

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

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

**FOR THE THREE-MONTH PERIOD
ENDED 31 MARCH 2021**

SAUDI CABLE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2021

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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 with the Company referred to as "the Group") as at 31 March 2021, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month period then ended, and the interim condensed consolidated statement of changes in equity and cash flows for the three-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 consolidated financial statements include investment in an associate (50% ownership) with a carrying value of SR 313.2 million and share of results of SR 6.70 million as at and for the three-month period ended 31 March 2021 (SR 319.12 million and SR 1.52 million as of and for the year ended 31 December 2020). The associate had trade receivables amounting to SR 48 million, out of which the Group's share is SR 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 31 March 2021.
- As stated in note 17, the Group received assessments from the General Authority for Zakat and Tax (GAZT), claiming additional Zakat liabilities of SR 199.8 million (31 December 2020: SR 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 GAZT, 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 GAZT. 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 31 March 2021.



**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)**

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 35.86 million during the three-month period ended 31 March 2021 and, as of that date, the Group's current liabilities exceeded its current assets by SR 67.76 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 interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2020 were reviewed by another auditor who expressed a modified review conclusion on those financial statements on 17 June 2020.

Qualified Conclusion

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information does not present fairly, in all material respects, the financial position of the Group as at 31 March 2021, and of its financial performance and its cash flows for the three-month period then ended 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

23 May 2021
11 Shawal 1442H

Jeddah



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

For the three-month period ended 31 March 2021

	Note	31 March 2021 Unaudited SR'000	31 March 2020 Unaudited SR'000
Revenue		63,855	59,532
Costs of revenue		(81,112)	(76,837)
GROSS LOSS		(17,257)	(17,305)
General and administrative expenses		(15,271)	(16,853)
Selling and distribution expenses		(3,092)	(3,789)
Expected credit losses		(1,212)	-
OPERATING LOSS FOR THE PERIOD		(36,832)	(37,947)
Finance costs, net		(6,091)	(6,811)
Share of result of an associate		6,697	(2,444)
Other income, net		5,148	6,800
LOSS BEFORE ZAKAT AND INCOME TAX		(31,078)	(40,402)
Zakat and income tax		(4,782)	(2,750)
NET LOSS FOR THE PERIOD		(35,860)	(43,152)
OTHER COMPREHENSIVE INCOME:			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in foreign currency translation reserve		298	(881)
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Hedging reserve		(1,305)	(3,021)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(36,867)	(47,054)
Loss for the period attributable to			
Parent Company shareholders		(35,882)	(43,197)
Non-controlling interests		22	45
		(35,860)	(43,152)
Total comprehensive loss attributable to			
Parent Company shareholders		(36,889)	(47,099)
Non-controlling interests		22	45
		(36,867)	(47,054)
Loss per share (basic and diluted):			
Basic and diluted loss per share from net loss for the period attributable to the Shareholders' of the Parent	5	(1.00)	(1.20)

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 31 March 2021

	Note	31 March 2021 <i>Unaudited</i> SR '000	31 December 2020 <i>Audited</i> SR '000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	295,573	301,593
Investment properties		39,373	39,865
Intangible assets	8	22,651	23,125
Right of use assets	9	8,826	8,449
Investment in an associate	6	313,244	319,117
Financial assets at fair value through other comprehensive income		45	45
Retentions receivable, net		39,148	44,862
Deferred tax asset	17	8,996	9,086
TOTAL NON-CURRENT ASSETS		727,856	746,142
CURRENT ASSETS			
Inventories	12	93,901	105,726
Accounts and retentions receivable	11	203,281	197,667
Prepaid expenses and other balances	13	140,959	146,060
Unbilled contract asset	14	15,456	20,998
Due from related party	18	113	113
Cash and bank balances	10	23,519	18,793
TOTAL CURRENT ASSETS		477,229	489,357
TOTAL ASSETS		1,205,085	1,235,499
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	15	360,614	360,614
Hedging reserve		7,377	8,637
Foreign currency translation reserve		(6,231)	(6,529)
Actuarial valuation reserves		(11,612)	(11,612)
Accumulated losses		(98,303)	(62,421)
Equity attributable to the shareholders of the Parent		251,795	288,684
Non-controlling interest		(2,524)	(3,262)
TOTAL SHAREHOLDERS' EQUITY		249,271	285,422
NON-CURRENT LIABILITIES			
Term loans and borrowings		337,378	353,647
Retentions payable		3,175	3,175
Employees' benefit obligation		61,927	61,372
Lease liabilities		8,343	7,881
TOTAL NON-CURRENT LIABILITIES		410,823	426,075
CURRENT LIABILITIES			
Term loans and borrowings		159,626	156,630
Provision for zakat and income tax	17	27,282	37,377
Due to related parties	18	72,902	65,565
Accounts payable, accrued expenses and other liabilities		284,362	262,669
Lease liabilities		819	1,761
TOTAL CURRENT LIABILITIES		544,991	524,002
TOTAL LIABILITIES		955,814	950,077
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,205,085	1,235,499

