PROSPECTUS

Offering of 20,000,000 Ordinary Shares at an Offer Price of SAR 10 per share through a rights issue. The Offering represents an increase of SAR 200,000,000 in the Company's share capital, which represents a 50% increase of the Company's share capital

Middle East Specialized Cables Company (MESC)
A Saudi joint stock company pursuant to the Ministerial Resolution No. 195/Q dated 21/7/1428H (corresponding to 04/08/2007G)
Registered under Commercial Registration No. 1010102402 dated 10/05/1413H (corresponding to 04/11/1992G)
First Offering Period from 27/10/1434H (corresponding to 3/9/2013G) to 6/11/1434H (corresponding to 12/9/2013G)
Second Offering Period from 9/11/1434H (corresponding to 15/9/2013G) to 11/11/1434H (corresponding to 17/9/2013G)

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MESC

Middle East Specialized Cables Company (referred to as "MESC" or the "Company") was established as a Saudi limited liability company under Commercial Registration Number 1010102402 dated 10/05/1413H (corresponding to 04/11/1992G). MESC was converted into a Saudi joint stock company pursuant to the Ministerial Resolution No. 195/Q dated 21/07/1428H (corresponding to 04/08/2007G) declaring the conversion of the Company into a Saudi joint stock Company with a share capital of SAR 320,000,000 (three hundred twenty million Saudi Riyals) divided into 32,000,000 (thirty million) shares with a nominal value of SAR 10 (ten Saudi Riyals) each (referred to as the "Shares"). The Company capital was increased through the capitalization of retained earnings from SAR 320,000,000 (three hundred twenty million Saudi Riyals) (32,000,000 shares) to SAR 400,000,000 (four hundred million Saudi Riyals) (40,000,000 shares) through issuance of 8,000,000 (eight million) new shares.

The Company's Board of Directors recommended in its meeting held on 26/05/1433H (corresponding to 18/04/2012G) to increase the Company's capital from SAR 400,000,000 (four hundred million Saudi Riyals) to SAR 600,000,000 (six hundred million Saudi Riyals) after obtaining the necessary regulatory approvals. On 20/10/1434H (corresponding to 27/8/2013G), the extraordinary general assembly ("EGM") agreed to the Board of Directors recommendation to increase the Company's capital. The Company's major shareholders are Mr. Abdullah Mohammad Al Namlah with 7.3%, Abdulaziz Mohammad Al Namlah Group Holding with 7.5% and Mansour Abdulaziz Mohammad Kaaki with 6.4% as at the date of this Prospectus.

The Rights Issue (the "Offering") will be of (20,000,000) new shares (the "Rights Issue Shares" or "New Shares") at an offer price of SAR (10) per share (the "Offer price") with a nominal value of SAR 10 (ten Saudi Riyals) each, thereby increasing the Company's share capital from SAR 400,000,000 (four hundred million Saudi Riyals) to SAR 600,000,000 (six hundred million Saudi Riyals).

The Offering will be issued as tradable securities (referred to collectively as the "Rights" and each a "Right") to registered shareholders in the Company (referred to collectively as the "Registered Shareholders" and each a "Registered Shareholder") as at the close of trading on the date of the EGM Meeting on 20/10/1434H (corresponding to 27/8/2013G) (the "Eligibility Date"), provided that such Rights are deposited in the Registered Shareholders' accounts within two days of the Eligibility Date in the amount of (1) Right(s) for each (2) shares of the Company's shares. Each Right grants its holder eligibility to subscribe in one New Share at the Offer Price. Registered Shareholders and the public may trade the Rights on the Saudi Stock Exchange ("Tadawul" or the "Exchange") during the period from Tuesday 27/10/1434H (corresponding to 3/9/2013G) until the close of Trading on Thursday 6/11/1434H (corresponding to 12/9/2013G) (the "Trading Period").
The subscription for the New Shares will be in two phases:

(a) First Offering Period: from Tuesday 27/10/1434H (corresponding to 3/9/2013G) until the end of the day on Thursday 6/11/1434H (corresponding to 12/9/2013G) (the "First Offering Period"), during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM Meeting. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The first Offering period coincides with the Trading Period during which Registered Shareholders and the public may trade in the Rights.

(b) Second Offering Period: from Sunday 9/11/1434H (corresponding to 15/9/2013G) until the end of the day on Tuesday 11/11/1434H (corresponding to 17/9/2013G) (the "Second Offering Period"), during which all Rights' holders whether Registered Shareholders or purchasers of Rights during the Trading Period (referred to collectively as "Eligible Persons", and each an "Eligible Person"), may exercise their Rights to subscribe. No trading of Rights shall take place in this period.
Subscription Application Forms may be submitted in during both the First and Second Offering Periods at any of the branches of the Receiving Agents (the "Receiving Agents") listed in pages (I) of this Prospectus.

In the event that any Shares remain unsubscribed for in the First and Second Offering Periods (the "Rump Shares"), they will be offered to a number of institutional investors (referred to as "Institutional Investors") procured by the Lead Manager following discussions with the Company, provided that such institutional investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 AM on Sunday 16/11/1434H (corresponding to 22/9/2013G) until the following day at 10:00 AM on Monday 17/11/1434H (corresponding to 23/9/2013G). This offering will be referred to as the "Rump Offering". The Rump Shares will be allocated to Institutional Investors in order of the value of the offers with the highest first until all of the Rump Shares have been allocated, with the Rump Shares being proportionally divided among Institutional Investors that tendered at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of Rump Shares and fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the paid Offer Price shall be distributed to the Eliglible Persons pro rata to their entitlement on Tuesday 25/11/1434H (corresponding to 1/10/2013G).

In the event that the Rump Shares are not purchased by the Institutional Investors, such shares will be allocated to the Underwriter, which will purchase the same at the Offer price (please see section 14 – "Subscription Terms and Conditions"). After the completion of the Offering, the Company's share capital will become SAR 600,000,000 (six hundred million Saudi Riyals) and the number of the Company's shares will be 60,000,000 (sixty million) shares. The net proceeds of the Offering will be utilized for: (1) the repayment of a part of the term loan, (2) repayment of a part of the Company's working capital facilities, and (3) the Company's general purposes (Please see section 9 – "Use of Offering Proceeds"). The final allocation will be announced on Sunday 23/11/1434H (corresponding to 29/9/2013G) at the latest ("Allocation Date") (Please see section 14 "Subscription Terms and Conditions - Allocation").

The Company has only one class of Shares and no shareholder will have any preferential voting rights. The New Shares will be fully paid and rank pari passu with the existing Shares. Each Share entitles its holder to one vote and each shareholder with at least twenty (20) Shares has the right to attend and vote at the general assembly meetings ("General Assembly Meeting") of the Company. The New Shares will be entitled to receive their portion of any dividends declared by the Company, if any, for future financial years (Please see section 8 "Dividends Distribution Policy" and section 2 "Risk Factors - Dividends Payment").

Currently, the Company's existing Shares are traded on Tadawul. The Company has made an application to the Capital Market Authority in the Kingdom of Saudi Arabia ("CMA") for the admission of the New Shares to the Official List. Approval of this Prospectus has been granted and all supporting documents requested by the CMA have been completed. Trading in the New Shares is expected to commence on the Exchange soon after the final allocation of the New Shares (see "Key Dates for Subscribers"). Following the commencement of trading in the Shares, Saudi nationals and residents, GCC nationals, Saudi companies, banks and funds, GCC companies and establishments, foreigners investors from outside the Kingdom (through swap agreements) will be allowed to trade in the Shares. The "Important Notice" and "Risk Factors" sections of this Prospectus should be read in whole and carefully by all eligible investors prior to making a decision to invest in the New Shares offered hereby.

Financial Advisor, Lead Manager and Underwriter

GIB جي آي بي كابيتال CAPITAL

Receiving Agents

البنك السعودي للاستثمار The Saudi Investment Bank | البنك السعودي الفرنسي Banque Saudi Fransi | بنك الرياض riyad bank | بنك الجزيرة BANK ALJAZIRA | samba سامبا | NCB الأهلي

"This Prospectus includes information given in compliance with the Listing Rules of the CMA. The Directors whose names appear on page (D), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange take no responsibility for the contents of this Prospectus, do not make any assurances as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from reliance upon any part of this Prospectus"

This Prospectus is issued on 21/10/1434H (Corresponding to 28/8/2013G).

English Translation of the Official Arabic Prospectus.

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MESC

IMPORTANT NOTICE

This Prospectus provides full details of information relating to Middle East Specialized Cables Company ("the Company" or "MESC") and the Shares being offered. In subscribing for New Shares, investors will be treated as applying on the basis of the information contained in this Prospectus, copies of which are available for collection from the Company's head office, Lead Manager and Receiving Agents or by visiting both the Company's website: www.mesccables.com or the CMA's website: www.cma.org.sa.

GIB Capital was appointed by the Company to act as the Financial Advisor ("Financial Advisor"), Lead Manager ("Lead Manager") and Underwriter ("Underwriter") in relation to the Rights Issue offering to increase the Company capital ("Offering").

This Prospectus includes details given in compliance with the Listing Rules of the CMA. The directors, whose names appear on page [H], collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

The Company has made all reasonable inquiries as to the accuracy of the information contained in this Prospectus as at the date hereof. Substantial portions of the market and industry information herein are derived from external sources. Neither the Company, the Financial Advisor nor any of the Company's Advisors - whose names appear on pages "[G]"- have any reason to believe that any of the market and industry information is materially inaccurate. Such information has not been independently verified and no representation or warranty is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the financial position of the Company and the value of the Shares may be adversely effected by future developments in inflation, interest rates, taxation, economic, political and other factors, over which the Company has no control. Neither the delivery of this Prospectus nor any oral, written or printed communication in relation to the New Shares is intended to be, or should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

The Prospectus is not to be regarded as a recommendation on the part of the Company, its directors, any of its advisors to participate in the Offering. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into consideration the individual investment objectives, financial condition or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice in relation to the Offering and for considering the appropriateness of the information herein with regard to the recipient's individual objectives, financial situations and needs.

The Offering is directed at the Registered Shareholders and the public during the period from Tuesday 27/10/1434H (corresponding to 3/9/2013G), until the end of trading on the day of Thursday 6/11/1434H (corresponding to 12/9/2013G) provided that the subscription in the New Shares shall be carried out through two phases:

(a) First Offering Period: from Tuesday 27/10/1434H (corresponding to 3/9/2013G) until the end of the day of Thursday 6/11/1434H (corresponding to 12/9/2013G), during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM Meeting. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The first Offering period coincides with the Trading Period during which Registered Shareholders and the public may trade in the Rights.

(b) Second Offering Period: from Sunday 9/11/1434H (corresponding to 15/9/2013G) until the end of the day of Tuesday 11/11/1434H (corresponding to 17/9/2013G), during which all Rights' holders whether Registered Shareholders or purchasers of Rights during the Trading Period, may exercise their Rights to subscribe. No trading of Rights shall take place in this period.

In the event that any Shares remain unsubscribed for in the First and Second Offering Periods (the "Rump Shares"), they will be offered to a number of Institutional Investors procured by the Lead Manager following discussions with the Company, provided that such institutional investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 AM on Sunday 16/11/1434H (corresponding to 22/9/2013G) until the following day at 10:00 AM on 17/11/1434H (corresponding to 23/9/2013G). The Rump Shares will be allocated to Institutional Investors in order of the value of the offers with the highest first until all of the Rump Shares have been allocated, with the Rump Shares being proportionally divided among Institutional Investors that tendered at the same price.

Fractional Shares will be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of Rump Shares and fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the paid Offer Price shall be distributed to the Eligible Persons pro rata to their entitlement on 25/11/1434H (corresponding to 1/10/2013G).

The Offering of the New Shares according to this Prospectus is subject to the Shareholders approval. An invitation for convening the EGM to approve the Offering held on 20/10/1434H (corresponding to 27/8/2013G). The Investors should know that a failure to obtain the Shareholders' approval of the Offering will prevent the issuance thereof, in which case this Prospectus would become void. If this is the case, Shareholders will be notified accordingly.

Financial Information

The audited consolidated financial statements for the years ended 31 December, 2009G, 2010G, 2011G, and 2012G, and the notes thereto, have been prepared in conformity with the Generally Accepted Accounting Principles issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The Company publishes its financial statements in Saudi Arabian Riyals ("SAR").

Market and Industry Information

The source of information relating to the market and industry data stated in this Prospectus is Integer Research Ltd. ("Market Consultant"). Integer is a London-based company established in 2002G providing information services and consultancy in a range of commodity industries. Integer provides an array of information, reports, and consultancy services to the wire & cable, steel, and aluminum industries. Integer has extensive experience in analyzing companies and industry market trends, and has undertaken many consultancies and worked widely with major international cables producers from Japan, Germany, France, Italy, USA, South Korea, and other countries.

The data stated in "Market Overview" Section is derived from a market study performed by the Market Consultant and commissioned by the Company. The Company believes that the information and data mentioned in this Prospectus is accurate. However, the Company did not, nor any of its directors or advisors, independently verify such information and data; thus, they cannot guarantee its accuracy, validity or completeness.

It should be noted that the Market Consultant, its shareholders, directors, or any of their relatives, do not hold any shares or interests of any type in the Company or its subsidiaries. The Market Consultant has granted, and has not withdrawan as of the date of this Prospectus, its written consent upon the use of its data and market research contained in this Prospectus.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions. Future operating conditions may materially differ from the assumptions used and consequently no guarantee or undertaking is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "anticipates", "intends", "estimates", "believes", "expects", "are expected", "may", "may be", "is possible", "will", "perhaps", or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events, and are not a guarantee nor a confirmation of the Company's actual future performance. Many factors could cause the actual performance, achievements or results of the Company to be significantly different from any future performance, achievements or results of the Company that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (see "Risk Factors" section). Should any one or more of the risks materialize or any underlying forecasts or estimates prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Listing Rules, MESC must submit a supplementary prospectus to the CMA if at any time after the Prospectus has been approved by the CMA and before admission to the Official List, MESC becomes aware that: (1) there has been a significant change in material matters contained in the Prospectus or any document required by the Listing Rules, or (2) additional significant matters have become known which would have been required to be included in the Prospectus. Except in the two aforementioned circumstances, MESC does not intend to update or otherwise revise any industry or market information or forward-looking statements in this

Prospectus, whether as a result of new information, future events or otherwise. As a result of these risks, uncertainties and estimates, the forward-looking events, circumstances and forecasts discussed in this Prospectus might not occur in the way the Company expects, or at all. Investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Corporate Directory

Directors

Name	Title	Nationality	Age	Membership Status	Appointment Date	Representation	Number of Owned Shares
Abdulaziz Bin Mohammad Al Namlah	Chairman	Saudi	60	Non-executive/ Non-independent	26/07/2007G	Abdulaziz Mohammad Al Namlah Group Holding	1,000
Abdul Raouf Bin Walid Al Bitar	Director	Saudi	54	Non-executive/ Non-independent	15/01/2008G	Lama Holding Company – Lama Ismail Fawzi Abu Khadra	1,250
Suleiman Bin Mohammad Al Namlah	Director	Saudi	51	Non-executive / Non-independent	26/07/2007G	-	570,000
Tariq Bin Jawad Al Sakka*	Director	Saudi	46	Non-executive/ Non-independent	15/01/2008G	-	1,250
Abdullah Bin Abdulrahman Al Obeikan	Director	Saudi	49	Non-executive/ Non-independent	03/07/2010G	-	10,000
Suleiman Bin Abdullah Al Hamdan*	Director	Saudi	58	Non-executive/ Independent	15/01/2008G	-	1,277
Yahya Bin Ibrahim Al Qunaibet	Director	Saudi	62	Non-executive/ Independent	15/01/2008G	-	1,253
Zaid Bin Abdulrahman Quwaiz	Director	Saudi	49	Non-executive/ Independent	03/07/2010G	-	1,000
Saad Bin Saleh Azzurri	Director	Saudi	53	Non-executive/ Independent	15/08/2011G	-	1,100

*It was agreed to elect two alternate directors for Tariq Al Sakka and Suleiman Al Hamdan. The alternate directors are Mohammad Awad Al-Juaid and Mohammad Abdulaziz Al Namlah. The election took place on 03/06/2013G, and the new directors' membership starts as of 02/07/2013.

