

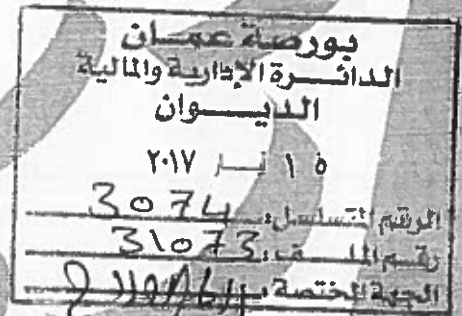


UNION LAND  
DEVELOPMENT

الإتحاد  
لتطوير الأراضي

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نموذج رقم (2-1) Form No. (1-2)	
<b>To: Jordan Securities Commission</b> <b>Amman Stock Exchange</b> <b>Date:-15/5/2017</b> <b>Ref: 51/2017gen.1</b> <b>Subject: Audited Financial Statements for</b> <b>the fiscal year ended 31/12/2016</b>	<b>السادة هيئة الأوراق المالية</b> <b>السادة بورصة عمان</b> <b>التاريخ:- 2017/5/15</b> <b>رقم الكتاب : 51/2017/gen.1</b> <b>الموضوع : البيانات المالية السنوية المدققة للسنة</b> <b>المنتهية في 2016/12/31</b>
<b>Attached the Audited Financial</b> <b>Statements of (Union Land</b> <b>Development p.l.c) in English for the</b> <b>fiscal year ended 31/12/2016</b>	<b>مرفق طيه نسخة من البيانات المالية</b> <b>المدققة لشركة (الإتحاد لتطوير</b> <b>الأراضي م.ع.م) باللغة الإنجليزية عن السنة المالية</b> <b>المنتهية في 2016/12/31</b>
<b>Kindly accept our high</b> <b>appreciation and respect</b> <b>Company's Name UnionLand</b> <b>Development p.l.c</b> <b>General Manage Signature</b> <b>Muath Mustfa Enayah</b>	<b>وتفضلوا بقبول فائق الاحترام،،،</b> <b>اسم شركة الإتحاد لتطوير الأراضي م.ع.م</b> <b>توقيع المدير</b> <b>معاذ مصطفى عناية</b>



**UNION LAND DEVELOPMENT  
CORPORATION  
(PUBLIC SHAREHOLDING COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANT'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**UNION LAND DEVELOPMENT CORPORATION**  
**(PUBLIC SHAREHOLDING COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANT'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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## **INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT**

To the shareholders of  
Union Land Development Corporation (P.L.C)

### **Report on auditing the Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements Union Land Development Corporation (P.L.C), which comprise of the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of comprehensive income, Statement of consolidated other comprehensive income

, consolidated Statement of owners' equity and consolidated statement of cash flows, for the year then ended, notes to the consolidated financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of Union Land Development (P.L.C), as of December 31, 2016, and its consolidated financial performance and consolidated cash flows for the year then ended are in accordance with International Financial Reporting Standards.

#### **Basis for Opinion**

We conduct our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the Financial Statements. We are independent of the company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

#### **Key audit matters**

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the consolidated financial statement. The basic auditing matters have been addressed in our auditing workflow to consolidated financial standards as we do not express separate opinions.

#### **Property and equipment**

In accordance with the International Financial Reporting Standards the Company has to review the useful life and depreciation method and perform and impairment test to the reported amount of property and equipment in the financial position, and in case of any impairment indications in the recoverable amount, the losses are calculated according to the impairment method in which the company determines the impairment in property and equipment by using assumptions and evaluations (if any).

#### **Accounts receivable and checks under collections**

In accordance with the International Financial Reporting Standards the Company has to review the process of calculation of accounts receivable impairment provision, the company assesses the impairment of accounts receivable and considering its importance it's considered one of the significant audit risks and the impairment of accounts receivable provision has been recognized.

**Followed procedures within key auditing matters.****Property, plant and equipment**

The Auditing procedures included examining the control procedures used in the assertion of existence and completeness and reviewing the purchases and sells of property, and the basis of depreciation calculation, inspection matching as in ascertaining the procedures and there is no decline in value through evaluating the assumption and the efficiency of disclosures the Company used for the property and equipment.

**Accounts receivable and checks under collections**

The auditing procedures included control procedures used by the company for collecting accounts receivables and checks under collection, ascertaining a sample of clients accounts through direct confirmations, it has been asserted that the account receivable impairment provision is sufficient through evaluating the management assumptions, taking in consideration the available external information about account receivable risks, also we evaluated the sufficiency of the company disclosure about the important estimation in concluding the impairment provision of accounts receivable.

**Other information**

The management is responsible for other information.

Which includes other information reported in the annual report, but not included in the consolidated financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it.

Regarding our audit on consolidate financial statements we are obliged to review these other information, and while that, we consider the compatibility of these information with their consolidated financial statements or with the knowledge that we gained through audit procedure or seems to contain significant errors. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

**Management and individuals responsible of governance about the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Management is responsible for assessing the Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting. Unless the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Individuals responsible of governance are responsible of supervising the preparation of consolidated financial statements.

**Certified public accountant responsibility**

Our objective is to obtain reasonable assurance about whether the Financial Statements are free from material misstatement, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated Financial Statements.

*As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:*

- Identify and assess the risks of material misstatement of the consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Financial Statements, including the disclosures, and whether the consolidated Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.

We communicated with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Legal requirements report**

The Company maintains proper books of accounts and the accompanying consolidated financial statements and the consolidated financial statements contained in the report of the board of directors in accordance with the proper books of accounts.

Ghosheh & Co.

Abdul Kareem Qunais  
License No.(496)



