

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS
PERIOD ENDED JUNE 30, 2019
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2019

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**Independent Auditor's Review Report on the Interim Condensed Consolidated
Financial Information**

**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 (the "Group") as at June 30, 2019, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in shareholders' equity, interim condensed consolidated statement of cash flows, for the six months 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 information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial information based on our review.

Scope of review

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" 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.

Observations resulting in qualified review conclusion

As of December 31, 2018 the subsidiary, Mass Kablo Ve Ticaret Anonim Sirketi, reported a net loss amounting to SAR 94.5 million and its accumulated losses at that date have reached to SAR 413.3 million, representing 86.7% of the Subsidiary's share capital, which indicate a significant doubt about its ability to continue as going concern and its ability to meet its obligations when it becomes due. The Subsidiary has been restructured its due amounts to banks and other creditors and plans to reduce its payables considering future cash flows from its current outstanding projects. Therefore, the Company's management does not foresee any risk regarding going concern and has prepared its financial statements under going concern basis.



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

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

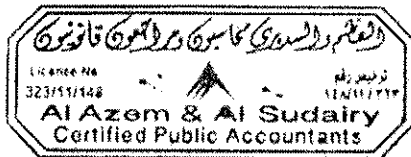
Other Matters

Without further qualifying our conclusion, we draw attention to the following:

- The Company has absorbed the accumulated losses by SAR 293.5 million through a reduction of the Company's share capital. Accordingly, the Company's new capital has been revised to SAR 110.6 million in accordance with the Board of Directors' decision dated August 2, 2018.
- The Group has disposed one of its subsidiaries through sale on August 31, 2018.
- The Group's current liabilities exceeded its current assets by SAR 344.2 million (December 31, 2018: SAR 369.9 million), which indicates that the Group is unable to meet its short-term liabilities when it becomes due.

Qualified review conclusion

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



**AlAzem & AlSudairy
Certified Public Accountants**

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

22 Thul-Qi'dah 1440H (July 25, 2019)
Jeddah, Kingdom of Saudi Arabia

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019
(Expressed in thousands of Saudi Arabian Riyals)

| | Note | As of June 30, 2019 (Unaudited) | As of December 31, 2018 (Audited) |
|---|------|---------------------------------------|---|
| <u>ASSETS</u> | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 18,175 | 15,488 |
| Accounts receivable | 7 | 174,139 | 225,714 |
| Unbilled revenue | | 18,595 | 18,845 |
| Inventories | 8 | 113,262 | 112,287 |
| Due from related parties | | 10,071 | 25,709 |
| Retentions receivable - current portion | | 68,572 | 64,153 |
| Prepaid expenses and other debit balances | | 160,502 | 169,288 |
| Total current assets | | 563,316 | 631,484 |
| Non-current assets | | | |
| Financial assets at fair value through other comprehensive income | | 45 | 45 |
| Investments in an associate | 9 | 319,009 | 321,982 |
| Retentions receivable - non-current portion | | 25,492 | 35,738 |
| Investment properties | | 2,524 | 3,053 |
| Property, plant and equipment | 10 | 377,198 | 393,380 |
| Deferred tax assets | | 8,643 | 8,408 |
| Intangible assets | 11 | 2,289 | 2,500 |
| Total Non-current assets | | 735,200 | 765,106 |
| Total assets | | 1,298,516 | 1,396,590 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | | |
| Current liabilities | | | |
| Short-term loans | 12 | 22,011 | 50,492 |
| Long-term loans - current portion | 12 | 187,395 | 188,373 |
| Obligation under finance lease – current portion | | 223 | 1,103 |
| Accounts payable | | 263,045 | 276,574 |
| Due to related parties | | 47,776 | 50,749 |
| Accrued expenses and other liabilities | | 286,455 | 332,147 |
| Zakat and income-tax provision | 13 | 100,641 | 101,946 |
| Total current liabilities | | 907,546 | 1,001,384 |
| Non-current liabilities | | | |
| Long-term loans - non-current portion | 12 | 227,797 | 183,658 |
| Obligation under finance lease – non-current portion | | 889 | 469 |
| Retentions payable | | 7,404 | 7,018 |
| Employee benefit obligations | | 45,857 | 42,264 |
| Total non-current liabilities | | 281,947 | 233,409 |
| Total liabilities | | 1,189,493 | 1,234,793 |
| <u>SHAREHOLDERS' EQUITY</u> | | | |
| Share capital | 14 | 110,614 | 110,614 |
| Fair value reserve | | (1,654) | 958 |
| Foreign currency translation reserve | | (5,391) | (6,703) |
| Employees benefit reserve | | 2,277 | 2,277 |
| Retained earnings | | 4,591 | 55,006 |
| Total Shareholders' equity before Non-controlling interest | | 110,437 | 162,152 |
| Non-controlling interest | | (1,414) | (355) |
| Total Shareholders' equity | | 109,023 | 161,797 |
| Total liabilities and Shareholders' equity | | 1,298,516 | 1,396,590 |

