	43,76
Paradise Contracting LLC	30,000	Land Development	100
Adam Investment LLC	50,000	Contracting	100
Paradise Architectural Industries LLC	30,000	Property Investments	100
Thiban Real Estate Investment LLC	100,000	Architecture	100
Al Mahla Real Estate Investment LLC	30,000	Land Development	100
Al Amiri Real Estate Investments LLC	1,000	Land Development	100
Al Farait Real Estate Investments LLC	1,000	Land Development	100
Al Ghazalian Real Estate Investments LLC	1,000	Land Development	100
Dhaba'a Real Estate Investment LLC	1,000	Land Development	100
Al Tajamouat Real Estate LLC	150,000	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.

**Management salaries and bonuses:**

The key management salaries and bonuses amounted to JD 99,960 for the three months ended in 31 March 2018 against JD 109,928 for the three months ended in 31 March 2017.

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 31 MARCH 2018 (UNAUDITED)

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

Additions to property, plant and equipment were amounted to JD 2,639 for the three months ended in 31 March 2018 (31 March 2017: JD 2,340).

**(7) INVESTMENT PROPERTIES**

Additions to investment properties amounted to JD 76,179 for the three months ended in 31 March 2018 (31 March 2017: Nil).

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

	31 March 2018 JD (Unaudited)	31 December 2017 JD (Audited)
Land	<u>2,785,399</u>	<u>2,785,399</u>

**(8) CASH AND CASH EQUIVALENTS**

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

	31 March 2018 JD	31 March 2017 JD
Cash and bank balances	1,792,137	194,858
Less: bank overdrafts*	<u>(1,121,729)</u>	<u>(2,249,225)</u>
	<u>670,408</u>	<u>(2,054,367)</u>

\* Bank overdrafts represent the facilities granted from local banks to the Group with a ceiling of JD 1,550,000 at 31 March 2018 at an annual interest rate of 7.5%.

**UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2018 (UNAUDITED)**

**(9) LOANS**

Currency	Loans installments					
	31 March 2018 (Unaudited)			31 December 2017 (Audited)		
	Current portion	Non current portion	Total	Current portion	Non current portion	Total
	JD	JD	JD	JD	JD	JD
Bank Al Etihad - Renewal loan (1)	JD	-	-	468,148	-	468,148
Bank Al Etihad – Revolving loan (1)	JD	919,412	919,412	941,024	-	941,024
Bank Al Etihad – Revolving loan (2)	USD	2,058,406	2,058,406	2,122,324	-	2,122,324
Housing Bank of Trade and Finance	JD	92,482	92,482	158,778	-	158,778
BLOM Bank	JD	1,120,000	1,924,000	1,120,000	1,084,000	2,204,000
Jordan Kuwait Bank	JD	1,900,000	3,944,757	1,900,000	2,044,801	3,944,801
Bank Al Etihad – Declining loan (1)	USD	2,288,652	15,826,681	2,288,652	13,812,140	16,100,792
		13,538,029	24,765,738	8,998,926	16,940,941	25,939,867
		8,378,952	24,765,738	8,998,926	16,940,941	25,939,867

**BANK AL ETIHAD - RENEWAL LOAN (1) - JD**

During 2013, "Union Land Development PLC" (a subsidiary) obtained a renewal loan from Bank Al Etihad in the 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 is to be paid during the first quarter of 2018. This loan is secured by a first degree mortgage over the plot of land, number 2157 Shmeisani, plot No. 13. The Group paid the full amount of the loan in the first quarter of 2018.

**BANK AL ETIHAD - REVOLVING LOAN (1) - JD**

During 2017, "Union Tobacco and Cigarette Industries PLC" (a subsidiary) has obtained a revolving loan in the amount of JD 1,000,000 at an annual interest rate of 5.5% without commission if the loan is paid off during 2018. The guarantee for this loan is the same guarantee as in the declining loan from Bank Al Etihad mentioned in this disclosure.

**BANK AL ETIHAD REVOLVING LOAN (2) – USD**

During 2017, "Union Tobacco and Cigarette Industries PLC" (a subsidiary) has obtained a revolving loan in the amount of USD 3,000,000 at an annual interest rate of 5.5% without commission if the loan is paid off during 2018. The guarantee for this loan is the same guarantee as in the declining loan from Bank Al Etihad mentioned in this disclosure.