Source: the Company

Company's Address

Middle East Specialized Cables Company (MESC)

King Abdulaziz Street

Salahuddin Ayubi Road

P. O. Box 60536

Riyadh 11555

Kingdom of Saudi Arabia

Tel: +966 11 476 7373

Fax: +966 11 472 3192

Website: www.mesccables.com

E-mail: general@mesccables.com

Secretary of the Board of Directors

Abdulaziz Bin Mohammad Al Ogaiel

P.O. Box 60536

Riyad 11555

Sitteen Street, Al Malaz, Riyadh

Kingdom of Saudi Arabia

Tel: +966 11 476 7373

Fax: +966 11 472 3192

E-mail: abdulaziz.ogaiel@mesccables.com

Website: www.mesccables.com

Company's Authorized Representatives

Abdulaziz Bin Mohammad Al Namlah

P.O. Box 60536

Riyadh 11555

King Abdulaziz Street, Riyadh

Kingdom of Saudi Arabia

Tel: +966 11 476 7373

Fax: +966 11 472 3192

E-mail: president@amnestgroup.com

Website: www.mesccables.com

Abdulaziz Bin Abdullah Duailej

P.O. Box 60536

Riyadh 11555

Sitteen Street, Al Malaz, Riyadh

Kingdom of Saudi Arabia

Tel: +966 11 476 7373

Fax: +966 11 472 3192

E-mail: duailej@mesccables.com

Website: www.mesccables.com

Share Registrer

Tadawul

Abraj Attuwenya - King Fahad Road

P.O. Box 60612

Riyadh 11555

Kingdom of Saudi Arabia

Tel: +966 11 218 1200

Fax: +966 11 218 1220

E-mail: webinfo@tadawul.com.sa

Website: www.tadawul.com.sa

Main Banks of MESC

Saudi Hollandi Bank
Prince Abdulaziz bin Musaed bin Jalawy Street, Riyadh
P.O. Box 1467 Riyadh 11432
Kingdom of Saudi Arabia
Tel: +966 11 401 0288, Fax: +966 11 403 1104
Website: www.shb.com.sa
E-mail: csc@saudihollandibank.com

Riyad Bank
King Abdulaziz Street, Riyadh
P.O. Box 22622 Riyadh 11416
Kingdom of Saudi Arabia
Tel: +966 11 401 0303, Fax: +966 11 404 2618
Website: www.riyadbank.com
E-mail: customercare@riyadbank.com

Arab National Bank
King Faisal Street, Riyadh
P.O. Box 9802 Riyadh 11423
Kingdom of Saudi Arabia
Tel: +966 11 402 9000, Fax: +966 11 402 7747
Website: www.anb.com.sa
E-mail: info@anb.com.sa

Saudi British Bank
Prince Abdulaziz bin Musaed bin Jalawy Street, Riyadh
P.O. Box 9084 Riyadh 11413
Kingdom of Saudi Arabia
Tel: +966 11 405 0677, Fax: +966 11 477 0660
Website: www.sabb.com
E-mail: sabb@sabb.com

Banque Saudi Fransi
Al Maathar Street, Riyadh
P.O. Box 56006 Riyadh 11554
Kingdom of Saudi Arabia
Tel: +966 11 404 2222, Fax: +966 11 402 2311
Website: www.alfransi.com.sa
E-mail: communications@alfransi.com.sa

Al Rajhi Bank
Olayan Street, Riyadh
P.O. Box 28 Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 11 462 9922
Fax: +966 11 462 4311
Website: www.alrajhibank.com.sa
E-mail: contactcenter1@alrajhibank.com.sa

Advisors

Financial Advisor ,Lead Manager and Underwriter

GIB Capital

Abraj Attuwenya, King Fahad Road

P.O. Box 89589 Riyadh 11673

Kingdom of Saudi Arabia

Tel: +966 11 218 0555

Fax: +966 11 218 0055

Website: N/A

E-mail: contact@gibcapital.com

Legal Advisor

Legal Advisors in association with Baker & McKenzie Limited

Olayan Tower, Al Ahsa Road, Riyadh

P.O. Box 4288, Riyadh 11491

Kingdom of Saudi Arabia

Tel: +966 11 291 5561

Fax: +966 11 291 5571

Website: www.bakermckenzie.com

E-mail: legaladvisors@bakermckenzie.com

Financial Due Diligence Advisor

Deloitte Transaction Services

Abraj Attuwenya, King Fahad Road

P.O. Box 213

Riyadh 11411

Kingdom of Saudi Arabia

Tel: + 966 11 288 8614

Fax: +966 11 465 4719

Website: www.deloitte.com

E-mail: N/A

Advertising and PR Communication

ADVERT ONE

Al-Showaf International Company

Al-Safowa Center, Al-Sulamaniah

P O Box: 43307, Riyadh, 11561

Kingdom of Saudi Arabia

Tel: +966 11 2886632

Fax: +966 11 2886631

www.advert1.com

Auditors and Accountants

Ernst & Young
Al Faisaliah Tower, King Fahad Road
P.O. Box 2732 Riyadh 11461
Kingdom of Saudi Arabia
Tel: +966 11 215 9898
Fax: +966 11 273 4730
Website: www.ey.com
E-mail: riyadh@ey.com

Deloitte & Touche Bakr Abulkhair & Co.
Al Sulaimaniyah, Prince Turki Bin Abdullah Street
P.O. Box 213
Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 11 282 8400
Fax: +966 11 293 0880
Website: www.deloitte.com
E-mail: N/A

Market Consultant

Integer Research Limited
40 Featherstone Street
London EC1Y 8RE
United Kingdom
Tel: +44 20 7503 1265
Fax: +44 20 7503 1266
Website: www.integer-research.com
E-mail: N/A

Disclaimer:

The above mentioned advisors have given, and not withdrawn until the date of this Prospectus, their written consent on the reference to their names, logos, and on the publication of their statements (in the case of the Market Consultant) in the form and content set out in this Prospectus. It should be noted that none of those parties or their employees do hold any shares or interests of any type in the Company or any of its subsidiaries as of the date of this Prospectus.

Receiving Agents

Banque Saudi Fransi
Al Maathar Street, Riyadh
P.O. Box 56006 Riyadh 11554
Kingdom of Saudi Arabia
Tel: +966 11 404 2222
Fax: +966 11 402 2311
Website: www.alfransi.com.sa
E-mail: communications@alfransi.com.sa

Samba Financial Group
King Abdulaziz Street, Riyadh
P.O. Box 833 Riyadh 11421
Kingdom of Saudi Arabia
Tel: +966 11 477 4770
Fax: +966 11 479 9402
Website: www.samba.com
Email: customercare@samba.com

National Commercial Bank
King Abdulaziz Street, Jeddah
P.O. Box 3555 Jeddah 21481
Kingdom of Saudi Arabia
Tel: +966 2 649 3333
Fax: +966 2 264 7426
Website: www.alahli.com
Email: contactus@alahli.com

Bank AlJazira
King Abdulaziz Street, Jeddah
P.O. Box 6277 Jeddah 21442
Kingdom of Saudi Arabia
Tel: +966 2 609 8888
Fax: +966 2 609 8881
Website: www.baj.com.sa
E-mail: info@baj.com.sa

Riyad Bank
King Abdulaziz Street, Riyadh
P.O. Box 22622 Riyadh 11416
Kingdom of Saudi Arabia
Tel: +966 11 401 3030
Fax: +966 11 404 2707
Website: www.riyadbank.com.sa
E-mail: customercare@riyadbank.com

The Saudi Investment Bank
Al Maathar Street, Riyadh
P.O. Box 3533 Riyadh 11481
Kingdom of Saudi Arabia
Tel: +966 11 477 8433
Fax: +966 11 473 1987
Wesbite: www.saib.com.sa
E-mail: ir@saib.com.sa

Summary of the Offering	
The Company	Middle East Specialized Cables Company is a Saudi joint-stock company established pursuant to the Ministerial Resolution No. 195/Q dated 21/07/1428H (corresponding to 04/08/2007G). The Company conducts its business pursuant to Commercial Registration No. 1010102402 dated 10/05/1413H (corresponding to 04/11/1992G) issued in Riyadh.
The Company's Activity	• Production of electrical, telecommunications, television, computer cables and wires. The cables are classified in three categories: industrial cables, building and equipment cables, power cables. • Whole and retail sale of cables and wires. • Establishment of centers for installing and maintaining materials, cables, wires and equipment.
Offering Nature	Capital increase through a Rights Issue.
Number of existing shares issued prior to the Offering	40,000,000 ordinary shares fully paid up.
Nominal Value	SAR 10 per share.
Company's capital prior to the Offering	SAR 400,000,000.
Total Number of New Shares	20,000,000 shares.
Offer Price	SAR 10 per share representing the price for subscribing for a New Share.
Total Offering value	SAR (200,000,000).
Amended Price	The Company's share price, as at the close of trading on the day of the EGM meeting, and after the approval of the capital increase by the shareholders, was amended to be SAR 14.8 per share. This represents a price reduction of SAR 2.4 per share.
Registered Shareholders	Shareholders registered in the Company's Register as at the close of trading on the day of the EGM meeting.
Rights Issue	Rights are issued as tradable securities giving their holders the priority to subscribe for the New Shares, upon approval of the capital increase. All shareholders registered in the Company's Register at the end of the day of the EGM meeting will be entitled to receive Rights. Each Right grants its holder eligibility to subscribe in one New Share at the Offer Price. Rights will be deposited within two days after the date of the EGM meeting. The rights will appear in the accounts of the Registered Shareholders under a new symbol specifying the Rights Issue. The Registered Shareholders will be informed of the deposit of the Rights in their accounts.
New Shares	The Shares offered for subscription by Registered Shareholders resulting from the Capital increase of the Company.
Rights Issue Ratio	(1) Right for every (2) existing Share owned by a Registered Shareholder. This ratio is the outcome of dividing the number of New Shares by the number of the Company's existing shares.
Number of Issued Rights	20,000,000 rights.

Summary of the Offering	
Number of Underwritten New Shares	20,000,000 shares.
Value of Underwritten New Shares	SAR 200,000,000.
Number of Issued Shares (post capital increase)	60,000,000 shares.
Company's Share Capital (post capital increase)	SAR 600,000,000.
Percentage of Capital Increase	The Company's capital will be increased by SAR 200,000,000 representing an increase of approximately 50% of the Company's capital prior to the Offering.
Offering Expenses	SAR (6,000,000).
Total Offering Proceeds after Deducting the Offering Costs	SAR (194,000,000).
Eligibility Date	Close of trading on the day of the EGM meeting voting on the increase in the Company's capital according to the Board recommendation on 20/10/1434H (corresponding to 27/8/2013G).
First Offering Period	The Period from Tuesday 27/10/1434H (corresponding to 3/9/2013G) until the end of the day of Thursday 6/11/1434H (corresponding to 12/9/2013G) during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM meeting. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The first Offering period coincides with the Trading Period during which Registered Shareholders and the public may trade in the Rights.
Trading Period	From Tuesday 27/10/1434H (corresponding to 3/9/2013G) until the end of day of Thursday 6/11/1434H (corresponding to 12/9/2013G) during which Registered Shareholders and the public may trade the Rights.
Second Offering Period	The period from Sunday 9/11/1434H (corresponding to 15/9/2013G) until the end of the day of Tuesday 11/11/1434H (corresponding to 17/9/2013G) during which all Rights' holders whether Registered Shareholders or purchasers of Rights during the Trading Period, may exercise their Rights to subscribe in New Shares. No trading of Rights shall take place in this period.
Rump Shares	The New Shares which were not subscribed for during the First and Second Offering Periods.

Summary of the Offering	
Rump Offering	The Rump Shares will be offered to a number of Institutional Investors procured by the Lead Manager following discussions with the Company, provided that such institutional investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 AM on Sunday 16/11/1434H (corresponding to 22/9/2013G) until the following day at 10:00 AM on 17/11/1434H (corresponding to 23/9/2013G). The Rump Shares will be allocated to Institutional Investors in order of the value of othe offers with the highest first until all of the Rump Shares have been allocated, with the Rump Shares being proportionally divided among Institutional Investors that tendered at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner.
Eligible Persons	All holders of Rights, whether they are Registered Shareholders or purchasers of Rights during the Trading period.
Listing of/Trading in the Rights Issue	“Tadawul” is preparing mechanisms regulating the trading of the Rights in its system. A separate symbol will be given to MESC Rights Issue (separate from the MESC trading symbol for the existing Shares on the Tadawul screen). Registered Shareholders shall have the following options during the offering and trading period of the trading of the Rights: 1. Keeping the Rights as at the Eligibility Date and exercising their Rights to subscribe in the New Shares. 2. Selling the Rights or a part thereof through the Exchange. 3. Purchasing additional Rights on the Exchange. 4. Refraining from taking any action relating to the Rights, whether selling the Rights or exercising the right to subscribe for the same. The Rump Shares resulting from not exercising the Rights or selling the same will be offered in the Rump Offering. The public may, during the Trading Period, purchase and sell Rights through the Exchange and (provided the Rights are held until the end of the First Offering Period) may exercise such Rights to subscribe for New Shares, only during the Second Offering Period. The “Tadawul” system will cancel MESC Rights Issue symbol on the Tadawul screen after the end of the Trading Period. Therefore, the Rights trading will end with the end of the Trading Period.
Indicative Value of the Right	The indicative value of a Right reflects the difference between the Company’s share market value during the Trading Period and the Offer Price. Tadawul will continuously calculate and publish the indicative value of a Right during the First Offering Period on its website with 5 minutes delay. The market information service providers will also publish this information. This will allow investors to be informed of the indicative value of a Right when entering the orders.
Right Trading Price	The price at which the Right is traded. This price is set through the market offer and demand mechanism; therefore, it may differ from the Indicative Value of the Right.