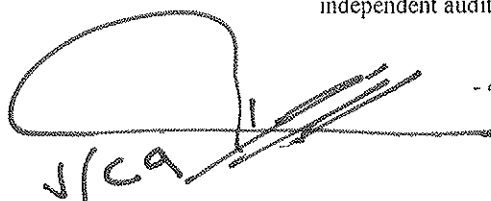
The accompanying notes from 1 to 19 form an integral part of this interim condensed consolidated financial information and should be read together with the interim condensed consolidated financial information and independent auditor's review report

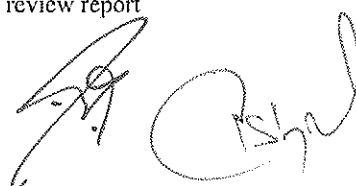
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SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2019
(Expressed in thousands of Saudi Arabian Riyals)

| | Note | For the six months period ended June 30 | | For the three months period ended June 30 | |
|--|------|--|---------------------|--|---------------------|
| | | 2019 (Unaudited) | 2018 (Unaudited) | 2019 (Unaudited) | 2018 (Unaudited) |
| Revenue | 17 | 193,038 | 527,098 | 90,581 | 252,032 |
| Costs of revenue | | (214,107) | (530,190) | (102,654) | (255,269) |
| Gross loss for the period | | (21,069) | (3,092) | (12,073) | (3,237) |
| Selling and distribution expenses | | (11,463) | (14,249) | (6,324) | (6,924) |
| General and administrative expenses | | (31,182) | (36,244) | (18,632) | (13,587) |
| Loss from main operations | | (63,714) | (53,585) | (37,029) | (23,748) |
| Finance costs | | (7,680) | (27,847) | (1,459) | (12,631) |
| Group's share from an associate financial result | | (245) | (57,857) | (173) | (59,829) |
| Other income - net | | 26,139 | 26,343 | 22,861 | 1,539 |
| Loss before zakat and income tax | | (45,500) | (112,946) | (15,800) | (94,669) |
| Zakat and income-tax | | (5,515) | (5,500) | (2,765) | (2,750) |
| Loss for the period | | (51,015) | (118,446) | (18,565) | (97,419) |
| Other Comprehensive income : | | | | | |
| Group's share of fair value reserve | | (2,612) | 10,799 | (3,729) | (5,911) |
| Foreign currency translation adjustments | | 1,312 | - | 395 | - |
| Total comprehensive loss for the period | | (52,315) | (107,647) | (21,899) | (103,330) |
| Loss for the period attributable to | | | | | |
| Parent Company shareholders | | (50,415) | (117,958) | (18,320) | (97,240) |
| Non-controlling interest | | (600) | (488) | (245) | (179) |
| | | (51,015) | (118,446) | (18,565) | (97,419) |
| Total comprehensive loss for the period attributable to | | | | | |
| Parent Company shareholders | | (51,715) | (107,159) | (21,654) | (103,143) |
| Non-controlling interest | | (600) | (488) | (245) | (187) |
| | | (52,315) | (107,647) | (21,899) | (103,330) |
| Loss per share from: | | | | | |
| Main operations for the period | 15 | (5.76) | (1.33) | (3.35) | (0.59) |
| Loss for the period | 15 | (4.56) | (2.92) | (1.66) | (2.41) |

The accompanying notes from 1 to 19 form an integral part of this interim condensed consolidated financial information and should be read together with the interim condensed consolidated financial information and independent auditor's review report

 J/C.A.

 R. Alsh

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2019
(Expressed in thousands of Saudi Arabian Riyals)

