

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND NINE-MONTH PERIOD
ENDED SEPTEMBER 30, 2022**

SAUDI CABLE COMPANY

(A Saudi Joint Stock Company)

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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 (together “the Group”) as of September 30, 2022, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three months and nine months periods then ended, and the related 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).

Scope of Review

Except as explained in the following paragraphs, we conducted our review in accordance with 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 condensed consolidated financial statements 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 17, the Group received assessments from the Zakat, Tax and Customs Authority (ZATCA), claiming additional Zakat liabilities of SAR 234.6 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 ZATCA, that the outcome of the appeals is uncertain at this stage and, therefore, it is not possible to determine the potential Zakat liability. No provision has been made in these interim condensed consolidated financial statements for the items under appeal and for any potential exposure relating to open years not yet assessed by ZATCA. We have not been provided details or basis of certain appeals the assessments, including details of zakat computation and appeals in respect of certain open years for the Company and of certain subsidiaries. We were, therefore, unable to determine whether any adjustments are necessary to the Group’s current or prior years’ / periods’ zakat charges.
- The Group has property, plant and equipment amounted of SAR 258.44 million as at September 30, 2022 and there are some indicators (i.e. reduction in revenue, gross losses, negative operating cash flows etc.) that the recoverable value of them is less than its book value, we were unable to obtain sufficient evidence regarding the recoverable amount of them as the Group’s management hasn’t provided us with sufficient data related to the recoverable amount of the property, plant and equipment and the extent to recognize any impairment losses the book value of property, plant and equipment as at September 30, 2022.

Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements - Continued

Basis for Qualified Conclusion (continued)

- As stated in note 6, the interim condensed consolidated financial statements include investment in an associate (50% ownership) with a carrying value of SAR 267.3 million and share of results of SAR 7.9 million as at and for the nine-month period ended September 30, 2022. The associate had trade receivables amounting to SAR 54.4 million, out of which the Group's share is SAR 27.2 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 appropriate support to ensure the possibility of recoverability of those trade receivables balances. Consequently, we were unable to determine whether any adjustments to the Group's share of results of an associate and the carrying value of the investment in an associate were necessary as of and for the nine-month period ended September 30, 2022.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the Basis for Qualified Conclusion paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Material Uncertainty Related to Going Concern

We draw attention to note 2 of the interim condensed consolidated financial statements, which indicates that the Group has incurred a net loss of SAR 117.5 million for the nine-month period ended September 30, 2022 (SAR 100.9 million for the nine-month period ended September 30, 2021), and as of that date, the Group's accumulated losses have reached SAR 79.4 million (as at December 31, 2021: SAR 256.7 million), representing 119.01% of the share capital as at September 30, 2022 (as at December 31, 2021: 71.19%). Further, the Group current liabilities exceeded its current assets by SAR 549.6 million as at September 30, 2022 (as at December 31, 2021: SAR 476.4 million). These events or conditions, along with other matters, indicate a significant doubt about Group's ability to continue as a going concern and its ability to meet its obligations when it becomes due. Our conclusion is not modified in respect of this matter.

Other Matter

The consolidated financial statements for the year ended December 31, 2021 and the interim condensed consolidated financial statements for the three-month period ended March 31, 2022 were audited and reviewed by another auditor who expressed a modified audit opinion and review conclusion on May 15, 2022 and May 23, 2022 respectively.

AlKharashi & Co



Abdullah Al Msned
License No: 456

Riyadh
November 09, 2022
Rabi Al-Akhar 15, 1444H

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022
(Expressed in Thousands of Saudi Arabian Riyals)

