

**MIDDLE EAST SPECIALIZED CABLES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED SEPTEMBER 30, 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 AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023, (UNAUDITED)
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

INDEX	PAGE
Independent auditor's report on review of interim condensed consolidated financial statements	1
Interim condensed consolidated statement of financial position (Unaudited)	2
Interim condensed consolidated statement of profit or loss and other comprehensive income (Unaudited)	3
Interim condensed consolidated statement of changes in shareholders' equity (Unaudited)	4
Interim condensed consolidated statement of cash flows (Unaudited)	5
Notes to the Interim condensed consolidated financial statements (Unaudited)	6 - 13

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

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

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Middle East Specialized Cables Company** (A Saudi Joint Stock Company) ("the Company") and its subsidiary collectively referred to together as ("the Group"), as at September 30, 2023, and the related interim condensed consolidated statements of profit or loss and the other comprehensive income for the three-month and nine-month period then ended, 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 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. Al Msned
 License No. (456)



Riyadh:

15 Rabi Al-Akher, 1445H
 30 October, 2023G

MIDDLE EAST SPECIALIZED CABLES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT SEPTEMBER 30, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment, net		129,351,434	131,281,924
Intangible assets, net		3,314,607	3,347,605
Right of use assets, net		6,976,607	7,501,530
Non-current trade receivable, net	6	4,532,809	29,103,900
Total non-current assets		144,175,457	171,234,959
Current assets			
Inventories, net	7	185,283,064	205,691,147
Assets held for sale		6,487,811	6,487,811
Trade receivable and other debit balances, net	6	400,402,689	339,723,900
Due from a related party	11	-	1,445,269
Cash and cash equivalents		24,634,162	43,495,722
Total current assets		616,807,726	596,843,849
TOTAL ASSETS		760,983,183	768,078,808
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	8	400,000,000	400,000,000
Statutory reserve		28,985,180	28,985,180
Accumulated losses		(64,623,798)	(103,050,514)
Employee defined benefit obligations remeasurement reserve		2,361,360	2,361,360
Total shareholders' equity		366,722,742	328,296,026
Liabilities			
Non-current liabilities			
Lease liability – non current portion		7,071,035	6,799,480
Employees' defined benefits obligations		22,450,559	22,071,404
Total non-current liabilities		29,521,594	28,870,884
Current liabilities			
Long term loans - current portion	9-1	18,817,759	37,635,519
Short-term loans	9-2	32,612,756	61,200,875
Trade payable and other credit balances	10	254,493,453	251,795,049
Due to related parties	11	12,027,716	12,217,232
Lease liability – current portion		956,862	904,658
Provision for zakat	12	45,830,301	47,158,565
Total current liabilities		364,738,847	410,911,898
Total liabilities		394,260,441	439,782,782
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		760,983,183	768,078,808

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 AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended		For the nine-month period ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue		229,893,197	200,572,709	664,370,151	586,303,478
Cost of revenue		(190,659,267)	(185,615,495)	(555,675,954)	(549,959,540)
Gross profit		39,233,930	14,957,214	108,694,197	36,343,938
Selling and marketing expenses		(6,248,686)	(5,690,907)	(18,425,851)	(15,054,260)
General and administrative expenses		(10,751,806)	(5,372,305)	(31,276,369)	(23,451,184)
(Impairment) /reversal of impairment in value of trade receivable	6-2	(600,000)	2,556,730	(1,800,000)	4,923,500
Provision for late delivery to the clients	6-4	(300,000)	(300,000)	(900,000)	(900,000)
Impairment in value of retention receivables	6-3	-	(2,113,786)	-	(2,113,786)
Profit (loss) from operations		21,333,438	4,036,946	56,291,977	(251,792)
Finance cost		(2,557,909)	(1,660,026)	(8,550,582)	(4,201,841)
Other income		-	366,752	327,232	407,125
Profit (loss) before zakat for the period		18,775,529	2,743,672	48,068,627	(4,046,508)
Zakat	12	(5,213,970)	(2,490,540)	(9,641,911)	(7,471,620)
Net profit (loss) for the period		13,561,559	253,132	38,426,716	(11,518,128)
Other comprehensive income					
Item of other comprehensive income that are not subsequently reclassified to profit or loss:					
Actuarial gain from remeasurement of employees' defined benefits obligations		-	-	-	-
Total other comprehensive income for the period		-	-	-	-
Total comprehensive income (loss) for the period		13,561,559	253,132	38,426,716	(11,518,128)
Earnings (loss) per share (Saudi Riyals)					
Basic and diluted earnings (loss) per share from profit (loss) from operations	13	0.53	0.10	1.41	(0.01)
Basic and diluted earnings (loss) per share from net profit (loss) for the period		0.34	0.01	0.96	(0.29)