| | Share capital | Fair value reserve | Foreign currency translation reserve | Employee benefit reserve | Retained earnings (accumulated losses) | Total | Non-controlling interest (NCI) | Total shareholders' equity |
|--|---------------|--------------------|--------------------------------------|--------------------------|--|-----------|--------------------------------|----------------------------|
| Balance at January 1, 2018 | 404,114 | (11,650) | (7,068) | - | (175,542) | 209,854 | 5,596 | 215,450 |
| Loss for the period | - | - | - | - | (117,958) | (117,958) | (488) | (118,446) |
| Changes in fair value reserve | - | 10,799 | - | - | - | 10,799 | - | 10,799 |
| Balance at June 30, 2018 (unaudited) | 404,114 | (851) | (7,068) | - | (293,500) | 102,695 | 5,108 | 107,803 |
| Balance at January 1, 2019 | 110,614 | 958 | (6,703) | 2,277 | 55,006 | 162,152 | (355) | 161,797 |
| Loss for the period | - | - | - | - | (50,415) | (50,415) | (600) | (51,015) |
| Changes in fair value reserve | - | (2,612) | - | - | - | (2,612) | - | (2,612) |
| Foreign currency translation adjustments | - | - | 1,312 | - | - | 1,312 | - | 1,312 |
| Net movement in non-controlling interest | - | - | - | - | - | - | (459) | (459) |
| Balance at June 30, 2019 (unaudited) | 110,614 | (1,654) | (5,391) | 2,277 | 4,591 | 110,437 | (1,414) | 109,023 |

The accompanying notes from 1 to 19 form an integral part of this interim condensed consolidated financial information and should be read together with the interim condensed consolidated financial information and independent auditor's review report

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SAUDI CABLE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2019

(Expressed in thousands of Saudi Arabian Riyals)

| | <u>For the six months period ended</u> | |
|---|--|-----------------|
| | <u>June 30</u> | |
| | 2019 | 2018 |
| | (Unaudited) | (Unaudited) |
| Cash flows from operating activities: | | |
| Loss before Zakat and income-tax | (45,500) | (112,946) |
| Adjustments for: | | |
| Depreciation | 18,181 | 34,946 |
| Reversal of allowance for doubtful debts | - | (485) |
| Reversal of provision for obsolete and slow-moving inventories | (3,753) | (5,914) |
| Gain from disposal of property, plant and equipment and investment property | - | (170) |
| Amortization of intangible assets | 211 | 5,265 |
| Group's share from an associate financial result | 245 | 57,857 |
| Employees benefit obligations charged for the period | 5,133 | 912 |
| Finance costs | 7,680 | 27,847 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 51,575 | 29,792 |
| Retentions receivable | 5,827 | 3,390 |
| Prepaid expenses and other debit balances | 8,786 | (4,536) |
| Unbilled revenue | 250 | 4,791 |
| Inventories | 2,778 | 56,875 |
| Due from related parties | 15,638 | - |
| Accounts payable | (13,529) | (23,799) |
| Deferred tax assets | (235) | (1,101) |
| Accrued expenses and other liabilities | (44,723) | 2,824 |
| Retentions payable | 386 | - |
| Due to related parties | (2,973) | (2,399) |
| | <u>5,977</u> | <u>73,149</u> |
| Zakat and income-tax paid | (6,820) | (8) |
| Finance costs paid | (7,680) | (18,331) |
| Employees benefit obligations paid | (1,540) | (10,055) |
| Net cash (used in) provided by operating activities | <u>(10,063)</u> | <u>44,755</u> |
| Cash flows from investing activities | | |
| Additions to property and equipment | (1,470) | (18,372) |
| Additions to intangible assets | - | (3,874) |
| Proceeds from sale of property and equipment | - | 1,066 |
| Net cash used in investing activities | <u>(1,470)</u> | <u>(21,180)</u> |
| Cash flows from financing activities | | |
| Net movement in long and short-term loans | 14,680 | (72,352) |
| Obligation under finance lease | (460) | (2,006) |
| Change in restricted cash | - | (2,275) |
| Net cash provided by (used in) financing activities | <u>14,220</u> | <u>(76,633)</u> |
| Net change in cash and cash equivalents | 2,687 | (53,058) |
| Cash and cash equivalents at the beginning of the period | <u>15,488</u> | <u>83,264</u> |
| Cash and cash equivalents at the end of the period | <u>18,175</u> | <u>30,206</u> |
| Additional information for non-cash items: | | |
| Changes in fair value reserve | (2,612) | 10,799 |
| Foreign currency translation adjustments | 1,312 | - |

The accompanying notes from 1 to 19 form an integral part of this interim condensed consolidated financial information and should be read together with the interim condensed consolidated financial information and independent auditor's review report

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SAUDI CABLE COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2019**

(Expressed in thousands of Saudi Arabian Riyals)

1. ORGANIZATION AND PRINCIPAL 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 AlThani 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 office of the Company is located at the following address:

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

This interim condensed consolidated financial information was approved by the Board of Directors on July 25, 2019

2. BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Statement of compliance

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" that endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2018 prepared in accordance with international financial reporting standards and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants considering that the financial performance of the interim condensed consolidated financial information for the period ended June 30, 2019 does not necessarily represent an indication of the expected financial performance for the year ending December 31, 2019. Provisions effecting profit for the period have not been made for the reserves which calculated in the annual consolidated financial statements as at 31 December.