Summary of the Offering	
Exercising the Issued Rights	Eligible Persons may subscribe for New Shares by completing a Subscription Application Form and paying the relevant fee at the Receiving Agents' branches or by subscribing electronicaly through the Receiving Agents offering such services to Applicants. Eligible Persons may exercise their Rights as follows: 1- During the First Offering Period, only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM meeting. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The First Offering period coincides with the Trading Period during which Registered Shareholders and the public may trade in the Rights. 2- During the Second Offering Period, all Rights' holders, whether Registered Shareholders or purchasers of Rights during the Trading Period, may exercise their Rights to subscribe. No trading of Rights shall take place in this period. In the event that Rights have not been exercised by Eligible Persons before the end of the Second Offering Period, the Rump Shares resulting from the unexercised Rights or failure to sell the Rights will be offered in the Rump Offering.
Public	The public, including all institutional and individual investors.
Use of Offering proceeds	The total proceeds of this Offering are estimated at SAR 200,000,000 (see "Use of Offering Proceeds" Section of this Prospectus). After deducting the Offering expenses, the net Offering proceeds are expected to amount to SAR 194,000,000 (one hundred ninety four million Saudi Riyals) (Offering expenses are SAR 6,000,000). The Company intends to use the offering proceeds as follows: 1- Repayment of the "term loan facility" amounting to SAR 75,000,000. 2- Repayment of a part of the "working capital facility" amounting to SAR 100,000,000. 3- Payment of the Offering expenses amounting to SAR 6,000,000. 4- Utilizing a part for the Company's general purposes amounting to SAR 19,000,000. The Company's capital will be increased from SAR 400,000,000 to SAR 600,00,000 i.e. an increase amounting to SAR 200,000,000.
Shares Allocation	New Shares will be allocated to each investor according to the number of Rights subscribed for in a complete and correct manner. (Fractional Shares, will be collected and offered to Institutional Investors during the Rump Offering). All proceeds resulting from the sale of Rump Shares and fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the paid Offer Price shall be distributed to the Eliglible Persons pro rata to their entitlement on Tuesday 25/11/1434H (corresponding to 1/10/2013G) (see section 14 "Subscription Terms and Conditions").
Payment of Compensation Amounts (if any)	Cash compensation amounts will be paid to Eligible Persons who did not subscribe wholly or partially for New Shares, as well as to the holders of fractional Shares on Tuesday 25/11/1434H (corresponding to 1/10/2013G) at the latest (see section 14 "Subscription Terms and Conditions"). Compensation amounts represent remaining sale proceeds resulting from the Rump Shares and fractional Shares (in excess of the paid Offer Price).

Summary of the Offering	
Shares trading	Trading in the New Shares will start on Tadawul upon the completion of all procedures relateing to the registration, allocation and listing of the New Shares.
Voting rights	The Company has only one class of Shares. No Shareholder shall have any preferential rights. Each of the Shares entitles its holder to one vote. Each Shareholder with at least 20 (twenty) shares has the right to attend and vote at the General Assembly meeting.
Shares' Dividends	The New Shares will be entitled to receive their portion of any dividends declared by the Company for future years for the period from the commencement of the Offering and for the following financial years (see section 8 "Dividends Distribution Policy").
Risk factors	There are certain risks related to investing in the New Shares. These risks may be classified in general as follows: (a) risks relating to the Company's activity and operations, (b) risks relating to the market, (c) risks relating to the ordinary shares. Therefore, these risks must be carefully considered prior to making any investment decision relating to the Rights and the New Shares. The "Risk Factors" Section discusses such risks.

*The "Important Notice" and "Risk Factors" sections in this Prospectus should be considered carefully prior to making any investment decision.

Key Dates for Eligible Persons

Exhibit: Key Dates for Eligible Persons

EGM meeting, setting the Eligibility Date and Registered Shareholders	On Tuesday 20/10/1434H (corresponding to 27/8/2013G)
First Offering Period Date and Trading in Rights	From Tuesday 27/10/1434H (corresponding to 3/9/2013G) until Thursday 6/11/1434H (corresponding to 12/9/2013G)
Second Offering Period Date	From Sunday 9/11/1434H (corresponding to 15/9/2013G) until Tuesday 11/11/1434H (corresponding to 17/9/2013G)
Offering Period End Date and deadline for submitting Subscription Applications Forms	11/11/1434H (corresponding to 17/9/2013G)
Rump Offering Period Date	From Sunday 16/11/1434H (corresponding to 22/9/2013G) until Monday 17/11/1434H (corresponding to 23/9/2013G)
Final Allocation Notification	23/11/1434H (corresponding to 29/9/2013G)
Payment of Compensation Amounts (if any) for Eligible Persons who did not participate in the Offering and those entitled to Shares fractions	25/11/1434H (corresponding to 1/10/2013G)
Expected date for the commencement of trading in offer shares	After completing all necessary procedures. Dates will be communicated through the local newspapers and on Tadawul website.

The above timetable and all dates therein are indicative. Actual dates will be communicated through local newspapers published in KSA as well as on Saudi Stock Exchange ("Tadawul") website www.tadawul.com.sa

Key Announcement Dates

Exhibit: Key Announcement Dates

Announcement	Announcing Party	Announcement Date
Announcement regarding the EGM meeting (Eligibility Date)	Company	On Tuesday 20/10/1434H (corresponding to 27/8/2013G)
Announcement regarding the EGM meeting outcome, including the approval of the Company's capital increase	Company	21/10/1434H (corresponding to 28/8/2013G)
Announcement regarding the change in Company's share price, shares' deposit and announcement regarding the Indicative Value of the Right	Tadawul	21/10/1434H (corresponding to 28/8/2013G)
Annoucement of Depositing Rights in the Registered Shareholders' Accounts	Tadawul	21/10/1434H (corresponding to 28/8/2013G)
Announcement regarding the New Shares subscription periods	Company	21/10/1434H (corresponding to 28/8/2013G)
Announcement regarding the First Offering Period and the Trading Period	Company	27/10/1434H (corresponding to 3/9/2013G)
Announcement regarding the trading of Rights	Company	27/10/1434H (corresponding to 3/9/2013G)
Reminder announcement of the last Trading day for the Rights Issue and the importance of selling Rights for those not willing to exercise such Rights	Tadawul	6/11/1434H (corresponding to 12/9/2013G)
Announcement regarding the end of the First Offering Period and the commencement of the Second Offering Period	Company	6/11/1434H (corresponding to 12/9/2013G)
Announcement regarding the commencement of the Second Offering Period	Company	9/11/1434H (corresponding to 15/9/2013G)
Reminder about the last Trading day for submitting Subscription Application Forms for the Second Offering Period	Company	11/11/1434H (corresponding to 17/9/2013G)
Announcement regarding the end of the Second Offering Period	Company	11/11/1434H (corresponding to 17/9/2013G)
Announcement regarding: • Outcome of the First and Second Offering Periods • Details of the sale of unsubscribed Shares, if any, and commencement of the Rump Offering	Company	16/11/1434H (corresponding to 22/9/2013G)
Announcement regarding the outcome of the Rump Offering	Company	23/11/1434H (corresponding to 29/9/2013G)
Notification of the final allocation	Company	23/11/1434H (corresponding to 29/9/2013G)

Announcement	Announcing Party	Announcement Date
Announcement regarding the deposit of New Shares in the investors' accounts	Tadawul	23/11/1434H (corresponding to 29/9/2013G)
Announcement regarding distribution of the compensation amounts (if any) to Eligible Persons	Company	23/11/1434H (corresponding to 29/9/2013G)
Announcement regarding the payment of compensation amounts (if any) to Eligible Persons	Company	25/11/1434H (corresponding to 1/10/2013G)

The above timetable and all dates therein are indicative. Actual dates will be communicated through local newspapers published in KSA as well as on Tadawul's website www.tadawul.com.sa.

How to Apply

Subscribing for the New Shares shall be limited to Eligible Persons. In the event that Eligible Persons do not subscribe for the New Shares, the unsubscribed shares shall be offered to Institutional Investors through the Rump Offering. Eligible Persons wishing to subscribe for the New Shares shall fill the Subscription Application Forms available during the First and Second Offering periods (as applicable) at the Receiving Agents' branches then deliver the same to any of these Receiving Agents during the Offering period. It is also possible to apply through the internet, phone or ATMs of any of the Receiving Agents that offer one or all of these services to the Applicants, under two basic conditions: (1) the Applicant "Eligible Person" shall have a bank account with the Receiving Agent which offers such services, (2) there should have been no changes in the personal information or data of the "Eligible Person" (by deleting or adding a family member) since his subscription in a recent offering, unless the Receiving Agent was notified of and approved these amendments.

Subscription Application Forms must be completed in accordance with the instructions mentioned under section "Subscription Terms and Conditions" of this Prospectus. The Company reserves the right to reject, in full or in part, any application for New Shares that does not comply with any of the Subscription terms or requirements. No amendment or withdrawal can be made to the Subscription Application Form after submission to the Receiving Agents. Once accepted by the Company, a Subscription Application Form shall represent a legally binding contract between the Company and the Eligible Person (Please see section 14 "Subscription Terms and Conditions" of this Prospectus).

Q & A about the Rights Issue Mechanism

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the priority to subscribe for New Shares upon approval of the capital increase of the Company. They are acquired rights for all Registered Shareholders in the Company's Register as at the close of trading on the date of the EGM. Each Right grants its holder eligibility to subscribe in one New Share at the Offer Price.

Who is granted the Rights?

The Rights are granted to all Registered Shareholders in the Company's Register as at the close of trading on the date of the EGM.

When are the Rights deposited?

The Rights are deposited within two days after the EGM meeting. The Shares will appear in the accounts of Registered Shareholders under a new symbol that designates these Rights. These Rights cannot be traded or exercised by the Registered Shareholders until the beginning of the First Offering Period.

How are Registered Shareholders notified of the Rights being deposited in their accounts?

The Registered Shareholders are notified through an announcement on the Tadawul website.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the Rights Issue ratio and the number of Shares held by the Registered Shareholder as at the close of trading on the date of the EGM meeting.

What is the Rights Issue ratio?

It is the ratio that permits the Registered Shareholder to know how many Rights he/she is entitled to in relation to the Shares that he/she already owned on the date of the EGM. If a company, for example, issues 1,000 shares and increases its capital by offering 200 new shares, its number of shares becomes 1,200. Then, the eligibility ratio is 1 to 5 (one new share for every five existing shares).

Are these Rights tradable and will they be added to the Shareholders accounts under the same name/symbol as the Company's shares; or will they be assigned a new name?

The Rights will be deposited in Shareholders' accounts under a new symbol specially assigned to the Rights Issue.

What is the Right value upon the trading commencement?

The Right opening price is the difference between the share closing price on the day preceding such Right listing, and the Offer Price. For example, if the closing price of a share on the preceding day is SAR 35 (thirty-five Saudi Riyals) and the Offer Price is SAR 10 (ten Saudi Riyals), the opening price of the Rights will be 35 minus 10, i.e. SAR 25 (twenty-five) Saudi Riyals.

Can Registered Shareholders subscribe for additional shares?

Registered Shareholders can subscribe for additional shares by purchasing new Rights during the Trading Period. These Rights can be exercised to subscribe for the new additional shares only during the Second Offering Period.

How does the Offering take place?

The Offering will take place as it currently does by submitting Subscription Application Forms at any of the Receiving Agents' branches (mentioned in this Prospectus) and only during the First and/or Second Offering Periods.

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe. However, they will only be able to trade after depositing their certificates in investment accounts through the Receiving Agents or the Tadawul's depository center and submitting the requisite documents.

What happens if New Shares are subscribed for, and then the Rights have been sold after that?

If a Registered Shareholder subscribes, then sells the Rights without purchasing a number of Rights equal to the number of exercised Rights prior to the end of the Offering period, then the Subscription Application will be rejected entirely, if all Rights have been sold, or partly in an amount equal to the number of sold Rights. In this case, the Registered Shareholder will be notified by its Receiving Agent and the rejected Offering amount will be refunded.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

Is it possible to sell a part of these Rights?

Yes, the investor may sell a part of these Rights and subscribe for the remaining part.

Is it possible to subscribe during the weekend between the First and Second Offering Periods?

No, that is not possible.

Can the Eligible Person sell the Right after expiry of the Trading Period?

That is not possible. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe for the capital increase. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to Rights that are unsold or unsubscribed for during the Trading Period as well as the First and Second Offering Periods?

The Rump Shares resulting from a failure to exercise or sell these Rights will be offered during the Rump Offering, organized by the Lead Manager according to the standards set forth in this Prospectus.

Will there be any additional fees for the trading in Rights?

The same commissions applying to the shares will also apply on sale and purchase operations, without a minimum commission being imposed.

Summary of Key Information

This summary is a brief overview of the information contained in this Prospectus and does not contain all of the information that may be important to Subscribers. Recipients of this Prospectus should read the whole Prospectus before making a decision as to whether or not to invest in the new Shares. Capitalized and abbreviated terms have the meanings ascribed to them in the "Definitions and Abbreviations" section and elsewhere in this Prospectus.

Company Profile

MESC was established as a Saudi limited liability company registered in Riyadh under Commercial Registration Number 1010102402 dated 10/05/1413H (corresponding to 04/11/1992G). The Company also has two registered branches in Jeddah and Al Khobar registered under Commercial Registration Numbers 4030126555 and 20510223224 respectively, as well as a regional sales office in Dubai with a professional license No. 512491. The Minister of Commerce and Industry declared the conversion of the Company into a Saudi joint stock company, pursuant to resolution No. 195 dated 21/7/1428H (corresponding to 4/8/2007G). The current share capital of the Company is of SAR 400,000,000 (four hundred million Saudi Riyals).

MESC manufactures cables with varied specifications resulting in over 5,000 sub-categories of products being currently manufactured. Broadly they can be placed in three categories:

1. **Industrial Cables:** These cables are used in petrochemical, oil, gas, power and heavy industry projects. This is the Company's largest product category representing 65% of total cables sales in 2012G.
2. **Building & Equipment Cables:** These cables are used to transmit audiovisual, surveillance and alarm signals. They are also used in fire alarm systems, local area networks and telephone systems. They are therefore widely used in malls, hotels, markets and commercial buildings. These products' sales reached 2% of the Company's total sales in 2012G.
3. **Power Cables:** These cables are most commonly used in house wirings, irrigation, as well as low voltage power transmission. Besides their use in home appliances, industrial applications include their use in robotics requiring a high degree of flexibility. MESC manufactures these cables in various specifications according to the environment in which they are to be deployed. This segment of products represented 33% of the Group's sales in 2012G.

MESC's Subsidiaries

1. Middle East Specialized Cables Company – MESC - Jordan.
2. MESC for Medium and High Voltage Cables – Jordan.
3. MESC – Ras Al-Khaimah.

Company's Vision

The Company's vision is to have sufficient flexibility enabling it to supply the best alternatives to fully meet its customers' needs.

Company's Mission Statement

MESC's mission is to become the leader in supplying industrial cables to Engineering, Procurement & Construction (EPC) contractors for mega projects in Middle East and North Africa. MESC's mission clearly positions the Company in the industrial cables market where it is already considered a prominent manufacturer of such cables in Saudi Arabia and the Arabian Gulf.

