MIDDLE EAST SPECIALIZED CABLES COMPANY
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2016

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REVIEW REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: **The Shareholders**
Middle East Specialized Cables Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Scope of Review

We have reviewed the accompanying interim consolidated balance sheet of **Middle East Specialized Cables Company** ("the Company") and its subsidiaries ("the Group") as at 31 March 2016, the related interim consolidated statements of income for the three month period then ended, the related interim consolidated statement of cash flows and interim consolidated statement of changes in equity for the three months period then ended and the attached notes (1) to (13), which form an integral part of these interim consolidated financial statements.

These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

We conducted our review in accordance with the auditing Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Partners
Certified Public Accountants

Khalil Ibrahim Al Sedais
License no: 371

Date: 14 Rajab 1437H
Corresponding to: 21 April 2016

MIDDLE EAST SPECIALIZED CABLES COMPANY

(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

	Note	As at 31 March 2016 SR	As at 31 March 2015 SR
ASSETS			
Current assets			
Cash and bank balances		**37,933,515**	38,883,852
Accounts receivable, net		**370,465,913**	428,697,140
Current portion of retention receivables, net		**18,273,252**	3,826,776
Inventories, net		**231,908,721**	214,242,686
Prepayments and other current assets		**37,994,884**	33,784,042
Total current assets		**696,576,285**	719,434,496
Non-current assets			
Available for sale investments		--	3,018,422
Retention receivable, net		**19,981,723**	51,277,977
Fixed assets, net		**418,771,653**	514,617,672
Intangible assets, net		**1,189,158**	1,617,976
Total non-current assets		**439,942,534**	570,532,047
Total assets		**1,136,518,819**	1,289,966,543
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Short term loans	4	**118,684,615**	132,212,864
Current portion of long term loans	4	**158,088,853**	34,596,435
Accounts and notes payable		**169,570,922**	108,844,675
Due to a related party	5	**1,625,442**	2,290,719
Accrued expenses and other current liabilities		**64,763,690**	75,577,331
Total current liabilities		**512,733,522**	353,522,024
Non-current liabilities			
Long term loans	4	**289,749,320**	452,923,731
Employees' end of service benefits		**31,629,075**	26,330,652
Total non-current liabilities		**321,378,395**	479,254,383
Total liabilities		**834,111,917**	832,776,407
EQUITY			
Equity attributable to shareholders			
Share capital	7	**600,000,000**	600,000,000
Statutory reserve		**28,985,180**	28,985,180
Accumulated losses		**(260,178,080)**	(150,459,111)
Unrealized loss on available for sale investments		--	(559,995)
Total equity attributable to shareholders		**368,807,100**	477,966,074
Non-controlling interest		**(66,400,198)**	(20,775,938)
Total equity		**302,406,902**	457,190,136
Total liabilities and equity		**1,136,518,819**	1,289,966,543

The attached notes 1 to 13 form part of these interim consolidated financial statements.

MIDDLE EAST SPECIALIZED CABLES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

	Note	For the three months period ended 31 March 2016 SR	2015 SR
Sales		**224,892,726**	258,294,990
Cost of sales		**(198,236,882)**	(227,978,649)
GROSS PROFIT		**26,655,844**	30,316,341
EXPENSES			
Selling and marketing expenses		**(10,889,900)**	(10,881,038)
General and administrative expenses		**(9,574,964)**	(10,718,430)
Cost of unutilized production capacity		**(4,733,860)**	(5,693,735)
TOTAL EXPENSES		**(25,198,724)**	(27,293,203)
INCOME FROM OPERATIONS		**1,457,120**	3,023,138
Financial charges		**(7,610,636)**	(7,801,276)
Other income, net		**253,637**	67,397
LOSS BEFORE ZAKAT AND INCOME TAX AND NON-CONTROLLING INTERESTS		**(5,899,879)**	(4,710,741)
Zakat and income tax	*6*	**(2,372,547)**	(2,475,000)
LOSS BEFORE NON CONTROLLING INTEREST		**(8,272,426)**	(7,185,741)
Non-controlling interests		**3,086,908**	4,196,626
NET LOSS FOR THE PERIOD		**(5,185,518)**	(2,989,115)
(Loss) earnings per share:	*8*		
Attributable to:			
Income from operations		**0.02**	0.05
Net loss for the period		**(0.09)**	(0.05)

The attached notes 1 to 13 form part of these interim consolidated financial statements.