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	258,440	276,325
Investment properties		2,719	2,818
Intangible assets	8	18,429	20,268
Right of use assets	9	6,989	7,903
Investment in an associate	6	267,268	299,170
Financial assets at fair value through other comprehensive income		45	45
Account and retention receivables	11	27,609	36,036
TOTAL NON-CURRENT ASSETS		581,499	642,565
CURRENT ASSETS			
Inventories	12	46,999	78,365
Account and retention receivables	11	129,225	144,994
Prepaid expenses and other debit balances	13	135,045	142,215
Unbilled contract assets	14	13,611	15,662
Due from a related party	18	730	113
Assets held for sale		-	35,390
Cash and cash equivalents	10	28,111	10,721
TOTAL CURRENT ASSETS		353,721	427,460
TOTAL ASSETS		935,220	1,070,025
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	66,729	360,614
Hedging reserve		(17,106)	(2,275)
Foreign currency translation reserve		(5,946)	(6,159)
Employees' benefit obligation reserve		(11,652)	(11,652)
Accumulated losses		(79,417)	(256,730)
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		(47,392)	83,798
Non-controlling interest		(3,649)	(2,692)
TOTAL EQUITY		(51,041)	81,106
NON-CURRENT LIABILITIES			
Term loans and borrowings	16	11,147	9,966
Retentions payable		4,052	4,216
Employees' benefit obligation		61,484	63,592
Lease liabilities	9	6,239	7,298
TOTAL NON-CURRENT LIABILITIES		82,922	85,072
CURRENT LIABILITIES			
Term loans and borrowings	16	449,922	452,006
Provision for zakat and income tax	17	73,330	69,670
Due to related parties	18	48,123	71,232
Accounts payable, accrued expenses and other liabilities		329,530	309,398
Lease liabilities	9	2,434	1,541
TOTAL CURRENT LIABILITIES		903,339	903,847
TOTAL LIABILITIES		986,261	988,919
TOTAL EQUITY AND LIABILITIES		935,220	1,070,025

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements.

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Expressed in thousands of Saudi Arabian Riyals)

	<u>For the three month period ended September 30,</u>		<u>For the nine month period ended September 30,</u>	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	6,128	23,501	66,511	128,705
Costs of revenue	(31,183)	(47,725)	(136,611)	(191,151)
GROSS LOSS	(25,055)	(24,224)	(70,100)	(62,446)
General and administrative expenses	(12,037)	(15,289)	(38,698)	(43,976)
Selling and distribution expenses	(1,557)	(2,563)	(8,996)	(8,724)
Reversal of provision for Expected credit losses	3,175	(1,167)	4,192	3,567
OPERATING LOSS FOR THE PERIOD	(35,474)	(43,243)	(113,602)	(111,579)
Finance costs, net	(3,295)	(4,690)	(13,864)	(15,401)
Share of result from an associate	3,862	(1,563)	7,937	11,513
Other income, net	4,446	5,717	15,955	24,763
LOSS BEFORE ZAKAT AND INCOME TAX	(30,461)	(43,779)	(103,574)	(90,704)
Zakat and income tax	(4,651)	(2,750)	(13,955)	(10,282)
LOSS FOR THE PERIOD	(35,112)	(46,529)	(117,529)	(100,986)
OTHER COMPREHENSIVE INCOME / (LOSS):				
Items that will not be reclassified to profit or loss				
Changes in foreign currency translation reserve	30	767	213	285
Items that are or may be reclassified subsequently to profit or loss				
Hedging reserve	5,625	(2,555)	(14,831)	(11,034)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(29,457)	(48,317)	(132,147)	(111,735)
Loss for the period attributable to				
Parent Company shareholders	(34,928)	(46,559)	(116,572)	(101,627)
Non-controlling interests	(184)	30	(957)	641
	(35,112)	(46,529)	(117,529)	(100,986)
Total comprehensive loss attributable to				
Parent Company shareholders	(29,273)	(48,347)	(131,190)	(112,376)
Non-controlling interests	(184)	30	(957)	641
	(29,457)	(48,317)	(132,147)	(111,735)
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	(2.91)	(1.29)	(5.01)	(2.82)

The accompanying notes from 1 to 25 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 NINE- MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Expressed in thousands of Saudi Arabian Riyals)

