

***Union Land Development
Public Shareholding Co.
Amman - Jordan
Interim Consolidated Financial Statements
For the period from 1/1/2023 to 30/9/2023
Report on the review of the interim financial
information (Unaudited)***

Union Land Development
(PLC)
Amman – Jordan

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Report on the review of the interim consolidated financial information (Unaudited)

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Report on the review of the interim consolidated financial information (Unaudited)

**To the Board of Directors,
Union Land Development (PLC)
Amman – Jordan**

We have reviewed the accompanying interim consolidated financial statements of **Union Land Development (PLC)** and the related Interim Consolidated Statement of Comprehensive Income, Interim Consolidated Changes in Equity and Interim Consolidated Cash Flow for the nine months period ended on September 30th, 2023, and a summary of significant accounting policies and other explanatory notes from (1-13). Management is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with the International Standard 34 (Interim Financial Reports). Our responsibility is to express a conclusion on this interim consolidated financial information 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 consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information does not give a true and fair view of the **Union Land Development (PLC)** financial position as at September 30th, 2023, and of its consolidated financial performance and its consolidated cash flows for the nine month period then ended in accordance International Standard 34 (Interim Financial Reports).

Other Matter

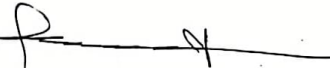
- The financial statements of the Company as of December 31st, 2022 were audited by another auditor who issued an unqualified opinion on March 30th, 2023.
- The financial position of the Company as of March 31st, 2023 was audited by another auditor who issued an unqualified report on April 30th, 2023.
- No financial positions for the subsidiaries were audited by an auditor as of December 31st, 2022, and the management of the Company consolidated the financial statements based on the trial balances of the said companies, and not on financial statements audited by certified auditor.



Con./ Union Land Development (PLC)- interim consolidated financial statements

Emphasis Matters

- 1) Real estate investments include lands not registered in the name of the Group, whose book value amounted to JD (4,292,573) as of September 30th, 2023 (Note No. 6), noting that real estate investments are subject to seizure by several government agencies.
- 2) The provisions of Note No. (7) regarding investment in the Abraaj Capital Fund and the absence of a title deed for the investment shall be taken into account.
- 3) There are mutual legal lawsuits between the Company and the related parties' receivables (Note No. 8), and according to the Company's lawyer's opinion, and in view of the data presented in the lawsuit that prove the validity of the claim of the Union Land Development Company for the balance of the outstanding receivable of the related companies, and despite the difficulty of predicting the possible outcome of this lawsuit, however, he believes that the Company has a very good legal position that may result in a ruling for its favor for the claimed amount, along with interest, duties, and fees. With regard to the counterclaim that the related parties are demanding, according to his assessment of the defense presented in this lawsuit, the counterclaim is not based on a valid legal reason and it is believed that this claim will be dismissed as a result, (a precautionary seizure letter was also obtained against the two companies with the related liabilities mentioned in Note (8).
- 4) It is noted that there are differences in the opening balances between the Company's consolidated financial statements as of December 31st, 2022 and the Company's records and subsidiaries with regard to the retained profit and loss accounts, the statutory reserve, and the liabilities of the subsidiary company (Adam Real Estate Investments Company). Accordingly, the Company's records must be amended to be consistent with the balances shown in the financial statements. It is also noted that we are not provided with any information indicating the reason and nature of the amendment to the adjusted comparative figures for the year 2022 as shown in the statement of financial position (Statement A), noting that the effect of the amendment amounting to JD (4,012,708) as in 2023 has been reversed and the situation has been restored to what it was within the financial position as of March 31st, 2023.
- 5) It is noted that what is stated in Note No. (13) regarding the potential obligations of the Company and subsidiaries and subsequent events is taken into account.



Dweik & Co. (ACC)
Audit & Consult Consortium
Rafiq T. Dweik (phD)
Audit license No (386)



December 10th, 2024
Amman – Jordan

Quality firm, access to the best team of business advisors, provides the right business solutions for clients, deep client relationships, innovative, practice proven strategies for improving performance.

