

**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTH AND NINE-MONTH  
PERIODS ENDED SEPTEMBER 30, 2021  
AND INDEPENDENT AUDITOR'S REVIEW REPORT**



**Al Azem & Al Sudairy & Al Shaikh & Partners**  
CPA's & Consultants - Member Crowe Global

**SAUDI CABLE COMPANY**

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021**

---

<b>INDEX</b>	<b>PAGE</b>
Independent auditor's review report on the interim condensed consolidated financial statements	1-2
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of profit or loss and other comprehensive income	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 - 25

**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

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

**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 with the Company referred to as ("the Group") as of September 30, 2021, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the nine-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.

**Basis for Qualified Conclusion**

- As stated in note 6, the interim condensed consolidated financial statements include investment in an associate (50% ownership) with a carrying value of SAR 310.3 million and share of results of SAR 11.5 million as at and for the nine-month period ended September 30, 2021 (SAR 319.12 million and SAR 1.52 million as of and for the year ended December 31, 2020). The associate had trade receivables amounting to SAR 48 million, out of which the Group's share is SAR 24 million; that are overdue for more than one year, against which management has not recognized any allowance for expected credit losses. Management was unable to provide us with adequate information to ensure the recoverability of those trade receivables balances. Had we been provided adequate information, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial information for and as of the period ended September 30, 2021.
- As stated in note 17, the Group received assessments from the Zakat, Tax and Customs Authority (the Authority), claiming additional Zakat liabilities of SAR 239.5 million (December 31, 2020: SAR 201.9 million) in respect of the assessment for prior years against which the Group has filed appeals. It is management's assertion that they have grounds to contest against items included in the assessments raised by the Authority, that the outcome of the appeals is uncertain at this stage and, therefore, it is not possible to determine the potential Zakat provision. No provision has been made in these consolidated financial statements for the items under appeal and for any potential exposure relating to open years not yet assessed by the Authority. We have not been provided details or basis of certain appeals, including details of zakat computation in respect of certain open years for the Company and of the certain subsidiaries. Had we been able to complete our review of zakat assessments, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial information for and as of the period ended September 30, 2021G.

Audit, Tax & consultants

Salman B. AlSudairy  
License No. 283

Musab AlShaikh  
License No. 658

Abdullah M. AlAzem  
License No. 335





**Independent Auditor's Report on Review of Interim Condensed Consolidated  
Financial Statements - Continued  
Saudi Cable Company  
(A Saudi Joint Stock Company)**

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the interim condensed consolidated financial statements which states that the Group incurred a net loss of SAR 100.9 million during the nine-month period ended September 30, 2021 and, as of that date, the Group's current liabilities exceeded its current assets by SAR 224.6 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 conclusion is not modified in respect of this matter.

**Other Matter**

The consolidated financial statements of the Group for the year ended December 31, 2020 and the interim condensed consolidated financial statements for the six month period ended June 30, 2020, nine-month period ended September 30, 2020 and the three month period ended March 31, 2021 were audited and reviewed by another Auditors who expressed a modified opinion and conclusion on April 06, 2021, August 25, 2020, November 10, 2020 and May 23, 2021.

**Qualified Conclusion**

Based on our review, except for the effects of the matters described in the paragraphs mentioned above, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.



**AlAzem, AlSudairy, AlShaikh & Partners  
Certified Public Accountants**

**Abdullah M. AlAzem  
License No. 335**

26 Rabi' al Awwal 1443H (November 1, 2021)  
Jeddah, Kingdom of Saudi Arabia

**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2021**  
(Expressed in Thousands of Saudi Arabian Riyals)

	Note	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	282,851	301,593
Investment properties		38,386	39,865
Intangible assets	8	21,624	23,125
Right of use assets	9	8,212	8,449
Investment in an associate	6	310,298	319,117
Financial assets at fair value through other comprehensive income		45	45
Retentions receivable, net	11	41,182	44,862
Deferred tax asset	17	8,996	9,086
<b>TOTAL NON-CURRENT ASSETS</b>		<b>711,594</b>	<b>746,142</b>
<b>CURRENT ASSETS</b>			
Inventories	12	65,811	105,726
Accounts and retentions receivable	11	146,280	197,667
Prepaid expenses and other debit balances	13	143,547	146,060
Unbilled revenue	14	15,434	20,998
Due from a related party	18	113	113
Cash and bank balances	10	8,086	18,793
<b>TOTAL CURRENT ASSETS</b>		<b>379,271</b>	<b>489,357</b>
<b>TOTAL ASSETS</b>		<b>1,090,865</b>	<b>1,235,499</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	15	360,614	360,614
Hedging reserve		(2,402)	8,632
Foreign currency translation reserve		(6,244)	(6,529)
Actuarial valuation reserve		(11,612)	(11,612)
Accumulated losses		(164,048)	(62,421)
<b>TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS</b>		<b>176,308</b>	<b>288,684</b>
Non-controlling interest		(2,621)	(3,262)
<b>TOTAL EQUITY</b>		<b>173,687</b>	<b>285,422</b>
<b>NON-CURRENT LIABILITIES</b>			
Term loans and borrowings	16	239,527	353,647
Retentions payable		4,216	3,175
Employees' benefit obligation		61,450	61,372
Lease liabilities	9	8,148	7,881
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>313,341</b>	<b>426,075</b>
<b>CURRENT LIABILITIES</b>			
Term loans and borrowings	16	221,949	156,630
Provision for zakat and income tax	17	31,335	37,377
Due to related parties	18	70,091	65,565
Accounts payable, accrued expenses and other liabilities		279,961	262,669
Lease liabilities	9	501	1,761
<b>TOTAL CURRENT LIABILITIES</b>		<b>603,837</b>	<b>524,002</b>
<b>TOTAL LIABILITIES</b>		<b>917,178</b>	<b>950,077</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,090,865</b>	<b>1,235,499</b>

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements and should be read together with them and with independent auditor's review report.



