

**MIDDLE EAST SPECIALIZED CABLES COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE THREE MONTH PERIODS  
ENDED MARCH 31, 2023 (UNAUDITED) TOGETHER WITH  
INDEPENDENT AUDITOR'S REVIEW REPORT**

**MIDDLE EAST SPECIALIZED CABLES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE**  
**MONTH PERIODS ENDED MARCH 31, 2023 (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 March 31, 2023, and the related interim condensed consolidated statements of profit or loss and the other comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The 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 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 & Co.



**Abdullah S. AlMsned**  
CA License No. (456)



### Riyadh:

18 Shawwal, 1444H

08 May, 2023G

**MIDDLE EAST SPECIALIZED CABLES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(UNAUDITED)**  
**AS AT MARCH 31, 2023**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

	Note	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net		128,159,295	131,281,924
Intangible assets, net		3,232,536	3,347,605
Right of use assets, net		7,326,556	7,501,530
Non-current trade receivable, net	6	26,976,464	29,103,900
<b>Total non-current assets</b>		<b>165,694,851</b>	<b>171,234,959</b>
<b>Current assets</b>			
Inventories, net	7	180,391,891	205,691,147
Assets held for sale		6,487,811	6,487,811
Trade receivable and other debit balances, net	6	346,039,184	339,723,900
Due from a related party	11	-	1,445,269
Cash and cash equivalents		54,808,923	43,495,722
<b>Total current assets</b>		<b>587,727,809</b>	<b>596,843,849</b>
<b>TOTAL ASSETS</b>		<b>753,422,660</b>	<b>768,078,808</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	400,000,000	400,000,000
Statutory reserve		28,985,180	28,985,180
Accumulated losses		(90,616,605)	(103,050,514)
Employee defined benefit obligations remeasurement reserve		2,361,360	2,361,360
<b>Total equity</b>		<b>340,729,935</b>	<b>328,296,026</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liability – non current portion		6,892,966	6,799,480
Employees' defined benefits obligations		22,467,456	22,071,404
<b>Total non-current liabilities</b>		<b>29,360,422</b>	<b>28,870,884</b>
<b>Current liabilities</b>			
Long term loans - current portion	9-1	37,635,519	37,635,519
Short-term loans	9-2	66,287,860	61,200,875
Trade payable and other credit balances	10	216,990,551	251,795,049
Due to related parties	11	12,106,065	12,217,232
Lease liability – current portion		939,773	904,658
Provision for zakat	12	49,372,535	47,158,565
<b>Total current liabilities</b>		<b>383,332,303</b>	<b>410,911,898</b>
<b>Total liabilities</b>		<b>412,692,725</b>	<b>439,782,782</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>753,422,660</b>	<b>768,078,808</b>

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



**MIDDLE EAST SPECIALIZED CABLES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

	Note	For the three-month period ended March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Revenue		218,552,219	187,560,868
Cost of revenue		(183,282,182)	(173,344,678)
<b>Gross profit</b>		<b>35,270,037</b>	<b>14,216,190</b>
Selling and marketing expenses		(6,348,672)	(4,367,979)
General and administrative expenses		(11,016,972)	(8,627,151)
(Impairment) /reversal of impairment in value of trade receivable	6-2	(600,000)	2,966,769
Provision for late delivery to the clients	6-4	(300,000)	(300,000)
<b>Profit from operations</b>		<b>17,004,393</b>	<b>3,887,829</b>
Finance cost		(2,667,027)	(1,360,542)
Other income		310,513	33,844
<b>Profit before zakat for the period</b>		<b>14,647,879</b>	<b>2,561,131</b>
Zakat	12	(2,213,970)	(2,490,540)
<b>Net profit for the period</b>		<b>12,433,909</b>	<b>70,591</b>
<b>Other comprehensive income</b>			
<b>Item of other comprehensive income that are not subsequently reclassified to profit or loss:</b>			
Actuarial gain from remeasurement of employees' defined benefits obligations		-	-
<b>Total other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>12,433,909</b>	<b>70,591</b>
<b>Earnings per share (Saudi Riyal)</b>			
Basic and diluted earnings per share from profit from operations.	13	0.43	0.10
Basic and diluted earnings per share from net profit for the period.		0.31	0.002

