شركة مصانع الكابلات المتحدة
United Cable Industries Co.

التاريخ : 2018/10/30.
الإشارة : SHR/93/18

السادة هيئة الأوراق المالية المحترمين
عمان - الأردن

**الموضوع: البيانات المالية باللغة الانجليزية للربع الثالث لعام 2018**

تحية طيبة وبعد ،

إشارة إلى الموضوع أعلاه، نرفق لكم طيه البيانات المالية الخاصة بالربع الثالث من العام 2018 باللغة الإنجليزية.

وتفضلوا بقبول فائق الاحترام ،،،،

شركة مصانع الكابلات المتحدة

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
٣١ تشرين الأول ٢٠١٨
الرقم المتسلسل ...... ٢٨٩١٢
الجهة المختصة ...... الإفصاح

P.O. Box 4970 Amman 11953, Jordan
T.: +962 6 55 4 9292 F.: +962 6 55 4 9393
ucic@uciccables.com

# United Cable Industries Company

**Public Shareholding Company**

**Condensed Interim Financial Statements (Unaudited)**

**30 September 2018**

**United Cable Industries Company**
**Public Shareholding Company**

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## Contents

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**Arab Professionals**
Independent Member of Geneva Group International
P.O.Box: 921879 Amman 11192 Jordan
T +(962) 6 5151125
F +(962) 6 5151124
Email: arabprof@apcjordan.com

## 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 September 2018 and the related interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the nine 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 as at are not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

28 October 2018
Amman – Jordan

Arab Professionals
Public Accountants

Arab Professionals
Ibrahim Hammoudeh
License No. (606)

**United Cable Industries Company**
**Public Shareholding Company**
**Interim statement of financial position**

**(In Jordanian Dinar)**

| | Note | 30 September 2018 (Unaudited) | 31 December 2017 (Audited) |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | 13,988,746 | 14,556,760 |
| Projects under construction | | 2,619,326 | 1,271,495 |
| Notes receivable - long term | | 1,644,058 | 2,667,429 |
| Checks under collection - long term | | 290,200 | 462,600 |
| **Total non-current assets** | | 18,542,330 | 18,958,284 |
| **Current assets** | | | |
| Inventories | | 17,286,333 | 17,340,546 |
| Spare parts | | 1,033,368 | 800,032 |
| Other current assets | | 3,535,598 | 360,090 |
| Accounts receivable | | 8,160,170 | 3,738,805 |
| Notes receivable - short term | | 509,500 | 631,257 |
| Checks under collection - short term | | 3,986,854 | 4,459,126 |
| Cash and cash equivalents | | 2,355,527 | 7,841,768 |
| **Total current assets** | | 36,867,350 | 35,171,624 |
| **Total assets** | | **55,409,680** | **54,129,908** |
| **Equity and liabilities** | | | |
| **Equity** | 3 | | |
| Paid-in capital | | 35,000,000 | 40,000,000 |
| Statutory reserve | | 684,749 | 684,749 |
| Voluntary reserve | | 14,418 | 14,418 |
| Accumulated (losses) earnings | | ( 188,303) | 1,211,845 |
| **Total equity** | | 35,510,864 | 41,911,012 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Bank facilities – long term | | 1,635,803 | 836,000 |
| **Current liabilities** | | | |
| Bank facilities – short term | | 15,797,829 | 7,368,322 |
| Accounts payable | | 1,231,253 | 3,501,364 |
| Shareholders withholdings | | 857,129 | 265,261 |
| Other current liabilities | | 376,802 | 247,949 |
| **Total current liabilities** | | 18,263,013 | 11,382,896 |
| **Total liabilities** | | 19,898,816 | 12,218,896 |
| **Total equity and liabilities** | | **55,409,680** | **54,129,908** |

"The accompanying notes from (1) to (4) 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 (Unaudited)**

**(In Jordanian Dinar)**

| | For the three months ended | | For the nine months ended | |
|---|---|---|---|---|
| | 30 September 2018 | 30 September 2017 | 30 September 2018 | 30 September 2017 |
| Sales | 10,031,358 | 8,435,604 | 30,066,555 | 24,484,602 |
| Cost of sales | (10,386,099) | (7,949,007) | (29,126,743) | (23,125,345) |
| **Gross (loss) profit** | **(354,741)** | **486,597** | **939,812** | **1,359,257** |
| Selling and distribution expenses | (177,698) | (71,708) | (375,342) | (240,248) |
| Administrative expenses | (167,057) | (149,305) | (488,032) | (417,923) |
| Financing expenses | (176,941) | (58,175) | (397,867) | (141,167) |
| Interest revenues | 1,731 | 50,533 | 103,855 | 137,216 |
| Other income | 9,501 | - | 17,426 | 30,818 |
| **(Loss) profit for the period before income tax** | **(865,205)** | **257,942** | **(200,148)** | **727,953** |
| Income tax for the period | 30,422 | (12,282) | - | (36,177) |
| **Total comprehensive (loss) income for the period** | **(834,783)** | **245,660** | **(200,148)** | **691,776** |
| | | | | |
| **Basic and diluted (loss) earnings per share** | **(0.024)** | **0.006** | **(0.005)** | **0.017** |