**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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

	Note	For the three month period ended September 30,		For the nine month period ended September 30,	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenue	20	23,501	92,607	128,705	297,323
Costs of revenue		(47,725)	(105,889)	(191,151)	(334,648)
<b>Gross loss</b>		<b>(24,224)</b>	<b>(13,282)</b>	<b>(62,446)</b>	<b>(37,325)</b>
General and administrative expenses		(15,289)	(16,047)	(43,976)	(47,552)
Selling and distribution expenses		(2,563)	(4,025)	(8,724)	(11,564)
Impairment (loss) / reversal on financial assets		(1,167)	(9,402)	3,567	(9,402)
<b>Operating loss for the period</b>		<b>(43,243)</b>	<b>(42,756)</b>	<b>(111,579)</b>	<b>(105,843)</b>
Finance costs, net		(4,690)	(8,793)	(15,401)	(20,474)
Share of result of equity accounted investee		(1,563)	(1,482)	11,513	(3,572)
Other income, net		5,717	106,646	24,763	129,044
<b>(Loss) / profit before zakat and income tax</b>		<b>(43,779)</b>	<b>53,615</b>	<b>(90,704)</b>	<b>(845)</b>
Zakat and income tax		(2,750)	(2,138)	(10,282)	(7,638)
<b>(Loss) / profit for the period</b>		<b>(46,529)</b>	<b>51,477</b>	<b>(100,986)</b>	<b>(8,483)</b>
<b>Other comprehensive income / (loss) :</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Changes in foreign currency translation reserve		767	190	285	1,065
Hedging reserve		(2,555)	(3,489)	(11,034)	4,119
<b>Total comprehensive (loss) / income for the period</b>		<b>(48,317)</b>	<b>48,178</b>	<b>(111,735)</b>	<b>(3,299)</b>
<b>(Loss) / profit for the period attributable to:</b>					
Shareholders of the Parent Company		(46,559)	51,405	(101,627)	(8,374)
Non-controlling interests		30	72	641	(109)
		<b>(46,529)</b>	<b>51,477</b>	<b>(100,986)</b>	<b>(8,483)</b>
<b>Total comprehensive (loss) / income attributable to:</b>					
Shareholders of the Parent Company		(48,347)	48,106	(112,376)	(3,190)
Non-controlling interests		30	72	641	(109)
		<b>(48,317)</b>	<b>48,178</b>	<b>(111,735)</b>	<b>(3,299)</b>
<b>(Loss) / earning per share (basic and diluted):</b>					
Basic and diluted (loss) / earning per share attributable to the shareholders of the Group	5	(1.29)	1.08	(2.82)	(0.18)

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements and should be read together with them and with independent auditor's review report.

**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

	Share capital	Hedging reserve	Foreign currency translation reserve	Actuarial valuation reserve	Accumulated losses	Total equity attributable to shareholders	Non-controlling interest	Total equity
Balance at January 1, 2021	360,614	8,632	(6,529)	(11,612)	(62,421)	288,684	(3,262)	285,422
Loss for the period	-	-	-	-	(101,627)	(101,627)	641	(100,986)
Other comprehensive loss	-	(11,034)	285	-	-	(10,749)	-	(10,749)
Total comprehensive loss	-	(11,034)	285	-	(101,627)	(112,376)	641	(111,735)
<b>Balance at September 30, 2021</b>	<b>360,614</b>	<b>(2,402)</b>	<b>(6,244)</b>	<b>(11,612)</b>	<b>(164,048)</b>	<b>176,308</b>	<b>(2,621)</b>	<b>173,687</b>
Balance at January 1, 2020	110,614	826	(6,403)	(3,320)	(7,409)	94,308	(2,543)	91,765
Loss for the period	-	-	-	-	(8,374)	(8,374)	(109)	(8,483)
Other comprehensive income	-	4,119	1,065	-	-	5,184	-	5,184
Total comprehensive loss	-	4,119	1,065	-	(8,374)	(3,190)	(109)	(3,299)
Issuance of share capital	250,000	-	-	-	-	250,000	-	250,000
Balance at September 30, 2020	360,614	4,945	(5,338)	(3,320)	(15,783)	341,118	(2,652)	338,466




The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements and should be read together with them and with independent auditor's review report.



