SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018 AND 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, 2018

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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 of December 31, 2018, 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 the accompanying notes which form an integral part of these consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the paragraph of basis for Qualified Opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants.

Basis for Qualified Opinion

a. We did not receive certain banks confirmations for the balances amounting to SAR 2.23 million, in addition to the loan balance with Al Rajhi bank amounting to SAR 261.89 million as of December 31, 2018. Consequently, we were unable to determine whether adjustments, if any, may require if we received these bank confirmations and we were unable to determine the possible impact on the consolidated financial statements for the year ended December 31, 2018. In addition, we were unable to perform sufficient alternative audit procedures to satisfy ourselves regarding the completeness and existence of these bank balances.

b. As of December 31, 2018 the subsidiary; Mass Kablo Ve Ticaret Anonim Sirketi, reported a net loss amounting to SAR 94.5 million and its accumulated losses at that date have reached to SAR 413.3 million, representing 86.7% of the Subsidiary's share capital, which indicate a significant doubt about its ability to continue as going concern and its ability to meet it's obligations when it becomes due. The Subsidiary has been restructuring its due amounts to banks and other creditors and plans to reduce its payables with future cash flows from its current projects. Therefore, the Company's Management does not foresee any risk regarding going concern and has prepared their financial statements under going concern basis.

We conducted our audit in accordance with International Standards on Auditing that are endorsed 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.

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Independent Auditors' Report - Continued

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

Basis for Qualified Opinion - Continued

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

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:

- As stated in notes (20) to the consolidated financial statements and in accordance with the Board of Directors' decision dated August 2, 2018, the Group has absorbed the accumulated losses by SAR 293.5 million through a reduction of the Group's share capital. Accordingly, the Group's new capital has been revised to SAR 110.6 million.

- As stated in note (28) to the consolidated financial statements, the Group has disposed one of its subsidiaries through sale on August 31, 2018.

Other Matter

The Group's current liabilities exceeded its current assets by SAR 369.9 million (2017: SAR 304.2 million), which indicates that the Group is unable to meet its short-term liabilities when it becomes due.

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. Below are the description of each key audit matters and how our audit procedures were addressed to these key audit matters.

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Independent Auditors' Report - Continued

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

Key Audit Matters - Continued

Bank Borrowings And Financial Restructuring	
Key Audit Matters	**How our audit addressed key audit matters**
On February 23, 2016, the Group has entered into 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, with a final payment at the end of December 2022 and subject to certain additional requirements. The total debt restructured was SAR 793 million including accumulated financing costs of SAR 85 million. On April 17, 2017, the Group had entered into a final settlement Agreement with BNP Paribas Bank on the basis of which the Group made a payment of SAR 40 million. Based on the terms of the said agreement, on receipt of SAR 40 million by BNP Paribas Bank, the loan amount of BNP Paribas Bank shall be reduced from SAR 142 million to SAR 24.99 million. Accordingly, the Group has reversed the obligation through profit and loss, by SAR 77 million. On June 11, 2017, the Group finalized further renegotiations to "Restructuring Framework Agreement" through an amendment and restructuring by the Participating Banks (excluding BNP Paribas Bank) and have agreed to defer the repayment of the loans for a further periods. According to the terms of the said agreement, the Company shall increase its capital through issuance of right shares and settle an amount of SAR 188.38 million, from the said proceeds by 30 June 2018. The remaining amount of SAR 371.65 million is due in equal instalments commencing from December 31, 2018 to June 30, 2022. On December 25, 2018, the Group entered into a Final Settlement Agreement with National Commercial Bank and Bank Al Jazira on the basis of which Saudi Cable Company paid an amount of SAR 110 million, against receiving a waiver for the balance SAR 203 million due to these banks. Accordingly, the Group has reversed the obligation through profit and loss. The management believe that the remaining balance with Al Rajhi Bank, will continue until mutual terms and conditions are agreed apart from the previous restructuring agreement.	We performed the following procedures: ▪ Obtain the agreed financial restructuring agreements. ▪ Assess the design and implementation and tested the effectiveness of the Group's control. ▪ Check the facilities' agreements with banks, the repayment schedules of loans and the actual loan repayments and terms and conditions. ▪ Obtain bank confirmations that confirm the loans balances.

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Independent Auditors' Report - Continued

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

Key Audit Matters - Continued

Inventory	
Key Audit Matters	**How our audit addressed key audit matters**
As of December 31, 2018, the Group's inventories balance was SAR 112.29 million (2017: SAR 249.77 million) net of provision for obsolete and slow moving inventories, amounting to SAR 55.6 million (2017: SAR 64.6 million). Inventory are stated at the lower of cost or net realizable value and the group makes provisions where necessary. At each reporting date, the management reviews valuation of inventories and the cost of inventories are written down where inventories are expected to be sold at below cost.	We performed the following audit procedures: ▪ Assess the design and implementation and evaluate the effectiveness of the Group's control. ▪ Evaluate reasonableness and appropriateness of Group's policy related to inventories. ▪ Recalculate obsolete and slow moving provision according to the Group's policy and inventory ageing records. ▪ Inquire about obsolete or slow moving inventory items during our observation of inventory count. ▪ 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 included in the Group's annual report other than the consolidated financial statements and the independent auditor's report.

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 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 required to communicate these misstatements. There was no matters that needs to be comminuted .

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Independent Auditors' Report - Continued

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

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 International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants, 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.

The audit committee is responsible for overseeing the Group's financial reporting process.

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 International Standards on Auditing that are endorsed 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 International Standards on Auditing that are endorsed 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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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 - Continued

- 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.

