

هيئة الأوراق المالية  
الدائرة الإدارية / الديوان

٢٠٢٠ ب ١١

الرقم المتسلسل: ٤٤٦٠٣٠٢  
الجهة المختصة: ١١٣ (جدة ٢)

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To: Jordan Securities Commission  
Amman Stock Exchange  
Date: 11/8/2020  
Subject: Quarterly Report of 31/3/2020

السادة هيئة الأوراق المالية  
السادة بورصة عمان  
التاريخ: ٢٠٢٠/٨/١١  
الموضوع: التقرير ربع السنوي كما هي في  
٢٠٢٠/٣/٣١

Attached the Quarterly Report of( union  
tobacco & cigarette industries co)in English  
as of 31/3/2020

مرفق طية نسخة من البيانات المالية ربع السنوية  
لشركة (مصانع الإتحاد لإنتاج التبغ والسجائر)  
باللغة الانجليزية كما هي بتاريخ ٢٠٢٠/٣/٣١

Kindly accept our highly appreciation and  
respect  
union tobacco & cigarette industries co.  
Member of the Board of Directors  
Mohammed ALshawawreh

وتفضلوا بقبول فائق الاحترام  
شركة مصانع الإتحاد لإنتاج التبغ والسجائر  
توقيع عضو مجلس الإدارة  
محمد الشواورة

UNION TOBACCO AND CIGARETTE INDUSTRIES  
PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2020



Building a better  
working world

Ernst & Young Jordan

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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 2020, comprising of the interim condensed consolidated statement of financial position as at 31 March 2020 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended and explanatory information. The Board of Directors 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 for qualified conclusion**

the Group's management did not perform a study for the provision for expected credit losses based on the historical credit loss experience adjusted for forward-looking factors and the economic environment in accordance with the requirements of IFRS (9) as of 31 March 2020. We were unable to determine the impact, on the interim condensed consolidated financial statements of the Group. Our opinion on the Consolidated financial statements for the year ended 31 December 2019 was qualified for the same reason.

### **Qualified conclusion**

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

### **Material uncertainty related to going concern**

Without further qualification in our conclusion, we draw attention to Note (2-4) about the interim condensed consolidated financial statements. As stated therein, the Group's accumulated losses amounted to 37% of the paid in capital as of 31 March 2020 and its current liabilities exceeded its current assets by JD 20,532,414 as of 31 March 2020, in addition to incurring a gross loss of JD 1,220,506 for the period then ended. These events and conditions in addition to the other matters related to the impact of coronavirus (Covid-19) outbreak as described in note (15) indicate that a material uncertainty exists that may cast doubt about the Group's ability to continue as a going concern.

Amman – Jordan

5 August 2020

*Ernst + Young*

**UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Notes	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<b>ASSETS</b>			
<b>Non-Curent Assets-</b>			
Property, plant and equipment	8	14,487,888	14,834,611
Intangible Asset		73,685	-
Investment properties		17,203	17,203
Financial assets at fair value through other comprehensive income	5	7,028,047	7,974,445
Projects Under Construction	4	23,484,748	23,484,748
Right of Use of Assets		86,088	98,386
		<u>45,177,659</u>	<u>46,409,393</u>
<b>Current assets-</b>			
Inventories		8,704,478	8,728,788
Trade receivables		7,365,272	5,775,099
Other current assets		3,885,793	3,352,229
Cash and bank balances	10	798,715	753,229
		<u>20,754,258</u>	<u>18,609,355</u>
<b>Total Assets</b>		<u>65,931,917</u>	<u>65,018,748</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Paid in capital		15,083,657	15,083,657
Statutory reserve	3	3,774,151	3,774,151
Voluntary reserve	3	2,149,688	2,149,688
Fair value reserve	5	(2,759,636)	(1,852,416)
Accumulated losses		(5,519,379)	(4,063,240)
<b>Net equity</b>		<u>12,728,481</u>	<u>15,091,840</u>
<b>Liabilities-</b>			
<b>Non-curent liabilities-</b>			
Long-term loans	12	11,861,463	11,778,899
Long-term lease obligation		55,301	53,175
		<u>11,916,764</u>	<u>11,832,074</u>
<b>Curent liabilities-</b>			
Current portion of long-term loans	12	5,625,123	5,952,479
Short-term lease obligation		48,907	48,907
Bank overdraft	9	342,864	68,972
Trade and other payables		27,462,118	24,967,575
Due to a related party	7	7,807,660	7,056,901
		<u>41,286,672</u>	<u>38,094,834</u>
<b>Total liabilities</b>		<u>53,203,436</u>	<u>49,926,908</u>
<b>Total Equity and Liabilities</b>		<u>65,931,917</u>	<u>65,018,748</u>