**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

	Note	For the nine-month period ended September 30,	
		2021 (Unaudited)	2020 (Unaudited)
<b>Cash flows from operating activities</b>			
Loss before zakat and income tax		(90,704)	(845)
<b>Adjustments for:</b>			
Depreciation		24,452	27,219
Amortization of intangible assets	8	1,501	1,697
Provision for employee benefit obligations		4,055	6,604
Share of result of equity accounted investee	6	(11,513)	3,572
Provision for inventories	12	3,531	434
(Reversal) / impairment on financial assets		(3,568)	9,402
Reversal of provision against liabilities		-	(97,129)
Deferred tax assets		90	-
Finance cost		15,401	20,474
		<b>(56,755)</b>	<b>(28,572)</b>
<b>Changes in operating assets and liabilities:</b>			
Accounts and retentions receivable		55,933	(77,171)
Prepayments and other debit balances		(3,820)	(45,719)
Unbilled revenue		8,266	6,416
Inventories		36,384	(22,712)
Accounts payable, accrued expenses and other liabilities		7,834	(40,403)
Due to related parties		4,277	4,465
<b>Net Cash flows from operations</b>		<b>52,119</b>	<b>(203,696)</b>
Employees' end of service benefits paid		(3,801)	(3,788)
Zakat and income tax paid		(16,324)	(24,196)
Finance cost paid		(5,018)	(1,985)
<b>Net cash generated from / (used in) operating activities</b>		<b>26,976</b>	<b>(233,665)</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment, and intangible assets	7	(3,316)	(2,448)
Dividends received from an associate	6	17,826	6,787
<b>Net cash generated from investing activities</b>		<b>14,510</b>	<b>4,339</b>
<b>Cash flows from financing activities</b>			
Net movement in term loans and borrowings		(50,269)	(15,482)
Proceeds from rights issue	15	-	250,000
Net changes in lease liabilities	9	(1,924)	(1,429)
<b>Net cash (used in) / generated from financing activities</b>		<b>(52,193)</b>	<b>233,089</b>
<b>Net change in cash and bank balances</b>		<b>(10,707)</b>	<b>3,763</b>
Cash and bank balances at the beginning of the period		18,793	7,064
<b>Cash and bank balances at the end of the period</b>		<b>8,086</b>	<b>10,827</b>
<b>Additional information for non-cash items:</b>			
Change in fair value reserve		(8,243)	1,926
Share of the Group in the change of fair value of equity accounted investee		(2,791)	2,194
Foreign currency translation adjustments		285	1,065
Provision for employee benefit obligations transferred to accruals		176	-

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements and should be read together with them and with independent auditor's review report.



**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

**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 September 30, 2021 (Unaudited)	As of December 31, 2020 (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	Holding Company (Previously Mass Holding Company)	Turkey	100%	100%
Mass International Trading Company Limited (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 Elettromeanik 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)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

The Group has the following investment in equity accounted investees:

Company's name	Principal activities	Country of incorporation	Percentage of ownership	
			As of September 30, 2021 (Unaudited)	As of December 31, 2020 (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%

\* During the three-month period ended September 30, 2021, The group waived it's right and obligations in XECA International Information Technology Company to Xenel Industries Limited Company (a related party), the carrying amount of this investment at disposal date was zero, accordingly it had no effect on the accompanying interim condensed consolidated financial statements.

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

## 2. BASIS OF PREPARATION

### Statement of compliance

These interim condensed consolidated financial statements as at and for the three and nine month periods ended September 30, 2021 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 Chartered and Professional 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 December 31, 2020.

### Basis of measurement

The interim condensed consolidated financial statements have been prepared under the historical cost basis using the accrual basis of accounting and the going concern concept except for the measurement at fair value of derivative financial instruments and Investment classified as fair value through other comprehensive income (FVOCI).

### Preparation of financial statements

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 December 31, 2020.

### Functional and presentation currency

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

### Summary of significant accounting policies

The accounting policies adopted by the Group for the preparation of this interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual consolidated financial statement for the year ended December 31, 2020.



## SAUDI CABLE COMPANY

(A Saudi Joint Stock Company)

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021

(Expressed in thousands of Saudi Arabian Riyals)

---

#### 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 December 31, 2020.

#### Impact of COVID-19

On 11th March 2020, the World Health Organization has declared the COVID-19 coronavirus outbreak to be a pandemic. Actions taken in response to the spread of COVID-19 has resulted in significant disruption in product demand, reduction in prices and a significant increase in economic uncertainty. Consequently, asset prices have become more volatile and a marked decline in long-term interest rates in developed economies is ostensible.

These circumstances have impacted business activities of the Group by contributing to reduction in sales, net income, EBIT, free cash flow and other financial metrics. However, in response to the COVID-19, which has caused global economic disruption, the Group has implemented active prevention programs at its sites and contingency plans in order to minimize the risks related to COVID-19 and to continue business operations ensuring the health and safety of its employees, customers, contractors and wider community.

Management has taken measures to optimize spending, which resulted in reducing operational and capital expenditures during the period. Additionally, the management has considered potential impacts of the current economic uncertainties and volatility in determining the carrying amounts of the Group's financial and non-financial assets. These are based on management's best estimates taking into account observable information on the period end date.

Although international markets have recovered during the past few months, there is still some volatility in prices and demand. Management of the Group continues to monitor long term supplier contracts in order to ensure minimal disruption in operations and timely delivery of its products.

Notwithstanding these challenges, the management continues to closely monitor any material developments across the markets in which it operates and sells its products and has a strategy in place to mitigate any potential adverse impacts.

#### Going Concern

The Group incurred a net loss of SAR 100.9 million during the nine-month period ended September 30, 2021 and, as of that date, the Group's current liabilities exceeded its current assets by SAR 224.6 million (December 31, 2020: SAR 34.64 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. The Parent Company management has made an assessment of the Company's as well as the Group's ability to continue as a going concern and is satisfied that it has the adequate resources to continue its business for the foreseeable future. In previous years, the management has implemented various initiatives at the Group level. Coupled with successful execution of a capital increase by way of rights issue during the year of 2020 (note 15), financial restructuring agreement with Al Rajhi bank (Note 16), 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)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

---

In addition, Mass Kablo Ve Ticaret Anonim Sirketi, a fully owned subsidiary of the Group, has accumulated losses amounting to SAR 332.9 million as of September 30, 2021 and, as of that date, the subsidiary's current liabilities exceeded its current assets by SAR 22.6 million is a matter for going concern and its ability to meet obligations as and when they fall due. The subsidiary has made an assessment of the subsidiary ability to continue as a going concern and is satisfied that the subsidiary has the resources to continue its business for the foreseeable future. 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.

