



شركة الاتحاد للاستثمارات المالية م.ع.م
Union Investment Corp. p.l.c

نموذج رقم (5-1)

Form No. (1-5)

<p>To: Jordan Securities Commission Amman Stock Exchange Date: 2/8/2017 Ref: 2/3/3/8895 Subject: Semi- Annual Report as of 30/06/2017</p>	<p>السادة هيئة الأوراق المالية السادة بورصة عمان التاريخ: 2017/8/2 الرقم: 8895/3/3/2 الموضوع: التقرير نصف السنوي كما هو في 2017/6/30</p>
<p>Attached the company's Semi- Annual Report of (Union Investment Corp. plc) As of 30/06/2017</p>	<p>مرفق طيه نسخة من البيانات المالية نصف السنوية لشركة (الاتحاد للاستثمارات المالية م.ع.م) باللغة الإنجليزية كما هي بتاريخ 2017/6/30م</p>
<p>Kindly accept our highly appreciation and respect Union Investment Corp. P.L.C Financial Manager's Signature Iyad Yaghmour</p>	<p>وتفضلوا بقبول فائق الاحترام،،، شركة الاتحاد للاستثمارات المالية م.ع.م توقيع المدير المالي إياد يغمور</p>



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

ليورثتة صه سان
المدافسة الادارية والمالية
الديسوان
٢٠١٧ آب ٢
الرقم القسفسل: ٥٥٢٤
رقم القسفسل: ٢١٠٦٩
الجهة المختصة: الادارة العامة

UNION INVESTMENT CORPORATION

PUBLIC SHAREHOLDING COMPANY

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

30 JUNE 2017



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 30 June 2017, comprising of the interim consolidated statement of financial position as at 30 June 2017 and the related interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month 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 June 2017 in accordance with the requirements of International Accounting Standard 36 "Impairment of Assets". We were unable to determine the impact of this matter on the interim condensed consolidated financial statements of the Group as of 30 June 2017.

Qualified conclusion

Based on our review, except for the effect of the matter 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 with an amount of JD 413,517 that are not registered in the name of the Group as of 30 June 2017.

Other matters

Our opinion on the consolidated financial statements for the year ended 31 December 2015 was qualified in relation to not using the equity method to account for its investment in Al-Rafidain for Tobacco and Cigarette Distribution Company (an associate) as of 31 December 2015 in accordance with the requirements of International Accounting Standard 28 "Investments in Associates and Joint Ventures" as it was accounted for as investment in associate using the cost method. The Group resolved in its meeting held on 21 July 2016 to liquidate the company as the purpose of its activities is no longer needed and accordingly an impairment provision of the full investment was provided for.

The Group did not consolidate the financial statements of Union Tobacco and Cigarette Industries Company (Iraq) which is fully owned by Union Tobacco and Cigarette Industries Company Jordan (a subsidiary) as of 31 December 2015 in accordance with the requirements of International Financial Reporting Standard 10 "Consolidated Financial Statements" in which the Group has consolidated the financial statement of this subsidiary during 2016.