The attached notes from 1 to 15 form part of these interim condensed consolidated financial statements

**UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	Note s	For the three months ended 31 March	
		2020	2019
		JD	JD
Sales	13	1,307,579	1,332,670
Cost of sales		(2,528,085)	(2,235,350)
<b>Gross loss</b>		<b>(1,220,506)</b>	<b>(902,680)</b>
Gain on sale of property, plant and equipment		710,000	-
Cost of unutilized manufacturing capacity		(176,337)	(191,330)
Administrative expenses		(368,679)	(241,063)
Sales and marketing expenses		(134,859)	(115,121)
Depreciation of right of use assets		(12,298)	-
Amortization of intangible assets		(6,699)	-
Interest on lease obligation		(2,126)	-
Finance costs		(253,707)	(387,488)
Other income (expenses), net		1,023	(6,764)
<b>Loss for the period</b>		<b>(1,464,188)</b>	<b>(1,844,446)</b>
		<b>JD /Fils</b>	<b>JD /Fils</b>
<b>Basic and diluted loss per share for the year attributable to equity holders</b>	12	<b>(0/097)</b>	<b>(0/122)</b>

The attached notes from 1 to 15 form part of these interim condensed consolidated financial statements

**UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	For the three months ended 31 March	
	2020	2019
	JD	JD
<b>Loss for the period</b>	(1,464,188)	(1,844,446)
<b>Add: other comprehensive income items not to be reclassified to profit or loss in subsequent periods:</b>		
Change of fair value of financial assets at fair value through other comprehensive income	(899,171)	(7,568)
<b>Total comprehensive income for the period</b>	(2,363,359)	(1,852,014)

The attached notes from 1 to 15 form part of these interim condensed consolidated financial statements

**UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

	Paid in capital	Share premium	Statutory reserve	Voluntary reserve	Fair value reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD	JD	JD
<b>For the three months ended 31 March 2020 -</b>							
Balance as at 1 January 2020	15,083,657	-	3,774,151	2,149,688	(1,852,416)	(4,063,240)	15,091,840
Loss for the period	-	-	-	-	-	(1,464,188)	(1,464,188)
Other comprehensive income items	-	-	-	-	(899,171)	-	(899,171)
Total comprehensive income for the period	-	-	-	-	(899,171)	(1,464,188)	(2,363,359)
Gain on sale of financial assets at fair value through other comprehensive income	-	-	-	-	(8,049)	8,049	-
<b>Balance as at 31 March 2020</b>	<b>15,083,657</b>	<b>-</b>	<b>3,774,151</b>	<b>2,149,688</b>	<b>(2,759,636)</b>	<b>(5,519,379)</b>	<b>12,728,431</b>

**For the three months ended 31 March 2019 -**

Balance as at 1 January 2019	15,083,657	5,000,000	3,774,151	7,250,000	(1,916,691)	(10,100,312)	19,090,805
Loss for the period	-	-	-	-	-	(1,844,446)	(1,844,446)
Other comprehensive income items	-	-	-	-	(7,568)	-	(7,568)
Total comprehensive income for the period	-	-	-	-	(7,568)	(1,844,446)	(1,852,014)
Loss on sale of financial assets at fair value through other comprehensive income	-	-	-	-	7,568	(7,568)	-
<b>Balance as at 31 March 2019</b>	<b>15,083,657</b>	<b>5,000,000</b>	<b>3,774,151</b>	<b>7,250,000</b>	<b>(1,916,691)</b>	<b>(11,952,326)</b>	<b>17,238,791</b>

