

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS  
ENDED 30 JUNE 2020**

**SAUDI CABLE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

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For the three-month and six-month periods ended 30 June 2020

<b>INDEX</b>	<b>PAGE</b>
Independent auditors' review report on the interim condensed consolidated financial statements	1-2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6 – 7
Notes to the interim condensed consolidated financial statements	8 - 26



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## **INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAUDI CABLE COMPANY (A SAUDI JOINT STOCK COMPANY)**

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Cable Company (A Saudi Joint Stock Company) ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2020, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statement of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia (KSA). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of review**

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

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2.5 in the interim condensed consolidated financial statements which states that the Group incurred a net loss of SR 59.96 million during the six months period ended 30 June 2020 and, as of that date, the Group's current liabilities exceeded its current assets by SR 20.64 million. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other Matter**

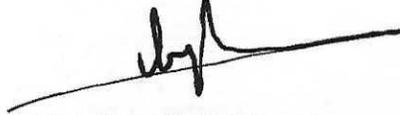
The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed a modified opinion on those financial statements on 30 March 2020. Further, the interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2020 and for the six-month period ended 30 June 2019 were reviewed by another auditor who expressed a modified review conclusion on those financial statements on 17 June 2020 and 25 July 2019, respectively.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF SAUDI CABLE COMPANY (A SAUDI JOINT STOCK COMPANY)  
(continued)**

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young



Abdullah Ali AlMakrami  
Certified Public Accountant  
License No. 476

25 August 2020  
6 Muharram 1442H

Jeddah



**SAUDI CABLE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME**

For the three-month and six-month periods ended 30 June 2020

		<i>For the three- month period ended 30 June 2020</i>	<i>For the three- month period ended 30 June 2019</i>	<i>For the six- month period ended 30 June 2020</i>	<i>For the six- month period ended 30 June 2019</i>
	<i>Note</i>	<i>Unaudited SR' 000</i>	<i>Unaudited SR' 000</i>	<i>Unaudited SR' 000</i>	<i>Unaudited SR' 000</i>
Revenue		145,184	90,581	204,716	193,038
Cost of revenue		(151,922)	(102,654)	(228,759)	(214,107)
<b>GROSS LOSS FOR THE PERIOD</b>		<b>(6,738)</b>	<b>(12,073)</b>	<b>(24,043)</b>	<b>(21,069)</b>
<b>OPERATING EXPENSES</b>					
General and administrative expenses		(14,652)	(18,632)	(31,505)	(31,182)
Selling and distribution expenses		(3,750)	(6,324)	(7,539)	(11,463)
<b>TOTAL OPERATING EXPENSES</b>		<b>(18,402)</b>	<b>(24,956)</b>	<b>(39,044)</b>	<b>(42,645)</b>
<b>LOSS FROM MAIN OPERATIONS</b>		<b>(25,140)</b>	<b>(37,029)</b>	<b>(63,087)</b>	<b>(63,714)</b>
Finance costs		(4,870)	(1,459)	(11,681)	(7,680)
Share of results of associates, net		354	(173)	(2,090)	(245)
Other income, net		15,598	22,861	22,398	26,139
<b>LOSS BEFORE ZAKAT AND INCOME TAX</b>		<b>(14,058)</b>	<b>(15,800)</b>	<b>(54,460)</b>	<b>(45,500)</b>
Zakat and income tax		(2,750)	(2,765)	(5,500)	(5,515)
<b>LOSS FOR THE PERIOD</b>		<b>(16,808)</b>	<b>(18,565)</b>	<b>(59,960)</b>	<b>(51,015)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Foreign currency translation adjustments		1,756	395	875	1,312
Group's share of fair value reserve		10,629	(3,729)	7,608	(2,612)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(4,423)</b>	<b>(21,899)</b>	<b>(51,477)</b>	<b>(52,315)</b>
<b>Loss for the period attributable to:</b>					
Shareholders' of the Parent Company		(16,582)	(18,320)	(59,779)	(50,415)
Non-controlling interests		(226)	(245)	(181)	(600)
		<b>(16,808)</b>	<b>(18,565)</b>	<b>(59,960)</b>	<b>(51,015)</b>
<b>Total comprehensive loss for the period attributable to:</b>					
Shareholders of the Parent Company		(4,197)	(21,654)	(51,296)	(51,715)
Non-controlling interests		(226)	(245)	(181)	(600)
		<b>(4,423)</b>	<b>(21,899)</b>	<b>(51,477)</b>	<b>(52,315)</b>
<b>Loss per share (basic and diluted)</b>					
Main operation for the period	5	(0.53)	(1.64)	(1.33)	(2.82)
Loss for the period	5	(0.35)	(0.81)	(1.26)	(2.23)