### **3. BASIS OF CONSOLIDATION**

These interim condensed consolidated financial statements comprising the financial statements of 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.

#### **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 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.

#### **Non-controlling interests**

Non-controlling interests represent the portion of net profit/ (loss) and net assets of subsidiaries not owned, directly or indirectly, by the Group in its subsidiaries and are presented separately in the interim condensed consolidated statement of profit of loss and other comprehensive income and within equity in the interim condensed consolidated statement of financial position, separately from the Group's equity. Any losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### **Transactions eliminated on consolidation**

Balances between the Group entities, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the interim condensed consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

#### **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.



**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

---

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 profit / (loss) of an associate' in the interim condensed consolidated statement of profit or loss and other comprehensive income.

The previously recognized impairment loss in respect of investment in associate can be reversed through the interim condensed consolidated statement of profit or loss and other comprehensive 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.

#### **4. SUMMARY OF CHANGES IN SIGNIFICANT ACCOUNTING POLICES DUE TO NEW STANDARDS**

##### **A. New and revised standards with no material effect on the financial statements**

The following revised IFRSs have been adopted. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16), effective for annual periods beginning on or after 1 June 2020.
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), effective for annual periods beginning on or after 1 January 2021.

##### **B. New and revised standards issued but not yet effective**

The Group management hasn't early adopted the following new or amended standards in preparing these interim condensed consolidated financial statements which will be effective for the for annual periods beginning on or after 1 January 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37).
- Annual Improvements to IFRS Standards 2018-2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to the Conceptual Framework (Amendments to IFRS 3).
- IFRS 17 Insurance Contracts.
- Classification of liabilities as current or non-current (Amendments to IAS 1).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimate (Amendments to IAS 8).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The above-mentioned IFRSs are not expected to have a significant impact on the consolidated financial statements of the Group.

**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

**5. EARNING / (LOSS) PER SHARE**

Loss per share for the three month and nine month periods ended September 30, 2021 and for the three and nine-month period ended September 30, 2020 were calculated by dividing the loss for each period by weighted average number of shares outstanding during the period.

**6. INVESTMENT IN AN ASSOCIATE**

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

	<b>September 30, 2021 (Unaudited)</b>	December, 31 2020 (Audited)
As at 1 January	319,117	318,180
Share of profit for the period / year, net	11,513	1,524
Share of other comprehensive (loss) / income, net	(2,791)	6,326
Dividend received during the period / year	(17,826)	(6,787)
Foreign currency translation	285	(126)
	<b>310,298</b>	<b>319,117</b>

6.2 Share of results of associate (net) after considering accounting policies differences.

6.3 The Parent Company does not have any direct control over management and operations of "Midal Cables W.L.L". Accordingly, it is classified as investment in associates and accounted for as such.

6.4 Summarized financial information of associate Company is as follows.

<b>Midal Cable W.L.L.</b>	<b>Ownership%</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenues</b>	<b>Net profit</b>
<b>September 30, 2021</b>	<b>50%</b>	<b>1,874,479</b>	<b>1,331,408</b>	<b>2,500,084</b>	<b>20,160</b>
December 31, 2020	50%	1,561,286	921,878	2,527,170	5,689

6.5 As of September 30, 2021, a foreign subsidiary of the associate had trade receivables amounting to SAR 48 million which were overdue for more than one year. Management of the subsidiary estimates that the overdue trade receivables would be collected during 2021 and 2022. Accordingly, as of September 30, 2021, no expected credit losses against those trade receivables, were recorded.

**7. PROPERTY, PLANT AND EQUIPMENT**

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Carrying amount at beginning of the period / year	301,593	330,415
Additions during the period / year	3,316	4,599
Depreciation charge for the period / year	(22,058)	(33,421)
Carrying amount at end of the period / year	<b>282,851</b>	<b>301,593</b>



**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

**8. INTANGIBLE ASSETS**

	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Carrying amount at beginning of the period / year	23,125	25,764
Amortization during the period/ year	(1,501)	(2,639)
Carrying amount at end of the period / year	<b>21,624</b>	<b>23,125</b>

**9. LEASES**

**9-1 Right of use assets**

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

	<b>September 30, 2021 (Unaudited)</b>	<b>December, 31 2020 (Audited)</b>
<b><u>Cost:</u></b>		
At the beginning of the period / year	10,447	8,966
Additions	678	1,481
	<b>11,125</b>	<b>10,447</b>
<b><u>Accumulated depreciation:</u></b>		
At the beginning of the period / year	1,998	870
Depreciation for the period / year	915	1,128
	<b>2,913</b>	<b>1,998</b>
<b>Net value at the end of the period / year</b>	<b>8,212</b>	<b>8,449</b>

**9-2 Leases liabilities**

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

	<b>September 30, 2021 (Unaudited)</b>	<b>December, 31 2020 (Audited)</b>
At the beginning of the period / year	9,012	8,504
Additions	678	-
Interest charge for the period / year	284	1,884
Paid during the period / year	(1,450)	(1,376)
<b>As at the end of the period / year</b>	<b>8,524</b>	<b>9,012</b>
Current lease liability	423	1,187
Non-current lease liability	8,101	7,825
	<b>8,524</b>	<b>9,012</b>

**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

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:

	<b>September 30, 2021 (Unaudited)</b>	December, 31 2020 (Audited)
Minimum lease payments	132	705
Less: unearned finance charge	(7)	(75)
Present value of minimum lease payments	<u>125</u>	<u>630</u>
Less: current portion	(78)	(574)
Non - current portion	<u>47</u>	<u>56</u>

The weighted average incremental borrowing rate applied to lease liabilities was 4.0% (2020: 4.0%).