	Share capital	Hedging reserve	Foreign currency translation reserve	Employees' benefit obligation reserve	Accumulated losses	Total equity attributable to shareholders	Non-controlling interest	Total equity
Balance at January 1, 2022	360,614	(2,275)	(6,159)	(11,652)	(256,730)	83,798	(2,692)	81,106
Loss for the period	---	---	---	---	(116,572)	(116,572)	(957)	(117,529)
Other comprehensive loss	---	(14,831)	213	---	---	(14,618)	---	(14,618)
Reduction of share capital (note 15)	(293,885)	---	---	---	293,885	---	---	---
Balance at September 30, 2022	66,729	(17,106)	(5,946)	(11,652)	(79,417)	(47,392)	(3,649)	(51,041)
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)
Movement during the period	-	-	-	-	-	-	-	-
Balance at September 30, 2021	360,614	(2,402)	(6,244)	(11,612)	(164,048)	176,308	(2,621)	173,687

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements.

SAUDI CABLE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

(Expressed in thousands of Saudi Arabian Riyals)

	Note	For the nine-month period ended September 30,	
		2022	2021
		(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
Loss before zakat and income tax		(103,574)	(90,704)
Adjustments for:			
Depreciation		19,427	24,452
Amortization of intangible assets	8	1,839	1,501
Provision for employees' end of service benefits		5,147	4,055
Share of results from associates, net	6	(7,937)	(11,513)
Provision for inventories	12	1,897	3,531
Gain from disposal of investment property		(5,485)	-
Reversal of provision for expected credit losses		(4,192)	(3,568)
Deferred tax asset		-	90
Finance cost		13,864	15,401
		(79,014)	(56,755)
Changes in operating assets and liabilities:			
Accounts and retentions receivable		28,475	55,933
Due from related parties		(617)	-
Prepayments and other balances		236	(3,820)
Unbilled revenue		2,553	8,266
Inventories		29,469	36,384
Accounts payable, accrued expenses and other liabilities		27,495	7,834
Due to related parties		(23,955)	13,168
Cash (used in)/ generated from operating activities		(15,358)	61,010
Employees' end of service benefits paid		(1,480)	(3,801)
Zakat and income tax paid		(1,086)	(16,324)
Finance cost paid		(657)	(5,018)
Net cash (used in)/ generated from operating activities		(18,581)	35,867
INVESTING ACTIVITIES			
Additions to property, plant and equipment, and intangible assets	7	(529)	(3,316)
Proceeds from sale of investment property		40,875	-
Dividends received from an associate	6	-	8,935
Net cash generated from investing activities		40,346	5,619
FINANCING ACTIVITIES			
Net movement in long and short-term loans		(3,954)	(50,269)
Net changes in lease liabilities	9	(421)	(1,924)
Net cash used in financing activities		(4,375)	(52,193)
NET MOVEMENT IN CASH AND BANK BALANCES		17,390	(10,707)
Cash and bank balances at the beginning of the period		10,721	18,793
CASH AND BANK BALANCES AT THE END OF THE PERIOD		28,111	8,086
Additional information for non-cash items:			
Change in hedging reserve		(14,831)	(11,034)
Share of the Group in the change of fair value of equity accounted investee		(11,859)	(2,791)
Foreign currency translation adjustments		213	285
Dividend from associate through current account		28,194	8,891
Provision for employee benefit obligations transferred to accruals		5,775	176

The accompanying notes from 1 to 25 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
FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

(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 Rabi Al Thani 27, 1396 H, (corresponding to April 27, 1976 G).

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 Company and the following subsidiaries:

Company’s Name	Principal activities	Country of incorporation	Percentage of ownership	
			As of September 30, 2022 (Unaudited)	As of December 31, 2021 (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	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 Eletromekanik 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

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

(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, 2022 (Unaudited)	As of December 31, 2021 (Audited)
Midal Cables W.L.L	Conductors & related products	Bahrain	50%	50%

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 period ended September 30, 2022, 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 consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2021.