Amman-Jordan  
February 28,2017

**UNION LAND DEVELOPMENT CORPORATION**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF CONSOLIDATED FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and Equipment	4	3,936,955	4,090,525
Projects under construction	5	6,903,488	6,816,886
Lands investments	6	24,672,672	26,976,088
Financial assets designated at fair value through statement of other comprehensive income	7	3,736,019	4,088,210
Net leased building	8	18,923,647	19,263,326
<b>Total non-current assets</b>		<b>58,172,781</b>	<b>61,235,035</b>
<b>Current assets</b>			
Prepaid expenses and other account receivables	9	428,869	388,428
Accrued revenue	10	49,878	54,628
Inventory		28,815	31,782
Note, account receivables and checks under collection	11	4,853,955	3,677,573
Cash and Cash Equivalent		205,321	7,367
<b>Total current assets</b>		<b>5,566,838</b>	<b>4,159,778</b>
<b>TOTAL ASSETS</b>		<b>63,739,619</b>	<b>65,394,813</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Owners' equity</b>			
Shares Capital	1	42,065,129	42,065,129
Issuance premium	12	4,253,659	4,253,659
Statutory Reserve	12	1,584,652	1,584,652
Voluntary reserve	12	1,495,745	1,495,745
General reserve	12	1,309,287	1,309,287
Fairvalue reserve		326,326	660,578
Retained Earnings		1,551,180	1,652,362
<b>Total owners' equity</b>		<b>52,585,978</b>	<b>53,021,412</b>
Non Controlling interest		1,863	1,863
<b>Total owners' equity and Non Controlling interest</b>		<b>52,587,841</b>	<b>53,023,275</b>
Unearned and deferred revenue	13	1,113,588	1,133,060
<b>Non- current liabilities</b>			
long-term loan	14	5,154,285	5,608,577
<b>Total non- current liabilities</b>		<b>5,154,285</b>	<b>5,608,577</b>
<b>Current liabilities</b>			
Accrued Expenses and Other Liabilities	15	1,263,148	1,653,549
Accounts payable and Deferred checks	16	1,351,817	833,758
Current portion of long-term loans	14	1,900,000	2,692,600
Banks over draft	17	368,940	449,994
<b>Total current liabilities</b>		<b>4,883,905</b>	<b>5,629,901</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>63,739,619</b>	<b>65,394,813</b>

Chairman of Board of Directors

General Director

Chief Financial Officer

The accompanying notes are an integral part of these consolidated financial statements

**UNION LAND DEVELOPMENT CORPORATION**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
<b>Revenues of operation:</b>			
Revenues from the sale of lands and others		1,819,019	883,094
Aqaba trade center rent revenue		228,532	165,725
Rent revenues		2,566,350	2,293,177
<b>Total Revenues of operation</b>		<b>4,613,901</b>	<b>3,341,996</b>
<b>Cost of operation:</b>			
Cost of land sales		(2,318,181)	(646,785)
Cost of rents Aqaba trade center	20	(141,807)	(85,738)
Rent cost		(862,901)	(447,879)
<b>Total cost of operation</b>		<b>(3,322,889)</b>	<b>(1,180,402)</b>
<b>Gross profit</b>		<b>1,291,012</b>	<b>2,161,594</b>
General and administrative expenses	21	(309,508)	(546,126)
Net activity of the Commodore Hotel	22	(95,487)	(198,542)
Financial charges		(841,643)	(933,209)
Other Revenues and expenses	23	(36,282)	(75,861)
<b>Profit for the year before income tax</b>		<b>8,092</b>	<b>407,856</b>
Income tax	19	(37,484)	(108,113)
Income tax of previous years		(79,241)	-
<b>(loss)/profit for the year</b>		<b>(108,633)</b>	<b>299,743</b>
<b>(loss)/profit for the year due to:</b>			
Equity holder of the parent		(108,633)	299,743
Non-controlling interest		-	-
		<b>(108,633)</b>	<b>299,743</b>
<b>(loss)/Earnings per share:</b>			
(loss)/ Earning per share-JD/Share		(0,003)	0,007
Weighted average of outstanding shares		42,065,129	42,065,129

The accompanying notes are an integral part of these consolidated financial statements



**UNION LAND DEVELOPMENT CORPORATION**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF CONSOLIDATED OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
(Loss) / profit for the year		(108,633)	299,743
Addition: Other comprehensive income items			
Gain / (loss) on sale of financial assets designated at fair value through other comprehensive income		7,451	(183,670)
<b>Total comprehensive income transferred to retained earnings</b>		<b>(101,182)</b>	<b>116,073</b>
Change in Fair value reserve	24	(334,252)	(35,496)
<b>Total comprehensive (loss) / profit for the year</b>		<b>(435,434)</b>	<b>80,577</b>
 <b>Income for the year due to:</b>		<b>(435,434)</b>	<b>80,577</b>
Equity holder of the parent		-	-
Non-controlling interest		(435,434)	80,577

The accompanying notes are an integral part of these consolidated financial statements

**UNION LAND DEVELOPMENT CORPORATION**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF CONSOLIDATED OWNER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	Share capital	Issuance premium	Statutory reserve	Voluntary reserve	General reserve	Fair value reserve	Retained earnings	Total	Non controlling interest	Total
Balance at January 1, 2015	42,065,129	4,253,659	1,565,199	1,495,745	1,309,287	696,074	1,555,742	52,940,835	1,863	52,942,698
Comprehensive income for the year	-	-	-	-	-	(35,496)	116,073	80,577	-	80,577
Transferred to statutory reserve	-	-	19,453	-	-	-	(19,453)	-	-	-
Balance at December 31, 2015	42,065,129	4,253,659	1,584,652	1,495,745	1,309,287	660,578	1,652,362	53,021,412	1,863	53,023,275
Comprehensive income for the year	-	-	-	-	-	(334,252)	(101,182)	(435,434)	-	(435,434)
Balance at December 31, 2016	42,065,129	4,253,659	1,584,652	1,495,745	1,309,287	326,326	1,551,180	52,585,978	1,863	52,587,841

The accompanying notes are an integral part of these consolidated financial statements

**UNION LAND DEVELOPMENT CORPORATION**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF CONSOLIDATED CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

<b>OPERATING ACTIVITIES</b>	<b>2016</b>	<b>2015</b>
Profit for the year before income tax	8,092	407,856
Adjustments for Profit for the year before income tax:		
Depreciation	110,466	572,690
Gain / (loss) on sale of financial assets designated at fair value through other comprehensive income	7,451	(183,670)
Financial charges	841,643	933,209
Changes in operating assets and liabilities:		
Note, Account receivables and checks under collection	(1,395,672)	1,413,033
Inventory	2,967	23,198
Prepaid expenses and other account receivables	(40,441)	6,458
Accrued revenue	4,750	6,388
Accounts Payable and Deferred checks	737,349	1,637
Accrued Expenses and Other liabilities	(507,126)	505,860
Unearned and deferred revenue	(19,472)	321,110
<b>Cash (used in)/ available from operating activities</b>	<b>(249,993)</b>	<b>4,007,769</b>
Financial charges paid	(841,643)	(933,209)
<b>Net cash (used in) / available from operating activities</b>	<b>(1,091,636)</b>	<b>3,074,560</b>
<b>INVESTING ACTIVITIES</b>		
Change of financial assets designated at fair value through other comprehensive income	17,939	(869,018)
Change of lands investments	2,303,416	286,050
Change of projects under construction	(86,602)	(14,809)
Change of property and equipment	43,104	(61,172)
Net leased building	339,679	(130,407)
<b>Net cash available from / (used in) investing activities</b>	<b>2,617,536</b>	<b>(789,356)</b>
<b>FINANCING ACTIVITIES</b>		
Banks overdraft	(81,054)	156,420
Due to loans	(1,246,892)	(2,443,964)
<b>Net cash used in financing activities</b>	<b>(1,327,946)</b>	<b>(2,287,544)</b>
<b>Net change in cash and cash equivalents</b>	<b>197,954</b>	<b>(2,340)</b>
Cash and cash equivalents, January 1	7,367	9,707
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>205,321</b>	<b>7,367</b>

The accompanying notes are an integral part of these consolidated financial statements

**UNION LAND DEVELOPMENT CORPORATION  
(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(EXPRESSED IN JORDANIAN DINAR)**

**1. ORGANIZATION AND ACTIVITIES**

Union Land Development Corporation ("the Company") is a Jordanian Public Shareholding Company registered on August 1, 1995 under commercial registration number (288), the company's share capital is JD 42,065,129 divided into 42,065,129 shares with a par value of JD 1 per share.