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**MIDDLE EAST SPECIALIZED CABLES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

	Share capital	Statutory reserve	Accumulated losses	Employee defined benefit obligations remeasurement reserve	Total equity
<b>Balance as at January 1, 2022 (Audited)</b>	400,000,000	28,985,180	(91,262,297)	646,360	338,369,243
Net profit for the period	-	-	70,591	-	70,591
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	70,591	-	70,591
<b>Balance as at March 31, 2022 (Unaudited)</b>	<b>400,000,000</b>	<b>28,985,180</b>	<b>(91,191,706)</b>	<b>646,360</b>	<b>338,439,834</b>
<b>Balance as at January 1, 2023 (Audited)</b>	400,000,000	28,985,180	(103,050,514)	2,361,360	328,296,026
Net profit for the period	-	-	12,433,909	-	12,433,909
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	12,433,909	-	12,433,909
<b>Balance as at March 31, 2023 (Unaudited)</b>	<b>400,000,000</b>	<b>28,985,180</b>	<b>(90,616,605)</b>	<b>2,361,360</b>	<b>340,729,935</b>

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

**MIDDLE EAST SPECIALIZED CABLES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

	Note	For the three-month period ended	
		March 31, 2023	March 31, 2022
		(Unaudited)	(Unaudited)
<b>Cash flows from operating activities:</b>			
Profit before zakat for the year		14,647,879	2,561,131
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization		4,380,915	4,455,341
Depreciation of right of use assets		174,974	172,606
(Gain) / loss on sale of property, plant, and equipment		(24,760)	13,765
Impairment in value of inventory	7	2,453,207	559,460
Impairment in (Reversal of) value of trade receivable	6-2	600,000	(2,966,769)
Provision for late delivery	6-4	300,000	300,000
Finance cost		2,667,027	1,360,542
Impairment in value of due from related parties		1,445,269	-
Employees defined benefits obligations		804,880	562,018
Impairment in value of property, plant and equipment		223,943	169,657
		<u>27,673,334</u>	<u>7,187,751</u>
<b>Changes in working capital:</b>			
Inventories		22,846,049	(26,780,123)
Trade receivables and other debit balances, net		(5,087,848)	(37,393,806)
Due from related Parties		-	191,618
Trade payable and other credit balances		(37,048,133)	41,428,557
Due to related Parties		(111,167)	347,751
Finance cost paid		(294,791)	-
Employee defined benefits obligations paid		(408,828)	(432,388)
<b>Net cash flows generated from / (used in) operating activities</b>		<u>7,568,616</u>	<u>(15,450,640)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of property, plant and equipment		69,781	-
Purchase of property, plant and equipment		(1,380,483)	(1,159,236)
Purchase of intangible assets		(31,698)	(23,382)
<b>Net cash flows used in investing activities</b>		<u>(1,342,400)</u>	<u>(1,182,618)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from short-term loans		43,866,070	1,632,069
Repayment of short-term loans		(38,779,085)	(1,632,069)
Lease liability paid		-	-
Repayment of long term loans		-	-
<b>Net cash flows generated from financing activities</b>		<u>5,086,985</u>	<u>-</u>
Net change in cash and cash equivalents		<u>11,313,201</u>	<u>(16,633,258)</u>
Cash and cash equivalents at the beginning of the period		43,495,722	68,028,117
<b>Cash and cash equivalents at the end of the period</b>		<u>54,808,923</u>	<u>51,394,859</u>

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



**MIDDLE EAST SPECIALIZED CABLES COMPANY****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023****(All amounts are in Saudi Riyals unless otherwise stated)****1. 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).

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.