Competitive Advantages

1. Prominent manufacturer of industrial cables
2. Location
3. Flexible distribution system
4. Experienced management
5. Knowledge of market needs – consultative sales approach
6. Long-term customer relationships

7. High creditworthiness of customers
8. Human resources development and incentives
9. Proactive marketing and support system
10. Strong brand equity
11. Corporate culture
12. Strong agents' and distributors' network

Company Shareholders Structure

The table below shows the Company's shareholders as of 26/8/2013G:

Shareholders	Number of Shares	Shareholding percentage
Abdulaziz Mohammad Al Namlah Holding Group	3,000,000	7.5%
Abdullah Mohammad Suleiman Al Namlah	2,920,000	7.3%
Mansour Abdulaziz Mohammad Kaaki	2,556,000	6.4%
Public	31,524,000	78.8%
Total	40,000,000	100.0%

Source: the Company Management

Overview of the Cables Industry

The information contained in this section is derived from a report prepared by Integer Research Ltd. (the "Market Consultant") in August 2012G, exclusively for the Company. Neither the Market Consultant nor any of its subsidiaries, shareholders, directors or their relatives own any shares or interest of any type in the Company or its subsidiaries. Integer has given, and did not withdraw as of the date of this Prospectus, its written approval on the use of its data and market researches as stated in this Prospectus.

During the last decade, there was sustained Gross Domestic Product (GDP) growth in the global economy, with world GDP (at constant prices) growing on average at 3.6% per annum over 2001 to 2012, according to estimates from the International Monetary Fund (IMF). This growth was concentrated in some key emerging markets such as Brazil, India, China, and also the Middle East. This growth led to an increase in fixed investment and cable demand. Demand for building wire and copper and aluminum power cable used in the construction sector increased at the fastest rate in the last twenty years.

The Macroeconomic Environment and Cables Consumption in GCC countries

The GCC experienced a period of strong economic growth from 2004G until 2008G. This was largely driven by the concurrent rise in oil prices: the Brent crude oil price rose on average by 16.6% per annum over the same period. There is a close correlation between oil prices and the GCC's economic growth, as the countries are large oil and gas producers. The region's real GDP grew at an average rate of 6.1% per annum over 2000G to 2008G.

However, the economic downturn that began in late 2008 resulted in lower global economic growth and a fall in oil prices. This reduced economic growth rates for the GCC region: the GCC's economy contracted by 1.1% year-on-year in 2009G in real terms. Since then, the region's countries have recovered to varying degrees: the United Arab Emirates (UAE) and Kuwait recovered slowly, and have reached for example average GDP growth rates of 2.2% and 2.7% per annum respectively over 2008G-2012G, in comparison with an annual rate of 2.9% in other economies. As for Qatar, it saw significant growth in this period, with its GDP multiplying by two.

The Macroeconomic Environment and Cables' Consumption in Jordan

Banks and the Jordanian economy were able to overcome the global financial crisis in 2008G/2009G with relative ease, due to relatively limited exposure to securities and international banknotes and limited dependence on oil exports. The real economic growth slowed by 3.9% per annum in 2009G-2010G, versus 7% and 8% in 2007G-2008G. However, this slowdown did not turn into recession due to continuous spending and consumption, even to a lesser extent. However, demand on major exports slowed down in many sectors, and their value decreased in 2009G. Exports of major products such as agricultural chemicals continued to face a slowdown of demand; thus, economic growth declined to around 2.8% per annum in 2011G and 2012G. The economic situation of the countries that Jordan deals with, such as the USA and Western Europe remained weak as well. However, the recovery of the Iraqi economy and the end of the Iraqi war led to a significant increase in commercial ties between Iraq, the KSA, and Jordan.

Demand Drivers

Demand for wire and cable is affected by a number of factors in GCC and Jordan:

- Economic growth leads to higher demand on power use and data transmitted through cables. This shows the correlation between consumption increase and economic growth, as measured by GDP.
- There is a correlation between oil prices and economic growth in GCC countries, due to their heavy dependence on oil and gas.
- Cables are used in an array of infrastructure and construction projects, including power, telecom, factories, machines, residential and commercial buildings, transportation, and other types of infrastructure. As a result, demand depends largely on investment and its volume. Between 2004G and 2008G, investment grew quickly in GCC countries. For example, total investment in Bahrain, Qatar, and Oman increased by two to three times in comparison with 2000G, and reached 30-40% of total GDP, according to IMF estimations. However, since the global economic crisis, total investments' pace has slowed, but remained strong in the main markets like the KSA and Qatar.
- Development of governmental policies and regulations, such as the changes affecting expenses on utilities, end products, construction, and power/data networks, which affect cables' consumption. Environmental policies which encourage the increasing use of renewable energy also open new markets for cables in the field of renewable energy.
- Economic progress and development results in the replacement and use of other new types of cables or finding new products to be used in place of fiber optic cables. Therefore, decreasing the demand on some telecom copper cables.
- Globalization and open global economies and markets influence the point of cable consumption, for example, original equipment manufacturers have moved from many higher cost countries to lower cost countries. Greater links between countries has also resulted in greater interconnection between national networks, such as the construction of the GCC Interconnection Grid linking national power grids of the GCC countries, which consumed large quantities of cable.

Financial Statements Summary

The financial statements listed below shall be read in conjunction with the audited consolidated financial statements of the financial years ending on 31 December, 2009G, 2010G, 2011G and 2012G, including their notes stated in this Prospectus.

(SAR millions)	2009G	2010G	2011G	2012G
Income Statement				
Total sales	1,033.9	1,029.2	1,139.4	990.6
Cost of sales	(856.1)	(914.4)	(1,043.8)	(829.4)
Gross profits	177.8	114.9	95.6	161.2
(Loss)/Income from operations	116.3	5.7	(20.4)	53.5
Income (loss) before Zakat, income tax and minority interests	53.3	(119.4)	(160.8)	6.1

(SAR millions)	2009G	2010G	2011G	2012G
Net income (loss)	51.3	(94.9)	(120.1)	31.1
Balance-Sheet				
Total assets	1,709.0	1,417.3	1,382.3	1,354,3
Total liabilities	1,074.8	980.8	1,103.4	1,058,8
Total loans	780.1	809.2	895.9	862.1
Shareholders' equity	504.3	367.2	242.5	281.5
Cash Flows				
Cash flows from (used in) operating activities	188.6	107.8	(60.9)	97.1
Cash flows from (used in) investment activities	(157.5)	(62.7)	(39.4)	(30.1)
Cash flows from (used in) financing activities	(55.1)	(40.3)	86.5	(32.5)
Closing cash and cash equivalents	34.8	39.7	26.0	60.5
Key Indicators				
Return on equity	10.2 %	(25.8)%	(49.5)%	11.0%
Return on assets	3.0 %	(6.7)%	(8.7)%	2.3%
Gross profit margin	17.2 %	11.2 %	8.4 %	16.3 %
Net profit (loss) margin	5.0%	(9.2)%	(10.5)%	3.1%
Trading ratio (once)	1.0	0.8	0.9	1.1
Total liabilities to total assets	62.9%	69.2%	79.8%	78.2%
Revenue growth rate	(21.0)%	(0.5)%	10.7%	(13.1)%

Source: Audited consolidated financial statements

Risk Factors Summary

1. Risks relating to the Company's Operations

a. Dependence on key raw material

b. Dependence on key suppliers

c. Dependence on key personnel and specialized employees

d. Dependence on agents and sales representatives

e. Strategic decisions' risks

f. Insurance coverage risks

g. Technical changes

h. Equipment and operational costs risks, and business disruption risk

i. Financing risks

j. Dependence on key customers

k. Commission risks

l. Credit risks

m. Litigation risks

n. Saudization

o. Dependence on subsidiaries

p. Risks related to licenses and permits

q. Risks related to the manufacturing processes

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1. DEFINITIONS AND ABBREVIATIONS

Term	Definition
Advisors	MESC Advisors with respect to the Offering. Their names are mentioned in page [G].
Alkaloid	Alkaloids are chemical compounds that remove proton from acids with very weak acid-alkaloid reaction.
Bid	Price offer from the Institutional Investors through the Rump Offering.
Board / Board of Directors	MESC Board of Directors.
By-laws	The By-Laws of the Company.
CAGR	Compound Annual Growth Rate.
CCV lines	A cables' isolation line, one of the productivity standards for cables' plants.
CEO	Chief Executive Officer of the Company.
CMA or the Authority	The Capital Market Authority.
Companies' Regulations	The Companies' Regulations issued under Royal Decree No. M/6, dated 22/3/1385H, as amended.
EGM	The extra ordinary general assembly held to vote on the capital increase of the Company.
Eligibility Date	Close of trading on the EGM meeting voting on the increase in the Company's capital according to the Board recommendation on 20/10/1434H (corresponding to 27/8/2013G).
Eligible Persons	Includes both Registered Shareholders and purchasers of Rights during the Trading period.
Exchange	Saudi Stock Exchange "Tadawul".
Financial Advisor	GIB Capital.
Financial statements	The consolidated audited financial statements of the Company and its subsidiaries for the financial years ended December 31st, 2009G, 2010G, 2011G, 2012G.
First Offering Period	The Offering will start on Tuesday 27/10/1434H (corresponding to 3/9/2013G) and will last for 10 calendar days, up to and including the last day of the offering closing on Thursday 6/11/1434H (corresponding to 12/9/2013G).
GCC	Gulf Cooperation Council including the Kingdom of Saudi Arabia, Kuwait, Oman, Bahrain, United Arab Emirates, Qatar.
General Assembly	The general assembly of the Company's shareholders that deals with all the matters related to the Company. It is held once a year at least during the 6 (six) months following the Company's financial year end.
Government	Government of the Kingdom of Saudi Arabia.
Institutional Investors	Includes a number of institutions that were approached by the Lead Manager following discussions with the Company based on certain standards defined by the Capital Market Authority.
ISO	International Organization for Standardization.

Term	Definition
KSA or Kingdom	The Kingdom of Saudi Arabia.
KV	Kilovolt, the international standard for measuring electrical voltage.
Management	MESC management.
MESC or the Company	Middle East Specialized Cables Company.
MoCI	Ministry of Commerce and Industry in the Kingdom of Saudi Arabia.
MT	Metric Ton.
Offer Price	SAR 10 per share.
Offer Shares	20,000,000 MESC ordinary shares..
Offering	Increase of the Company's capital by issuing 20,000,000 new shares through a Rights Issue at a value of SAR 200,000,000.
Official Gazette	Umm Al Qura, the Saudi Official Gazette.
New Shares	The Offering of 20,000,000 Shares of the Company through the Rights Issue.
Prospectus	The Prospectus prepared by the Company with regard to the subscription to the Rights Issue.
Public	Includes institutional and individual investors.
PVC	Plastic granules used in cable insulation and wrapping.
Receiving Agents	Saudi Fransi Bank, Samba Financial Group, National Commercial Bank, Bank AlJazira, Riyad Bank, Saudi Investment Bank.
Registered Shareholders	Shareholders registered in the Company's Register as at the close of trading on the date of the EGM.
Rights	The tradable securities issued pursuant to the Rights Issue.
Rights Issue	Increase of the Company's capital by issuing 20,000,000 new shares through the Offering at a value of SAR 200,000,000.
Rump Offering	Offering of any Rump Shares unsubscribed for by the Eligible Persons to Institutional Investors during the Rump Offering. The Rump Offering will start from 10:00 AM on Sunday 16/11/1434H (corresponding to 22/9/2013G) until 10:00 AM of the following day on Monday 17/11/1434H (corresponding to 23/9/2013G).
Rump Shares	The unsubscribed Shares after the First and Second Offering Periods.
SAR	Saudi Arabian Riyals.
SIDF	The Saudi Industrial Development Fund.
Second Offering Period	The Offering will start on Sunday 9/11/1343H (corresponding to 15/9/2013G) and will last for 3 working days up to and including the last day of the offering closing on Tuesday 11/11/1434H (corresponding to 17/9/2013G).
Shareholders	MESC Shareholders.

Term	Definition
Shares	MESC ordinary shares amounting to 40,000,000 shares with a fully paid nominal value of SAR 10 per share.
SIBOR	Saudi Interbank Offered Rate.
SOCPA	Saudi Organization for Certified Public Accountants.
Subscriber	Each person that submits a Subscription Application Form and/ or subscribes for the rights issue shares.
Subscription Application Form	The Subscription Application Form enabling the Applicant to apply for the New Shares.
Tadawul	Automated system for trading Saudi shares.
The Group	Middle East Specialized Cables Company and its subsidiaries.
Trading Period	The shares trading period will coincide on the start of the First Offering Period on Tuesday 27/10/1434H (corresponding to 3/9/2013G) and will last for 8 calendar days, up to and including the last day of the offering closing on Thursday 6/11/1434H (corresponding to 12/9/2013G).
UAE	United Arab Emirates.
Underwriter	GIB Capital.
Underwriting Agreement	The underwriting agreement to be entered into between the Company and the underwriter.
VCV lines	A high-voltage cables isolation line.
Voting Rights	The Company has only one class of shares. No Shareholder shall have any preferential rights. Each share entitles its holder to one vote. Each Shareholder with at least 20 shares has the right to attend and vote at the general assembly meetings.

2. RISK FACTORS

An investment in the New Shares is only suitable for investors who are capable of evaluation of the risks and merits of such investment and who have sufficient financial resources to bear any loss which might result from such investment. A prospective investor who is in any doubt about the action he/she or it should take should consult a professional advisor who specializes in advising on the acquisition of shares and other securities.

In considering an investment in the New Shares, prospective investors should carefully consider all the information contained in this Prospectus, including the risks described below. MESC's business, prospects, financial condition, results of operations and cash flows could be adversely and materially affected if any of the following risks, which the Company's senior management (the "Management") currently believes to be material, or any other risks that the Management has not identified or that it currently considers not to be material, actually occur or become material risks. The risk factors are not exhaustive and exclusive, and there could be other risks currently unknown to, or considered immaterial by, the Company that may affect its operations. The trading price of the Company's New Shares could decrease due to any of these risks, and prospective investors may lose all or part of their investment.

The risks and possibilities described below are not presented in any assumed order of priority. Additional risks and possibilities, including those currently unknown, or deemed immaterial, could have the effects set forth below.

2 - 1 Risks relating to the Company's Operations

2 - 1 - 1 Dependence on Key Raw Materials

Copper is the primary raw material used by the Company in the production of cables. In the event of any disruption in copper supply (whether for reasons related to the vendor, market shortage, natural disaster or increase in the price of copper), the Company may be unable to use an alternative metal as a raw material for the production of cables. As a result, the Company's operations may be adversely affected.

2 - 1 - 2 Dependence on Key Suppliers

The Company relies on third parties for the supply of copper (which is considered a key raw material for cable production). In 2005G, the Company obtained a customs exemption from the Ministry of Commerce and Industry, this exemption will expire in the end of the year 2013G. The Company cannot guarantee whether such exemption will be extended and such non-extention may affect the price of raw materials being used for the Company's operations.

MESC contracted with at least three international suppliers for the supply of copper rods, namely Fujairah Gold FZE, Union Copper Rod in the United Arab Emirates and Glencore International AG in Switzerland. The suppliers may not be able to supply MESC with the commodities adequately at times of adverse supply shocks or other shortage in raw materials.

The reliance on third-party suppliers exposes the Company to the risk of its operations being interrupted if the suppliers decide to change their supply terms, or are unable to supply the required quantity of copper. This in turn would result in additional costs and could have a material adverse effect on the Company's business, financial condition and results of operations.

2 - 1 - 3 Dependence on Key Personnel and Specialized Employees

The Company is dependent upon the capabilities and expertise of its Management, specialized employees and consultants, as well as the technicians. The Company cannot guarantee that it will succeed in retaining the existing employees or attracting new ones to replace employees which services have ended, especially those with specialized technical skills consultations.