The Company was registered as an institution in the Aqaba Special Economic Zone Authority under registration no. (1101032808) on March 28, 2001, and that accompanying consolidated financial statements include the results of operations assets and liabilities of the institution

The main activity of the company is to establish and manage tourism enterprises and invest its funds in stocks, bonds, real estate and land development as well as create, own, operate, manage and invest in hotels.

The consolidated financial statements as of December 31, 2016 include the Company's financial statements and the financial statements of the subsidiaries that follow:

<b>Subsidiary Company</b>	<b>Place of registration</b>	<b>Registration year</b>	<b>Percentage of Equity and votes</b>	<b>Main activity</b>
Al-Nibal Housing	Hashemite Kingdom of Jordan	2004	100%	Owning land, building apartments and selling them without any interest
Paradise for Construction Contracting	Hashemite Kingdom of Jordan	2006	100%	Implementation of construction projects that belong to the company
Adam for Real Estate Investments	Hashemite Kingdom of Jordan	2004	100%	Real estate investments
Theeban for real Estate Investments	Hashemite Kingdom of Jordan	2010	100%	Lands ownership for implementing the company's goals, and building housing projects and purchasing lands and construct commercial complexes on the land and selling them without any interest
Al-Tajmo'at Real Estate	Hashemite Kingdom of Jordan	2003	97.5%	Managing and establishing commercial complexes

**UNION LAND DEVELOPMENT CORPORATION**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

<u>Subsidiary Company</u>	<u>Place of registration</u>	<u>Registration year</u>	<u>Percentage of Equity and votes</u>	<u>Main activity</u>
Paradise for Architecture Industries	Hashemite Kingdom of Jordan	2008	100%	Manufacture, trade and installation of aluminum doors ,windows and interior decoration
Al-Amiri for Real Estate Investments	Hashemite Kingdom of Jordan	2011	100%	Land ownership, development, investment and Secreted
Al-Almahalh for Real Estate Investments	Hashemite Kingdom of Jordan	2011	100%	Land ownership, development, investment and Secreted
Al-Fret for Real Estate Investments	Hashemite Kingdom of Jordan	2011	100%	Land ownership, development, investment and Secreted
Al-Ghizlaniyahfor real Estate Investments	Hashemite Kingdom of Jordan	2011	100%	Land ownership, development, investment and Secreted
Daba'a for Real Estate Investments	Hashemite Kingdom of Jordan	2011	100%	Land ownership, development, investment and Secreted

As of December 31, 2016 the company's share in its subsidiaries business results was JD 27,755 (2015: 12,807) JD determined by the equity method as follows :

	<u>2016</u>	<u>2015</u>
The Company's share of Al-Nibal Housing business results	20,966	118,629
The Company's share of Paradise for Construction Contracting business results	(162)	(137)
The Company's share of Adam for Real Estate Investments business results	-	6,000
The Company's share of Theeban for Real Estate Investments business results	-	(72,312)
The Company's share of Paradise for architecture Industries business results	-	-
The Company's share of Al-Amiri for Real Estate Investments business results	-	-
The Company's share of Al-Almahalhfor Real Estate Investments business results	-	-
The Company's share of Al-Fret for Real Estate Investments business results	-	-
The Company's share of Al-Ghizlaniyah for Real Estate Investments business results	-	-
The Company's share of Daba'a for Real Estate Investments business results	6,951	(64,987)
The Company's share of Al-Tajmo'at Real Estate business results	-	-
	<u>27,755</u>	<u>(12,807)</u>

**UNION LAND DEVELOPMENT CORPORATION**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

As of December 31, 2016 the company's share in its subsidiaries business results was 17,872,626 JD (2015:17,844,871) determined by the equity method as follows :

	2016	2015
The book value of investment in Al-Nibal Housing	5,947,440	5,926,474
The book value of investment in Paradise for Construction Contracting	478,617	478,779
The book value of investment in Adam for Real Estate Investments	5,844,286	5,844,286
The book value of investment in Theeban for Real Estate Investments	(43,108)	(43,108)
The book value of investment in Paradise for architecture Industries	1,658	1,658
The book value of investment in Al-Amiri for Real Estate Investments	441	441
The book value of investment in Al-Almahalh for Real Estate Investments	466	466
The book value of investment in Al-Fret for Real Estate Investments	465	465
The book value of investment in Al-Ghizlaniyah for Real Estate Investments	466	466
The book value of investment in Daba'a for Real Estate Investments	(57,715)	(64,666)
The book value of investment in Al-Tajmo'at Real Estate	5,699,610	5,699,610
	<b>17,872,626</b>	<b>17,844,871</b>

As of December 31, the summary of the total assets, liabilities, revenues and income of the Company's direct subsidiaries and the significant assets and liabilities are as follows:

**A- Al-Nibal Housing L.T.D**

	2016	2015
Total assets	6,813,206	6,867,058
Total liabilities	865,766	940,584
Total owners' equity	5,947,440	5,926,474
Total revenues	211,434	203,316
Profit for the year	20,966	118,629
Net leased buildings	982,002	948,683
Property and equipment	104,811	172,301
Due from related parties	5,674,398	5,691,317
Share capital	30,000	30,000

**B- Paradise for Construction Contracting L.T.D**

	2016	2015
Total assets	709,242	709,242
Total liabilities	230,625	230,463
Total owners' equity	478,617	478,779
Loss for the year	(162)	(137)
Share capital	50,000	50,000

**C- Al-Tajmo'at Real Estate**

	2016	2015
Total assets	6,541,411	6,541,411
Total liabilities	6,466,893	6,466,893
Total owners' equity	74,518	74,518
Lands investments	6,537,457	6,537,457
Share capital	150,000	150,000

**UNION LAND DEVELOPMENT CORPORATION**  
**(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(EXPRESSED IN JORDANIAN DINAR)**

**D- Adam for Real Estate Investments L.T.D**

	2016	2015
Total assets	1,597,520	1,596,520
Total liabilities	434,748	439,748
Total owners' equity	1,162,772	1,156,772
Gain for the year	-	6,000
Lands investments	1,596,520	1,596,520
Share capital	30,000	30,000

