SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH INDEPENDENT AUDITORS' REPORT

Crowe Horwath

Al Azem & Al Sudairy
CPA's & Consultants
Member Crowe Horwath International

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Crowe Horwath.

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Independent Auditors' Report

To the Shareholders
Saudi Cable Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Saudi Cable Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes from (1) to (31) to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the paragraphs of basis for Qualified Opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the international financial reporting standards generally accepted in the Kingdom of Saudi Arabia.

Basis for Qualified Opinion

a. We were unable to obtain sufficient appropriate evidence in respect of the recoverability of unbilled revenues related to a subsidiary, amounted to SR 20.66 million as of December 31, 2017 (December 31, 2016: SR 28.66 million) that are overdue for more than one year. Consequently, we were unable to determine whether adjustments might have been necessary in respect of unbilled revenue as at December 31, 2017.

b. We were unable to obtain sufficient appropriate evidence in respect of the recoverability of development costs amounting to SR 13.4 million as of December 31, 2017 (December 31, 2016: SR 20.86 million), in the absence of commercial and financial feasibility of specialized cables and its accessories. Consequently, we were unable to determine whether adjustments might have been necessary in respect of development costs as at December 31, 2017.

c. We were unable to obtain sufficient appropriate evidence in respect of the accrued expenses related to Saudi Cable Company amounting to SR 13.5 million as of December 31, 2017. In light of the above, we were not able to determine whether any adjustments to accrued expenses were required and we were unable to determine the possible impact on the consolidated financial statements for the year ended December 31, 2017.

d. We were unable to obtain sufficient appropriate evidence in respect of the inventory stock count as of December 31, 2017 as we were appointed as an auditor after the date of stock count. Moreover, we unable to obtain sufficient appropriate evidence for slow moving items. In light of the above, we were not able to determine whether any adjustments to inventory were required and we were unable to determine the possible impact on the consolidated financial statements for the year ended December 31, 2017.

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Independent Auditors' Report - Continued

To the Shareholders
Saudi Cable Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

e. We did not receive a bank confirmation for BNP in respect of the loan and cash margin balances amounting to SR 27 million and SR 11 million respectively as of December 31, 2017. In light of the above, we were unable to make alternative to verify the balances so we have not been able to obtain sufficient appropriate audit evidence to bank balances for the year ended December 31, 2017.

We conducted our audit in accordance with international auditing standards generally accepted in the Kingdom of Saudi Arabia.

Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Emphasis of matter

Without further qualifying our opinion, we draw attention to the following:

In accordance with the Board of Directors' decision issued on June 4, 2017, Saudi Cables Company has amortized the accumulated losses by SR 355.89 million by reducing the Company's capital. Accordingly, the Company's new capital has reached to SR 404 million.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Basis of preparation of consolidated financial statements relating to IFRS adoption and disclosure of effects of IFRS adoption.

Key Audit Matters	*How our audit addressed key audit matters*
For all periods up to and including the year ended 31 December, 2016, the Group prepared and presented its statutory consolidated Financial Statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by SOCPA. For the financial periods commencing 1 January, 2017, the applicable regulations require the Group to prepare and present its consolidated Financial Statements in accordance with international Financial Reporting Standards as issued by the International Accounting Standards Board and endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA (IFRS as endorsed in Kingdom of Saudi Arabia).	We performed the following procedures in relation to change in financial reporting framework: Considered the Group's governance process around the adoption of IFRS as endorsed in Kingdom of Saudi Arabia, especially, in relation to matters requiring management to exercise its judgment; Obtained an understanding of the analysis performed by management to identify all significant differences between previous reporting framework and IFRS as endorsed in Kingdom of Saudi Arabia which can impact the Group's financial statements;

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Independent Auditors' Report - Continued

To the Shareholders
Saudi Cable Company
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Jeddah, Kingdom of Saudi Arabia

Basis of preparation of consolidated financial statements relating to IFRS adoption and disclosure of effects of IFRS adoption.

Key Audit Matters	*How our audit addressed key audit matters*
Accordingly, the Group has prepared its Consolidated Financial Statements, for the year ended 31 December 2017, under IFRS as endorsed in Kingdom of Saudi Arabia using IFRS 1 "First time Adoption of International Financial Reporting Standards"(IFRS 1). As part of this transition to IFRS as endorsed in Kingdom of Saudi Arabia, the Group's management performed a detailed gap analysis to identify differences between previous reporting framework and IFRS as endorsed in Kingdom of Saudi Arabia, determined the transition adjustments in light of this gap analysis and relevant requirements of IFRS 1, and assessed the additional disclosures required in the consolidated financial statements. We considered this as a key audit matter as the transitional adjustments due to the change in the financial reporting framework and transition related disclosures in the consolidated financial statements require additional attention during our audit.	Evaluated the results of management's analysis and key decisions taken in respect of the transition using our knowledge of the relevant requirements of the IFRS as endorsed in Kingdom of Saudi Arabia and our understanding of the Group's business and its operations; Tested the transition adjustments by considering management's gap analysis, the underlying financial information and the computation of these adjustments; and Evaluated the disclosures made in relation to the transition to IFRS as endorsed in Kingdom of Saudi Arabia by considering the relevant requirements of IFRS 1

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Independent Auditors' Report - Continued

To the Shareholders
Saudi Cable Company
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<table>
<tr><th colspan="2">Bank Borrowings And Financial Restructuring</th></tr>
<tr><th>Key Audit Matters</th><th>How our audit addressed key audit matters</th></tr>
<tr><td>The Group secured financial restructuring agreements with its four main lenders which, requires the Group to comply with additional covenants and allows the Group to reschedule repayment of its debts over a period of 7 years, culminating with a final payment at the end of December 2022 subject to certain additional requirements. The total debt restructured is SR 793 million SAR including accumulated financing costs of SR 85 million SAR. The said agreement mainly stipulates following conditions:
▪ Total repayment of debt by the year 2022, beginning from June 30, 2016.
▪ Rights issue of Company's shares to take place before December 31, 2017 (subsequently amended to June 30, 2018).
▪ Maintaining financial covenants, throughout the financing period including leverage ratios, minimum cash cover and minimum cash balance requirements.
▪ Assignment of all the dividends, commission, income, distributions and other proceeds, whether in cash or otherwise, including the proceeds arising out of the liquidation of investments from the equity accounted investee.
▪ Pledge of bank accounts for amounts not exceeding SR 15.5 million.

Furthermore, the Group has agreed to dispose certain domestic and international real estate properties and utilize its proceeds for repayment of restructured Murabaha Facility Agreement amounting to SR 172.93 million. Moreover, the Group shall not create charge, mortgage, lien, pledge or other encumbrance on any of the Group's property, revenue or assets without obtaining the consent of SIDF.</td><td>We performed the following procedures:

▪ Obtain a schedule of secured financial restructuring agreements.
▪ Assess the design and implementation and tested the effectiveness of the group's control.
▪ Check the facilities agreements with banks and the repayment reschedule agreements for the loans.
▪ Obtain bank confirmations that confirm the loans balances.</td></tr>
</table>

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Independent Auditors' Report - Continued

To the Shareholders
Saudi Cable Company
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Jeddah, Kingdom of Saudi Arabia

Inventory	
Key Audit Matters	***How our audit addressed key audit matters***
As of December 31, 2017, the group's inventories balance was SR 314.3 million (2016: SR 378.2 million) net of allowance for slow moving inventories of SR 64.6 million (2016: SR 96.8 million). Inventory are stated at the lower of cost and net realizable value and the group makes allowance where necessary. At each reporting date the management reviews valuation of inventories and the cost of inventories are written down where inventories are forecasted to be sold at below cost. We consider this as key audit matter due to the significant judgments and key assumption applied by the management in determining the level of inventories write down required based on net realizable value (NRV) assessment.	We performed the following audit procedures in relation to the valuation of inventories: ▪ Assess the design and implementation and evaluate the effectiveness of the group's control. ▪ Test the net realizable value for finished goods inventories by considering actual sales post year - end and the assumption used by management to check whether inventories are valued at the lower of cost and net realizable value.