MIDDLE EAST SPECIALIZED CABLES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	For the three months period ended 31 March	
	2016	2015
	SR	SR
OPERATING ACTIVITIES		
Loss before zakat and income tax and non-controlling interest	**(5,899,879)**	(4,710,741)
Adjustments to:		
Depreciation and amortization	**10,444,088**	10,331,258
Provision for doubtful debts	--	1,601,877
Provision for slow moving inventories	--	750,000
Gain from sale of available for sale investments	--	(33,883)
Provision for employees' end of service benefits	**1,365,270**	1,307,462
	5,909,479	9,245,973
Changes in operating assets and liabilities:		
Accounts receivable	**(800,898)**	8,766,080
Retention Receivable	**4,182,033**	(4,805,265)
Prepayment and other current assets	**(10,288,811)**	(2,884,374)
Inventories	**(22,895)**	39,161,410
Accounts and notes payable	**37,366,586**	(13,772,365)
Due to a related party	**(813,282)**	247,493
Accrued expenses and other current liabilities	**3,183,315**	9,808,640
	38,715,527	45,767,592
Employees' end of service benefits paid	**(2,421,455)**	(401,725)
Net cash from operating activities	**36,294,072**	45,365,867
INVESTING ACTIVITIES		
Proceeds from sale of available for sale investments	--	999,663
Additions to fixed assets	(794,570)	(2,185,431)
Net cash used in investing activities	(794,570)	(1,185,768)
FINANCING ACTIVITIES		
Repayments of short term loans	**(22,539,217)**	(26,380,841)
Repayments of long term loans	**(9,976,153)**	(5,204,179)
Net cash used in financing activities	**(32,515,370)**	(31,585,020)
INCREASE IN CASH AND BANK BALANCES	**2,984,132**	12,595,079
Cash and bank balances at the beginning of the period	**34,949,383**	26,288,773
CASH AND BANK BALANCES AT THE END OF THE PERIOD	**37,933,515**	38,883,852
NON CASH TRANSACTIONS:		
Unrealized gain on available for sale investments	--	77,888

The attached notes 1 to 13 form part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the three months period ended 31 March 2016

	Equity attributable to shareholders						
	Share capital	Statutory reserve	Accumulated losses	Unrealized (loss) / gain on available for sale investments	Total equity attributable to shareholders	Non-controlling interest	Total equity
Balance as at 1 January 2016	**600,000,000**	**28,985,180**	**(254,992,562)**	--	**373,992,618**	**(63,313,290)**	**310,679,328**
Net loss for the period	--	--	**(5,185,518)**	--	**(5,185,518)**	**(3,086,908)**	**(8,272,426)**
Balance as at 31 March 2016	**600,000,000**	**28,985,180**	**(260,178,080)**	--	**368,807,100**	**(66,400,198)**	**302,406,902**
Balance as at 1 January 2015	600,000,000	28,985,180	(147,469,996)	(598,147)	480,917,037	(16,619,048)	464,297,989
Net loss for the period	--	--	(2,989,115)	--	(2,989,115)	(4,196,626)	(7,185,741)
Unrealized gain on available for sale investment	--	--	--	38,152	38,152	39,736	77,888
Balance as at 31 March 2015	600,000,000	28,985,180	(150,459,111)	(559,995)	477,966,074	(20,775,938)	457,190,136

The attached notes 1 to 13 form part of these interim consolidated financial statements.

1 ORGANISATION AND ACTIVITIES

Middle East Specialized Cables Company ("MESC") (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010102402 dated 10 Jumada Awal 1413H (corresponding to 4 November 1992).

The Company and its subsidiaries mentioned below (collectively the "Group") are engaged in the production and sale of flexible electric, coaxial, rubber and nylon coated wires and cables, telephone cables for internal extensions, computer cables, safety and anti-fire wires and cables and control and transmission of information cables.

The address of the Company's registered office is as follows:

Al Bait project, Building no. 1
Salahuddin Street
P.O.Box 585
Riyadh 11383
Saudi Arabia

The Company has control over the following subsidiaries as at 31 March 2016. The financial statements of these subsidiaries are consolidated in these interim consolidated financial statements.