**E-Theebanfor Real Estate Investments L.T.D**

	2016	2015
Total assets	470	470
Total owners' equity	(43,108)	(43,108)
Total liabilities	43,578	43,578
Loss for the year	-	(72,312)
Share capital	30,000	30,000

**F- Paradise for Architecture Industries L.T.D**

	2016	2015
Total assets	1,658	1,658
Total owners' equity	1,658	1,658
Share capital	100,000	100,000

**G- Al-Amiri for Real Estate Investments**

	2016	2015
Total assets	441	441
Total owners' equity	441	441

**H- Al-Mahla for Real Estate Investments**

	2016	2015
Total assets	466	466
Total owners' equity	466	466

**I- Al-fret for Real Estate Investments**

	2016	2015
Total assets	648,381	648,381
Total liabilities	647,916	647,916
Total owners' equity	465	465
Lands and real estate investments	648,381	648,381
Share capital	1,000	1,000

**J- Al-Ghizlaniyah for Real Estate Investments**

	2016	2015
Total assets	466	466
Total owners' equity	466	466
Share capital	1,000	1,000

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**K- Daba'a for Real Estate Investments**

	2016	2015
Total assets	131,749	153,655
Total liabilities	189,464	218,321
Total owners' equity	(57,715)	(64,666)
Profit/(Loss) for the year	6,951	(64,987)
Lands and real estate investment	124,716	124,716
Share capital	1000	1,000

The Company's head quarter and subsidiaries are in Amman.

**2. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs ISSUED BUT NOT YET EFFECTIVE:-**

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

<u>New Standards</u>	<u>Effective Date</u>
(IFRS) No.9 – Financial Instruments	January 1,2018
(IFRS) No.15–Contract Revenues	January 1,2018
(IFRS) No.16 – Leases	January 1,2019

Board of directors of the company is expecting that the application of these standards and interpretations will not have a substantial impact on the Company's financial statements.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The preparation of financial statements**

The accompanying of consolidated financial statements has been prepared in accordance with the International Financial Reporting Standards.

**Basis of preparation**

These financial consolidated statements were presented in Jordanian Dinar as the majority of transaction, the Company recorded the Jordan Dinar.

The consolidated financial statements have been prepared on historical cost basis, However financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the Company:

**Basis of financial statements consolidation**

The consolidated financial statements incorporate the financial statements of Union Land Development Corporation Company and the subsidiaries controlled by the Company.



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Control is achieved where the Company:

- Ability to exert power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- Ability to exert power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above.

When the Company has less than a majority of the voting, The Company shall have control over the investee when the voting rights sufficient to give it the ability to direct relevant activities of the investee individually.

When The Company reassesses whether or not it controls an investee, it consider all the relevant facts and circumstances which is includes:

- Size of the holding relative to the size and dispersion of other vote holders
- Potential voting rights, others vote-holders, and Other parties
- Other contractual rights
- Any additional facts and circumstances may indicate that the company has, or does not has, the current ability to direct the activities related to the time needed to make decisions, including how to vote at previous shareholders meetings.

The consolidation process begins when the company's achieve control on the investee enterprise (subsidiary), while that process stops when the company's loses control of the investee (subsidiary). In particular, Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, and the consolidated comprehensive income statement from the effective date of acquisition and up to the effective date of which it loses control of a subsidiary Company.

The profit or loss and each component of other comprehensive income elements distributed on the company's owners and owners of non-controlling interests, total comprehensive income for the subsidiary distributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balances.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the parent Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

**Financial assets designated at fair value through statement of other comprehensive income**

Specific financial assets at fair value through statement of other comprehensive income are non-derivative financial assets, the purpose of the acquisition is to keep them as available for sale until the date of maturity, not for trading

Differences in the change in fair value of financial assets specified at fair value through other comprehensive income statement are recorded in other comprehensive income statement,

Financial assets specified at fair value through statement of other comprehensive income that is have a market prices stated at fair value after deducting any accumulated Impairment losses in its fair value,

Financial assets specified at fair value through statement of other comprehensive income that is do not have a market prices and cannot determine the fair value stated at cost and any Decline in its value recorded in other comprehensive income statement,

Profits and losses resulting from differences of foreign currency translation for the debt instruments are recorded within the financial assets specified at fair value through other comprehensive income statement in the statement of other comprehensive income, while differences from foreign currency translation for the debt instruments are recorded in the accumulated change in fair value in owners' equity.

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**Revenue Recognition**

Revenues from the sale of real estate are realized at the signing of an agreement of sale with the buyer and When waiving of the real estate for the benefit of the buyer to the land and Survey Department.

Rental units leased income is recognized on the basis of the contract period for those rental units.

Revenue from hotels are realized when services are rendered to customers and when issuing the invoice and are stated in net after discount.

Revenue of contracting between subsidiaries of the Group companies is realized on the basis of the contract ended, and revenue of contracting for other companies is realized on the basis of percentage of completion.

**Expenses**

Selling and marketing expenses principally comprise of costs incurred in the distribution and sale of the Company's products, all other expenses are classified as general and administrative expenses,

General and administrative expenses include direct and indirect costs which are not specifically part of production costs as required under Generally Accepted Accounting principles, Allocations between general and administrative expenses and cost of sales are made on a consistent basis when required.

**Cash and cash equivalents**

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

**Accounts receivable**

Account receivables are stated at invoice amount less any provision for doubtful debts. Provision for doubtful debts is taken when there is an indication that the receivable may not be collected, and are written off in the same period when there is impossible recovery of them.

**Provision for Impairment of accounts receivable**

The management estimated possibility of collection from the receivables and the allowance for doubtful debts provision has been estimated according to the previous experience and the prevailing economic environment.

**Inventory**

The goods are priced at cost price based on the weighted average method.

**Lands investments**

Investments in land and real estate are stated at cost. International Accounting Standard N.O (40) States that investments in lands should be stated at their cost or at fair value whichever more clearly determinable. The Company chose recording it's their investments in lands at their cost in accordance with the Accounting principles and Standards.

**Investment in real estate**

The leased buildings appear at cost after deducting of accumulated depreciation and provision impairment. Depreciation is calculated based on the estimated useful lives at an annual rate of between 2% to 4% annually using the straight-line method.

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**Projects under construction**

Projects under construction are stated at cost, and borrowing costs are capitalized on withdrawals from loans to finance these projects.

**The Decline in value of the financial assets**

In date of each interim consolidated statement of financial position, values of the financial assets have been reviewed, to determine if there indication to decline in its value,

As for the financial assets such as trade accounts receivable and assets was evaluated as individual low-value, were evaluated for the decline in the value on a collective basis, The substantive evidence for decline in portfolio of the accounts receivable includes the past experience about the collection of payments, And the increase in the number of the late payments portfolio (which it's beyond the rate of borrowing) also it includes the significant changes in the international and local economic conditions that are related with non-collection of accounts payable.

