

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

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

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2020**

SAUDI CABLE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2020

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

Introduction

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

Scope of review

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

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 8.5 million during the nine months period ended 30 September 2020. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed a modified opinion on those financial statements on 30 March 2020. Further, the interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2020 and for the nine-month period ended 30 September 2019 were reviewed by another auditor who expressed a modified review conclusion on those financial statements on 17 June 2020 and 6 November 2019, respectively.

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

Conclusion

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

for Ernst & Young



Abdullah Ali AlMakrami
Certified Public Accountant
License No. 476

10 November 2020
24 Rabi'l 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 and nine-month periods ended 30 September 2020

		<i>For the three- month period ended 30 September 2020 Unaudited SR' 000</i>	<i>For the three- month period ended 30 September 2019 Unaudited SR' 000</i>	<i>For the nine- month period ended 30 September 2020 Unaudited SR' 000</i>	<i>For the nine- month period ended 30 September 2019 Unaudited SR' 000</i>
Revenue		92,607	81,628	297,323	274,666
Cost of revenue		(105,889)	(83,287)	(334,648)	(297,394)
GROSS LOSS FOR THE PERIOD		(13,282)	(1,659)	(37,325)	(22,728)
OPERATING EXPENSES					
General and administrative expenses		(16,047)	(16,567)	(47,552)	(47,749)
Selling and distribution expenses		(4,025)	(3,861)	(11,564)	(15,324)
Credit loss on accounts receivable and retentions receivable		(9,402)	-	(9,402)	-
TOTAL OPERATING EXPENSES		(29,474)	(20,428)	(68,518)	(63,073)
LOSS FROM MAIN OPERATIONS		(42,756)	(22,087)	(105,843)	(85,801)
Finance costs		(8,793)	(6,836)	(20,474)	(14,516)
Share of results of associates, net		(1,482)	(2,806)	(3,572)	(3,051)
Other income, net	19	106,646	9,228	129,044	35,367
PROFIT / (LOSS) BEFORE ZAKAT AND INCOME TAX		53,615	(22,501)	(845)	(68,001)
Zakat and income tax		(2,138)	(1,833)	(7,638)	(7,348)
NET PROFIT/(LOSS) FOR THE PERIOD		51,477	(24,334)	(8,483)	(75,349)
OTHER COMPREHENSIVE INCOME/(LOSS)					
Foreign currency translation adjustments		190	340	1,065	1,652
Group's share of fair value reserve		(3,489)	2,493	4,119	(119)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		48,178	(21,501)	(3,299)	(73,816)
Profit/(loss) for the period attributable to:					
Shareholders' of the Parent Company		51,405	(23,791)	(8,374)	(74,206)
Non-controlling interests		72	(543)	(109)	(1,143)
		51,477	(24,334)	(8,483)	(75,349)
Total comprehensive income/(loss) for the period attributable to:					
Shareholders of the Parent Company		48,106	(20,958)	(3,190)	(72,673)
Non-controlling interests		72	(543)	(109)	(1,143)
		48,178	(21,501)	(3,299)	(73,816)
Loss per share (basic and diluted)					
Main operation for the period (restated)	5	(0.90)	(0.98)	(2.22)	(3.80)
Income/(loss) for the period (restated)	5	1.08	(1.05)	(0.18)	(3.28)