Other information

Management is responsible for other information. Other information does not include the consolidated financial statements and the report on the audit of the consolidated financial statements.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated, if we conclude that there is a material misstatement therein, we are to communicate the matter to those charged with governance required.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with standards generally accepted in the Kingdom of Saudi Arabia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Independent Auditors' Report - Continued

To the Shareholders
Saudi Cable Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditing standards generally accepted in the Kingdom of Saudi Arabia, 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 decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group 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 communicate with those charged with governance 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.

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Independent Auditors' Report - Continued

To the Shareholders
Saudi Cable Company
(A Saudi Joint Stock Company)
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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements - Continued

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend to approve these consolidated financial statements by the general assembly. Except, that the Company did not issue its consolidated financial statements for the year ended December 31, 2017 in accordance with the Saudi Companies Regulations.

License No 323/11/148
Al Azem & Al Sudairy
Certified Public Accountants

AlAzem & AlSudairy
Certified Public Accountants

Abdullah M. AlAzem
License No. 335

15 Rajab 1439H (April 1, 2018)
Jeddah, Saudi Arabia

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017
(Expressed in thousands of Saudi Arabian Riyals)

	Notes	December 31, 2017	December 31, 2016 (restated)	January 01, 2016 (restated)
ASSETS				
Current assets				
Cash and cash equivalents	4	**83,626**	29,359	60,094
Trade receivables	5	**329,758**	466,030	521,414
Unbilled revenue	6	**48,557**	47,218	64,322
Inventories	7	**249,773**	281,417	331,802
Retentions receivable - current portion	8	**72,014**	74,147	88,698
Prepayments and other receivables	9	**109,195**	110,763	156,230
Total current assets		**892,923**	**1,008,934**	**1,222,560**
Non-current assets				
Financial assets at fair value through other comprehensive income		**661**	661	650
Investments in associate companies	10	**416,845**	470,971	469,985
Retentions receivable - non-current portion	8	**22,247**	51,853	71,988
Investment properties	11	**27,831**	28,794	29,757
Property, plant and equipment	12	**569,730**	649,526	767,068
Deferred tax asset	13	**4,821**	5,568	5,834
Intangible assets	14	**19,058**	29,150	150,542
Total Non-current assets		**1,061,193**	1,236,523	1,495,824
Total assets		**1,954,116**	2,245,457	2,718,384
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term loans	15	**126,621**	142,522	742,122
Long-term loans - current portion	15	**258,071**	265,671	177,209
Obligations under finance lease – current portion	16	**7,170**	9,358	9,454
Accounts payable		**339,073**	406,865	463,995
Due to related parties	17	**64,563**	68,790	62,949
Accrued expenses and other payables	18	**299,639**	278,874	393,827
Zakat and income-tax	13	**101,946**	91,056	80,191
Total current liabilities		**1,197,083**	1,263,136	1,929,747
Non-current liabilities				
Long-term loans	15	**473,776**	594,515	173,472
Obligations under finance lease – non-current portion	16	**11,538**	14,871	20,126
Employees' end of service benefits	19	**56,269**	67,686	67,444
Total non-current liabilities		**541,583**	677,072	261,042
Total liabilities		**1,738,666**	1,940,208	2,190,789
SHAREHOLDERS' EQUITY				
Share capital	20	**404,114**	760,000	760,000
Statutory reserve		**-**	-	63,432
Cumulative changes in fair values	21	**(11,650)**	5,095	(13,694)
Foreign currency translation reserve		**(7,068)**	(14,348)	(9,143)
Accumulated losses	22	**(175,542)**	(451,115)	(279,154)
Total Shareholders' equity before Non-controlling interests		**209,854**	299,632	521,441
Non-controlling interests		**5,596**	5,617	6,154
Total Shareholders' equity		**215,450**	305,249	527,595
Total liabilities and Shareholders' equity		**1,954,116**	2,245,457	2,718,384

The accompanying notes 1 to 31 form an integral part of this consolidated financial statements and should be read together with the consolidated financial statements and independent audit report.

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017
(Expressed in thousands of Saudi Arabian Riyals)

	Notes	FOR THE YEAR ENDED DECEMBER 31 2017	2016 (restated)
Revenue		**1,342,477**	1,564,555
Costs of revenue		**(1,290,559)**	(1,525,204)
Gross profit		**51,918**	39,351
General and administrative expenses	23	**(88,800)**	(129,161)
Selling and distribution expenses	24	**(37,272)**	(51,924)
Loss from operations		**(74,154)**	(141,734)
Financial charges - net		**(65,394)**	(65,258)
Share of (loss) / income from associate companies	10	**(23,238)**	42,577
Impairment of intangible assets	14	**-**	(111,931)
Other income – net		**94,827**	51,460
Net loss for the year before zakat and tax and non-controlling interests		**(67,959)**	(224,886)
Zakat and income-tax	13	**(12,362)**	(10,952)
Net loss for the year before non-controlling interests		**(80,321)**	(235,838)
Other Comprehensive income :			
Company's share of foreign currency translation		**7,280**	(5,205)
Cumulative change in fair value of investments		**(16,745)**	18,789
Non-controlling interests		**(13)**	(92)
Total comprehensive loss for the year		**(89,799)**	(222,346)
Net loss for the year attributable to			
Company's shareholders		**(80,313)**	(235,393)
Non-controlling interests		**(8)**	(445)
		(80,321)	(235,838)
Net comprehensive loss for the year attributable to			
Company's shareholders		**(89,778)**	(221,809)
Non-controlling interests		**(21)**	(537)
		(89,799)	(222,346)
Loss per share from:			
Loss per share from operations for the year	25	(1.34)	(1.86)
Net loss per share for the year	25	(1.45)	(3.10)

The accompanying notes 1 to 31 form an integral part of this consolidated financial statements and should be read together with the consolidated financial statements and independent audit report.

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
(Expressed in thousands of Saudi Arabian Riyals)

	Equity attributable to the shareholders' of the Parent Company							
	Share capital	Statutory reserve	Cumulative changes in fair values	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests (NCI)	Total equity
Balance at January 1, 2017 (restated)	760,000	-	5,095	(14,348)	(451,115)	299,632	5,617	305,249
Net comprehensive loss for the year	-	-	-	-	(80,313)	(80,313)	(8)	(80,321)
Fair value adjustments	-	-	(16,745)	-	-	(16,745)	-	(16,745)
Foreign currency translation reserve movement	-	-	-	7,280	-	7,280	-	7,280
Non-controlling interests movements	-	-	-	-	-	-	(13)	(13)
Reduction of share capital	(355,886)	-	-	-	355,886	-	-	-
Balance at December 31, 2017	404,114	-	(11,650)	(7,068)	(175,542)	209,854	5,596	215,450
Balance at January 1, 2016 (restated)	760,000	63,432	(13,694)	(9,143)	(279,154)	521,441	6,154	527,595
Net comprehensive loss for the year	-	-	-	-	(235,393)	(235,393)	(445)	(235,838)
Fair value adjustments	-	-	18,789	-	-	18,789	-	18,789
Foreign currency translation reserve movement	-	-	-	(5,205)	-	(5,205)	-	(5,205)
Non-controlling interests movements	-	-	-	-	-	-	(92)	(92)
Absorption of accumulated losses through transfer of statutory reserve	-	(63,432)	-	-	63,432	-	-	-
Balance at December 31, 2016 (restated)	760,000	-	5,095	(14,348)	(451,115)	299,632	5,617	305,249

The accompanying notes 1 to 31 form an integral part of this consolidated financial statements and should be read together with the consolidated financial statements and independent audit report

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Expressed in thousands of Saudi Arabian Riyals)

