



شركة الاتحاد للاستثمارات المالية م.ع.م

Union Investment Corp. P.L.C

نموذج رقم (5-1)

Form No. (1-5)

To: Jordan Securities Commission Amman Stock Exchange Date: 1/11/2020 Ref: 2/3/3/9351 Subject: Quarterly Report as of 30/9/2020	السادة هيئة الأوراق المالية السادة بورصة عمان التاريخ: 2020/11/1 الرقم: 9351/3/3/2 الموضوع: التقرير ربع السنوي كما هي في 2020/9/30
Attached the Quarterly Report of (Union Investment Corp. P.L.C) in English as of 30/9/2020	مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة (الاتحاد للاستثمارات المالية م.ع.م) باللغة الإنجليزية كما هي بتاريخ 2020/9/30
Kindly accept our highly appreciation and respect Union Investment Corp. P.L.C Financial Manager's Signature Iyad Yaghmour	وتفضلوا بقبول فائق الاحترام... شركة الاتحاد للاستثمارات المالية م.ع.م توقيع المدير المالي إياد يغمور




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

بورصة عمان
الدائرة الإدارية والمالية
الديوان

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الرقم التسلسلي: 4037
رقم الملف: 31069
الجهة المختصة: 2000/111

UNION INVESTMENT CORPORATION

PUBLIC SHAREHOLDING COMPANY

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

30 SEPTEMBER 2020

**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 of 30 September 2020, comprising of the interim condensed consolidated statement of financial position as of 30 September 2020 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-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 did not perform impairment testing on the intangible assets amounted to JD 3,647,535 as of 30 September 2020, resulting from the acquisition of the subsidiary “Union Tobacco and Cigarettes Industries – PLC” in accordance with the requirements of International Accounting Standard 36. We were unable to determine the impact on the interim condensed consolidated financial statements of the Group (if any). Our conclusion on the interim condensed consolidated financial statements for the period ended 30 September 2019 and our audit report on the consolidated financial statements for the year ended 31 December 2019 were qualified for the same reason.

- The Group's subsidiary "Union Tobacco and Cigarettes Industries – PLC" did not perform a comprehensive study for the provision for expected credit losses based on the historical credit loss experience adjusted for forward looking factors and the economic environment as of 30 September 2020 in accordance with the requirements of IFRS 9. We were unable to determine the impact on the interim condensed consolidated financial statements of the Group. Our audit report on the consolidated financial statements for the year ended 31 December 2019 was qualified for the same reason.

Qualified conclusion

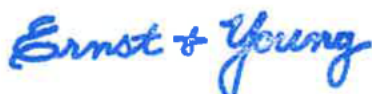
Based on our review, except for the effect of any modifications that may arise as a result the matters described in the basis of qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matters

- Without further qualification in our conclusion, we draw attention to note (2-2) to the interim condensed consolidated financial statements, the accumulated losses of the group amounted to 69% of the paid-in capital as of 30 September 2020 and its current liabilities exceeded its current assets by JD 32,615,495 as of 30 September 2020, in addition to incurring a gross loss of JD 2,328,972 for the period then ended. These events and conditions in addition to the other matters related to the impact of coronavirus (Covid-19) outbreak as described in note (17) indicate that a material uncertainty exists that may cast doubt about the Group's ability to continue as a going concern.

- Without further qualification in our conclusion and as disclosed in note (11) to the interim condensed consolidated financial statements, investment properties include land plots and properties with an amount of JD 2,785,399 that are not registered in the name of the Group as of 30 September 2020.

