

**MIDDLE EAST SPECIALIZED CABLES COMPANY  
(SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE THREE MONTH AND NINE-MONTH  
PERIODS ENDED SEPTEMBER 30, 2022 (UNAUDITED)  
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW  
OF INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

To the **Shareholders of Middle East Specialized Cables Company**  
(Saudi Joint Stock Company)

**Introduction:**

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Middle East Specialized Cables Company** (Saudi Joint Stock Company) (the Company) and its subsidiary collectively referred to together as (The Group), as at September 30, 2022, and the related interim condensed consolidated statements of profit or loss and the other comprehensive income for the three-month and nine-month periods then ended, and interim condensed consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The Company's management is responsible for preparing and presenting these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 (interim Financial Reporting) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.


**Scope of Review:**

We conducted our review in accordance with the International Standard on Review Engagements 2410 Review of interim Financial Information performed by the independent auditor of the entity, endorsed in the Kingdom of Saudi Arabia. A review of the interim financial statements consists of making inquiries, primarily, to those 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 the International Standards of Auditing as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would be become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

**Conclusion:**

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

**For Al-Kharashi Company**

  
Abdullah S. Al Msned  
License No. (456)



Riyadh:  
Rabi-Al Akhir 15, 1444 H  
November 9, 2022 G

**Middle East Specialized Cables Company**  
**(Saudi Joint Stock Company)**  
**Interim condensed Consolidated Statement of Financial Position (unaudited)**  
**As at September 30, 2022**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<b><u>Assets</u></b>			
<b>Non-current assets:</b>			
Property, plant and equipment, net		134,733,446	144,907,550
Intangible assets, net		3,531,274	3,615,634
Right -of- use assets, net		7,676,505	8,105,134
Non-current portion of trade receivable, net	7	32,650,206	23,953,230
<b>Total non-current assets</b>		<b>178,591,431</b>	<b>180,581,548</b>
<b>Current assets:</b>			
Inventory	6	201,645,671	134,273,747
Current assets held for sale		6,769,310	6,769,310
Trade receivables and other debit balances, net	7	325,042,109	274,861,528
Due from related parties	8	1,446,279	1,636,887
Cash and cash equivalents		49,551,313	68,028,117
<b>Total current assets</b>		<b>584,454,682</b>	<b>485,569,589</b>
<b>Total assets</b>		<b>763,046,113</b>	<b>666,151,137</b>
<b><u>Share holders' Equity and Liabilities</u></b>			
<b>Share holders' Equity:</b>			
Share capital	12	400,000,000	400,000,000
Statutory reserve		28,985,180	28,985,180
Accumulated losses		(102,134,065)	(90,615,937)
<b>Total Share holders' Equity</b>		<b>326,851,115</b>	<b>338,369,243</b>
<b><u>liabilities</u></b>			
<b>Non-current liabilities:</b>			
Non-current portion of long-term loans	9	18,817,759	37,635,519
Non-current portion of leases liabilities		6,858,811	7,251,140
Employees defined benefit obligations		23,100,283	21,748,326
<b>Total non-current liabilities</b>		<b>48,776,853</b>	<b>66,634,985</b>
<b>Current liabilities:</b>			
Short-term Murabaha loan	9	60,650,310	-
Current portion of long-term loans	9	37,635,520	37,635,520
Trade payable and other credit balances	10	252,810,243	183,530,736
Due to a related party	8	11,872,237	11,872,237
Current portion of leases liabilities		699,200	873,464
Zakat provision	11	23,750,635	27,234,952
<b>Total current liabilities</b>		<b>387,418,145</b>	<b>261,146,909</b>
<b>Total liabilities</b>		<b>436,194,998</b>	<b>327,781,894</b>
<b>Total shareholders' equity and liabilities</b>		<b>763,046,113</b>	<b>666,151,137</b>

The accompanying notes are an integral part of these Interim condensed consolidated financial statements.