	For The Year Ended December 31,	
	2017	2016 (restated)
Cash flows from operating activities:		
Net loss before Zakat and income-tax and non-controlling interests	(67,959)	(224,886)
Adjustments for:		
Depreciation of property, plant and equipment and investment property	97,236	106,590
Reversal for provision for doubtful debts	(5,707)	(5,793)
Provision for slow-moving inventories	(32,168)	17,800
Provision against investments	-	(11)
Gain on disposal of property, plant and equipment	(113)	(41,102)
Amortization of intangible assets	12,170	12,626
Impairment of intangible assets	-	111,931
Deferred tax asset	747	266
Share of loss (income) from associate	23,238	(42,577)
Provision for employees' end of service benefits	8,073	7,060
Finance charges	65,394	65,258
Changes in operating assets and liabilities:		
Trade receivables	141,979	61,177
Retention receivables	31,739	34,686
Prepayments and other receivables	1,568	59,438
Unbilled revenue	(1,339)	17,104
Inventories	63,812	32,583
Accounts payables	(67,792)	(57,130)
Accrued expenses and other payables	20,765	(31,402)
Due to related parties	(4,227)	5,841
	287,416	129,459
Zakat paid	(1,472)	(87)
Financial charges paid	(65,394)	(41,678)
Employees' end of service benefits paid	(19,490)	(6,818)
Net cash provided by / (used in) operating activities	201,060	80,876
Cash flows from investing activities		
Additions to property, plant and equipment	(16,547)	(23,141)
Additions to intangible assets	(2,078)	(3,165)
Proceeds from disposal of property, plant and equipment	183	76,157
Dividend received from an equity accounted investee	21,341	41,202
Net cash provided by investing activities	2,899	91,053
Cash flows from financing activities		
Net movement in long and short-term loans	(144,240)	(197,313)
Net movement in obligations under finance lease	(5,521)	(5,351)
Net movement in restricted cash against financing	955	25,298
Net cash used in financing activities	(148,806)	(177,366)
Net movement in cash and cash equivalents	55,153	(5,437)
Foreign currency translation movement	69	-
Cash and cash equivalents at the beginning of the year	28,042	33,479
Cash and cash equivalents at the end of the year	83,264	28,042
Non-cash information:		
Cumulative changes in fair value of derivative financial instruments	16,745	18,789
Foreign currency translation movement	7,280	(5,205)

The accompanying notes 1 to 31 form an integral part of this consolidated financial statements and should be read together with the consolidated financial statements and independent audit report.

(Expressed in thousands of Saudi Arabian Riyals)

1. THE COMPANY, SUBSIDIAIRIES AND ITS PRINCIPAL ACTIVITIES

Saudi Cable Company ("the Company" or "the Parent Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030009931 dated 27 Rabi AlThani 1396H, (corresponding to April 27, 1976).

The Group's ("Parent Company" and its "subsidiaries") activities are manufacturing and supplying electrical and telecommunication cables, copper rod, PVC compounds, wooden reels and related products. The Group is also engaged in the contracting, trading, distribution and supply of cables, electronic products, information technology products and related accessories.

The registered office of the Company is located at the following address:
Saudi Cable Company
P. O. Box 4403, Jeddah 21491
Kingdom of Saudi Arabia

The accompanying consolidated financial statements include assets, liabilities and the results of the operations of the following subsidiaries:

Company's name	Principal activities	Country of incorporation	Effective % of ownership 2017	Effective % of ownership 2016
Domestic				
Saudi Cable Company for Marketing Limited	Purchase and sale of electrical cables and related products	Saudi Arabia	**100%**	100%
Mass Projects for Power and Telecommunications Limited	Turnkey power and telecommunication projects	Saudi Arabia	**100%**	100%
Mass Centers for Distribution of Electrical Products Limited	Electrical and telecommunication distribution services	Saudi Arabia	**100%**	100%
International				
Mass Kablo Yatirim Ve Ticaret Anonim Anonim Sirketi	Holding Company (Previously Mass Holding Company)	Turkey	**100%**	100%
Demirer Kablo Tesisleri Sanayi Ve Ticaret Anonim Sirketi	Manufacture, supply and trading of electrical cables	Turkey	**100%**	100%
Mass International Trading Company Limited (dormant)	International trading	Ireland	**100%**	100%
Saudi Cable Company (U.A.E) L.L.C. *	Sale of cables and related products	United Arab Emirates	**100%**	100%
Elimsan Salt Cihazlari ye Elektromekanik San ve Tic. A.S	Manufacture and distribution of electronic gears and goods	Turkey	**94%**	94%
Elimsan Metalurji ve Makine San. Ve Tic. A.S.	Manufacture and distribution of electronic gears and goods	Turkey	**94%**	94%

(Expressed in thousands of Saudi Arabian Riyals)

* The investments in the subsidiary Saudi Cable Company (U.A.E) L.L.C. was accounted based on the financial statements prepared by the management of subsidiary. The management believes that there are no material adjustments to the financial statements provided and the management believes that these account not significant on the consolidate financial statements.

As at December 31, the Group has the following investments in equity accounted investees:

Company's name	Principal activities	Country of incorporation	% of ownership 2017	% of ownership 2016
Midal Cables W.L.L.	Conductors & related products	Bahrain	**50%**	50%
XECA International Information Technology	Implementation of information Systems and network services	Saudi Arabia	**25%**	25%

All subsidiaries and equity accounted investees have the same year-end as the Parent Company.

The consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") has been approved by the board of directors on March 31, 2018.

2. Basis of preparation

Statement of compliance

This consolidated financial statements of the Group has been prepared in compliance with the IFRS - International Financial Reporting Standards as endorsed by Saudi Organization for Certified Public Accountants (SOCPA) in the Kingdom of Saudi Arabia.

For all periods up to and including the year ended December 31, 2016, the Group prepared its financial statements in accordance with local generally accepted accounting principles as issued by SOCPA ("previous GAAP"). The Group will prepare its first annual consolidated financial statements for the year ending December 31, 2017 in accordance with IFRS as endorsed by SOCPA in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA. Also, see note (27).

Basis of measurement

This consolidated financial statements has been prepared on a historical cost basis except for derivative financial instruments and financial assets at fair value through other comprehensive income, which are measured at fair value.

(Expressed in thousands of Saudi Arabian Riyals)

Changes in accounting policies

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below.

Effective for annual periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
Annual reporting periods beginning on or after January 1, 2018, early adoption is permitted	IFRS 15 Revenue from contracts with customers	IFRS 15 establishes a five step model for all types of revenue contracts, accordingly revenue can either be recognized at appoint in time or over a period of time. The standard replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for Construction of Real Estate and IFRIC 18 Transfer of Assets from Customers.
Annual reporting periods beginning on or after 1 January 2019, early adoption is permitted	IFRS 16 – Leases	IFRS 16 proposes a lease classification that would be based on the nature of asset that was the subject of the lease. Accordingly, all leases would be classified as Type A or Type B leases. The standard features a right of use (ROU) model that would require leases to recognize most leases on the balance sheets as lease liabilities with corresponding right of use assets.
Annual reporting periods beginning on or after January 1, 2018, early adoption is permitted	IFRS 9 – Financial instruments	IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group is currently assessing the implications of adopting the above mentioned standards on the Group's consolidated financial statements on adoption.

Critical accounting estimates and judgments

The preparation of Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Information about estimates and judgments made in applying accounting policies that could potentially have an effect on the amounts recognized in the consolidated financial statements, are discussed below:

(a) *Allowance for impairment of trade receivables*

An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The Group provides an amount as allowance for doubtful trade receivables on a monthly basis and reassesses the closing balance at each reporting date based on ageing of receivables and the detailed analysis of receivable from each customers on a case to case basis and adjusts the closing balance of the allowance accordingly.

(b) *Allowance for inventory obsolescence*

The Group determines its allowance for inventory obsolescence based upon historical experience, current condition, and current and future expectations with respect to sales or use. The estimate of the Group's allowance for inventory obsolescence could change from period to period, which could be due to differing remaining useful life of the portfolio of inventory from year to year.

(c) *Useful lives and residual values of property, plant and equipment*

The management determines the estimated useful lives and residual values of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the useful lives and residual value annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

(d) *Impairment of non-financial assets with definite useful lives*

The Group assesses, at each reporting date or more frequently if events or changes in circumstances indicate, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell, or its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets exist, it is based on discounted future cash flow calculations.