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2020

		<i>30 June 2020</i>	<i>31 December 2019</i>
		<i>Unaudited</i>	<i>Audited</i>
		<i>SR' 000</i>	<i>SR' 000</i>
<b>ASSETS</b>	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Financial assets at fair value through other comprehensive income (FVOCI)		45	45
Investments in associates	6	314,207	318,180
Non-current portion of retention receivables		31,937	32,077
Investment properties		40,854	2,975
Property, plant and equipment	7	315,070	330,415
Deferred tax assets		8,346	8,346
Intangible assets	8	23,858	25,764
Right-of-use assets	9	7,732	8,096
<b>TOTAL NON-CURRENT ASSETS</b>		<b>742,049</b>	<b>725,898</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	45,047	7,064
Account receivable	11	233,099	138,954
Unbilled revenue		36,019	46,213
Inventories, net	12	109,372	98,879
Due from related parties	17	187	187
Current portion of retention receivable		79,741	63,940
Prepaid expenses and other debit balances	13	279,738	166,401
<b>TOTAL CURRENT ASSETS</b>		<b>783,203</b>	<b>521,638</b>
<b>TOTAL ASSETS</b>		<b>1,525,252</b>	<b>1,247,536</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	14	360,614	110,614
Fair value reserve		8,434	826
Foreign currency translation reserve		(5,528)	(6,403)
Employees' end-of-service benefits reserve		(3,320)	(3,320)
Accumulated losses		(67,188)	(7,409)
<b>Equity attributable to the shareholders of the parent</b>		<b>293,012</b>	<b>94,308</b>
Non-controlling interests		(2,722)	(2,543)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>290,290</b>	<b>91,765</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of long term loans	15	360,140	378,181
Current portion on obligation under finance lease liabilities		633	688
Retention payable		8,058	8,066
Employees' end-of-service benefits		51,211	52,168
Lease liabilities	9	8,076	7,935
<b>TOTAL-NON-CURRENT LIABILITIES</b>		<b>431,118</b>	<b>447,038</b>
<b>CURRENT LIABILITIES</b>			
Short term loans	15	2,176	16,384
Current portion of long-term loans	15	50,646	37,915
Non-current obligation under finance lease liabilities		263	524
Accounts payables		385,600	283,022
Due to a related party	17	50,379	56,022
Accrued and other current liabilities		246,064	244,862
Provision for zakat and income tax		68,333	69,435
Lease liabilities	9	383	569
<b>TOTAL CURRENT LIABILITIES</b>		<b>803,844</b>	<b>708,733</b>
<b>TOTAL LIABILITIES</b>		<b>1,234,962</b>	<b>1,155,771</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,525,252</b>	<b>1,247,536</b>

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

**SAUDI CABLE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six-month period ended 30 June 2020

**Equity attributable to the shareholders of the Parent**

	<i>Share Capital SR' 000</i>	<i>Fair value reserve SR' 000</i>	<i>Foreign currency translation reserve SR' 000</i>	<i>Employee end of service benefit reserve SR' 000</i>	<i>Retained earnings (Accumulated losses) SR' 000</i>	<i>Total SR' 000</i>	<i>Non- controlling interests SR'000</i>	<i>Total equity SR' 000</i>
<b>Balance at 1 January 2020</b>	110,614	826	(6,403)	(3,320)	(7,409)	94,308	(2,543)	91,765
Loss for the period	-	-	-	-	(59,779)	(59,779)	(181)	(59,960)
Changes in fair value reserve	-	7,608	-	-	-	7,608	-	7,608
Foreign currency translation adjustment	-	-	875	-	-	875	-	875
Net movement in non-controlling interest	-	-	-	-	-	-	2	2
Capital Increase	250,000	-	-	-	-	250,000	-	250,000
<b>Balance at 30 June 2020</b>	<b>360,614</b>	<b>8,434</b>	<b>(5,528)</b>	<b>(3,320)</b>	<b>(67,188)</b>	<b>293,012</b>	<b>(2,722)</b>	<b>290,290</b>
Balance at 1 January 2019	110,614	958	(6,703)	2,277	55,006	162,152	(355)	161,797
Loss for the period	-	-	-	-	(50,415)	(50,415)	(600)	(51,015)
Changes in fair value reserve	-	(2,612)	-	-	-	(2,612)	-	(2,612)
Foreign currency translation adjustment	-	-	1,312	-	-	1,312	-	1,312
Net movement in non-controlling interest	-	-	-	-	-	-	(459)	(459)
<b>Balance at 30 June 2019</b>	<b>110,614</b>	<b>(1,654)</b>	<b>(5,391)</b>	<b>2,277</b>	<b>4,591</b>	<b>110,437</b>	<b>(1,414)</b>	<b>109,023</b>