**Middle East Specialized Cables Company**

**(Saudi Joint Stock Company)**

**Interim condensed Consolidated Statement of profit or loss and other comprehensive income (unaudited)**

**For the three-months and nine-months periods ended September 30, 2022**

**(All amounts are in Saudi Riyals unless otherwise stated)**

		<b>For the three-month period ended</b>		<b>For the nine-month period ended</b>	
		<b>30 September,</b>	<b>30 September,</b>	<b>30 September,</b>	<b>30 September,</b>
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sales		200,572,709	135,869,511	586,303,478	371,700,971
Cost of sales		(185,615,495)	(128,212,593)	(549,959,540)	(334,133,639)
<b>Gross profit</b>		<b>14,957,214</b>	<b>7,656,918</b>	<b>36,343,938</b>	<b>37,567,332</b>
<b>Operating Expenses:</b>					
Selling and distribution expenses		(5,690,907)	(3,984,946)	(15,054,260)	(10,824,201)
General and administrative expenses		(5,372,305)	(8,123,449)	(23,451,184)	(24,339,892)
Reversal\ (provision) of impairment in value of trade receivable	7	2,556,730	(600,000)	4,923,500	4,700,000
Provision for late delivery to the clients	7	(300,000)	(255,000)	(900,000)	(765,000)
Provision of impairment in value of Retention Receivables	7	(2,113,786)	-	(2,113,786)	-
<b>Profit\ (Loss) from operations</b>		<b>4,036,946</b>	<b>(5,306,477)</b>	<b>(251,792)</b>	<b>6,338,239</b>
Finance Cost		(1,660,026)	(1,064,578)	(4,201,841)	(3,226,876)
Other income, Net		366,752	40,595	407,125	449,904
<b>Profit\ (Loss) for the period before zakat</b>		<b>2,743,672</b>	<b>(6,330,460)</b>	<b>(4,046,508)</b>	<b>3,561,267</b>
Zakat	11	(2,490,540)	(2,725,762)	(7,471,620)	(9,097,286)
<b>Net profit\ (loss) for the period</b>		<b>253,132</b>	<b>(9,056,222)</b>	<b>(11,518,128)</b>	<b>(5,536,019)</b>
<b>Other comprehensive income items:</b>					
<b>Other comprehensive income that will not be subsequently reclassified to profit or loss:</b>					
Re-measurement of the Employee defined benefit obligations		-	-	-	-
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income\ (loss) for the period</b>		<b>253,132</b>	<b>(9,056,222)</b>	<b>(11,518,128)</b>	<b>(5,536,019)</b>
<b>Earnings (Loss) per share</b>	13				
Basic and diluted earnings\ (loss) per share from profit\ (loss) from operations		0.10	(0.13)	(0.01)	0.16
Basic and diluted earnings\ (loss) per share from profit\ (loss) before zakat		0.07	(0.16)	(0.10)	0.09
Basic and diluted earnings\ (loss) per share from net profit\ (loss) for the period		0.01	(0.23)	(0.29)	(0.14)

The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

**Middle East Specialized Cables Company**  
**Saudi Joint Stock Company**  
**Interim condensed Consolidated Statement of Changes in Equity (unaudited)**  
**For the nine-month period ended September 30, 2022**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

	<b>Share Capital</b>	<b>Statutory Reserve</b>	<b>Accumulated Losses</b>	<b>Total Share holders' Equity</b>
<b>Balance as of January 1, 2021 (Audited)</b>	400,000,000	28,985,180	(67,899,895)	<b>361,085,285</b>
Net loss for the period	-	-	(5,536,019)	(5,536,019)
<b>Balance as of September 30, 2021 (Unaudited)</b>	<b>400,000,000</b>	<b>28,985,180</b>	<b>(73,435,914)</b>	<b>355,549,266</b>
<b>Balance as of January 1, 2022 (Audited)</b>	400,000,000	28,985,180	(90,615,937)	338,369,243
Net loss for the period	-	-	(11,518,128)	(11,518,128)
<b>Balance as of September 30, 2022 (Unaudited)</b>	<b>400,000,000</b>	<b>28,985,180</b>	<b>(102,134,065)</b>	<b>326,851,115</b>