Amman – Jordan
30 July 2017

Ernst & Young

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

	Notes	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	6	23,455,998	25,263,091
Projects under construction		6,908,553	6,903,488
Investment properties	7	63,179,667	64,449,037
Advance payment on machines purchases		1,295,808	1,135,882
Intangible assets		3,647,535	3,647,535
Financial assets at fair value through other comprehensive income		1,966,454	3,276,396
Other current assets		458,000	458,000
		<u>100,912,015</u>	<u>105,133,429</u>
Current assets			
Inventories		16,220,766	16,621,902
Accounts receivable		20,933,813	19,932,998
Other current assets		2,898,966	9,706,300
Financial asset at fair value through profit or loss		37,006	34,226
Cash and bank balances		1,419,680	552,321
		<u>41,510,231</u>	<u>46,847,747</u>
Total Assets		<u>142,422,246</u>	<u>151,981,176</u>
<u>EQUITY AND LIABILITIES</u>			
Equity-			
Paid in capital	1	50,000,000	50,000,000
Statutory reserve		12,500,000	12,500,000
Voluntary reserve		736,749	736,749
Treasury shares		(1,722,285)	(3,137,267)
Fair value reserve		(450,445)	(485,003)
Other reserves		1,242,996	3,557
Accumulated losses		(27,454,671)	(24,980,601)
		<u>34,852,344</u>	<u>34,637,435</u>
Non-controlling interests		37,810,084	38,689,596
Net equity		<u>72,662,428</u>	<u>73,327,031</u>
Liabilities-			
Non-current liabilities			
Long term loans	10	18,750,847	21,264,210
Current liabilities			
Current portion of long term loans	10	6,696,501	9,385,253
Due to banks		3,086,668	2,979,365
Accounts payable and other current liabilities		40,426,357	44,358,277
Income tax provision	4	799,445	667,040
		<u>51,008,971</u>	<u>57,389,935</u>
Total liabilities		<u>69,759,818</u>	<u>78,654,145</u>
Total Equity and Liabilities		<u>142,422,246</u>	<u>151,981,176</u>

The attached notes from 1 to 11 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 AND SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017	2016	2017	2016
		JD	JD	JD	JD
Sales	11	1,015,923	6,870,774	1,849,216	12,362,149
Cost of sales		(1,528,823)	(6,901,877)	(2,638,816)	(11,500,398)
Gross (loss) profit		(512,900)	(31,103)	(789,600)	861,751
Change in fair value of financial assets at fair value through profit or loss		1,224	(8,686)	2,721	12,545
Depreciation of investment properties		(109,579)	(111,404)	(207,379)	(213,247)
Rental income, net		686,850	685,982	1,339,633	1,366,645
Gain from sale of investment properties, net		26,483	-	26,483	58,972
Loss from sale of a subsidiary		(151,441)	-	(151,441)	-
Other (loss) income, net		24,751	32,010	(34,785)	155,382
Net (losses) revenues		(34,612)	566,799	185,632	2,242,048
Administrative expenses		(739,094)	(921,624)	(1,691,368)	(1,784,316)
Marketing expenses		(504,718)	(201,505)	(628,177)	(286,759)
Finance costs		(937,694)	(1,123,733)	(1,754,927)	(1,879,000)
Loss before income tax		(2,216,118)	(1,680,063)	(3,888,840)	(1,708,027)
Income tax	4	(220,337)	(53,696)	(220,337)	(98,774)
Loss for the period		(2,436,455)	(1,733,759)	(4,109,177)	(1,806,801)
Attributable to:					
Equity holders of the Company		(2,182,587)	(1,582,958)	(3,688,906)	(1,793,710)
Non-controlling interests		(253,868)	(150,801)	(420,271)	(13,091)
		(2,436,455)	(1,733,759)	(4,109,177)	(1,806,801)
		<u>Fils / JD</u>	<u>Fils / JD</u>	<u>Fils / JD</u>	<u>Fils / JD</u>
Loss per share attributable to equity holders of the Company		(0/045)	(0/033)	(0/076)	(0/037)

The attached notes from 1 to 11 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 AND SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

	For the three months ended 30 June		For the six months ended 30 June	
	2017	2016	2017	2016
	JD	JD	JD	JD
Loss for the period	(2,436,455)	(1,733,759)	(4,109,177)	(1,806,801)
Add: other comprehensive income items not to be reclassified to profit and loss in subsequent periods:				
Change in fair value reserve	1,180	(6,167)	38,718	1,048
Gain from sale of financial assets at fair value through other comprehensive income	764,789	-	764,789	-
Total comprehensive income for the period	(1,670,486)	(1,739,926)	(3,305,670)	(1,805,753)
Attributable to:				
Equity holders of the Company	(1,420,660)	(1,589,125)	(2,889,441)	(1,792,662)
Non-controlling interests	(249,826)	(150,801)	(416,229)	(13,091)
	(1,670,486)	(1,739,926)	(3,305,670)	(1,805,753)