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

AlAzem & AlSudairy
Certified Public Accountants

Abdullah M. AlAzem
License No. 335

12 Rajab 1440H (March 19, 2019)
Jeddah, Kingdom of Saudi Arabia

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018
(Expressed in thousands of Saudi Arabian Riyals)

	Notes	December 31, 2018	December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	4	**15,488**	83,626
Accounts receivable	5	**225,714**	329,571
Unbilled revenue	6	**18,845**	48,557
Inventories	7	**112,287**	249,773
Due from related parties	17	**25,709**	187
Retentions receivable - current portion	8	**64,153**	72,014
Prepayments and other debit balances	9	**169,288**	109,196
Total current assets		**631,484**	892,924
Non-current assets			
Financial assets at fair value through other comprehensive income		**45**	661
Investments in an associate	10	**321,982**	416,844
Retentions receivable - non-current portion	8	**35,738**	22,247
Investment properties	11	**3,053**	27,831
Property, plant and equipment	12	**393,380**	569,730
Deferred tax asset	13	**8,408**	4,821
Intangible assets	14	**2,500**	19,058
Total Non-current assets		**765,106**	1,061,192
Total assets		**1,396,590**	1,954,116
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term loans	15	**50,492**	116,507
Long-term loans - current portion	15	**188,373**	268,185
Obligations under finance lease – current portion	16	**1,103**	7,170
Accounts payable		**276,574**	339,073
Due to related parties	17	**50,749**	64,563
Accrued expenses and other payables	18	**332,147**	299,639
Accrued zakat	13	**101,946**	101,946
Total current liabilities		**1,001,384**	1,197,083
Non-current liabilities			
Long-term loans– non-current portion	15	**183,658**	473,776
Obligations under finance lease – non-current portion	16	**469**	11,538
Retention payable		**7,018**	-
Employee benefit obligations	19	**42,264**	56,269
Total non-current liabilities		**233,409**	541,583
Total liabilities		**1,234,793**	1,738,666
SHAREHOLDERS' EQUITY			
Share capital	20	**110,614**	404,114
Fair value reserve	21	**958**	(11,650)
Foreign currency translation reserve		**(6,703)**	(7,068)
Employee benefits reserve		**2,277**	-
Retained earnings (accumulated losses)		**55,006**	(175,542)
Total Shareholders' equity before Non-controlling interest		**162,152**	209,854
Non-controlling interest		**(355)**	5,596
Total Shareholders' equity		**161,797**	215,450
Total liabilities and Shareholders' equity		**1,396,590**	1,954,116

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

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018
(Expressed in thousands of Saudi Arabian Riyals)

	Notes	FOR THE YEAR ENDED DECEMBER 31 2018	2017
Revenue		**865,023**	1,342,477
Costs of revenue		**(960,889)**	(1,290,559)
Gross / (loss) profit		**(95,866)**	51,918
General and administrative expenses	22	**(76,840)**	(103,717)
Selling and distribution expenses	23	**(35,420)**	(36,106)
Loss from main operations for the year		**(208,126)**	(87,905)
Finance charges - net		**(43,981)**	(65,394)
Group share from an associate losses	10	**(86,490)**	(23,238)
Gain resulted from disposal of a subsidiary	28	**47,280**	-
Other income – net	24	**228,099**	108,578
Net loss for the year before zakat and tax		**(63,218)**	(67,959)
Zakat	13	**(11,000)**	(11,615)
Income tax benefits / (expense)	13	**5,591**	(747)
Net loss for the year		**(68,627)**	(80,321)
Other Comprehensive income :			
Group's share of foreign currency translation		**365**	7,280
Fair value reserve adjustments	21	**12,608**	(16,745)
Non-controlling interests		**(276)**	(13)
Actuarial gain (revaluation of employee benefit obligations)		**2,277**	-
Total comprehensive loss for the year		**(53,653)**	(89,799)
Net loss attributable to			
Parent Company's shareholders		**(62,952)**	(80,313)
Non-controlling interests		**(5,675)**	(8)
		(68,627)	(80,321)
Total comprehensive loss attributable to			
Parent Company's shareholders		**(47,702)**	(89,778)
Non-controlling interests		**(5,951)**	(21)
		(53,653)	(89,799)
Earnings (Loss) per share from:			
Loss from main operations for the year	25	**(6.77)**	(1.58)
Net loss for the year	25	**(2.23)**	(1.45)

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

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018
(Expressed in thousands of Saudi Arabian Riyals)

	Share capital	Fair value Reserve	Foreign currency translation reserve	Employee benefits reserve	Retained earnings (accumulated losses)	Total	Non-controlling interests (NCI)	Total shareholders' equity
Balance at January 1, 2017	760,000	5,095	(14,348)	-	(451,115)	299,632	5,617	305,249
Net 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)
Absorption of accumulated losses against 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
Net loss for the year	-	-	-	-	(62,952)	(62,952)	(5,675)	(68,627)
Fair value adjustments	-	12,608	-	-	-	12,608	-	12,608
Foreign currency translation reserve movement	-	-	365	-	-	365	-	365
Non-controlling interests movements	-	-	-	-	-	-	(276)	(276)
Employee benefits adjustments	-	-	-	2,277		2,277	-	2,277
Absorption of accumulated losses against share capital	(293,500)	-	-	-	293,500	-	-	-
Balance at December 31, 2018	**110,614**	**958**	**(6,703)**	**2,277**	**55,006**	**162,152**	**(355)**	**161,797**

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

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018
(Expressed in thousands of Saudi Arabian Riyals)