The attached notes from 1 to 15 form part of these interim condensed consolidated financial statements



**UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020 (UNAUDITED)**

		For the three months ended 31 March	
	Note	2020 JD	2019 JD
<b><u>OPERATING ACTIVITIES</u></b>			
Loss for the period		(1,464,188)	(1,844,446)
<b>Adjustments for -</b>			
Depreciation		391,637	399,274
Gain on sale of property, plant and equipment		(710,000)	-
Depreciation of right of use assets		12,298	-
Amortization of intangible assets		6,699	-
Interest on lease obligation		2,126	-
Finance costs		253,707	387,488
<b>Working capital changes -</b>			
Inventories		24,310	1,205,923
Accounts receivable and other current assets		(1,413,727)	283,868
Trade and other payables		2,494,543	(2,149)
Related parties		750,759	2,423,140
Income tax paid		-	(674,578)
<b>Net cash flows from operating activities</b>		<b>348,164</b>	<b>2,178,520</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Purchases of property, plant and equipment		(44,914)	-
Purchases of Intangible Assets		(80,384)	-
Purchases of financial assets at fair value through other comprehensive income		(59,574)	(92,250)
Proceeds from sale of financial assets at fair value through other comprehensive income		106,801	128,250
Projects Under Construction		-	(1,028,815)
<b>Net cash flows used in investing activities</b>		<b>(78,071)</b>	<b>(992,815)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Repayment of loans		(700,771)	(1,851,621)
Loans received		455,979	1,089,435
Finance costs paid		(253,707)	(387,488)
<b>Net cash flows used in financing activities</b>		<b>(498,499)</b>	<b>(1,149,674)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(228,406)</b>	<b>36,031</b>
Cash and cash equivalents at 1 January	10	684,257	108,203
<b>Cash and cash equivalents at 31 March</b>		<b>455,851</b>	<b>144,234</b>

The attached notes from 1 to 15 form part of these interim condensed consolidated financial statements

**(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 5 August 2020.

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

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

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual report as of 31 December 2019. In addition, the results for the three months period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

**(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.

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

	Country of Incorporation	Percentage of Ownership	
		31 March 2020	31 December 2019
Al Aseel for Marketing of Ma'asel and Cigarettes	Jordan	100%	100%
Union for Advanced Industries	Jordan	100%	100%

**(2-3) CHANGES IN ACCOUNTING POLICIES -**

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020 shown below:

**Amendments to IFRS 3: Definition of a Business**

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

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

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

### **Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7**

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

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

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.

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

### **(2-4) GOING CONCERN**

The accumulated losses of the group amounted to 37% of the paid-in capital as of 31 March 2020. In addition, current liabilities exceeded current assets by JD 20,532,414 as of 31 March 2020, in addition to incurring a gross loss of JD 1,220,506 for the period then ended. Management believes that it is appropriate to use the going concern basis for the interim condensed consolidated financial statements based on the Group's future business plans, in addition to the possibility of rescheduling or obtaining new bank facilities.

### **(3) LEGAL RESERVES**

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

**(4) PROJECTS UNDER CONSTRUCTION**

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

The following is the movement on projects under construction:

	31 March 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	23,484,748	7,799,219
Additions	-	15,685,529
Balance at the end of the period/year	23,484,748	23,484,748

**(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

This item represents the Group's contribution in the capital of the following companies:

	31 March 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
<b>Quoted Shares / Inside Jordan</b>		
Union Investments Corporation/ P.L.C (Parent Company)	2,053,514	2,318,981
Union Land Development Corporation/ P.L.C (Sister Company)	4,974,533	5,655,464
	7,028,047	7,974,445

The movement on the fair value reserve was as follows:

	31 March 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	(1,852,416)	(1,916,691)
Change in fair value of financial assets at fair value through other comprehensive income	(899,171)	(39,610)
(Loss) Gain on selling of financial assets at fair value through other comprehensive income	(8,049)	103,885
Balance at the end of the period/year	(2,759,636)	(1,852,416)

**UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2020**

**(6) INCOME TAX**

No Income tax provision was calculated for the three months ended in 31 March 2020 and the period ended in 31 March 2019, due to the excess of deductible expenses over taxable revenues in accordance with the Income Tax Law No. (34) of 2014 amended by law No. (38) of 2018.

