

هيئة الأوراق المالية
والبنوك الإسلامية / عمان

١٥ أكتوبر ٢٠١٨

الرقم المتسلسل...
الجهة المختصة...
أ.ح.س.ب.

للمرسل

٨ بورصة عمان

٨ السيد صالح

السعر

السيد عبد الله

د. ع. م.

رقم: د/م/٢/٢٧٦

نموذج رقم (1-5)

Form No. (1-5)

To: Jordan Securities Commission
Amman Stock Exchange

Date: 15/5/2018

Subject: Quarterly Report as of 31/3/2018

٥/١٥

السادة هيئة الأوراق المالية

السادة بورصة عمان

التاريخ: ٢٠١٨/٥/١٥

الموضوع: التقرير ربع السنوي كما هي في

٢٠١٨/٣/٣١

Attached the Quarterly Report of (union tobacco &
cigarette industries co.) in English as of 31/3/2018

مرفق طيه نسخة من البيانات المالية ربع السنوية
لشركة (شركة الإتحاد لإنتاج التبغ والسجائر
م.ع.م) باللغة الانجليزية كما هي بتاريخ
٢٠١٨/٣/٣١ م

Kindly accept our highly appreciation and respect
union tobacco & cigarette industries co.
Financial Manager's Signature
Rami Nassar

وتفضلوا بقبول فائق الاحترام...
شركة مصانع الإتحاد لإنتاج التبغ والسجائر
توقيع المدير المالي
رامي نصار

UNION TOBACCO
شركة مصانع الإتحاد
لإنتاج التبغ والسجائر م.ع.م

ر. م. ن.

UNION TOBACCO AND CIGARETTE INDUSTRIES
PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2018



Building a better
working world

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF UNION TOBACCO AND CIGARETTE INDUSTRIES
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Union Tobacco and Cigarette Industries (the "Company") and its subsidiaries (the "Group") as at 31 March 2018, comprising of the interim consolidated statement of financial position as at 31 March 2018 and the related interim consolidated statement of profit or loss, interim consolidated statement of other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three months period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of qualified conclusion

The Group recognized a gain of JD 653,248 from a sale of machinery and equipment during 2017 after receiving an amount of JD 1,775,000, which represents 50% of the total sale price. The machinery and equipment will remain in the Group's possession until the factory in Iraq is completed at which point the machinery and equipment will be shipped to the factory.



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Other Matter

The interim condensed consolidated financial statements for the period ended in 31 March 2017 were reviewed by another auditor, and a qualified conclusion was issued on 26 April 2017, due to not consolidating the interim financial statements of Union Tobacco and Cigarettes Industries – Iraqi Branch, a fully owned subsidiary of Union Tobacco and Cigaretters Industries Company as at 31 March 2017.

Amman – Jordan
30 April 2018

Ernst + Young

UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Notes	31 March 2018 JD (Unaudited)	31 December 2017 JD (Audited)
ASSETS			
NON-CURRENT ASSETS -			
Property, plant and equipment	6	17,741,766	17,955,874
Investment properties		17,203	17,203
Advance payment on machines purchases		101,244	101,244
Financial assets at fair value through other comprehensive income		9,219,805	9,585,050
		27,080,018	27,659,371
Current assets -			
Inventories		14,516,364	13,397,170
Accounts receivable		20,390,367	23,108,830
Other current assets		2,620,759	2,754,991
Due from related parties	5	3,967,692	3,625,745
Cash and bank balances		1,597,455	218,128
		43,092,637	43,104,864
		70,172,655	70,764,235
Total Assets			
EQUITY AND LIABILITIES			
Equity-			
Equity attributable to equity holders of the parent -			
Paid in capital		15,083,657	15,083,657
Share premium		5,000,000	5,000,000
Statutory reserve		3,774,151	3,774,151
Voluntary reserve		7,250,000	7,250,000
Fair value reserve		(531,062)	(726,532)
Accumulated losses		(5,682,587)	(5,186,946)
		24,894,159	25,194,330
Total equity			
Liabilities -			
Non-current liabilities -			
Long term loans	9	13,538,029	13,812,140
Current liabilities -			
Current portion of long term loans	9	5,266,470	5,352,000
Bank overdrafts	7	56,325	265,845
Accounts payable and other current liabilities		22,866,915	22,737,324
Due to related parties	5	3,294,433	2,728,018
Income tax provision	4	256,324	674,578
		31,740,467	31,757,765
		45,278,496	45,569,905
Total liabilities			
Total Equity and Liabilities			
		70,172,655	70,764,235