A Professional Corporation Certified Public Accountants Management consultants



التجمع للاستشارات والتحقيق ذ.م.م (شركة مدنية)
تأسست بتاريخ ١٩٨٥/٣/٢٨ - رأس مالها ١٥٠٠٠ دينار
رقم السجل التجاري ٧٠ / رقم ضريبة المبيعات ٠٠٦٧١٣١

Statement (A)

Union Land Development (PLC)
Amman – Jordan
Statement of Interim Consolidated Financial Position
as of September 30th, 2023

Assets	Note	30/9/2023 /JD	31/12/2022 Adjusted/JD	31/12/2022 /JD
<u>Non-Current Assets</u>				
Property and plant -Net		2174787	2219862	2219862
Project under progress		3114712	3110531	3110531
Real – Estate investments- Net	6	37478049	37777754	41790462
Financial assets at fair value through other comprehensive income	7	1849716	2215019	2215019
Total Non-Current Assets		44617264	45323166	49335874
<u>Current Assets</u>				
Cash and cash equivalents		759166	741019	741019
Accounts' receivable - Net		252409	394551	394551
Related parties' receivables	8	16516871	16484115	16484115
Other current assets		227220	339805	339805
Total Current Assets		17755666	17959490	17959490
Total Assets		62372930	63282656	67295364
<u>Stockholders' Equity & Liabilities</u>				
<u>Stockholders' Equity</u>				
Paid in capital		42065129	42065129	42065129
Shares' premium		4253659	4253659	4253659
Statutory reserve		2372519	2372519	2372519
Voluntary reserve		1495745	1495745	1495745
Other reserves		1309287	1309287	1309287
Fair value adjustments through other comprehensive income		(4442407)	(4160578)	(2420578)
Retained earnings (loss)		525769	(404096)	1976600
Net Stockholders' Equity		47579701	46931665	51052361
<u>Liabilities</u>				
<u>Non-Current Liabilities</u>				
Long term loans		10585107	10006364	10006364
Long term deferred checks		130874	352622	352622
Total Non-Current Liabilities		10715981	10358986	10358986
<u>Current Liabilities</u>				
Short term loans' installments		1300000	2200000	2200000
Due checks		163630	000	000
Short term deferred checks		128057	191528	191528
Other current liabilities		2485561	3600477	3492489
Total Current Liabilities		4077248	5992005	5884017
Total Liabilities		14793229	16350991	16243003
Total Stockholders' Equity & Liabilities		62372930	63282656	67295364

“ The accompanying notes are an integral part of these statements ”

Statement (B)

Union Land Development (PLC)
Amman – Jordan
Statement of Interim Consolidated Comprehensive Income
for the Period Ended September 30th, 2023, 2022

	<u>30/9/2023</u>	<u>30/9/2022</u>
<u>Comprehensive income</u>	<u>JD</u>	<u>JD</u>
Rental revenues	2545807	2566685
Cost of rental revenue	(336996)	(369796)
Commodore Hotel operating expenses	(30569)	(5896)
Gross operating income	2178242	2190993
Overhead expenses	(265982)	(240513)
(Loss) of liquidating subsidiaries	000	(72842)
Finance expenses	(740369)	(1115531)
Other revenues	000	40410
Income for the period before tax /		
Comprehensive income	1171891	802517
Provision for income tax	(229707)	(144050)
National contribution for public debt payment	(12319)	000
Income for the period after tax/		
Comprehensive income	929865	658467
<u>Other comprehensive income</u>		
Fair value adjustments through other comprehensive income	(281829)	(2215231)
Total other comprehensive income	(281829)	(2215231)
Total comprehensive income for the period	648036	(1556764)
Earnings per share from comprehensive income for the period	1,54%	1,60%
Weighted Average Shares	42065129	42065129

“ The accompanying notes are an integral part of these statements ”

Statement (C)

Union Land Development (PLC)
Amman – Jordan
Statement of Interim Consolidated Changes in Equity
for the Period Ended September 30th, 2023, 2022

Description	Paid in Capital	Shares' Premium	Statutory reserve	Voluntary reserve	Other reserve	Fair value adjustments through other comprehensive income	Retained earnings (loss)	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of Dec. 31 st , 2022	42065129	4253659	2372519	1495745	1309287	(4160578)	(404096)	46931665
Income for the period after tax / Comprehensive income	000	000	000	000	000	000	929865	929865
Other comprehensive income								
Fair value adjustments through other comprehensive income	000	000	000	000	000	(281829)	000	(281829)
Balance as of September 30th, 2023	<u>42065129</u>	<u>4253659</u>	<u>2372519</u>	<u>1495745</u>	<u>1309287</u>	<u>(4442407)</u>	<u>525769</u>	<u>47579701</u>
<hr/>								
Balance as of Dec. 31 st , 2021	42065129	4253659	2293102	1495745	1309287	(3898959)	1471710	48989673
Income for the period after tax / Comprehensive income	0000	000	000	000	000	000	658467	658467
Other comprehensive income								
Fair value adjustments through other comprehensive income	000	000	000	000	000	(2215231)	000	(2215231)
(Loss) on sale of financial assets	000	000	000	000	000	2379955	(2379955)	000
Balance as of September 30th, 2022	<u>42065129</u>	<u>4253659</u>	<u>2293102</u>	<u>1495745</u>	<u>1309287</u>	<u>(3734235)</u>	<u>(249778)</u>	<u>47432909</u>