The following are the amounts recognized in profit or loss:

	<b>For the nine-month period ended September 30,</b>	
	<b>2021 (Unaudited)</b>	2020 (Unaudited)
Depreciation expense of right-of-use assets	915	1,128
Interest charge on lease liabilities	284	1,884
Total amount recognized in profit or loss	<u>1,199</u>	<u>3,012</u>

**10. CASH AND BANK BALANCES**

	<b>September 30, 2021 (Unaudited)</b>	December, 31 2020 (Audited)
Cash in hand	555	588
Cash at banks	<u>7,531</u>	<u>18,205</u>
	<u>8,086</u>	<u>18,793</u>

**11. ACCOUNTS AND RETENTIONS RECEIVABLE**

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Trade receivables, net (11.1)	97,650	145,229
Retentions receivable, net (11.2)	<u>89,812</u>	<u>97,300</u>
	<u>187,462</u>	<u>242,529</u>
Less: non-current retentions receivable	(41,182)	(44,862)
	<u>146,280</u>	<u>197,667</u>

11.1 The trade receivables, net comprised of as follows:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Gross trade receivables	257,817	306,304
Less: impairment on financial assets (a)	(160,167)	(161,075)
	<u>97,650</u>	<u>145,229</u>



**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

a) The movement in impairment on financial assets against accounts receivables is as follows:

	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
At the beginning of the period / year	161,075	149,564
(Reversal)/charge during the period / year	(908)	11,511
	<b>160,167</b>	<b>161,075</b>

11.2 The retention receivables, net comprised of as follows:

	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Gross retentions receivable	109,184	116,630
Less: impairment on financial assets (b)	(19,372)	(19,330)
Retention receivables, net	<b>89,812</b>	<b>97,300</b>

b) The movement in impairment on financial assets against retention receivables is as follows:

	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
At the beginning of the period / year	19,330	2,046
Charge during the period / year	42	17,284
At the end of the period / year	<b>19,372</b>	<b>19,330</b>

**12. INVENTORIES**

	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Raw material	47,396	50,595
Finished goods	12,229	41,579
Work in progress	18,900	23,573
Spare parts and wooden reels	33,092	32,254
	<b>111,617</b>	<b>148,001</b>
Less: Provision for slow moving and obsolete inventories	(45,806)	(42,275)
	<b>65,811</b>	<b>105,726</b>

The movement in provision for slow movement and obsolete inventories was as follows:

	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
At the beginning of the period / year	42,275	42,110
Charge for the period / year	3,531	165
	<b>45,806</b>	<b>42,275</b>

**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

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

	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Receivable from sale of a subsidiary	41,250	41,250
Guarantee margins and deposits	18,359	30,649
Advances to suppliers*	50,313	41,613
Prepaid expenses	12,802	16,310
Value added tax	6,071	3,180
Other receivables	14,752	13,058
	<b>143,547</b>	<b>146,060</b>

\*This balance includes an amount of SAR 6 million to Al-Nawasi General Trading & Contracting Company (NTC) to buy a non-current assets amounted to SAR 200 million to be sold for the purpose of financing the Group's working capital but the contract was not performed due to the failure of the vendor to fulfill the contract requirements within the agreed timeline.

**14. UNBILLED REVENUE**

	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Gross unbilled contract asset (a)	23,103	31,369
Less: allowance for expected credit losses (b)	(7,669)	(10,371)
Unbilled contract asset, net	<b>15,434</b>	<b>20,998</b>

This represents projects in Saudi Arabia and outside Saudi Arabia.

a) The movement in gross unbilled contract asset is as follows:

	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Cost incurred plus profit recognised	1,272,583	1,278,821
Less: progress billings	(1,249,480)	(1,247,452)
Unbilled contract asset	<b>23,103</b>	<b>31,369</b>

b) The movement in allowance for expected credit losses is as follows:

	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
At the beginning of the period / year	10,371	8,158
(Reversal) / Charge during the period / year	(2,702)	2,213
At the end of the period / year	<b>7,669</b>	<b>10,371</b>

**15. SHARE CAPITAL**

On April 7, 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 SAR 250 million by issuing 25,000,000 shares at SAR 10 each. The Company's request for capital increase was approved by the Capital Market Authority on December 2, 2019 and subsequently presented and unanimously approved by the Company's shareholders at the Extraordinary General Assembly held on December 31, 2019.



**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

During the previous year, the Company finalised procedure related to the increase in share capital by way of rights issue of SAR 250 million and the proceeds from the right issue, were deposited to the Company bank on February 20, 2020. After fulfilling all regulatory requirements, the Company's share capital is SAR 360,614,060 consisting of 36,061,406 shares.

On June 29, 2021, the Board of Directors (BOD) resolved in their 8th meeting (2021/8) to reduce the Company's share capital from SAR 360,614,060 (36,061,406 shares) to SAR 262,311,060 (26,231,106 shares) for the purpose restructuring the Company's capital and to absorb 100% of its accumulated losses as of March 31, 2021 amounted to SAR 98,303,000. BOD also resolved to increase the share capital (subsequent to the reduction) from SAR 262,311,060 (26,231,106 shares) to SAR 762,311,060 (76,213,106 shares) to enhance the Company's working capital and operation capacity.