Furthermore, the Company's future prospects depend on its ability to attract qualified individuals who have relevant extensive experience and specialized knowledge, and to retain such ability.

The loss of key personnel or failure to retain qualified or specialist employees and technicians in the future, could have a material adverse impact on the Company's results, operations, financial condition and share price.

2 - 1 - 4 Dependence on Agents and Sales Representatives

The Company is dependent on agents and sales representatives for the promotion of its products and for soliciting sales and purchase orders for its products inside and outside the Kingdom. Any disruption in or termination of these arrangements could have a material adverse impact on the sales of the Company's products inside and outside the Kingdom, which in turn could have a material adverse effect on the Company's business, financial condition and results of operations.

2 - 1 - 5 Strategic Decisions' Risks

The Company's future performance depends on the effective implementation of its work plan and growth strategy. The implementation and success of any work plan and growth strategy developed by the Company depends on several factors, many of which are beyond the Company's control (these factors are listed in this "Risk Relating to the Company's Operations" and "Risks Relating to the Market" in this section). Certain decisions could turn out to be short-term or inappropriate for the Company's position or may lead to negative results. For example, in 2006G, the Company produced power cables to benefit from the sector's growth and become a one-stop shop for all types of cables. However, entering the power cable market was not successful, which had an adverse effect on the Company (for further information, please refer to Section 4.9 of this Prospectus). There is no guarantee that the Company will be able to successfully implement its strategies. Any failure to do so may have a material adverse effect on the Company's business operations, revenues and profits.

2 - 1 - 6 Insurance Risks

The Company may be subject to risks against which it is not adequately insured or not insured on the basis of commercially practical terms. The Company's existing policies include certain exclusions and limitations on coverage, like all other policies. As a result, the Company's insurance policies may not cover, in the future, the extent of claims filed against the Company. Therefore, there is a risk that losses and liabilities from insured and uninsured risks may significantly increase the Company's operational costs. Such increase in costs may have a material adverse effect on the Company's prospects, results of operations, financial condition and/or its share price fluctuation. (For further information on the insurance coverage of the the Company, please refer to Section 12 of the Prospectus).

2 - 1 - 7 Changes in Technology

The Company relies on specialized technology for the production of its cables. However, rapid technology developments, a technological progress or the introduction substitutions more developed than the Company's products may increase competition or render MESC's technologies, products or services outdated and unuseful, which may have an adverse impact on the Company's financial condition or results of operation.

2 - 1 - 8 Equipment and Operational Costs Risks, and Business Disruption Risk

The Company has specialized machinery and equipment for its cables production which is critical to the successful operation of its facilities. Accordingly, the Company is dependent on the reliable and consistent operation of such equipment in order to achieve its financial objectives and projections. Any unplanned failure of machinery or equipment or extended maintenance of the same could interrupt the Company's production and impair the Company's ability to maintain production of adequate quantities of products on an ongoing basis or effect the quality of products necessary to meet its customers' demands. Such a failure could therefore have a material adverse effect on the Company's business, prospects, and results of operations.

Any delays in the repair and maintenance of equipment or any shortages in the water or electricity supply may lead to significant disruptions in the Company's operations which may in turn have an adverse impact on the Company's prospects, results of operations and financial condition (please refer to section 5-3-7 "*Risks Management*").

In addition, the Company's operational costs may increase significantly due to factors beyond its control (please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this Prospectus). The most important operational costs include the raw materials' costs such as copper and aluminum.

2 - 1 - 9 Financing Risks

The Company has entered into a number of facilities agreements with different banks. On January 5, 2013G, all commercial facilities were brought together and restructured in the form of working capital facility and term loan facility ("Facilities Restructuring Agreement") (for further information on the facilities, please refer to Section 12 of this Prospectus).

The Facilities Restructuring Agreement provides for a provision stating that in the event that the Capital Market Authority's does not grant its approval of the Company's capital increase of no less than SAR 200,000,000 through the offering of a Rights Issue by 30 June 2013G, and the completion of this offering before 31 December 2013, this will be considered as a breach of the Agreement.

The term loan facility will be paid on semi-annual installments over the next six years, while the working capital facility will be available on a revolving basis. In addition, the Company assumes some additional obligations concerning the restructured facilities (for example, compliance with certain financial ratios throughout the periods of the Facilities Restructuring Agreement).

The Company is unable to guarantee its ability to pay on time or to comply with any additional obligations. In addition, if the Company violates any of its obligations set forth under the Facilities Restructuring Agreement in the future, the Company may be asked by the banks to repay its debts immediately, in whole or in part. In these circumstances, there can be no assurances that the Company would be able to access sufficient alternative funding to meet any financing needs, which could have a material adverse effect on the Company's prospects, results of operations, financial condition and fluctuations in its share price.

Furthermore, the cables manufacturing business requires a high working capital by nature. The Company may therefore require additional financing if it decides to expand its operations in the future and may rely on its ability to procure commercial loans, which may or may not be available to it; or if available, such financing may be obtained on terms that are onerous to the Company. The Company's additional financing needs also depend on its capital, financial position, cash flow and the results of its operations. Therefore, the Company cannot assure that the relevant banks concerned under the Facilities Restructuring Agreement will approve such financing, and if such financing is available, that it will be obtained on terms that are not onerous to the Company, which could have a material adverse impact on the Company's results of operations, financial conditions, business and prospects.

2 - 1 - 10 Dependence on Key Customers

Due to the specialized nature of the cables manufactured by MESC, more than 51% of its products were sold in 2012G to only ten customers. There cannot be any assurance that these customers will buy MESC's products in the future. If any of MESC's key customers were to procure its cables from a manufacturer other than MESC, there could be an adverse impact on the Company's financial condition and results of operations.

The Company conducts most of its businesses on the basis of purchase orders and do not enter into long-term contracts with its customers, requiring a minimum purchase. Thus, if the Company does not maintain a good relationship with these customers or if it loses some of them to its competitors, this may adversely affect the Company's business and financial results.

2 - 1 - 11 Commission Risks

Commission payments under the Company's debt facilities are calculated by reference to a floating commission rate and such exposures have not been hedged (as the facilities are compliant with the provisions of the Shariah). An adverse change in interest rates would have a negative impact on the Company's results of operations, prospects and financial condition.

2 - 1 - 12 Credit Risks

Credit risk is the risk of financial loss due to the non-fulfillment of the obligations of the Company's customers. The Company's credit risk is mainly related to its trade accounts receivable. The Company may be unable, in the future, to properly assess the current financial condition of its customers and accurately determine their ability to meet their financial obligations. Also a significant number of the Company's customers may experience a poor financial performance. The Company may fail to analyze the credit risks of these customers. Any decline in the overall credit quality of the Company's customers may have a material adverse effect on the Company's business and financial condition.

2 - 1 - 13 Litigation Risks

The Company and its subsidiaries have been recently involved in several legal proceedings and cases brought by and against the Company, which should not have a material adverse effect on the Company's financial condition, according to the Company's Management. However, the Company may at times be involved in litigation or legal proceedings during the ordinary course of its business, or related to, among other things, product or other types of liability, labor disputes or contract disputes. If the Company becomes involved in any litigation or other legal proceedings in the future, the outcome of such proceedings could be uncertain and could result in settlements or results which could adversely affect its financial conditions. In addition, any litigation or legal proceedings could involve substantial legal expenses which would lead to a decrease in the Company's profitability.

2 - 1 - 14 Saudization

Compliance with the Saudization requirements is a government directive requiring companies active in the KSA, including the Company, to employ and maintain a certain number of Saudi personnel among its staff. In accordance with the Ministry of Labor instruction issued on 01/05/1423H (corresponding to 10/08/2002G), each company must obtain a certificate to this effect from the Ministry of Labor. The Ministry of Labor has decided to impose stricter Saudization policies at the beginning of 2012G under the new Nitaqat program.

There are no guarantees that the Company will be able to fulfill current or future Saudization requirements that might be required by the concerned agencies; thus, penalties might be imposed on the Company by government agencies. Penalties for non-implementation of Saudization requirements include suspension of work visa requests, or reducing the number of visas requested by the Company and ceasing transfer of sponsorship for non-Saudi employees or excluding the Company from participating in government tenders or preventing it from obtaining government loans.

Moreover, the government is taking measures to regulate the employment of foreign workers in the Kingdom, pursuant to the Saudi Labor Law and applicable residence laws. The government is thereby seeking to take action against foreign employees who (a) do not work for the employer who sponsored them and (b) perform works that do not match their job description (as stated in their work permit). There can be no assurance that the Company will be able to secure the necessary labor or employ a number of staff in favorable conditions, which could have a material adverse effect on the Company's business, financial conditions, results of operations, and future prospects.

2 - 1 - 15 Dependence on Subsidiaries

The Company depends on its subsidiaries in the Hashemite Kingdom of Jordan and the United Arab Emirates, the sales of these companies represent nearly 40% of MESC's sales in 2012G. Any of the above-mentioned risks may affect one or more of the subsidiaries and adversely affect their revenues, and in turn, the revenues and financial condition of the Company. The organizational structure of the Group includes several management levels, from the Company's Board of Directors and Senior Executives down to the Managers and Executives in the subsidiaries, in addition to the Regional Directors and Department Managers, as well as Shifts' Supervisors who work side-by-side with frontline employees. There may be a delay in decision-making because of the several, overlapping management levels. This may lead to potential adverse effects on the Company's operations, prospects, financial condition and ability to meet the rapid movement of the market and the industry trends.

2 - 1 - 16 Risks Related to Licenses and Permits

The Company currently maintains a number of licenses related to the manufacture of its products, which are currently valid. The Company's business depends on the continued validity of the various licenses and permits granted to it and to its subsidiaries and its compliance with the terms of such licenses and permits. It is possible that the relevant issuing authority could alter the terms of an existing license under which the Company or its subsidiaries operate. Further, when a license is sought to be renewed or amended, there can be no guarantee that the relevant authority would be prepared to renew or amend the scope of the license, or, were it to do so, that it would not impose conditions unfavorable to the Company or its subsidiaries.

If the Company or its subsidiaries fail to renew a license, or have a license suspended or terminated, or have a license renewed or amended on unfavorable terms, or if the Company is not otherwise able to obtain additional licenses required in the future, the Company may be required to cease certain operations, which could result in operational and production interruptions or additional costs. Any of these factors may have a material adverse impact on the Company's business, financial condition and shares' price. (For further information concerning the licenses obtained by the Company and its subsidiaries, please refer to Section 12 of this Prospectus).

2 - 1 - 17 Risks Related to Manufacturing Processes

The Company cannot rule out the possibility of any malfunction or accident that could cause defects in the quality of the manufacturing processes or suspend the manufacturing processes. In addition, the Company has no control over the standards of the markets where its products are sold and any change in these standards may lead to a lack of compliance with the applicable standards. This may adversely affect the Company's business, exports, financial results and results of operations.

There is no guarantee of proper and appropriate production and manufacturing. This could result in burning or otherwise damaging the cables, which will damage other adjacent cables, devices and equipment owned by the Company and all that may negatively affect the Company's business. There can be no assurance that such devices or electronic system will not break down (in whole or in part) and any error in these devices or electronic system may affect the product quality and its non-compliance with the applicable standards.

MESC currently has three warehouses. Nevertheless, the products may be exposed to damage during transport and shipment, or to fire or other accidents, which are outside the Company's control, and may damage some or all the Company's properties. if any of these situations occur, this may have a material adverse effect on the Company's business operations, revenues and profits.

2 - 1 - 18 Import and Export Risks

The Company imports copper from Fujairah Gold Company FZE, Union Copper Rod Company in UAE and Glencore International (AG) in Switzerland. At the same time, it relies on its exports to other countries (Jordan, Iraq, GCC countries and others) for approximately 51% of its revenues. Any changes in the legal or regulatory requirements, such as anti-dumping duties, countervailing measures, import quotas, tariffs, penalties, boycotts and other measures related to the import and export of copper or other products manufactured by the Company, whether adopted by the governments (such as in KSA, UAE, Syria and Bahrain where the subsidiaries carry out their activities) or required by regional trade blocs (such as GCC countries or the European Union), may affect the competitive position of the products manufactured by the Company or prevent the sale of these products in certain countries. This may have a material adverse effect on the Company's results, operations, prospects and financial condition.

2 - 1 - 19 Competition

The sales of industrial cables in all companies owned by MESC accounted for around 65% of its revenues in 2012G. The Company still operates in a competitive environment because it faces an increasing competition from international and local competitors, and there can be no guarantee that it will be able to compete effectively with the local and international competitors.

Furthermore, the Company is facing an increasing competition from local manufacturers of low-voltage cables. There is no assurance that the Company will be able to compete effectively with the current and future competitors. Any changes in the competitive environment may result in price reductions, reduced margins, or loss of the Company's market share, any of which could have an adverse material impact on the Company's profit margins.

2 - 1 - 20 Hedging Risks

The Company manages its business in different currencies. For example, it purchases copper in US Dollars and makes profits in local currencies (Riyal, Dirham and Dinar), in each of its subsidiaries. Exchange rates may fluctuate according to regional or global changes and any material change pertaining to any currency being traded by the Company or its subsidiaries may cause changes in product prices and thus affect the Company's profits. In addition, the shareholdings of the subsidiaries outside KSA are subject to currency fluctuations, which may lead to a decline in equity.

The credit facilities provided to the Company and its subsidiaries are calculated by reference to a floating interest rate and such exposures have not been hedged. An adverse change in commissions or interest rates would have a negative impact on the Company's results of operations, prospects and general financial condition.

2 - 2 Risks Relating to the Market

2 - 2 - 1 Political and Economic Risks

The Company's performance depends in particular on the economic and political conditions prevailing in KSA, Jordan and UAE, the countries to which the Company exports its products, and in general, on the global economic conditions that may affect KSA's economy. The Company has agency contracts in Egypt, Oman, Bahrain and Kuwait. Any proceeds resulting from the business activities in these countries may be adversely impacted as a result of the fluctuations in the economic and political conditions of these regions.

Despite its growth in other sectors, the Saudi economy and the Saudi and regional government spending are still heavily dependent on the price of oil and gas in the global markets; therefore, a decline in the prices of oil and gas could substantially slow down or disrupt the Saudi economy or the Government's spending plans.

In addition, any unexpected major changes in the political, economic or legal conditions of the Kingdom, its neighboring countries or other countries in the region may have a material adverse effect on the Company's business prospects, results of operations, financial condition, and share price.

2 - 2 - 2 Regulatory Environment

MESC's business is subject to various regulations in Saudi Arabia, Jordan and the UAE. The regulatory environment in which the Company and its subsidiaries operate may be subject to change. Regulatory changes caused by political, economic, technical and/or environmental factors could significantly impact the company's operations by restricting the development of the Company or its customers, restricting operations and sales of the Company's services and products or increasing the potential for additional competition. The Company owns, in particular, three subsidiaries in the Middle East, which exposes its investment in these countries to other risks such as government controls, export licenses' requirements, inflation, tariffs, taxes and other trade barriers, in addition to political, social and economic stability.

Any change of regulations may affect the Company's capacity to renew its current licenses or obtain new licenses. Furthermore, increased regulation, more stringent requirements and stricter policies by various governmental agencies with respect to the cable industry in which the Company operates may lead the Company to modify its operations in order to operate in compliance with such regulations. In case the Company is unable to comply with any additional or stringent requirements, it may be subject to fines or penalties, which may have a material adverse effect on the Company's prospects, financial condition and share price.