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

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

As at 30 September 2020

	<i>Note</i>	30 September 2020 Unaudited SR' 000	31 December 2019 Audited SR' 000
ASSETS			
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income (FVOCI)		45	45
Investments in associates	6	311,080	318,180
Non-current portion of retention receivables		24,026	32,077
Investment properties		40,341	2,975
Property, plant and equipment	7	306,792	330,415
Deferred tax assets		8,996	8,346
Intangible assets	8	24,067	25,764
Right-of-use assets	9	7,498	8,096
TOTAL NON-CURRENT ASSETS		722,845	725,898
CURRENT ASSETS			
Cash and cash equivalents	10	10,827	7,064
Account receivable	11	198,662	138,954
Unbilled revenue		39,797	46,213
Inventories, net	12	121,157	98,879
Due from related parties	17	187	187
Current portion of retention receivable		78,552	63,940
Prepaid expenses and other receivables	13	176,128	166,401
TOTAL CURRENT ASSETS		625,310	521,638
TOTAL ASSETS		1,348,155	1,247,536
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	14	360,614	110,614
Fair value reserve		4,945	826
Foreign currency translation reserve		(5,338)	(6,403)
Employees' end-of-service benefits reserve		(3,320)	(3,320)
Accumulated losses		(15,783)	(7,409)
Equity attributable to the shareholders of the parent		341,118	94,308
Non-controlling interests		(2,652)	(2,543)
TOTAL SHAREHOLDERS' EQUITY		338,466	91,765
NON-CURRENT LIABILITIES			
Non-current portion of long-term loans	15	343,725	378,181
Current portion on obligation under finance lease liabilities		596	688
Account payable - non-current		72,084	-
Retention payable		8,058	8,066
Employees' end-of-service benefits		54,984	52,168
Lease liabilities	9	8,157	7,935
TOTAL-NON-CURRENT LIABILITIES		487,604	447,038
CURRENT LIABILITIES			
Short term loans	15	7,657	16,384
Current portion of long-term loans	15	65,616	37,915
Non-current obligation under finance lease liabilities		128	524
Accounts payables		178,875	283,022
Due to a related party	17	60,487	56,022
Accrued and other current liabilities		155,117	244,862
Provision for zakat and income tax		53,614	69,435
Lease liabilities	9	591	569
TOTAL CURRENT LIABILITIES		522,085	708,733
TOTAL LIABILITIES		1,009,689	1,155,771
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,348,155	1,247,536

The attached notes 1 to 24 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 30 September 2020

Equity attributable to the shareholders of the Parent

	Share Capital SR' 000	Fair value reserve SR' 000	Foreign currency translation reserve SR' 000	Employee end of service benefit reserve SR' 000	Retained earnings (Accumulated losses) SR' 000	Total SR' 000	Non- controlling interests SR' 000	Total equity SR' 000
Balance at 1 January 2020	110,614	826	(6,403)	(3,320)	(7,409)	94,308	(2,543)	91,765
Net loss for the period	-	-	-	-	(8,374)	(8,374)	(109)	(8,483)
Changes in fair value reserve	-	4,119	-	-	-	4,119	-	4,119
Foreign currency translation adjustment	-	-	1,065	-	-	1,065	-	1,065
Capital increase (note 14)	250,000	-	-	-	-	250,000	-	250,000
Balance at 30 September 2020 (Unaudited)	360,614	4,945	(5,338)	(3,320)	(15,783)	341,118	(2,652)	338,466
Balance at 1 January 2019	110,614	958	(6,703)	2,277	55,006	162,152	(355)	161,797
Net loss for the period	-	-	-	-	(74,206)	(74,206)	(1,143)	(75,349)
Changes in fair value reserve	-	(119)	-	-	-	(119)	-	(119)
Foreign currency translation adjustment	-	-	1,652	-	-	1,652	-	1,652
Net movement in non-controlling interest	-	-	-	-	-	-	(458)	(458)
Balance at 30 September 2019 (Unaudited)	110,614	839	(5,051)	2,277	(19,200)	89,479	(1,956)	87,523

The attached notes 1 to 24 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 30 September 2020