Basis of measurement

These 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 interim condensed consolidated 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, 2021.

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, 2021.

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.

SAUDI CABLE COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in thousands of Saudi Arabian Riyals)

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, 2021.

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 117.5 million for the nine-month period ended September 30, 2022, and as of that date, the Group's accumulated losses have reached SAR 79.4 million, representing 119.01% of the share capital as at September 30, 2022. Further, the Group current liabilities exceeded its current assets by SAR 549.6 million as at September 30, 2022 (as at December 31, 2021: SAR 476.4 million). Furthermore, on May 11, 2022, The Saudi Stock Exchange "Tadawul" announced to continue suspending the trading of Saudi Cable Company share in the market as per the rules on the offer of Securities until the Company announces that the matters included in the independent auditor's report on the consolidated financial statements for the year ended December 31, 2021, are remediated. 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 Group's management has prepared an assessment of going concern. The assessment assumes the possibilities of initiating a capital increase by way of rights issue and possible intervention by a prospective investor by way of selling part of the Group's debt in return partly for the issuance of shares and partly cash injection. Consequently, the management has concluded that the going concern assumption is valid and has accordingly prepared these interim condensed consolidated financial statements on going concern basis.

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(Expressed in thousands of Saudi Arabian Riyals)

In addition, Mass Kablo Ve Ticaret Anonim Sirketi, a fully owned subsidiary of the Group, has incurred loss of SAR 18.6 million, had an accumulated losses amounting to SAR 386.1 million as of September 30, 2022 and, as of that date, the subsidiary's current liabilities exceeded its current assets by SAR 74.5 million. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Management in 2021 had 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 parent 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 profit or loss and other comprehensive 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.

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FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

(Expressed in thousands of Saudi Arabian Riyals)

A joint venture is an arrangement in which the Group has joint control whereby the Group 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 recognizes 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**New standards, amendment to standards and interpretations**

There are no new standards issued, however, there are number of amendments to standards which are effective from January 1, 2022 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Interim Condensed Consolidated Financial Statements.

5. LOSS PER SHARE

Loss per share for the nine-month period ended September 30, 2022, and for the nine-month period ended September 30, 2021 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 investment in an associate is as follows:

	September 30, 2022 (Unaudited)	December, 31 2021 (Audited)
At the beginning of the period / year	299,170	319,117
Share of profit for the period / year, net	7,937	7,180
Hedging reserve	(11,859)	(9,671)
Dividend received during the period / year	(28,194)	(17,826)
Foreign currency translation	214	370
At the end of the period / year	267,268	299,170

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.

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6.4 Summarized financial information of associate Company is as follows.

Midal Cable W.L.L.	Ownership%	Assets	Liabilities	Revenues	Net profit
September 30, 2022 (Unaudited)	50%	2,015,003	1,490,246	3,443,239	15,874
December 31, 2021 (Audited)	50%	1,876,586	1,284,131	3,418,504	7,898

6.5 As of September 30, 2022, a foreign subsidiary of the associate had trade receivables amounting to SAR 54.4 million which were overdue for more than one year. Management of the subsidiary estimates that the overdue trade receivables would be collected during 2022. Accordingly, as of September 30, 2022, no expected credit losses against those trade receivables, were recorded.

7. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Carrying amount at beginning of the period / year	276,325	301,593
Additions during the period / year	529	3,363
Depreciation charge for the period / year	(18,414)	(28,631)
Carrying amount at end of the period / year	258,440	276,325

8. INTANGIBLE ASSETS

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Carrying amount at beginning of the period / year	20,268	23,125
Amortization during the period/ year	(1,839)	(2,857)
Carrying amount at end of the period / year	18,429	20,268

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:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<u>Cost:</u>		
At the beginning of the period / year	11,125	10,447
Additions	-	678
	11,125	11,125
<u>Accumulated depreciation:</u>		
At the beginning of the period / year	3,222	1,998
Depreciation for the period / year	914	1,224
	4,136	3,222
Net value at the end of the period / year	6,989	7,903