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

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

	Attributable to equity holders of the Company									
						Non –				
	Paid in capital	Statutory reserve	Voluntary reserve	Treasury shares	Other reserves	Fair value reserve	Accumulated losses	Total	controlling interests	Net equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
30 June 2017 -										
As at 1 January 2017	50,000,000	12,500,000	736,749	(3,137,267)	3,557	(485,003)	(24,980,601)	34,637,435	38,689,596	73,327,031
Total comprehensive income for the period	-	-	-	-	-	34,558	(3,688,906)	(3,654,348)	(416,111)	(4,070,459)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	764,907	764,907	(118)	764,789
Sale of treasury shares	-	-	-	1,414,982	1,239,439	-	-	2,654,421	-	2,654,421
Acquisition of non-controlling interests	-	-	-	-	-	-	449,929	449,929	(463,283)	(13,354)
Balance at 30 June 2017	50,000,000	12,500,000	736,749	(1,722,285)	1,242,996	(450,445)	(27,454,671)	34,852,344	37,810,084	72,662,428
30 June 2016 -										
As at 1 January 2016	50,000,000	12,500,000	736,749	(3,153,244)	3,557	(448,437)	(23,042,192)	36,596,433	38,951,081	75,547,514
Total comprehensive income for the period	-	-	-	-	-	1,048	(1,793,710)	(1,792,662)	(13,091)	(1,805,753)
Acquisition of non-controlling interests	-	-	-	-	-	-	(41,317)	(41,317)	(57,142)	(98,459)
Balance at 30 June 2016	50,000,000	12,500,000	736,749	(3,153,244)	3,557	(447,389)	(24,877,219)	34,762,454	38,880,848	73,643,302

* An amount equal to the negative balance of the fair value reserve is restricted from use from returned earnings.

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

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

		For the six months ended 30 June	
	Notes	2017 JD	2016 JD
<u>OPERATING ACTIVITIES</u>			
Loss before income tax		(3,888,840)	(1,708,027)
Adjustments for:			
Depreciation		673,851	1,124,013
Gain on sale of property, plant and equipment		(6,422)	(122,624)
Gain on sale of investment properties		(26,483)	(58,972)
Finance costs		1,754,927	1,879,000
Working capital changes:			
Inventories		401,136	(1,886,473)
Accounts receivable and other current assets		5,646,593	896,028
Due from related parties		-	(1,335,524)
Accounts payable and other current liabilities		(4,622,675)	4,143,751
Financial assets at fair value through profit or loss		(2,780)	(12,553)
Income tax paid		(87,932)	-
Net cash flows (used in) from operating activities		(158,625)	2,918,619
<u>INVESTING ACTIVITIES</u>			
Purchase of investment properties		-	(23,200)
Purchases of property, plant and equipment		(57,772)	(208,446)
Projects under construction		(5,065)	(57,246)
Proceeds from sale of property, plant and equipment		1,404,815	211,000
Proceeds from sale of financial assets at fair value through other comprehensive income		2,113,449	-
Proceeds from sale of investment properties		1,088,474	353,544
Net cash flows from investing activities		4,543,901	275,652
<u>FINANCING ACTIVITIES</u>			
Finance costs paid		(1,064,172)	(1,059,689)
Proceeds from sale of treasury shares		2,654,421	-
Repayments of loans		(5,202,115)	(13,165,225)
Proceeds from loans		-	19,146,966
Acquisition of non-controlling interests		(13,354)	(98,459)
Net cash flows (used in) from financing activities		(3,625,220)	4,823,593
Net increase in cash and cash equivalents		760,056	8,017,864
Cash and cash equivalents at 1 January		(2,427,044)	(10,475,445)
Cash and cash equivalents at 30 June	9	(1,666,988)	(2,457,581)

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

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

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 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 30 July 2017.