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 three-month period ended 31 March 2021

Equity attributable to the shareholders of the Parent Company

	<i>Foreign</i>							
	<i>Share capital SR'000</i>	<i>Hedging reserve SR'000</i>	<i>currency translation reserve SR'000</i>	<i>Actuarial valuation reserve SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Total SR'000</i>	<i>Non-controlling interest SR'000</i>	<i>Total shareholders' equity SR'000</i>
Balance at 1 January 2021	360,614	8,652	(6,529)	(11,612)	(62,421)	288,684	(3,262)	285,422
Loss for the period	-	-	-	-	(35,882)	(35,882)	22	(35,860)
Other comprehensive loss	-	(1,305)	298	-	-	(1,007)	716	(291)
Total comprehensive loss	-	(1,305)	298	-	(35,882)	(36,889)	738	(36,151)
Balance at 31 March 2021	360,614	7,347	(6,231)	(11,612)	(98,303)	251,795	(2,524)	249,271
Balance at 1 January 2020	110,614	826	(6,403)	(3,320)	(7,409)	94,308	(2,543)	91,765
Loss for the period	-	-	-	-	(43,197)	(43,197)	45	(43,152)
Other comprehensive loss	-	(3,021)	(881)	-	-	(3,902)	-	(3,902)
Total comprehensive loss	-	(3,021)	(881)	-	(43,197)	(47,099)	45	(47,054)
Issuance of share capital	250,000	-	-	-	-	250,000	-	250,000
Balance at 31 March 2020	360,614	(2,195)	(7,284)	(3,320)	(50,606)	297,209	(2,498)	294,711



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 three-month period ended 31 March 2021

		<i>For the three- month period ended 31 March 2021</i>	<i>For the three- month period ended 31 March 2020</i>
	<i>Note</i>	<i>Unaudited SR' 000</i>	<i>Unaudited SR' 000</i>
OPERATING ACTIVITIES			
Loss before zakat and income tax		(31,078)	(40,402)
<i>Adjustments for:</i>			
Depreciation		8,491	7,932
Amortization of intangible assets	8	474	1,179
Provision for employees' end of service benefits		1,423	2,262
Share of results of associates, net	6	(6,697)	2,444
Provision for inventories	12	-	434
Expected credit losses		1,212	-
Deferred tax asset		90	-
Finance cost		6,091	6,811
		<u>(19,994)</u>	<u>(19,340)</u>
<i>Changes in operating assets and liabilities:</i>			
Accounts and retention receivables		(1,112)	3,206
Prepayments and other receivables		6,344	(65,240)
Unbilled revenue		5,542	5,814
Inventories		11,825	(51,289)
Accounts payable, accrued expenses and other liabilities		19,983	49,622
Due to related parties		12,492	546
		<u>35,080</u>	<u>(76,681)</u>
Cash generated from / (used in) operating activities			
Employees' end of service benefits paid		(692)	(1,640)
Zakat and income tax paid		(14,877)	(6,578)
Finance cost paid		(3,931)	(532)
		<u>15,580</u>	<u>(85,431)</u>
INVESTING ACTIVITIES			
Additions to property, plant and equipment, intangibles and right of use assets, net	7	(1,677)	(307)
Dividends received from an associate	6	5,165	2,043
		<u>3,488</u>	<u>1,736</u>
Net cash generated from investing activities			
FINANCING ACTIVITIES			
Net movement in long and short-term loans		(13,273)	(20,182)
Proceeds from rights issue	15	-	250,000
Net changes in lease liabilities	9	(1,069)	(466)
		<u>(14,342)</u>	<u>229,352</u>
Net cash (used in) / generated from financing activities			
NET MOVEMENT IN CASH AND BANK BALANCES			
Cash and bank balances at the beginning of the period		18,793	7,064
		<u>4,726</u>	<u>145,657</u>
CASH AND BANK BALANCES AT THE END OF THE PERIOD			
		<u>23,519</u>	<u>152,721</u>