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9-2 Leases liabilities

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of the period / year	8,803	9,012
Additions during the period / year	-	678
Interest charge for the period / year	255	381
Paid during the period / year	(388)	(1,268)
As at the end of the period / year	8,670	8,803

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:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Minimum lease payments	36	36
Less: unearned finance charge	(33)	-
Present value of minimum lease payments	3	36
Less: current portion	(3)	(4)
Non - current portion	-	32

Presented in the interim condensed consolidated financial statements as follows:

Current lease liability	2,431	1,537
Non-current lease liability	6,239	7,266

The weighted average incremental borrowing rate applied to lease liabilities was 4.0% (2021: 4.0%).

The following are the amounts recognized in profit or loss:

	For the nine-month period ended September 30, 2022 (Unaudited)	2021 (Unaudited)
Depreciation expense of right-of-use assets	914	915
Interest charge on lease liabilities	255	284
Total amount recognized in profit or loss	1,169	1,199

10. CASH AND CASH EQUIVALENTS

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash in hand	269	272
Cash at banks	27,842	10,449
	28,111	10,721

Included within Cash & Cash Equivalents is an amount of SAR 18.4 million (December 31, 2021: Nil) which is restricted for use at the option of the Group's management.

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11. ACCOUNT AND RETENTION RECEIVABLES

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade receivables, net (11.1)	89,071	94,773
Retention receivables, net (11.2)	67,763	86,257
	156,834	181,030
Less: non-current retentions receivable	(27,609)	(36,036)
	129,225	144,994

11.1 The trade receivables, net comprised of as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Gross trade receivables	235,273	247,606
Less: impairment on financial assets (a)	(146,202)	(152,833)
	89,071	94,773

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of the period / year	152,833	161,075
Charge / (reversal) during the period / year	(6,631)	(8,242)
	146,202	152,833

11.2 The retention receivables, net comprised of as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Gross retentions receivable	86,980	103,122
Less: impairment on financial assets (b)	(19,217)	(16,865)
Retention receivables, net	67,763	86,257

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of the period / year	16,865	19,330
Reversal during the period / year	---	(2,465)
Provision for the period/ year	2,352	---
At the end of the period / year	19,217	16,865

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12. INVENTORIES

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Raw material	37,779	44,661
Finished goods	11,104	24,946
Work in progress	9,424	20,261
Spare parts and wooden reels	30,967	32,669
	89,274	122,537
Less: Provision for slow moving and obsolete inventories	(42,275)	(44,172)
	46,999	78,365

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of the period / year	44,172	42,275
(Reversal) / charge for the period / year	(1,897)	1,897
	42,275	44,172

13. PREPAID EXPENSES AND OTHER DEBIT BALANCES

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Receivable from sale of a subsidiary	41,250	41,250
Guarantee margins and deposits	16,225	20,604
Advances to suppliers, net	47,775	49,911
Derivative gain and prepayments	10,443	17,896
Value added tax	4,791	3,416
Other receivables	14,561	9,138
	135,045	142,215

14. UNBILLED CONTRACT ASSET

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Gross unbilled contract asset (a)	21,042	23,595
Less: allowance for expected credit losses (b)	(7,431)	(7,933)
Unbilled contract asset, net	13,611	15,662

This represents projects in Saudi Arabia and outside Saudi Arabia.

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

September 30, 2022	December 31, 2021
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	(Unaudited)	(Audited)
Cost incurred plus profit recognized	1,287,489	1,296,262
Less: progress billings	(1,266,447)	(1,272,667)
Unbilled contract asset	21,042	23,595

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of the period / year	7,933	10,371
Charge / (reversal) during the period / year	(502)	(2,438)
At the end of the period / year	7,431	7,933

15. SHARE CAPITAL

The share capital consisted of 6,672,906 shares of Saudi Arabian Riyals 10 each as at September 30, 2022. (As at December 31, 2021: 36,061,406 shares).