(2-1) BASIS OF PREPARATION

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

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

(2-2) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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 2016, except for the adoption of new standards effective as of 1 January 2017.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

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

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

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

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

(3) STATUTORY RESERVE

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

(4) INCOME TAX

Income tax for the six months ended 30 June 2017 and 2016 were calculated in accordance with the Income Tax Law No. (34) for 2014.

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

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

Income tax presented in the interim consolidated statement of profit or loss is as follows:

	30 June 2017 JD	30 June 2016 JD
Income tax for the year	220,337	98,774

Movement on the provision for income tax is as follows:

	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Beginning balance for the period / year	667,040	699,239
Income tax for the period / year	220,337	116,725
Income tax paid during the period / year	(87,932)	(148,924)
Ending balance for the period / year	799,445	667,040

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

(5) RELATED PARTIES

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

	<u>Country</u>	<u>Paid In Capital JD</u>	<u>Major Activity</u>	<u>Ownership %</u>
Al Failaq Housing Limited Liability Company	Jordan	5,000	Land Development	100
Union Tobacco and Cigarette Industries Company and its subsidiaries:	Jordan	15,083,657	Production of Tobacco and Cigarette	82,98
Al Aseel for Marketing of Ma'asel and Cigarettes	Jordan	100,000	Marketing	100
Union for advance industries	Jordan	100,000	Marketing	100
Union Tobacco and Cigarette Industries (Iraq)	Jordan	-	Marketing	100
Union Land Development Company and its Subsidiaries:	Jordan	42,065,129	Investment Property	43,69
Nibal Housing Company	Jordan	30,000	Land Development	100
Paradise Contracting	Jordan	50,000	Contracting	100
Adam Investment Company	Jordan	30,000	Investment Property	100
Paradise Architectural Industries	Jordan	100,000	Architecture	100
Thiban Real Estate	Jordan	30,000	Land Development	100
Al Mahla Real Estate	Jordan	1,000	Land Development	100
Al Amiri Real Estate Investments	Jordan	1,000	Land Development	100
Al Farait Real Estate Investments*	Jordan	1,000	Land Development	100
Al Ghazalian Real Estate Investments	Jordan	1,000	Land Development	100
Dhaba'a Real Estate	Jordan	1,000	Land Development	100
Al Tajamouat Real Estate	Jordan	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.

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

Key management salaries and bonuses:

The key management salaries and bonuses amounted to JD 211,970 for the six months ended 30 June 2017 (30 June 2016: JD 332,777).

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

(6) PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment were amounted to JD 57,772 for the six months ended 30 June 2017 (30 June 2016: JD 208,446).

(7) INVESTMENT PROPERTIES

Additions to investment properties were nil for the six months ended 30 June 2017 (30 June 2016: JD 23,200).

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

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Land	413,517	413,517

(8) INVESTMENT IN ASSOCIATES

	Country of incorporation	Nature of activity	Ownership percentage	30 June 2017	31 December 2016
				JD	JD
				(Unaudited)	(Audited)
Al-Rafidain Tobacco and Cigarette Distribution Company*	Jordan	Services	50%	-	-
				-	-

* The Group owns 50% of Al-Rafidain Tobacco and Cigarette Distribution - Limited Liability Company capital which was established on 6 November 2012.

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

The Company did not account for its investment in Al-Rafidain Tobacco and Cigarette Distribution - Limited Liability Company as of 31 December 2015 using the equity method as required by IAS (28), and was included in investment in associates at cost. The Group resolved in its meeting held on 21 July 2016 to liquidate the company as the purpose of its activities is no longer needed and accordingly an impairment provision of full investment was provided for.

The Group did not consolidate the interim condensed financial statements of Union Tobacco and Cigarette Industries Company (Iraq) as at 31 December 2015.