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

**SAUDI CABLE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six-month period ended 30 June 2020

		<i>For the six month period ended 30 June 2020</i>	<i>For the six month period ended 30 June 2019</i>
	<i>Note</i>	<i>Unaudited SR' 000</i>	<i>Unaudited SR' 000</i>
<b>OPERATING ACTIVITIES</b>			
Loss before zakat and income tax		(54,460)	(45,500)
<i>Adjustments for:</i>			
Depreciation		16,313	18,181
Amortization of intangible assets	8	1,906	211
Provision for employees' end of service benefits		3,794	5,133
Share of results of associates, net	6	2,090	245
Provision / (reversal) for inventories	12	434	(3,753)
Finance cost		11,681	7,680
		<u>(18,242)</u>	<u>(17,803)</u>
Changes in operating assets and liabilities:			
Accounts receivables		(94,145)	51,575
Prepayments and other receivables		(147,675)	8,786
Unbilled revenue		10,194	250
Inventories		(10,927)	2,778
Due from related parties		-	15,638
Retention receivables		(15,660)	5,827
Trade payable		102,579	(13,529)
Deferred tax assets		-	(235)
Accrued and other liabilities		(6,745)	(44,723)
Retention payable		(8)	186
Due to related parties		(5,643)	(2,973)
		<u>(186,272)</u>	<u>5,977</u>
Cash (used in) / generated from operating activities			
Employees' end of service benefits paid		(1,751)	(1,540)
Zakat and income tax paid		(6,602)	(6,820)
Finance cost paid		(2,906)	(7,680)
		<u>(197,531)</u>	<u>(10,063)</u>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment, intangibles and right of use assets, net	7	(566)	(1,470)
Dividends received from an associate	6	6,787	-
		<u>6,221</u>	<u>(1,470)</u>
Net cash generates from / (used in) investing activities			
<b>FINANCING ACTIVITIES</b>			
Net change in borrowings		(19,518)	14,680
Proceeds from rights issue	14	250,000	-
Net movement in obligations under finance lease		(316)	(460)
Net movement in lease liabilities (IFRS 16)	9	(873)	-
		<u>229,293</u>	<u>14,220</u>
Net cash generated from financing activities			

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

For the six-month period ended 30 June 2020

	<i>For the six month period ended 30 June 2020 Unaudited SR' 000</i>	<i>For the six month period ended 30 June 2019 Unaudited SR' 000</i>
<b>NET INCREASE IN CASH AND BANK BALANCES</b>	<b>37,983</b>	<b>2,687</b>
Cash and bank balances at the beginning of the period	<u>7,064</u>	<u>15,488</u>
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>	<b><u>45,047</u></b>	<b><u>18,175</u></b>
<b>Additional information for non-cash items:</b>		
Change in fair value reserve	7,608	(2,612)
Foreign currency translation adjustments	875	1,312

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

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SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

**1. ORGANISATION AND 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 Al Thani 1396H, (corresponding to April 27, 1976).

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

The registered head office of the Parent Company is located at the following address:

Saudi Cable Company  
P. O. Box 4403,  
Jeddah 21491,  
Kingdom of Saudi Arabia.

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

Company’s Name	Principal activities	Country of incorporation	Percentage of ownership	
			As of June 30, 2020 (Unaudited)	As of December 31, 2019 (Audited)
<b>Domestic</b>				
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 Centres for Distribution of Electrical Products Limited	Electrical and telecommunication distribution service	Saudi Arabia	100%	100%
<b>International</b>				
Mass Kablo Yatirim Ve Ticaret Anonim Sirketi	Holdng Company (Previously Mass Holding Company)	Turkey	100%	100%
Mass International Trading Company Liited (dormant)*	International trading	Ireland	100%	100%
Saudi Cable Company (U.A.E)	Sale of cables and related products	United Arab Emirates	100%	100%
Elimsan Salt Cihazlari ye Eletromeanik San ve Tic. A.S	Manufacturing and distribution of electronic gears and goods	Turkey	94%	94%
Eliman Metalurji ve Makine San. Ve Tic A.S.	Manufacturing and distribution of electronic gears and goods	Turkey	100%	100%
Fairhaven Holding Ltd*	Holding	Seychelles	100%	100%
Kablat Holding Limited *	Holding	Malta	100%	100%
Gozo Gayrimenkul Anonim Sirketi *	Holding	Turkey	100%	100%
Valleta Gayrimenkul Anonim Sirketi *	Holding	Turkey	100%	100%

SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 June 2020

**1. ORGANISATION AND ACTIVITIES (continued)**

As at 30, June the Group has the following investment in equity accounted investees

Company's Name	Principal activities	Country of incorporation	Percentage of ownership	
			As of 30 June 2020 (Unaudited)	As of 31 December 2019 (Audited)
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.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 – “Interim Financial Reporting”, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants (“SOCPA”).

These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments, estimates and assumptions were consistent with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

**2.2 Basis of measurement**

The interim condensed consolidated financial statements has been prepared under the historical cost basis using the accrual basis of accounting and the going concern concept, modified for the employee’s end of service benefits, for which actuarial present value calculation are used, and investment in associates and joint ventures, for which the equity method of accounting is applied.

**2.3 Functional and presentation currency**

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals (“SR”) which is the Group’s functional and presentation currency.

**2.4 Summary of significant accounting policies**

The accounting policies adopted by the Group for the preparation of this interim condensed consolidated financial statements is consistent with those followed in preparation of the Group’s annual consolidated financial statement for the year ended December 31, 2019:

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(continued)

At 30 June 2020

**2. BASIS OF PREPARATION (continued)**

**2.5 Significant accounting judgements, estimates and assumptions**

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, were disclosed in annual consolidated financial statements for the year ended 31 December 2019.

**Impact of COVID-19**

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Majority of Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

Oil prices have also witnessed significant volatility during the current period, owing not just to demand issues arising from COVID-19 as the world economies go into lockdown, but also supply issues driven by volume which had predated the pandemic. The Group, whose operations are largely concentrated in an economy which is primarily based on oil, the economic impacts of the above events, though the scale and duration of which remains uncertain, primarily include:

- Significant interruption of international businesses and trade as well as travel restrictions and unavailability of personnel etc.;
- A significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates, and a general decline in interest rates globally.
- Transfer/receipt of cash where majority of business are not working at optimum level.