		<i>For the nine month period ended 30 September 2020 Unaudited SR' 000</i>	<i>For the nine month period ended 30 September 2019 Unaudited SR' 000</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Loss before zakat and income tax		(845)	(68,001)
<i>Adjustments for:</i>			
Depreciation		27,219	26,587
Amortization of intangible assets	8	1,697	295
Provision for employees' end of service benefits		6,604	8,602
Share of results of associates, net	6	3,572	3,051
Provision / (reversal) for inventories	12	434	(9,943)
Reversal of provision against liabilities		(97,129)	-
Credit loss on account receivable and retention receivable		9,402	-
Finance cost		20,474	14,516
		<u>(28,572)</u>	<u>(24,893)</u>
<i>Changes in operating assets and liabilities:</i>			
Accounts receivables		(63,177)	68,932
Prepayments and other receivables		(45,719)	8,436
Unbilled revenue		6,416	(6,747)
Inventories		(22,712)	(13,525)
Due from related parties		-	25,522
Retention receivables		(13,994)	8,280
Trade payable		(32,064)	(18,548)
Accrued and other liabilities		(8,331)	(22,579)
Retention payable		(8)	502
Due to related parties		4,465	(1,804)
		<u>(203,696)</u>	<u>23,576</u>
Cash (used in) / generated from operating activities			
Employees' end of service benefits paid		(3,788)	(1,818)
Zakat and income tax paid		(24,196)	(9,569)
Finance cost paid		(1,985)	(14,516)
		<u>(233,665)</u>	<u>(2,327)</u>
INVESTING ACTIVITIES			
Additions to property, plant and equipment, intangibles and right of use assets, net	7	(2,448)	(1,519)
Dividends received from an associate	6	6,787	-
		<u>4,339</u>	<u>(1,519)</u>
Net cash generates from / (used in) investing activities			
FINANCING ACTIVITIES			
Net change in borrowings		(15,482)	2,032
Proceeds from rights issue	14	250,000	-
Net movement in obligations under finance lease		(488)	(263)
Net movement in lease liabilities (IFRS 16)	9	(941)	-
		<u>233,089</u>	<u>1,769</u>
Net cash generated from financing activities			

The attached notes 1 to 24 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 nine-month period ended 30 September 2020

	<i>For the nine month period ended 30 September 2020 Unaudited SR' 000</i>	<i>For the nine month period ended 30 September 2019 Unaudited SR' 000</i>
NET MOVEMENT IN CASH AND BANK BALANCES	3,763	(2,077)
Cash and bank balances at the beginning of the period	7,064	15,488
CASH AND BANK BALANCES AT THE END OF THE PERIOD	10,827	13,411
Additional information for non-cash items:		
Change in fair value reserve	4,119	(119)
Foreign currency translation adjustments	1,065	1,652
Reversal of provision against liabilities	97,129	-

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2020

1. ORGANISATION AND ACTIVITIES

Saudi Cable Company (“the Company” or “the Parent Company”) is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030009931 dated 27 Rabi Al Thani 1396H, (corresponding to April 27, 1976).

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

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

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

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

Company’s Name	Principal activities	Country of incorporation	Percentage of ownership	
			As of September 30, 2020 (Unaudited)	As of December 31, 2019 (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 30 September 2020

1. ORGANISATION AND ACTIVITIES (continued)

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

Company's Name	Principal activities	Country of incorporation	Percentage of ownership	
			As of 30 September 2020 (Unaudited)	As of 31 December 2019 (Audited)
Midal Cables W.L.L	Conductors & related products	Bahrain	50%	50%
XECA International Information Technology	Implementation of information Systems and network services	Saudi Arabia	25%	25%

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

The interim condensed consolidated financial statements 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 2019:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2020

2. BASIS OF PREPARATION (continued)

2.5 Significant accounting judgements, estimates and assumptions

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

Impact of COVID-19

A novel strain of coronavirus (COVID-19) was first identified at the end of December 2019, subsequently in March 2020 was declared as a pandemic by the World Health Organization (WHO). COVID-19 continues to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities which resulted in a slowdown of economic activities and shutdowns of many sectors at global and local levels.

The extent to which coronavirus pandemic impacts the Group's business, operations, and financial results, is certain but the amount is not specified and depends on many factors and future developments, that the Group may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity, the impact to the businesses of the Group's customers and other factors.

Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Group's management carried out an impact assessment on the overall Group's operations, estimated its liquidity requirements and business aspects including factors like travel restrictions, services demand, global demand and supply of metals, etc. The Group cannot assure its assumptions used in the above estimates will be correct due to such uncertain situation. In addition, the magnitude, duration and speed of the global pandemic is uncertain. Therefore, the management has taken several steps to mitigate the effects of the pandemic, including costs reduction measures. Further, the Group's management also evaluated the cash flow situation, including available bank facilities, continuation of existing leasing contracts and the readiness of operational processes when the situation improves. However, in the 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, the Group management will continue to assess the impact based on prospective developments.