The applications filed to decrease and subsequently increase the Company's capital were submitted to the Capital Market Authority on August 23, 2021. The Company awaits approvals on the submittals by regulators to proceed with legal formalities. The reduction and increase in the Company's share capital are subject to the shareholders' approval in the extraordinary shareholders committee meeting.

**16. TERM LOANS AND BORROWINGS**

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.

	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
<b>Long term loans:</b>		
Local commercial bank (a)	<b>219,980</b>	245,613
Loan from a SIDF (b)	<b>105,290</b>	105,290
Foreign banks (c)	<b>33,563</b>	38,770
Suppliers financing (d)	<b>102,643</b>	119,656
	<b>461,476</b>	509,329
Less: non-current portion of term loans	<b>(239,527)</b>	(353,647)
Current portion of long- term loans	<b>221,949</b>	155,682
Local banks (e)	-	700
Foreign banks (e)	-	248
Current portion of loans and borrowings	<b>221,949</b>	156,630

- a) The Parent Company entered into a syndicated loan in February 2016, combining its borrowings from four commercial banks under a "Restructuring Framework Agreement". Through a final settlement agreement signed in December 2018, two of the three local commercial banks were settled, leaving Al Rajhi Bank ("ARB") as the sole remaining lender to the syndicate. During the current year, the Company and ARB entered into a Murabaha Facilities Agreement to restructure the balance outstanding under the syndicated loan. The terms of the loan require the Company to repay the amount outstanding in two tranches. Tranche A is interest free and is repayable in two years through equal quarterly installments with six months as grace period, while tranche B carry three months SIBOR plus 3% and is repayable in equal quarterly installments over six years, extendable by another year, with two years as being grace period. The loan is secured against signed promissory notes.



## SAUDI CABLE COMPANY

(A Saudi Joint Stock Company)

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021

(Expressed in thousands of Saudi Arabian Riyals)

---

Management assessed the above restructuring of the loan qualitatively and quantitatively in accordance with IFRS 9 “Financial Instruments” and, as a result, concluded that restructuring of the previous agreement has resulted in derecognition of the old loan and recognition of a new loan. Accordingly, the Company recorded the new loan at its fair value at the effective date, which has resulted in gain of SAR 14 million. Unamortised balance of the gain as at December 31, 2020 is of SAR 8.8 million will be amortised over the remaining period of the term loan, using effective interest rate.

- b) The loan from the Saudi Industrial Development Fund (“SIDF”), was restructured in December 2019. The loan is repayable in 5 unequal installments over the period of 3 years starting December 2020 and carry a fee charged biannually. This loan is secured by certain plant building and machinery.
- c) These are outstanding balances to lenders outside the Kingdom of Saudi Arabia who extended facilities to subsidiaries of the Group. These borrowings are mainly denominated in US dollars. These loans are guaranteed by industrial factory land and carry interest rates between 5% to 7% per annum for US dollar denominated or equivalent loans and an average 11% per annum for facilities in Turkish Lira.
- d) Short-term loans are due within twelve months where local bank loans consist of letter of credit discounting advances that are to be cleared with customer balances upon expiration of credit period.
- e) In earlier years, the Company through an agreement had credit facility with Noble Resources International Pte Ltd (“Noble”), to purchase raw material at a deferred payment. The Company was required to pay cost of financing in the event payment was not made within a stipulated time. On July 29, 2020, the facility was restructured were revised terms required the Parent Company to repay the outstanding balance of SAR 180.8 million as of the effective date in monthly installments till October 2022. The facility was unsecured throughout and presently carries a fixed finance cost of 7.75% per year. Management assessed the above restructuring of the facility, qualitatively and quantitatively, in accordance with IFRS 9 and, as a result, concluded that restructuring has resulted in a new financing. Accordingly, the Company derecognized the earlier facility and recorded a new financing at its fair value at the effective date, resulting in a gain of SAR 5.4 million. Unamortised balance of the loss of SAR 0.54 million as at 31 December 2020 will be amortised over the remaining period of the term loan, using effective interest rate.

## 17. ZAKAT AND INCOME TAX

The Group received certain assessments from the Zakat, Tax and Customs Authority, claiming additional Zakat liabilities totaling SAR 239.5 million in respect of the assessment for prior years against which the Group has filed appeals. This mainly relate to the Parent Company, Mass Centers for Distribution of Electrical Products Limited, Mass Projects for Power & Telecommunications Limited, Saudi Cable Company for Marketing Ltd.

### Assessment status

#### *The Parent Company*

During 2020, the Company reached a final settlement to pay SAR 65.8 million, with the Zakat, Tax and Customs Authority for the years 2005 to 2012 through Committee for the Settlement of Zakat and Tax Disputes. In accordance with the settlement terms, the Company made an upfront payment of 10% and 6 monthly installments totaling SAR 42.2 million up to now where the remaining will be paid in 4 installments totaling SAR 23.6 million during the year.

The Company filed the Zakat declaration for the year 2013. Zakat, Tax and Customs Authority requested additional information and documents for the purpose of issuing the final assessment.



## **SAUDI CABLE COMPANY**

(A Saudi Joint Stock Company)

### **INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**

(Expressed in thousands of Saudi Arabian Riyals)

---

The Zakat, Tax and Customs Authority issued an assessment for the year of 2014 with additional zakat liability of SAR 24.2 million. The Company has appealed against the assessment with the Committee for the Settlement of Tax Violations and Disputes in the General secretariat of Zakat, Tax and Customs Committees.