The resultant situation necessitated the Group's management to revisit its significant judgments in applying the Group's accounting policies and the methods of computation and the key sources of estimation applied to the annual consolidated financial statements for the year ended 31 December 2019. Whilst it is still challenging to predict the full extent and duration of its business and economic impact, management carried out an impact assessment on the overall Group's operations and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, etc. and concluded that, as of the issuance date of these interim condensed consolidated financial statements, no significant changes are required to the judgements and key estimates. However, Company observed delays in procurement, extended production lead time which had some deferment in shipments. In view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

**Going Concern**

Mass Kablo Ve Ticaret Anonim Sirketi, a fully owned subsidiary of the Group, has accumulated losses amounting to SR 425.7 million as of June 30, 2020 and, as of that date, the subsidiary's current liabilities exceeded its current assets by SR 139.7 million is a matter for going concern and its ability to meet obligations as and when they fall due. Management has prepared a comprehensive business plan and, already, has successfully implemented certain elements of the plan including among others, rescheduled of financing arrangements, agreed sustainable repayments plans with major creditors, secured and continue to securing assets of the Subsidiary through legal means and renegotiations with counterparties to enhance the Subsidiary's operational position. Accordingly, management believe that the going concern assumption used in the preparation of the subsidiary financial information is appropriate.

In addition, the Group incurred a net loss of SR 59.96 million during the six months period ended 30 June 2020 and, as of that date, the Group's current liabilities exceeded its current assets by SR 20.64 million. Similar to the plan at the Subsidiary level, management has implemented various initiatives at the Group level as well. Coupled with successful execution of a capital raise by way of rights issue, financial restructuring agreement with Al Rajhi bank (Note 15), improved order backlog, better terms with suppliers, provided management adequate evidence that going concern assumption is appropriate for the Group as a whole.

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**3. BASIS OF CONSOLIDATION**

These interim condensed consolidated financial statements comprising the financial statements the Company and its subsidiaries as set out in note 1. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company.

**3.1 Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. To meet the definition of control, all of the following three criteria must be met:

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

The Group re-assesses whether or not it controls an investee in case facts and circumstances indicate that there are changes to one or more of the criteria of control.

Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The results of subsidiaries acquired or disposed of during the period, if any, are included in the interim condensed consolidated statement of income from the date of the acquisition or up to the date of disposal, as appropriate.

**3.2 Investment in an associates and jointly controlled entities**

The Group's interest in equity-accounted investee comprises interest in a joint venture and investments in associates. Associates are entities over which the Group exercises significant influence. Investments in associates are initially recognized at cost and subsequently accounted for under the equity method of accounting and are carried in the interim condensed consolidated statement of financial position at the lower of the equity-accounted value or the recoverable amount.

A joint venture is an arrangement in which the Company has joint control whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Equity-accounted value represents the cost plus post-acquisition changes in the Group's share of net assets of the associate (share of the results, reserves and accumulated gains/ (losses) based on the latest available financial information) less impairment, if any.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in 'share in net income / (loss) of an associate' in the interim condensed consolidated statement of profit or loss.

The previously recognized impairment loss in respect of investment in associate can be reversed through the interim condensed consolidated statement of income, such that the carrying amount of the investment in the interim condensed consolidated statement of financial position remains at the lower of the equity-accounted (before allowance for impairment) or the recoverable amount.

Unrealized gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in year 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

**Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments do not have any impact on the interim condensed consolidated financial statements of the Group.

**Amendments to IAS 1 and IAS 8: Definition of Material**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Group.

**Amendment to IFRS 16: COVID 19 related rent concessions**

In May 2020, the IASB amended IFRS 16 Leases to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

The information required by paragraph 28(f) of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The amendment has no impact on the Group.

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**5. LOSS PER SHARE**

Loss per share for the period ended 30 June 2020 and for the period ended 30 June 2019 were calculated by dividing the loss from main operations and net loss for each period by weighted average number of shares outstanding during the period. The last year loss per share number has been restated with respect to right issue adjustment.

**6. INVESTMENTS IN ASSOCIATES**

6.1 The movement in investments in associates is as follows:

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
As at 1 January	<b>318,180</b>	321,982
Group share from (losses) / profit for the year	<b>(2,090)</b>	395
Group share of net movement of unrealised loss relating to cash flow hedges and transaction of foreign operations	<b>4,904</b>	(4,197)
Dividend received	<b>(6,787)</b>	-
	<b>314,207</b>	318,180

6.2 Summarised financial information of associate company is as follows.

<b>Midal Cable W.L.L.</b>	<b>Ownership</b>	<b>SR'000</b>			
		<b>Assets</b>	<b>Liabilities</b>	<b>Revenues</b>	<b>Net Loss</b>
30 June 2020	50%	1,504,455	877,759	1,219,219	(4,181)
31 December 2019	50%	1,523,524	888,394	2,831,659	790