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements. IAS 34 states that the interim condensed financial information is intended to provide an update on the latest complete set of annual financial statements. Hence, IAS 34 requires less disclosures in interim condensed financial information than IFRSs require in the annual financial statements.

Fair value measurement

Fair value represents the amount that may be collected from the sale of an asset or payment to transfer an obligation between knowledgeable parties and with the same terms of dealing with third parties. The fair value measurement depends on the following conditions:

- The principal market for assets or liabilities, or
- The most advantageous market for assets and liabilities in the absence of a major market, or
- Use of discounted cash flow in the absence of a major market or a more advantageous market.

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2019**
(Expressed in thousands of Saudi Arabian Riyals)

Assets or liabilities measured at fair value

- Separate assets or liabilities.
- A group of assets or a group of liabilities or a group of assets and liabilities.
- A set of accounting policies and interpretations that require the calculation of fair value for financial and non-financial assets and liabilities.

The group uses observable market inputs to the extent possible when measuring the fair value of assets and liabilities. The group determines fair value using valuation techniques. The company also uses the following levels which reflect the importance of inputs used in determining fair value:

- **Level 1:** quoted prices (unadjusted) in an active market for similar assets or liabilities.
- **Level 2:** valuation methods based on inputs other than quoted prices included in Level 1 that can be observable for assets and liabilities, directly or indirectly.
- **Level 3:** valuation techniques that use inputs that have an important impact on fair value but are not based on observable inputs.

The company recognizes transfers between fair value levels at the end of the reporting period at the same time as the change occurs, the management believes that its estimates and assumptions are reasonable and sufficient.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Group's interim condensed consolidated financial information requires management to make judgments and estimates that affect the application of the accounting policies and reported amounts of revenues, expenses, assets, liabilities. Actual result may differ from the previous estimates as a result of the changes in the circumstances in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

New Standards, Amendment to Standards and Interpretations

The Group has adopted IFRS 16 "leases" on January 1, 2019 using the revised retrospective application methodology. Accordingly, the cumulative effect of applying IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings as at January 1, 2019 without adjusting the comparative financial information, which will continue to be presented under IAS 17 and IFRIC 4.

Annual Improvements to IFRSs

- **IFRS 3, 'Business combinations'**, - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- **IFRS 11, 'Joint arrangements'**, - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- **IAS 23, 'Borrowing costs'** - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. The amendments are effective from January 1, 2019, with early application permitted, subject to KSA endorsement.

SAUDI CABLE COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2019**

(Expressed in thousands of Saudi Arabian Riyals)

Changes in significant accounting policies:

Except as described below, the accounting policies applied in these Interim Condensed Consolidated Financial Information are the same as those applied in the last annual Consolidated Financial Statements for the year ended December 31, 2018.

IFRS 16 - Leases

IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases and requires tenants to account for all leases under one model in the statement of financial position similar to accounting for finance leases under IAS 17. The standard includes two waivers of lease recognition - "low value asset" leases and short-term leases (leases of 12 months or less). At the inception of the lease, the lessee recognizes the obligation to pay the lease payments (the lease obligation) and the asset that represents the right to use the asset during the lease term (right to use the asset). Tenants will have to recognize separately the interest expense from the lease obligation and depreciation expense from the right to use the asset. Tenants will also have to re-measure the lease liability when certain events occur (i.e., a change in the lease term or a change in future lease payments as a result of the change in the index or rate used to determine these payments).

In general, the lessee will recognize the amount of the re-measurement of the lease obligation as an adjustment to the right to use the asset. The accounting of the lessor remains in accordance with International Financial Reporting Standard No. 16, with no material change to the current accounting in accordance with IAS 17. Lessors will continue to classify all leases using the same accounting principle as IAS 17 and distinguish between two types of leases: operating leases and finance leases.

IFRS 16 requires tenants and lessors to provide more comprehensive disclosures than disclosures under IAS 17. IFRS 16 applies to annual periods beginning on or after 1 January 2019. Early adoption permitted, but not before the entity applies IFRS 15. The tenant may choose to apply the standard either full retrospective approach or modified retrospective approach. The standard allow certain exemptions.

The Group adopted IFRS 16 on January 1, 2019 using the modified retrospective approach. Accordingly, the cumulative effect of applying IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings as at January 1, 2019 without adjusting the comparative financial information Which will continue to be presented under IAS 17 and IFRIC 4 and there was no impact on the interim condensed consolidated financial information for the period ended June 30, 2019 in accordance with the application of the IFRS (16).