“The accompanying notes are an integral part of these statements”

Statement (D)

Union Land Development (PLC)
Amman – Jordan
Statement of Interim Consolidated Cash Flows
for the Period Ended September 30th, 2023, 2022

	<u>30/9/2023</u>	<u>30/9/2022</u>
	<u>JD</u>	<u>JD</u>
<u>Cash Flows from Operating Activities:</u>		
Total comprehensive income for the period	648036	(1556764)
<u>Adjustments:</u>		
Property and plant depreciation	18670	39262
Real estate investment depreciation	299705	306147
Adjustments on financial assets	281829	2215231
Operating income before working capital changes:	1248240	1003876
Accounts' receivable and other current assets	254727	(199388)
Other current liabilities	(1236505)	(3806961)
Net cash flows from operating activities	266462	(3002473)
<u>Cash Flows from Investing Activities:</u>		
Property and plant	26405	(5460)
Financial assets at fair value through other comprehensive income	83474	4208641
Project under process	(4181)	(8150)
Net cash flows from investing activities	105698	4195031
<u>Cash Flows from Financing Activities:</u>		
Cash deposits	000	(759705)
Related parties' receivables	(32756)	54059
Loans	(321257)	(461953)
Net cash flows from financing activities	(354013)	(1167599)
Net change in cash and cash equivalents	18147	24959
Cash & cash equivalents at beginning of the period	741019	3539
Cash & cash equivalents at end of the period	759166	28498

“The accompanying notes are an integral part of these statements”

Union Land Development (PLC)
Amman – Jordan
Notes to Interim Consolidated Financial Statements
September 30th, 2023

1- Constitution and objectives:

- A. The Union Land Development company is registered as a public shareholding company in the public shareholding companies register at Companies Control Department under the No. (288) on August 1st, 1995.
- B. The interim consolidated financial statements were approved by the board of directors on December 5th, 2024 .
- C. **Objectives:**
Establishing and managing tourism institutions and investing its funds in stocks, bonds, lands and real estate and developing them, in addition to establishing, owning, operating, managing and investing in hotels.

2- Significant accounting policies:

The interim consolidated financial statements are prepared under the International Standard 34 (Interim Financial Reports) and the related interpretations originated by the International financial Reporting Interpretations Committee.

The interim consolidated financial statements do not include all significant matters and explanatory notes that are required for the annual financial statements and are prepared in accordance with the International Financial Reporting Standards, in addition the interim consolidated financial performance is not necessarily represents an indicator of the annual financial performance.

Accounting policies are implemented on consistent bases in the financial statements as previously implemented.

3- Functional and presentation currency:

These interim consolidated financial statements are presented in Jordanian Dinars, which is the Company's functional and presentation currency.

4- Basis for consolidating the financial statements:

Its subsidiaries and those subject to its control. Control is achieved when the parent company has the ability to control the financial and operational policies of its subsidiaries in order to obtain benefits from its activities. Transactions, balances, revenues and expenses between the company and subsidiaries are excluded.

The results of the subsidiary's operations are consolidated in the consolidated statement of comprehensive income as of the date of its acquisition, which is the date on which the Company actually takes control of the subsidiary companies.

As of September 30th, 2023, the Company owns the following subsidiaries:

Name of the company	nature of the company's business	% of ownership	Capital JD
Al-Nibal Housing Company LLC	Land development	100%	30,000
Paradise Contracting Company LLC	Contracting	70%	50,000
Adam Investments Company LLC	Real estate investments	100%	30,000
Paradise Architectural Industries LLC	Architectural Industries	100%	100,000
Al Mahila Real Estate Investments LLC	Land development	100%	1,000
Al-Furait Real Estate Investments LLC	Land development	100%	1,000
Dhaba'a Real Estate Investments Company LLC	Land development	100%	1,000
Taj Al Madina for Housing LLC	Land development	100%	50,000

5- **Important accounting estimates and assumptions:**

Preparing the interim consolidated financial statements requires the use of judgements, estimates, and assumptions that affect the values of revenues, expenses, assets, liabilities, and the attached notes, in addition to the disclosure of potential liabilities. Uncertainty regarding these assumptions and estimates may lead to results that require a material adjustment to the book values of the affected assets and liabilities in future periods.