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

**7. PROPERTY, PLANT AND EQUIPMENT**

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Carrying amount at beginning of the period / year	<b>330,415</b>	393,380
Additions during the period / year	<b>566</b>	1,670
Transfer of intangible assets during the period / year	-	(30,795)
Disposals during the period / year	-	(32)
Depreciation charge for the period / year	<b>(15,911)</b>	(33,808)
Carrying amount at end of the period / year	<b>315,070</b>	330,415

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**8. INTANGIBLE ASSETS**

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Carrying amount at beginning of the period / year	25,764	2,500
Additions during the period / year	-	780
Transfer from Property and equipment	-	30,795
Amortization during the period/ year	<b>(1,906)</b>	(8,311)
	<hr/>	<hr/>
Carrying amount at end of the period / year	<b>23,858</b>	25,764
	<hr/> <hr/>	<hr/> <hr/>

**9. RIGHT OF USE ASSETS**

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
At the beginning of the year	8,966	-
IFRS transition adjustments	-	7,959
Transfer from intangible on the date of application of IFRS 16, net	-	1,007
	<hr/>	<hr/>
	<b>8,966</b>	8,966
	<hr/>	<hr/>
Depreciation:		
At the beginning of the year	870	-
Depreciation for the period/ year	364	870
	<hr/>	<hr/>
	<b>1,234</b>	870
	<hr/>	<hr/>
<b>As at 30 June 2020</b>	<b>7,732</b>	8,096
	<hr/> <hr/>	<hr/> <hr/>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
At the beginning of the year	8,504	-
IFRS transition adjustments	-	8,303
Interest charge for the year	174	382
Unwinding of lease liability	654	865
Payment of lease liabilities during the year	<b>(873)</b>	(1,046)
	<hr/>	<hr/>
<b>As at 30 June 2020</b>	<b>8,459</b>	8,504
	<hr/> <hr/>	<hr/> <hr/>

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**9. RIGHT OF USE ASSETS (continued)**

The classification of lease liabilities is as follows

	<i>30 June 2020</i>	<i>31 December 2019</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Current lease liability	<b>383</b>	569
Non-current lease liability	<b>8,076</b>	7,935
	<u><b>8,459</b></u>	<u>8,504</u>

**10. CASH AND CASH EQUIVALENTS**

	<i>30 June 2020</i>	<i>31 December 2019</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Cash in hand	<b>1,118</b>	1,119
Cash at banks	<b>43,929</b>	5,945
	<u><b>45,047</b></u>	<u>7,064</u>

**11. ACCOUNT RECEIVABLE**

	<i>30 June 2020</i>	<i>31 December 2019</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Trade receivable	<b>382,663</b>	288,518
Less: allowance for expected credit losses	<b>(149,564)</b>	(149,564)
	<u><b>233,099</b></u>	<u>138,954</u>

Allowance for doubtful debts movements was as follows:

	<i>30 June 2020</i>	<i>31 December 2019</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
January 1	<b>149,564</b>	147,633
Provision for the year	<b>-</b>	1,931
	<u><b>149,564</b></u>	<u>149,564</u>

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**12. INVENTORIES**

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Raw material	54,223	43,587
Finished goods	43,163	37,490
Work in progress	21,760	20,397
Spare parts and wooden reels	32,770	39,515
	<u>151,916</u>	<u>140,989</u>
Less: Provision for slow moving and obsolete inventories	(42,544)	(42,110)
	<u><u>109,372</u></u>	<u><u>98,879</u></u>

Movement for slow movement and obsolete inventories was as follows

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
January 1	42,110	55,628
Provision for the year	434	-
Provision reversal	-	(13,518)
	<u>42,544</u>	<u>42,110</u>

**13. PREPAID EXPENSES AND OTHER DEBIT BALANCES**

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Receivable from sale of subsidiary	41,192	77,170
Margins and deposits	35,158	24,014
Advances to suppliers	165,844	33,184
Prepaid expenses	16,861	8,375
Value added tax	9,118	10,457
Other receivables	11,565	13,201
	<u>279,738</u>	<u>166,401</u>

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**14. SHARE CAPITAL AND DIVIDEND**

On 7 April 2019 (corresponding to 2 Sha'ban 1440H ), the Board of directors of the Company recommended an increase in the Company's capital by way of a right issue with a total value of SR 250 million by issuing 25,000,000 shares at SR 10 each. The Company's request for capital increase was approved by the Capital Market Authority on 2 December 2019 and subsequently presented and unanimously approved by the Company's shareholders at the extraordinary general assembly held on 31 December 2019. However, as the legal formalities were not completed by year ended 31 December 2019, the Company's share capital remained at SR 110,614,060 as of 31 December 2019 consisting of 11,061,406 shares at SR 10 each.

The Company finalise procedure related to the capital by way of rights issue of SR 250 million where proceeds were deposited to the Company on 20 February 2020. After fulfilling all regulatory requirements, the Company's share capital post increase was SR 360,614,060 consisting of 360,061,406 shares.