The Group has elected to use the proposed exemptions by the standard for leases with a lease term of 12 months or less from the date of initial application of the standard, in addition to leases contracts for which the underlying asset is low in value.

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2019
(Expressed in thousands of Saudi Arabian Riyals)

5. BASIS OF CONSOLIDATING THE INTERIM CONDENSED FINANCIAL INFORMATION

Subsidiaries

These Interim Condensed Consolidated Financial Information comprising the Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Statement of Profit or Loss and other comprehensive income, Interim Condensed Consolidated Statement of Changes in Shareholders' Equity, Interim Condensed Consolidated Statement of Cash Flows and notes to the Interim Condensed Consolidated Financial Information, include assets, liabilities and the results of the operations of the Company and its 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. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired. The excess of the cost of acquisition and amount of Non – Controlling Interest (“NCI”) over the fair value of the identifiable net assets acquired is recorded as goodwill in the Interim Condensed Consolidated Statement of Financial Position. NCI is measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. If the business combination is achieved in stages, the carrying value of the Group’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

SAUDI CABLE COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2019**

(Expressed in thousands of Saudi Arabian Riyals)

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

| Company's name | Principal activities | Country of incorporation | Effective % of ownership | |
|--|---|--------------------------|--------------------------|------|
| | | | 2019 | 2018 |
| 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 Centers for Distribution of Electrical Products Limited | Electrical and telecommunication distribution services | Saudi Arabia | 100% | 100% |
| International | | | | |
| Mass Kablo Yatirim Ve Ticaret Anonim Sirketi | Holding Company (Previously Mass Holding Company) | Turkey | 100% | 100% |
| Demirer Kablo Tesisleri Sanayi Ve Ticaret Anonim Sirketi | Manufacture, supply and trading of electrical cables | Turkey | - | - |
| Mass International Trading Company Limited (dormant) | International trading | Ireland | 100% | 100% |
| Saudi Cable Company (U.A.E) L.L.C. | Sale of cables and related products | United Arab Emirates | 100% | 100% |
| Elimsan Salt Cihazlari ye Elektromekanik San ve Tic. A.S | Manufacture and distribution of electronic gears and goods | Turkey | 94% | 94% |
| Elimsan Metalurji ve Makine San. Ve Tic. A.S. | Manufacture and distribution of electronic gears and goods | Turkey | 94% | 94% |

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

| Company's name | Principal activities | Country of incorporation | Effective % of ownership | |
|---|--|--------------------------|--------------------------|------|
| | | | 2019 | 2018 |
| 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.

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Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale.

Under IFRS 9, on initial recognition, a financial asset is classified as financial assets measured at amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value, for an item not at FVTPL, plus transaction costs that are directly attributable to its acquisition.

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Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized as earlier under IAS 39.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade receivables are presented in the Consolidated Statement of Profit or Loss.

Hedge Accounting

IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

The Group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are not recognised in retained earnings as at 1 January 2018 as amount was not material. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

6. CASH AND CASH EQUIVALENTS

| | June 30, 2019 (Unaudited) | December 31, 2018 (Audited) |
|---------------|---------------------------------|-----------------------------------|
| Cash in hand | 1,331 | 716 |
| Cash at banks | 16,844 | 14,772 |
| | <u>18,175</u> | <u>15,488</u> |

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7. ACCOUNTS RECEIVABLE

| | June 30, 2019 (Unaudited) | December 31, 2018 (Audited) |
|------------------------------------|--|-----------------------------------|
| Trade receivables | 321,772 | 373,347 |
| Less: allowance for doubtful debts | <u>(147,633)</u> | <u>(147,633)</u> |
| | <u>174,139</u> | <u>225,714</u> |

Allowance for doubtful debts Movement was as follows:

| | June 30, 2019 (Unaudited) | December 31, 2018 (Audited) |
|-------------|--|-----------------------------------|
| Jan 1 | 147,633 | 158,648 |
| Reversals | - | (4,748) |
| Written off | - | (6,267) |
| | <u>147,633</u> | <u>147,633</u> |

8. INVENTORIES

| | June 30, 2019 (Unaudited) | December 31, 2018 (Audited) |
|--|--|-----------------------------------|
| Raw materials | 45,351 | 54,780 |
| Finished goods | 41,775 | 42,890 |
| Spare parts and wooden reels | 35,581 | 37,623 |
| Less: Provision for slow moving and obsolete inventories | <u>(51,875)</u> | <u>(55,628)</u> |
| | 70,832 | 79,665 |
| Goods in transit | 13,610 | - |
| Inventory under production | <u>28,820</u> | <u>32,622</u> |
| | <u>113,262</u> | <u>112,287</u> |