- The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

**Middle East Specialized Cables Company**  
**(Saudi Joint Stock Company)**  
**Interim condensed Consolidated Statement of Cash Flow (unaudited)**  
**For the nine-month period ended September 30, 2022**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

	Note	For the nine-month period ended	
		30 September 2022	30 September 2021
		(Unaudited)	(Unaudited)
<b>Cash flows from operating activities:</b>			
(loss)\ Profit before zakat for the period		(4,046,508)	3,561,267
<b>Adjustments to non-cash transaction</b>			
Depreciation and Amortization		13,364,318	13,571,599
Depreciation of right -of- use assets		520,187	517,819
Reversal\ impairment in value of property, plant and equipment		(57,943)	218,621
Impairment\ reversal of impairment in value of inventory	6	458,103	(3,144,830)
Provision for late delivery	7	900,000	765,000
Provision of impairment in value of Retention Receivables	7	2,113,786	-
Reversal of impairment in value of trade receivable	7	(4,923,500)	(4,700,000)
Finance cost		4,201,841	3,226,876
Employee defined benefit obligation expenses		2,075,727	2,011,161
<b>Changes in working capital</b>		<b>14,606,011</b>	<b>16,027,513</b>
Inventory		(67,830,027)	(36,691,875)
Trade receivables and other debit balances, net		(56,967,843)	48,972,823
Due from related Parties		190,608	27,449
Trade payable and other credit balances		66,572,318	79,357,128
Due to a related Party		-	2,811,000
		<b>(43,428,933)</b>	<b>110,504,038</b>
Finance cost paid		(1,105,730)	(1,378,000)
Employee defined benefit obligation paid		(723,770)	(1,494,873)
Zakat paid	11	(10,955,937)	(16,214,184)
<b>Net cash flow (used in) generated from operating activities</b>		<b>(56,214,370)</b>	<b>91,416,981</b>
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment		(2,514,722)	(8,677,271)
Additions to intangible assets		(533,189)	(834,054)
Murabaha deposits		-	(18,817,760)
<b>Net cash flow used in investing activities</b>		<b>(3,047,911)</b>	<b>(28,329,085)</b>
<b>Cash flows from financing activities:</b>			
Payments of loans	9	(21,617,203)	(12,579,426)
Proceeds from loans	9	63,449,753	-
Lease obligation payments		(1,047,073)	(731,209)
<b>Net cash flow generated from (used in) financing activities</b>		<b>40,785,477</b>	<b>(13,310,635)</b>
<b>Net change in cash and cash equivalents</b>		<b>(18,476,804)</b>	<b>49,777,261</b>
Cash and cash equivalents at the beginning of the period		68,028,117	49,356,857
<b>Cash and cash equivalents at the end of the period</b>		<b>49,551,313</b>	<b>99,134,118</b>
<b>Non-cash transaction</b>			
Provision of impairment in value of trade receivable used against trade receivables and other debit balances	7	844,158	-
Provision used against late delivery	7	249,456	-
Provision of impairment in value of inventory used against inventory	6	6,615,624	-

The accompanying notes are an integral part of these Interim condensed consolidated financial statements.



