



نموذج رقم (4-1)

Form No. (1-4)



شركة مصانع الكابلات المتحدة  
United Cable Industries Co.

To: Jordan Securities Commission  
Amman Stock Exchange

Date: 31/7/2018

Subject: Semi- Annual Report as of 30/06/2018

السادة هيئة الاوراق المالية  
السادة بورصة عمان

التاريخ:-الموضوع: التقرير نصف السنوي كما هو في

20--/06/30

Attached the company's Semi- Annual Report of  
(company's name.) As of 30/06/2018

مرفق طيه نسخة من التقرير نصف السنوي لشركة  
(اسم الشركة) كما هو بتاريخ 20--/06/30م

Kindly accept our highly appreciation and  
respect

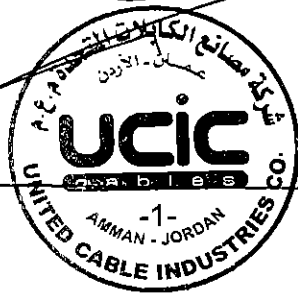
Company's Name: United Cable Industries Co.

General Manager's Signature

وتفضلوا بقبول فائق الاحترام،،،

اسم شركة .....

توقيع المدير العام



# **United Cable Industries Company**

**Public Shareholding Company**

**Condensed Interim Financial Statements (Not Audited)**

**30 June 2018**

United Cable Industries Company  
Public Shareholding Company

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**Report on Review of Condensed Interim Financial Statements**

To The Board of Directors  
United Cable Industries Company  
Public Shareholding Company  
Amman - Jordan

**Introduction**

We have reviewed the accompanying condensed interim financial statements of United Cable Industries Company PLC, comprising the interim statement of financial position as at 30 June 2018 and the related interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six-months period then ended and the notes about condensed interim financial statements. Management is responsible for the preparation and presentation of this condensed interim financial statement in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim 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." A review of condensed interim financial statement 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 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

19 July 2018  
Amman - Jordan



  
Arab Professionals  
Ibrahim Hammoudeh  
License No. (606)

**United Cable Industries Company**  
**Public Shareholding Company**  
**Interim statement of financial position as at 30 June 2018**

(In Jordanian Dinar)

	Note	30 June 2018	31 December 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		14,254,626	14,556,760
Projects under construction		2,041,691	1,271,495
Notes receivable - long term		1,857,898	2,667,429
Checks under collection - long term		355,500	462,600
<b>Total non-current assets</b>		<u>18,509,715</u>	<u>18,958,284</u>
<b>Current assets</b>			
Inventories		20,876,181	17,340,546
Spare parts		943,277	800,032
Other current assets		2,794,386	360,090
Accounts receivable		5,672,556	3,738,805
Notes receivable - short term		506,000	631,257
Checks under collection - short term		5,259,304	4,459,126
Cash and cash equivalents		7,663,573	7,841,768
<b>Total current assets</b>		<u>43,715,277</u>	<u>35,171,624</u>
<b>Total assets</b>		<u>62,224,992</u>	<u>54,129,908</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
	3		
Paid-in capital		35,000,000	40,000,000
Statutory reserve		684,749	684,749
Voluntary reserve		14,418	14,418
Retained earnings		646,480	1,211,845
<b>Total equity</b>		<u>36,345,647</u>	<u>41,911,012</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank facilities - long term		1,319,582	836,000
<b>Current liabilities</b>			
Bank facilities - short term		15,596,824	7,368,322
Accounts payable		3,480,220	3,501,364
Shareholders withholdings		5,369,479	265,261
Other current liabilities		113,240	247,949
<b>Total current liabilities</b>		<u>24,559,763</u>	<u>11,382,896</u>
<b>Total liabilities</b>		<u>25,879,345</u>	<u>12,218,896</u>
<b>Total equity and liabilities</b>		<u>62,224,992</u>	<u>54,129,908</u>

"The accompanying notes from (1) to (6) are an integral part of these condensed interim financial statements and read with review report"

**United Cable Industries Company**  
**Public Shareholding Company**  
**Interim statement of comprehensive income for the six months ended at 30 June 2018**