	For The Year Ended December 31, 2018	2017
Cash flows from operating activities:		
Net loss for the year	**(68,627)**	(80,321)
Adjustments for:		
Gain resulted from disposal of a subsidiary	**(47,280)**	-
Depreciation of property, plant and equipment and investment property	**50,338**	97,236
(Reversal of) provision for doubtful debts	**(4,748)**	(3,873)
(Reversal of) provision for slow-moving inventories	**(8,976)**	(32,166)
Gain resulted from loans restructuring with commercial banks	**(228,827)**	(77,200)
Gain on disposal of property, plant and equipment	**-**	(113)
Amortization of intangible assets	**4,395**	12,170
Deferred tax asset	**(3,587)**	747
Share of loss from an associate	**86,490**	23,238
Employee benefit obligations charge for the year	**8,456**	7,904
Finance charges	**43,981**	65,394
Zakat provision	**11,000**	11,615
Changes in operating assets and liabilities:		
Accounts receivable	**108,605**	140,145
Retention receivable	**(5,630)**	31,739
Due from related parties	**(25,522)**	-
Prepayments and other debit balances	**5,952**	1,568
Unbilled revenue	**29,712**	(1,339)
Inventories	**146,462**	63,810
Accounts payables	**(62,499)**	(67,792)
Retention payable	**7,018**	-
Accrued expenses and other payables	**26,438**	20,671
Due to related parties	**(13,814)**	(4,227)
Cash resulted from operating activities	**59,337**	209,206
Zakat paid	**(11,000)**	(725)
Finance charges paid	**(42,499)**	(65,394)
Employee benefit obligations paid	**(17,849)**	(19,158)
Net cash (used in) / provided by operating activities	**(12,011)**	123,929
Cash flows from investing activities		
Additions to property, plant and equipment	**(32,092)**	(16,547)
Additions to intangible assets	**(1,455)**	(2,078)
Proceed from sale of a subsidiary	**175,125**	-
Proceeds from sale of property, plant and equipment	**-**	183
Movement of Financial assets at fair value through other comprehensive income	**616**	-
Dividends received from an associate	**25,933**	21,341
Net cash provided by investing activities	**168,127**	2,899
Cash flows from financing activities		
Net movement in long and short-term loans	**(207,118)**	(67,040)
Movement in obligations under finance lease	**(17,136)**	(5,521)
Net change in restricted cash	**362**	955
Net cash used in financing activities	**(223,892)**	(71,606)
Net change in cash and cash equivalents	**(67,776)**	55,222
Cash and cash equivalents at the beginning of the year	**83,264**	28,042
Cash and cash equivalents at the end of the year	**15,488**	83,264
Non-cash items:		
Absorption of accumulated losses against share capital	**(293,500)**	(355,886)
Movement of fair value reserve	**12,608**	(16,745)
Movement of foreign currency translation reserve	**365**	7,280

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

(Expressed in thousands of Saudi Arabian Riyals)

1. ORGANIZATION AND 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 comprises 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 Company location details are as follows:
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 operations of the Company and its subsidiaries and branches, and as follows:

Company's name	Principal activities	Country of incorporation	Percentage of ownership 2018	2017
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 (Note 28)	Manufacture, supply and trading of electrical cables	Turkey	-	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%

* The investments in the subsidiaries Saudi Cable Company for Marketing Limited, Mass Centers for Distribution of Electrical Products Limited and Mass International Trading Company Limited was accounted based on the financial statements prepared by the management of subsidiaries. The management believes that there are no material adjustments to the financial statements provided and the management believes that these accounts are not significant to the consolidated financial statements.

(Expressed in thousands of Saudi Arabian Riyals)

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

Company's name	Principal activities	Country of incorporation	Percentage of ownership	
			2018	2017
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 19, 2019.

2. BASIS OF PREPARATION

Statement of compliance

This consolidated financial statements of the company and it's branches and subsidiaries (the "Group") has been prepared in compliance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants.

Basis of measurement

This consolidated financial statements of the Group has been prepared on a historical cost basis except for the items which measured at fair value, present value, net realizable value, and replacement cost in line with the accrual basis of accounting and going concern assumption.

Changes in accounting policies

a) 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 begins on or after	Standard, amendment or interpretation	Summary of requirements
Annual reporting periods beginning on or after January 1, 2019 early adoption is permitted	IFRS 16 – Leases	IFRS 16 proposes a lease classification that would be based on the nature of asset subject to 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 requires the lessee to recognize most leasing agreements on the balance sheets as lease liabilities with the right of use the assets.

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

(Expressed in thousands of Saudi Arabian Riyals)

b) Standards issued and effective since January 1, 2018 are listed below:

Effective for annual periods begins on or after	Standard, amendment or interpretation	Summary of requirements
Annual reporting periods begins 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 recognised at appoint of 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 Programs, IFRIC 15 Agreements for Construction of Real Estate and IFRIC 18 Transfer of Assets from Customers.
Annual reporting periods begins 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 adoption of "IFRS 9" Financial instrument and "IFRS 15" Revenue from contracts with customers had no significant imact on the Group's consolidated financial statements.

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 the related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment of the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that might have 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 at the time of preparing the consolidated financial statements.

Existing circumstances, assumptions, and estimation concerning the future may change due to changes in market or circumstances arising beyond the control of the Group. Such changes in assumptions are reflected when they occur.

Information about estimates and judgments used in applying the 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*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) *Provision for inventory obsolescence and slow moving*

The Group determines its provision for inventory obsolescence and slow moving inventory based on historical experience, current condition, and current and future expectations with respect to sales or use. The estimates of the Group's provision for inventory obsolescence slow moving inventory could change from period to period, due to the change in inventory remaining useful life from year to another.