**Middle East Specialized Cables Company**  
**(Saudi Joint Stock Company)**  
**Notes to the Interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2022**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

**1- COMPANY INFORMATION:**

**A. Establishing the company**

**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 interim condensed consolidated financial statements include the business result of the branches as follow:

<u>Branch</u>	<u>Commercial Register Number</u>
Khobar Branch	2051023224
Jeddah Branch	4030126555

**B. Group information**

The interim condensed consolidated financial statements include the financial statements of the **Middle East Specialized Cables Company** ("MESC") ("the Company"), and the financial statements of the company which is controlled (The Subsidiary) which is incorporated and acquired as follow:

<u>Company Name</u>	<u>Legal status</u>	<u>Legal ownership</u>		<u>Country</u>
		<u>30 September 2022</u>	<u>31 December 2021</u>	
MESC - Ras Al-Khaimah	Limited Liability Company	100%	100%	United Arab Emirates

The Company has investments at fair value which are as follows:

<u>Company Name</u>	<u>Legal status</u>	<u>Legal ownership</u>		<u>Country</u>
		<u>30 September 2022</u>	<u>31 December 2021</u>	
Middle East Specialized Cables Company- Jordan (MESC Jordan) *	Joint Stock Company	19.9%	19.9%	Jordan
MESC for Medium and High Voltage Cables Company**	Closed Joint Stock Company	57.5%	57.5%	Jordan

\* The fair value for the Company's investments in Jordan is zero.

\*\* The Extra Ordinary General Assembly of the subsidiary in Jordan "MESC for Medium and High Voltage Cables Company" decided in their Meeting dated on October 11, 2017 to liquidate the Company. As a result of that, Middle East Specialized Cables Company (MESC KSA) lost control of MESC for Medium and High Voltage Cables Company. Consequently, MESC KSA stopped consolidating MESC for Medium and High Voltage Cables Company from October 11, 2017.

- Reference to the company's directions during the future period to focus on the feasible investments in Saudi Arabia and the UAE and get rid of useless investments, and in light of the recent update of the company's investments in Jordan, and where the syndication banks in Jordan submitted a final settlement proposal to the company according to which it waives all the lawsuit and submits a final clearance against the company to waive the loan granted to MESC for Medium and High Voltage Cables Co, amounting to SR 12.6 million, and paying the due to the Middle East Specialized Cables Company (MESC Jordan), which is recorded in the company's books, amounting to SR 11.9 million. The company has studied the settlement agreement submitted by the syndication banks and after obtaining legal advice from more than one party, it decided to move forward with this agreement to close all legal disputes and drop all lawsuits against the company in the interest of the company and shareholders.
- On May 23, 2022, the settlement agreement was signed. Noting that all financial provisions have been taken in previous periods for the obligations arising from this agreement, and no financial impact is expected later.



**1- Company information (Continued):**

**C. The nature of the company's activity**

According to its commercial registration, the company is engaged in the manufacture of fiber optic cables, steel insulated wires and cables, copper insulated wires and cables, and aluminum insulated wires and cables.

**D. Fiscal year**

The company's financial year is twelve months from the beginning of January until the end of December each calendar year.

**E. Presentation currency and activity**

The interim condensed consolidated financial statements are prepared in Saudi Riyals, which is the presentation and activity currency for the company, all the numbers are rounded to the nearest Riyal, unless otherwise indicated.

**2- The Foundations of the preparation of interim condensed consolidated financial statements:**

**2-1 Statement of commitment**

These interim condensed consolidated financial statements were prepared in accordance with IAS 34 (Interim Financial Reports) as endorsed in the kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA)

These interim condensed consolidated financial statements don't include all the information and disclosures required to prepare a full set of the consolidated financial statements. Hence, these interim condensed consolidated financial statements should be read on conjunction with the group's last annual consolidated financial statements for the year ended December 31, 2021.

**2-2 Accounting basis**

These interim condensed consolidated financial statements are prepared in accordance with the principle of historical cost and using Accrual basis and the concept of continuity of activity, except the employees' defined benefits obligation, which is recognized at the present value of future obligations using the Projected Unit Credit Method and the assets held for sale that have been valued at fair value less cost to sell.