(e) Employee benefits – defined benefit plan

The value of post-employment defined benefits are the present value of the related obligation, as determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age, mortality rates etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed annually.

3. Significant accounting policies

The accounting policies set out below have been applied consistently in the preparation of this consolidated financial statements and in preparing the opening statement of financial position at January 1, 2016 for the purposes of transition to IFRS, except for the application of relevant exceptions or available exemptions as stipulated in IFRS (1). Details of such transition adjustments are disclosed in Note (27).

Basis of consolidation

a) *Subsidiaries*

Subsidiaries are entities which are controlled by the Group. To meet the definition of control, all three criteria must be met:

- the Group has power over the entity;
- the Group has exposure, or rights, to variable returns from its involvement with the entity; and
- the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the control is transferred from the Group. The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated statement of comprehensive income from the date of the acquisition or up to the date of disposal, as appropriate.

b) Transactions eliminated on consolidation

Intra-group balances and transactions, arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Income, expenses and unrealized gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Property, plant and equipment

a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in profit or loss.

b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

c) Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful life. Land is not depreciated.

The estimated useful life for the current and comparative periods are as follows:

Description	Years
Buildings	15 – 50
Machinery and equipment	4 – 20
Furniture and fixtures	4 – 10

Depreciation methods, useful life and residual values are reviewed at least annually and adjusted prospectively if required.

Intangible assets

Intangible assets comprise development cost, deferred cost, rights and licenses which have finite life and are amortized over 3 to 22 years from the implementation date. These are tested for impairment whenever there is an indication that the intangible may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least annually. Any change in the estimated useful life is treated as a change in accounting estimate and accounted for prospectively.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted average method, and includes expenditure incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other highly liquid investments with original maturities of three months or less from the date of acquisition.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Financial instruments

The Group classifies its financial assets, to the extent applicable, in the following categories:

- Financial assets at fair value through profit or loss (FVTPL).
- Loans and receivables.
- Held-to-maturity investments.
- Available-for-sale financial assets (AFS).

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are de-recognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortized cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognized as follows:

- For 'financial assets at fair value through profit or loss' – in profit or loss within other income or other expenses
- For available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortized cost of the security are recognized in profit or loss and other changes in the carrying amount are recognized in other comprehensive income
- For other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortized cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

Assets classified as financial assets at fair value through other comprehensive income

If there is objective evidence of impairment for financial assets at fair value through other comprehensive income, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss.

Impairment losses on equity instruments that were recognized in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Income recognition

Interest income

Interest income is recognized using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

Dividends

Dividends are recognized as income in other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Derivative financial instruments

Derivative financial instruments, principally representing profit rate swap, are initially recorded at cost and re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instrument, as it does not qualify for hedge accounting, are recognized in profit or loss as part of "Fair value (loss)/gain on derivative financial instruments" as they arise and the resulting positive and negative fair values are reported under assets and liabilities, respectively, in the consolidated statement of financial position.

Leases

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the asset or assets subject to the lease arrangement. Payments made under operating leases are charged to profit or loss on a Straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty, net of anticipated rental income (if any), is recognized as an expense in the period in which termination takes place.

Impairment of assets

The carrying amounts of the Group's non-financial assets (other than goodwill and intangible assets with indefinite useful life, if any which are tested at least annually for impairment), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs of disposal and value in use. The fair value less costs of disposal is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is arrived based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre- tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Employee benefits

Short-term employee benefits

Short term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

Defined benefit plans

The Group's obligation under employee end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurements of the defined benefit liability, which comprise actuarial gains and losses are recognized immediately in OCI. The Group determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Revenue

Sale of goods is recognized when the significant risks and rewards of ownership has been transferred to the customer, and the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the Group. Revenue is measure net of returns, trade discounts and volume rebates. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

IAS 23, Borrowing cost requires any incremental transaction cost to be amortized using the Effective Interest Rate (EIR). The Group accounts for finance cost (Interest cost and amortization of transaction cost) as per the effective interest rate method. For floating rate loans, EIR determined at initial recognition of loan liabilities is used for the entire contract period. Borrowing cost incurred for any qualifying assets are capitalized as part of the cost of the asset.

Zakat

The Group is subject to Zakat in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"). Zakat expense for the Group and zakat related to the Company's ownership in the Saudi Arabian subsidiary is charged to the profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for in the period in which these are determined.

Zakat and income tax are provided on an accrual basis. The zakat charge is computed on the zakat base. Income tax is computed on adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Segment reporting

Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

An operating segment is group of assets and operations:

- Engaged in revenue producing activities;
- Results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- Financial information is separately available.

First time adoption of IFRS

These are the first general purpose consolidated financial statements prepared by the Group in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA in the Kingdom of Saudi Arabia. For all periods up to and including the year ended December 31, 2016, the Group prepared its consolidated financial statements in accordance with generally accepted accounting principles as issued by SOCPA ("previous GAAP").

(Expressed in thousands of Saudi Arabian Riyals)

Accordingly, as per the requirements of IFRS 1, "First time adoption of International Financial Reporting Standards", the Group has prepared its consolidated financial statements as at and for the year ended December 31, 2017, December 31, 2016 and January 1, 2016, together with the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year ended December 31, 2016 as described in the summary of significant accounting policies (see Note 3).

The Group's opening consolidated statement of consolidated statement of financial position was prepared as at January 1, 2016, which is the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its previous GAAP consolidated financial statements, including the consolidated statement of financial position as at January 1, 2016 and the consolidated financial statements for the year ended December 31, 2016.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	2017	2016
Cash in hand	**597**	6,000
Cash at banks in current accounts	**82,667**	22,042
Cash and cash equivalents for cash flow purposes	**83,264**	28,042
Restricted cash *	**362**	1,317
	83,626	29,359

* Restricted cash represents the cash held in current accounts, under lien, not available to the Group for its operations.

5. TRADE RECEIVABLES

Trade receivables comprise the following:

	2017	2016
Trade receivables	**488,219**	630,076
Due from related parties (Note 17)	**187**	309
	488,406	630,385
Less: provision for doubtful debts	**(158,648)**	(164,355)
	329,758	466,030

6. UNBILLED REVENUE

Unbilled revenue represents project related revenue recognized, using the percentage of completion method, but not yet billed as at December 31, 2017. This also includes an amount of SR 20.66 million (December 31, 2016: SR 28.66 million) which remains overdue for billing for more than one year. The management believes that this amount will be invoiced and collected during 2018.

(Expressed in thousands of Saudi Arabian Riyals)

7. INVENTORIES

Inventories comprise the following:

	2017	2016
Raw materials	**118,127**	132,601
Finished goods	**90,109**	139,608
Work in process	**71,337**	69,959
Spare parts and wooden reels	**34,804**	36,021
	314,377	378,189
Less: Allowance for slow moving and obsolete inventories	**(64,604)**	(96,772)
	249,773	281,417

8. RETENTIONS RECEIVABLES

Retention receivables represent amounts withheld by the customers in accordance with the terms of the agreements for sales and turnkey projects. The amounts are expected to be collected by December 2017.

Retention receivables are expected to be received as follows:

	2017	2016
Within one year	**72,014**	74,147
Between one to two years	**16,947**	21,423
Between two to five years	**5,300**	30,430
	22,247	51,853
	94,261	126,000

9. PREPAYMNETS AND OTHER RECEIVABLES

Prepayments and other receivables at December 31, comprise the following:

	2017	2016
Deposits	**48,740**	37,784
Advances to suppliers	**24,927**	26,301
Prepaid expenses	**14,746**	18,990
Positive fair value of derivatives	**2,361**	1,702
Other receivables	**18,421**	25,986
	109,195	110,763

(Expressed in thousands of Saudi Arabian Riyals)

10. INVESTMENT IN ASSOCIATE COMPANIES

10.1 The movement in investments in equity accounted investees is as follows:

	2017	2016
January 1	**470,971**	469,985
Share of (loss) / income of equity accounted investees	**(23,238)**	42,577
Share of net movement of unrealized loss relating to cash flow hedges and translation of foreign operations	**(9,547)**	(389)
Dividends received	**(21,341)**	(41,202)
	416,845	470,971

10.2 Summarized financial information of major equity accounted investee is as follows:

Midal Cable W.L.L.	Ownership %	Assets	Liabilities	Revenues	Net income / (loss)
2017	**50%**	**2,016,525**	**1,197,263**	**3,142,838**	**(47,160)**
2016	50%	2,165,194	1,218,150	2,659,931	84,045

10.3 As Xeca Information Technology has reported losses during previous years, the Company's carrying value of investments has reduced to SR Nil.