(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Sales	10,972,105	8,234,318	20,035,197	16,048,998
Cost of sales	( 10,315,057)	( 7,678,986)	( 18,740,644)	( 15,176,338)
<b>Gross profit</b>	<b>657,048</b>	<b>555,332</b>	<b>1,294,553</b>	<b>872,660</b>
Selling and distribution expenses	( 104,664)	( 85,183)	( 197,644)	( 168,540)
Administrative expenses	( 145,136)	( 129,473)	( 320,975)	( 268,618)
Financing cost	( 135,030)	( 40,573)	( 220,926)	( 82,992)
Interest revenues	51,106	44,530	102,124	86,683
Other revenues	7,926	30,818	7,925	30,818
<b>Profit before income tax</b>	<b>331,250</b>	<b>375,451</b>	<b>665,057</b>	<b>470,011</b>
Income tax	( 15,277)	( 19,727)	( 30,422)	( 23,895)
<b>Total comprehensive income for the period</b>	<b>315,973</b>	<b>355,724</b>	<b>634,635</b>	<b>446,116</b>
<b>Basic and diluted earnings per share</b>	<b>0.008</b>	<b>0.009</b>	<b>0.016</b>	<b>0.011</b>

"The accompanying notes from (1) to (6) are an integral part of these condensed interim financial statements and read with review report"

**United Cable Industries Company  
Public Shareholding Company**

**Interim statement of changes in equity for the six months ended at 30 June 2018**

**(In Jordanian Dinar)**

	Paid - in capital	Reserves		Retained Earnings	Total
		Statutory	Voluntary		
Balance at 1 January 2018	40,000,000	684,749	14,418	1,211,845	41,911,012
Capital decrease	( 5,000,000)	-	-	-	( 5,000,000)
Paid dividends	-	-	-	( 1,200,000)	( 1,200,000)
Total comprehensive income for the period	-	-	-	634,635	634,635
Balance at 30 June 2018	35,000,000	684,749	14,418	646,480	36,345,647
Balance at 1 January 2017	40,000,000	572,746	14,418	259,090	40,846,254
Total comprehensive income for the period	-	-	-	446,116	446,116
Balance at 30 June 2017	40,000,000	572,746	14,418	705,206	41,292,370

“The accompanying notes from (1) to (6) are an integral part of these condensed interim financial statements and read with review report”



**United Cable Industries Company**  
**Public Shareholding Company**  
**Interim statement of cash flows for the six months ended at 30 June 2018**

(In Jordanian Dinar)

	30 June 2018	30 June 2017
<b>Operating activities</b>		
Profit before income tax	665,057	470,011
Depreciation	574,868	570,020
<b>Changes in working capital</b>		
Checks under collection	( 693,078)	( 2,201,180)
Inventories	( 3,535,635)	( 943,689)
Spare parts	( 143,245)	( 50,712)
Notes receivable	934,788	232,230
Accounts receivable	( 1,933,751)	( 1,019,378)
Other current assets	( 2,434,296)	( 177,278)
Accounts payable	( 21,144)	1,492,769
Other current liabilities	( 30,491)	94,098
Paid income tax	( 30,422)	( 23,895)
<b>Net cash flows used in operating activities</b>	<b>( 6,647,349)</b>	<b>( 1,557,004)</b>
<b>Investing activities</b>		
Property, plant and equipment	( 272,734)	( 65,396)
Projects under construction	( 770,196)	-
<b>Net cash flows used in investing activities</b>	<b>( 1,042,930)</b>	<b>( 65,396)</b>
<b>Financing activities</b>		
Bank facilities	8,712,084	597,388
Paid dividends	( 1,200,000)	-
<b>Net cash flows from financing activities</b>	<b>7,512,084</b>	<b>597,388</b>
<b>Changes in cash and cash equivalents</b>	<b>( 178,195)</b>	<b>( 1,025,012)</b>
Cash and cash equivalents, beginning of the year	7,841,768	7,522,380
Cash and cash equivalents, end of the period	7,663,573	6,497,368

"The accompanying notes from (1) to (6) are an integral part of these condensed interim financial statements and read with review report"

**United Cable Industries Company**  
**Public Shareholding Company**  
**Notes to the Condensed Interim Financial Statements (Not Audited)**  
**30 June 2018**

(In Jordanian Dinar)

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**1 . General**

**United Cable Industries Company** was established on 5 July 2007 in accordance with Jordanian Companies Law No. (441) as a Public Shareholding Company. The Company head office is in the Hashemite Kingdom of Jordan. Company's main objective is manufacturing cables and related products.

Company's shares are listed in Amman Stock Exchange.

The accompanying condensed interim financial statements were authorized for issue by the Company's Board of Directors in its meeting held on 19 July 2018.

**2 . Summary of Significant Accounting Policies**

**Basis of Preparation**

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard number (34) "Interim Financial Reporting". They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018.

The condensed interim financial statements have been prepared on a historical cost basis.

The condensed interim financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous period.