Amman – Jordan
28 October 2020



UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2020

	<u>Notes</u>	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<u>ASSETS</u>			
Non-current assets -			
Property, plant and equipment	8	16,346,504	17,341,537
Projects under construction	10	26,971,445	26,565,124
Investment properties	11	57,639,605	57,943,939
Intangible assets		3,707,823	3,647,535
Financial assets at fair value through other comprehensive income	9	171,950	152,866
		<u>104,837,327</u>	<u>105,651,001</u>
Current assets -			
Inventories	13	9,020,779	8,746,810
Trade receivables		13,357,017	6,011,574
Other current assets		3,373,298	3,688,287
Financial asset at fair value through profit or loss		51,980	61,820
Cash and bank balances	12	1,117,400	1,070,801
		<u>26,920,474</u>	<u>19,579,292</u>
Total Assets		<u>131,757,801</u>	<u>125,230,293</u>
<u>EQUITY AND LIABILITIES</u>			
Equity -			
Equity attributable to equity holders			
Paid in capital	1	50,000,000	50,000,000
Treasury shares		(12,227,533)	(11,246,493)
Fair value reserve	9	(2,226,453)	(2,245,537)
Accumulated losses		(34,438,077)	(26,579,135)
		<u>1,107,937</u>	<u>9,928,835</u>
Non-controlling interests		<u>43,455,850</u>	<u>40,707,864</u>
Net Equity		<u>44,563,787</u>	<u>50,636,699</u>
Liabilities			
Non-current liabilities -			
Long term loans	14	<u>27,658,045</u>	<u>26,071,175</u>
Current liabilities -			
Current portion of long term loans	14	9,309,116	9,722,794
Bank overdraft	12	1,360,385	344,350
Trade payables and other current liabilities		48,617,317	38,206,124
Income tax provision		249,151	249,151
		<u>59,535,969</u>	<u>48,522,419</u>
Total liabilities		<u>87,194,014</u>	<u>74,593,594</u>
Total Equity and Liabilities		<u>131,757,801</u>	<u>125,230,293</u>

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

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2020	2019	2020	2019
		JD	JD	JD	JD
Sales	15	1,436,452	1,053,942	3,603,690	3,088,858
Cost of sales		(1,534,856)	(1,046,487)	(5,932,662)	(4,449,981)
Gross (loss) profit		(98,404)	7,455	(2,328,972)	(1,361,123)
Change in fair value of financial assets at fair value through profit or loss		(9,840)	(654,695)	(9,840)	(3,913,143)
Gain from sale of an investment property		-	-	-	444,699
Gain on sale of property, plant, and equipment		-	-	710,000	-
Unutilized manufacturing capacity cost		(695,771)	(761,667)	(1,281,592)	(964,367)
Depreciation of investment properties	11	(100,285)	(106,493)	(304,334)	(316,519)
Provision for slow moving inventory	13	(300,000)	-	(300,000)	-
Amortization of intangible assets		(6,698)	-	(20,096)	-
Rental income, net		1,259,965	703,428	2,552,349	2,076,158
Other income (expenses), net		2,799	(128,461)	1,641	(56,183)
Administrative expenses		(810,455)	(453,867)	(2,178,410)	(1,472,803)
Marketing expenses		(98,493)	(9,130)	(235,183)	(267,632)
Finance costs		(1,138,285)	(1,038,967)	(2,888,097)	(2,835,053)
Loss for the period before income tax		(1,995,467)	(2,442,397)	(6,282,534)	(8,665,966)
Prior years income tax		-	-	-	(228,074)
Loss for the period after tax		(1,995,467)	(2,442,397)	(6,282,534)	(8,894,040)
Attributable to:					
Equity holders of the company		(1,739,969)	(2,277,452)	(5,286,440)	(8,660,854)
Non-controlling interests		(255,498)	(164,945)	(996,094)	(233,186)
		(1,995,467)	(2,442,397)	(6,282,534)	(8,894,040)
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted earnings per share from the loss for the period attributable to equity holders of the company	5	(0/046)	(0/055)	(0/140)	(0/196)

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

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	JD	JD	JD	JD
Loss for the period	(1,995,467)	(2,442,397)	(6,282,534)	(8,894,040)
Add: other comprehensive income items not to be reclassified to profit or loss in subsequent periods:				
Change in fair value of financial assets at fair value through other comprehensive income	13,037	12,733	19,084	(10,006)
Total comprehensive loss for the period	(1,982,430)	(2,429,664)	(6,263,450)	(8,904,046)
Attributable to:				
Equity holders of the company	(1,726,932)	(2,264,719)	(5,267,356)	(8,670,860)
Non-controlling interests	(255,498)	(164,945)	(996,094)	(233,186)
	(1,982,430)	(2,429,664)	(6,263,450)	(8,904,046)