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

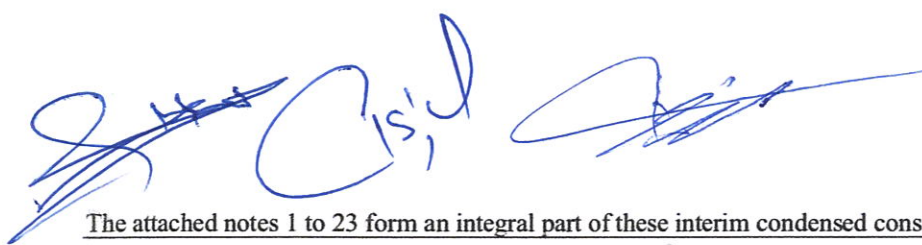
**SAUDI CABLE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the three-month period ended 31 March 2021

Additional information for non-cash items:

Change in fair value reserve	(1,305)	(3,021)
Foreign currency translation adjustments	298	(881)
Dividend offset against payable	(5,155)	(4,744)



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)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021

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 27 April 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 31 March 2021 (Unaudited)	As of 31 December 2020 (Audited)
Domestic				
Saudi Cable Company for Marketing Limited	Purchase and sale of electrical cables and related products	Saudi Arabia	100%	100%
Mass Projects for Power and Telecommunications Limited	Turnkey power and telecommunication projects	Saudi Arabia	100%	100%
Mass Centres for Distribution of Electrical Products Limited	Electrical and telecommunication distribution service	Saudi Arabia	100%	100%
International				
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 31 March 2021

1. ORGANISATION AND ACTIVITIES (continued)

As at 31 March 2021, the Group has the following investment in equity accounted investees:

Company's Name	Principal activities	Country of incorporation	Percentage of ownership	
			As of 31 March 2021 (Unaudited)	As of 31 December 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%	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 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 31 December 2020.

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 2020.

2.2 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).

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 31 December 2020:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

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 2020.

Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the globe including Saudi Arabia. During the year ended 31 December 2020, the Saudi Arabian government rightly took many initiatives to contain the spread of virus, which included restrictions on travel, gathering of people and enactment of curfew timings. This resulted in many non-essential businesses to curtail or suspend activities until further notice. Considering these factors, the Group's management carried out an impact assessment on the overall Group's operations and business aspects and concluded that, as at the issuance date of these financial statements, the Group did not have significant impact on its operations and businesses due to COVID-19 pandemic and no significant changes are required to the judgements, assumptions and key estimates. The activities of the Group were not significantly impacted by the restrictions imposed on account of COVID-19. The operational and financial impacts of the COVID-19 pandemic to date have been reflected in these financial statements. The strong financial position, including access to funds, nature of activities coupled with the actions taken by the Group to date and the continued activity at the terminal ensures that the Group has the capacity to continue through the challenges caused by impacts of the COVID-19 pandemic. However, 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 amounts of the assets or liabilities 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

The Group incurred a net loss of SR 35.86 million during the three-month period ended 31 March 2021 and, as of that date, the Group's current liabilities exceeded its current assets by SR 67.76 million (31 December 2020: SR 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 recent years, the management has implemented various initiatives at the Group level. Coupled with successful execution of a capital raise by way of rights issue during the year (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. In addition, the Parent Company successfully secured a financing facility of SR 200 million subsequent to the current period end.