(9) CASH AND CASH EQUIVALENTS

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

	30 June 2017 JD	30 June 2016 JD
Cash and bank balances	1,419,680	614,004
Due to banks*	(3,086,668)	(3,071,585)
	<u>(1,666,988)</u>	<u>(2,457,581)</u>

* Due to banks represent overdrafts facilities granted from local banks to the Group with a ceiling of JD 10,182,434 at an average annual interest rate of 7.75%.

(10) LOANS

	Currency	30 June 2017 (Unaudited)			31 December 2016 (Audited)		
		Loan installments			Loan installments		
		Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
Bank Al Etihad (1)	JD	-	-	-	2,088,585	-	2,088,585
Bank Al Etihad (2)	JD	455,717	-	455,717	1,635,028	-	1,635,028
Housing Bank of Trade and Finance	JD	286,335	-	286,335	339,426	70,000	409,426
Blom Bank	JD	1,120,000	1,644,000	2,764,000	557,364	2,202,636	2,760,000
Jordan Kuwait Bank	JD	1,900,000	2,802,772	4,702,772	1,900,000	3,519,258	5,419,258
Bank Al Etihad (3)	USD	2,934,449	14,304,075	17,238,524	2,864,850	15,472,316	18,337,166
		<u>6,696,501</u>	<u>18,750,847</u>	<u>25,447,348</u>	<u>9,385,253</u>	<u>21,264,210</u>	<u>30,649,463</u>

BANK AL ETIHAD (1) - JD

The Company obtained bank facilities in the form of a revolving loan with a ceiling of JD 17,500,000 at an annual interest rate of 7.75% without commission. The Company has rescheduled and decreased the loan ceiling more than once, the last time was in 2011, where the Company decreased the revolving loan ceiling to become JD 3,000,000 with an annual interest rate of 9.25%.

These facilities are guaranteed by a collateral of 2,180,000 shares of the Company's shares in Union Tobacco and Cigarette Industries Company (a subsidiary), in addition to 3,290,691 shares of the Group's shares in Union Land Development Company (a subsidiary).

On 5 May 2011, the Company signed a loan agreement with Bank Al Etihad, the agreement includes the cancelation of the bank credit account and the conversion of the entire amount into a loan with a ceiling of JD 9,130,000 at an annual interest rate of 9% repayable over semi annual installments given that the distributed dividends for the Group's unpledged and owned shares in Union Tobacco and Cigarette Industries Company (a subsidiary) and Union Land Development Company (a subsidiary) amounting to 2,180,000 shares and 3,290,691 shares are deposited in the bank.

On 27 September 2015, the Company signed an agreement with Bank Al Etihad to reschedule the loan amounting to JD 2,427,374 given that the loan is repayable over two annual installments, the first installment with an amount of JD 1,206,000 excluding interest which was due on 30 June 2016 and the second installment which represents the remaining balance of the loan will fall due on 30 June 2017 under the same conditions and collaterals provided earlier.

On 29 September 2016, the Company signed an agreement with Bank Al Etihad to reschedule the installment that fell due on 30 June 2016 amounting to JD 400,000 and the second installment which amounted to JD 866,000 that will fall due on 5 January 2017 under the same conditions and collaterals provided earlier.

BANK AL ETIHAD (2) - JD

During 2013, Union Land Development (a subsidiary) 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 on 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 on 1 October 2017. This loan is secured by a first degree mortgage over the land number 2157 Shmeisani, plot No. 13.