**2-3 Use of estimation and judgments.**

The preparation of these interim condensed consolidated financial statements requires management to use provisions and estimates that affect the application of accounting policies and the amounts listed for assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

**2-4 The basis for consolidating consolidated financial statements**

These interim condensed consolidated financial statements, which include the interim condensed consolidated statement of financial position, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in shareholder's equity, the interim condensed consolidated statement of cash flow and notes to the condensed consolidated interim financial statements of the Group, include assets, liabilities and results of the company's business and subsidiaries as shown in note 1. Subsidiaries are the companies controlled by the Group, and in particular, the group controls the invested company only when the group has:

- Authority over the invested company (the existence of rights that give the group a current ability to direct activities related to the company invested in it).
- Exposure to risks or has rights to obtain different returns through its relationship with the company in which it invests.

**2- The Foundations of the preparation of interim condensed consolidated financial statements (Continued):**

**2-4 The basis for consolidating consolidated financial statements (Continued)**

- The ability to use its powers over the invested company to influence its returns.  
In general, there is an assumption that the majority of voting rights result in control. In support of this assumption, when the group has less than a majority in voting rights or similar rights in the company in which it is invested, the Group takes into account all the facts and circumstances involved in this when ascertaining whether it exercises control over the company in which it invests, including:
  - Contractual arrangements with other voting rights holders of the company in which the investor is invested.
  - Rights resulting from other contractual arrangements.
  - The voting rights of the group and the potential voting rights.

Subsidiaries are consolidated from the date they begin to control and until they cease to exercise that control. The group accounts for business combinations using the acquisition method when the control is transferred to the group. The converted compensation in the acquisition is generally measured at fair value, as is the case with the net identifiable assets acquired. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill in condensed consolidated interim statement of financial position. Non-controlling equity is measured by its share of net assets identifiable to the company acquired at the date of acquisition. The share in profit or loss and net assets not controlled by the Group is listed as a separate item in the interim condensed consolidated statement of profit or loss and other comprehensive income and within the equity in the interim condensed consolidated statement of financial position. 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.

**3- Going concern**

The management has made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future for a period of at least 12 months from end of the reporting period. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the condensed consolidated interim financial statements continue to be prepared on the going concern basis.

**4- Significant accounting policies:**

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.



**Middle East Specialized Cables Company**  
**Saudi Joint Stock Company**  
**Notes on Interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2022**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

**5- Segment information**

Information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The directors of the Company have chosen to organize the Group around differences in internal reporting structure.

The Group's operating segments are as follows:

- Kingdom of Saudi Arabia
- United Arab Emirates

	<b>Kingdom of Saudi Arabia</b>	<b>United Arab Emirates</b>	<b>Adjustments and deletions</b>	<b>Total</b>
<b>As at September 30, 2022:</b>				
Property, plant and equipment, Net	71,143,301	63,590,145	-	<b>134,733,446</b>
Total assets	639,991,065	226,573,737	(103,518,689)	<b>763,046,113</b>
Total liabilities	313,155,096	186,053,241	(63,013,339)	<b>436,194,998</b>
<b>As at December 31, 2021:</b>				
Property, plant and equipment, Net	75,457,511	69,450,039	-	<b>144,907,550</b>
Total assets	594,905,983	182,810,483	(111,565,329)	<b>666,151,137</b>
Total liabilities	256,548,913	132,989,667	(61,756,686)	<b>327,781,894</b>
<b>For the nine month period ended September 30, 2022:</b>				
Sales	405,505,767	219,028,697	(38,230,986)	<b>586,303,478</b>
Profit\ (loss) before zakat	5,627,080	(9,300,321)	(373,267)	<b>(4,046,508)</b>
<b>For the nine month period ended September 30, 2021:</b>				
Sales	304,296,792	107,798,825	(40,394,646)	<b>371,700,971</b>
Profit\ (loss) before zakat	11,267,250	(7,748,550)	42,567	<b>3,561,267</b>
<b>For the three month period ended September 30, 2022:</b>				
Sales	131,169,768	88,436,409	(19,033,468)	<b>200,572,709</b>
Profit\ (loss) before zakat	7,191,038	(4,122,387)	(324,979)	<b>2,743,672</b>
<b>For the three month period ended September 30, 2021:</b>				
Sales	109,594,010	38,027,212	(11,751,711)	<b>135,869,511</b>
(Loss)\ profit before zakat	(1,614,982)	(4,993,910)	278,432	<b>(6,330,460)</b>