On September 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 September 30, 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.

On February 20, 2022 (corresponding to Rajab 19, 1443H), the Shareholders approved in their meeting the reduction of the parent Company's share capital and rejected the BOD recommendation for capital increase.

On June 2, 2022, the Board of Directors (BOD) recommended through resolution number 2022/18 to decrease the Parent Company share capital from SAR 262,311,060 (26,231,106 shares) to SAR 66,729,060 (6,672,906 shares) for the purpose of restructuring the share capital and to absorb 100% of its accumulated losses as of March 31, 2022 amounted to SAR 195,582,000. BOD also recommended to increase the share capital (subsequent to the reduction) from SAR 66,729,060 (6,672,906 shares) to SAR 466,729,060 (46,672,906 shares) to enhance the Company's working capital and operation capacity. The capital reduction transaction was approved by the shareholders in their meeting held on July 25, 2022 (corresponding to Dhu al-Qadah 3, 1443). The Company's capital restructuring plan was amended subsequent to the quarter end (note 23).

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.

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Long term loans:		
Local commercial bank (a)	218,691	219,980
Loan from a SIDF (b)	104,290	104,290
Foreign banks (c)	38,824	37,874
Suppliers financing (d)	99,264	99,828
	461,069	461,972
Less: non-current portion of term loans	(11,147)	(9,966)
Current portion of loans and borrowings	449,922	452,006

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- 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 nine months as grace period, while tranche B carry three months SIBOR plus 3% and is repayable in equal quarterly installments over nine 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 Group recorded the new loan at its fair value at the effective date, which has resulted in gain of SAR 14 million.

As at September 30, 2022, the Group is in default due to the non-repayment of the loan. Consequently, remaining outstanding balance is classified as current liability as per the agreement. The Group is in the process of restructuring the loan with ARB.

- 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. As at September 30, 2022, the Group was in default due to the non-repayment of the loan installments on time. Consequently, remaining outstanding balance is classified as current liability as per the agreement.
- 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 8% per annum for US dollar denominated or equivalent loans and an average 10% per annum for facilities in Turkish Lira.
- d) In earlier years, the Group through an agreement had credit facility with Noble Resources International Pte Ltd (“Noble”), to purchase raw material at a deferred payment. The Group 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 where revised terms required the Group 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 Group 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.

17. ZAKAT AND INCOME TAX

The Group received certain assessments from the Zakat Tax and Customs Authority (ZATCA), claiming additional Zakat liabilities amounted to SAR 234.6 million in respect of the Zakat assessments 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

The Company made a final settlement with the Zakat, Tax and Customs Authority (ZATCA) for the years from 2005 to 2012. Resolution issued on January 29, 2020 by the Zakat and Tax Disputes Settlement Committee in the amount of SAR 65.7 million, provided that the due zakat amounts are paid within 30 days from the settlement date mentioned above, and the Company submitted a request for installments for a period of 12 months and it was approved by the Authority in 10 instalments. The company paid the down payment of 10% of the amount, in addition to 6 payments, and the remaining amount of SAR 22.5 million.

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

The ZATCA issued an assessment for the year 2014 with additional zakat liability of SAR 24.2 million. The Parent Company has appealed against the assessment with the Committee for the Settlement of Tax Violations and Disputes. The decision was issued in favor of the Company accepting the objection and the Company has received a copy of the decision. From the decision dated February 17, 2022 the authority appealed the committee's decision, and the case is still in the process of finalization.

The authority issued the final assessment for the years 2015 to 2018, amounting to SAR 148 million. It was escalated and a grievance was submitted to the Committee for Adjudication of Tax Violations and Disputes (at the General Secretariat of Tax Committees), where a decision was issued by the Committee to accept the item of external purchases, which reduces the liability from SAR 1.3 million, the adjusted assessment after the decision amounted to SAR 146.8 million. Remainder of the grounds of objection were rejected against which the company has filed an appeal.