Going Concern

Mass Kablo Ve Ticaret Anonim Sirketi, a fully owned subsidiary of the Group, has accumulated losses amounting to SR 333.8 million as of 30 September 2020 and, as of that date, the subsidiary's current liabilities exceeded its current assets by SR 32.3 million is a matter for going concern and its ability to meet obligations as and when they fall due. Management has prepared a comprehensive business plan and, already, has successfully implemented certain elements of the plan including among others, rescheduled of financing arrangements, agreed sustainable repayments plans with major creditors, secured and continue to securing assets of the Subsidiary through legal means and renegotiations with counterparties to enhance the Subsidiary's operational position. Accordingly, management believe that the going concern assumption used in the preparation of the subsidiary financial information is appropriate.

In addition, the Group incurred a net loss of SR 8.5 million during the nine-months period ended 30 September 2020. Similar to the plan at the Subsidiary level, management has implemented various initiatives at the Group level as well. Coupled with successful execution of a capital raise by way of rights issue, financial restructuring agreement with Al Rajhi bank (Note 15), improved order backlog, better terms with suppliers, provided management adequate evidence that going concern assumption is appropriate for the Group as a whole.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2020

3. BASIS OF CONSOLIDATION

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

3.1 Subsidiaries

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

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

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

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

3.2 Investment in an associates and jointly controlled entities

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

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

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

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

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

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

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

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

At 30 September 2020

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

Amendments to IFRS 3: Definition of a business

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

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

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The International Accounting Standards Board (“IASB”) is engaged in a two-phase process of amending its guidance to assist in a smoother transition away from IBOR.

Phase (1) - The first phase of amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures focused on hedge accounting issues. The final amendments, issued in September 2019, amended specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by IBOR reform. The amendments are effective from January 1, 2020 and are mandatory for all hedge relationships directly affected by IBOR reform. The Group was not impacted by these amendments.

Phase (2) - The second phase relates to the replacement of benchmark rates with alternative risk-free rates. Currently, there is uncertainty as to the timing and the methods of transition for phase 2. As a result of these uncertainties, IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR. Therefore, the Group believes the current market structure supports the continuation of hedge accounting as at 30 September 2020.

Amendments to IAS 1 and IAS 8: Definition of Material

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

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

Amendment to IFRS 16: COVID 19 related rent concessions

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

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

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

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

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

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

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

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

At 30 September 2020

5. LOSS PER SHARE

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

6. INVESTMENTS IN ASSOCIATES

6.1 The movement in investments in associates is as follows:

	<i>30 September 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
As at 1 January	318,180	321,982
Group share of (losses) / profit for the period / year	(3,572)	395
Group share of net movement of unrealised loss relating to cash flow hedges and transaction of foreign operations	3,259	(4,197)
Dividend received	(6,787)	-
	311,080	318,180

6.2 Summarised financial information of associate company is as follows.

		SR'000			
Midal Cable W.L.L.	Ownership	Assets	Liabilities	Revenues	Net (loss) /profit
30 September 2020	50%	1,505,910	885,465	1,847,419	(7,144)
31 December 2019	50%	1,523,524	888,394	2,831,659	790

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

7. PROPERTY, PLANT AND EQUIPMENT

	<i>30 September 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Carrying amount at beginning of the period / year	330,415	393,380
Additions during the period / year	2,448	1,670
Transfer of intangible assets during the period / year	-	(30,795)
Disposals during the period / year	-	(32)
Depreciation charge for the period / year	(26,071)	(33,808)
Carrying amount at end of the period / year	306,792	330,415

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At 30 September 2020

8. INTANGIBLE ASSETS

	<i>30 September 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Carrying amount at beginning of the period / year	25,764	2,500
Additions during the period / year	-	780
Transfer from property and equipment (note 7)	-	30,795
Amortization during the period/ year	(1,697)	(8,311)
	<hr/>	<hr/>
Carrying amount at end of the period / year	24,067	25,764
	<hr/> <hr/>	<hr/> <hr/>