**Middle East Specialized Cables Company**  
**Saudi Joint Stock Company**  
**Notes on Interim condensed consolidated financial statements**  
**For the nine-month period ended September 30, 2022**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

**6- Inventory**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Finished goods	82,540,168	72,300,444
Raw and packing materials	70,873,013	42,407,634
Semi-finished goods	43,210,633	25,775,669
Spare parts	7,629,696	7,731,787
Goods in transit	5,791,853	615,426
	<b>210,045,363</b>	<b>148,830,960</b>
Less: Impairment in value of inventories	(8,399,692)	(14,557,213)
	<b>201,645,671</b>	<b>134,273,747</b>

Impairment in value of inventory movement is as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period\ year	14,557,213	23,110,618
Charged\ (reversal) during the period\ year	458,103	(8,553,405)
Used during the period\ year	(6,615,624)	-
<b>Balance at the end of the period\ year</b>	<b>8,399,692</b>	<b>14,557,213</b>

**7- Trade receivables and other debit balances, net:**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables	293,068,789	242,321,625
Retention receivables	75,570,562	77,732,113
<b>Total</b>	<b>368,639,351</b>	<b>320,053,738</b>
Less: Provision of impairment in value of trade receivable	(19,371,499)	(25,139,157)
Less: Provision of impairment in value of retention receivables	(4,959,846)	(2,846,060)
Less: Provision for late delivery	(5,484,087)	(4,833,543)
<b>Trade receivables, net</b>	<b>338,823,919</b>	<b>287,234,978</b>
Advances to suppliers	10,059,020	6,580,763
Prepaid expenses	2,977,488	1,469,331
Employee borrowings	1,744,609	1,826,487
Margin deposits	390,121	425,303
Other receivables	3,697,158	1,277,896
<b>Other debit balances, net</b>	<b>18,868,396</b>	<b>11,579,780</b>
	<b>357,692,315</b>	<b>298,814,758</b>

**Trade receivables in the interim condensed consolidated financial position is classified as follow:**

Current balance	<b>325,042,109</b>	274,861,528
Non-current balance	<b>32,650,206</b>	23,953,230

- The Group's credit period on sales of goods is between 60 to 120 days. No interest is charged on trade receivables. The Group has recognized an allowance for expected credit loss against impaired trade receivables based on the simplified approach. Allowances for expected credit loss are recognized against trade receivables based on estimated irrecoverable amounts determined by reference to the past default experience of the counterparty and an analysis of the counterparty's current financial position, where available.

- The Group performs credit-vetting procedures before granting credit to new customers. These procedures are reviewed and updated on an ongoing basis.

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**7- Trade receivables and other debit balances, net (Continued):**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Provision of impairment in value of trade receivables movement is as follows:</b>		
Balance at the beginning of the period\ year	25,139,157	33,339,158
Reversal during the period\ year	(4,923,500)	(8,200,001)
Used during the period\ year	(844,158)	-
<b>Balance at the end of the period\ year</b>	<b>19,371,499</b>	<b>25,139,157</b>

**Movement in provision of impairment in value of retention receivables is as follow:**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period\ year	2,846,060	2,846,060
Charged during the period\ year	2,113,786	-
<b>Balance at the end of the period\ year</b>	<b>4,959,846</b>	<b>2,846,060</b>

**Movement in provision for late delivery is as follow:**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period\ year	4,833,543	3,813,542
Charged during the period\ year	900,000	1,020,001
Used during the period\ year	(249,456)	-
<b>Balance at the end of the period\ year</b>	<b>5,484,087</b>	<b>4,833,543</b>

**8- Related Parties Balances and Transactions:**

Related Parties are the group's major shareholders and the facilities under control or with significant influence by those entities.