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**HOUSING BANK FOR TRADE AND FINANCE- JD**

The Company has obtained a bank facility in the form of a revolving cash loan with a ceiling of JD 8,000,000 at an annual interest rate of 8% without commission, the company has reduced the loan ceiling more than once to become JD 2,750,000 at an annual interest rate of 9.25% and for the loan to be fully repaid during 2012. The loan was reschedule to become an overdraft with a ceiling of JD 1,000,000 and a loan with a ceiling of JD 1,000,000 repayable on a quarterly basis. Those facilities are secured by a collateral of 1,400,000 of the "Union Tobacco and Cigarettes Industries PLC" (a subsidiary) shares in addition to 257,692 shares of the "Union Land Development PLC" (a subsidiary).

**BLOM BANK - JD**

During 2014, the Company obtained a loan from BLOM Bank with an amount of JD 5,000,000 at an annual interest rate of 10% without commission. Loan is repayable in quarterly installments of JD 280,000 each except for the last installment which will be JD 240,000 noting that the interest will be paid on a monthly basis. Interest was amended on 12 July 2015 to become 9.5% and without commission. This loan is secured against a collateral of 4,000,000 shares of the "Union Land Development PLC" (a subsidiary) and a collateral of 2,000,000 shares of the "Union Tobacco and Cigarettes Industries PLC" (a subsidiary), in addition to a first degree mortgage with an amount of JD 6,000,000 over land No. 34 plot number 11, Hanno Sweifieh, Wadi Al-Seer form the lands of western Amman, which is registered under the name of Adam for Real Estate Investment and Project Management Company owned by Union Land Development Company (a subsidiary).

**JORDAN KUWAIT BANK - JD**

During 2014, "Union Land Development PLC" (a subsidiary) 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 for the purpose of selling the Jordan Commercial Bank debt. The loan is repayable in semi annual installments for a JD 950,000 per installment including interest. The first installment was due on 30 May 2015 and the final installment will be due on 30 November 2019. The client has pledged a first degree real estate mortgage over land number 266, Alnaajeyah plot sector number (8) of Al Yadodeh lands.

**BANK AL ETIHAD DECLINING LOAN (1) – USD**

"Union Tobacco and Cigarette Industries PLC" (a subsidiary) has obtained a declining loan amounted to USD 14,000,000 at an annual interest rate of 5.5% without commission repayable over 48 equal monthly installments of USD 326,000 each except for the last installment which will be due on 1 December 2018 which represents the remaining balance of the loan, and the first installment was due on 2 February 2014 and the last installment will be due on 1 January 2018.

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The loan is guaranteed by the purchased shares of the Union Land Development Company (subsidiary) and the resulting dividends. The loan is also secured by a first degree real estate mortgage with an amount of JD 15,000,000 and endorsement of insurance policy in favor of the bank in the amount of JD 21,000,000.

On 12 August 2015, the declining loan was increased to become USD 17,000,000 at an annual interest rate of 5.5% less a margin of 0.25% without commission. The loan is repayable over equal monthly installments of USD 394,000 each, the first installment was due on 30 September 2015 and the last installment which represents the remaining balance the loan will be due on 30 August 2019 under the same conditions and collaterals mentioned above.

On 28 April 2016, the declining loan was increased to become USD 26,900,00 at an annual interest rate of 5.5% without commission repayable over 100 equal monthly installments of USD 269,000 each, the first installment was due on 30 May 2016 and the last installment which represents the remaining balance of the loan will be due on 30 September 2024 under the same conditions and collaterals mentioned above.

#### **(10) OPERATING SEGMENTS**

The presentation of key segments is determined on the basis that the risks and rewards related to the Group are materially affected by the difference in the products or services of those segments. These segments are organized and managed separately according to the nature of the services and products, each of which represents 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 three segments:

- Cigarettes and Ma'asel.
- Investments in shares of companies: represented by investments in shares and associates.
- Investment properties: Purchase of land for the purpose of increasing its value.

The Group's management monitors the results of business segments 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 providing products or services in a specific economic environment that is subject to risks and rewards that differs from those related to business segments in other economic environments.