9. RIGHT OF USE ASSETS

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

	<i>30 September 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
At the beginning of the period / year	8,966	-
IFRS transition adjustments	-	7,959
Additions	-	1,007
	<hr/>	<hr/>
	8,966	8,966
	<hr/>	<hr/>
Depreciation:		
At the beginning of the period / year	870	-
Depreciation for the period / year	598	870
	<hr/>	<hr/>
	1,468	870
	<hr/>	<hr/>
As at the end of the period / year	7,498	8,096
	<hr/> <hr/>	<hr/> <hr/>

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

	<i>30 September 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
At the beginning of the period / year	8,504	-
IFRS transition adjustments	-	8,303
Interest charge for the period / year	262	382
Unwinding of lease liability	923	865
Payment of lease liabilities during the period/year	(941)	(1,046)
	<hr/>	<hr/>
As at the end of the period / year	8,748	8,504
	<hr/> <hr/>	<hr/> <hr/>

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

At 30 September 2020

9. RIGHT OF USE ASSETS (continued)

The classification of lease liabilities is as follows

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Current lease liability	591	569
Non-current lease liability	8,157	7,935
	<u>8,748</u>	<u>8,504</u>

10. CASH AND CASH EQUIVALENTS

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Cash in hand	1,196	1,119
Cash at banks	9,631	5,945
	<u>10,827</u>	<u>7,064</u>

11. ACCOUNT RECEIVABLE

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Trade receivable	351,695	288,518
Less: allowance for expected credit losses	(153,033)	(149,564)
	<u>198,662</u>	<u>138,954</u>

Allowance for doubtful debts movements was as follows:

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
January 1	149,564	147,633
Provision for the period/year	3,469	1,931
	<u>153,033</u>	<u>149,564</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2020

12. INVENTORIES

	<i>30 September 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Raw material	53,044	43,587
Finished goods	57,134	37,490
Work in progress	20,619	20,397
Spare parts and wooden reels	32,904	39,515
	163,701	140,989
Less: Provision for slow moving and obsolete inventories	(42,544)	(42,110)
	121,157	98,879

Movement for slow movement and obsolete inventories was as follows

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

13. PREPAID EXPENSES AND OTHER DEBIT BALANCES

	<i>30 September 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Receivable from sale of subsidiary	41,690	77,170
Margins and deposits	37,823	24,014
Advances to suppliers	55,563	33,184
Prepaid expenses	24,206	8,375
Value added tax	4,720	10,457
Other receivables	12,126	13,201
	176,128	166,401

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2020

14. 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 current period, 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 360,061,406 shares.

15. BANK BORROWING AND FINANCIAL RESTRUCTURING

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

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

	<i>30 September 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Local banks	7,657	16,076
Lenders of subsidiaries (outside Saudi Arabia)	-	308
	<u>7,657</u>	<u>16,384</u>

Long-term loans comprise the following:

	<i>30 September 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Restructured loans from commercial banks	264,177	264,176
Lenders of subsidiaries (outside Saudi Arabia)	37,874	44,630
Loan from a Saudi Industrial Development Fund	107,290	107,290
	<u>409,341</u>	<u>416,096</u>
Less: current portion of long-term loans	<u>(65,616)</u>	<u>(37,915)</u>
Non-current portion of long-term loans	<u>343,725</u>	<u>378,181</u>

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

At 30 September 2020

15. BANK BORROWING AND FINANCIAL RESTRUCTURING (continued)

On February 23, 2016, the Company entered into restructuring agreements with its four main lenders. The revised terms require the Company to comply with additional covenants as well as certain additional requirements to meet with. As a result the banks allowed the Company to reschedule repayment of its debts over a period of 7 years, with a final payments at the end of December 2022. The total debt restructured was SR 793 million including accumulated financing costs of SR 85 million.

On April 17, 2017, the Company entered into a settlement agreement with BNP Paribas, one of the four lender banks. Based on the terms of the said agreement, the loan amount was reduced from SR 142 million to SR 24.99 million after payment of SR 40 million. The balance amount of SR 77 million was recorded as an income as no longer required to pay.