(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 when management believes that 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.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is decreased 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 plans*

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 at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the preparation of this consolidated financial statement:

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 influence 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 during the year, if any, are presented in the consolidated statement of profit or losses and other 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, revenues and expenses arising from intra-group transactions, are eliminated in preparation of the consolidated financial statements. Unrealized gains or losses 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, direct labor, any other costs directly attributable to bringing the assets to a working condition as 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 item, and are recognized in net within other income in the 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. The carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance servicing of property, plant and equipment are recognized in profit or loss when 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 the 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
Machineries, Equipment and Vehicles	4 – 20
Furniture, fixtures and office equipment	4 – 10

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

Projects under construction

Projects under construction are measured at cost which comprises construction costs, equipment, and related direct costs. Projects under construction which will be used by the Group are not depreciated until its ready for use where its transferred to property, plant and equipment or investment properties based on the nature of asset use.

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 assets 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 stated at the lower of cost and net realizable value. Costs of inventories comprise all costs of purchase plus other charges incurred thereon, after deducting rebates and discounts. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Trade receivable

Trade receivables are amounts due from customers for products sold and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Subsequent recoveries of amount previously written-off are credited to profit or loss against "General and administrative 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.

Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Statutory reserve

In accordance with the Company's Articles of Association and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the profit for the year to a statutory reserve until it equals to at least 30% of its share capital. This reserve currently is not available for distribution to the shareholders of the Company.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

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.

Offsetting

Financial asset and liability is offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale.

Under IFRS 9, on initial recognition, a financial asset is classified as financial assets measured at amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value, for an item not at FVTPL, plus transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized as earlier under IAS 39.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade receivables are presented in the Consolidated Statement of Profit or Loss.

Hedge Accounting

IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

The Group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are not recognised in retained earnings as at 1 January 2018 as amount was not material. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

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 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 based on the length of period related services were 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

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 actuarial using the projected unit credit method. Re-measurements of the defined benefit liability, which comprise actuarial gains and losses are recognised 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 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 recognised in profit or loss.

Provisions

A provision is recognised 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 recognised as finance cost.

Revenue recognition from Contracts with Customers and related assets and liabilities

Cable manufacturing and installation

Revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of the products or services. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. The expected costs associated with the base warranties continue to be recognized as expense when the products are sold. The Company does not provide extended maintenance coverages beyond the base warranties. The Company does not have any material significant payment terms as payment is received in advance, at or shortly after the point of sale.

Performance Obligations

In most cases, the entire contract is accounted for as one performance obligation. Less commonly, however, the Company may promise to provide distinct goods or services within a contract in which case the contracts are separated into more than one performance obligation. Mostly the Company sells standard products with observable standalone sales. In such cases, the observable standalone sales are used to determine the standalone selling price.

Timing of revenue recognition

The Company generally recognizes revenue at a point in time except for certain long-term contracts, which are on a cost-to-cost method. The Company transfers control and recognizes a sale when the product is delivered to the customer, for the majority of the revenue contracts. The amount of consideration received and revenue recognized rarely changes. The Company adjusts the estimate of revenue, if any, at the earlier of when the most likely amount of consideration expected to be received changes or when the consideration becomes fixed. Management uses an observable price to determine the stand-alone selling price for separate performance obligations or a cost-plus margin approach when one is not available.

Cash received in advance of revenue being recognized is treated as current deferred revenue and classified under advances from customers, except for the portion expected to be settled beyond 12 months of the consolidated statement of financial position date, which is classified as non-current deferred revenue.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the consolidated statement of financial position. In most instances, amounts are billed as work progress in accordance with agreed-upon contractual terms, upon achievement of contractual milestones. These assets and liabilities are reported on the consolidated statement of financial position on a contract-by-contract basis at the end of each reporting period. In certain instances, deposits are generally received from customers upon contract execution and upon achievement of contractual milestones. These deposits are liquidated when revenue is recognized.

Contract Assets — Contract assets include unbilled amounts typically resulting from sales under long-term contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Amounts may not exceed their net realizable value. Contract assets are generally classified as current, except when the contract is greater than 12 months.

Contract Liabilities — the contract liabilities consist of advance payments and billings in excess of revenue recognized and deferred revenue. The Company may also receive up-front payments, which in most cases are recognized ratably over the contract term OR adjusted against the subsequent invoices. The contract assets and liabilities are reported in a net position on a contract by-contract basis at the end of each reporting period.

Borrowings

Borrowings are initially recognised 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 recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised 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 that 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 belongs.

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 are provided on an accrual basis. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. Zakat is calculated as 2.5% on Zakat base or adjusted profit which is higher.

(Expressed in thousands of Saudi Arabian Riyals)

Income tax

With regard to deferred tax assets, they recognized when future taxable profits are probably to be realized, and temporary differences can be utilized. Deferred tax assets are reviewed at the end of each financial year and reduced when the associated tax benefits are not probable.

Expenses

Selling, and general and administrative expenses include direct and indirect costs not specifically part of cost of revenue. Allocations between selling, and general and administrative expenses and cost of revenue, when required, are made on a consistent basis.

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 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.

Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by shareholders of the Group.

4. CASH AND CASH EQUIVALENTS

	2018	2017
Cash in hand	**716**	597
Cash at banks	**14,772**	82,667
Cash and cash equivalents for cash flow purposes	**15,488**	83,264
Restricted cash *	**-**	362
	15,488	83,626

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

(Expressed in thousands of Saudi Arabian Riyals)

5. TRADE RECEIVABLES

	2018	2017
Trade receivables	**373,347**	488,219
Less: allowance for doubtful debts	**(147,633)**	(158,648)
	225,714	329,571

Allowance for doubtful debts Movement was as follows:

	2018	2017
Jan 1	**158,648**	162,521
Provision reversals	**(4,748)**	(3,873)
Written off	**(6,267)**	-
	147,633	158,648

6. UNBILLED REVENUE

Unbilled revenue represents revenue recognized, but not yet billed as at December 31, 2018. This also includes an amount of SR 2.2 million (2017: SR 20.66 million) which remains overdue for billing for more than one year. The management believes that this amount will be invoiced and collected during 2019.