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 CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Accumulated losses	Employee defined benefit obligations remeasurement reserve	Total shareholders' equity
Balance as at January 1, 2022 (Audited)	400,000,000	28,985,180	(91,262,297)	646,360	338,369,243
Net loss for the period	-	-	(11,518,128)	-	(11,518,128)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	(11,518,128)	-	(11,518,128)
Balance as at September 30, 2022 (Unaudited)	400,000,000	28,985,180	(102,780,425)	646,360	326,851,115
Balance as at January 1, 2023 (Audited)	400,000,000	28,985,180	(103,050,514)	2,361,360	328,296,026
Net profit for the period	-	-	38,426,716	-	38,426,716
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	38,426,716	-	38,426,716
Balance as at September 30, 2023 (Unaudited)	400,000,000	28,985,180	(64,623,798)	2,361,360	366,722,742

SigID: 19fe9f1b32e233b1a9e0238d198cb46a33443c

SigID: dcf274449e411e7dd22a498147b19714e9013836523

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the nine-month period ended September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Cash flows from operating activities:			
Profit (loss) before zakat for the period		48,068,627	(4,046,508)
Adjustments for non-cash items:			
Depreciation and amortization		13,323,837	13,364,318
Depreciation of right of use assets		524,923	520,187
Gain on sale of property, plant, and equipment		(24,760)	-
Impairment in value of property, plant, and equipment		183,676	(57,943)
Impairment in value of inventory	7	5,408,882	458,103
Impairment (reversal) in value of trade receivable	6-2	1,800,000	(4,923,500)
Provision for late delivery	6-4	900,000	900,000
Impairment in value of retention receivables	6-3	-	2,113,786
Finance cost		8,550,582	4,201,841
Impairment in value of due from a related party	11	1,445,269	-
Employees defined benefits obligations		2,353,530	2,075,727
		<u>82,534,566</u>	<u>14,606,011</u>
Changes in working capital:			
Inventories		14,999,201	(67,830,027)
Trade receivables and other debit balances, net		(38,807,698)	(56,967,843)
Due from a related Party		-	190,608
Trade payable and other credit balances		(2,939,733)	66,572,318
Due to related parties		(189,516)	-
Zakat paid		(10,970,175)	(10,955,937)
Finance cost paid		(2,534,686)	(1,105,730)
Employee defined benefits obligations paid		(1,974,375)	(723,770)
Net cash flows generated from/ (used in) operating activities		<u>40,117,584</u>	<u>(56,214,370)</u>
Cash flows from investing activities:			
Proceeds from sale of property, plant, and equipment		69,781	-
Purchase of property, plant, and equipment		(11,157,113)	(2,514,722)
Purchase of intangible assets		(431,933)	(533,189)
Net cash flows used in investing activities		<u>(11,519,265)</u>	<u>(3,047,911)</u>
Cash flows from financing activities:			
Proceeds from short-term loans	9-2	132,348,280	63,449,753
Repayment of short-term loans	9-2	(160,936,399)	(2,799,443)
Lease liability paid		(54,000)	(1,047,073)
Repayment of long-term loans	9-1	(18,817,760)	(18,817,760)
Net cash flows (used in) / generated from financing activities		<u>(47,459,879)</u>	<u>40,785,477</u>
Net change in cash and cash equivalents		<u>(18,861,560)</u>	<u>(18,476,804)</u>
Cash and cash equivalents at the beginning of the period		43,495,722	68,028,177
Cash and cash equivalents at the end of the period		<u>24,634,162</u>	<u>49,551,313</u>

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 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 30 September 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	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 (Continued)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

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 shareholders' 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 recognized in the consolidated statement of profit or loss. Inter -group balances and transactions, and any unrealized 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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