On June 11, 2017, the Company negotiated and entered into a new agreement with remaining three ledgers to defer the repayments of the loans for further period. According to the terms of the said agreement, the Company shall increase its capital through issuance of rights shares and repay the banks. The remaining balance should be paid in equal bi-annual installments commencing from December 31, 2018 to June 30, 2022.

On December 25, 2018, the Company entered into a settlement agreement with lenders, namely, National Commercial Bank and Bank Al Jazira. As a result the Company paid an amount of SR 110 million as a full and final settlement. Accordingly, the remaining amount was recorded as income as obligation no longer required.

On June 1, 2020, the Company signed a restructuring agreement with Al Rajhi Bank, last of the four lenders. According to the terms of the agreement to restructure the carrying balance of SR 264.18 million of the loan was split into two 2 tranches collectively payable in quarterly installments over 7 years with early periods being grace.

In addition, the Company's borrowings also include a loan amounting to SR 107.3 million, from Saudi Industrial Development Fund which was restructured on December 31, 2019.

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

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

	Repayment for Restructured Loan	SIDF SR' 000	Total Repayments
Within one year	29,150	12,000	41,150
Between one to two years	39,444	50,000	89,444
More than two years	195,583	45,290	240,873
	264,177	107,290	371,467

Certain subsidiaries of the Group have also borrowed from the commercial banks within the country of their incorporation. All loans were restructured during the periods of 2018 to 2020 and were deferred throughout a 5 year period from the date of signing the agreement. The loans are secured through the mortgage of the factory land premises of the subsidiaries.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2020

16. ZAKAT AND INCOME TAX.

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

Saudi Cable Company

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

GAZT issued the assessment for the years 2005 to 2007 and claimed additional zakat and withholding tax liability of SR 35.7 million. The Company objected the said assessment and approached the Preliminary Appeal Committee (PAC) for the review and decision. PAC approved the GAZT point of view. Accordingly, the Company filed an appeal against PAC's decision with Higher Appeal Committee (HAC), which also ruled in favor of GAZT. As a last resort, the Company file a petition with BOG, which is still under review.

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

The GAZT issued the assessment for the years 2010 to 2012 and claimed additional zakat liability of SR 66.97 million. The Company has filed an appeal against the GAZT's assessment with the Preliminary Appeal Committee (PAC). PAC approved the GAZT point of view. Accordingly, the Company filed an appeal against PAC's decision with Higher Appeal Committee (HAC), which is still under review.

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

The GAZT issued the final assessment for the year 2014 which showed Zakat liability of SR 24.2 million. The Company filled an objection against the GAZT assessment which is still under review to date.

The Company has submitted the financial statements and Zakat returns for the years 2013 to 2019 to the GAZT and the Zakat due from these declaration has been paid and the Company has obtained restricted Zakat certificates for those years, and the authority has requested additional information and documents for those years for the purpose of issuing the final Zakat assessments.

Mass Centres for Distribution of Electrical Products Limited

The GAZT issued the Zakat assessment for the years from 1998 to 2007, which showed Zakat liability of SR 1 million. The Company filled an appeal with Higher Appeal Committee (HAC) against the said assessment and is confident of favourable outcome. The Company field its Zakat returns for the years ended December 31, 2008 to 2010. The GAZT did not issue the final Zakat assessment for the said years till to date. Although, the Company is essentially dormant but is in process to file the Zakat returns for the years from 2011 to 2018.

Mass Projects for Power & Telecommunication Limited

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

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

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2020

16. ZAKAT AND INCOME TAX (continued)

Mass Projects for Power & Telecommunication Limited (continued)

The GAZT issued the Zakat assessments for the years from 2005 to 2012 and claimed additional Zakat difference of SR 34.7 million. The Company filed an objection against the GAZT assessments, and GAZT recently issued amended Zakat assessment which has shown Zakat reduced by SR 6.9 million and the objection was escalated with the POC and is still under study by the committee.

The Company has filed the financial statements and Zakat returns for the years 2013 to 2019 to the GAZT and the Zakat due from these assessment has been paid, and the Company has obtained restricted Zakat certificates for those years. The authority has issued a final zakat assessment for the years 2016 in the amount of SR 2.7 million and the Company has complained to the Committee for the Adjudications of Tax violations and disputes, and for the rest of the years the Authority has not issued a final Zakat assessment to date.