**Use of Estimates**

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The main estimates used in the preparation of the condensed interim financial statements are as follow:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the interim statement of profit or loss.
- Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

### Property, Plant and Equipment

Property plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the interim statement of profit or loss.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation is computed on a straight-line basis at annual depreciation rates:

Buildings	2-10%
Machinery and equipment	5%
Production tools	10-20%
Others	10-25%

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property plant and equipment.

### Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads.

### Accounts Receivable

Accounts receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

### Impairment of financial assets

Starting 2018, the Company has changed the loan loss impairment method by replacing IAS 39's incurred loss approach with an expected credit loss approach as described by the provisions of IFRS 9.

The expected credit loss allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12 months' expected credit loss is the portion of lifetime expected credit loss that represent the expected credit loss that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its assets that are subject to impairment test into Stage 1, Stage 2, and Stage 3 as described below:

**Stage 1:** Includes financial instruments that have not deteriorated significantly in credit quality since initial recognition or that has low credit risk at the reporting date. At this stage, a 12-month expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset.

**Stage 2:** Includes financial instruments that have deteriorated significantly in credit quality since initial recognition but that do not have objective evidence of a credit loss event. At this stage, a lifetime expected credit losses are recognized Interest revenue is still calculated on the asset's gross carrying amount.

**Stage 3:** Includes financial assets that have objective evidence of impairment at the reporting date. At this stage, a lifetime expected credit losses are recognized Interest revenue is calculated on the net carrying amount (i.e. reduced for expected credit losses).

#### **Projects under Construction**

Projects under construction are recorded at cost which represents the contractual obligations of the Company for the construction. Allocated costs directly attributable to the construction of the asset are capitalized. The Projects under construction is transferred to the appropriate asset category and depreciated in accordance with the Company's policies when construction of the asset is completed and commissioned.

#### **Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash in hand and at bank in current accounts and call deposits. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

#### **Accounts Payable and Accruals**

Accounts payable and accrued expenses are recognized when goods are received and services are performed.

#### **Provisions**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the interim statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

#### **Revenue Recognition**

Sales revenues are recognized upon the transfer of the risk of title to the buyer given that the revenues are dependably measurable.

Interest is recognized on a time proportion basis that reflects the effective yield on the assets.

Other revenues are recognized on the accrual basis.

#### **Borrowings**

Borrowing costs are expensed as incurred.

#### **Foreign Currency**

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at interim financial statements date. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the interim statement of profit or loss.

#### **Income tax**

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the condensed interim financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

**3 . Equity**

**Paid-in capital**

The General Assembly has resolved in its extraordinary meeting held on 15 April 2018 to decrease the Company's capital from JOD (40,000,000) / Share to JOD (35,000,000) / Share by returning JOD (5,000,000) to shareholders.

**Paid dividends**

The General Assembly has resolved in its meeting held on 22 March 2018 to distribute (3%) cash dividends to shareholders.

**4 . Tax Status**

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2015.
- The income tax returns for the years 2016 & 2017 have been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- The income tax provision for the six-months ended 30 June 2018 was calculated in accordance with the Jordanian Income Tax Law.

**5 . Financial Instruments**

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, notes receivable, accounts receivable and checks under collection. Financial liabilities of the Company include bank facilities, accounts payable and shareholders withholdings.

**Fair Value**

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

**Credit Risk**

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

**Currency Risk**

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the interim financial position date to the contractual maturity date.

30 June 2018	Less than one year	More than one year	Total
Bank facilities	15,596,824	1,319,582	16,916,406
Accounts payable	3,480,220	-	3,480,220
Shareholders withholdings	5,369,479	-	5,369,479
Other current liabilities	113,240	-	113,240
	<u>24,559,763</u>	<u>1,319,582</u>	<u>25,879,345</u>
31 December 2017	Less than one year	More than one year	Total
Bank facilities	7,368,322	836,000	8,204,322
Accounts payable	3,501,364	-	3,501,364
Shareholders withholdings	265,261	-	265,261
Other current liabilities	247,949	-	247,949
	<u>11,382,896</u>	<u>836,000</u>	<u>12,218,896</u>

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. As most of the Company's financial instruments have fixed interest rate and carried at amortized cost, the sensitivity of the Company's results or equity to movements in interest rates is not considered significant.

### 6 . Capital Management

The Company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by keeping a balance between shareholders equity and total debt.

The table below shows the debt to equity ratio:

	30 June 2018	31 December 2017
Total Debt	16,916,406	8,204,322
Total Equity	36,345,647	41,911,012
Debt to Equity ratio	<u>47%</u>	<u>20%</u>