Provision for slow moving and obsolete inventories movement was as follows:

| | June 30, 2019 (Unaudited) | December 31, 2018 (Audited) |
|-----------|--|-----------------------------------|
| Jan 1 | 55,628 | 64,604 |
| Reversals | <u>(3,753)</u> | <u>(8,976)</u> |
| | <u>51,875</u> | <u>55,628</u> |

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9. INVESTMENT IN AN ASSOCIATE

9.1 The movement in investment in an associate is as follows:

| | June 30, 2019 (Unaudited) | December 31, 2018 (Audited) |
|--|--|--|
| January 1 | 321,982 | 416,844 |
| Group share from losses for the period / year | (245) | (86,490) |
| Group share of net movement of unrealized loss related to cash flow hedges, fair value and translation of foreign operations | (2,728) | 17,561 |
| Dividends received | - | (25,933) |
| | 319,009 | 321,982 |

9.2 Summarized financial information of associate company is as follows:

| Midal Cable W.L.L. | Ownership % | Assets | Liabilities | Revenues | Net loss |
|-------------------------------|------------------------|------------------|--------------------|------------------|-----------------|
| June 30, 2019 | 50% | 1,654,755 | 1,017,715 | 1,471,702 | (490) |
| December 31, 2018 | 50% | 1,605,135 | 967,808 | 3,221,141 | (172,980) |

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

10. PROPERTY, PLANT AND EQUIPMENT

- Additions to property, plant and equipment during the period amounted to SR 1.47 million (December 31, 2018: SR 32.09 million).
- Depreciation expense of property, plant, and equipment for the six months ended June 30, 2019 amounted to SAR 17.65 million (SAR 29.68 million for the six months ended June 30, 2018).

11. INTANGIBLE ASSETS

- There have been no additions to intangible assets during the period (December 31, 2018: SAR 1.46 million).
- The amortization of intangible assets for the six months ended June 30, 2019 amounted to SAR 0.21 million (SAR 5.27 million for the six months ended June 30, 2018).

12. BANK BORROWINGS AND FINANCIAL RESTRUCTURING

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

Short-term loans are secured by the assignment of Group's receivables and have contractual maturity within one year, whereas the loans relating to subsidiaries' are secured by the Company's guarantee.

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Short-term loans comprises the following:

| | June 30, 2019 (Unaudited) | December 31, 2018 (Audited) |
|--|--|-----------------------------------|
| Local banks | 8,795 | 3,141 |
| Lenders of subsidiaries (outside Saudi Arabia) | 13,216 | 47,351 |
| | 22,011 | 50,492 |

Long-term loans comprises the following:

| | June 30, 2019 (Unaudited) | December 31, 2018 (Audited) |
|--|--|-----------------------------------|
| Restructured Loans with commercial banks | 261,894 | 261,892 |
| Lenders of subsidiaries (outside Saudi Arabia) | 45,028 | 889 |
| Loan from SIDF | 108,270 | 109,250 |
| | 415,192 | 372,031 |
| Less: current portion of long term loans | (187,395) | (188,373) |
| Non-current portion of long term loans | 227,797 | 183,658 |

On February 23, 2016, the Group has entered into financial restructuring agreements with its four main lenders, which requires the Group to comply with additional covenants and allows the Group to reschedule repayment of its debts over a period of 7 years, with a final payment at the end of December 2022 and subject to certain additional requirements. The total debt restructured was SAR 793 million including accumulated financing costs of SAR 85 million.

On April 17, 2017, the Group had entered into a final settlement Agreement with BNP Paribas Bank on the basis of which the Group made a payment of SAR 40 million. Based on the terms of the said agreement, on receipt of SAR 40 million by BNP Paribas Bank, the loan amount of BNP Paribas Bank shall be reduced from SAR 142 million to SAR 24.99 million. Accordingly, the Group has reversed the obligation through profit and loss, by SAR 77 million.

On June 11, 2017, the Group finalized further renegotiations to "Restructuring Framework Agreement" through an amendment and restructuring by the Participating Banks (excluding BNP Paribas Bank) and have agreed to defer the repayment of the loans for a further periods. According to the terms of the said agreement, the Company shall increase its capital through issuance of right shares and settle an amount of SAR 188.38 million, from the said proceeds by 30 June 2018. The remaining amount of SAR 371.65 million is due in equal instalments commencing from December 31, 2018 to June 30, 2022.