Saudi Cable Company for Marketing Limited

The GAZT issued the final assessment for the years 1996 to 2004, and claimed Zakat differences of SR 17 million. The Company fields its objection against the said Zakat differences and its confident of favourable outcome. The Company fields its Zakat returns for the years 2005 to 2007. The GAZT did not issue the final assessment for the said years till to date. Although, the Company is essentially dormant but is in the process to file the Zakat returns for the years up to 2018.

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

	<i>30 September 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Balance at January 1	69,435	101,946
Charge for the year	8,375	11,666
Zakat provision reversal	-	(32,790)
Payments during the period/year	(24,196)	(11,387)
	<u><u>53,614</u></u>	<u><u>69,435</u></u>

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

	<i>30 September 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Balance at January 1	8,346	8,408
Charge for the period/year	737	26
Adjustments	(87)	(88)
	<u><u>8,996</u></u>	<u><u>8,346</u></u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2020

17. RELATED PARTIES TRANSACTIONS AND BALANCES

- a) Related parties include the Company's shareholders and their relatives up to the fourth generation, associated and affiliated companies (include equity accounted investees) and key management personnel of the Company. Terms and conditions of these transactions are approved by the Group's Board of Directors.
- b) Related party transactions mainly represent purchase and sale of finished goods and recharging of expenses from / to affiliates. These are undertaken at maturity agreed terms and are approved by the Group's Board of Directors.
- c) Significant related party transaction and balances arising from as at 30 September 2020 are summarized as below:

<i>Name</i>	<i>Relationship</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>			
			<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
			<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
			<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>
			<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
			<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
			<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>
Midal Cables W.L.L	Associate	Purchase of raw material	12,336	1,647	13,243	5,315
		Directors remuneration	352	469	1,056	1,406
		Dividend received	-	-	6,787	-

Due from related parties

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2020

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Due to related parties

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Midal Cables W.L.L	13,566	9,101
Xenel Industries Limited	43,531	43,531
Chem Global Limited	664	664
Xeca International Information Technology	1,274	1,274
Hidada Limited	1,452	1,452
	60,487	56,022

Key management personnel remuneration and compensation comprised of the following:

	<i>Three-months period ended 30 September 2020 Unaudited SR' 000</i>	<i>Three-months period ended 30 September 2019 Unaudited SR' 000</i>	<i>Nine-months period ended 30 September 2020 Unaudited SR' 000</i>	<i>Nine-months period ended 30 September 2019 Unaudited SR' 000</i>
Short-term employee benefits	2,068	1,828	4,579	3,944
Post-employment benefits	52	70	167	186
	2,120	1,898	4,746	4,130

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

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

	<i>Three-months period ended 30 September 2020 Unaudited SR' 000</i>	<i>Three-months period ended 30 September 2019 Unaudited SR' 000</i>	<i>Nine-months period ended 30 September 2020 Unaudited SR' 000</i>	<i>Nine-months period ended 30 September 2019 Unaudited SR' 000</i>
Meeting attendance fees	19	30	48	87
Other remuneration	354	282	939	750
	373	312	987	837

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2020

18. COMMITMENTS AND CONTINGENCIES

The following are the commitments and contingencies:

	<i>30 September 2020 Unaudited SR' 000</i>	<i>31 December 2019 Audited SR' 000</i>
Property mortgage and guarantees (note 18.1)	164,310	171,068
Outstanding forward metal contracts	54,067	79,180
Contingent liabilities (note 18.2)	102,514	44,433
Authorized and contracted for capital expenditure commitments	9,679	3,738
	330,570	298,419

18.1 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.

18.2 During the period, 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 (Note 19). In addition, the Group assessed and recorded a contingent liability amounting to SR 53 million.