In addition, Mass Kablo Ve Ticaret Anonim Sirketi, a fully owned subsidiary of the Group, has accumulated losses amounting to SR 343.63 million as of 31 March 2021 and, as of that date, the subsidiary's current liabilities exceeded its current assets by SR 39.18 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 have 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 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

3. BASIS OF CONSOLIDATION (continued)

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 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 Non-controlling interests

Non-controlling interests represent the portion of net income 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 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.

3.3 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.

3.4 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 31 March 2021

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 2020, except for the adoption of new standards effective as of 1 January 2021. 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 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

5. LOSS PER SHARE

Loss per share for the period ended 31 March 2021 and for the period ended 31 March 2020 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.

6. INVESTMENT IN AN ASSOCIATE

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

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
As at 1 January	319,117	318,180
Add: Share of results of associate, net for the period / year (note below)	6,697	1,524
Add: share of other comprehensive (loss) / income, net	(2,548)	6,326
Less: dividend received during the period/year (note 6.6)	(10,320)	(6,787)
Foreign currency translation	298	(126)
	313,244	319,117

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.

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

At 31 March 2021

6. INVESTMENT IN AN ASSOCIATE (continued)

6.4 Summarised financial information of associate company is as follows.

Midal Cable W.L.L.	Ownership	SR'000			
		Assets	Liabilities	Revenues	Net loss
31 March 2021	50%	1,575,259	949,733	734,385	12,806
31 December 2020	50%	1,561,286	921,878	2,527,170	5,689

6.5 As at 31 March 2021, a foreign subsidiary of the associate had trade receivables amounting to SR 48 million which were overdue for more than one year. Management of the subsidiary estimated that the overdue trade receivables would be collected during 2021 and 2022. Accordingly, as of 31 March 2021, no expected credit losses against those trade receivables, were recorded.

6.6 Out of total dividend of SR 10.32 million (SR 6.79 million as at March 31, 2020), SR 5.16 million (SR 2.04 million as at March 31, 2020) was received in cash and the remaining balance was adjusted against payable.

7. PROPERTY, PLANT AND EQUIPMENT

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
Carrying amount at beginning of the period / year	301,593	330,415
Additions during the period / year	1,677	4,599
Depreciation charge for the period / year	(7,697)	(33,421)
Carrying amount at end of the period / year	295,573	301,593

8. INTANGIBLE ASSETS

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
Carrying amount at beginning of the period / year	23,125	25,764
Amortization during the period/ year	(474)	(2,639)
Carrying amount at end of the period / year	22,651	23,125

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

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>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
At the beginning of the period / year	10,447	8,966
Additions	678	1,481
	11,125	10,447
Depreciation:		
At the beginning of the period / year	1,998	870
Depreciation for the period / year	301	1,128
	2,299	1,998
Net value at the end of the period / year	8,826	8,449

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

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
At the beginning of the period / year	9,012	8,504
Unwinding of lease liability	771	1,884
Payment of lease liabilities during the period/year	(1,069)	(1,376)
As at the end of the period / year	8,714	9,012
Current lease liability	421	1,187
Non-current lease liability	8,293	7,825
	8,714	9,012

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:

	<i>31 March 2021 Unaudited SR'000</i>	<i>31 December 2020 Audited SR'000</i>
Minimum lease payments	468	705
Less: unearned finance charge	(20)	(75)
Present value of minimum lease payments	448	630
Less: current portion	(398)	(574)
Non - current portion	50	56

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

At 31 March 2021

9. RIGHT OF USE ASSETS (continued)

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:

	<i>For the three-month period ended 31 March 2021 SR'000</i>	<i>For the year ended 31 December 2020 SR'000</i>
Depreciation expense of right-of-use assets	301	1,128
Interest charge on lease liabilities	771	1,884
	<u>1,072</u>	<u>3,012</u>

10. CASH AND BANK BALANCES

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
Cash in hand	864	588
Cash at banks	22,655	18,205
	<u>23,519</u>	<u>18,793</u>