**15. BANK BORROWING AND FINANCIAL RESTRUCTURING**

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

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

Short term loans as at 30 June 2020 comprise the following:

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Local banks	2,176	16,076
Lenders of subsidiaries (outside Saudi Arabia)	-	308
	<u>2,176</u>	<u>16,384</u>

Long-term loans comprise the following:

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Restructured Loans from commercial banks	264,176	264,176
Lenders of subsidiaries (outside Saudi Arabia)	39,320	44,630
Loan from a SIDF	107,290	107,290
	<u>410,786</u>	<u>416,096</u>
Less: current portion of long-term loans	<u>(50,646)</u>	<u>(37,915)</u>
Non-current portion of long-term loans	<u>360,140</u>	<u>378,181</u>

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**15. BANK BORROWING AND FINANCIAL RESTRUCTURING (continued)**

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 payments at the end of December 2022 and subject to certain additional requirements. The total debt restructured was SR 793 million including accumulated financing costs of SR 85 million.

Furthermore, the Group has to dispose certain domestic and international real estate properties and utilise its proceeds for repayments 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.

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 payments of SR 40 million. Based on the terms of the said agreements, on receipt of SR 40 million by BNP Paribas Bank, the loan amount of BNP Paribas Bank is reduced from SR 142 million to SR 24.99 million. Accordingly, the Group has reversed the obligation through profit and loss, by SR 77 million.

On June 11, 2017, the Group finalised 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 repayments of the loans for a further periods. According to the terms of the said agreements, the Company shall increase its capital through issuance of rights shares an amount of SR 188.38 million, from the said proceeds by 30 June 2018. The remaining amount of SR 371.65 million is due in equal installments 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 SR 110 million, against receiving a waiver for the balance SR 203 million due to these banks. Accordingly, the Group has reversed the obligation through profit and loss.

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

On December 31, 2019 the Company and Saudi Industrial Development Fund reached an agreement effectively deferring majority for the dues of SR 107.29 million.

On June 1, 2020, the Group signed a financial restructuring agreement with Al Rajhi Bank (see also note 2.5), it's last commercial lender, which was to further restructure outstanding debt of SR 264.18 million over 2 tranches due collectively over 7 years with 2 years of grace period.

The total carrying value of the loans which amounts to SR 39.3 million classified under current and non-current liabilities consist of loans from various local commercial banks. All loans were restructured during the periods of 2018 to 2020 and were deferred throughout a 5 year period from the date of signing the agreement. The loans are secured through the mortgage of the factory land premises of Elimsan.

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

	<b>Repayment for Restructured Loan</b>	<b>SIDF SR' 000</b>	<b>Total Repayments</b>
Within one year	164,580	2,000	166,580
Between one to two years	33,512	30,000	63,512
More than two years	66,084	75,290	141,374
	<b>264,176</b>	<b>107,290</b>	<b>371,466</b>

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**16. ZAKAT AND INCOME TAX.**

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

**Saudi Cable Company**

The General Authority of Zakat and Tax (GAZT) assessed a zakat liability of SR 22 million on the Company for the years 2002 to 2004. The Company's objections were filed in court but ended not in its favour. As a result, the bank guarantee with BNP Paribas of SR 11 million was immediately in-cashed by GAZT and remaining was paid during year 2019.

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 filed a petition with BOG, which is still under review.

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

The GAZT issued the assessment for the years 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 still under review.

The Company has made a final settlement with the General Authority of Zakat and Tax (GAZT) for the years 2005 to 2012 resolution No (148/1441) and dated January 29, 2020 issued by the Committee for the settlement of Zakat and Tax disputes in the amount of SR 65.8 million, the Company paid 10% from the total due amount, and the remaining due amount for Zakat will be paid on ten instalments.

The Company has submitted the financial statements and Zakat returns for the years 2013 to 2018 to the GAZT and the Zakat due from these declarations has been paid and the Company has obtained restricted Zakat certificates for those years, and the authority has requested additional information and documents for those years for the purpose of issuing the final Zakat assessments.

**Mass Centres for Distribution of Electrical Products Limited**

The GAZT issued the Zakat assessment for the years from 1998 to 2007, which showed Zakat liability of SR 1 million. The Company filed an appeal with Higher Appeal Committee (HAC) against the said assessment and is confident of favourable outcome. The Company filed its Zakat returns for the years ended December 31, 2008 to 2010. 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 process to file the Zakat returns for the years from 2011 to 2018.

**Mass Projects for Power & Telecommunication Limited**

The GAZT issued the Zakat assessment for the years from 1999 to 2004 and claimed additional Zakat difference 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 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 difference of SR 34.7 million. The Company filed an objection against the GAZT assessments, and GAZT recently issued amended Zakat assessment which has shown Zakat reduced by SR 6.9 million and the objection was escalated with the POC and is still under study by the committee.

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**16. ZAKAT AND INCOME TAX (continued)**

**Mass Projects for Power & Telecommunication Limited (continued)**

The Company has filed the financial statements and Zakat returns for the years 2013 to 2018 to the GAZT and the Zakat due from these assessment has been paid, and the Company has obtained restricted Zakat certificates for those years. The authority has issued a final zakat assessment for the years 2016 in the amount of SR 2.7 million and the Company has complained to the Committee for the Adjudications of Tax violations and disputes, and for the rest of the years the Authority has not issued a final Zakat assessment 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 SR 17 million. The Company fields its objection against the said Zakat differences and its confident of favourable outcome. The Company fields its Zakat returns for the years 2005 to 2007. The GAZT did not issue the final assessment for the said yers till to date. Although, the Company is essertially dormant but is in the process to file the Zakat returns for the years up to 2018.