11. INVESTMENT PROPERTIES

The movement in investment properties during the year ended December 31 is analyzed as under:

	2017	2016
Cost:		
December 31	**47,123**	47,123
Depreciation:		
Balance at January 1	**18,329**	17,366
Charge for the year	**963**	963
Balance at December 31	**19,292**	18,329
Net book value	**27,831**	28,794

11.1 Investment properties includes landholdings and buildings held by Mass Kablo Yatırım ve Ticaret Anonim Şirketi and Elimsan Salt Cihazlari ye Elektromekanik San ve Tic, subsidiaries based in Turkey. The Group has pledged its investment properties with AK Bank (a bank registered in Turkey) to secure credit facilities.

11.2 The depreciation over investment property is allocated to general and administrative expenses.

11.3 The fair value of investment property as of December 31, 2017 was SR 69,202,500.

(Expressed in thousands of Saudi Arabian Riyals)

12. PROPERTY, PLANT AND EQUIPMENT

	Lands	Buildings	Plant, Machineries and Vehicles	Furniture and Fixtures	Capital work in progress	Total
Cost:						
January 1, 2017	140,010	424,151	1,330,502	150,277	33,183	2,078,123
Additions during the year	-	515	6,495	1,455	8,082	16,547
Disposals during the year	-	(23)	(92,173)	(274)	-	(92,470)
December 31, 2017	140,010	424,643	1,244,824	151,458	41,265	2,002,200
Accumulated depreciation:						
January 1, 2017	-	241,192	1,049,399	137,428	578	1,428,597
Charge during the year	-	12,615	77,492	6,166	-	96,273
Disposals during the year	-	(15)	(92,130)	(255)	-	(92,400)
December 31, 2017	-	253,792	1,034,761	143,339	578	1,432,470
Net book value:						
December 31, 2016	140,010	182,959	281,103	12,849	32,605	649,526
December 31, 2017	140,010	170,851	210,063	8,119	40,687	569,730

Certain machinery and equipment at December 31, 2017 having cost of SR 47.7 million (December 31, 2016: SR 37.96 million) and net book value of SR 32.54 million (December 31, 2016: SR 27.46 million) have been acquired under finance lease arrangement.

At December 31, 2017 certain assets with a net book value of SR 224.25 million (December 31, 2016: SR 226.15 million) were pledged as collateral to certain credit facilities.

13. ZAKAT AND INCOME TAX

a) Charge for the year

Zakat and income tax charge for the year ended December 31 comprises the following:

	2017	2016
Zakat charge for the year	11,615	10,686
Deferred tax	747	266
Zakat and income tax charge for the year	12,362	10,952

(Expressed in thousands of Saudi Arabian Riyals)

Zakat computation for the years ended December 31, 2016 and 2015 was based on the financial statements of the parent Company and its subsidiaries.

Foreign subsidiaries are subject to income tax in accordance with the tax laws of the countries of their incorporation. Provisions for income tax of foreign subsidiaries are charged to the consolidated statement of income.

b) Accrued Zakat and income tax

The movement in accrued zakat during the year ended December 31 is as follows:

	2017	2016
Balance at January 1	**91,056**	80,191
Add: Charge for the year	**12,362**	10,952
Less: Payments during the year	**(1,472)**	(87)
	101,946	91,056

Components of zakat base

The Group's local subsidiaries file separate zakat and income tax declarations on unconsolidated basis. The significant components of the zakat base of each company under zakat and income tax regulations are principally comprised of shareholders' equity, provisions at the beginning of year, long-term borrowings and estimated taxable income, less deductions for the net book value of property, plant and equipment, investments and certain other items.

The movement in deferred tax asset during the year ended December 31 is as follows:

	2017	2016
Balance at January 1	**5,568**	5,834
Net movement during the year	**(747)**	(266)
	4,821	5,568

At December 31, 2017, deferred tax asset amounting to 4.82 million (2016: SR 5.57 million) relates to a foreign subsidiary of the Group and the management believes that it is recoverable.

Below is the status of zakat and income tax for the Companies in the Group:

Saudi Cable Company

The General Authority of Zakat and Tax (GAZT) has assessed additional Zakat liability amounting to Saudi Riyals 50.70 million on the Company for the years 1993 to 2004. The Company objected against part of the additional liabilities, which is still under an appeal at various levels between GAZT and Board of grievances (BOG).

GAZT issued the assessment for the years 2005 to 2007 and claimed additional zakat and withholding tax liability of SR 35.69 million. The Company objected against the said assessment, which was transferred to Preliminary Appeal Committee (PAC) for the review and decision. PAC approved the GAZT point of view. Accordingly, the Company filed an appeal against PAC's decision with Higher Appeal Committee (HAC). The HAC rejected the company's appeal. The company file a petition with BOG, which is still under review by BOG.

The GAZT has raised assessment for the years 2008 and 2009 with additional liability of 32.9 million. The company has filed an appeal against the GAZT's assessment with the Preliminary Appeal Committee (PAC).

The GAZT issued the assessment for the years from 2010 to 2012 and claimed additional Zakat liability of SR 66.97 million. The Company objected against the said assessment, which is still under review by the GAZT till to date.

The Company booked a provision of Saudi Riyals 100.4 million against current and above mentioned assessment years by the GAZT. The Company filed its Zakat returns for the year 2013 and 2014 and has obtained the restricted Zakat certificates.

Mass Centers for Distribution of Electrical Products Limited

The GAZT issued the Zakat assessments for the years from 1998 to 2007, which showed Zakat liability of Saudi Riyals 1 million. The Company filed an appeal with the Higher Appeal Committee (HAC) against the said assessments and is confident of favorable outcome. The Company filed its Zakat returns for the years ended December 31, 2008 to 2010. The GAZT did not issue the final Zakat assessments for the said years till to date. Although, the Company is essentially dormant but is in the process to file the Zakat returns for the years from 2011 to 2015.

Mass Projects for Power & Telecommunications Limited

The Company filed its Zakat returns for the years from 1999 to 2014, The GAZT issue its final Zakat Assessments for the years 1999 to 2004 and claimed additional Zakat differences of Saudi Riyals 3 million. The Company filed an objection against the DZIT assessment, which is still under review by GAZT. Final assessments for the years 2005 to 2014 were not issued by the GAZT till to date.

Saudi Cable Company for Marketing Limited

The GAZT issued the final assessment for the years 1996 to 2004, and claimed Zakat differences of Saudi Riyals 17 million. The Company filed its objection against the said Zakat differences and is confident of favorable outcome. The Company filed its Zakat returns for the years 2005 to 2007. The GAZT did not issue the final Zakat assessment for the said years till to date. Although, the Company is essentially dormant but is in the process to file the Zakat returns for the years up to 2014.

(Expressed in thousands of Saudi Arabian Riyals)

14. INTANGIBLE ASSETS

Intangible assets comprise the following:

	Development cost	Deferred cost	Rights and licenses	Total
2017				
January 1, 2017	**20,857**	**4,031**	**4,262**	**29,150**
Additions during the year	**2,048**	**-**	**30**	**2,078**
Amortizations during the year	**(9,484)**	**(1,759)**	**(927)**	**(12,170)**
December 31, 2017	**13,421**	**2,272**	**3,365**	**19,058**
2016				
January 1, 2016	66,772	6,476	3,078	76,326
Additions during the year	1,535	-	1,630	3,165
Amortizations during the year	(9,735)	(2,445)	(446)	(12,626)
Impairment	(37,715)	-	-	(37,715)
December 31, 2016	20,857	4,031	4,262	29,150

On July 31, 2009, the Group acquired 79% of the issued share capital of Elimsan Salt Cihazlari ye Elektromekanik San ve Tic. A.S. (group of companies) for a consideration of SR 128.34 million that resulted in goodwill amounting to SR 86.56 million.