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

UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED 31 MARCH 2018 (UNAUDITED)

	Note	For the three months ended 31 March	
		2018	2017
		JD	JD
Sales	10	3,827,907	1,337,834
Cost of sales		<u>(3,032,843)</u>	<u>(1,458,989)</u>
Gross profit (loss)		795,064	(121,155)
Administrative expenses		(522,115)	(586,335)
Sales and marketing expenses		(128,172)	(103,237)
Finance costs		(356,117)	(365,890)
Other income (expenses), net		24,725	(65,515)
Loss for the period		<u>(186,615)</u>	<u>(1,242,132)</u>
		Fils /JD	Fils /JD
Basic and diluted loss per share attributable to equity holders of the Company		<u>(0/012)</u>	<u>(0/082)</u>

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

UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2018 (UNAUDITED)

	For the three months ended 31 March	
	2018	2017
	JD	JD
Loss for the period	(186,615)	(1,242,132)
Add: other comprehensive income items not to be reclassified to profit or loss in subsequent periods, net of tax:		
Net (losses) gains of financial assets at fair value through other comprehensive income	(113,556)	4,333,972
Total comprehensive income for the period	(300,171)	3,091,840

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

UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2018 (UNAUDITED)

	Paid in capital		Share premium		Statutory reserve		Voluntary reserve		Fair value reserve		Accumulated losses		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the three months ended 31 March 2018 -														
Balance as at 1 January 2018	15,083,657	5,000,000	3,774,151	7,250,000	(726,532)	(5,186,946)	25,194,330							
Loss for the period	-	-	-	-	-	(186,615)	(186,615)							(186,615)
Other comprehensive income items	-	-	-	-	(113,556)	-	(113,556)							(113,556)
Loss on selling of financial assets at fair value through other comprehensive income	-	-	-	-	309,026	(309,026)	-							-
Balance at 31 March 2018	15,083,657	5,000,000	3,774,151	7,250,000	(531,062)	(5,682,587)	24,894,159							
For the three months ended 31 March 2017 -														
Balance as at 1 January 2017	15,083,657	5,000,000	3,774,151	7,250,000	(314,806)	(1,462,716)	29,330,286							
Loss for the period	-	-	-	-	-	(1,242,132)	(1,242,132)							(1,242,132)
Other comprehensive income items	-	-	-	-	4,333,972	-	4,333,972							4,333,972
Gain on selling of financial assets at fair value through other comprehensive income	-	-	-	-	(655,556)	665,556	-							-
Balance at 31 March 2017	15,083,657	5,000,000	3,774,151	7,250,000	3,353,610	(2,039,292)	32,422,126							

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

UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2018 (UNAUDITED)

	For the three months ended 31 March	
	2018 JD	2017 JD
<u>OPERATING ACTIVITIES</u>		
Loss for the period	(186,615)	(1,242,132)
Adjustments for -		
Depreciation	214,243	214,247
Finance costs	356,117	365,890
Working capital changes -		
Inventories	(1,119,194)	212,520
Accounts receivable and other current assets	2,852,695	5,037,700
Accounts payable and other current liabilities	129,591	(2,559,964)
Related parties	224,468	(222,235)
Income tax paid	(418,254)	(181,273)
Net cash flows from operating activities	<u>2,053,051</u>	<u>1,624,753</u>
<u>INVESTING ACTIVITIES</u>		
Purchases of property, plant and equipment	(135)	-
Purchases of financial assets at fair value through other comprehensive income	(57,370)	(1,170,261)
Proceeds from sale of financial assets at fair value through other comprehensive income	745,315	788,047
Net cash flows from (used in) investing activities	<u>687,810</u>	<u>(382,214)</u>
<u>FINANCING ACTIVITIES</u>		
Repayment of loans	(359,641)	(471,440)
Finance costs paid	(356,117)	(365,890)
Net cash flows used in financing activities	<u>(715,758)</u>	<u>(837,330)</u>
Net increase in cash and cash equivalents	2,025,103	405,209
Cash and cash equivalents at 1 January	(483,973)	(1,298,990)
Cash and cash equivalents at 31 March	<u>8</u> <u>1,541,130</u>	<u>(893,781)</u>