The Reduce in the listed value of the financial assets is the amount of loss decline of value directly, And this is for all the financial assets except the trade accounts receivable as the listed value had been reduced by provisions accounts, When is one of the accounts receivables are non-collected then write off the amount of this debt and the equal amount from account of provisions,

The changes in the listed value for the provisions account recognized in the interim consolidated statement of comprehensive income,

As for the ownership equity tools which are available for sale, decline losses are not closed in the recognized value in the interim consolidated comprehensive income statement, However any increase in the fair value become after decline loss has recognized directly in interim consolidated owner's equity statement,

**De-Recognition**

The Company cancels the recognition of financial assets only when the contractual rights about receipt of cash flows from the financial assets had ended, and substantially all the risks and benefits of the ownership to another firm. In the case of the company doesn't transfer or retain substantially risks or benefits of the ownership and continue in control of the transferred assets, the company in this case recognize it's retained share in the transferred assets and the related liabilities in the limits of the amounts expected to be paid. In the other case, when the company retained substantially all risks and benefits of ownership of the transferred assets, the company will continue to recognize the financial assets.

**Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	<u>Annual depreciation rate</u>
Buildings and Hangers	% 2
Furniture	% 12 - 9
Machinery and equipment	% 15 - 12
Computers	% 15
Telephones and switchboards	% 15
Elevators	% 15
Sound and music system	% 10
Decorations	% 20 - 10
Vehicles	% 15
Renovations and improvements	%25 - 9
Website and accounting program	% 10

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The review of the useful life and depreciation method is done on a regular basis to ensure that the depreciation method and period match with the expected economic benefits of property and equipment.

Impairment test is performed for property and equipment in the consolidated statement of financial position when any events or changes occur in circumstances that show that this value may not be recoverable. In case of any indication of impairment, impairment losses are calculated depending on the policy of the low value of the assets.

When any subsequent disposal of property and equipment, the value of the gains or losses arising are recognized, which represents the difference between the net disposal proceeds and the value that appears out of property and equipment in the consolidated balance sheet, gross profit and loss.

**The decline in value of the non-current assets**

The decline in value of the non-current assets in the date of each the financial position statement the company review the listed values for its assets to specify if there is an indication to be decline losses of the value. If there indication to that, the recovery value of the asset will be appreciated to determine the loss of decline in the value if it be .In case, in ability to appreciate the recovery value of specific asset. The company estimate the recovery value for unit producing of cash that related in the same asset .when there is ability to determine basis of distribution that is fixed and reasonable, the joint assets distribute to units producing of cash that related in the same asset. when there is ability to determine basic of distribution that is fixed and reasonable , the joint assets distribute to specific units producing of cash or it distribute to smallest group from units producing cash that it able to determine basic of distribution fixed and reasonable for it.

The Recovery value is the fair value of asset minus the cost of sale or used value whichever is higher.

In case, the recovery value (or the unit producing of cash) distribute lower than the listed value, reduce the listed value for asset (or unit producing of cash) to the recovery value. Losses of the decline recognize directly in the comprehensive income statement except the asset that is reevaluation then record losses of the decline as reduction from re-evaluation provision.

In case , recovery losses for decline of the value , Increase the listed value of asset ( or unit producing of cash ) to the fair value of recovery as not to increase the adjusted listed value of asset (on unit producing of cash ) as if it had not been calculating the losses of the value decline in the previous years. Record recovery of losses in value decline directly either in the profit or the loss except the asset had been recording in the re-evaluation value. In this case, record recovery of losses in value decline as increase in the re-evaluation provision.

**Accounts payable and accrual**

Accounts payable are stated at the obligation amounts for received services and goods, whether billed by the suppliers or not.

**Provisions**

Provision are recognized when the company has an obligation at the date of the financial statements as a result of past events, and the cost to settle the obligation are both probable and measured reliably. The amount recognized as a provision is the best estimate of the consideration required to settle the preset obligation at the financial statements date, taking into consideration the risks and uncertainties surrounding the obligation where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flow.

When it is expected to recover some or all amounts due from other parties, the due amount will be recognized within the assets if the value can be measured reliably.

**Use of estimates**

Preparation of the consolidated financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and changes in the fair value shown within comprehensive income. In particular, management is required to issue significant judgments to assess future cash flows and their timing. The above –mentioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty.

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Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

We believe that the estimates within the financial statements are reasonable, and the details are as follows:

The Company allocates provision for the cases upload against it depending on the estimate of the Company's lawyer.

The Company allocates provision for doubtful debt after studying the ability of debt collection.

impairment loss of investments in land are recognized, if found, depending on the modern real estate assessments supported by the estimator and / or dependent estimators for the purposes of proving impairment loss and the impairment reconsidered on a regular basis.

The management regularly reviews financial assets stated at cost to estimate any impairment in value and are taking this decline in the income statement for the year.

Management periodically evaluates the productive lives of tangible assets for the purpose of calculating annual depreciation based on the general condition of those assets and the estimates of their expected productive lives in the future. Any impairment loss is taken to the statement of comprehensive income.

**The scrotal information**

The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – makers in the Company.

Geographical segment is engaged in providing products subject to the risks and rewards of a particular economic environment different from those of segments operating in other economic environments.

**Offsetting**

Financial assets and financial liabilities are only offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

**Income Tax**

The Company is subject to Income Tax Law for the year 2009 and its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income, According to International Accounting Standard number (12), the company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the periodic financial statements since it's immaterial.

**Foreign currency translation**

Foreign currency transactions are translated into Jordanian Dinar at the rates of exchange prevailing at the time of the transactions, Monetary assets and liabilities denominated in foreign currencies at the periodic financial position date are translated at the exchange rates prevailing at that date, Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated comprehensive income statement.

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**5. PROJECTS UNDER CONSTRUCTION**

It represents the amounts spent on, South Zara Chalet Project, the details of the item are as follows:

	2016	2015
<b>South Zara Chalet Project</b>		
Cost of land	1,381,848	1,381,848
Designs and supervision	86,200	86,200
Fees and licenses	346,386	346,386
Construction work and other costs	5,148,654	5,062,052
Benefits and capitalized bank commissions	1,540,400	1,540,400
	8,503,488	8,416,886
Less: Provision for impairment of projects under construction	1,600,000	1,600,000
	6,903,488	6,816,886

**6-LAND INVESTMENTS**

It represents the value of investments in lands, at 24,672,672JD (2015: 26,976,088JD) and include land at 413, 517JD is not registered in the name of the company but registered in the name former Chairman Mr. EsamSalfiti, and there are letters written by the former Chairman to prove ownership of the land to the company, as the ownership of the land has not been transferred to the company, Noting to that, the work underway on the ownership of the lands to be registered in the name of the company

Among the investments in the lands, piece No. (34) Basin No. (11) Compassion Sweifieh an area of 6234 square meters owned for the subsidiary (Adam Investment Company Limited Liability) total cost from the company's books as at 31 December 2015 an amount of 1,597,520 JD, the fair value difference stood as a result of the purchase at an amount of 4,681,514 JD been added to the book value of that land at the acquisition date when consolidated financial statements of the Company with its subsidiaries.