7. INVENTORIES

	2018	2017
Raw materials	**54,780**	122,068
Finished goods	**42,890**	88,269
Work in process	**32,622**	69,235
Spare parts and wooden reels	**37,623**	34,805
	167,915	314,377
Less: Provision for slow moving and obsolete inventories	**(55,628)**	(64,604)
	112,287	249,773

Provision for slow moving and obsolete inventories movement was as follows:

	2018	2017
Jan 1	**64,604**	96,770
Provision reversals	**(8,976)**	(32,166)
	55,628	64,604

8. RETENTIONS RECEIVABLES

Retention receivables represent amounts withheld by the customers in accordance with the terms of the agreements for sales and turnkey projects.

	2018	2017
Within one year	**64,153**	72,014
Current portion	**64,153**	72,014
Between one to two years	**35,501**	16,947
Between two to five years	**237**	5,300
Non-current portion	**35,738**	22,247
	99,891	94,261

(Expressed in thousands of Saudi Arabian Riyals)

9. PREPAYMNETS AND OTHER DEBIT BALANCES

	2018	2017
Receivable resulted from Sales of subsidiary	**75,000**	-
Deposits	**31,856**	45,944
Advances to suppliers	**30,963**	22,798
Prepaid expenses	**9,070**	13,901
Value added tax	**6,894**	724
Other receivables	**15,505**	25,829
	169,288	109,196

10. INVESTMENT IN AN ASSOCIATE

10.1 The movement in investments in an associate is as follows:

	2018	2017
January 1	**416,844**	470,970
Group share from losses for the year	**(86,490)**	(23,238)
Group share of net movement of unrealized loss relating to cash flow hedges and translation of foreign operations	**17,561**	(9,547)
Dividends received	**(25,933)**	(21,341)
	321,982	416,844

10.2 Summarized financial information of associate company is as follows:

Midal Cable W.L.L.	Ownership %	Assets	Liabilities	Revenues	Net loss
2018	**50%**	**1,605,135**	**967,808**	**3,221,141**	**(172,980)**
2017	50%	2,016,525	1,197,263	3,142,838	(46,476)

10.3 The Group has reduced the carrying value of investment in Xeca international Company for information technology to SAR Nil in the previous years.

11. INVESTMENT PROPERTIES

	2018	2017
Cost:		
Balance at January 1	**47,123**	47,123
Disposal	**(43,189)**	-
Balance at December 31	**3,934**	47,123
Depreciation:		
Balance at January 1	**19,292**	18,329
Disposal	**(19,371)**	-
Charge for the year	**960**	963
Balance at December 31	**881**	19,292
Net book value	**3,053**	27,831

11.1 Investment properties includes buildings held by 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.

(Expressed in thousands of Saudi Arabian Riyals)

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, 2018 was SR 3,076,740 (2017: 69,202,500).

12. PROPERTY, PLANT AND EQUIPMENT

	Lands	Buildings	Machinery, Equipment and Vehicles	Furniture, Fixtures and office equipment	Capital work in progress	Total
Cost:						
Balance as January 1, 2017	140,010	424,151	1,330,502	150,277	32,605	2,077,545
Additions during the year	-	515	6,495	1,455	8,082	16,547
Disposals during the year	-	(23)	(92,173)	(274)	-	(92·470)
Balance as December 31, 2017	140,010	424,643	1,244,824	151,458	40,687	2,001,622
Additions during the year	-	**12**	**1,978**	**382**	**29,720**	**32,092**
Disposals during the year	**(10,407)**	**(127,700)**	**(360,788)**	**(15,773)**	**(24,277)**	**(538,945)**
Balance as December 31, 2018	**129,603**	**296,955**	**886,014**	**136,067**	**46,130**	**1,494,769**
Accumulated depreciation:						
Balance as January 1, 2017	-	241,192	1,049,399	137,428	-	1,428,019
Charge during the year	-	12,615	77,492	6,166	-	96,273
Disposals during the year	-	(15)	(92,130)	(255)	-	(92,400)
Balance as December 31, 2017	-	253,792	1,034,761	143,339	-	1,431,892
Charge during the year	-	7,068	40,792	1,518	-	49,378
Disposals during the year	-	(63,915)	(302,924)	(13,042)	-	(379,881)
Balance as December 31, 2018	-	196,945	772,629	131,815	-	1,101,389
Net book value:						
December 31, 2017	140,010	170,851	210,063	8,119	40,687	569,730
December 31, 2018	**129,603**	**100,010**	**113,385**	**4,252**	**46,130**	**393,380**

Certain machinery and equipment at December 31, 2018 having cost of SR 15.43 million (December 31, 2017: SR 47.7 million) and net book value of SR 8.31 million (December 31, 2017: SR 32.54 million) have been acquired under finance lease arrangement.

At December 31, 2018 certain assets with a net book value of SR 120.38 million (December 31, 2017: SR 224.25 million) were pledged as collateral to certain credit facilities.