2 - 2 - 3 Raw Materials Price Volatility

The Company's revenues and profits depend, to some extent, on the prevailing prices of raw materials such as copper and aluminum. The prices of these materials depend on the global commodity markets driven by the global supply and demand. As global markets are often exposed to wide and fast fluctuations, the prices of copper and aluminum have been subject to considerable volatility in recent years and may be subject to fluctuations in the future as well. The Company does not control the factors affecting the prices of basic commodities; and therefore, the actual changes in supply and demand, the market instability, speculation by the market traders and the economic and political conditions may affect the prices or accuracy of the assumptions or future prospects of the Company that may have a material adverse effect on the Company's business, results of operations and financial condition in general. High volatility in prices may affect the Company's stocks and materials; thus, the Company may be unable to pass the increased costs to end-customers, which may have an adverse material impact on the Company's revenues that may in turn affect the Company's business, financial condition and results of operations.

2 - 3 Risks Relating to New Shares

2 - 3 - 1 Potential Fluctuations in the Share Price

The market price of the Company's Rights during the Offering period may not be indicative of the market price of the Company's Shares after the Offering. In addition, the Company's share price may not be stable and could be significantly affected by fluctuations resulting from a change of market's trends in connection with the Rights or the Company's existing Shares. These fluctuations may also result from several factors including, without limitation, market conditions for equity, any regulatory changes in the cable sector or conditions and trends of the construction sector and the power sector, deterioration in the Company's performance, inability to implement future plans, entry of new competitors, announcements by the Company or its competitors concerning mergers, acquisitions, strategic alliances, joint ventures and sale of shares in the subsidiaries, changes made by experts and securities' analysts concerning the financial performance estimates and speculation on the raw materials which the Company relies on.

Selling substantial quantities of Shares by the shareholders or the perception that such sale may take place, may adversely affect the Shares' price in the market. In addition, the investors may be unable to sell their Shares in the secondary market without adversely affecting the price.

There is no guarantee that the market price of the Company's Shares will not be lower than the issue price. If this happens once the investors have subscribed for the New Shares, such subscription may not be cancelled nor amended; therefore, the investors may immediately suffer from unrealized losses. Moreover, there is no guarantee that the Shareholder will be able to sell his Shares at a price equal or higher than the issue price after subscribing for them.

2 - 3 - 2 Potential Fluctuations in the Price of the Rights

The Rights' market price may be subject to significant fluctuations due to the change of market trends with regard to the Company's Shares. These fluctuations may be significant due to the difference between the authorized scope of change for trading in the Rights, as compared to the authorized scope of change for trading in the Shares. In addition, the trading price of the Rights depends on the trading price of the Company's Shares and the market perception of the potential price of the Rights. These factors and the factors mentioned under the "Potential Fluctuations in the Share Price" above may also affect the trading price of the Rights.

2 - 3 - 3 Lack of Demand for the Company's Shares and Rights

There is no guarantee that there will be sufficient demand on the Company's Rights the Trading period, in order to enable the holder of such Rights (whether a Registered Shareholder or a new investor) to sell the Rights and achieve profit, or enable him to sell these Rights at all. There is also no guarantee that there will be sufficient demand for the Rump Shares by the Institutional Investors during the Rump Offering. In case the Institutional Investors do not subscribe for the Rump Shares at a high price, the compensation amount may not be sufficient in order to be distributed to the holders of unexercised Rights.

Moreover, there can be no assurance that there will be sufficient market demand for the New Shares obtained by an Applicant either (a) through subscription to the Rights, (b) during the Rump Offering or (c) in the open market.

2 - 3 - 4 Speculation Relating to the Rights

Speculation relating to the Rights Issue may cause material losses. The scope of change allowed for the trading prices of the Rights ("share's indicative value") exceeds the percentage of the shares' prices (by 10% upward or downward). There is also a direct correlation between the Company's share price and the share's indicative value. Accordingly, the daily price limits of the trading of a Right will be affected by the daily price limits of a share trading.

In case a speculator fails to sell the Rights before the end of the Trading Period, he will be forced to exercise these Rights to subscribe for New Shares and may incur some losses. Thus, the investors should review the full details of the mechanism of listing and trading of Rights and New Shares and the functioning method thereof and should be aware of all the factors affecting them, to make sure that any investment decision will be based on complete awareness and understanding.

2 - 3 - 5 Absence of a Prior Market for the Rights in Saudi Arabia

Prior to the Offering, there was no precedent or experience in trading Rights on the Tadawul system. There can be no assurance that there will be no technical, administrative, and financial or other problems related to the Tadawul system or the Company in connection with trading in the Rights.

In addition, there is currently no public market for the Rights Issue in the Kingdom of Saudi Arabia, and there can be no assurance that an active trading market for the Rights in the Tadawul system will develop during this Offering or in the future.

2 - 3 - 6 Low Shareholding Percentage

If the holders of the Rights do not fully exercise their Rights with respect to the acquisition of New Shares in the Offering, their shareholding percentage and voting rights will be reduced. In case the registered holder of the RIghts wishes to sell his Rights during the Trading Period, there can be no assurance that its returns will be sufficient to fully compensate the drop of its shareholding percentage in the Company's capital resulting from the Company's capital increase.

2 - 3 - 7 Failure to Exercise the Rights in a Timely Manner

The subsciption exercise period will start on 27/10/1434H (corresponding to 3/9/2013G) and end on 11/11/1434H (corresponding to 17/9/2013G). The Eligible Persons and financial intermediaries representing them should take the appropriate measures to comply with all required instructions and receive their certificates prior to the expiry of the exercise period. If the holders of the Rights and the financial intermediaries are not able to properly follow the procedures for the trading of the Rights, the Subscription Application Form may be rejected (See Section 14 "Subscription Terms and Instructions").

If the Eligible Persons are not able to exercise their subscription rights properly by the end of the Second Offering Period, according to the Rights held by them, there can be no assurance that a compensation amount will be distributed to the Eligible Persons who did not participate or did not properly subscribe for the New Shares.

2 - 3 - 8 Dividends' Payment

The Company's decision to pay future dividends will depend on various factors such as future profits, financial position, working capital requirements, distributable reserves and available credit of the Company in addition to the general economic conditions and other factors that the Board of Directors deem significant from time to time. Moreover, according to the Facilities Restructuring Agreement, there will be a cash transfer on a semi-annual basis whereby any cash flow exceeding SAR 25,000,000 will be paid by the Company (after payment of all dues and liabilities) to the banks against the unpaid debts (for further information on facilities, please refer to section 12 of this Prospectus). In addition, the Company needs the prior consent of the banks to pay any dividends. The Company does not guarantee that sufficient funds will be available to pay dividends in any given year in the future. If such amounts are available, there is no guarantee that the banks will approve the dividends' payment. The payment of dividends is subject to certain restrictions contained in the Company's By-Laws and other relevant laws.

2 - 3 - 9 Effective Control by the Shareholders

Shareholders who own a large number of the Company's Shares may collectively control aspects that require shareholders' approval including mergers and acquisitions, sale of assets, and election of Board members. Accordingly, the Shareholders holding majority shares in the Company can exercise their control in a way that materially impacts the Company's performance, financial condition and results of operations.

3. INFORMATION ABOUT THE MARKET AND INDUSTRY

The information stated in this Prospectus is derived from a report prepared by the Market Consultant in August 2012 exclusively for the Company. In this connection, it should be noted that the Market Consultant does not, nor do any of its subsidiaries, shareholders, employees, or any of their relatives, hold shares or have any interests of any kind in the Company. The Market Consultant has granted, and has not withdrawan, its written consent upon the use of its data and market studies as contained in this Prospectus as of the date hereof.

Integer Research Limited is a London-based company established in 2002G providing information services and consultancy in a range of commodity industries. It provides an array of information, reports, and consultancy services to the wire & cable, steel, and aluminum industries. It also has extensive experience in analyzing companies and industry market trends, and has undertaken many consultancies and worked widely with major international cables producers from Japan, Germany, France, Italy, USA, South Korea, and other countries.

3 - 1 GCC Wire and Cable Consumption

3 - 1 - 1 Global context

During the last decade, there was sustained Gross Domestic Product (GDP) growth in the global economy, with world GDP (at constant prices) growing on average at 3.6% per annum over 2001G to 2012G, according to estimates from the International Monetary Fund (IMF). This growth was concentrated in some key emerging markets such as Brazil, India, China, and also the Middle East. This growth led to an increase in fixed investment and cable demand. Demand for building wire and copper and aluminum power cables used in the construction sector increased at the fastest rate in the last twenty years.

3 - 1 - 2 GCC macroeconomic environment and cable consumption

The GCC experienced a period of strong economic growth from 2004G until 2008G. This was largely driven by the concurrent rise in oil prices: the Brent crude oil price rose on average by 16.6% per annum over the same period. There is a close correlation between oil prices and the GCC's economic growth, as the countries are large oil and gas producers. The region's real GDP grew at an average rate of 6.1% per annum over 2000G to 2008G.

However, the economic downturn that began in late 2008G resulted in lower global economic growth and a fall in oil prices. This reduced economic growth rates for the GCC region: the GCC's economy contracted by 1.1% year-on-year in 2009G in real terms. Since then, the region's countries have recovered to varying degrees: the United Arab Emirates (UAE) and Kuwait recovered slowly, and have reached for example average GDP growth rates of 2.2% and 2.7% per annum respectively over 2008-2012, in comparison with an annual rate of 2.9% in other economies. As for Qatar, it saw significant growth in this period, with its GDP multiplying by two.

Exhibit 3.1: GDP growth, constant prices, 2000G-2012G (year-on-year % change)

Year	2000G	2001G	2002G	2003G	2004G	2005G	
World GDP growth	4.7	2.3	2.8	3.6	4.8	4.5	
Year	**2006G**	**2007G**	**2008G**	**2009G**	**2010G**	**2011G**	**2012G**
World GDP growth	5.2	5.4	2.7	-0.6	5.2	3.8	3.3

Source: International Monetary Fund (IMF)

In the GCC, there has been a dramatic increase in demand for wire and cable, and this has been the main driver of cable demand growth in the broader Middle East. GCC wire and cable consumption more than doubled between 2003G and 2008G, from 461,000 tons to 1.1 million tons in 2008G. It is worth mentioning that the demand for wire and cable was driven by sharp growth rates in the UAE, the KSA, and Qatar. Due to the increase in demand from the construction sector between 2007G and 2012G, GCC wire and cable consumption, especially in the KSA, increased by 5.8% on average per annum, i.e. 126,000 tons gross weight in total.

Overall, total cable consumption in the GCC increased on average by 5.4% per annum in gross weight terms over 2007G to 2011G, peaking at 1.1 million tons in 2011G. Over 2009G to 2012G, the GCC consumption increased by 7.8% on average per annum.

The Kingdom of Saudi Arabia and Qatar saw the highest consumption rate, and markets grew by 10.8% and 6.9% respectively per annum, over 2007G to 2012G.

Among MESC products, Building Wire and Cable experienced over 2007G to 2012G the fastest growth of 4.3% per annum on average, followed by Control & Auxiliary Cable which grew on average at a rate of 2.2%. As for the KSA, the growth rate of Control & Auxiliary Cable was much higher at 7.0% per annum on average, whereas Telecom/Data/Signal Cables increased by 15.0% on average per annum.

Exhibit 3.2: GCC wire and cable consumption by product and country, 2007-2012

Consumption by product ('000 tons)	2007G	2008G	2009G	2010G	2011G	2012G
Building and Installation Wire	265	328	277	284	299	327
Control & Auxiliary Wire & Cable	62	79	64	60	69	69
Enameled/Magnet Wire	55	48	39	40	45	47
Fiber Optic Cable	11	12	17	16	17	20
Insulated Wire & Cable - Other	36	49	35	31	32	33
LV Power Cable, <1kV	253	300	232	245	271	288
Power cables, >1kV	190	237	251	282	350	382
Telecom/Data/Signal Cables	37	40	35	35	37	38
Total	908	1,093	949	993	1,120	1,205
Consumption by country ('000 tons)	2007G	2008G	2009G	2010G	2011G	2012G
Bahrain	35	47	41	33	34	33
Kuwait	76	82	73	82	86	89
Oman	88	120	83	90	104	109
Qatar	132	202	156	136	173	184
KSA	298	314	342	370	424	498
UAE	278	328	254	283	298	291
Total	908	1,093	949	993	1,120	1,205

Data: Integer Research, Industry sources

Exhibit 3.3: GCC wire and cable consumption by product and country, 2007-2012

Consumption by product (million Riyals)	2007G	2008G	2009G	2010G	2011G	2012G
Building and Installation Wire	5,760	6,776	4,616	6,296	7,616	8,010
Control & Auxiliary Wire & Cable	2,018	2,471	1,688	1,969	2,550	2,464

Consumption by product (million Riyals)	2007G	2008G	2009G	2010G	2011G	2012G
Enameled/Magnet Wire	1,586	1,286	795	1,185	1,586	1,598
Fiber Optic Cable	480	563	728	799	941	1,103
Insulated Wire & Cable - Other	1,106	1,410	810	971	1,140	1,144
LV Power Cable, <1kV	7,969	8,873	5,573	7,886	10,065	10,271
Power cables, >1kV	6,656	7,849	6,788	10,054	14,224	15,169
Telecom/Data/Signal Cables	1,234	1,256	889	1,211	1,448	1,451
Total	26,805	30,491	21,885	30,375	39,570	41,209

Consumption by country (million Riyals)	2007G	2008G	2009G	2010G	2011G	2012G
Bahrain	1,028	1,373	990	1,031	1,196	1,114
Kuwait	2,288	2,325	1,710	2,498	3,015	3,023
Oman	2,501	3,225	1,841	2,606	3,510	3,578
Qatar	4,088	5,921	3,761	4,275	6,244	6,461
KSA	8,595	8,524	7,665	11,261	15,011	16,961
UAE	8,310	9,124	5,921	8,708	10,594	10,076
Total	26,805	30,491	21,885	30,375	39,570	41,209

Data: Integer Research, Industry sources

3 - 1 - 3 Macroeconomic environment and cable consumption in Jordan

The local construction sector contributed to economic growth after the reform process launched by King Abdullah II in 1999G. These growth rates in the last ten years resulted in an increase of demand on an array of building wires and power cables.

Banks and the Jordanian economy were able to overcome the global financial crisis in 2008G/2009G with relative ease, due to relatively limited exposure to securities and international banknotes and limited dependence on oil exports. The real economic growth slowed by 3.9% per annum in 2009G-2010G, versus 7% and 8% in 2007G-2008G. However, this slowdown did not turn into recession due to continuous spending and consumption, even to a lesser extent. However, demand on major exports slowed down in many sectors, and their value decreased in 2009G. Exports of major products such as agricultural chemicals continued to face a slowdown of demand; thus, economic growth declined to around 2.8% per annum in 2011G and 2012G. The economic situation of the countries that Jordan deals with, such as the USA and Western Europe remained weak as well. However, the recovery of the Iraqi economy and the end of the Iraqi war led to a significant increase in commercial ties between Iraq, the KSA, and Jordan.