The following are the basic assumptions related to the future and other main sources of uncertainty as at the date of the statement of financial position, which constitute high risks that may lead to material adjustments in the book values of assets and liabilities during the following financial year. The Company relies in its assumptions and estimates on standards available to it when preparing the financial statements. These assumptions, estimates and future developments may change as a result of market changes and circumstances beyond the Company's control. Such changes to the assumptions are explained when they occur:

a) **Going Concern Principle:**

The company's management does not have a state of uncertainty, which in turn could raise fundamental doubts about the company's ability to continue. Therefore, the interim consolidated financial statements have been prepared on the basis of the Going Concern Principle.

b) **Determine the discount rate to calculate the present value:**

The discount rate represents an assessment of the current market risks to the Company, taking into account the term of the agreement and the individual risks of the relevant assets. The calculation of the discount rate is based on the circumstances surrounding the Company.

6- **Real Estate Investments:**

	<u>30/9/2023/JD</u>	<u>31/12/2022/JD</u>
Cost of real estate investments	42948490	42948490
Less: accumulated depreciation	(5470441)	(5170736)
Net book value	<u>37478049</u>	<u>37777754</u>

- This item includes lands mortgaged to the Investment Bank with a first-degree mortgage guarantee worth JD (17,000,000) on plot No. (266) and the IKEA buildings.
- In the opinion of management, the fair value of real estate investments, based on the estimates of internal and external evaluators, is approximately JD (76,401,414) as of 30/9/2023.
- The real estate investments item includes lands registered in the name of several other parties that the Group obtained the right to use as follows:

	<u>30/9/2023/JD</u>	<u>31/12/2022/JD</u>
Lands	4292573	2785399

- 1) The real estate investments are subject to seizure by several government agencies.
- 2) Among the real estate investments is a plot of land (Al-Najmiyah Land) registered in the name of the Parent Company and Al-Ittihad Financial Investments Company, where the share registered in the name of Al-Ittihad Financial Investments Company has not been registered in the name of the Company until the date of the financial statements, despite the Company paying the full value of the share, knowing that the Company recently filed a lawsuit No. (9767/2024) at the Amman Court of First Instance against Al-Ittihad Financial Investments Company, and the subject of the lawsuit is a financial claim with the amount of JD (1,875,000), which represents the value of the amount paid during the year 2007 by the Company in exchange for purchasing the share of Al-Ittihad Financial Investments Company in the Al-Najmiyah plot.

7- **Financial assets at fair value through other comprehensive income:**

	<u>30/9/2023/JD</u>	<u>31/12/2022/JD</u>
Equity instruments at cost	6292123	6375597
Fair value adjustment	(4442407)	(4160578)
Total	<u>1849716</u>	<u>2215019</u>

*The above Note includes the investment in the Abraaj Capital Fund, which was made pursuant to Board of Directors Resolution No. 21/2016 dated 6/10/2016, with the amount of JD (1,740,000), noting that a provision for impairment was made in the full value of the investment, taking into account the absence of a title deed for the aforementioned investment.

8- **Related parties receivables :**

	<u>Type of relation</u>	<u>Kind of dealing</u>	<u>30/9/2023 JD</u>	<u>31/12/2022 JD</u>
Union Investments Corporation /P.L.C	Owning more than 5% of shares	Investment	12267420	12226150
Union Tobacco and Cigarettes Industries Corporation / P.L.C	Controlled by a board member	Investment	6145074	6153588
Total			<u>18412494</u>	<u>18379738</u>
Less: Provision for expected credit loss			(1895623)	(1895623)
Net			<u>16516871</u>	<u>16484115</u>

9- **Financial Instruments:**

a- **Fair Value:**

The book value of financial instruments that represents cash, payables, receivables and loans is matching the fair value.

The notes to the financial statements show the fair value to these financial instruments, and some of the accounting policies show the adopted methods to evaluate such instruments.

b- **Credit Risk:**

The Company hold current and time deposits at banks of appropriate credit.

c- **Prices Risk:**

• **Market Risk:**

The market risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices. The financial instruments represented in the statements of financial position are not subject to such risk.

• **Currency Risk:**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The risk related to financial instruments namely, the US Dollar are very low as the exchange rate of the US Dollar in exchange with Jordan Dinar is fixed, while the other exchange rates risk were dealt with accordingly in the financial statements.