The Company submitted the financial statements and the zakat declaration for the year 2019 ZATCA, and the legal zakat was paid accordingly, and the Company obtained a final zakat certificate.

The Company submitted the financial statements and the Zakat declaration for the year 2020 to ZATCA

The Company has submitted its zakat declaration for 2021 to ZATCA.

Mass Centers for Distribution of Electrical Products Limited

The ZATCA 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 ZATCA did not issue the final Zakat assessment for the said years till to date. The subsidiary is dormant and is the in process to file the Zakat returns for the years from 2011 to 2021.

Mass Projects for Power & Telecommunications Limited

The ZATCA 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 ZATCA. ZATCA 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 and decision was issued to pay SAR 1.5 million to ZATCA.

The ZATCA issued the zakat assessments for the years from 2005 to 2012 with additional zakat liability of SAR 34.7 million in addition to withholding tax and delay penalties. The Company filed an objection against the ZATCA assessments, and ZATCA issued amended zakat assessment by reducing the zakat liability by SAR 6.9 million. The objection was escalated to the Primary Objection Committee, and then it was transferred to the Separation, Violations and Tax Disputes Committee.

The Company filed its zakat returns for the years 2013 to 2014 and the legal zakat was paid from it, and the Company obtained a restricted zakat certificate.

ZATCA issued a final assessment of SAR 7.4 million on 28 April 2021 for the year of 2015. The Company objected, The objection was escalated to the General Secretariat of the Tax Committees, and a session was scheduled for 29/05/2022, and the decision is in the process of being drafted by the Secretariat.

The ZATCA issued an assessment for the 2016 with additional zakat liability of SAR 2.7 million. The company submitted an appeal to the Appeal Committee of the General Secretariat of the Tax Committees, and the case is still pending with the Appeal Committee.

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ZATCA issued a final assessment of SAR 6.98 million on 28 September 2021 for the years from 2017 to 2019. The Company objected It was rejected by the authority. The company escalated the objection to the Committee for Adjudication of Tax Violations and Disputes.

The Company has submitted the financial statements and zakat declarations for the year 2020 ZATCA and an installment plan was made to pay the amount of zakat due from the declaration.

The Company submitted its zakat return for the year of 2021 to ZATCA.

Saudi Cable Company for Marketing Ltd.

The ZATCA 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 ZATCA. The Company filed the financial statements and Zakat declarations for the years 2005 to 2008 with the ZATCA. ZATCA issued a final assessment on the Company for the years from 2009 to 2013, and zakat differences of SAR 1.25 million.

The Zakat, Tax and Customs Authority issued a zakat assessment for the years from 2014 to 2018 and demanded an additional zakat obligation of 23 million Saudi riyals. The objection was escalated to the Committee for Adjudication of Tax Violations and Disputes, and the cases are still under technical study.

The Company has not submitted the zakat declaration for the year 2019, and the authority has not issued a final assessment to it.

ZATCA issued an estimated assessment on the Company for the year 2020 on 13 September 2021 with a value of SAR 0.25 million.

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at the beginning of period / year	69,670	37,377
Add: charge for the current period / year	13,955	51,890
Reversal for the period / year	(9,209)	-
Less: payments made during the period / year	(1,086)	(19,597)
	73,330	69,670

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at the beginning of period / year	-	9,086
Deferred tax recognized for the period / year	-	(8,996)
Deferred tax related to equity	-	(90)
	-	-

18. RELATED PARTIES TRANSACTIONS AND BALANCES

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

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- 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.