According to Integer estimations, wire and cable consumption in Jordan peaked in 2008G and reached 210 million USD. The total market value decreased to 111 million USD and 107 million USD in 2009G and 2010G respectively. The building and installation sector was the main driver of demand on wire and cable products in Jordan. Jordan has six economic zones in Aqaba, Mafraq, Maan, Ajloun, the Dead Sea, and Irbid. These zones worked on attracting investments. There are also a number of industrial zones producing textiles, aerospace and defense equipment, ICT, medicines and cosmetics.

Exhibit 3.4: Wire and cable consumption by product, 2007-2012 (million Riyals)

Consumption by product (million Riyals)	2007G	2008G	2009G	2010G	2011G	2012G
Coaxial Cable/Electronic wire	34	60	23	23	15	19
Enameled/Magnet Wire	8	11	4	8	8	8
Fiber Optic Cable	8	8	11	11	15	15
LV Power Cable, <1kV	454	604	311	278	240	236
Power Cable, >1kV, MV, HV	30	38	26	34	41	41
Signal & Control Cable	64	60	34	41	56	53
Telecom/Data/Signal Cables	11	11	8	8	-	-
Total	608	788	416	401	371	368

Data: Integer Research, Industry sources

3 - 1 - 4 Demand Drivers

Demand on wire and cable is affected by a number of factors in GCC and Jordan:

- Economic growth leads to higher demand on power use and data transmitted through cables. This shows the correlation between consumption increase and economic growth, as measured by GDP.
- There is a correlation between oil prices and economic growth in GCC countries, due to their heavy dependence on oil and gas.
- Cables are used in an array of infrastructure and construction projects, including power, telecom, factories, machines, residential and commercial buildings, transportation, and other types of infrastructure. As a result, demand depends largely on investment and its volume. Between 2004G and 2008G, investment grew quickly in GCC countries. For example, total investment in Bahrain, Qatar, and Oman increased by two to three times in comparison with 2000G, and reached 30-40% of total GDP, according to IMF estimations. However, since the global economic crisis, total investments' pace has slowed, but remained strong in the main markets like the KSA and Qatar.
- Development of governmental policies and regulations, such as the changes affecting expenses on utilities, end products, construction, and power/data networks, which affect cables' consumption. Environmental policies which encourage the increasing use of renewable energy also open new markets for cables in the field of renewable energy.
- Economic progress and development results in the replacement and use of other new types of cables or finding new products to be used in place of fiber optic cables. Therefore, decreasing the demand on some telecom copper cables.
- Globalization and open global economies and markets influence the point of cable consumption, for example, original equipment manufacturers have moved from many higher cost countries to lower cost countries. Greater links between countries has also resulted in greater interconnection between national networks, such as the construction of the GCC Interconnection Grid linking national power grids of the GCC countries, which consumed large quantities of cable.

3 - 2 GCC Wire and Cable Commercial Flows

Exhibit 3.5: GCC Wire and Cable Commercial Flows (gross cable weight, ‘000 tons), 2007G-2012G

Exportations ('000 tons)	2007G	2008G	2009G	2010G	2011G	2012G
Building and Installation Wire	50	61	42	49	53	57
Control & Auxiliary Wire & Cable	5	6	5	6	7	7
Enameled/Magnet Wire	8	9	10	11	12	13
Fiber Optic Cable*	0	0	0	0	0	0
Insulated Wire & Cable - Other	5	5	5	5	5	3
LV Power Cable, <1kV	43	49	40	57	60	67
Power cables, >1kV	126	146	98	96	100	108
Telecom/Data/Signal Cables	1	1	0	1	1	1
Total	229	267	192	215	228	255

Importations ('000 tons)	2007G	2008G	2009G	2010G	2011G	2012G
Building and Installation Wire	101	143	113	104	108	114
Control & Auxiliary Wire & Cable	33	47	35	27	32	26
Enameled/Magnet Wire	35	26	21	21	22	24
Fiber Optic Cable	8	10	12	11	12	16
Insulated Wire & Cable - Other	29	42	27	22	23	29
LV Power Cable, <1kV	132	162	123	105	105	104
Power cables, >1kV	143	204	153	141	171	173
Telecom/Data/Signal Cables	20	24	22	22	22	23
Total	501	658	505	454	495	510

Data: Integer Research, GTIS, UN Comtrade, Industry sources

*Countries’ exportation of this product is less than 1,000 tons per annum

GCC wire and cable exports reached 267,000 tons in 2008G; however, these exports declined to 192,000 tons due to slower demand growth in the export markets. The main products exported outside the region are cables of “other” type that are not produced by MESC. GCC imports peaked at 658,000 tons in 2008G, including low voltage power wires, building and installation wires, as well as “other” products representing the most common imported products. Imports declined since then to reach 450-500 thousand tons per annum.

3 - 3 GCC Cable Production

Production of wire and cable in the GCC rose rapidly in the 2000s, in line with improved economic growth and demand in the region. Greenfield and brownfield investments were made locally, in response to the rise in demand. GCC cable production grew at an average rate of 9% per annum from 2003G to 2008G to reach over 700,000 tons in gross weight in 2008G. The current production capacity increased as a result of the entry of new companies to the market, or addition of new production lines by current companies such as Bahra Cables, Doha Cables (El Sewedy), Saudi-based El Sewedy Cables Company Limited in Yanbu, and Al-Fanar.

The downturn in global demand in 2009G led to a contraction in production by GCC countries, and demand declined by 9.4% per annum. Since the beginning of 2009G, the new capacity that was planned before the downturn has come on stream, including MESC Ras Al-Khaimah, QICC (Nexans), Powerplus, and Red Sea Cable Company. The production recovered and reached 951,000 tons in 2012G.

Exhibit 3.6: GCC Wire and Cable Production per Product, 2007G-2012G (million Riyals)

Production by Product (million Riyals)	2007G	2008G	2009G	2010G	2011G	2012G
Building and Installation Wire	4,748	5,160	3,518	5,089	6,173	6,574
Control & Auxiliary Wire & Cable	1,088	1,181	896	1,260	1,598	1,725
Enameled/Magnet Wire	833	825	574	896	1,241	1,215
Fiber Optic Cable	135	146	218	251	278	255
Insulated Wire & Cable - Other	71	64	71	131	150	240
LV Power Cable, <1kV	5,168	5,543	3,581	6,315	8,224	8,333
Power cables, >1kV	6,064	5,903	5,246	8,355	11,006	12,161
Telecom/Data/Signal Cables	578	514	338	484	596	585
Total	18,679	19,343	14,445	22,781	29,265	31,088
Production by Country (million Riyals)	2007G	2008G	2009G	2010G	2011G	2012G
Bahrain	-	-	-	-	-	-
Kuwait	1,283	1,223	623	1,151	1,478	1,459
Oman	2,546	3,300	1,860	2,471	3,341	3,326
Qatar	98	90	180	656	968	1,155
KSA	10,256	10,290	8,411	12,776	16,061	17,306
UAE	4,496	4,436	3,371	5,730	7,414	7,841
Total	18,679	19,343	14,445	22,781	29,265	31,088

Data: Integer Research, Industry sources

The Kingdom contributed to the increase of the region's production capacity through the increase of consumption. During 2007G-2010G, a number of greenfield and brownfield investments were made in cable making capacity in the GCC, leading to increased local competition for MESC. Al-Fanar set up a low voltage (LV) power cable factory in Riyadh. Along the Red Sea Coast, there are new factories in Yanbu (El Sewedy & Red Sea Cables), and at Bahra (Bahra Cable). Jeddah Cable (Energya) also set up a new cable plant in Rabigh, North of Jeddah. J-Power Systems (JPS) has set up an armoring line, which came on stream in 2012G, to supply MV submarine power cables, but this does not compete directly with MESC. Over the coming years, very little investment in new capacity is expected.

Exhibit 3.7: GCC Wire and Cable Production per Product and Country, 2007G-2012G (total weight in '000 tons)

Production by product ('000 tons)	2007G	2008G	2009G	2010G	2011G	2012G
Building and Installation Wire	818	938	791	859	908	1,013
Control & Auxiliary Wire & Cable	124	143	128	146	161	188
Enameled/Magnet Wire	109	116	105	113	131	131
Fiber Optic Cable	11	11	19	19	19	15
Insulated Wire & Cable - Other	8	8	11	15	15	26
LV Power Cable, <1kV	615	701	559	735	833	945
Power cables, >1kV	649	671	735	889	1,024	1,193
Telecom/Data/Signal Cables	64	60	49	53	56	60
Total	2,400	2,648	2,400	2,828	3,150	3,566

Production by country ('000 tons)	2007G	2008G	2009G	2010G	2011G	2012G
Bahrain						
Kuwait	173	173	109	154	169	173
Oman	341	473	319	326	379	394
Qatar	15	15	34	79	101	154
KSA	1,309	1,391	1,399	1,575	1,718	1,965
UAE	563	596	540	694	780	885
Total	2,400	2,648	2,400	2,828	3,150	3,566

Data: Integer Research, Industry sources

Exhibit 3.8: Summary of key players in the region in 2012G

	MESC KSA	MESC RAK	Riyadh Cable	Saudi Cable	Jeddah Cable	Oman Cable	Gulf Cable	Ducab	Al Fanar	National Cable	Nuhas	Bahra Cables	J-Power	Nexans/QICC	Power Plus	El Sewedy Qatar	El Sewedy Yanbu
Product																	
Extra High Voltage			I	I													
High Voltage Cable			I	I				I	I			I					I
Medium Voltage Cable			I	I	I	I	I	I	I	I	I	I	I	I	I	I	I

	MESC KSA	MESC RAK	Riyadh Cable	Saudi Cable	Jeddah Cable	Oman Cable	Gulf Cable	Ducab	Al Fanar	National Cable	Nuhas	Bahra Cables	J-Power	Nexans/QICC	Power Plus	El Sewedy Qatar	El Sewedy Yanbu
LV Power Cable	I	I	I	I	I	I	I	I	I	I	I	I		I	I	I	I
Building Wire	I	I	I	I	I	I	I	I	I	I	I	I		I	I	I	I
Signal & Control	I	I	I	I		I	I	I	I	I	I	I		I	I	I	I
Telecom Cable	I	I	I	I		I	I								I		
Leading Market Share	I	I	I	I		I	I	I						I		I	
Recent Capacity Expansion		I			I	I		I	I		I	I	I				
In-house Copper Rod			I	I	I		I	I			I						
PVC Compounding	I		I	I	I	I	I	I									
Production Lines Preparation																	
Current CCV Lines	0	0	8	2	2	2	1	3	0	1	1	2	0	1	1	1	1
New CCV Lines by 2016	0	0	0	0	1	1	0	1	2	0	0	1	1	0	0	0	0
New VCV Lines by 2016	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
VCV/CCV Lines by 2016	0	0	8	2	4	3	1	4	2	1	1	3	1	1	1	1	1

Data: Integer Research, Industry sources

3 - 4 Cable production in Jordan

Exhibit 3.9: Jordan Cable & Wire Production by product, 2007G-2012G (million Riyals)

Production by product (million Riyals)	2007G	2008G	2009G	2010G	2011G	2012G
Coaxial Cable/Electronic wire	15	23	8	8	8	8
Enameled/Magnet Wire	-	4	-	8	8	8
Fiber Optic Cable	-	-	-	-	-	-
LV Power Cable, <1kV	664	833	476	461	469	450
Power Cable, >1kV, MV, HV	4	30	71	139	105	105

Production by product (million Riyals)	2007G	2008G	2009G	2010G	2011G	2012G
Signal & Control Cable	98	83	53	60	60	56
Telecom/Data/Signal Cables	-	-	-	4	4	4
Total	780	971	608	679	653	630

Data: Integer Research, Industry sources

Jordan has become a major export hub for trade with Iraq, as well as Saudi Arabia. Many companies are using Jordan as a manufacturing base or warehousing base, and then exporting into Iraq, in order to offer short lead times for delivery to Iraq. There are five main cable producers operating in Jordan: MESC - Jordan (formerly known as Jordan New Cable Company, JNCC), MESC MV & HV Jordan, both owned by MESC, as well as Gulf Cable Jordan and United Cable Industry (UCIC). MESC - Jordan is the leading wire and cable producer in Jordan, making Jordan an important cable export base in the region. Cable capacity doubled in just six years between 2003G and 2008G. As for Gulf Cable, it has plans to expand its Mafraq cable plant.

3 - 5 The Manufacturing Value Chain and Cable Pricing

Unlike commodity markets where products are more homogeneous, the pricing for the cables sold by MESC is less transparent. MESC's cables, especially its range of instrumentation and control cables, are heterogeneous, with thousands of possible variations depending on the customer's requirements.

An increase in the level of competition in the cable sector in the GCC will result in downward pressure on gross margins, and in turn cable prices. Material costs are a major factor affecting future price levels, and the most important raw material is copper. This is purchased regionally in the GCC and from other suppliers in Turkey, Russia, Southern Europe, India and Australia.

In some cases, there can be local price advantages, with prices at a premium, compared to imported products, as a result of the preference given to locally sourced products. In the long term, this situation might change and prices could move down, if customers in GCC countries adopted more open procurement practices similar to those that are widely used in the European Union, for example.

Such a development would affect profitability as margins would be squeezed, although in the medium term such a development is not expected by the Market Consultant in the GCC. Operational efficiency is therefore the key to competitiveness, since the market will pay a premium for short lead times, single sourcing and high quality local product.

4. THE COMPANY

4 - 1 Introduction

MESC was established as a Saudi limited liability company registered in Riyadh under Commercial Registration Number 1010102402 dated 10/05/1413H (corresponding to 04/11/1992G) with a paid up capital of SAR 19.0 million. The Company also has two registered branches in Jeddah and Al Khobar registered under Commercial Registration Numbers 4030126555 and 20510223224 respectively, as well as a regional sales office in Dubai with a professional license No. 512491. The Minister of Commerce and Industry has declared the conversion of the Company into a Saudi joint stock company, pursuant to resolution No. 195 dated 21/7/1428H (corresponding to 4/8/2007G).

MESC's capital has been increased several times since the Company's inception. The first increase to its capital from SAR 19 million to SAR 24 million, was carried out in 2004G through partial capitalization of the Company's retained earnings; while the second increase from SAR 24 million to SAR 320 million was carried out in 2007G through the capitalization of SAR 12 million of statutory reserves, the capitalization of SAR 130.7 million of retained earnings, as well as capitalization of shareholders' loans in relation to MESC's purchase of MESC - Jordan shares from its shareholders in the amount of 153.3 million Saudi Riyals. In 2008G approval was given to increase the company's capital by 25% from 320 million Riyals (32 million shares) to 400 million Riyals (40 million shares) through the issuance of 8 million new shares, whereby, one free share was granted for every 4 shares owned by Registered Shareholders by the end of the trading day of date of the Extraordinary General Assembly, contingent upon raising the value of the increase through the transfer of 80 million Riyals from retained earnings.