On December 25, 2018, the Group entered into a Final Settlement Agreement with National Commercial Bank and Bank Al Jazira on the basis of which Saudi Cable Company paid an amount of SAR 110 million, against receiving a waiver for the balance SAR 203 million due to these banks. Accordingly, the Group has reversed the obligation through profit and loss.

The management believe that the remaining balance with Al Rajhi Bank, will continue until mutual terms and conditions are agreed apart from the previous restructuring agreement.

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

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Furthermore, the Group has agreed to dispose certain domestic and international real estate properties and utilize its proceeds for repayment of restructured Murabaha Facility Agreement amounting to SR 172.93 million. Moreover, the Group shall not create charge, mortgage, lien, pledge or other encumbrance on any of the Group's property, revenue or assets without obtaining the consent of Financing Institutions.

13. 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 objection was filed in court but ended not being in its favor. As a result, the bank guarantee with BNP Paribas of SR 11 million was immediately in-cashed by the GAZT and remaining was scheduled for payment in accordance with an installment plan starting from January 2019 onwards.

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 and 2009 with additional liability of 32.9 million. The company has filed an appeal against the GAZT's assessment with the Preliminary Appeal Committee (PAC).

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

The Company booked a provision of SR 100.6 million against current and above mentioned assessment years by the GAZT. The Company filed its Zakat returns for the year between 2013 and 2018 and has obtained the restricted Zakat certificates.

Mass Centers for Distribution of Electrical Products Limited

The GAZT issued the Zakat assessments for the years from 1998 to 2007, which showed Zakat liability of Saudi Riyals 1 million. The Company filed an appeal with the Higher Appeal Committee (HAC) against the said assessments and is confident of favorable outcome. The Company filed its Zakat returns for the years ended December 31, 2008 to 2010. The GAZT did not issue the final Zakat assessments 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 from 2011 to 2018.

Mass Projects for Power & Telecommunications Limited

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

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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 the Higher Appeal Committee (HAC) and submitted a bank guarantee of SR 1.0 million, which is still under review by HAC.

The GAZT issued the Zakat assessments for the years from 2005 to 2012 and claimed additional Zakat differences of SR 34.7 million. The Company filed an objection against the GAZT assessments, and GAZT recently issued the amended zakat assessment which has shown zakat difference 27.7 million after reduction which is still under review.

The Company filed its Zakat returns for the years ended December 31, 2013 to 2018 and obtained the restricted Zakat certificate for the year ended December 31, 2018. The GAZT did not issue the Zakat assessment for the said years 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 Saudi Riyals 17 million. The Company filed its objection against the said Zakat differences and is confident of favorable outcome. The Company filed its Zakat returns for the years 2005 to 2007. 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 the process to file the Zakat returns for the years up to 2018.

14. SHARE CAPITAL

On August 2, 2018, the Board of Directors' decided to reduce the share capital of the Company by SR 293.5 million by reducing the number of shares by 1:1.38, subsequent to approval of Capital Market Authority. Consequently, the revised shares are 11,061,406 shares stated at SAR 10 each as at June 30, 2019 and 31 December 2018.

15. EARNINGS PER SHARE

Earnings per share for the period ended June 30, 2019 and for the period ended June 30, 2018 were calculated by dividing the loss from operations and loss for each period by the weighted average number of shares outstanding during the period.

16. COMMITMENTS AND CONTINGENCIES

The following are the commitments and contingencies:

| | June 30, 2019 (Unaudited) | December 31, 2018 (Audited) |
|--|--|--|
| Property mortgage and guarantees | 182,312 | 167,313 |
| Outstanding forward metal contracts | 71,167 | 91,036 |
| Contingent liabilities in respect of performance and bid bonds | 48,967 | 54,849 |
| Authorized capital expenditure commitments | 4,394 | 4,222 |

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In addition to providing guarantees in respect of bank facilities available to certain subsidiaries, the parent company is committed to support such subsidiaries in meeting their liabilities as they fall due.

17. 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 | |
|---------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | June 30, 2019 (Unaudited) | December 31, 2018 (Audited) | June 30, 2019 (Unaudited) | December 31, 2018 (Audited) | June 30, 2019 (Unaudited) | December 31, 2018 (Audited) |
| Assets | 1,115,096 | 1,209,781 | 183,420 | 186,809 | 1,298,516 | 1,396,590 |
| Liabilities | 866,948 | 1,160,313 | 322,545 | 74,480 | 1,189,493 | 1,234,793 |
| Net Sales | 163,706 | 801,223 | 29,332 | 63,800 | 193,038 | 865,023 |
| Net Profit \ (Loss) | (51,954) | (62,833) | 1,539 | (119) | (50,415) | (62,952) |