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

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	Attributable to equity holders of the Company							Non – controlling interests	Net equity
	Paid in capital	Statutory reserve	Voluntary reserve	Treasury shares	Fair value reserve	Other reserves	Accumulated losses		
	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the nine months ended 30 September 2020-									
Balance as of 1 January 2020	50,000,000	-	-	(11,246,493)	(2,245,537)	-	(26,579,135)	9,928,835	50,636,699
Loss for the period	-	-	-	-	-	-	(5,286,440)	(996,094)	(6,282,534)
Other comprehensive income items	-	-	-	-	19,084	-	-	-	19,084
Total comprehensive loss for the period	-	-	-	-	19,084	-	(5,286,440)	(996,094)	(6,263,450)
Purchase of treasury shares	-	-	-	(981,040)	-	-	(981,040)	-	(981,040)
Change in non-controlling interest, net	-	-	-	-	-	-	(2,572,502)	3,744,080	1,171,578
Balance as of 30 September 2020	<u>50,000,000</u>	<u>-</u>	<u>-</u>	<u>(12,227,533)</u>	<u>(2,226,453)</u>	<u>-</u>	<u>(34,438,077)</u>	<u>43,455,850</u>	<u>44,563,787</u>
For the nine months ended 30 September 2019 -									
Balance as of 1 January 2019	50,000,000	12,500,000	736,749	(1,612,235)	(477,596)	1,503,418	(31,474,691)	38,991,014	70,166,659
Loss for the period	-	-	-	-	-	-	(8,660,854)	(233,186)	(8,894,040)
Extinguishing of accumulated losses (note 4)	-	(12,500,000)	(736,749)	-	-	(1,503,418)	14,740,167	-	-
Other comprehensive income items	-	-	-	-	(10,006)	-	-	-	(10,006)
Total comprehensive loss for the period	-	(12,500,000)	(736,749)	-	(10,006)	(1,503,418)	6,079,313	(233,186)	(8,904,046)
Purchase of treasury shares	-	-	-	(4,092,752)	-	-	-	-	(4,092,752)
Change in non-controlling interest, net	-	-	-	-	-	-	(2,373,673)	2,550,199	176,526
Balance as of 30 September 2019	<u>50,000,000</u>	<u>-</u>	<u>-</u>	<u>(5,704,987)</u>	<u>(487,602)</u>	<u>-</u>	<u>(27,769,051)</u>	<u>41,308,027</u>	<u>57,346,387</u>

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

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)

		For the nine months ended 30 September	
	Notes	2020	2019
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Loss before tax		(6,282,534)	(8,665,966)
Adjustments for:			
Depreciation		1,523,028	1,565,596
Amortization of intangible assets		20,096	-
Gain on sale of investment properties		-	(444,699)
Provision for slow moving inventory	13	300,000	-
Gain on sale of property, plant and equipment		(710,000)	(84,951)
Finance costs		2,888,097	2,835,053
Change in financial assets at fair value through profit or loss		9,840	-
Working capital changes:			
Inventories		(573,969)	2,025,288
Financial assets at fair value through profit or loss		-	2,781
Trade receivables and other current assets		(6,320,454)	(725,214)
Trade payables and other current liabilities		10,500,135	(240,364)
Income tax paid		-	(1,126,934)
Net cash flows from (used in) operating activities		1,354,239	(4,859,410)
<u>INVESTING ACTIVITIES</u>			
Purchases of property, plant and equipment		(223,661)	(7,775)
Proceeds from sale of property, plant and equipment		-	101,487
Purchase of investment properties		-	(53,501)
Proceeds from sale of investment properties		-	1,797,219
Purchase of intangible assets		(80,384)	-
Projects under construction		(406,321)	(699,537)
Proceeds from sale of financial assets at fair value through other comprehensive income		-	(1,951,275)
Net cash flows used in investing activities		(710,366)	(813,382)
<u>FINANCING ACTIVITIES</u>			
Repayments of loans		(2,922,758)	(4,094,258)
Proceeds from loans		4,095,950	5,986,766
Purchase of treasury shares		(981,040)	(4,092,752)
Finance costs paid		(2,977,039)	(2,665,226)
Non-controlling interests		1,171,578	176,526
Net cash flows used in financing activities		(1,613,309)	(4,688,944)
Net decrease in cash and cash equivalents		(969,436)	(10,361,736)
Cash and cash equivalents at the beginning of the period	12	726,451	10,990,898
Cash and cash equivalents at the end of the period	12	(242,985)	629,162