As that among the investments in land plots number (357 / 358 / 359) basin No. (8) Alnaajieh of Yadodeh Lands and with an area of 102,090 square meters owned by the subsidiary (real estate compound limited liability company) at a cost according to the records of that company as at 31 December an amount of JD 6,537,457 the fair value difference as a result of the purchase amount of 5,626,955 JD has been added to the book value of that land at the acquisition date when consolidated financial statements of the Company with its subsidiaries.

Based on real estate experts assessments on 2013, the market value of land and buildings built on them and classified under this item are valued at an amount of 69,189,116JD and while the cost of the land and buildings as of December 31, 2015, records an amount of 35,260,654JD.

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**7. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH STATEMENT OF OTHER COMPREHENSIVE INCOME**

	2016	2015
Investments In Union Tobacco Cigarettes Corp (P.L.C) Stocks No.74,270 (2015: 74,270)	144,826	222,811
Investments in union investment Corp (P.L.C) stocks No.1,404,300 (2015: 1,404,300)	1,614,945	1,867,719
Investments in Al-Tajamouat for Touristic Projects Corp (P.L.C) stocks no.281 (2015:281)	135	135
Investments in AL-QUDS for real estate investment Corp (L.T.D) Stock No.69,618 (2015: 69,618)	21,042	24,191
Investments in Al Methaq No of 468 Stocks No.(17,955:2015)	749	19,032
Investments in Falcon Diamond Corp (L.T.D)	1,954,322	1,954,322
	<b>3,736,019</b>	<b>4,088,210</b>

**8. NET LEASED BUILDING**

	2016	2015
Cost of rental building	21,602,008	21,471,601
Addition within the year	23,200	130,407
Total	21,625,208	21,602,008
Less : accumulated depreciation	(2,701,561)	(2,338,682)
Cost of rental building at ending of the year	<b>18,923,647</b>	<b>19,263,326</b>

Based on real estate experts in 2013 the market value of land and buildings built and classified under this item are valued at an amount of 39,827,721JD While the cost of the land and buildings as of December 31, 2016, records an amount of 18,923,647JD

**9. PREPAID EXPENSES AND OTHER ACCOUNT RECEIVABLES**

	2016	2015
Prepaid expense	8,616	-
Letters of guarantees and other refundable deposits	107,079	79,079
Income tax deposit	301,744	301,744
Social security deposit	105	705
Employee receivables	7,303	2,883
Other accounts receivables	4,022	4,017
	<b>428,869</b>	<b>388,428</b>

**10. ACCRUED REVENUE**

	2016	2015
Accrued revenue from rent	4,843	9,593
Accrued revenue from the sale of Villas and Lands	45,035	45,035
	<b>49,878</b>	<b>54,628</b>

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**11. NOTES, ACCOUNTS RECEIVABLE AND CHECKS UNDER COLLECTION**

	2016	2015
Checks under collection	55,115	54,965
Trade receivable	989,980	997,534
Allowance for impairment of accounts receivables *	(956,055)	(956,055)
Jordan commercial bank account** due from related parties(Note-18)	2,784,399	2,784,399
	1,980,516	796,730
	<u>4,853,955</u>	<u>3,677,573</u>

\*The movement in the allowance for impairment of receivables

	2016	2015
beginning balance	956,055	956,055
balance taken during the year	-	-
Ending balance	<u>956,055</u>	<u>956,055</u>

\*\*land clinics cost has been reclassified of Plot No. 86 , 45 basin (2) Um Al Amed, registered under the name Commercial Bank of investments in the lands of the receivables, amounting to cost 2,784,399 JD so that land is not registered on behalf of the company and there are non-isolated agencies on behalf of members of the Board they are former administrations MRs. Essam and RajaiSalfiti as the agencies granted to them are expired this And that the land indigenous owners (the people who owned the land before the Commercial Bank) have sued the Commercial Bank by revoking the sale of land procedures and they demand to retrieve it According to that, the Commercial Bank was declined to renew the agency for another year. The company proceeded with a lawsuit to recover the value of land.

**12. RESERVES AND ISSUANCE PREMIUM**

**Statutory reserve:**

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly continue deducting this annual ratio until this reserve is equal to the subscribed capital of the Company in full. This reserve is not available for dividends distribution.

**Voluntary reserve:**

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company can establish a voluntary reserve by and an appropriation of no more than 20% of net income. This reserve is available for dividends distribution till the approval of the Company's General Assembly.

**General reserve**

This reserve resulted from the company's merger with the Middle East and Commodore Hotels Company P.L.C is available for distribution as dividends to shareholders after the Company's General Assembly approval on it.

**Issuance premium:**

The accumulated amounts in this account are the amounts received and generated by the difference between the issue price and the nominal value of shares as a result of the capital increase of the company.



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**13. UNEARNED AND DEFERRED REVENUE**

	2016	2015
Rent Unearned revenue	1,032,588	1,049,860
Unearned revenue on selling Real Estate Account	81,000	83,200
	<b>1,113,588</b>	<b>1,133,060</b>

**14 -LOANS**

**Etihad Bank**

As the company also obtained a loan in 2013 from Etihad Bank amounting to JD 3,500,000 and an interest rate of 9.25% annually and commission-free, for paying Jordan commercial bank indebtedness under quarterly installments each installment is worth JD 264,000 including interests and the first installment is paid on January 1, 2014 and last installment will be paid on October 1, 2017 and this loan is guaranteed on a first class mortgage on the plots of the following numbers (2136, 2157, 2158) Shmeisani basin No. 13.

**Jordan Kuwait Bank**

The company got a diminishing loan of JD 7,900,000 with an annual interest rate of 8% and no commission for the purposes of paying of the indebtedness of Jordan Commercial Bank and reimbursed under the semi-annual installments of JD 950,000 including interest and the first installment is accrued on May 30, 2015 and that this loan guarantee the mortgage first class on a piece of land No. 266 basin Alnaajah ALmagtaa No. (8) Lands Yadodeh village.