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

UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

1) GENERAL

Union Tobacco and Cigarette Industries (the "Company") was established as a public shareholding company on 19 July 1993, under registration number (232) with a paid in capital of JD 15,083,657 divided into 15,083,657 shares at a par value of JD 1 per share.

The Company's objective is the production and packaging of tobacco, cigarette, toombak and all kinds of related printing works.

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

2) BASIS OF PREPARATION AND ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION -

The interim condensed consolidated financial statements for the Three months period ended in 31 March 2018 have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

The interim condensed consolidated financial statements do not contain all information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual report as of 31 December 2017. In addition, the results for the Three months period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

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

The consolidated financial statements comprise of the Company's financial statements and its subsidiaries (together the "Group").

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

(2-3) CHANGES IN ACCOUNTING POLICIES -

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

IFRS 9 requires the Group to record an allowance for expected credit losses for all debt instruments measured at amortization cost.

IFRS 9 (financial instruments) has eliminated the use of the incurred loss approach under IAS 39 (financial instrument: Recognition and measurement) by including a comprehensive model for the recognition and recording of forward looking expected credit loss, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

Impairment

The adoption of IFRS 9 (financial instruments) has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing the incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has no debt instruments at amortization cost; therefore, there was no effect on changing the accounting policy as a result of implementing IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The impact of adopting IFRS 15 was not material on the interim condensed financial statements and impacted its accounting policy for revenue recognition as detailed below:

(a) Apartments sale

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

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - measuring investees at fair value through profit or loss.

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Group's interim condensed consolidated financial statements

(3) STATUTORY RESERVE

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

UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

(4) INCOME TAX

Income tax provision for the three months ended in 31 March 2018 and 2017 were calculated in accordance with the Income Tax Law No. (34) of 2014.

The Income and Sales Tax Department reviewed the accounting records of the Company and its subsidiaries up to the year 2012. The Income and Sales Tax Department reviewed the accounting records of the Company and its subsidiaries until the end of 2015 and did not issue its final report until the date of preparation of these interim condensed consolidated financial statements.

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

(5) RELATED PARTIES

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

	<u>Country of Incorporation</u>	<u>Paid In Capital</u> JD	<u>Main Activity</u>	<u>Percentage Of Ownership</u> %
Al Aseel for Marketing of Ma'asel and Cigarettes	Jordan	100,000	Marketing	100
Union for Advanced Industries	Jordan	100,000	Marketing	100
Union Tobacco and Cigarette Industries - Iraq	Iraq	-	Marketing	100

Related parties include associates, major shareholders, board of directors members, executive management, as well as companies controlled or have a significant influence directly or indirectly, by those entities.

Balances of related parties included in the interim consolidated statement of financial position are as follows:

	31 March 2018 JD (Unaudited)	31 December 2017 JD (Audited)
Due from related parties:		
Union Investment Corporation (Parent Company)	<u>3,967,692</u>	<u>3,625,745</u>
Due to related parties:		
Union Land Development Company (Sister Company)	<u>3,294,433</u>	<u>2,728,018</u>

UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

Key management salaries and bonuses:

The Group's key management salaries and bonuses amounted to JD 40,050 for the three months ended in 31 March 2018 against JD 44,982 for the three months ended in 31 March 2017.

(6) PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment were amounted to JD 135 for the three months ended 31 March 2018 (31 March 2017: Nil).

(7) BANK OVERDRAFTS

	<u>Currency</u>	<u>Average Interest Rate</u>	<u>Ceiling</u> JD	<u>Utilized balance</u> JD
Bank Al Etihad	JD	5,5%	250,000	56,325
				<u>56,325</u>

This overdraft is guaranteed by the same guarantees disclosed in Note (9) "Bank Al Etihad Declining loan" of the interim condensed consolidated financial statements.