During the year ended December 31, 2016, the Group assessed an impairment of Goodwill. Considering the economic conditions and performance of Elimsan Salt Cihazlari ye Elektromekanik San ve Tic. A.S. (group of companies), the amount of impairment assessed is SR 74.21 million

During the year ended December 31, 2016, based on a detailed assessment on the recoverability of development costs, SR 37.72 million was recorded as impairment.

15. BANK BORROWINGS AND FINANCIAL RESTRUCTURING

The Group has several financing arrangements with local and foreign banks and development financial institutions (SIDF) with short and long-term maturity to finance its working capital and capital expenditure requirements. All these loans are obtained at prevailing commercial rates.

Short term loans are secured by assignment of Group's receivables and has contractual maturity within one year, whereas the loans relating to subsidiaries' are secured by the Company's guarantee.

(Expressed in thousands of Saudi Arabian Riyals)

Short term loans as at December 31 comprise the following:

	2017	2016
Saudi British Bank	**29,946**	5,483
Bank Al Bilad	**-**	9,791
Lenders of subsidiaries (outside Saudi Arabia)	**96,675**	127,248
	126,621	142,522

Long-term loans comprise the following:

	2017	2016
Restructured Loans from commercial banks	**590,016**	712,016
Lenders of subsidiaries (outside Saudi Arabia)	**31,601**	35,980
Loan from a SIDF	**110,230**	112,190
	731,847	860,186
Less: current portion of long term loans	**(258,071)**	(265,671)
Non-current portion of long term loans	**473,776**	594,515

On February 23, 2016, the Group secured financial restructuring agreements with its four main lenders which, requires the Group to comply with additional covenants and allows the Group to reschedule repayment of its debts over a period of 7 years, culminating with a final payment at the end of December 2022 subject to certain additional requirements. The total debt restructured is SR 793 million SAR including accumulated financing costs of SR 85 million SAR. The said agreement mainly stipulates following conditions:

- Total repayment of debt by 2022, beginning from June 30, 2016
- Rights issue of Company's shares to take place before December 31, 2017 (subsequently amended to June 30, 2018).
- Maintaining financial covenants, throughout the financing period including leverage ratios, minimum cash cover and minimum cash balance requirements.
- Assignment of all the dividends, commission, income, distributions and other proceeds, whether in cash or otherwise, including the proceeds arising out of the liquidation of investments from the equity accounted investee.
- Pledge of bank accounts for amounts not exceeding SR 15.5 million.

Furthermore, the Group has agreed to dispose certain domestic and international real estate properties and utilize its proceeds for repayment of restructured Murabaha Facility Agreement amounting to SR 172.93 million. Moreover, the Group shall not create charge, mortgage, lien, pledge or other encumbrance on any of the Group's property, revenue or assets without obtaining the consent of SIDF.

(Expressed in thousands of Saudi Arabian Riyals)

In line with the revised term of the repayment, the principal amounts including the mark-up, payable are as follows:

	Repayment amount for Restructured Loan	**SIDF**	**Total Repayments**
Within one year	231,126	1,960	233,086
Between one to two years	75,492	58,610	134,102
Between two to five years	258,412	49,660	308,072
	565,030	**110,230**	**675,260**

16. OBLIGATIONS UNDER FINANCE LEASE

Finance leases relate to manufacturing equipment leases with a term of 5 years or less. The Group has options to purchase the equipment for a nominal amount at the end of the lease agreement. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

	2017	2016
Minimum lease payments	**20,163**	26,796
Less: financial charges not yet due	**(1,455)**	(2,567)
Present value of minimum lease payments	**18,708**	24,229
Less: current portion shown under current liabilities	**(7,170)**	(9,358)
Non - current portion shown under current liabilities	**11,538**	14,871

The leased assets have been acquired under finance lease arrangements for a total lease value of SR 48.62 million, and remaining balance of SR 18.71 million payable in equal monthly installments.

The present value of minimum lease payments has been determined at an effective interest rate of 6% per annum. Future lease payments as at December 31, are as follows:

	2017	2016
Obligation under finance lease	**18,708**	24,229
Within one year	**7,170**	9,358
Within two to five years	**11,538**	14,871

17. RELATED PARTIES TRANSACTIONS AND BALANCES

a) Related parties include the Company's shareholders and their relatives up to the fourth generation, associated and affiliated companies (including equity accounted investees) and key management personnel of the Company. Terms and conditions of these transactions are approved by the Company's Board of Directors.

(Expressed in thousands of Saudi Arabian Riyals)

b) Related party transactions mainly represent purchase and sale of finished goods and recharging of expenses from / to affiliates. These are undertaken at mutually agreed terms and are approved by the Company's Board of Directors

c) Significant related party transactions and balances arising there from as at December 31 are summarized as under:

Transaction with	Relationship	Nature of transaction	Transactions during the year ended December 31,		Closing balance	
			2017	2016	2017	2016
Hidada Limited	Affiliate	Sale of goods	7	143	187	309

Due to related parties

Transaction with	Relationship	Nature of transaction	Transactions during the year ended December 31,		Closing balance	
			2017	2016	2017	2016
Midal Cables W.L.L	Associate	Purchase of raw material	9,010	29,472	-	-
		Directors remuneration	1,875	1,875	-	-
		Dividends received	21,341	41,202	-	-
		Others	1,141	1,159	15,876	22,288
Xenel Industries Limited	Shareholder	Expenses recharged by the Group	2,686	2,821	44,102	41,417
Chem Global Limited	Affiliate	Expenses incurred by the Group	-	-	664	664
Hidada Limited	Affiliate	Expenses incurred by the Group	-	-	1,452	1,452
Xeca International Information Technology	Associate	Expenses incurred by the Group	250	5,292	2,469	2,969
					64,563	68,790

Remuneration of Directors and Key Management Personnel

Key management include personnel / executive directors and members of the Board of Directors.

	2017	2016
Directors Remuneration	392	63

(Expressed in thousands of Saudi Arabian Riyals)

The remuneration of the key management personnel during the year was as follows:

	2017	2016
Short term benefits	**4,985**	10,390
Post-employment benefit	**440**	280

Short term benefits include the monthly gross salary paid to the key management personnel which include basic salary, allowances and other incentives.

Post-employment benefits include the current service cost for the employees' end of service benefit

18. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprise the following:

	2017	2016
Accrued finance charges	**31,750**	6,912
Accrued expenses	**48,805**	80,787
Payable to shareholders of subsidiary *	**89,745**	89,745
Advances from customers	**97,112**	74,315
Billing in excess of contract revenue	**32,227**	27,115
	299,639	278,874

* The liability represents the payments to the shareholders of Elimsan Salt Cihazlari ye Elektromekanik San ve Tic. A.S ("Elimsan Salt") under an agreement of purchase of shares by Mass Kablo. According to agreement, Mass Kablo is required to pay 90% of the net profit to the shareholders of Elimsan Salt till the year ended December 2014. However, if there is no profit during this period, Mass Kablo was liable to pay US$ 14.256 million in 2014 and thereafter US$ 5 million in each year ended 2015 and 2016. As at December 31, 2016 no such amount has been paid by the Company to the shareholders of Elimsan Salt.

19. EMPLOYEES' END OF SERVICE BENEFIT

The movement in employees' end of service benefit liability is as follows:

	2017	2016
Balance at January 1	**67,686**	67,444
Charged during the year	**8,073**	7,060
Payment during the year	**(19,490)**	(6,818)
Actuarial adjustment during the year	**-**	-
	56,269	67,686

(Expressed in thousands of Saudi Arabian Riyals)

Significant actuarial assumptions are as follows:

The actuarial valuation was performed using the expected credit module. The main assumptions used for actuarial purposes were the discount rate, the salary increase rate, and the employees turnover rate.