6. TRADE RECEIVABLE AND OTHER DEBIT BALANCES, NET

	Note	September 30, 2023	December 31, 2022
		(Unaudited)	(Audited)
Trade receivables	6-1	324,854,536	292,071,325
Less: impairment in value of trade receivables	6-2	(15,376,265)	(17,848,233)
Retention receivables		91,880,816	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	(6,684,087)	(5,784,087)
Trade receivables, net		388,777,933	351,636,469
Advances to suppliers		9,974,528	9,456,216
Prepaid expenses		2,490,736	2,292,472
Employee loans		1,397,800	1,650,863
Margin deposits		1,735,511	355,523
Other receivables		558,990	3,436,257
		404,935,498	368,827,800
Trade receivables and other debit balances is classified in the interim condensed consolidated statement of financial position as follows:			
Current assets		400,402,689	339,723,900
Non-current assets		4,532,809	29,103,900
		404,935,498	368,827,800

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:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	17,848,233	25,139,157
Charged / (reversal) for the period / year	1,800,000	(6,446,766)
Write off during the period / year	(4,271,968)	(844,158)
Balance at the end of the period / year	15,376,265	17,848,233

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

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	5,897,067	2,846,060
Charged for the period / year	-	3,051,007
Balance at the end of the period / year	5,897,067	5,897,067

MIDDLE EAST SPECIALIZED CABLES COMPANY**(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 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:**

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	5,784,087	4,833,543
Charged for the period / year	900,000	1,200,000
Write off during the period / year	-	(249,456)
Balance at the end of the period / year	6,684,087	5,784,087

7. INVENTORIES, NET

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Finished goods	105,418,316	84,162,266
Raw and packing materials	44,323,169	79,578,091
Work in process	39,207,686	43,031,829
Spare parts	8,239,994	7,729,717
Goods in transit	2,666,762	353,225
	199,855,927	214,855,128
Less: impairment in value of inventory	(14,572,863)	(9,163,981)
	185,283,064	205,691,147

Movement in the impairment in value of inventory:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	9,163,981	14,557,213
Charged for the period / year	5,408,882	1,603,214
Write off during the period / year	-	(6,996,446)
Balance at the end of the period / year	14,572,863	9,163,981

8. SHARE CAPITAL

The Company has 40 million shares of SAR 10 each in issue as at 30 September 2023 and 31 December 2022. There were no movements in share capital during the reporting period.

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

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Total loans	18,817,759	37,635,519
Less: current portion included in current liabilities	(18,817,759)	(37,635,519)
	-	-

The movement of long-term loans is as follows:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	37,635,519	75,271,039
Paid during the period / year	(18,817,760)	(37,635,520)
Balance at the end of the period / year *	18,817,759	37,635,519

* The outstanding balance of long-term loans at the end of the period / year are reported in the current liabilities section under long term loans - current portion.

MIDDLE EAST SPECIALIZED CABLES COMPANY**(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023****(All amounts are in Saudi Riyals unless otherwise stated)****9. LOANS (CONTINUED)****9-2 Short-term loans**

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Murabaha loan	22,454,092	48,000,000
Bank Borrowing	10,158,664	13,200,875
	32,612,756	61,200,875

The movement of short-term loans is as follows:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	61,200,875	-
Proceeds during the period / year	132,348,280	114,627,738
Paid during the period / year	(160,936,399)	(53,426,863)
Balance at the end of the period / year	32,612,756	61,200,875

10. TRADE PAYABLE AND OTHER CREDIT BALANCES

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Trade payables	178,618,419	197,403,239
Accrued expenses	33,269,530	27,871,770
Advances from customers	23,269,933	12,498,055
VAT payables	5,833,561	5,852,933
Directors' remuneration payable	3,583,045	2,552,511
Dividends Payable	41,187	41,187
Other payables	9,877,778	5,575,354
	254,493,453	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:

		September 30, 2023	December 31, 2022
		(Unaudited)	(Audited)
Middle East Fiber Cables	Sales of goods	260,311	948,315
	Purchases	1,275,756	5,142,813
MESC for Medium and High Voltage Cables Company	Provision provided	1,445,269	-
Contractors Services Co.	Sales of goods	531,013	472,880

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

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Due from a related party:		
MESC for Medium and High Voltage Cables Company	24,830,279	24,830,279
Less: Impairment in value of due from a related party	(24,830,279)	(23,385,010)
	-	1,445,269
Due to related parties:		
Middle East Fiber Cables	155,479	344,995
Middle East Specialized Cables Company- Jordan (MESC Jordan)	11,872,237	11,872,237
	12,027,716	12,217,232