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

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020

(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, tourism sectors through the establishment of 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 28 October 2020.

(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 2020 have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

The interim condensed consolidated financial statements are prepared under the historical cost convention; except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are presented at fair value at the date of the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements are presented in Jordanian Dinars ("JD") which represents the functional currency of the Group.

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 2019. In addition, the results for the nine months period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020

(2-2) FUNDAMENTAL ACCOUNTING PRINCIPLES

The accumulated losses of the Group amounted to 69% of the paid-in capital as of 30 September 2020 and its the current liabilities exceeded its current assets by JD 32,615,495 as of 30 September 2020, in addition to incurring a gross loss of JD 2,328,972 for the period then ended. These events and conditions in addition to the other matters related to the impact of coronavirus (Covid-19) outbreak as described in note (17) indicate that a material uncertainty exists that may cast doubt about the Group's ability to continue as a going concern. Management believes that it is appropriate to use the going concern basis for the interim condensed consolidated financial statements based on the Group's future business plans. The Group may maintain liquidity by rescheduling previously obtained financing, or by obtaining new financing from banks.

(2-3) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS -

The interim condensed 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 group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

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

	Country	Paid In Capital JD	Main Activity	Percentage of ownership %
Al Failaq Housing LLC	Jordan	5,000	Land Development	100
Union for Cigarettes and Tobacco and its subsidiaries:			Production of Tobacco and Cigarettes	
Al Aseel for Marketing of Ma'asel and Cigarettes	Jordan	15,083,657		77.4
Union Advanced Industries Company LLC	Jordan	100,000	Marketing	77.4
Union Land Development corporation and its Subsidiaries:			Marketing	77.4
	Jordan	42,065,129	Property Investments	36.9
Nibal Housing LLC	Jordan	30,000	Land Development	36.9
Paradise Contracting LLC	Jordan	50,000	Contracting	36.9
Adam Investment LLC	Jordan	30,000	Property Investments	36.9
Paradise Architectural Industries LLC	Jordan	100,000	Architecture	36.9
Thiban Real Estate Investment LLC	Jordan	30,000	Land Development	36.9
Al Mahla Real Estate Investment LLC	Jordan	1,000	Land Development	36.9
Al Amiri Real Estate Investments LLC	Jordan	1,000	Land Development	36.9
Al Farait Real Estate Investments LLC	Jordan	1,000	Land Development	36.9
Al Ghazalian Real Estate Investments LLC	Jordan	1,000	Land Development	36.9
Dhaba'a Real Estate Investment LLC	Jordan	1,000	Land Development	36.9
Taj Al-Madina For Housing LLC	Jordan	50,000	Land Development	36.9

(2-4) CHANGES IN ACCOUNTING POLICIES -

The accounting policies used 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 2019, except for the adoption of new standards effective as of 1 January 2020:

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Group did not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group was not be affected by these amendments on the date of transition..

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments was for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project. The Group was not be affected by these amendments on the date of transition and concluded that the uncertainty arising from IBOR reform did not affect its hedge relationships to the extent that the hedge relationships need to be discontinued.

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020

(3) LEGAL RESERVES

The Group did not appropriate for legal reserves in accordance with the Jordanian Companies Law as these financial statements are interim financial statements.