	2017	2016
Discount rate (+1%)	**3.26%**	3.53%
Long term salary increases (+3 %)	**3.00%**	3.00%

20. SHARE CAPITAL

The share capital consisted of 40,411,434 shares of Saudi Arabian Riyals 10 each as at December 31, 2017. (As at December 31, 2016: 76,000,000 shares).

On June 4, 2017, the shareholders resolved to reduce the share capital of the Company by SR 355.89 million by reducing the number of shares in the exchange ratio of 1:2.14, subsequent to approval of Capital Market Authority. Consequently, the revised shares are 40,411,434 shares of Saudi Arabian Riyal 10 each as at December 31, 2017.

21. FAIR VALUE RESERVE

Fair value reserve mainly represents the unrealized gain arising from the fair value of derivatives. The Movement in fair value reserve is as follows as of December 31:

	2017	2016
Balance at January 1	**5,095**	(13,694)
Net movement in unrealized gains relating to cash flow hedges of the Company and its subsidiaries	**83**	13,971
Net movement in unrealized gains relating to cash flow hedges of the equity accounted investee	**(16,828)**	4,818
	(11,650)	5,095

22. ACCUMULATED LOSSES AND GOING CONCERN

In accordance with the Board of Directors' decision issued on June 4, 2017, Saudi Cables Company has amortized the accumulated losses by SR 355.89 million by reducing the Company's capital. Accordingly, the Company's new capital has reached to SR 404 million.

On February 23, 2016, upon signing of the financial restructuring agreements with four of its lenders; the Group managed to defer repayment of its debt amounting to SR 793 million over a period of 7 years culminating with a final payment at the end of December 2022 (Note 15). This has, however, reduced the required cash outflows from SR 793 million to SR 6.2 million during 2016 and SR 315 million during 2017 (Note 15).

(Expressed in thousands of Saudi Arabian Riyals)

Additionally, the Group is pursuing alternatives to reduce the percentage of accumulated losses as compared to share capital some of these would require prior regulatory approval.

23. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprise of the following:

	For the year ended December 31	
	2017	2016
Salaries and related benefits	**25,229**	64,464
Professional charges	**25,764**	18,153
Depreciation (note 11 and 12)	**7,713**	11,524
Amortizations (note 14)	**12,170**	12,626
Bank charges	**1,588**	2,442
Repairs and maintenance	**4,424**	3,690
Traveling and transportation expenses	**2,147**	2,311
Rent and insurance	**2,949**	2,887
Utilities	**1,758**	2,680
Trainings	**128**	284
Printing, stationery and advertisements	**717**	1,169
Others	**4,213**	6,931
	88,800	129,161

24. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses comprises of the following:

	For the year ended December 31	
	2017	2016
Salaries and related benefits	**19,782**	27,581
Freight, insurance and transportation	**10,702**	16,580
Repairs and maintenance	**148**	1,436
Professional charges	**1,174**	1,091
Depreciation (note 11 and 12)	**70**	244
Rent	**912**	825
Utilities	**508**	533
Printing, stationery and advertisements	**440**	969
Others	**3,536**	2,665
	37,272	51,924

(Expressed in thousands of Saudi Arabian Riyals)

25. EARNINGS PER SHARE

Loss per share from operations for the year is calculated by dividing loss from operations by the weighted average number of outstanding shares during the year. Loss per share has been calculated on loss from operations attributable to the Group (including non-controlling interests).

Net loss per share for the year is calculated by dividing the net loss attributable to the equity holders of the Group for the year by the weighted average number of outstanding shares during the year.

26. COMMITMENTS AND CONTINGENCIES

The following are the commitments and contingencies:

	2017	2016
Outstanding forward metal contracts	**44,433**	40,508
Contingent liabilities in respect of performance and bid bonds	**68,086**	86,097
Authorized and contracted for capital expenditure commitments	**2,412**	4,667
Corporate guarantees issued	**39,076**	21,938

In addition to providing guarantees in respect of bank facilities available to certain subsidiaries, the parent company has also provided undertakings to support such subsidiaries in meeting their liabilities as they fall due.

(Expressed in thousands of Saudi Arabian Riyals)

27. IMPACT OF ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

- **Impact of adoption of IFRS on the consolidated statement of financial position as at January 1, 2016:**

	Amounts previously reported (SOCPA)	Effect of transition to IFRS	Opening IFRS
ASSETS			
Current assets			
Cash and cash equivalents	60,094	-	60,094
Trade receivables	521,414	-	521,414
Unbilled revenue	64,322	-	64,322
Inventories	331,802	-	331,802
Retentions receivable - current portion	88,698	-	88,698
Prepayments and other receivables	156,230	-	156,230
Total current assets	1,222,560	-	1,222,560
Non-current assets			
Financial assets at fair value through other comprehensive income	650	-	650
Investments in associate	469,985	-	469,985
Retentions receivable - non-current portion	71,988	-	71,988
Investment properties	29,757	-	29,757
Property, plant and equipment	681,578	85,490	767,068
Deferred tax asset	5,834	-	5,834
Intangible assets	150,542	-	150,542
Total Non-current assets	1,410,334	85,490	1,495,824
Total assets	2,632,894	85,490	2,718,384
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term loans	742,122	-	742,122
Long-term loans - current portion	177,209	-	177,209
Obligations under finance lease – current portion	9,454	-	9,454
Accounts payable	463,995	-	463,995
Due to related parties	62,949	-	62,949
Accrued expenses and other payables	392,827	1,000	393,827
Zakat and income-tax	80,191	-	80,191
Total current liabilities	1,928,747	1,000	1,929,747
Non-current liabilities:			
Long-term loans	173,472	-	173,472
Obligations under finance lease	20,126	-	20,126
Employees' end of service benefits	69,444	(2,000)	67,444
Total non-current liabilities	263,042	(2,000)	261,042
Total liabilities	2,191,789	(1,000)	2,190,789
SHAREHOLDERS' EQUITY			
Share capital	760,000	-	760,000
Statutory reserve	63,432	-	63,432
Cumulative changes in fair values	(13,694)	-	(13,694)
Foreign currency translation reserve	(9,143)	-	(9,143)
Accumulated losses	(365,644)	86,490	(279,154)
Total equity attributable to the shareholders' of the Parent Company	434,951	86,490	521,441
Non-controlling interests	6,154	-	6,154
TOTAL SHAREHOLDERS' EQUITY	441,105	86,490	527,595
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,632,894	85,490	2,718,384

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Expressed in thousands of Saudi Arabian Riyals)

- **Impact of adoption of IFRS on the consolidated statement of financial position as at December 31, 2016:**

	Amounts previously reported (SOCPA)	Effect of transition to IFRS	Opening IFRS
ASSETS			
Current assets:			
Cash and cash equivalents	29,359	-	29,359
Trade receivables	466,030	-	466,030
Unbilled revenue	47,218	-	47,218
Inventories	281,417	-	281,417
Retentions receivable - current portion	74,147	-	74,147
Prepayments and other receivables	110,763	-	110,763
Total current assets	1,008,934	-	1,008,934
Non-current assets:			
Financial assets at fair value through other comprehensive income	661	-	661
Investments in equity accounted investees	470,971	-	470,971
Retentions receivable - non-current portion	51,853	-	51,853
Investment properties	28,794	-	28,794
Property, plant and equipment	600,641	48,885	649,526
Deferred tax asset	5,568	-	5,568
Intangible assets	29,150	-	29,150
Total Non-current assets	1,187,638	48,885	1,236,523
Total assets	2,196,572	48,885	2,245,457
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term loans	142,522	-	142,522
Long-term loans - current portion	265,671	-	265,671
Obligations under finance lease – current portion	9,358	-	9,358
Accounts payable	406,865	-	406,865
Due to related parties	68,790	-	68,790
Accrued expenses and other payables	277,874	1,000	278,874
Zakat and income-tax	91,056	-	91,056
Total current liabilities	1,262,136	1,000	1,263,136
Non-current liabilities:			
Long-term loans	594,515	-	594,515
Obligations under finance lease	14,871	-	14,871
Employees' end of service benefits	69,686	(2,000)	67,686
Total non-current liabilities	679,072	(2000)	677,072
Total liabilities	1,941,208	(1,000)	1,940,208
SHAREHOLDERS' EQUITY			
Share capital	760,000	-	760,000
Statutory reserve	-	-	-
Cumulative changes in fair values	5,095	-	5,095
Foreign currency translation reserve	(14,348)	-	(14,348)
Accumulated losses	(501,000)	49,885	(451,115)
Total equity attributable to the shareholders' of the Parent Company	249,747	49,885	299,632
Non-controlling interests	5,617	-	5,617
Total Shareholders' Equity	255,364	49,885	305,249
Total Liabilities And Shareholders' Equity	2,196,572	48,885	2,245,457