11. ACCOUNTS AND RETENTIONS RECEIVABLES

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
Trade receivables, net (note 11.1)	143,194	145,229
Retentions receivables, net (note 11.2)	99,235	97,300
	<u>242,429</u>	<u>242,529</u>
Less: non-current retentions receivables	(39,148)	(44,862)
	<u>203,281</u>	<u>197,667</u>

11.1 The trade receivables, net comprised of as follows:

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
Gross trade receivables	304,111	306,304
Less: allowance for expected credit losses (note a)	(160,917)	(161,075)
	<u>143,194</u>	<u>145,229</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

11. ACCOUNTS AND RETENTIONS RECEIVABLES (continued)

a) The movement in allowance for expected credit losses against accounts receivables is as follows:

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
At the beginning of the period / year	161,075	149,564
(Reversal)/charge during the period / year	(158)	11,511
At the end of the period / year	160,917	161,075

11.2 The retention receivables, net comprised of as follows:

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
Gross retention receivables	119,935	116,630
Less: allowance for expected credit losses (note b)	(20,700)	(19,330)
Retention receivables, net	99,235	97,300

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

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
At the beginning of the period / year	19,330	2,046
Charge during the period / year	1,370	17,284
At the end of the period / year	20,700	19,330

12. INVENTORIES

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
Raw material	48,117	50,595
Finished goods	35,974	41,579
Work in progress	20,262	23,573
Spare parts and wooden reels	31,823	32,254
	136,176	148,001
Less: Provision for slow moving and obsolete inventories	(42,275)	(42,275)
	93,901	105,726

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

12. INVENTORIES (continued)

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

	<i>31 March 2021</i>	<i>31 December 2020</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
At the beginning of the period / year	42,275	42,110
Charge for the period / year	-	165
	<u>42,275</u>	<u>42,275</u>

13. PREPAID EXPENSES AND OTHER BALANCES

	<i>31 March 2021</i>	<i>31 December 2020</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Receivable from sale of a subsidiary	41,250	41,250
Guarantee margins and deposits	27,394	30,649
Advances to suppliers	35,199	41,613
Prepaid expenses	18,708	16,310
Value added tax	2,175	3,180
Other receivables	16,233	13,058
	<u>140,959</u>	<u>146,060</u>

14. UNBILLED CONTRACT ASSET

	<i>31 March 2021</i>	<i>31 December 2020</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Gross unbilled contract asset (note below)	25,827	31,369
Less: allowance for expected credit losses (note b)	(10,371)	(10,371)
Unbilled contract asset, net	<u>15,456</u>	<u>20,998</u>

This represents projects in Saudi Arabia and outside Saudi Arabia.

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

	<i>31 March 2021</i>	<i>31 December 2020</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Cost incurred plus profit/(loss) recognised	1,275,310	1,278,821
Less: progress billings	(1,249,483)	(1,247,452)
Unbilled contract asset	<u>25,827</u>	<u>31,369</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

14. UNBILLED CONTRACT ASSET (continued)

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

	<i>31 March 2021</i>	<i>31 December 2020</i>
	<i>Unaudited SR' 000</i>	<i>Audited SR' 000</i>
At the beginning of the period / year	10,371	8,158
Charge during the period / year	-	2,213
	<hr/>	<hr/>
At the end of the period / year	10,371	10,371
	<hr/> <hr/>	<hr/> <hr/>

15. SHARE CAPITAL

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.

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

On February 24, 2021 (corresponding to 12 Rajab 1442), the Board of Directors recommended an increase of the Parent Company's share capital by SR 360 million. The cash proceeds will be used to enhance working capital to increase operational capacities and support future activities.

SAUDI CABLE COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

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.

	<i>31 March 2021</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 December 2020</i> <i>(Audited)</i> <i>SR'000</i>
Long term loans:		
Local commercial bank (note a)	240,413	245,613
Loan from a SIDF (note b)	105,290	105,290
Foreign banks (note c)	37,335	38,770
Suppliers financing (note d)	111,482	119,656
	494,520	509,329
Less: non-current portion of term loans	(337,378)	(353,647)
Current portion of long- term loans	157,142	155,682
Local banks (note e)	2,484	700
Foreign banks (note e)	-	248
Current portion of loans and borrowings	159,626	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.