Due from a related party

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Midal Cables W.L.L	617	-
Hidada Limited	113	113
	730	113

Due to related parties

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Midal Cables W.L.L	-	23,109
Xenel Industries Limited	43,531	43,531
Chem Global Limited	664	664
Xeca International Information Technology	2,476	2,476
Hidada Limited	1,452	1,452
	48,123	71,232

Significant related party transaction and balances as at September 30, 2022 are summarized as below:

<i>Name</i>	<i>Relationship</i>	<i>Nature of transactions</i>	For the nine-month period ended September 30,	
			2022 (Unaudited)	2021 (Unaudited)
Midal Cables W.L.L	Associate	Purchases of raw materials	5,731	11,641
		Board of directors remuneration	2,109	703
		Dividends received	28,194	17,826
		Others	846	---

Key management personnel remuneration and compensation comprised of the following:

	For the nine-month period ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)
Short-term employee benefits	2,474	3,562
Post-employment benefits	133	190
	2,607	3,752

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

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

	For the nine-month period ended September 30,	
	2022	2021
	(Unaudited)	(Unaudited)
Meeting attendance fees	618	759
Other remunerations	754	485
	1,372	1,244

19. COMMITMENTS AND CONTINGENCIES

The following are the commitments and contingencies as at:

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Property mortgage and guarantees*	120,296	118,854
Outstanding forward metal contracts	177	123,226
Contingent liabilities	92,342	94,730
Authorized and contracted for capital expenditure commitments	8,620	9,114

*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.

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.

	For the nine-month period ended September 30,	
	2022	2021
	(Unaudited)	(Unaudited)
Primary geographic markets		
Saudi Arabia	60,972	119,589
Foreign countries	5,539	9,116
	66,511	128,705
Major products/service lines		
Sales of cables and goods	47,991	117,505
Contract revenues	18,520	11,200
	66,511	128,705
Timing of revenue recognition		
Revenue recognized at a point in time	47,991	117,505
Revenue recognized over time	18,520	11,200
	66,511	128,705

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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:

	Sale of goods		Contract revenue		Total	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Assets	781,771	915,836	153,449	154,189	935,220	1,070,025
Liabilities	682,498	685,191	303,763	303,728	986,261	988,919
Net sales	47,991	143,112	18,520	17,441	66,511	160,553
Net loss	(115,796)	(186,820)	(776)	(7,489)	(116,572)	(194,309)

	Sale of goods		Contract revenue		Total	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Assets	781,771	921,721	153,449	169,144	935,220	1,090,865
Liabilities	682,498	601,568	303,763	315,610	986,261	917,178
Net sales	47,991	117,505	18,520	11,200	66,511	128,705
Net loss	(115,796)	(97,511)	(776)	(4,116)	(116,572)	(101,627)

Geographic Information

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

September 30, 2022 (Unaudited)	Saudi Arabia	Turkey	Other	Total
Assets	537,537	319,854	77,829	935,220
Liabilities	730,348	210,912	45,003	986,261
Net sales	60,972	4,554	985	66,511
Net (loss) / profit	(102,513)	(17,615)	3,556	(116,572)

September 30, 2021 (Unaudited)	Saudi Arabia	Turkey	Other	Total
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)

December 31, 2021 (Audited)	Saudi Arabia	Turkey	Other	Total
Assets	674,275	326,207	69,543	1,070,025
Liabilities	749,952	198,696	40,271	988,919
Net sales	151,082	8,845	626	160,553
Net loss	(166,409)	(24,481)	(3,419)	(194,309)

SAUDI CABLE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

(Expressed in thousands of Saudi Arabian Riyals)

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:

- 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 value of the investment properties 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

On October 19, 2022, the Board of Directors (BOD) recommended through resolution number 2022/48 to decrease the Parent Company share capital from SAR 66,729,060 (6,672,906 shares) to SAR 7,000,000 (700,000 shares) for the purpose of restructuring the share capital and to absorb losses of SAR 59,729,060 (5,972,906 shares). BOD also recommended to increase the share capital (subsequent to the reduction) from SAR 7,000,000 (700,000 shares) to SAR 287,000,000 (28,700,000 shares) to enhance the Company's working capital and operation capacity. The Company is yet to appoint an advisor for both transactions and seek relevant regulatory and shareholder approvals to take effect.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

(Expressed in thousands of Saudi Arabian Riyals)

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 Rabi Al-Akhar 15, 1444H (corresponding to November 09, 2022).