(4) ACCUMULATED LOSSES

The Company's General Assembly decided at its extraordinary meeting held on 26 August 2019 to extinguish its accumulated losses in the amount of JD 14,740,167 as of 31 December 2018 against the statutory and voluntary reserve accounts, and the other reserves with JD 12,500,000 from the statutory reserve, JD 736,749 from the voluntary reserve account, and JD 1,503,418 from the other reserves account. The Companies Control Department approved this decision on 28 August 2019.

(5) BASIC AND DILUTED LOSS PER SHARE

	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Loss for the period attributable to equity holders of the Company (JD)	(5,286,440)	(8,660,854)
Weighted average number of shares (Share)	37,772,467	44,295,013
Basic loss per share attributable to equity holders of the Company (JD / Fils)	(0/140)	(0/196)

The diluted loss per share equals the basic loss per share.

(6) INCOME TAX

Income tax provision for the period ended 30 September 2020 and for the period ended 30 September 2019 was calculated in accordance with the Income Tax Law No. (34) of 2014 amended by law No. (38) of 2018.

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

The Income Tax Department did not review the Group records for the years 2013, 2014, 2015, and 2017, up to the date of these interim condensed consolidated financial statements except for the subsidiary (Union Tobacco and Cigarettes Industries Company) in which the Income Tax Department reviewed its records until the year 2015 without issuing a final clearance yet.

Union Land Development Corporation and its Subsidiaries –

The Company and its Subsidiaries have submitted tax returns for the years for which a final clearance has not yet been obtained.

UNION INVESTMENT CORPORATION - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020

Union Land Development Corporation - Public Shareholding Company –

The Company has received a final clearance from the Income and Sales Tax Department up to 2014.

Union Land Development Corporation – Aqaba Branch –

The Company has received a final clearance from the Income and Sales Tax Department up to 2013.

Nibal Housing Company LLC –

The Company has received a final clearance from the Income and Sales Tax Department up to 2018, except for the year 2017.

Thiban Real Estate LLC, Al Amiri Real Estate Investments LLC, Al Ghuzlanieh Real Estate Investments Company, Al Farait Real Estate Investments LLC, Al Mahila Real Estate LLC, Dhaba’a Real Estate Company –

These Companies are currently not fully operational and have received a final clearance from the Income and Sales Tax Department up to 2017.

Paradise Contracting LLC, Adam Investment Company LLC, Paradise Architectural Industries LLC –

These Companies are currently not fully operational and have received a final clearance from the Income and Sales Tax Department up to 2015.

Union Tobacco and Cigarette Industries

No income tax provision for the period ended 30 September 2020 and for the period ended 30 September 2019 in accordance with the Income Tax Law No. (34) of 2014 amended by law No. (38) of 2018.

The Company reached a final settlement with the Income Tax Department up to the year 2012. The Income Tax Department reviewed the accounting records of the Company and its subsidiaries until the end of the year 2015 without issuing a final clearance yet until the date of these interim condensed financial statements.

The Income and Sales Tax Department did not review the Group’s accounting records for the years 2016, 2017, and 2018 up to the date of these interim condensed financial statements.

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(7) RELATED PARTIES

Related parties represent associate companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced directly or indirectly by such parties.

No balances or transactions with related parties took place during the period.

Key management salaries and bonuses:

The key management salaries and bonuses amounted to JD 195,270 for the nine months ended 30 September 2020 (30 September 2019: JD 307,920).

(8) PROPERTY, PLANT AND EQUIPMENT

The Group had purchased property, plant and equipment in an amount of JD 223,661 for the nine months ended 30 September 2020 (30 September 2019: JD 7,775). During the nine months ended 30 September 2020, the Group sold a machine for the production of cigarettes in the amount of JD 710,000 resulting in a gain of JD 710,000 (30 September 2019: 84,951)

This item includes Land owned by Union Tobacco and Cigarette Industries PLC, located in the area of Al-Jizah, Jordan, which are mortgaged by a first-degree mortgage in the amount of JD 15,000,000 in the favour of Bank Al-Etihad for the facilities granted to the Group (Note 11).