		Current legal ownership %			
Subsidiary	**Legal status**	**2016**	2015	**Country of Incorporation**	**Financial Year end**
Middle East Specialized Cables Company- Jordan (MESC Jordan) *(a)*	Joint Stock Company	**19.9**	49	Jordan	31 December
MESC for Medium and High Voltage Cables Company *(b)*	Closed Joint Stock Company	**69.14**	69.14	Jordan	31 December
MESC - Ras Al-Khaimah	Limited Liability Company	**100**	100	United Arab Emirates	31 December

a) The Company initially owned 53.7% shares in MESC Jordan, however during 2012, the Group transferred legal ownership of 1.82 million shares (being 4.7% share in the share capital of Middle East Specialized Cables Company – Jordan) to an Employee Fund. However, the Employee Fund does not have beneficial ownership in these shares. Under the terms of bye-laws of the Employee Fund, the shares are to be granted to employees of MESC Jordan. At year end none of these shares were granted to any of the employees and were held in trust by the Employee Fund.

   On 28 March 2016, with an aim to restructure Jordan ownership, the Company has entered into a share purchase agreement whereby the Company legally transferred ownership of 29.1% of shares in MESC Jordan to Mr. Ahmed Al-Sallakh. Considering terms of agreement, it is currently considered that control over MESC-Jordan is effectively not lost at reporting date, which will be reassessed going forward, based on conduct of operations of MESC Jordan.

b) Ownership in MESC for Medium and High Voltage Cables Company is 57.5% directly and remaining indirectly through its subsidiary, Middle East Specialized Cables Company – Jordan.

2 BASIS OF PREPARATION

a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA) applicable for interim financial reporting.

2 BASIS OF PREPARATION (continued)

b) Basis of measurement

These interim consolidated financial statements have been prepared on the historical cost basis, except for the measurement at fair value of held for trading investments and available for sale investments, using the accrual basis of accounting and going concern concept.

The interim consolidated financials have been prepared on a going concern basis, which assumes that the group will continue to operate and meet commitments to its customers, vendors and lenders.

As at 31 March 2016, the Group has accumulated losses of SR 260 million, of these accumulated losses Jordanian operations have contributed SR 294 million loss, which has been offset by retained earnings of SR 34 million from the Saudi and UAE operations of the Group. The Saudi and UAE operations generate 73% of the Group's total revenue with all the operating segments, including operations in Jordan, generating gross operating profit. The Jordanian operations are operating at 35% of its normal capacity and therefore has resulted in a net loss situation for the Jordanian operations and the Group.

To stop the continual increase in the accumulated losses and to turn the Jordanian operations into profit, in addition to restructuring the ownership through empowering Mr. Ahmed Al-Sallakh as mentioned in note 1(a), the management is taking the following corrective actions:

- right sizing of the operations;
- focusing on acquiring new business in the region; and
- renegotiating the credit facilities on favorable terms.

Management is confident that these measures will result in the Jordanian operations becoming profitable. Further the Group:

- overall is generating positive operating cash flows SR 36.3 million for 2016 (2015: SR 45.4 million);
- has a positive current ratio; and
- all segments generating positive gross margins.

At this time, the Management is of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the financial statement as at 31 March 2016.

Further, the Group companies also have syndicated loans. Under the terms of loan agreements, the banks have the right to demand immediate repayment of the loans if any covenants are not met. As of 31 March 2016, the Group was not in compliance with certain covenants, and the management is in the process of obtaining a waiver from the banks for such covenants. Loans where the covenant conditions have not been met have been included under current liabilities. The ongoing viability of the Group entities and their ability to continue as a going concern and meet their debts and commitments as they fall due are mainly dependent upon the Group entities being successful in:

- receiving the continuing support of its banks; and
- achieving forecast operational performance and generating sufficient future cash flows to meet its business objectives and financial obligations.

The Management is confident that the Group will be successful in the above matters and will be able to continue in operations for the foreseeable future and has accordingly prepared these financial statements on a going concern basis.

2 BASIS OF PREPARATION (continued)

c) Functional and presentation currency

These interim consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the functional and reporting currency of the Company.

d) Basis of consolidation

These interim consolidated financial statements include the assets, liabilities and the results of the operations of the Company and its subsidiaries as stated in note 1 above.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Wherever necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

All intra-group transactions, balances, income and expenses including unrealized gain and losses entities are eliminated in full on consolidation.