19. OTHER INCOME

Other income comprises the following:

	<i>Three-months period ended 30 September 2020 Unaudited SR' 000</i>	<i>Three-months period ended 30 September 2019 Unaudited SR' 000</i>	<i>Nine-months period ended 30 September 2020 Unaudited SR' 000</i>	<i>Nine-months period ended 30 September 2019 Unaudited SR' 000</i>
Currency exchange gain	6,701	8,453	15,348	12,394
Reversal of provision	91,365	-	103,841	20,627
Reversal of long unsettled payables	7,129	-	7,129	-
Rental income	649	765	1,988	2,336
Others	802	10	738	10
	106,646	9,228	129,044	35,367

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2020

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	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Assets	1,138,914	1,065,426	209,241	182,110	1,348,155	1,247,536
Liabilities	674,131	841,852	335,558	313,919	1,009,689	1,155,771
Net sales	250,692	291,289	46,631	89,985	297,323	381,274
Net loss	(13,866)	(71,055)	5,492	9,224	(8,374)	(61,831)

	Sale of goods		Contract revenue		Total	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Assets	1,138,914	1,104,894	209,241	180,919	1,348,155	1,285,813
Liabilities	674,131	887,111	335,558	311,179	1,009,689	1,198,290
Net sales	250,692	216,478	46,631	58,188	297,323	274,666
Net loss	(13,866)	(84,610)	5,492	10,404	(8,374)	(74,206)

Geographic Information

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

	Saudi Arabia	UAE	Turkey	Other	Total
30 September 2020					
(Unaudited)					
					SR'000
Assets	941,768	36,285	331,926	38,176	1,348,155
Liabilities	799,125	2,934	169,642	37,988	1,009,689
Net sales	292,172	-	5,151	-	297,323
Net loss	(108,243)	(1,457)	101,326	-	(8,374)
30 September 2019					
(Unaudited)					
					SR'000
Assets	847,558	33,930	404,325	-	1,285,813
Liabilities	866,326	1,875	330,089	-	1,198,290
Net sales	251,984	6,018	16,664	-	274,666
Net loss	(63,469)	(1,449)	(9,288)	-	(74,206)
31 December 2019					
(Audited)					
					SR'000
Assets	842,451	36,667	368,230	188	1,247,536
Liabilities	846,946	1,860	306,895	70	1,155,771
Net sales	348,626	6,391	26,257	-	381,274
Net loss	(41,223)	1,303	(21,911)	-	(61,831)

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2020

21. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

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

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

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

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

30 September 2020 (Unaudited)	Amortised Cost	Carrying amount Fair value	Level (1)	Level (2)	Fair Value Level (3)	Total
SR'000						
Financial Assets						
Cash and cash equivalents	10,827	-	-	-	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	-	45	-	45	-	45
Derivative financial instrument	-	4,628	-	4,628	-	4,628
Retention receivable	102,578	-	-	-	-	-
Account receivable and other receivable and due from related parties	374,977	-	-	-	-	-
	<u>488,382</u>	<u>4,673</u>	<u>-</u>	<u>4,673</u>	<u>-</u>	<u>4,673</u>
Financial Liabilities						
Accounts payable	178,875	-	-	-	-	-
Due to related parties	60,487	-	-	-	-	-
Short term loan	7,657	-	-	-	-	-
Long term loans	409,341	-	-	-	-	-
	<u>656,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2020

21. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

31 December 2019 (Audited)	Carrying amount		Level (1)	Level (2)	Fair Value Level (3)	Total
	Amortised Cost	Fair value				
SR'000						
Financial Assets						
Cash and cash equivalents	7,064	-	-	-	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	-	45	-	45	-	45
Dervative financial instrument	-	2,703	-	2,703	-	2,703
Retention receivable	96,017	-	-	-	-	-
Account receivable and other receivable and due from related parties	305,542	-	-	-	-	-
	<u>408,623</u>	<u>2,748</u>	<u>-</u>	<u>2,748</u>	<u>-</u>	<u>2,748</u>
Financial Liabilities						
Accounts payable	283,022	-	-	-	-	-
Due to related parties	56,022	-	-	-	-	-
Short term loan	16,384	-	-	-	-	-
Long term laons	416,096	-	-	-	-	-
	<u>771,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

22. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

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

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

There were no changes in valuation techniques during the period.

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

23. COMPARATIVE FIGURES

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

24. 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 9 November 2020 (corresponding to 23 Rabi'I 1442H).