As of December 31, the Company had the following commitments:

	2016	2015
Etihad Bank Loan	1,635,028	1,840,312
Jordan Kuwait Bank	5,419,257	6,460,865
Total loans	<b>7,054,285</b>	<b>8,301,177</b>
Subtract: Current portion of long-term loans	<b>1,900,000</b>	<b>2,692,600</b>
long-term loans	<b>5,154,285</b>	<b>5,608,577</b>

**15. ACCRUED EXPENSES AND OTHER LIABILITIES**

	2016	2015
Accrued expenses	178,978	200,554
Accrued Interest	55,521	351,334
Provision for income tax ( note - 19 )	268,110	312,244
Support Scientific Research Fund	5,907	5,907
Jordanian universities fees	61,892	61,892
Various Deposit and other accounts payable	274,141	302,886
Accrued Dividends	301,655	301,788
Provision for contingent liabilities	116,944	116,944
	<b>1,263,148</b>	<b>1,653,549</b>

**16. ACCOUNTS PAYABLE AND DEFERRED CHECKS**

	2016	2015
Deferred checks	656,648	138,643
due to related parties (Note-18)	-	113,600
Accounts payable	695,169	581,515
	<b>1,351,817</b>	<b>833,758</b>

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**17. BANKS OVERDRAFT**

**Jordanian Kuwait bank**

The Company has obtained insuring facilities as in debit current account within a ceiling of JD 400,000 and an annual interest of 8% and is calculated and accrued monthly and a commission of 5% , the facilities are granted to the company by the personal guarantee of the company.

**Etihad bank**

The company has obtained insuring facilities as in debit current account within a ceiling of JD 100,000 and an annual interest of 8% and is calculated and accrued monthly and a commission of .05%

The details of bank overdraft as :-

	2016	2015
Jordan Kuwait bank	348,331	396,482
Etihad bank	20,609	53,512
	<b>368,940</b>	<b>449,994</b>

**18. TRANSACTIONS WITH RELATED PARTIES**

The company conducted transactions with company, members of the Board of Directors, the management and its sister companies within the ordinary activities of the company All the deferred sales and granted finances to related parties are effective and no provision has been made.

During the year, the company conducted transactions with the related parties as the following:

	Relationship
Union investment corporation (P.L.C)	Sister
Union Tobacco cigarettes (P.L.C)	Sister

Due from related parties are as follows:

	2016	2016
Union investment corporation (P.L.C)	1,520,710	796,730
Union Tobacco cigarettes (P.L.C)	459,806	-
	<b>1,980,516</b>	<b>796,730</b>

Due to related are as follows:

	2016	2015
Union Tobacco cigarettes (P.L.C)	-	113,600
	<b>-</b>	<b>113,600</b>

Rental revenue

	2016	2015
Union investment corporation (P.L.C)	9,191	11,622
Union Tobacco cigarettes (P.L.C)	47,792	44,793
	<b>56,983</b>	<b>56,415</b>

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During the year the company has enrolled the following allowances and benefits for members of board of directors and general manager: -

	<b>2016</b>	<b>2015</b>
Transportation allowance of members of the Board of Directors	-	17,315
Management salaries	<b>21,000</b>	<b>190,579</b>

**19. INCOME TAX**

The company's main center in Amman, has ended its relations with the Income Tax Department till end of 2011, As for the year 2012,2014,2015has provided its Income Tax Return and it has not been reviewed by the Income and Sales Tax Department, as for the year 2013 the tax return has been accepted according to sample ratio.

The company's branch in Aqaba: has been audited until the end of 2010 as for the years 2011, 2012, 2013, 2014, and 2015 the company submitted its self-assessed and it has not been reviewed by the department up until the date of the consolidated financial statement.

**Subsidiaries:**

Adam Real Estate Investment Company settled its tax position up until 2014,as of 2015the company submitted its self-assessed tax Report and it has not been reviewed by the department up until the date of the consolidated financial statement.

Al Nebal Housing:the company settled its tax position until 2015.

Paradise for Construction Contracting: the company settled its tax position until 2014, as of 2015 the company submitted its self-assessed tax Report and it has not been reviewed by the department up until the date of the consolidated financial statement.

Paradise for architecture Industries: the company settled its tax position until 2014, as of 2015 the company submitted its self-assessed and it has not been reviewed by the department up until the date of the consolidated financial statement.

Movement in income tax provision during the year is as follows:

	<b>2016</b>	<b>2015</b>
Balance at January 1	<b>312,244</b>	204,131
Paid during the year	<b>(81,618)</b>	-
Provision for the year	<b>37,484</b>	108,113
Balance at December 31	<b>268,110</b>	<b>312,244</b>

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**20. COSTS OF RENTS AQABA TRADE CENTRE**

	2016	2015
Salaries wages and others	25,643	30,854
Depreciation	35,931	35,984
Professional fees and Consulting	-	2,200
Fees, and license	66,794	3,094
Water, and electricity	12,046	9,912
Miscellaneous	1,393	3,694
	<b>141,807</b>	<b>85,738</b>

**21. GENERAL AND ADMINISTRATIVE EXPENSES**

	2016	2015
Salaries ,wages and others	123,482	276,460
Board of Directors' transportation allowance	-	17,315
Professional fees and consultancies	22,189	38,326
legal fees	16,952	12,330
Transaction fees and remunerations	21,000	-
Health insurance	8,848	12,902
Water, electricity, telephone	16,695	21,113
Fees, licenses, stamps and transactions	18,215	20,341
General Assembly meeting expenses	3,356	5,246
Depreciation	52,740	66,421
Stationery and printing expenses	638	2,267
Travel and transportation	7,332	25,282
Land of Khan Zbeeb expenses	4,150	1,462
Hanger Qastal expenses	4,530	10,191
Cleaning expenses	2,139	6,203
Maintenance expenses	2,903	13,746
Miscellaneous	4,339	16,521
	<b>309,508</b>	<b>546,126</b>

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**22-NET ACTIVITY OF THE COMMODORE HOTEL**

The company stopped Activity Commodore Hotel in order to make the necessary maintenance from the beginning of 2014 and did not exercise any operational activity until the date of preparation of the consolidated financial statements.

	2016	2015
Operating income	-	-
Salaries and wages and others	(39,050)	(87,059)
General and administrative expenses	(56,437)	(129,283)
Impairment of accounts receivables	-	-
Impairment of property and equipment	-	-
Impairment goods	-	-
Gain on sale of fixed assets	-	17,800
Other expenses	-	-
	<u>(95,487)</u>	<u>(198,542)</u>

**23. OTHER REVENUES AND EXPENSES**

	2016	2015
Revenue / other (expense)	(36,282)	(75,861)
	<u>(36,282)</u>	<u>(75,861)</u>

**24. NON-CASH TRANSACTIONS**

	2016	2015
Change in fair value during the year	<u>334,252</u>	<u>35,496</u>

**25. CONTINGENT LIABILITIES**

There are contingent liabilities of 31 December 2016 represented in the bank guarantees amount 187,560 JD (71,560: JD 2015), and amounted to JD 32,156 deposit worth (2015:7,156 JD).