The company have following branches:

Commercial Name – City	Commercial Register Number
Middle East Specialized Cables Company MESC- Khobar Branch	2051023224
Middle East Specialized Cables Company MESC- Jeddah Branch	4030126555

The Company had the following subsidiary and investments as at 31 March 2023. The financial statements of this subsidiary are consolidated, and the investments are recorded at fair value in these interim condensed consolidated financial statements.

Subsidiary/ Investments	Legal status	Current legal ownership %		Country of Incorporation
		2023	2022	
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
MESC - Ras Al-Khaimah	Limited Liability Company	100	100	United Arab Emirates

\* 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 Co (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.

On April 12, 2023, the company share in MESC for Medium and High Voltage Cables Company was transferred to syndication banks in Jordan as required by the settlement agreement signed last year. Therefore, the legal ownership become nil.

- 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 SAR 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 SAR 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.



**MIDDLE EAST SPECIALIZED CABLES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

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**2. BASIS OF PREPARATION**

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, 2022.

These interim condensed consolidated financial statements have been prepared on the historical cost basis except employees defined benefit obligations that have been valued at present value of future liabilities using the projected unit credit method and the assets held for sale that have been valued at fair value less cost to sell. These interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Group, and all values are rounded to the nearest Saudi Riyal, except where otherwise indicated.

**3. BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements comprising the interim condensed consolidated Statement of financial position, interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated Statement of changes in equity, interim condensed consolidated statement of cash flows, and notes to the interim condensed consolidated financial statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note (1). The Company and its subsidiaries are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired and fair value of pre-existing equity interest in the subsidiary. The excess of the cost of acquisition and amount of Non – controlling interest ("NCI") over the fair value of the identifiable net assets acquired is recorded as goodwill in the consolidated Statement of Financial Position. NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of profit or loss. Inter -group balances and transactions, and any unrealised income and expenses arising from Inter -group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

**4. USE OF JUDGMENTS AND ESTIMATES**

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.

**5. 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 2022.



**MIDDLE EAST SPECIALIZED CABLES COMPANY**

**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

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

**6. TRADE RECEIVABLE AND OTHER DEBIT BALANCES, NET**

	<b>Note</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables	6-1	298,485,439	292,071,325
Less: impairment in value of trade receivables	6-2	(18,448,233)	(17,848,233)
Retention receivables		86,509,332	89,094,531
Less: impairment in value of retention receivables	6-3	(5,897,067)	(5,897,067)
Less: provision for late delivery	6-4	(6,084,087)	(5,784,087)
Net trade receivables		354,565,384	351,636,469
Advances to suppliers		9,835,777	9,456,216
Prepaid expenses		4,632,731	2,292,472
Employee loans		1,405,112	1,650,863
Margin deposits		505,818	355,523
Other receivables		2,070,826	3,436,257
		<b>373,015,648</b>	<b>368,827,800</b>

**Trade receivables and other debit balances is classified in the interim condensed consolidated statement of financial position as follows:**

Current assets	346,039,184	339,723,900
Non-current assets	26,976,464	29,103,900
	<b>373,015,648</b>	<b>368,827,800</b>

**6-1 Trade receivables:**

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. 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.

**6-2 Movement in impairment in value of trade receivables is as follow:**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	17,848,233	25,139,157
Charged / (reversal) for the period / year	600,000	(6,446,766)
Write off during the period / year	-	(844,158)
<b>Balance at the end of the period / year</b>	<b>18,448,233</b>	<b>17,848,233</b>

**6-3 Movement in impairment in value of retention receivables is as follows:**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	5,897,067	2,846,060
Charged for the period / year	-	3,051,007
<b>Balance at the end of the period / year</b>	<b>5,897,067</b>	<b>5,897,067</b>