During the previous year, the Zakat, Tax and Customs Authority issued assessment for the years from 2015 to 2018 claiming an additional Zakat liability of SAR 148 million. The Company has filed an appeal with Zakat, Tax and Customs Authority against the assessment raised. The Parent Company has been advised by its Zakat advisor that, for the significant items against which the Zakat liability was assessed by Zakat, Tax and Customs Authority, it is not possible to estimate the expected outcome as it is dependent upon multiple objections, appeal forums as well as grounds of appeals. The Group's management believe that, they have reasonable grounds to contest against items included in the assessment raised by the Authority, it is uncertain at this stage and, therefore, not possible to determine the potential Zakat provision with reasonable accuracy. Consequently, no provision for Zakat has been recorded in the consolidated financial statements. Zakat, Tax and Customs Authority raised the final assessment for the said years, which was escalated to Tax Violation and Dispute Settlement Committee (The General Secretariat of Tax Committees).

The Company has filed its zakat declaration for the years of 2019 and 2020 with the Zakat, Tax and Customs Authority. Up to the date of these interim condensed consolidated financial statements, Zakat, Tax and Customs Authority is yet to raise the assessment for these years.

#### ***Mass Centers for Distribution of Electrical Products Limited***

The Zakat, Tax and Customs Authority issued the Zakat assessment for the years from 1998 to 2007 with additional Zakat liability of SAR 1 million. The Company filed an appeal with Higher Appeal Committee ("HAC") which has not been decided it to date.

The Company filed its Zakat returns for the years 2008 to 2010. The Zakat, Tax and Customs Authority did not issue the final Zakat assessment for the said years till to date.

The Company is dormant and is in the process to file the Zakat returns for the years from 2011 to 2020.

#### ***Mass Projects for Power & Telecommunications Limited***

The Zakat, Tax and Customs Authority issued the zakat assessment for the years from 1999 to 2004 with additional zakat liability of SAR 3.2 million. The Company filed an appeal against the assessment with the Zakat, Tax and Customs Authority. The authority has issued the amended Zakat assessment. The subsidiary has filed an appeal with Preliminary Appeals Committee (PAC). PAC issued an order to decrease the zakat liability by SAR 2.1 million. The Company filed an appeal against PAC Higher Appeal Committee ("HAC"), The Committee issued a decision to pay SAR 2 million for which the Company recorded a provision.

The Zakat, Tax and Customs Authority issued the zakat assessments for the years from 2005 to 2012 with additional zakat liability of SAR 34.7 million and also a withholding tax and delay penalties. The Company filed an objection against the Zakat, Tax and Customs Authority assessments, and Zakat, Tax and Customs Authority issued amended zakat assessment by reducing the zakat liability by SAR 6.9 million and the objection was escalated with the POC and is still under study by the committee.

The Company has submitted its zakat returns for the years of 2013 and 2014. The Company hasn't received the final assessment for these years.

The Zakat, Tax and Customs Authority has issued a final assessment for the year 2015 in which the Company filed an appeal against it and it is still under review.

**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

The Zakat, Tax and Customs Authority issued an assessment for the 2016 with additional zakat liability of SAR 2.7 million. The Company filed an appeal with the Committee for the Resolution of Tax Violations and Disputes.

For the years from 2017 to 2019, the Zakat, Tax and Customs Authority has issued a final assessment amounting to SAR 7M. The company has submitted an appeal against it and it is still under study by the Authority.

The Company submitted its zakat returns for the year of 2020, and didn't receive the final assessment.

***Saudi Cable Company for Marketing Ltd.***

The Zakat, Tax and Customs Authority issued the Zakat assessment for the years from 1996 to 2004 with additional zakat liability of SAR 17 million. The Company filed an appeal which are still under review by Zakat, Tax and Customs Authority.

The Company has filed zakat declarations for the years 2005 to 2008 with the Zakat, Tax and Customs Authority and didn't receive final assessment on these years up to date of these interim condensed consolidated financial statements.

For the years 2009 to 2013 the Authority has issued a final assessment with zakat differences amounting to SAR 1.25M.

The Zakat, Tax and Customs Authority issued zakat assessment for the years from 2014 to 2018 with additional zakat liability of SAR 23 million, which was appealed by the Company and these appeals are still under study by the authority.

The Company hasn't filled its zakat return for the year of 2019 yet. Final assessment hasn't been issued yet by the Authority.

The Zakat, Tax and Customs Authority issued zakat assessment for the year of 2020 with additional zakat liability of SAR 250,000.

The movement in zakat during the period / year is as follows:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Balance at the beginning of period / year	37,377	69,435
Add: charge for the current period / year	10,282	8,585
Less: payments made during the period / year	<u>(16,324)</u>	<u>(40,643)</u>
	<u><b>31,335</b></u>	<u>37,377</u>

The movement in deferred tax asset during the period / year is as follows:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Balance at January 1,	9,086	8,346
Add: charge for the period / year	-	855
Less: adjustments	<u>(90)</u>	<u>(115)</u>
	<u><b>8,996</b></u>	<u>9,086</u>



**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

**18. 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 September 30, 2021 are summarized as below:

<i>Name</i>	<i>Relationship</i>	<i>Nature of transactions</i>	<b>For the nine-month period ended 30 September,</b>	
			<b>2021</b>	<b>2020</b>
			<b>(Unaudited)</b>	<b>(Unaudited)</b>
Midal Cables W.L.L	Associate	Purchases of raw materials	<b>11,641</b>	13,243
		Board of directors remuneration	<b>703</b>	1,056
		Dividends received	<b>17,826</b>	6,787