(9) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This amount represents the Group's contribution in the following company's capital:

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Unquoted Shares / Inside Jordan		
Al-Karama for Financial Investments - PSC	80,000	80,000
Al-Tajamouat for Touristic Projects - PSC	84	101
	<u>80,084</u>	<u>80,101</u>
Quoted Shares / Outside Jordan		
Al Salam Bank – Sudan	<u>91,866</u>	<u>72,765</u>
	<u>171,950</u>	<u>152,866</u>

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The movement on financial assets at fair value through other comprehensive income is as follows

	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Balance at the beginning of the period/year	152,866	1,933,522
Provision for impairment of financial assets at fair value through other comprehensive income	-	(1,740,000)
Change in fair value of financial assets at fair value through other comprehensive income	19,084	(40,656)
Ending balance for the period/year	171,950	152,866

Movement on fair value reserve is as follows:

	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Balance at the beginning of the period/year	(2,245,537)	(477,596)
Change in fair value of financial assets at fair value through other comprehensive income	19,084	(1,767,941)
Balance at the end of the period/year	(2,226,453)	(2,245,537)

(10) PROJECTS UNDER CONSTRUCTION

Movement on projects under construction is as follows:

	Zara Project* JD	Iraq Factories Project** JD	Total JD
Balance at 1 January 2020	3,080,376	23,484,748	26,565,124
Additions	8,150	398,171	406,321
Balance at 30 September 2020	3,088,526	23,882,919	26,971,445
Balance at 1 January 2019	3,070,911	7,799,219	10,870,130
Additions	9,465	15,685,529	15,694,994
Balance at 31 December 2019	3,080,376	23,484,748	26,565,124

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*The estimated cost to complete for the uncompleted portion of the projects under construction is JD 3,500,000 as of 30 September 2020. Management has not set a date for the completion of the project as of the date of these interim condensed consolidated financial statements.

** This item represents the cost of the Group's project which is a Tobacco factory in Iraq. It is expected that the projects under construction will be completed by the end of 2020, management has not determined the date these factories will start operating because the legal procedures were not completed yet.

In the opinion of the Group's management the projects under construction are not impaired as of 30 July 2019.

(11) INVESTMENT PROPERTIES

Movement on investment properties is as follows:

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Cost -		
Balance as of 1 January	61,900,818	63,199,837
Additions	-	53,501
Disposals – lands	-	(1,352,520)
Balance as of the end of the period/ year	61,900,818	61,900,818
Accumulated depreciation-		
Balance as of 1 January	(3,956,879)	(3,533,866)
Depreciation	(304,334)	(423,013)
Balance as of the end of the period/ year	(4,261,213)	(3,956,879)
Net book value as of the end of the period/ year	57,639,605	57,943,939

* This item includes plots of land in the amount of JD 14,106,118 as of 30 September 2020 (31 December 2019: JD 14,106,118). This item includes lands and buildings secured by a first-degree mortgage to Invest Bank in the amount of JD 17,000,000 on the land No. 266 and the buildings of IKEA in addition to a first-degree mortgage in the amount of JD 6,000,000 on the plot of land No. 34 plot number 11, Hanno Sweifieh, Wadi Al-Seer, West Amman (note 14).

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

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (audited)
Land plots	2,785,399	2,785,399

(12) CASH AND CASH EQUIVALENTS

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

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Cash and bank balances	1,117,400	1,070,801
Less: bank overdraft	(1,360,385)	(344,350)
	(242,985)	726,451

(13) INVENTORIES

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Raw materials	4,222,530	4,955,183
Work in progress	1,255,061	1,035,387
Finished goods	3,404,841	2,739,585
Spare parts	2,775,971	2,108,699
Inventory in transit	155,656	401,236
	11,814,059	11,240,090
Provision for slow moving inventories	(2,793,280)	(2,493,280)
	9,020,779	8,746,810

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Movement on provision for slow moving inventories is as follows:

	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Balance at the beginning of the period/year	2,493,280	2,313,280
Provision for the period/year	300,000	180,000
Balance at the end of the period/year	2,793,280	2,493,280