The movement in accrued zakat during the year ended 30 June 2020 is as follows:

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Balance at January 1	69,435	101,946
Charge for the year	5,500	11,666
Zakat provision reversal	-	(32,790)
Payments during the year	(6,602)	(11,387)
	<u>68,333</u>	<u>69,435</u>

The movement in deferred tax asset during the year ended 30 June 2020 is as follows:

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Balance at January 1	8,346	8,408
Charge for the year	-	26
Adjustments	-	(88)
	<u>8,346</u>	<u>8,346</u>

**SAUDI CABLE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**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 (include equity accounted investees) and key management personnel of the Company. Terms and conditions of these transactions are approved by the Group'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 maturity agreed terms and are approved by the Group's Board of Directors.
- c) Significant related party transaction and balances arising from as at 30 June 2020 are summarized as below:

<i>Name</i>	<i>Relationship</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>			
			<i>Three-month period ended</i>		<i>Six-month period ended</i>	
			<i>30 June</i> <i>2020</i> <i>Unaudited</i> <i>SR' 000</i>	<i>30 June</i> <i>2019</i> <i>Unaudited</i> <i>SR' 000</i>	<i>30 June</i> <i>2020</i> <i>Unaudited</i> <i>SR' 000</i>	<i>30 June</i> <i>2019</i> <i>Unaudited</i> <i>SR' 000</i>
<i>Midal Cables W.L.L</i>	<i>Associate</i>	<i>Purchase of raw material</i>	-	1,804	907	3,667
		<i>Directors remuneration</i>	352	469	704	938
		<i>Dividend received</i>	-	-	6,787	-

**Due from related parties**

	<i>30 June</i> <i>2020</i> <i>Unaudited</i> <i>SR' 000</i>	<i>31 December</i> <i>2019</i> <i>Audited</i> <i>SR' 000</i>
Hidada Limited	187	187
	<u>187</u>	<u>187</u>

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**Due to related parties**

	<i>30 June 2020</i>	<i>31 December 2019</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Midal Cables W.L.L	3,458	9,101
Xenel Industries Limited	43,531	43,531
Chem Global Limited	664	664
Xeca International Information Technology	1,274	1,274
Hidada Limited	1,452	1,452
	<u>50,379</u>	<u>56,022</u>

Key management personnel remuneration and compensation comprised of the following:

	<i>Three-months period ended 30 June 2020</i>	<i>Three-months period ended 30 June 2019</i>	<i>Six-months period ended 30 June 2020</i>	<i>Six-months period ended 30 June 2019</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>
Short-term employee benefits	1,286	1,154	2,511	2,116
Post-employment benefits	52	76	115	117
	<u>1,338</u>	<u>1,230</u>	<u>2,626</u>	<u>2,233</u>

Short term employee benefits of the Group's key management personnel include salaries and bonuses.

Board of Directors / Committee members remuneration and compensation comprised of the following:

	<i>Three-months period ended 30 June 2020</i>	<i>Three-months period ended 30 June 2019</i>	<i>Six-months period ended 30 June 2020</i>	<i>Six-months period ended 30 June 2019</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>
Meeting attendance fees	18	21	29	57
Other remuneration	298	273	585	468
	<u>316</u>	<u>294</u>	<u>614</u>	<u>525</u>

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**18. COMMITMENTS AND CONTINGENCIES**

The following are the commitments and contingencies:

	<i>30 June 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Property Mortgage and guarantees	<b>168,804</b>	171,068
Outstanding forward metal contracts	<b>57,341</b>	79,180
Contingent liabilities in respect of performance and bid bonds	<b>46,079</b>	44,433
Authorized and contracted for capital expenditure commitments	<b>8,006</b>	3,738
	<b>280,230</b>	298,419

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

**19. 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

	<b>Sale of goods</b>		<b>Contract revenue</b>		<b>Total</b>	
	<b>30 June 2020</b>	31 December 2019	<b>30 June 2020</b>	31 December 2019	<b>30 June 2020</b>	31 December 2019
	<b>SR' 000</b>	SR' 000	<b>SR' 000</b>	SR' 000	<b>SR' 000</b>	SR' 000
	<b>(Unaudited)</b>	(Audited)	<b>(Unaudited)</b>	(Audited)	<b>(Unaudited)</b>	(Audited)
Assets	<b>1,309,294</b>	1,065,426	<b>215,958</b>	182,110	<b>1,525,252</b>	1,247,536
Liabilities	<b>889,873</b>	841,852	<b>345,089</b>	313,919	<b>1,234,962</b>	1,155,771
Net sales	<b>175,045</b>	291,289	<b>29,671</b>	89,985	<b>204,716</b>	381,274
Net loss	<b>(62,458)</b>	(71,055)	<b>2,679</b>	9,224	<b>(59,779)</b>	(61,831)