HOUSING BANK FOR TRADE AND FINANCE- JD

The Company has obtained a bank facility in the form of a revolving 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 the loan to be fully repaid during 2012. The loan was rescheduled to become an overdraft with a ceiling of JD 1,000,000 and a loan with a ceiling of JD 1,000,000 payable on a quarterly basis. Those facilities are secured by a collateral of 1,400,000 of the Union Tobacco and Cigarette Industries Company (a subsidiary) shares in addition to 257,692 shares of the Union Land Development Company (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 over quarterly installments of JD 280,000 each except for the last installment which will be JD 240,000. 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 Company (a subsidiary) and a collateral of 2,000,000 shares of the Union Tobacco and Cigarette Industries Company (a subsidiary), in addition to a first degree mortgage with an amount of JD 6,000,000 over the 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 (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 settling the loans from Jordan Commercial Bank. The loan is repayable over semi annual installments for JD 950,000 each including interest. The first installment was due on 30 May 2015. The client has pledged a first degree real estate mortgage over the land number 266, Alnaajeyah plot sector number (8) of Al Yadodeh lands.

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BANK AL ETIHAD (3) – USD

Union Tobacco and Cigarette Industries Company (a subsidiary) obtained a declining loan in US Dollars with an amount of USD 14,000,000 at an annual interest rate of 5.5% without commission and repayable over 48 equal monthly installments of USD 326,000 each except for the last installment which will become due on 1 December 2018. The first installment was due on 2 February 2014.

The loan is pledged against the purchased shares of the Union Land Development Company (a subsidiary) and the shares of Union Investment Corporation and the resulting cash or share dividends, in addition to a first degree real estate mortgage with an amount of JD 15,000,000 and endorsement of insurance policy for the bank's favor of JD 21,000,000.

On 12 August 2015, the declining loan facility was increased to become USD 17,000,000 at an annual interest rate of 5.5% less a margin of 0,25% without commission. This loan is repayable over equal monthly installments for USD 394,000 each, the first installment was due on 30 September 2015 and the last installment which represents the remaining balance of the loan will be due on 30 August 2019 under the same conditions and collaterals provided earlier.

On 28 April 2016, the declining loan facility was increased to become USD 26,900,00 at an annual interest rate of 5.5% without commission repayable over 100 equal monthly installments for 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 and will be due on 30 September 2024 under the same conditions and collaterals provided earlier.

The principal installments payable during next years are as follows:

Year (s)	JD
2017	6,696,501
2018	5,832,652
2019	3,191,424
2020	2,288,652
2021 - 2024	7,438,119
	<u>25,447,348</u>

(11) OPERATING SEGMENTS

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

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

- Tobacco and Cigarette.
- Carton Production.
- Investments in shares: represent investments in shares and associates.
- Investment properties: purchase of land for the purpose of increasing its value.

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

	Tobacco and cigarette	Carton production*	Investments in shares	Investment properties	Total
	JD	JD	JD	JD	JD
For the period ended 30 June 2017 (Unaudited) -					
<u>Revenues:</u>					
Revenues	1,849,216	-	-	-	1,849,216
<u>Business Results:</u>					
(Loss) profit for the period	(3,567,874)	-	(873,233)	331,930	(4,109,177)
<u>Other Segment Information:</u>					
Depreciation	(438,874)	-	(551)	(234,426)	(673,851)
Finance costs	(769,366)	-	(690,755)	(294,806)	(1,754,927)
For the period ended 30 June 2016 (Unaudited) -					
<u>Revenues:</u>					
Revenues	12,067,996	294,153	-	-	12,362,149
<u>Business Results:</u>					
(Loss) profit for the period	(929,975)	(377,849)	(869,027)	370,050	(1,806,801)
<u>Other Segment Information:</u>					
Depreciation	(549,318)	(338,884)	(22,564)	(213,247)	(1,124,013)
Finance costs	(774,992)	-	(685,686)	(418,322)	(1,879,000)
As of 30 June 2017 (Unaudited)					
Segments assets	60,272,726	-	25,928,153	56,221,367	142,422,246
Segments liabilities	44,842,749	-	16,256,003	8,661,066	69,759,818
As of 31 December 2016 (Audited)					
Segments assets	66,105,317	-	24,719,950	61,155,909	151,981,176
Segments liabilities	49,180,534	-	18,303,379	11,170,232	78,654,145

* The Company sold the Carton Production segment during the fourth quarter of 2016.