(14) LOANS

		Loans installments					
		30 September 2020 (Unaudited)			31 December 2019 (Audited)		
Currency		Current portion JD	Non current portion JD	Total JD	Current portion JD	Non current portion JD	Total JD
Bank Al Etihad – Revolving loan (1)	JD	197,252	297,424	494,676	515,002	-	515,002
Bank Al Etihad – Revolving loan (2)	USD	2,993,880	-	2,993,880	3,148,825	-	3,148,825
Housing Bank of Trade and Finance	JD	263,016	727,920	990,936	263,016	766,548	1,029,564
BLOM Bank	USD	1,015,514	-	1,015,514	923,000	-	923,000
Bank Al Etihad – Reducing loan (1)	JD	947,368	13,366,712	14,314,080	1,539,057	12,528,494	14,067,551
Bank Al Etihad – Reducing loan (2)	JD	1,003,626	410,400	1,414,026	499,992	785,359	1,285,351
Invest Bank	JD	2,888,460	12,855,589	15,744,049	2,833,902	11,990,774	14,824,676
		9,309,116	27,658,045	36,967,161	9,722,794	26,071,175	35,793,969

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 subject to the full repayment of the loan during the year ended 31 December 2020. The Group reached an agreement with the bank in February 2020 to reschedule the loan over 33 installments ending in March 2023 with the first payment due on 30 July 2020. 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. Each utilized balance is due within six months from the date of utilization. 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 REDUCING LOAN - JD

During the year 2019 the Company obtained a loan from the Housing Bank for Trade and Finance in the amount of JD 1,017,716. This amount represents the balance of the Company's overdraft account that was due to the bank. The Company agreed with the bank to convert the balance of the account to a loan during September 2019. The interest on the amount due is calculated at the Prime Lending Rate (PLR%) per annum and to be added to the daily balance of the account. The loan is to be repaid over 60 equal monthly installments with each installment being JD 21,918, with the interest being paid on a monthly basis. The first installment was due on 1 December 2019. This loan is secured by the mortgage of the shares of Union Tobacco and Cigarette Industries PLC.

The Group rescheduled the loan installments due to the Housing Bank in April, May, June, and July of 2020 until the end of the loan term.

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. The loan is repayable in quarterly installments of JD 280,000 each except for the last installment which will be JD 240,000 and interest to 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).

The Group rescheduled the loan installments due to BLOM Bank in April, May, June, July, August, and September 2020 until the end of the loan term.

BANK AL ETIHAD REDUCING LOAN (1) – USD

"Union Tobacco and Cigarette Industries PLC" (a subsidiary) has obtained a reducing loan in US Dollars 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 to be paid starting from 2 February 2014 each except for the last installment which will be due on 1 January 2019 which represents the remaining balance of the loan.

The loan is guaranteed by the purchased shares of the Union Land Development Corporation – PLC and Union Investment Corporation - PLC and the resulting dividends, which are classified as financial assets at fair value though other comprehensive income. 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.

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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 48 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 except for 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.

On February 2020, the Group agreed with the bank to reschedule this loan, to be paid in a monthly installments of USD 180,000 including interest, with the first payment due on 30 July 2020. 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 REDUCING LOAN (2) – JD

During the year 2019, the Company obtained a loan amounted to JD 1,500,000 from Bank Al Etihad with an annual interest rate of 9.5% without commission. The loan is repayable over 36 equal monthly installments of JD 41,666 each and interest to be settled on a monthly basis. This loan is guaranteed by 1,676,000 shares of "Union Land Development PLC" (a subsidiary) amounted to JD 3,000,000. This item includes unpaid installments amounting to JD 374,940 and interest and fees amounting to JD 128,640.