"The accompanying notes from (1) to (4) 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 (Unaudited)**

**(In Jordanian Dinar)**

| | Paid in capital | Reserves | | Accumulated (losses) 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 loss for the period | - | - | - | ( 200,148) | **( 200,148)** |
| **Balance at 30 September 2018** | **35,000,000** | **684,749** | **14,418** | **( 188,303)** | **35,510,864** |
| **Balance at 1 January 2017** | **40,000,000** | **572,746** | **14,418** | **259,090** | **40,846,254** |
| Total comprehensive income for the period | - | - | - | 691,776 | **691,776** |
| **Balance at 30 September 2017** | **40,000,000** | **572,746** | **14,418** | **950,866** | **41,538,030** |

"The accompanying notes from (1) to (4) 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 (Unaudited)**

**(In Jordanian Dinar)**

| | 30 September 2018 | 30 September 2017 |
|---|---|---|
| **Operating activities** | | |
| (loss) profit for the period | ( 200,148) | 691,776 |
| Depreciation | 869,608 | 858,982 |
| **Changes in working capital** | | |
| Checks under collection | 644,672 | ( 759,812) |
| Accounts receivable | ( 4421,365) | ( 1,113,239) |
| Inventories | 54,213 | ( 2,011,955) |
| Spare parts | ( 233,336) | ( 161,787) |
| Notes receivable | 1,145,128 | 292,991 |
| Other receivables | ( 3,175,508) | ( 289,363) |
| Accounts payable | ( 2,270,111) | 1,012,129 |
| Other liabilities | 128,853 | 289,574 |
| **Net cash flows used in operating activities** | ( 7,457,994) | ( 1,190,704) |
| **Investing activities** | | |
| Property, plant and equipment | ( 301,594) | ( 78,000) |
| Projects under construction | ( 1,347,831) | ( 1,271,495) |
| **Net cash flows used in investing activities** | ( 1,649,425) | ( 1,349,495) |
| **Financing activities** | | |
| Bank facilities | 9,229,310 | 2,202,334 |
| Dividends paid | ( 1,200,000) | - |
| Capital decrease | ( 4,408,132) | - |
| **Net cash flows from financing activities** | 3,621,178 | 2,202,334 |
| **Net change in cash and cash equivalents** | **( 5,486,241)** | **( 337,865)** |
| Cash and cash equivalents, beginning of the year | 7,841,768 | 7,522,380 |
| **Cash and cash equivalents, end of the period** | **2,355,527** | **7,184,515** |

"The accompanying notes from (1) to (4) are an integral part of these condensed interim financial statements and read with review report"

## 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 28 October 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 2017.

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.

**Changes in Accounting Policies**

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in preparation of the Company's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as at 1 January 2018:

**IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

The standard eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

**Impairment of financial assets**

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).

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The core principle of IFRS 15 is that the Company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5 - step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.
The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The effect of adopting IFRS 15 did not have a material impact on the Company's condensed interim financial statements.

The Company's policy for revenue recognition changed as detailed below:

**(a) Sale of goods**

The Company's contracts with customers for the sale of goods generally include performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment/goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

**Variable consideration**

Some contracts for the sale of goods provide customers with a right of return and volume rebates.
Prior to the adoption of IFRS 15, the Company recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Company deferred revenue recognition until the uncertainty was resolved.

Under IFRS 15, rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

**(b) Rendering of services**

Under IFRS 15, the Company concluded that revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company.

**(c) Advances received from customers**

Upon the adoption of IFRS 15, for short–term advances, the Company used the practical expedient. As such, the Company will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company expects, at contract inception, that the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to the customer will be one year or less. If the period between the time the customer pays for the goods or service and when the Company transfers that promised good or service to the customer is more than one year, the Company shall adjust the promised amount of consideration for the effects of the time value of money.

**Amendments to IAS 40 Transfers of Investment Property**

The amendments clarify when the Company should transfer property, including property under construction or development into, or out if investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of property does not provide evidence of a change in use.

These amendments do not have any impact on the Company's condensed interim financial statements.

**Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions**

The IASB issued amendments to IFRS 2 Share–based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Company's condensed interim financial statements.

**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).

## 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 and 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.

- No income tax provision have been taken on the Company's results of operations for the nine months ended at 30 September 2018 as the Company’s expenses exceeded it’s taxable revenues.