• **Interest Rate Risk:**

The financial instruments in the statements of financial position are not subject to interest rate risk, except for the credit and banking credit that are subject to competent controlling commissions.

10- Group Lawsuits:

Lawsuits related to related parties' receivables:

- There is a lawsuit filed by the Company against the Union Tobacco and Cigarettes Industries Corporation - P.L.C regarding financial claim for the balance of outstanding obligations owed by the defendant, which amounts to JD (6,145,073). There is a counterclaim by the defendant regarding the subject of conducting accounting, demanding a financial liability and estimated compensation, for fees purposes, the lawsuit amount and its evidence in the counterclaim filed by JD (3,000,000).
- There is a lawsuit filed by the Company against Union Investments Corporation /P.L.C regarding a financial claim related to the balance of outstanding obligations due by the defendant, amounting JD (12,267,099), and there is a counterclaim by the defendant regarding the subject of conducting accounting, demanding a financial liability and estimated compensation, estimated for fees purposes by JD (3,000,000).

In the opinion of the Company's lawyer, it is difficult to predict the possible outcome of these lawsuits, but the Company's position is very good and the counterclaim filed by the other party will be rejected.

11- Operating sectors:

The Company carries out its business through the main activity of establishing and managing tourism institutions and investing its funds in stocks, bonds, lands and real estate and developing them, in addition to establishing, owning, operating and investing in hotels.

12- General:

- a) Some comparative figures for the previous year have been reclassified to be consistent with the figures for the current period.
- b) Attention must be drawn to the effect of the Jordan Securities Commission regulations and Jordanian Companies Law on calculating statutory reserve only on the realized earnings bases. Taking into account restrictions on the distributing dividends for unrealized earnings, and withholding a portion of retained profits to offset negative values in the statement of changes in equity.

13- Potential Obligations and Subsequent Events:

- a. There is an obligation on the subsidiary company (Adam Real Estate Investments Company) represented by the company's guarantee of the loan granted to the Union Financial Investments Company in 2014 in exchange for a mortgage on one of the lands of the subsidiary company (Adam Real Estate Investments Company). On 16/1/2024, the subsidiary company sent a letter to the Union Financial Investments Company to release the mortgage on the aforementioned plot of land. On 24/2/2024, the subsidiary company took a decision to initiate the necessary legal procedures against the Union Financial Investments Company to release the mortgage on the plot of land, knowing that BLOM Bank recently carried out the execution process on the mortgage bond for the plot of land. After reviewing the lawsuit filed by the bank, it became clear that the bank sent a notification issued by the Execution Department to the subsidiary company, claiming to pay an amount of JD (3,200,000), in addition to fees, expenses, attorney's fees and interest - if any - and it became clear that the person who received this notification has no connection to the subsidiary company, on 6/6/2024, a warning was sent by the subsidiary to the Union Financial Investments Company to release the mortgage on the plot of land, and it was received by the Union Financial Investments Company, and on 13/6/2024, an executive request decision was issued to invalidate the knowledge and experience of the notification of the executive notification and the procedures carried out pursuant to it regarding the notification issued based on the request of BLOM Bank, as if BLOM Bank expropriates the aforementioned plot of land, this matter will negatively affect the consolidated financial position of the Union Land Development Company and its subsidiaries, as the average estimated value of the plot of land according to the last three estimates made by three real estate appraisers amounts to JD (2,456,000). Accordingly, in the event that the aforementioned plot of land is expropriated by BLOM Bank, Adam Real Estate Investments Company will take legal action against the Union Financial Investments Company to demand an amount of JD (2,456,000).
- b. There is a lawsuit filed against the Company and the subject of the lawsuit is a residential project owned by the subsidiary (Al-Nabbal Housing Company) that is located on plot No. (809) Basin (18) Wadi Saqra / Amman lands. The plot and the building on it were sold in 2009 to Mr. Ali Khair Al-Maani under a special irrevocable power of attorney. Mr. Ali Khair Al-Maani did not transfer ownership of the property within the legal period. The subject of the lawsuit pending at the competent court is the recovery of what was paid in addition to the legal interest and his unwillingness to complete the ownership of the property. The lawsuit is still pending before the Court, knowing that the amount likely to be ruled against Al-Nabbal Housing Company is JD (1,897,996), including the value of the lawsuit, fees, legal interest and attorney fees.
- c. There is a stamp duty claim against the Parent Company for the amount of JD (258,777.471) represents stamp duty fees in addition to JD (517,554.943) fines at a double amount of the stamp duty fees incurred by the Company during the years 2011, 2012. 2013 and not paid to date.