13. ZAKAT AND INCOME TAX

a) Charge for the year

	2018	2017
Zakat charge for the year	**11,000**	11,615
Tax (interest) / charge for the year	**(5,591)**	747
Zakat and income tax charge for the year	**5,409**	12,362

(Expressed in thousands of Saudi Arabian Riyals)

Zakat computation for the years ended December 31, 2018 and 2017 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 profit or loss.

b) Accrued Zakat and income tax

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

	2018	2017
Balance at January 1	**101,946**	91,056
Charge for the year	**11,000**	11,615
Payments during the year	**(11,000)**	(725)
	101,946	101,946

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:

	2018	2017
Balance at January 1	**4,821**	5,568
Charged during the year	**5,591**	(747)
Adjustments	**(2,004)**	-
	8,408	4,821

At December 31, 2018, deferred tax asset amounting to SR 8.4 million (2017: SR 4.8 million) relates to a foreign subsidiary of the Group and the management believes that it is recoverable.

Zakat Status

Saudi Cable Company

The General Authority of Zakat and Tax (GAZT) assessed a zakat liability of SR 22 million on the Company for the years 2002 to 2004. The Company objection was filed in court but ended not being in its favor. As a result, the bank guarantee with BNP Paribas of SR 11 million was immediately in-cashed by the GAZT and remaining was scheduled for payment in accordance with an installment plan starting from January 2019 onwards.

GAZT issued the assessment for the years 2005 to 2007 and claimed additional zakat and withholding tax liability of SR 35.7 million. The Company objected the said assessment and approached the 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), which also ruled in favor of GAZT. As a last resort, the Company file a petition with BOG, which is still under review.

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 has filed an appeal against the GAZT's assessment with the Preliminary Appeal Committee (PAC). PAC approved the GAZT point of view. Accordingly, the Company filed an appeal against PAC's decision with Higher Appeal Committee (HAC), which is under review.

The Company booked a provision of SR 101.9 million against current and above mentioned assessment years by the GAZT. The Company filed its Zakat returns for the year between 2013 and 2017 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 2017.

Mass Projects for Power & Telecommunications Limited

The GAZT issued the Zakat assessments for the years from 1999 to 2004 and claimed additional Zakat differences of SR 3.2 million. The Company filed an objection against the GAZT assessment.

The GAZT issued the amended Zakat assessment of the Company for the years ended December 31, 1999 to 2004 based on the Company's objection, which has shown a Zakat liability reduction of SR 13,462. The Company has requested the GAZT to transfer its objection for the said years to the Preliminary Objection Committee (POC). The POC issued its decision, by which the Zakat differences were reduced by SR 2.1 million.

The Company filed an appeal against the said POC's decision with the Higher Appeal Committee (HAC) and submitted a bank guarantee of SR 1.0 million, which is still under review by HAC.

The GAZT issued the Zakat assessments for the years from 2005 to 2012 and claimed additional Zakat differences of SR 34.7 million. The Company filed an objection against the GAZT assessments, and GAZT recently issued the amended zakat assessment which has shown zakat difference 27.7 million after reduction which is still under review.

The Company filed its Zakat returns for the years ended December 31, 2013 to 2017 and obtained the restricted Zakat certificate for the year ended December 31, 2017. The GAZT did not issue the Zakat assessment for the said years 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 2017.

(Expressed in thousands of Saudi Arabian Riyals)

14. INTANGIBLE ASSETS

	Development cost	Deferred cost	Rights and licenses	Total
As December 31,2017				
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
As December 31,2018				
January 1, 2018	13,421	2,272	3,365	19,058
Additions during the year	-	-	**1,455**	**1,455**
Amortizations during the year	**(1,650)**	**(2,272)**	**(473)**	**(4,395)**
Disposals during the year	**(11,771)**	-	**(1,847)**	**(13,618)**
December 31, 2018	-	-	**2,500**	**2,500**

15. BANK BORROWINGS AND FINANCIAL RESTRUCTURING

The Group has several financing arrangements with local and foreign banks and development financial institutions 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.

Short term loans as at December 31 comprise the following:

	2018	2017
Local banks	**3,141**	29,946
Lenders of subsidiaries (outside Saudi Arabia)	**47,351**	86,561
	50,492	116,507

Long-term loans comprise the following:

	2018	2017
Restructured Loans from commercial banks	**261,892**	590,016
Lenders of subsidiaries (outside Saudi Arabia)	**889**	41,715
Loan from a SIDF	**109,250**	110,230
	372,031	741,961
Less: current portion of long term loans	**(188,373)**	(268,185)
Non-current portion of long term loans	**183,658**	473,776

On February 23, 2016, the Group has entered into 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, with a final payment at the end of December 2022 and subject to certain additional requirements. The total debt restructured was SAR 793 million including accumulated financing costs of SAR 85 million.

(Expressed in thousands of Saudi Arabian Riyals)

On April 17, 2017, the Group had entered into a final settlement Agreement with BNP Paribas Bank on the basis of which the Group made a payment of SAR 40 million. Based on the terms of the said agreement, on receipt of SAR 40 million by BNP Paribas Bank, the loan amount of BNP Paribas Bank shall be reduced from SAR 142 million to SAR 24.99 million. Accordingly, the Group has reversed the obligation through profit and loss, by SAR 77 million.

On June 11, 2017, the Group finalized further renegotiations to "Restructuring Framework Agreement" through an amendment and restructuring by the Participating Banks (excluding BNP Paribas Bank) and have agreed to defer the repayment of the loans for a further periods. According to the terms of the said agreement, the Company shall increase its capital through issuance of right shares and settle an amount of SAR 188.38 million, from the said proceeds by 30 June 2018. The remaining amount of SAR 371.65 million is due in equal instalments commencing from December 31, 2018 to June 30, 2022.