**26. CONTINGENT LIABILITIES OF SUBSIDIARIES**

There are contingent liabilities on Nebal for housing (L.T.D) as of December 31, 2016 for a bank guarantee worth 36,532 JD (2015:36,532 JD) and insurance amounted at 3,654 JD (2015:3,654).

There are contingent liabilities on paradise construction company (L.T.D) as of December 31, 2016 for a bank guarantee of 5,000 JD (2015:JD 5,000), and deposit worth JD 500 (2015:JD 500).

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**27. FINANCIAL TOOLS**

**The Fair Value**

The fair value of financial assets and financial liabilities Financial assets include cash and cash equivalents and checks under collection and receivables, securities, and include accounts payable, credit facilities and loans and credits and other financial liabilities.

First level: the market prices stated in active markets for the same financial instruments.

Level II: assessment methods depend on the input affect the fair value and can be observed directly or indirectly in the market.

Level III: valuation techniques based on inputs affect the fair value cannot be observed directly or indirectly in the market.

<u>December 31, 2016</u>	<u>level one</u>	<u>Second Level</u>	<u>third level</u>	<u>Total</u>
Financial assets designated at fair value through statement of comprehensive income	-	-	-	-
Financial assets designated at fair value through statement of other comprehensive income	3,736,019	-	-	3,736,019
	<u>3,736,019</u>	<u>-</u>	<u>-</u>	<u>3,736,019</u>

<u>December 31, 2015</u>	<u>level one</u>	<u>Second Level</u>	<u>third level</u>	<u>Total</u>
Financial assets designated at fair value through statement of comprehensive income	-	-	-	-
Financial assets designated at fair value through statement of other comprehensive income	4,088,210	-	-	4,088,210
	<u>4,088,210</u>	<u>-</u>	<u>-</u>	<u>4,088,210</u>

The value set out in the third level reflect the cost of buying these assets rather than its fair value due to the lack of an active market for them, this is the opinion of Directors that the purchase cost is the most convenient way to measure the fair value of these assets and that there was no impairment.

**Management of Share Capital Risks**

The Company manages its capital to make sure that the Company will continue when it takes the highest return by the best limit for debts and shareholder's equity balances. The Company's strategy doesn't change from 2015.

Structuring of Company's capital includes debts, which includes the disclosed borrowings in Note No. (14,17). And the shareholders equity in the Company which includes Common stock, additional paid in capital, reserves, Accumulated change in fair value, proposed dividends and retained earnings as it listed in the changes in owner's equity statement.

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**Debt Ratio**

The board of directors is reviewing the share capital structure periodically. As a part of this reviewing, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions. The Company capital structure includes debts from the borrowing. The Company doesn't determine the highest limit of the debt rate and it doesn't expect increase in the typical debt rate.

The debt ratio at year end is as follows: -

	<u>2016</u>	<u>2015</u>
Debts ratio	7,423,225	8,751,171
Owner's equity	52,585,978	53,021,412
Debt/ Owner's equity rate	%14	%17

These decreases in the debt rates due to equity rate to increase property rights as a result of profits during the year.

**The management of the financial risks**

The Company's activities might be exposing mainly to the followed financial risks:

**Management of the foreign currencies risks**

The company doesn't exposed to significant risks related with the foreign currencies changing, so there is no need to effective management for this exposed.

**Management of the interest price risks**

Risk related to interest rate result mainly from borrowing money at varying interest rates and short term deposits at fixed interest rates.

Sensitivity of the statement of comprehensive income is the impact of the assumed changes possible prices of interest on the profit of the Company for one year and it is calculated based on the financial liabilities which carry variable interest rates at the end of the year.

The following table shows sensitivity of the statement of comprehensive income for possible changes and reasonable interest rates as of December 31 with all other effective variables constant:

<u>Currency</u>	<u>Interest rate increase</u>	<u>The impact on profit for the year</u>	
JD	Percentage points	<u>2016</u>	<u>2015</u>
	25	+ 18,558	+ 27,597

<u>Currency</u>	<u>Interest rate decrease</u>	<u>The impact on profit for the year</u>	
JD	Percentage points	<u>2016</u>	<u>2015</u>
	25	- 18,558	- 21,878

**Other prices risks**

The Company expose to price risks resulting from its investments in owners' equity to other companies. The Company keeps investments in other company's owner's equity for strategic purposes and not for trading purposes.

The Company hasn't an activity trading in those investments.

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**Sensitivity analysis of the owner investments prices**

Sensitivity analysis followed based on that the Company exposed to investments prices risks in owner's equity of other companies at the date of the financial statements.

In case investments prices in owners' equity of other companies higher/ lower in rate 5%:-

The Company's owners' equity reserves become higher/ lower in JD 186,801(2015: higher/ lower in JD 204,411) is resulting to company's portfolio that classified as certain assets at fair value through the consolidated statement of comprehensive income.

**Credit risk management**

The credit risks represent in one part of the financial instruments contracts has not obligated to pay the contractual obligations and cause of that the Company is exposing financial losses, However, there are no any contracts with any other parts so the Company doesn't expose to different types of the credit risks, The significant credit exposed for any parts or group of parts that have a similar specification have been disclosed in note No.18.The Company classified the parts which have similar specifications as a related parties. Except the amounts which are related in the cash money. The credits risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks have good reputations and have been controlled from control parties.

The amounts had listed in the financial statements data represents the highest credit risk expose to the trade accounts receivable and to the cash and cash equivalent.

**Management of liquidity risks**

Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity. The Company managed the liquidity risks through controlling the future cash flow that evaluated permanently and correspond the due dates of assets and liabilities.

The following table represents the contractual eligibilities to non-derivative financial liabilities.

The table has prepared on the non-deducted cash flows to the financial liabilities basis according to the early due dates that may required from the Company to pay or receive.

The table below contains cash flows for major amounts and interests.

	<u>Interest rate</u>	<u>Year or less</u>	<u>More than one year</u>	<u>Total</u>
<b>2016 :</b>				
Instrument without interest	-	2,614,965	1,113,588	3,728,553
Instrument with interest	9.25%- 8%	2,268,940	5,154,285	7,423,225
<b>Total</b>		<b>4,883,905</b>	<b>6,267,873</b>	<b>11,151,778</b>
<b>2015 :</b>				
Instrument without interest	-	2,487,307	1,133,060	3,620,367
Instrument with interest	9.25%- 8%	3,142,594	5,608,577	8,751,171
<b>Total</b>		<b>5,629,901</b>	<b>6,741,637</b>	<b>12,371,538</b>

**28-APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Directors and authorized for issuance as of December 31, 2016 By the Board of Directors dated,February28, 2017 and has been approved for publication and these consolidated financial statements requires the approval of the General Assembly of Shareholders.

**29. COMPARTIVE FIGURES**

Certain figures for 2015 have been reclassified to confirm presentation in the current year 2016.