Non-controlling interest represents the interest in subsidiary companies, not held by the Company which are measured at their proportionate share in the subsidiary's recognizable net assets. Transactions with Non-controlling interest holders are treated as transactions with parties external to the Group.

e) Use of estimate and judgment

The preparation of interim consolidated financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Significant areas where management has used estimates, assumptions or exercised judgment are as follows:

i) Provision for slow moving inventory items

The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of period.

ii) Impairment of available for sale investment

The Group exercises judgment to calculate the impairment loss of available for sale investments as well as their underlying assets. This includes the assessments of objective evidence which causes other than temporary decline in the value of investments. Any significant and prolonged decline in the fair value of equity investments below its cost is considered objective evidence for the impairment. The determination of what is "significant and prolonged" requires judgment. The Group also considers impairment to be appropriate when there is evidence of deterioration in the financial health of investee, industry and sector performance, changes in technology, and operational and financing cash flow.

2 BASIS OF PREPARATION (continued)

e) Use of estimate and judgment (continued)

iii) Impairment of accounts receivable

A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the account receivables are impaired. For significant individual amounts, assessment is made on individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time and past recovery rates.

iv) Impairment of non-financial assets

The Group assesses, at each reporting date or more frequently if events or changes in circumstances indicate, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable is the higher of an asset's or cash generating unit's (CGU) fair value less cost to sell, and its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or groups.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate source is used, such as observable market price or, if no observable market price exists, estimated prices for similar assets or if no estimated prices for similar assets exist, it is based on discounted cash flow calculations.

3 SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements and the accompanying notes should be read in conjunction with the annual audited consolidated financial statements and the related notes for the year ended 31 December 2015. Certain of the prior period amounts have been reclassified to conform to the presentation in the current period, however no such reclassification were material to the overall presentation of the interim consolidated financial statements.

The significant accounting policies of the Group are set out below:

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less, if any, which are available to the Company without any restrictions.

b) Accounts receivable

Accounts receivable are stated at original invoice amount less provision made for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of receivables. Bad debts are written off when identified, against its related provisions. The provisions are charged to consolidated statement of income and any subsequent recovery of receivable amounts previously written off are credited to income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

In the case of finished goods and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value comprises estimated selling price in the ordinary course of business, less further production costs to completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

d) Investments

Available for sale investments

Available for sale investments principally consist of less than 20% share in quoted and unquoted equity investments including mutual funds investments, which are not held for trading purposes and where the Group does not have any significant influence or control. These are initially recognized and subsequently re-measured at fair value. Any changes in fair value are recognized in equity as fair value reserve until the investment is disposed. Any significant and prolonged decline in value of the available for sales investments, if any, is charged to the consolidated statement of income. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the consolidated balance sheet date. For investments where there is no active market, including investments in unquoted privet equity, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models, otherwise the cost is considered to be the fair value for these investments.

Investment in an associate

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Investment in associates are initially recognized at cost. The Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Group's share of income and expenses and equity movement of the investment in associates from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. The Group's share of profits or losses of the investee companies is credited or charged to the consolidated statement of income as "Share in results of Investment in Associates".

e) Intangible assets - software

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful life of 6 years. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. Land and capital work in progress are not depreciated. The fixed assets are depreciated on a straight line basis over the estimated useful lives of the assets.

The following annual rates are applicable:

	Rate
Buildings	5%
Plant and machinery	7%-25% (accessories and testing equipment)
Furniture, fixture and office Equipment	10%-15%
Vehicles	25%

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of fixed assets. All other expenditures are recognized in the consolidated statement of income when incurred.

g) Provisions

A provision is recognized if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit, will be required to settle the obligation.

h) Statutory reserve

In accordance with the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to transfer 10% of its net income for the year to a statutory reserve until such reserve equals 50% of its share capital. This statutory reserve is not available for distribution to shareholders.

i) Revenue recognition

Revenue from sales is recognized upon delivery of products by which the significant risks and rewards of ownership of the goods are transferred to the buyer and the Group has no effective control or continuing managerial involvement to the degree usually associated with ownership over the goods. Sales is recorded net of returns, trade discounts and volume rebates.

j) Expenses

Selling and marketing expenses are those arising from the Company's efforts underlying the marketing, selling and distribution functions. All other expenses, excluding cost of sales and financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of sales and selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

k) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in producing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Foreign currency translation

Transactions and balances

Transactions denominated in foreign currencies are translated to the functional currency of the Company at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency of the Company at the exchange rate ruling at that date. Exchange difference arising on translation are recognized in the consolidated statement of income currently.