On December 25, 2018, the Group entered into a Final Settlement Agreement with National Commercial Bank and Bank Al Jazira on the basis of which Saudi Cable Company paid an amount of SAR 110 million, against receiving a waiver for the balance SAR 203 million due to these banks. Accordingly, the Group has reversed the obligation through profit and loss.

The management believe that the remaining balance with Al Rajhi Bank, will continue until mutual terms and conditions are agreed apart from the previous restructuring agreement.

The outstanding facilities are secured by a promissory note and mortgage of part of Group's property, plant and equipment.

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 Financing Institutions.

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	128,783	59,590	188,373
Between one to two years	33,512	15,400	48,912
Between two to five years	99,597	34,260	133,857
	261,892	**109,250**	**371,142**

(Expressed in thousands of Saudi Arabian Riyals)

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.

	2018	2017
Minimum lease payments	1,744	20,163
Less: financial charges not yet due	(172)	(1,455)
Present value of minimum lease payments	1,572	18,708
Less: current portion	(1,103)	(7,170)
Non - current portion	469	11,538

The leased assets have been acquired under finance lease arrangements, remaining balance of SR 1.6 million is 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:

	2018	2017
Obligation under finance lease	1,572	18,708
Within one year	1,103	7,170
Within two to five years	469	11,538

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 Grpup's Board of Directors.

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 Group 's Board of Directors.

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

(Expressed in thousands of Saudi Arabian Riyals)

Due from related parties

Transaction with	Relationship	Nature of transaction	Transactions during the year ended December 31,		Balance as of December 31	
			2018	2017	**2018**	2017
Hidada Limited	Affiliate	Sale of goods	-	7	**187**	187
Demirer Kablo Tesisleri Sanayi Ve Ticaret Anonim Sirketi	previously subsidiary	Sales of goods and expenses	**17,540**	-	**25,522**	-
					25,709	187

Due to related parties

Transaction with	Relationship	Nature of transaction	Transactions during the year ended December 31,		Balance as of December 31	
			2018	2017	**2018**	2017
Midal Cables W.L.L	Associate	Purchase of raw material	**9,662**	9,010		
		Directors remuneration	**469**	1,875		
		Dividends received	**25,933**	21,341		
		Others	**26**	1,141	**3,374**	15,876
Xenel Industries Limited	Shareholder	Expenses recharged by the Group	**562**	2,686	**43,540**	44,102
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	**750**	250	**1,719**	2,469
					50,749	64,563

Remuneration of Directors and Key Management Personnel

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

	2018	2017
Directors Remuneration	**952**	392

(Expressed in thousands of Saudi Arabian Riyals)

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

	2018	2017
Short term benefits	**4,343**	4,985
Post-employment benefit	**223**	440

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

	2018	2017
Accrued finance charges	**25,595**	31,750
Accrued expenses	**61,745**	36,631
Payable to shareholders of subsidiary *	**89,745**	89,745
Advances from customers	**89,326**	91,030
Billing in excess of work performed	**32,182**	32,226
Provision of legal claims	**16,391**	-
Other	**17,163**	18,257
	332,147	299,639

* 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, 2018 no such amount has been paid by the Company to the shareholders of Elimsan Salt.

19. EMPLOYEES' END OF SERVICE BENEFIT

	2018	2017
Balance at January 1	**56,269**	67,523
Charged to profit and loss during the year	**8,456**	7,904
Payment during the year	**(15,649)**	(19,158)
Adjustments resulted from disposal subsidiary	**(2,335)**	-
Charged to other comprehensive	**(2,277)**	-
	44,464	56,269
Advances against Employee benefits obligation	**(2,200)**	-
	42,264	56,269

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.

	2018	2017
Discount rate	**4.25%**	3.26 %
Long term salary increases	**4.25%**	3.00 %

(Expressed in thousands of Saudi Arabian Riyals)

20. SHARE CAPITAL

The share capital consisted of 11,061,406 shares of Saudi Arabian Riyals 10 each as at December 31, 2018. (As at December 31, 2017: 40,411,434 shares).

On June 4, 2017, the Board of Directors' 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.

On August 2, 2018, the Board of Directors' decided to reduce the share capital of the Company by SR 293.5 million by reducing the number of shares by 1:1.38, subsequent to approval of Capital Market Authority. Consequently, the revised shares are 11,061,406 shares of Saudi Arabian Riyal 10 each as at December 31, 2018 (2017: SR 40,411,434).

21. FAIR VALUE RESERVE

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

	2018	2017
Balance at January 1	**(11,650)**	5,095
	(11,650)	5,095
Net movement in unrealized (losses) gains relating to cash flow hedges of the Company and its subsidiaries	**(4,588)**	83
Net movement in unrealized gains (losses) relating to cash flow hedges of the equity accounted investee	**17,196**	(16,828)
Total adjustments to fair value reserve	**12,608**	(16,745)
	958	(11,650)

22. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31	
	2018	2017
Salaries and related benefits	**39,526**	33,858
Professional charges	**8,327**	26,664
Depreciation and Amortizations	**12,045**	19,882
Bank charges	**1,426**	1,588
Repairs and maintenance	**2,456**	5,344
Traveling and transportation expenses	**1,767**	1,266
Rent and insurance	**1,354**	1,684
Utilities	**1,651**	1,572
Trainings	**71**	27
Printing, stationery and advertisements	**104**	205
Others	**8,113**	11,627
	76,840	103,717

(Expressed in thousands of Saudi Arabian Riyals)

23. SELLING AND DISTRIBUTION EXPENSES

	For the year ended December 31	
	2018	2017
Salaries and related benefits	**11,788**	19,951
Freight, insurance and transportation	**15,783**	12,267
Repairs and maintenance	**98**	148
Depreciation	**42**	70
Rent	**234**	305
Utilities	**97**	257
Printing, stationery and advertisements	**39**	24
Others	**7,339**	3,084
	35,420	36,106