(Expressed in thousands of Saudi Arabian Riyals)

- **Impact of adoption of IFRS on the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2016 as follow:**

	Amounts previously reported (SOCPA)	Effect of transition to IFRS	Opening IFRS
Revenue	1,564,555	-	1,564,555
Costs of revenue	(1,488,599)	(36,605)	(1,525,204)
Gross profit	75,956	(36,605)	39,351
Selling and distribution expenses	(51,924)	-	(51,924)
General and administrative expenses	(129,161)	-	(129,161)
Loss from operations	(105,129)	(36,605)	(141,734)
Financial charges	(65,258)	-	(65,258)
Share of profit from equity accounted investees	42,577	-	42,577
Impairment of intangible assets	(111,931)	-	(111,931)
Other income - net	51,460	-	51,460
Net loss for the year before zakat and income-tax and non-controlling interests	(188,281)	(36,605)	(224,886)
Zakat and income-tax	(10,952)	-	(10,952)
Net loss for the year before non-controlling interests	(199,233)	(36,605)	(235,838)
Non-controlling interests	445	-	445
Net loss for the year attributable to the Company's shareholders	(198,788)	(36,605)	(235,393)
Other comprehensive income:			
Company's share of foreign currency	(5,205)	-	(5,205)
Cumulative change in fair value of investments	18,789	-	18,789
Total comprehensive (loss) / income for the year	(185,204)	(36,605)	(221,809)

(Expressed in thousands of Saudi Arabian Riyals)

28. SEGMENTAL INFORMATION

Operating Segment

The Group has the following main business segments:

- Sale of manufactured goods.
- Turnkey power and telecommunication projects (based on the contracts).

These form the basis of internal management reporting of main business segments

	Sale of goods		Contract revenue		Total	
	2017	2016	**2017**	2016	**2017**	2016
Assets	**1,759,366**	1,977,219	**194,750**	268,238	**1,954,116**	2,245,457
Liabilities	**1,406,255**	1,530,092	**332,411**	410,116	**1,738,666**	1,940,208
Net Sales	**1,243,680**	1,480,652	**98,797**	83,903	**1,342,477**	1,564,555
Net profit / (loss)	**(84,531)**	(235,564)	**4,218**	171	**(80,313)**	(235,393)

Geographic Information

The Group's operations are conducted in Kingdom of Saudi Arabia, UAE and Turkey. Selected financial information summarized by geographic area, is as follows:

2017	Saudi Arabia	UAE	Turkey	Total
Assets	**1,247,344**	**37,061**	**669,711**	**1,954,116**
Liabilities	**1,224,869**	**1,842**	**511,955**	**1,738,666**
Net Sales	**895,122**	**43,950**	**403,405**	**1,342,477**
Net loss	**(66,110)**	**(3,434)**	**(10,769)**	**(80,313)**

2016	Saudi Arabia	UAE	Turkey	Total
Assets	1,484,862	80,444	680,151	2,245,457
Liabilities	1,386,552	41,114	512,542	1,940,208
Net Sales	966,162	153,696	444,697	1,564,555
Net (loss) / profit	(204,222)	506	(31,677)	(235,393)

(Expressed in thousands of Saudi Arabian Riyals)

29. MANAGEMENT RISK OF FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks, credit risk, liquidity risk, market price risk and capital management risk.

a) Credit Risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, trade receivables and receivables from related parties as follows.

	31 December 2017	31 December 2016
Cash in Banks	82,667	22,042
Trade receivable and other receivable and Due from related parties	348,179	490,016
Retentions	94,261	126,000
	525,107	**638,058**

b) Foreign Currency risk

Foreign 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 Company deals mainly in US $ and Saudi Riyal (SR). As the SR is pegged to the US $, balances in SR are not considered to represent significant currency risk.

c) Commodity price risk

The Company is exposed to the impact of market fluctuations of the price of various inputs to production. The Company prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of crude oil prices to manage the risk.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company s Islamic financing with floating interest rates. The Company manages its exposure to interest rate risk by continuously monitoring movements in interest rates.

e) Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted, and include estimated interest payments.

(Expressed in thousands of Saudi Arabian Riyals)

31 December 2017	Carrying amount	On Demand or Less than 1 year	1 year to 5 years	More than 5 years
Non - Derivatives Financial Instruments				
Short term loans	126,621	126,621	-	-
Long term loans	731,847	258,071	473,776	-
Due to related parties	64,563	64,563	-	-
Account Payable	339,073	339,073	-	-
	1,262,104	**328,788**	**473,776**	-

31 December 2016	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
Derivatives Financial Liabilities		68,790		
Short term loans	142,522	142,522	-	-
Long term loans	860,186	265,671	594,515	-
Due to related parties	68,790	68,790	-	-
Account Payable	406,865	406,865	-	-
	1,478,363	**848,883**	**594,515**	-

31 December 2017	Carrying amount	On Demand or Less than 1 year	1 year to 5 years	More than 5 years
Derivatives Financial Liabilities				
Forward currency contracts	2,929	2,929	-	-
	2,929	2,929	-	-

31 December 2016	Carrying amount	On Demand or Less than 1 year	1 year to 5 years	More than 5 years
Derivatives Financial Liabilities				
Forward currency contracts	2,845	2,845	-	-
	2,845	2,845	-	-

(Expressed in thousands of Saudi Arabian Riyals)

30. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount		Fair Value			
	Amortized Cost	Fair Value	Level (1)	Level (2)	Level (3)	Total
31 December 2017						
Financial Assets						
Cash and Cash Equivalents	83,626	-	-	-	-	-
Derivatives Financial instruments	-	567	-	567	-	567
Financial assets at fair value through other comprehensive income	-	661	-	661	-	661
Retentions	94,261	-	-	-	-	-
Trade receivable and other receivable and Due from related parties	348,179	-	-	-	-	-
	526,066	1,228	-	1,228	-	1,228
Financial Liabilities						
Account payable	339,073	-	-	-	-	-
Derivatives Financial instruments	-	79	-	79	-	79
Due to related parties	64,563	-	-	-	-	-
Short term loans	126,621	-	-	-	-	-
Long term loans	731,847	-	-	-	-	-
	1,262,104	79	-	79	-	79
31 December 2016						
Financial Assets						
Cash and Cash Equivalents	29.359	-	-	-	-	-
Derivatives Financial instruments	-	1,702	-	1,702	-	1,702
Financial assets at fair value through other comprehensive income	-	661	-	661	-	661
Retentions	126,000	-	-	-	-	-
Trade receivable and other receivable and Due from related parties	490,016	-	-	-	-	-
	645,375	2,363	-	2,363	-	2,363
Financial Liabilities						
Account payable	406,865	-	-	-	-	-
Derivatives Financial instruments	-	79	-	79	-	79
Due to related parties	68,790	-	-	-	-	-
Short term loans	142,522	-	-	-	-	-
Long term loans	860,186	-	-	-	-	-
	1,478,363	79	-	79	-	79

31. COMPARATIVES FIGURES

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