The Company reached a final settlement with the income tax department up to the year 2012. The Income 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 2019, 2018, 2017 and 2016 up to the date of these interim condensed consolidated financial statements.

**(7) RELATED PARTIES BALANCES AND TRANSACTIONS**

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

	31 March 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
<b>Due to related parties:</b>		
Union Land Development Corporation- P.L.C (Sister company)	5,655,507	5,654,414
Union Investments Corporation – P.L.C (Parent company)	2,152,153	1,402,487
	<u>7,807,660</u>	<u>7,056,901</u>

The Group's investments in Union Land Development Corporation (Sister Company) and Union Investments Corporation (Parent Company) classified as financial assets at fair value through other comprehensive income amounted to JD 7,028,047 as of 31 March 2020 (31 December 2019: JD 7,974,445)

**Key management salaries and bonuses:**

The Group's key management salaries and bonuses amounted to JD 43,490 for the period ended in 31 March 2020 against JD 40,050 for the period ended in 31 March 2019.

**(8) PROPERTY, PLANT AND EQUIPMENT**

The Group had purchased property, plant and equipment in an amount of JD 44,914 for the period ended in 31 March 2020 (31 March 2019: Nil). During the three months ended 31 March 2020, the Group sold machinery used in the production of cigarettes in the amount of JD 710,000 resulting in a gain of JD 710,000 (2019: nil)

This item includes Land owned by Union Tobacco and Cigarette Industries PLC, in the area of Al-Jizah, Jordan, which are mortgaged by a first-degree mortgage in the amount of JD 15,000,000 in the favour of Bank Al-Etihad (Note 12).

**UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2020**

**(9) BANK OVERDRAFT**

	Currency	Average Interest Rate	Ceiling JD	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Bank Al Etihad	JD	5,5%	250,000	342,864	68,972
				<u>342,864</u>	<u>68,972</u>

This overdraft is guaranteed by the same guarantees disclosed in Note (12) of the interim condensed consolidated financial statements "Bank Al Etihad reducing loan". The Group exceeded the ceiling of the facilities granted from the bank as of 31 March 2020.

**(10) CASH AND CASH EQUIVALENTS**

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

	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Cash and bank balances	798,715	753,229
Less: bank overdrafts (Note 9)	<u>(342,864)</u>	<u>(68,972)</u>
	<u>455,851</u>	<u>684,257</u>

**(11) BASIC AND DILUTED LOSS PER SHARE**

	31 March 2020 JD (Unaudited)	31 March 2019 JD (Unaudited)
Loss for the period (JD)	(1,464,188)	(1,844,446)
Weighted average number of shares (Share)	15,083,657	15,083,657
<b>Basic loss per share for the period (JD / Fils)</b>	<u>(0/097)</u>	<u>(0/122)</u>

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

**UNION TOBACCO AND CIGARETTE INDUSTRIES - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2020**

**(12) LOANS**

	Currency	Loans installments					
		31 March 2020 (Unaudited)			31 December 2019 (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	508,524	-	508,524	515,002	-	515,002
Bank Al Etihad - Revolving loan	USD	2,827,947	-	2,827,947	3,148,825	-	3,148,825
Bank Al Etihad – Reducing loan	USD	2,288,652	11,861,463	14,150,115	2,288,652	11,778,899	14,067,551
		<u>5,625,123</u>	<u>11,861,463</u>	<u>17,486,586</u>	<u>5,952,479</u>	<u>11,778,899</u>	<u>17,731,378</u>

**Bank Al Etihad - Revolving loan- JD**

During 2017, "Union Tobacco and Cigarette Industries PLC" has obtained a revolving loan in the amount of JD 1,000,000 at an annual interest rate of 5.5% without subject to the full repayment of the loan during that financial year. The Group reached an agreement with the bank to reschedule the loan to be fully paid during 2020. The guarantee for this loan is the same guarantee as in the declining loan from Bank Al Etihad mentioned in this disclosure.