Foreign subsidiaries and associates

The results and financial position of foreign subsidiaries and associates having reporting currencies other than functional currency of the Company, are translated into the functional currency. Cumulative adjustments resulting from the translations are reported as a separate component of equity.

When investment in a foreign subsidiary and associate is partially disposed off or sold, currency translation differences that were recorded in equity are recognized in consolidated income statement as part of gain or loss on disposal or sale.

m) (Loss) / Earning per share

(Loss) / earnings per share attributable to (loss) / income from operations and net (loss) / income for the period are calculated by dividing (loss) / income from operations and net (loss) / income for the period, respectively, by the number of shares outstanding.

4 BANK BORROWINGS

a) Short term loans

	2016	2015
Short term loan	**71,684,615**	74,712,864
Murabaha loan	**47,000,000**	57,500,000
	118,684,615	132,212,864

Murabaha and term loans are obtained from various financial institutions and are secured by promissory notes, corporate guarantees and pledge of certain fixed assets. The facilities bear financial charges on prevailing market rates at SIBOR plus margin as defined in the facilities agreements.

b) Long term loans

	2016	2015
Presented in the balance sheet as follows:		
Current portion of long term loans	**158,088,853**	34,596,435
Long term loans	**289,749,320**	452,923,731
	447,838,173	487,520,166

i. During the period ended 31 March 2015, the subsidiary (Middle East Specialized Cables Company - Jordan) signed a new loan restructuring agreement (the "Agreement") with its bankers to restructure its short term loans, which has been converted into a syndicated loan.

ii. Current portion on long term loans include a loan balance of SR 115 million (2015: SR 142 million) which as per original loan contract is not due within 12 months however the Loan agreements contains certain covenants that were not met at 31 March 2016. As the banks have the right to demand immediate repayment of the loans in case of a covenant breach, this balance has been classified into current liabilities.

iii. Long term loans are obtained from various financial institutions and are secured by promissory notes, corporate guarantees and pledge of certain fixed assets.

5 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group consists of its shareholders and affiliate companies. In the ordinary course of business, the Group enters into transactions with related parties which are based on prices and contract terms approved by the Group's management. Following are the details of major related party transactions during the period ended 31 March 2016 and 31 March 2015 along with their balances:

a) *Transactions with related parties*

Significant related party transactions during the period were as follows:

Related party	Relationship	Nature of transactions	2016	2015
Middle East Fiber Cable Manufacturing Company	Affiliate	Raw material purchases	**229,752**	1,068,907
		Sales	**635,495**	123,885

The above transactions resulted in the following amounts due to a related party at balance sheet date:

b) *Due to a related party*

	2016	2015
Middle East Fiber Cable Manufacturing Company	**1,625,442**	2,290,719

6 ZAKAT

Zakat has been calculated in accordance with the Department of Zakat and Income Tax (DZIT) Regulations. The Company has filed its Zakat declaration for the years up to 31 December 2014. No final assessment is received from DZIT since 2008 onwards.

Movement of the Company's Zakat provisions for the period ended 31 March comprise the following:

	2016	2015
Balance at beginning of the period	**12,473,324**	17,829,069
Zakat provision for the period	**2,372,547**	2,475,000
	14,845,871	20,304,069

7 SHARE CAPITAL

The Company's share capital is divided into 60 million shares as of 31 March 2016 (31 March 2015: 60 million shares) of SR 10 each.

8 (LOSS) / EARNINGS PER SHARE

(Loss) / earnings per share attributable to (loss) / income from operations and net (loss) / income for the period are calculated by dividing (loss) / income from operations and net (loss) / income for the period, respectively, by the number of shares outstanding of 60 million as at 31 March 2016.