**Due from a related party**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Hidada Limited	<b>113</b>	113

**Due to related parties**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Midal Cables W.L.L	<b>21,968</b>	18,644
Xenel Industries Limited	<b>43,531</b>	43,531
Chem Global Limited	<b>664</b>	664
Xeca International Information Technology	<b>2,476</b>	1,274
Hidada Limited	<b>1,452</b>	1,452
	<b>70,091</b>	65,565

Key management personnel remuneration and compensation comprised of the following:

	<b>For the nine-month period ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Short-term employee benefits	<b>3,562</b>	4,579
Post-employment benefits	<b>190</b>	167
	<b>3,752</b>	4,746

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

**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

Board of Directors / Committee member's remuneration and compensation comprised of the following:

	<b>For the nine month period ended</b>	
	<b>September 30,</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
Meeting attendance fees	<b>759</b>	48
Other remunerations	<b>485</b>	939
	<b>1,244</b>	987

**19. COMMITMENTS AND CONTINGENCIES**

The following are the commitments and contingencies as at:

	<b>September 30,</b>	December 31,
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Audited)
Property mortgage and guarantees (19.1)	<b>130,297</b>	142,560
Outstanding forward metal contracts	<b>35,203</b>	45,327
Contingent liabilities (19.2)	<b>97,206</b>	100,422
Authorized and contracted for capital expenditure commitments	<b>9,224</b>	12,383
	<b>271,930</b>	300,692

- 19.1 In addition to proving 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.
- 19.2 During the previous year, a court in Turkey issued a verdict in favor of Mass Kablo Yatırım ve Tic. A.Ş for a case filed by the minority shareholders of its subsidiary. An appeal against verdict has been presented by said minority shareholders. However, based on a legal opinion obtained from an independent counsel which is of view that the decision of Court of Appeal will not be different from the original decision issued by court of first instance. Accordingly, the Group recorded an income amounting to SAR 90 million for the provision recorded earlier and is no longer required. In addition, the Group assessed and recorded a contingent liability amounting to SAR 53 million.



**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

**20. REVENUE**

The Group's operations and main revenue streams are those described in the last annual financial statements.

*i) Disaggregation of revenue from contracts with customers*

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

	<b>For the nine-month period ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Foreign countries	<b>9,116</b>	5,151
Saudi Arabia	<b>119,589</b>	292,172
	<b>128,705</b>	297,323
<b>Major products/service lines</b>		
Sales of cables	<b>117,505</b>	250,692
Contract revenues	<b>11,200</b>	46,631
	<b>128,705</b>	297,323
<b>Timing of revenue recognition</b>		
Product transferred at a point in time	<b>117,505</b>	250,692
Product transferred over time	<b>11,200</b>	46,631
	<b>128,705</b>	297,323

**21. 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>September 30, 2021</b>	<b>December 31, 2020</b>	<b>Septemebr 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Assets	921,721	1,059,499	169,144	176,000	1,090,865	1,235,499
Liabilities	601,568	631,775	315,610	318,302	917,178	950,077
Net sales	117,505	310,566	11,200	58,213	128,705	368,779
Net loss	(97,511)	(44,681)	(4,116)	(10,331)	(101,627)	(55,012)
	<b>Sale of goods</b>	<b>Contract revenue</b>	<b>Total</b>			
	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Assets	921,721	1,138,914	169,144	209,241	1,090,865	1,348,155
Liabilities	601,568	674,131	315,610	335,558	917,178	1,009,689
Net sales	117,505	250,692	11,200	46,631	128,705	297,323
Net (loss) / profit	(97,511)	(13,866)	(4,116)	5,492	(101,627)	(8,374)

**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

**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

	<b>Saudi Arabia</b>	<b>Turkey</b>	<b>Other</b>	<b>Total</b>
<b>September 30, 2021 (Unaudited)</b>				
Assets	698,465	322,316	70,084	1,090,865
Liabilities	718,476	158,556	40,146	917,178
Net sales	119,589	8,490	626	128,705
Net (loss) / profit	(109,351)	10,478	(2,754)	(101,627)
<b>September 30, 2020 (Unaudited)</b>				
Assets	941,768	331,926	74,461	1,348,155
Liabilities	799,125	169,642	40,922	1,009,689
Net sales	292,172	5,151	-	297,323
Net loss	(108,243)	101,326	(1,457)	(8,374)
<b>December 31, 2020 (Audited)</b>				
Assets	836,055	326,424	73,020	1,235,499
Liabilities	735,432	174,317	40,328	950,077
Net sales	362,378	6,401	-	368,779
Net loss	(143,249)	91,185	(2,948)	(55,012)

**22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

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 to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:



**SAUDI CABLE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in thousands of Saudi Arabian Riyals)

---

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The carrying amount of the financial assets and liabilities carried at their amortised cost approximate their fair values. The fair values of the investment properties disclosed in the note is assessed by unobservable inputs and, accordingly, are level 3.

Derivative financial instruments are carried at their fair values and are assessed using unobservable inputs and are level 3.

There is no reclassification, in or out, from level 3.

### **23. SUBSEQUENT EVENTS**

No adjusting event occurred between 30 September 2021 and the date of authorization of these interim condensed consolidated financial statements by the Board of Directors, which may have an impact on these interim condensed consolidated financial statements.

### **24. COMPARATIVE FIGURES**

Certain prior period figures have been reclassified to conform to current period presentation, which are not material in nature.

### **25. APPROVAL OF INTERIM CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved and authorized to issue by the Board of Directors on November 1, 2021G (corresponding to Rabi I 26, 1443H).