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 SR 14 million. Unamortised balance of the gain as at 31 December 2020 is of SR 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.

16. TERM LOANS AND BORROWINGS (continued)

- 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 29 July 2020, the facility was restructured where revised terms required the Parent Company to repay the outstanding balance of SR 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 SR 5.4 million. Unamortised balance of the loss of SR 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 General Authority for Zakat and Tax (GAZT), claiming additional Zakat liabilities totaling SR 199.8 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 Parent Company reached a final settlement to pay SR 65.8 million, with the General Authority of Zakat and Tax (GAZT) 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 SR 42.2 million up to now where the remaining will be paid in 4 installments totaling SR 23.6 million during the year.

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

The GAZT issued an assessment for the years 2014 with additional zakat liability of SR 24.2 million. The Parent Company has appealed against the assessment with the Committee for the Settlement of Tax Violations and Disputes.

During the previous year, the GAZT issued assessment for the years from 2015 to 2018 claiming an additional Zakat liability of SR 148 million. The Parent Company has filed an appeal with GAZT 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 GAZT, 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 GAZT, 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. GAZT 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 Parent Company has filed its zakat declaration for the year 2019 with the GAZT. Up to the date of these consolidated financial statements, GAZT is yet to raise the assessment for the year 2019.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

17. ZAKAT AND INCOME TAX (continued)

Mass Centers for Distribution of Electrical Products Limited

The GAZT issued the Zakat assessment for the years from 1998 to 2007 with additional Zakat liability of SR 1 million. The Company filed an appeal with Higher Appeal Committee ("HAC") which has not been decided to date.

The subsidiary filed its Zakat returns for the years 2008 to 2010. The GAZT did not issue the final Zakat assessment for the said years till to date. The subsidiary is dormant and is in the process to file the Zakat returns for the years from 2011 to 2019.

Mass Projects for Power & Telecommunications Limited

The GAZT issued the zakat assessment for the years from 1999 to 2004 with additional zakat liability of SR 3.2 million. The Company filed an appeal against the assessment with the GAZT. GAZT 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 SR 2.1 million. The Company filed an appeal against PAC Higher Appeal Committee ("HAC"), The Committee issued a decision to pay SR 2 million for which the Company recorded a provision.

The GAZT issued the zakat assessments for the years from 2005 to 2012 with additional zakat liability of SR 34.7 million and also a withholding tax and delay penalties. The Company filed an objection against the GAZT assessments, and GAZT issued amended zakat assessment by reducing the zakat liability by SR 6.9 million and the objection was escalated with the POC and is still under study by the committee. The subsidiary filed its zakat returns for the years 2013 to 2015.

The GAZT issued an assessment for the 2016 with additional zakat liability of SR 2.7 million. The subsidiary filed an appeal with the Committee for the Resolution of Tax Violations and Disputes. For the years from 2017 to 2019, the GAZT requested additional information and documents in order to issue the final assessment.

Saudi Cable Company for Marketing Ltd.

The GAZT issued the Zakat assessment for the years from 1996 to 2004 with additional zakat liability of SR 17 million. The Company filed an appeal which are still under review by GAZT. The Company filed the financial statements and Zakat declarations for the years 2005 to 2007 with the GAZT. The subsidiary is dormant and is in the process to file the Zakat returns for the years from 2008 to 2019.