9 SEGMENT INFORMATION

a) The Group's operations are carried out in three principal geographical locations, Kingdom of Saudi Arabia, Jordan and United Arab Emirates. Selected financial information as of 31 March and for the years then ended, summarized by geographic area, are as follows:

	Saudi Arabia SR	Jordan SR	United Arab Emirates SR	Elimination of Intersegment transactions and balances SR	Total SR
As at and for period ended 31 March 2016					
Sales	**169,513,898**	**60,141,850**	**50,123,552**	**(54,886,574)**	**224,892,726**
Gross profit	**18,582,890**	**5,050,836**	**3,022,118**	**--**	**26,655,844**
Cost of unutilized production capacity	**--**	**(4,733,860)**	**--**	**--**	**(4,733,860)**
Net income / (loss) before non-controlling interest	**987,786**	**(7,950,334)**	**(1,309,878)**	**--**	**(8,272,426)**
Total assets	**756,551,654**	**338,569,126**	**358,081,585**	**(316,683,546)**	**1,136,518,819**
Total liabilities	**387,744,556**	**473,083,763**	**132,586,617**	**(159,303,019)**	**834,111,917**

	Saudi Arabia SR	Jordan SR	United Arab Emirates SR	Elimination of Intersegment transactions and balances SR	Total SR
As at and for period ended 31 March 2015					
Sales	186,466,236	62,229,412	50,341,732	(40,742,390)	258,294,990
Gross profit	23,098,588	3,321,294	3,896,459	--	30,316,341
Cost of unutilized production capacity	--	(5,693,735)	--	--	(5,693,735)
Net income / (loss) before non-controlling interest	2,063,462	(9,810,033)	560,830	--	(7,185,741)
Total assets	896,137,870	429,566,362	419,518,563	(455,256,252)	1,289,966,543
Total liabilities	418,171,794	428,499,417	100,526,461	(114,421,265)	832,776,407

b) Sales from one customer of the Group's operations in KSA represented SR 21.8 million (2015: SR 17.8 million) of the group's total sales.

c) The Group operations, primary segmentation, is on a geographical basis, with similar product ranges.

10 COMMITMENT AND CONTINGENCIES

a) At 31 March 2016, the Company has outstanding bank guarantees of SR 152.7 million (2015: SR 160.8 million) issued by the local and foreign banks in respect of performance bonds.

b) At 31 March 2016, the Company has outstanding bank letter of credits of SR 57.3 million (2015: SR 48.2 million) issued by the Company's banks against certain purchase of raw materials and other supplies.

11 RISK MANAGEMENT

Financial assets of the Group consists of bank balance, accounts and others receivables, held for trading investments, available for sale investments and other assets. Financial liabilities of the Group consist from bank loans, account payables and other liabilities.

The Group activities expose the business to a number of key risks, which have the potential to affect its ability to achieve its business objectives.

Fair value risk

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As the accompanying financial statements are prepared under the historical cost method, except for the revaluation of the available-for-sale at fair value through equity, differences may arise between the book values and the fair value estimates.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss and arises principally from Group, bank balances, accounts, and others receivable including due from related parties.

The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia, Jordan and United Arab Emirates.

The Group attempts to monitor credit risk relating to accounts receivable by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. As at period end, the counterparties have sound financial position and have ability to repay their dues.

Market risk

Market risk is the risk to change in fair value of financial instruments from fluctuation in foreign exchange rates(currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyal (SR), United States Dollars (USD), United Arab Emirates Dirham (AED) and Jordanian Dinar (JD).The Group is not exposed to significant currency risk as SR and JD are pegged to the USD. Management believes that the Group is not significantly exposed to currency risk, as the parent company monitors the risk at the group level and takes required action to manage currency risk with respect to AED when required.

11 RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group monitors interest rates on a currency-by-currency basis. The modified duration of the fixed income investments in each currency is used as an indicator of the sensitivity of the assets to changes in current interest rates. Interest rate risk exposure on bank loan is controlled by close monitoring of interest rate throughout the period. Immediate action is taken to stem any significant fluctuations.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Group's future commitments.

12 CURRENT MARKET CONDITION

The current period results may not be an accurate reflection of the results for future years due to any potential impact of the current local and global market and economic conditions.

13 APPROVAL OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements were authorized for issuance by Board of Director on 21 April 2016.