The significant transactions made with related parties during the period\ year are as follows:

<b>Related parties</b>	<b>The nature of the transaction</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>A. Transactions with related parties</b>			
Middle East Fiber Cables	Sales of goods	940,861	1,276,318
	Purchases	4,616,828	4,868,866
MESC for Medium and High Voltage Cables Company	Provision provided	-	17,065,256
Contractors Services Company	Sales of goods	295,550	192,510

These transactions resulted in the following balances:

**8-1 Due from related parties:**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Middle East Fiber Cables	1,010	191,618
MESC for Medium and High Voltage Cables Company	1,445,269	1,445,269
	<b>1,446,279</b>	<b>1,636,887</b>

**8-2 Due to a related party:**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Middle East Specialized Cables Company- Jordan (MESC Jordan)	11,872,237	11,872,237
	<b>11,872,237</b>	<b>11,872,237</b>



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**9- Loans:**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Short-term Murabaha loan	60,650,310	-
Current portion of long-term loan	37,635,520	37,635,520
Non- Current portion of long-term loan	18,817,759	37,635,519
	<b>117,103,589</b>	<b>75,271,039</b>

The loans movement during the period\ year is as follow:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period\ year	75,271,039	106,668,223
Proceeds during the period\ year	63,449,753	-
Paid during the period\ year	(21,617,203)	(31,397,184)
<b>Balance at the end of the period\ year</b>	<b>117,103,589</b>	<b>75,271,039</b>

**10- Trade payable and other credit balances:**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables	198,642,743	132,800,044
Accrued expenses	26,662,460	25,936,782
Advances from customers	15,157,682	14,356,675
Value added tax	5,465,986	2,893,760
Accrued board of directors' remuneration	1,852,883	1,065,303
Dividends Payable	41,187	41,187
Other credit balances	4,987,302	6,436,985
	<b>252,810,243</b>	<b>183,530,736</b>

**11- Zakat provision:**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period\ year	27,234,952	30,926,088
charges during the period\ year	7,471,620	12,523,048
Paid during the period\ year	(10,955,937)	(16,214,184)
<b>Balance at the end of the period\ year</b>	<b>23,750,635</b>	<b>27,234,952</b>

**12- Share capital**

The Company has 40 million shares of SR 10 each in issue as at the reporting date. There were no movements in share capital during the reporting period.



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**13- Earnings\ (loss) per share:**

The calculation of underlying\reduced (loss)\ earnings per share is based on the return to ordinary shareholders and the weighted average number of existing common shares. Earnings per share as of September 30, 2022 was calculated based on the weighted average number of shares held during the period with a number of 40 million shares (December 31, 2021: 40 million shares). There are no potential discounted ordinary shares. Adjusted earnings per share is the same as the underlying profit per share as the Group has no convertible securities or reduced financial instruments to exercise it.

	<b>For the three-month period ended</b>		<b>For the nine-month period ended</b>	
	<b>30 September, 2022</b>	<b>30 September, 2021</b>	<b>30 September, 2022</b>	<b>30 September, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit\ (Loss) from operations	4,036,946	(5,306,477)	(251,792)	6,338,239
Profit\ (Loss) before zakat for the period	2,743,672	(6,330,460)	(4,046,508)	3,561,267
Net profit\ (loss) for the period	253,132	(9,056,222)	(11,518,128)	(5,536,019)
<b>Weighted average number of shares</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>40,000,000</b>
Basic and diluted earnings\ (loss) per share from profit\ (loss) from operations	0.10	(0.13)	(0.01)	0.16
Basic and diluted earnings\ (loss) per share from profit\ (loss) before zakat	0.07	(0.16)	(0.10)	0.09
Basic and diluted earnings\ (loss) per share from net profit\ (loss) for the period	0.01	(0.23)	(0.29)	(0.14)