**MIDDLE EAST SPECIALIZED CABLES COMPANY****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023****(All amounts are in Saudi Riyals unless otherwise stated)****6. TRADE RECEIVABLE AND OTHER DEBIT BALANCES, NET (CONTINUED)****6-4 Movement in provision for late delivery is as follows:**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	<b>5,784,087</b>	4,833,543
Charged for the period / year	<b>300,000</b>	1,200,000
Amount written off during the period / year	-	(249,456)
<b>Balance at the end of the period / year</b>	<b>6,084,087</b>	<b>5,784,087</b>

**7. INVENTORIES, NET**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Finished goods	<b>91,539,382</b>	84,162,266
Raw and packing materials	<b>54,582,093</b>	79,578,091
Work in process	<b>36,499,955</b>	43,031,829
Spare parts	<b>8,024,376</b>	7,729,717
Goods in transit	<b>1,363,273</b>	353,225
	<b>192,009,079</b>	214,855,128
Less: impairment in value of inventory	<b>(11,617,188)</b>	(9,163,981)
	<b>180,391,891</b>	<b>205,691,147</b>

Movement in the impairment in value of inventory:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	<b>9,163,981</b>	14,557,213
Charged for the period / year	<b>2,453,207</b>	1,603,214
Written off during the period / year	-	(6,996,446)
<b>Balance at the end of the period / year</b>	<b>11,617,188</b>	<b>9,163,981</b>

**8. SHARE CAPITAL**

The Company has 40 million shares of SR 10 each in issue as at 31 March 2023 and 2022. There were no movements in share capital during the reporting period.

**9. LOANS****9-1 Long-term loans**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Total loans	<b>37,635,519</b>	37,635,519
Less: current portion included in current liabilities	<b>(37,635,519)</b>	(37,635,519)
	-	-

The movement of long term loans is as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	<b>37,635,519</b>	75,271,039
Paid during the period / year	-	(37,635,520)
<b>Balance at the end of the period / year</b>	<b>37,635,519</b>	<b>37,635,519</b>



**MIDDLE EAST SPECIALIZED CABLES COMPANY**

**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

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

**9. LOANS (CONTINUED)**

**9-2 Short-term loans**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Murabaha loan	<b>50,000,000</b>	48,000,000
Bank Borrowing	<b>16,287,860</b>	13,200,875
	<b>66,287,860</b>	61,200,875

The movement of short-term loans is as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	<b>61,200,875</b>	-
Proceeds during the period / year	<b>43,866,070</b>	114,627,738
Paid during the period / year	<b>(38,779,085)</b>	(53,426,863)
<b>Balance at the end of the period / year</b>	<b>66,287,860</b>	61,200,875

**10. TRADE PAYABLE AND OTHER CREDIT BALANCES**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables	<b>158,882,071</b>	197,403,239
Accrued expenses	<b>31,790,653</b>	27,871,770
Advances from customers	<b>12,028,598</b>	12,498,055
VAT payables	<b>7,180,895</b>	5,852,933
Directors remuneration payable	<b>1,005,359</b>	2,552,511
Dividends Payable	<b>41,187</b>	41,187
Other payables	<b>6,061,788</b>	5,575,354
	<b>216,990,551</b>	251,795,049

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent the shareholders, senior management personnel of the group, managers and entities under joint control or control, or over which a significant influence is exercised by these entities.

During the period/year, the Group entered into the following trading transactions with related parties:

		<b>March 31, 2023</b>	<b>December 31, 2022</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Middle East Fiber Cables	Sales of goods	<b>114,595</b>	948,315
	Purchases	<b>210,676</b>	5,142,813
MESC for Medium and High Voltage Cables Company		<b>1,445,269</b>	-
	Provision provided		
Contractors Services Co.	Sales of goods	<b>118,220</b>	472,880

The following balances were due from / to related parties at the reporting date:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Due from related party:</b>		
MESC for Medium and High Voltage Cables Company	<b>24,830,279</b>	24,830,279
Impairment in value of due from related party	<b>(24,830,279)</b>	(23,385,010)
	<b>-</b>	1,445,269
<b>Due to related parties:</b>		
Middle East Fiber Cables	<b>233,828</b>	344,995
Middle East Specialized Cables Company- Jordan (MESC Jordan)	<b>11,872,237</b>	11,872,237
	<b>12,106,065</b>	12,217,232