INVEST BANK – JD

During the year 2018, "Union Land Development PLC" (a subsidiary) received a declining loan amounting to JD 17,000,000 at an annual interest rate of 8%. The Group used the proceeds of the loan to repay loans granted from Jordan Kuwait Bank amounting to JD 3,200,000 and to settle the margin accounts of Union Land Development Corporation- PLC and its sister Companies and its parent company to the financial brokerage company in the amount of JD 12,000,000. The loan is repayable over 16 semi-annual installments payable on 30 May and 30 November of each year starting from 30 November 2018 until the full settlement in 2026. This loan is secured by a first degree mortgage of JD 17,000,000 on the land No. 266 and the buildings of IKEA

The Group rescheduled the loan installment due to Invest Bank on 30 May 2020 until the end of the loan term.

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(15) SALES

	30 September 2020 JD (Unaudited)	30 September 2019 JD (Unaudited)
Local sales	4,905,171	751,790
Foreign sales	1,377,783	2,747,356
	<u>6,282,954</u>	<u>3,499,146</u>
Less: sales discounts	(2,679,264)	(410,288)
	<u>3,603,690</u>	<u>3,088,858</u>

Revenue from the sale of goods is recognized at a point of time.

(16) OPERATING SEGMENTS

The presentation of key segments was 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 sectors. Those segments are organized and managed separately according to 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:

Tobacco and Cigarettes.

Investments in shares: represents 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 rendering services or products in a particular economic environment that is subject to risks and rewards that differ from those of other operating segments.

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Revenues, profits, assets and liabilities by business segments are as follows:

	Tobacco and cigarettes	Investments in shares	Investment properties	Total
	JD	JD	JD	JD
For the period ended				
30 September 2020 (Unaudited) -				
<u>Revenues:</u>				
Revenues	3,603,690	-	-	3,603,690
<u>Business Results:</u>				
(Loss) profit for the period	(5,731,805)	(1,024,598)	473,869	(6,282,534)
<u>Other Segment Information:</u>				
Depreciation	(1,156,133)	-	(366,895)	(1,523,028)
Finance costs	(993,098)	(906,032)	(988,967)	(2,888,097)
For the period ended 30 September 2019				
(Unaudited) -				
<u>Revenues:</u>				
Revenues	3,088,858	-	-	3,088,858
<u>Business Results:</u>				
(Loss) profit for the period	(4,693,562)	(5,150,561)	950,083	(8,894,040)
<u>Other Segment Information:</u>				
Depreciation	(1,196,624)	(341)	(368,631)	(1,565,596)
Finance costs	(1,069,193)	(822,180)	(943,680)	(2,835,053)
As of 30 September 2020 (Unaudited)				
Segments assets	52,239,619	24,569,376	54,948,806	131,757,801
Segments liabilities	46,856,620	17,213,087	23,124,307	87,194,014
As of 31 December 2019 (Audited)				
Segments assets	50,115,790	22,145,526	52,968,977	125,230,293
Segments liabilities	39,388,711	15,060,971	20,143,912	74,593,594

(17) THE OUTBREAK OF CORONAVIRUS (COVID-19) AND ITS IMPACT ON THE GROUP

The Coronavirus outbreak has impacted the global macroeconomy and caused significant disruption in the global economy and different business sectors. Accordingly, the cigarette manufacturing, investment in shares, and real estate investment and related industries and sectors, in addition to delays in the projects under construction, which have been affected by business closures including the delays in the projects under construction, imposed expanded quarantines, and other government measures taken against the virus.

The Prime Minister of Jordan resolved, on 17 March 2020, to enforce a mandatory curfew law and to suspend all business activity in Jordan until further notice as part of the precautions taken by the government to combat the spread of Coronavirus. The majority of the Jordan's business activities were impacted as a result of the resolution.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the spread rate of the coronavirus and the extent and effectiveness of the measures taken to contain it. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of approval of these financial statements. These developments could impact the Company's future financial results, cash flows and financial condition.

Pursuant to the Jordanian Defense Law and the facilities resulting therefrom, the Central Bank of Jordan authorized banking agents to grant facilities to support the industrial sectors by postponing the loan installments and interest payments due during the months affected by the outbreak of the Corona Virus until the end of the loan term. In addition, the existing works in Iraq relating to the projects under have been suspended for a period of five months, which led to a rescheduling of the planned commencement of operations.