(8) CASH AND CASH EQUIVALENTS

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

	<u>31 March 2018</u> JD	<u>31 March 2017</u> JD
Cash and bank balances	1,597,455	131,955
Less: bank overdrafts (Note 7)	<u>(56,325)</u>	<u>(1,025,736)</u>
	<u>1,541,130</u>	<u>(893,781)</u>

UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

(9) LOANS

	Currency	Loans installments					
		31 March 2018 (Unaudited)			31 December 2017 (Audited)		
		Current portion	Long-term portion	Total	Current portion	Long-term portion	Total
		JD	JD	JD	JD	JD	JD
Bank Al Etihad – Revolving loan	JD	919,412	-	919,412	941,024	-	941,024
Bank Al Etihad - Revolving loan	USD	2,058,406	-	2,058,406	2,122,324	-	2,122,324
Bank Al Etihad – Declining loan	USD	2,288,652	13,358,029	15,826,681	2,288,652	13,812,140	16,100,792
		<u>5,266,470</u>	<u>13,538,029</u>	<u>18,804,499</u>	<u>5,352,000</u>	<u>13,812,140</u>	<u>19,164,140</u>

Bank Al Etihad - Revolving loan- JD

During 2017, the Company obtained a revolving loan with a ceiling of JD 1,000,000, and an annual interest rate of 5.5% with no commission if the loan is fully paid off in 2018. The guarantees on this loan are the same as those related to the declining loan from Bank Al Etihad, which is mentioned below in this disclosure.

Bank Al Etihad - Revolving loan- USD

During 2017, the Company obtained a revolving loan with a ceiling of USD 3,000,000, and an annual interest rate of 5.5% with no commission if the loan is fully paid off in 2018. The guarantees on this loan are the same as those related to the declining loan from Bank Al Etihad, which is mentioned below in this disclosure.

Bank Al Etihad – Declining loan- USD

The Company has obtained a declining loan in US Dollars amounted to USD 14,000,000 at an annual interest rate of 5.5% without commission repayable over 48 equal monthly installments of USD 326,000 each except for the last installment which will be due on 1 December 2018 which represents the remaining balance of the loan, and the first installment was due on 2 February 2014 and the last installment will be due on 1 January 2018.

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

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

UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

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

(10) OPERATING SEGMENTS

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

The Group is organized for administrative purposes through the following two business segments:

- Tobacco and Cigarettes.
- Marketing of Tobacco and Cigarettes.

The Group's management monitors the results of the business segment separately for performance evaluation purposes. Segment performance is evaluated based on operating profit or loss for each segment.

A geographical segment is associated with the providing products or services in a specific economic environment that is subject to risks and rewards that differs from those related to business segments in other economic environments.

UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

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

	Tobacco and Cigarettes	Marketing of Tobacco and Cigarettes	Total
	JD	JD	JD
For the three months ended 31 March 2018 (Unaudited) -			
<u>Revenues:</u>			
Revenues	695,487	3,132,420	3,827,907
<u>Segment results:</u>			
(Loss) profit for the period	(1,223,100)	1,036,485	(186,615)
<u>Other segment information:</u>			
Depreciation	(197,287)	(16,956)	(214,243)
Finance costs	(356,117)	-	(356,117)
For the three months ended 31 March 2017 (Unaudited) -			
<u>Revenues:</u>			
Revenues	1,229,616	108,218	1,337,834
<u>Segment results:</u>			
Loss for the period	(1,228,792)	(13,340)	(1,242,132)
<u>Other segment information:</u>			
Depreciation	(202,075)	(12,172)	(214,247)
Finance costs	(365,890)	-	(365,890)
As at 31 March 2018 (Unaudited) -			
<u>Assets and liabilities:</u>			
Segments assets	50,533,413	19,639,242	70,172,655
Segments liabilities	29,377,810	15,900,686	45,278,496
As at 31 December 2017 (Audited) -			
<u>Assets and liabilities:</u>			
Segments assets	51,752,321	19,011,914	70,764,235
Segments liabilities	29,260,065	16,309,840	45,569,905