The movement in zakat during the period ended 31 March 2021 is as follows:

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
Balance at the beginning of period / year	37,377	69,435
Add: charge for the current period/year	2,750	8,585
Add: charge for the prior period/year	2,032	-
Less: payments made during the period/year	(14,877)	(40,643)
	27,282	37,377

The movement in deferred tax asset during the period ended 31 March 2021 is as follows:

	<i>31 March 2021 Unaudited SR' 000</i>	<i>31 December 2020 Audited SR' 000</i>
Balance at 01 January	9,086	8,346
Add: charge for the period/year	-	855
Less: adjustments	(90)	(115)
	8,996	9,086

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

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 31 March 2021 are summarized as below:

<i>Name</i>	<i>Relationship</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>	
			<i>31 March 2021</i>	<i>31 March 2020</i>
			<i>Unaudited</i>	<i>Unaudited</i>
			<i>SR' 000</i>	<i>SR' 000</i>
Midal Cables W.L.L	Associate	Purchase of raw material	11,641	907
		Directors remuneration	352	352
		Dividends received	10,320	6,787
 Due from related parties				
			<i>31 March 2021</i>	<i>31 December 2020</i>
			<i>Unaudited</i>	<i>Audited</i>
			<i>SR' 000</i>	<i>SR' 000</i>
Hidada Limited			113	113

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

At 31 March 2021

18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Due to related parties

	<i>31 March 2021</i>	<i>31 December 2020</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Midal Cables W.L.L	24,779	18,644
Xenel Industries Limited	43,531	43,531
Chem Global Limited	664	664
Xeca International Information Technology	2,476	1,274
Hidada Limited	1,452	1,452
	<u>72,902</u>	<u>65,565</u>

Key management personnel remuneration and compensation comprised of the following:

	<i>Three-month period ended 31 March 2021</i>	<i>Three-month period ended 31 March 2020</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Short-term employee benefits	1,256	1,256
Post-employment benefits	67	62
	<u>1,323</u>	<u>1,318</u>

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

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

	<i>Three-month period ended 31 March 2021</i>	<i>Three-month period ended 31 March 2020</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Meeting attendance fees	126	11
Other remuneration	188	287
	<u>314</u>	<u>298</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

19. COMMITMENTS AND CONTINGENCIES

The following are the commitments and contingencies as at 31 March 2021:

	<i>31 March</i> <i>2021</i> <i>Unaudited</i> <i>SR' 000</i>	<i>31 December</i> <i>2020</i> <i>Audited</i> <i>SR' 000</i>
Property mortgage and guarantees (note 19.1)	142,737	142,560
Outstanding forward metal contracts	65,127	45,327
Contingent liabilities (note 19.2)	99,864	100,422
Authorized and contracted for capital expenditure commitments	11,276	12,383
	319,004	300,692

19.1 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.

19.2 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 SR 90 million for the provision recorded earlier and is no longer required. In addition, the Group assessed and recorded a contingent liability amounting to SR 53 million.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2021

20. SEGMENTAL INFORMATION

Operating Segment

The Group has the following main business segments:

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

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

	Sale of goods		Contract revenue		Total	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Assets	1,037,778	1,059,499	167,307	176,000	1,205,085	1,235,499
Liabilities	640,582	631,775	315,232	318,302	955,814	950,077
Net sales	60,124	310,566	3,731	58,213	63,855	368,779
Net loss	(30,307)	(44,681)	(5,575)	(10,331)	(35,882)	(55,012)

	Sale of goods		Contract revenue		Total	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Assets	1,037,778	1,289,539	167,307	189,378	1,205,085	1,478,917
Liabilities	640,582	862,950	315,232	321,256	955,814	1,184,206
Net sales	60,124	41,565	3,731	17,967	63,855	59,532
Net loss	(30,307)	(43,129)	(5,575)	(68)	(35,882)	(43,197)

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	Turkey	Other	Total
31 March 2021				
(Unaudited)				
				SR'000
Assets	805,260	328,542	71,283	1,205,085
Liabilities	740,301	175,388	40,125	955,814
Net sales	60,339	3,516	-	63,855
Net loss	(35,390)	398	(890)	(35,882)
31 March 2020				
(Unaudited)				
				SR'000
Assets	1,059,207	368,344	51,366	1,478,917
Liabilities	861,674	305,640	16,892	1,184,206
Net sales	58,849	683	-	59,532
Net loss	(44,000)	1,326	(523)	(43,197)
31 December 2020				
(Audited)				
				SR'000
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)

21. 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:

- 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 assess 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.

22. COMPARATIVE FIGURES

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

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 22 May 2021 (corresponding to 10 Shaban 1442H).