**Bank Al Etihad - Revolving loan- USD**

During 2017, "Union Tobacco and Cigarette Industries PLC" has obtained a revolving loan in the amount of USD 3,000,000 at an annual interest rate of 5.5% without commission if the loan is paid off during that financial year. The Group reached an agreement with the bank to reschedule the loan to be fully paid during 2020. The guarantee for this loan is the same guarantee as in the declining loan from Bank Al Etihad mentioned in this disclosure.

**Bank Al Etihad – Reducing loan- USD**

"Union Tobacco and Cigarette Industries PLC" has obtained a reducing loan in US Dollars amounted to USD 14,000,000 at an annual interest rate of 5.5% without commission repayable over 48 equal monthly installments of USD 326,000 to be paid starting from 2 February 2014 each except for the last installment which will be due on 1 January 2019 which represents the remaining balance of the loan.

The loan is guaranteed by the purchased shares of the Union Land Development Corporation – PLC and Union Investment Corporation - PLC and the resulting dividends, which are classified as financial assets at fair value through other comprehensive income. The loan is also secured by a first degree real estate mortgage with an amount of JD 15,000,000 and endorsement of insurance policy in favor of the bank in the amount of JD 21,000,000.

On 12 August 2015, the declining loan was increased to become USD 17,000,000 at an annual interest rate of 5.5% less a margin of 0.25% without commission. The loan is repayable over 48 equal monthly installments of USD 394,000 each, the first installment was due on 30 September 2015 and the last installment which represents the remaining balance the loan will be due on 30 August 2019 under the same conditions and collaterals mentioned above.



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

Pursuant to the Jordanian Defence Law and the resulting facilities, the banking authorities have provided facilities to support the industrial sectors by postponing the instalments and interests of the months affected by the outbreak of the Corona virus, to be paid at the end of the year 2020.

**(13) SALES**

	31 March 2020	31 March 2019
	JD	JD
	(Unaudited)	(Unaudited)
Local sales	1,632,477	37,438
Foreign sales	679,549	1,295,232
Less: sales discounts	(1,004,447)	-
	<u>1,307,579</u>	<u>1,332,670</u>

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

**(14) 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.

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

	Tobacco and Cigarettes	Marketing of Tobacco and Cigarettes	Total
	JD	JD	JD
<b>For the three months ended 31 March 2020 (Unaudited) -</b>			
<b><u>Revenues:</u></b>			
Revenues	692,083	615,496	1,307,579
<b><u>Segment results:</u></b>			
Loss for the period	(603,063)	(861,125)	(1,464,188)
<b><u>Other segment information:</u></b>			
Depreciation	(384,574)	(7,063)	(391,637)
Finance costs	(253,566)	(141)	(253,707)
<b>For the three months ended 31 March 2019 (Unaudited) -</b>			
<b><u>Revenues:</u></b>			
Revenues	1,303,365	29,305	1,332,670
<b><u>Segment results:</u></b>			
Loss for the period	(1,785,698)	(58,748)	(1,844,446)
<b><u>Other segment information:</u></b>			
Depreciation	(395,091)	(4,183)	(399,274)
Finance costs	(387,488)	-	(387,488)
<b>As at 31 March 2020 (Unaudited) -</b>			
<b><u>Assets and liabilities:</u></b>			
Segments assets	63,667,453	2,264,464	65,931,917
Segments liabilities	49,905,621	3,297,815	53,203,436
<b>As at 31 December 2019 (Audited) -</b>			
<b><u>Assets and liabilities:</u></b>			
Segments assets	63,169,589	1,849,159	65,018,748
Segments liabilities	47,787,188	2,139,720	49,926,908

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

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

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

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

Pursuant to the Jordanian Defense Law and the facilities resulting therefrom, the Central Bank of Jordan authorized banking agents to grant facilities to support the industrial sectors by postponing the loan installments and interest payments due during the months affected by the outbreak of the Corona Virus until the end of the year 2020. In addition, the existing works in Iraq relating to the projects under have been suspended for a period of five months, which led to a rescheduling of the planned commencement of operations.