**14- Capital management:**

In order to manage the group's capital, the capital includes equity and all other equity reserves belonging to the group's owners. The main purpose of managing the group's capital is to maximize the value of shareholders' shares. The Group manages and adjusts its capital structure considering changes in economic conditions and financial commitment requirements. To maintain or modify the capital structure, the Group may adjust dividend amounts paid to shareholders, return capital to shareholders or issue new shares. The group monitors capital using the leverage ratio, which represents net debt divided by total equity plus net debt. The group's liabilities include net debt, term loans, commercial accounts payable, payable expenses and other credit balances, minus bank balances.

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Term loans and Short-term Murabaha	117,103,589	75,271,039
Trade payable & other credit balances	252,810,243	183,530,736
Less: Cash and cash equivalents	(49,551,313)	(68,028,117)
<b>Net debt</b>	<b>320,362,519</b>	<b>190,773,658</b>
Total equity	326,851,115	338,369,243
Leverage rate	49%	36%

**15- Contingent liabilities:**

The Group has capital commitments of SR 5 million as at September 30, 2022 (December 31, 2021: SR 6 million) and contingencies in the form of letters of credit and guarantees of SR 103 million as at September 30, 2022 (December 31, 2021: SR 110 million).

#### 16- Fair value of financial instruments

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. The company's financial instruments consist of financial assets and financial liabilities. The company's financial assets consist of cash and its equivalents, trade receivables and due from related parties. Financial liabilities consist of loans, trade payables, due to related parties.

The fair value of financial instruments is not significantly different from their book value, unless otherwise indicated.

#### 17- Risk management

##### Special commission price risk

Special commission price risk relates to the risks resulting from the fluctuation of the value of a financial instrument as a result of the change in the prevailing commission rates in the market, and the company is subject to the risk of special commission rates on its assets associated with special commissions such as Murabaha deposits and credit facilities.

##### Credit risk

Credit risk is that one financial instrument does not meet its obligations and causes the other party to suffer a financial loss. The Group is exposed to credit risk on cash in the Fund, banks, receivables and commercial debtors as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade Receivable, net	338,823,919	287,234,978
Due from related parties	1,446,279	1,636,887
Cash and cash equivalent	49,551,313	68,028,117
	<b>389,821,511</b>	<b>356,899,982</b>

The Group manages customer credit risk by dealing with customers with a reliable credit history, obtaining high-quality guarantees when necessary, monitoring unpaid balances, and banking by dealing only with reputable banks.

##### Liquidity risk

Liquidity risk is that the group has difficulty in providing funds to meet its financial obligations associated with financial instruments.

Liquidity risks may arise from the inability to sell financial assets quickly at an amount of near their fair value. The Group manages liquidity risk by monitoring working capital requirements and cash flows regularly and ensuring that banking facilities are available when needed. The group's terms of contract require 30-90 days from the date of invoices, and commercial accounts are usually paid within 30-90 days of billing.

##### Increased risk concentration

The concentration of risks arises when a number of other parties engage in similar business activities or activities in the same geographical area or when they have economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other circumstances. The concentration of risks indicates the relative sensitivity of the group's performance to developments affecting a particular industry.

#### 18- Interim condensed results and adjustments for the period

All adjustments that the company's management deemed important have been prepared so that the interim condensed consolidated financial position and business results for the period appear fairly. The business results for the interim condensed consolidated financial period may not represent an accurate indication of the actual results of the full year business.

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**19- Dividends payable:**

No dividends were declared during the period ended September 30, 2022 (September 30, 2021: nil).

**20- Subsequent events:**

Group management considers that there are no significant subsequent events after the date of the report that require their modification or disclosure in these interim condensed consolidated financial statements.

**21- Approval of the interim condensed consolidated financial statements**

The interim condensed consolidated financial statements were approved by the Company's Board of Directors on Rabi-Al Akhir 15, 1444 H corresponding to November 9, 2022 G