24. OTHER INCOME, NET

	For the year ended December 31	
	2018	2017
Net foreign exchange gains	**344**	439
Gain resulted from loan restructuring with commercial banks	**228,827**	77,200
Reversal of allowance for doubtful debts	**4,748**	3,873
Reversal of over provisions	**-**	13,749
Other (loss) / income	**(5,820)**	13,317
	228,099	108,578

25. EARNINGS PER SHARE

Earnings per share the years ended December 31, 2018 and 2017 has been computed by dividing the operating income, non-operating income (loss) and net income for each years by weighted average number of shares outstanding during such years. As of December 31, 2018 the weighted average number of shares outstanding is 30.762 shares (2017: 55.524 shares).

26. COMMITMENTS AND CONTINGENCIES

The following are the commitments and contingencies:

	2018	2017
Property mortgage and guarantees	**167,313**	199,493
Outstanding forward metal contracts	**91,036**	44,433
Contingent liabilities in respect of performance and bid bonds	**54,849**	68,086
Authorized and contracted for capital expenditure commitments	**4,222**	2,412

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. 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	
	2018	2017	**2018**	2017	**2018**	2017
Assets	**1,209,781**	1,759,366	**186,809**	194,750	**1,396,590**	1,954,116
Liabilities	**1,160,313**	1,406,255	**74,480**	332,411	**1,234,793**	1,738,666
Net revenue	**801,223**	1,243,680	**63,800**	98,797	**865,023**	1,342,477
Net (loss)/income	**(62,833)**	(84,531)	**(119)**	4,218	**(62,952)**	(80,313)

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:

2018	Saudi Arabia	UAE	Turkey	Total
Assets	**962,400**	**23,768**	**410,422**	**1,396,590**
Liabilities	**902,312**	**2,292**	**330,189**	**1,234,793**
Net revenue	**625,290**	**76,705**	**163,028**	**865,023**
Net (loss)/income	**14,624**	**(1,713)**	**(75,863)**	**(62,952)**

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 revenue	895,122	43,950	403,405	1,342,477
Net (loss) / profit	(66,110)	(3,434)	(10,769)	(80,313)

28. DISPOSED SUBSIDIARY

The board of director decided in its meeting dated July 12, 2018 to sell one of the subsidiaries in Turkey (Demirer Kablo Tesisleri Sanayi Ve Ticaret Anonim Sirketi).

(Expressed in thousands of Saudi Arabian Riyals)

The subsidiary was sold on 31 August 2018, the details of sale of subsidiary as follow:

	December 31, 2018
Amount agreed by agreement	250,125
Contingent liabilities from sale transaction	133
Total Amount agreed by agreement	**250,258**
Present value of net assets at date of disposal	(185,728)
Gain on sale before income tax	**64,530**
Income tax	(17,250)
Gain on sale	**47,280**

29. MANAGEMENT RISK OF FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks, credit risk, liquidity risk and market price 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, from related parties, and retentions as follows.

	2018	2017
Cash in Banks	**14,772**	82,667
Trade receivable and other receivable and Due from related parties	**420,711**	438,953
Retentions receivable	**99,891**	94,261
	535,374	615,881

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 Group is exposed to the impact of market fluctuations of the price of various inputs to production. The Group prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of commodity 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 Group's exposed to the risk of changes in market interest rates relates primarily to the Company borrowings with floating interest rates. The Group manages its exposure to interest rate risk by continuously monitoring movements in interest rates.

(Expressed in thousands of Saudi Arabian Riyals)

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.

December 31, 2018	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	50,492	50,492	-	-
Long term loans	372,031	188,373	183,658	-
Due to related parties	50,749	50,749	-	-
Account Payable	276,574	276,574	-	-
	749,846	566,188	183,658	-

December 31, 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	116,507	116,507	-	-
Long term loans	741,961	268,185	473,776	-
Due to related parties	64,563	64,563	-	-
Account Payable	339,073	339,073	-	-
	1,262,104	788,328	473,776	-

December 31, 2018	Carrying amount	On Demand or Less than 1 year	1 year to 5 years	More than 5 years
Derivatives Financial Liabilities				
Forward contracts	1,659	1,659	-	-
	1,659	1,659	-	-

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

(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
December 31, 2018						
Financial Assets						
Cash and Cash Equivalents	15,488	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	45	-	45	-	45
Retentions receivable	99,891	-	-	-	-	-
Trade receivable and other receivable and Due from related parties	420,711	-	-	-	-	-
	536,090	45	-	45	-	45
Financial Liabilities						
Account payable	276,574	-	-	-	-	-
Derivatives Financial instruments	-	1,659	-	1,659	-	1,659
Due to related parties	50,749	-	-	-	-	-
Short term loans	50,492	-	-	-	-	-
Long term loans	372,031	-	-	-	-	-
	749,846	1,659	-	1,659	-	1,659
December 31, 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 receivable	94,261	-	-	-	-	-
Trade receivable and other receivable and Due from related parties	438,954	-	-	-	-	-
	616,841	1,228	-	1,228	-	1,228
Financial Liabilities						
Account payable	339,073	-	-	-	-	-
Due to related parties	64,563	-	-	-	-	-
Short term loans	116,507	-	-	-	-	-
Long term loans	741,961	-	-	-	-	-
	1,262,104	-	-	-	-	-

31. COMPARATIVES FIGURES

Certain figures for 2017 have been reclassified to conform to the presentation in the current year.