**MIDDLE EAST SPECIALIZED CABLES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

**11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**Movement in the impairment in value of due from related party is as follows:**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	<b>23,385,010</b>	23,385,010
Charged for the period / year	<b>1,445,269</b>	-
<b>Balance at the end of the period / year</b>	<b>24,830,279</b>	23,385,010

**12. PROVISION FOR ZAKAT**

The movement in Zakat provision is as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	<b>47,158,565</b>	27,234,952
Charged for the period / year	<b>2,213,970</b>	9,837,974
Additional provision for previous years	-	21,041,576
Paid during the period / year	-	(10,955,937)
<b>Balance at the end of the period / year</b>	<b>49,372,535</b>	47,158,565

**13. EARNING PER SHARE**

The calculation of basic/diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. Earnings per share as at March 31, 2023 has been calculated on the basis of the weighted average number of shares outstanding during the period amounting to 40,000,000 shares (March 31, 2022: 40,000,000 shares). There are no potential dilutive ordinary shares. The diluted earnings per share is the same as the basic earnings per share since the Group has neither convertible securities nor discounting financial instruments to exercise.

	<b>March 31, 2023</b>	<b>31 March 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit from operations	<b>17,004,393</b>	3,887,829
Net profit for the period	<b>12,433,909</b>	70,591
<b>Weighted average number of shares</b>	<b>40,000,000</b>	40,000,000
Basic and diluted earnings per share from profit from operations	<b>0.43</b>	0.10
Basic and diluted earnings per share from net profit for the period	<b>0.31</b>	<b>0.002</b>

**14. COMMITMENTS AND CONTINGENCIES**

The Group had capital commitments of SAR 7.7 million (December 31, 2022: SAR 6.7 million) and contingencies in the form of letters of credit and guarantees of SAR 93 million (December 31, 2022: SAR 89 million) at the reporting date.



**MIDDLE EAST SPECIALIZED CABLES COMPANY****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023****(All amounts are in Saudi Riyals unless otherwise stated)****15. 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:

- Saudi Arabia
- United Arab Emirates

**Segment revenues and results**

	Three months period ended		Three months period ended	
	March 31, 2023		31 March 2022	
	(Unaudited)		(Unaudited)	
	Revenue	Profit before zakat	Revenue	Profit before zakat
<b>Revenue and profit (loss) by segment</b>				
Saudi Arabia	146,895,034	13,427,023	136,087,235	5,274,713
United Arab Emirates	86,502,331	1,085,906	60,606,015	(2,570,310)
Intersegment elimination	(14,845,146)	134,950	(9,132,382)	(143,272)
	<u>218,552,219</u>	<u>14,647,879</u>	<u>187,560,868</u>	<u>2,561,131</u>
	March 31, 2023		December 31, 2022	
	(Unaudited)		(Audited)	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
<b>Segment total assets and liabilities</b>				
Saudi Arabia	633,421,679	292,665,531	654,337,410	326,008,220
United Arab Emirates	239,781,704	191,081,026	228,168,017	180,553,245
Intersegment elimination	(119,780,723)	(71,053,832)	(114,426,619)	(66,778,683)
	<u>753,422,660</u>	<u>412,692,725</u>	<u>768,078,808</u>	<u>439,782,782</u>

Segment revenues reported represent revenue generated from both external customers and related parties. All segments sell similar product ranges.

There is no customer who contributed more than 10% of the Group's total revenue.

**16. DIVIDENDS**

No dividends were declared during the period (March 31, 2022: nil).

**17. SUBSEQUENT EVENTS**

In the opinion of the management, there have been no significant subsequent events that require disclosure or adjustment in these interim condensed consolidated financial statements.

**18. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved by the Board of the Company on 18 Shawwal 1444H (Corresponding to 8 May 2023).