MIDDLE EAST SPECIALIZED CABLES COMPANY**(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 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:

	<u>September 30, 2023</u> (Unaudited)	<u>December 31, 2022</u> (Audited)
Balance at the beginning of the period / year	23,385,010	23,385,010
Charged for the period / year	1,445,269	-
Balance at the end of the period / year	24,830,279	23,385,010

12. PROVISION FOR ZAKAT

The movement in Zakat provision is as follows:

	<u>September 30, 2023</u> (Unaudited)	<u>December 31, 2022</u> (Audited)
Balance at the beginning of the period / year	47,158,565	27,234,952
Charged for the period / year	6,641,911	9,837,974
Additional provision for previous years	3,000,000	21,041,576
Paid during the period / year	(10,970,175)	(10,955,937)
Balance at the end of the period / year	45,830,301	47,158,565

13. EARNING (LOSS) PER SHARE

The calculation of basic/diluted earnings (loss) per share is based on the profit (loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. Earnings per share as at September 30, 2023 has been calculated on the basis of the weighted average number of shares outstanding during the period amounting to 40,000,000 shares (September 30, 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.

	<u>September 30, 2023</u> (Unaudited)	<u>September 30, 2022</u> (Unaudited)
Profit (loss) from operations	56,291,977	(251,792)
Net profit (loss) for the period	38,426,716	(11,518,128)
Weighted average number of shares	40,000,000	40,000,000
Basic and diluted earnings (loss) per share from profit (loss) from operations	1.41	(0.01)
Basic and diluted earnings (loss) per share from net profit (loss) for the period	0.96	(0.29)

14. COMMITMENTS AND CONTINGENCIES

The Group had capital commitments of SAR 6.4 million (December 31, 2022: SAR 6.7 million) and contingencies in the form of letters of credit and guarantees of SAR 95 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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 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		Nine months period ended	
	September 30, 2023		September 30, 2023	
	(Unaudited)		(Unaudited)	
	Revenue	Profit before zakat for the period	Revenue	Profit before zakat for the period
Revenue and profit before zakat by segment				
Saudi Arabia	156,687,100	15,629,594	453,233,985	43,452,964
United Arab Emirates	94,961,285	3,824,227	259,357,523	4,951,063
Intersegment elimination	(21,755,188)	(678,292)	(48,221,357)	(335,400)
	<u>229,893,197</u>	<u>18,775,529</u>	<u>664,370,151</u>	<u>48,068,627</u>

	September 30, 2023	
	(Unaudited)	
	Total Assets	Total Liabilities
Segment total assets and liabilities		
Saudi Arabia	640,880,211	273,429,517
United Arab Emirates	248,918,225	196,352,392
Intersegment elimination	(128,815,253)	(75,521,468)
	<u>760,983,183</u>	<u>394,260,441</u>

	Three months period ended		Nine months period ended	
	September 30, 2022		September 30, 2022	
	(Unaudited)		(Unaudited)	
	Revenue	Profit / (loss) before zakat for the period	Revenue	Profit / (loss) before zakat for the period
Revenue and profit / (loss) before zakat for the period by segment				
Saudi Arabia	131,169,768	7,191,038	405,505,767	5,627,080
United Arab Emirates	88,436,409	(4,122,387)	219,028,697	(9,300,321)
Intersegment elimination	(19,033,468)	(324,979)	(38,230,986)	(373,267)
	<u>200,572,709</u>	<u>2,743,672</u>	<u>586,303,478</u>	<u>(4,046,508)</u>

	December 31, 2022	
	(Audited)	
	Total Assets	Total Liabilities
Segment total assets and liabilities		
Saudi Arabia	654,337,410	326,008,220
United Arab Emirates	228,168,017	180,553,245
Intersegment elimination	(114,426,619)	(66,778,683)
	<u>768,078,808</u>	<u>439,782,782</u>

MIDDLE EAST SPECIALIZED CABLES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

(All amounts are in Saudi Riyals unless otherwise stated)

15. SEGMENT INFORMATION (CONTINUED)

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. 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 balance sheet 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's business.

17. DIVIDENDS

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

18. 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.

19. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of directors of the Company on 15 Rabi Al-Akher 1445H (Corresponding to 30 October 2023).