| | Sale of goods | | Contract revenue | | Total | |
|---------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | June 30, 2019 (Unaudited) | June 30, 2018 (Unaudited) | June 30, 2019 (Unaudited) | June 30, 2018 (Unaudited) | June 30, 2019 (Unaudited) | June 30, 2018 (Unaudited) |
| Assets | 1,115,096 | 1,586,531 | 183,420 | 169,320 | 1,298,516 | 1,755,851 |
| Liabilities | 866,948 | 1,341,359 | 322,545 | 306,689 | 1,189,493 | 1,648,048 |
| Net Sales | 163,706 | 494,215 | 29,332 | 32,883 | 193,038 | 527,098 |
| Net Profit \ (Loss) | (51,954) | (118,249) | 1,539 | 291 | (50,415) | (117,958) |

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Geographic Information

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

| | Saudi Arabia | UAE | Turkey | Total |
|--|---------------------|------------|---------------|--------------|
| June 30, 2019 (Unaudited) | | | | |
| Assets | 865,686 | 35,038 | 397,792 | 1,298,516 |
| Liabilities | 863,133 | 2,659 | 323,701 | 1,189,493 |
| Net Sales | 172,342 | 5,198 | 15,498 | 193,038 |
| Net Loss | (40,205) | (1,127) | (9,083) | (50,415) |

| | Saudi Arabia | UAE | Turkey | Total |
|--|---------------------|------------|---------------|--------------|
| June 30, 2018 (Unaudited) | | | | |
| Assets | 1,110,975 | 40,246 | 604,630 | 1,755,851 |
| Liabilities | 1,165,433 | 6,137 | 476,478 | 1,648,048 |
| Net Sales | 349,253 | 35,687 | 142,158 | 527,098 |
| Net loss | (92,138) | (1,110) | (24,710) | (117,958) |

| | Saudi Arabia | UAE | Turkey | Total |
|--|---------------------|------------|---------------|--------------|
| December 31, 2018 (Audited) | | | | |
| Assets | 962,400 | 23,768 | 410,422 | 1,396,590 |
| Liabilities | 902,312 | 2,292 | 330,189 | 1,234,793 |
| Net Sales | 625,290 | 76,705 | 163,028 | 865,023 |
| Net Profit \ (Loss) | 14,624 | (1,713) | (75,863) | (62,952) |

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18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is reasonably approximate to its fair value.

| | Carrying amount | | Fair Value | | | Total |
|---|-----------------|--------------|------------|--------------|-----------|--------------|
| | Amortized Cost | Fair Value | Level (1) | Level (2) | Level (3) | |
| June 30, 2019 | | | | | | |
| <u>Financial Assets</u> | | | | | | |
| Cash and Cash Equivalents | 18,175 | - | - | - | - | - |
| Financial assets at fair value through other comprehensive income | - | 45 | - | 45 | - | 45 |
| Retentions receivable | 94,064 | - | - | - | - | - |
| Trade receivable and other receivables and Due from related parties | 344,712 | - | - | - | - | - |
| | 456,951 | 45 | - | 45 | - | 45 |
| <u>Financial Liabilities</u> | | | | | | |
| Accounts payable | 263,045 | - | - | - | - | - |
| Derivative Financial instruments | - | 232 | - | 232 | - | 232 |
| Due to related parties | 47,776 | - | - | - | - | - |
| Short term loans | 22,011 | - | - | - | - | - |
| Long term loans | 415,192 | - | - | - | - | - |
| | 748,024 | 232 | - | 232 | - | 232 |
| December 31, 2018 | | | | | | |
| <u>Financial Assets</u> | | | | | | |
| Cash and Cash Equivalents | 15,488 | - | - | - | - | - |
| Financial assets at fair value through other comprehensive income | - | 45 | - | 45 | - | 45 |
| Retentions receivable | 99,891 | - | - | - | - | - |
| Trade receivable and other receivables and Due from related parties | 420,711 | - | - | - | - | - |
| | 536,090 | 45 | - | 45 | - | 45 |
| <u>Financial Liabilities</u> | | | | | | |
| Accounts payable | 276,574 | - | - | - | - | - |
| Derivative Financial instruments | - | 1,659 | - | 1,659 | - | 1,659 |
| Due to related parties | 50,749 | - | - | - | - | - |
| Short term loans | 50,492 | - | - | - | - | - |
| Long term loans | 372,031 | - | - | - | - | - |
| | 749,846 | 1,659 | - | 1,659 | - | 1,659 |

19. SUBSEQUENT EVENTS

The management believes that there was no significant subsequent events since the period-end that require disclosure or adjustment in these Interim Condensed Consolidated Financial Information.