	<b>Sale of goods</b>		<b>Contract revenue</b>		<b>Total</b>	
	<b>30 June 2020</b>	30 June 2019	<b>30 June 2020</b>	30 June 2019	<b>30 June 2020</b>	30 June 2019
	<b>SR' 000</b>	SR' 000	<b>SR' 000</b>	SR' 000	<b>SR' 000</b>	SR' 000
	<b>(Unaudited)</b>	(Audited)	<b>(Unaudited)</b>	(Audited)	<b>(Unaudited)</b>	(Audited)
Assets	<b>1,309,294</b>	1,115,096	<b>215,958</b>	183,420	<b>1,525,252</b>	1,298,516
Liabilities	<b>889,873</b>	866,948	<b>345,089</b>	322,545	<b>1,234,962</b>	1,189,493
Net sales	<b>175,045</b>	163,706	<b>29,671</b>	29,332	<b>204,716</b>	193,038
Net loss	<b>(62,458)</b>	(51,954)	<b>2,679</b>	1,539	<b>(59,779)</b>	(50,415)

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**19. SEGMENTAL INFORMATION (continued)**

**Geographic Information**

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

	Saudi Arabia	UAE	Turkey	Other	Total
<b>30 June 2020</b>					
<b>(Unaudited)</b>					
			SR'000		
Assets	1,117,133	37,929	332,014	38,176	1,525,252
Liabilities	931,503	4,072	261,399	37,988	1,234,962
Net sales	202,113	-	2,603	-	204,716
Net loss	(68,475)	(951)	9,647	-	(59,779)
<b>30 June 2019</b>					
<b>(Unaudited)</b>					
			SR'000		
Assets	865,686	35,038	397,792	-	1,298,516
Liabilities	863,133	2,659	323,701	-	1,189,493
Net sales	172,342	5,198	15,498	-	193,038
Net loss	(40,205)	(1,127)	(9,083)	-	(50,415)
<b>31 December 2019</b>					
<b>(Audited)</b>					
			SR'000		
Assets	842,451	36,667	368,230	188	1,247,536
Liabilities	846,946	1,860	306,895	70	1,155,771
Net sales	348,626	6,391	26,257	-	381,274
Net loss	(41,223)	1,303	(21,911)	-	(61,831)

**20. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability
- Fair value information of the Group's financial instruments is analysed below:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices inactive markets for similar assets and liabilities or valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

**SAUDI CABLE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**20. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

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

30 June 2020 (Unaudited)	Carrying amount		Level (1)	Level (2)	Fair Value Level (3)	Total
	Amortised Cost	Fair Value				
SR'000						
<b>Financial Assets</b>						
Cash and cash equivalents	45,047	-	-	-	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	-	45	-	45	-	45
Derivative financial instrument	-	6,283	-	6,283	-	6,283
Retention receivable	111,677	-	-	-	-	-
Account receivable and other receivable and due from related parties	513,024	-	-	-	-	-
	<u>669,748</u>	<u>6,328</u>	<u>-</u>	<u>6,328</u>	<u>-</u>	<u>6,328</u>
<b>Financial Liabilities</b>						
Accounts payable	385,600	-	-	-	-	-
Due to related parties	50,379	-	-	-	-	-
Short term loan	2,176	-	-	-	-	-
Long term laons	410,786	-	-	-	-	-
	<u>848,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>31 December 2019 (Audited)</b>						
31 December 2019 (Audited)	Carrying amount		Level (1)	Level (2)	Fair Value Level (3)	Total
	Amortised Cost	Fair Value				
SR'000						
<b>Financial Assets</b>						
Cash and cash equivalents	7,064	-	-	-	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	-	45	-	45	-	45
Dervative financial instrument	-	2,703	-	2,703	-	2,703
Retention receivable	96,017	-	-	-	-	-
Account receivable and other receivable and due from related parties	305,542	-	-	-	-	-
	<u>408,623</u>	<u>2,478</u>	<u>-</u>	<u>2,748</u>	<u>-</u>	<u>2,748</u>
<b>Financial Liabilities</b>						
Accounts payable	283,022	-	-	-	-	-
Due to related parties	56,022	-	-	-	-	-
Short term loan	16,384	-	-	-	-	-
Long term laons	416,096	-	-	-	-	-
	<u>771,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**SAUDI CABLE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 30 June 2020

**21. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT**

Fair value of quoted investments is based on price quoted on the reporting date. Level 3 financial assets comprise investment in unquoted Company.

There were no transfers between level 1 and level 3 during the six-month period 30 June 2020 (31 December 2019: nil). There were no financial assets or financial liabilities classified under level 2.

There were no changes in valuation techniques during the period.

The fair values of the financial instruments carried at amortized cost is approximates their fair value. The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

**22. SUBSEQUENT EVENTS**

Subsequent to the period ended 30 June 2020, the Company successfully rescheduled it's entire outstanding payable balance with Noble Resources International Pte. Ltd., through entering into an agreement dated 9 August 2020 corresponding to 19 Dhu al-hijjah 1441. In line with the agreement, the Company will make a single upfront payment upon signature and equal monthly payments commencing from August 2020 and ending on October 2022. No reclassification has been made in the underlying financial statements, to reflect amounts due beyond 12 months as the event was deemed to be "non-adjusting" in nature, in accordance with IAS 10, Events After the Reporting Period.

**23. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved and authorised to issue by the Board of Directors on 23 August 2020 (corresponding to 4 Muharram 1442H).