As a result, the Company's shareholding structure is based on 40 million fully paid ordinary shares with a par value of SAR 10 each, as shown below:

Exhibit 4.1: MESC's Ownership Structure

Shareholders	Number of Shares	Ownership Percentage
Abdulaziz Mohammad Al Namlah Holding Group	3,000,000	7.5%
Abdullah Mohammad Suleiman Al Namlah	2,920,000	7.3%
Mansour Abdulaziz Mohammad Kaaki	2,556,000	6.4%
Public	31,524,000	78.8%
Total	40,000,000	100.0%

Source: the Company

The following table shows the ownership structure of Abdulaziz Mohammad Al Namlah Holding Company:

Exhibit 4.2: The ownership structure of Abdulaziz Mohammad Al Namlah Holding Company:

Shareholders	Number of Shares	Ownership Percentage	Direct Ownership Percentage in MESC	Indirect Ownership Percentage in MESC
Abdulaziz Mohammad Al Namlah	425,000	85%	0.0025%	6.37%
Mounira bint Abdulaziz Al Omeir	25,000	5%	-	0.37%
Mohammad bin Abdulaziz Al Namlah	10,000	2%	3.69%	0.15%
Aldana Abdulaziz Al Namlah	10,000	2%	-	0.15%
Nauf Abdulaziz Al Namlah	10,000	2%	-	0.15%
Modi Abdulaziz Al Namlah	10,000	2%	-	0.15%
Ali Abdulaziz Al Namlah	10,000	2%	-	0.15%

Source: the Company

MESC and its subsidiaries' (the "Group") main business revolves around the production and distribution of cables, which has grown through horizontal and vertical integrated expansion allowing the Company to now offer a full range of industrial and power cables. The Company also produces a comprehensive array of products with various specifications, resulting in over 5,000 sub-categories of products being currently manufactured. Its main product lines can be divided into three categories as follows:

1. **Industrial Cables:** These cables are used in petrochemical, oil, gas, power and heavy industries projects. This segment comprised 64.3% of the Group's sales in 2012G.
2. **Building Zone Facilities & Building Management Cables:** These cables are used to transmit audio, video, surveillance and alarm signals. They are also used in fire alarm systems, local area networks and telephone systems. They are therefore widely used in malls, hotels, markets and commercial buildings. This segment constituted the smallest share of sold cable products, equaling 2.3% of the Group's sales in 2012G.
3. **Power Cables:** These cables are most commonly used in house wirings, irrigation, as well as medium and low voltage power transmission. Besides their use in home appliances, industrial applications include their use in robotics requiring a high degree of flexibility. MESC manufactures these cables in various specifications according to the environments in which they are to be deployed. This segment of products represented 33.4% of the Group's sales in 2012G.

The Company also conducts business outside the Kingdom through its subsidiaries in Jordan and the United Arab Emirates. These subsidiaries are:

1. Middle East Specialized Cables Company – MESC - Jordan – in Jordan
2. MESC for Medium and High Voltage Cables – Jordan
3. Middle East Specialized Cables Company – MESC Ras Al-Khaimah – United Arab Emirates

4 - 2 Company's Vision

The Company's vision is to have sufficient flexibility enabling it supply the best alternatives to fully meet its customers' needs.

4 - 3 Mission Statement

The Company's mission is to become the leader in supplying industrial cables to EPC contractors for mega projects in the Middle East and North Africa. MESC's mission clearly positions the Company in the industrial cables market where it is already considered a prominent manufacturer of these cables in Saudi Arabia and the Arabian Gulf.

4 - 4 Company Evolution

In the early 1990s, the oil and gas industry witnessed a significant boom and many new industrial projects were started in the Kingdom. This was accompanied by a growth in demand for used cables that were utilized in such projects. MESC was established in 1992G to meet the increased demand in the local market. At first it only produced industrial cables. The Company's production line expanded as a result of eight major expansion efforts, and now includes a production capacity able to produce a comprehensive array of industrial, building zone facilities & building management, as well as power cables. Fifteen years after the Company's establishment, MESC became one of the leading manufacturers of industrial cables in the Kingdom. The Company's evolution occurred in three stages:

1. Incorporation and initial production period (1992G – 1995G)
2. Growth and expansion (1995G – 2003G)
3. Strategic refocus (2003G – 2012G)

4 - 4 - 1 Incorporation and Initial Production Period (1992G – 1995G)

The Company's founding shareholders, having noticed a considerable demand for industrial cables and the absence of any local manufacturers, pursued the idea of establishing a manufacturing facility geared towards catering for this market's needs. They therefore established the Company's first factory, equipped with state-of-the-art machinery from different countries around the world.

MESC was established in 1992G and started production in 1994G, quickly developing a reputation for providing quality products and services to its clients in a timely manner. This was positively reflected on the Company's operations through a steady increase in repeat orders by its customers. By 1995G, the Company had supplied cables to numerous projects in various regions of the Kingdom.

4 - 4 - 2 Growth and Expansion (1995G – 2003G)

MESC has undergone eight expansions since its inception, to meet the continuously growing demand for its products. These expansions have allowed it to increase the production capacity of its manufacturing facilities as well as increase its product range, thereby allowing the Company to enter new markets.

First Expansion

Prior to its first expansion in 1995G, MESC's product range only included instrumentation and control cables. As a result, most of its industrial cables were only supplied to the petrochemical and oil & gas industries. However, subsequent to this expansion, the Company gained the capacity to manufacture thermocouple cables used in the heavy industries sector.

Second Expansion

In striving to maintain its distinction in the production of instrumentation and control cables, MESC proceeded in 1997G to increase its manufacturing capacity by beginning to manufacture cables of a higher diameter range. This helped MESC to provide its clients with a full range of instrumentation and control cables. Moreover, the packaging and production capabilities of the Company were also enhanced.

Third Expansion

Large industrial projects required installation of ancillary cables as well to carry audio, video and communication signals to control rooms. Through this expansion, the Company took advantage of its growing client base in the instrumentation and control cables market to venture more assertively into the production of system cables. Products like telephone, LAN and coaxial cables were therefore introduced.

The production of instrumentation and control cables requires that a film of tin be applied over copper. The Company established a copper tinning unit so that all such activities be performed in-house, thus allowing MESC to forego importing this material from abroad, and enabled the Company to further reduce its cost of production.

Fourth Expansion

Recognizing the need to improve the efficiency of its production systems and gain an edge over its competitors in the long run, MESC's management upgraded the Company's machinery used to produce telephone and LAN cables. As a result, more cables could be produced in less time and MESC's manufacturing capacity was thus substantially increased.

Production of cables requires a process by which groups of cables are assembled together and copper wires are made thinner and longer. The Company enhanced its manufacturing ability and was thus able to manufacture cables of significantly greater length. In addition, the Company also began producing lead coated cables. Lead coating provides protection against moisture, thereby increasing the life span of cables. The climate of GCC countries makes it necessary for cables to have lead coating. This was a strategic move from management to enable the Company to enter the growing GCC market.

The benefits arising from these expansions could be seen in the growth of MESC's sales during this period from SAR 72.4 Million in 1996G to SAR 171.6 Million in 2003G.

4 - 4 - 3 Strategic Refocus, Fifth to Eighth Expansion, PVC Manufacturing Plant (2003G – 2012G)

Although sales of both industrial and other cables continued to grow since the Company started operations, management felt the need to expand the Company's existing resources and add new facilities for the production of industrial cables, to meet the increasing demand and take advantage of the experience that the Company had gained.

As a result, the fifth and sixth expansions were carried out between 2004G and 2006G, when new production lines were added, thus increasing the Company's manufacturing capacity for industrial cables. Furthermore, the seventh and eighth expansions were carried out in 2007G and 2009G respectively, whereby new facilities were established to produce industrial cables of increased length and higher diameter.

In 2012G the Company inaugurated a PVC pellet manufacturing plant located in Riyadh's Second Industrial City, in order to satisfy the Company and its subsidiaries' needs for PVC pellets used in the insulation and coating of cables, instead of having to buy them from outside sources, thereby reducing manufacturing costs.

MESC's management believes that this refocus in strategy will help MESC further strengthen its position in the industrial cables market.

These expansions strengthened the Company's position among cable manufacturers in the Kingdom and the Middle East. As a result of these significant expansion efforts, the Company's sales increased over the years. These expansions were reflected in the steady growth of the Company's sales during this period, which increased from SAR 171.6 million in 2003G to SAR 763.5 million in 2012G.

Exhibit 4.2: Growth and Expansion

Year(G)	Total Sales – MESC - KSA (SAR millions)	Expansion
1995	35.0	First expansion
1996	72.4	
1997	102.4	Second expansion
1998	109.6	
1999	134.7	Third expansion
2000	137.8	
2001	165.9	
2002	159.7	Fourth expansion
2003	171.6	
2004	191.7	Fifth expansion
2005	276.5	
2006	399.2	Sixth expansion
2007	597.8	Seventh expansion
2008	708.7	
2009	529.3	Eighth expansion
2010	584.2	
2011	631.0	
2012	763.5	

Source: the Company

4 - 5 Products

The Company's products can be classified into three major categories:

Exhibit 4.3: Product Categories

Category	Main Product Lines	Users	Production facilities	Percentage of Total Production 2011G	Percentage of Total Sales 2012G
Industrial cables	Instrumentation / Data / Control Cables Fire Resistance Cables Thermocouple Extension Cables	Power and desalination plants, petrochemicals, oil & gas projects and heavy industries like cement and steel.	MESC – Saudi Arabia MESC – Ras Al-Khaimah	41.4%	65%
Building Zone Facilities & Building Management Cables	Sound and Audio Cables Security / Fire Alarm Cables Heating / Ventilation / Air Conditioning Cables Intercom / Public Address Systems Cables	Supermarkets, hospitals, universities, residential buildings, hotels, health resorts and airport terminals, among others.	MESC – Saudi Arabia MESC – Ras Al-Khaimah	1.7%	2.3%
Power Cables	Building Wires Flexible / Rubber Cables Low Voltage Power and Control Cables Medium Voltage Power Cables High Voltage Power Cables	House wirings, home appliances, irrigation, welding and provision of low voltage power transmissions and distribution. Electricity companies and projects that require high voltage	MESC – Jordan MESC Medium and High Voltage Cables - Jordan	57.1%	33.4%

Source: the Company

As a result of the Company's 2011G financial results, MESC took some steps to correct its course, which included refocusing its efforts on the manufacture of specialized and control cables (industrial cables category) in each of the Company's factories in Saudi Arabia and the UAE, by increasing the production and sales of these cables which achieve good profits for the Company, and reducing the Company's production of power cables in the Jordanian subsidiaries because of the financial losses that resulted from their production costs.

As a result, the Company's production of industrial cables evolved to become the largest category of cables produced by the Company and its subsidiaries, whereby they accounted for 65% of total sales in 2012G. MESC thus became one of the most important companies that produces industrial, office systems, and train signaling cables in the Kingdom. MESC and its subsidiaries do not directly sell their products to project contractors such as Aramco and SABIC, but they must remain on the list of approved suppliers utilized by project contractors that bid on building projects. In contrast, procurement decisions by contractors who provide EPC services must rely on a list of approved suppliers that includes the MESC Group.

Following is a summary of each of the main production lines for each category:

4 - 5 - 1 Industrial Cables

Industrial cables are mainly used in manufacturing facilities, power plants, petroleum refineries and petrochemical plants for the purpose of monitoring production processes, as well as in other areas.

Cables manufactured by MESC are flame retardant, oil, alkaline, chemical and ultra violet resistant and meet international standards as well as the local standards of Great Britain, United States of America and Germany. This category's production lines include the following:

1. Instrumentation / Data /Control Cables

These are available in various specifications including:

Hydrocarbon Proof Cables – Aliphatic hydrocarbons have the ability to spread fires. Such aliphatic hydrocarbons are usually present in oil rich soils. As refineries and petrochemical plants are built on such soil, these hydrocarbons can penetrate into the cables, which can be very hazardous. As a result, MESC manufactures cables with lead sheaths that are hydrocarbon proof and can be buried underground without any other protection.

Armored Cables – When cables have to be installed underground, they can be subject to damage caused by the weight of heavy equipment. Armor provides protection against the possibility of any such damage.

Unarmored Cables – These cables are used inside control rooms, pipes and other indoor areas in industrial projects. MESC manufactures them to various sizes and specifications that suit the different methods of installation.

2. Fire Resistant Cables

These cables are used in environments where personnel and equipment require an increased level of security because, in case of fire, these cables emit minute amounts of lethal gases and smoke. This allows safe evacuation of personnel. Fire resistant cables can remain operational for 3 to 10 hours, even when subjected to fire and in temperatures of up to 95 °C.

3. Thermocouple Extension Cables

All industrial enterprises operating in the manufacturing sector require special types of cables and wires that can accurately monitor and measure heat levels through heat measuring devices located on manufacturing machines. Since these cables are usually used in hostile environments, MESC manufactures them to various specifications according to whether protection is needed against fire, mechanical damage or hydrocarbons.

Based on the foregoing, MESC's specialized production facilities allows the Company to manufacture customized industrial cables that suit the needs of its clients, and incorporate a broad range of materials, sheathing, and packaging options.

4 - 5 - 2 Building Zone Facilities & Building Management Cables

These cables are used for carrying audio, video, data, control and alarm signals. These types of cables are commonly used in smart systems utilized in malls, hotels, hospitals, supermarkets and commercial buildings.

These cables are manufactured in the Company's facilities according to the highest industry standards employed in the United States of America, Germany and Great Britain.

Modern communication requirements have necessitated the use of cables to transmit both voice and data signals. MESC's products satisfy these specifications, and are constructed to meet different performance levels that suit the needs of customers. All cables within this product line ensure minimum amount of smoke and noxious gas emission, in order to facilitate the evacuation of buildings when fires erupt and prevent the poisoning of occupants and visitors.

Product lines within this category include:

1 - Sound and Audio Cables

These cables are used in environments where shielding is required from electromagnetic interference such as microphones and public address systems.

2 - Security and Fire Alarm Cables

These cables are used in fire alarm systems, smoke detectors, heating, ventilation and air conditioning systems. While precision optical cables are employed for monitoring and surveillance purposes.

3 - Heating / Ventilation / Air Conditioning Cables

These cables are used for heating, ventilation and air conditioning, and are characterized by their ability to limit operating costs.

4 - Intercom and Public Address System Cables

These cables have high strength as they are shielded for protection against potential electrical noise from nearby devices.

4 - 5 - 3 Power Cables

Product lines within this category include:

1 - Building Wires

MESC's building wire range encompasses a wide range of products from house wires and cables used for various household applications, to wires connecting machines to various devices in buildings.

2 - Flexible Cables

Besides their use in household appliances, flexible cables are used in elevators that require the use of cables that can bend and flex to the utmost degree. Furthermore, these cables can withstand various temperature and voltage grades. A multitude of shielding and sheathing options are also made available to customers in order to provide protection from electrical noise interference.

3 - Low Voltage Power and Control Cables

Power cables are used for the transmission of electric power, while control cables are used to measure, control and regulate industrial plants and for wiring in power supply circuits. Their applications include private and public distribution networks, oil refineries and petrochemical industries. Some of their key specifications are:

Copper Braid Shielded Cables: Electromagnetic waves have a very high frequency. Copper braid shielded cables are specially manufactured for projects that require suppression of this high frequency. This is achieved by constructing the copper shield in a braided shape.

Shielded Control Cables: These cables are available in various types of shielding to provide increased protection against electrical noises that are radiated from motors and generators, which ensures that signal transmission is not disturbed.

Hydrocarbon Proof Cables: These cables provide protection against aliphatic hydrocarbons present in soil, factories or laboratories.

The table below shows the Group's geographical sales:

Exhibit 4.4: The Group's geographical sales

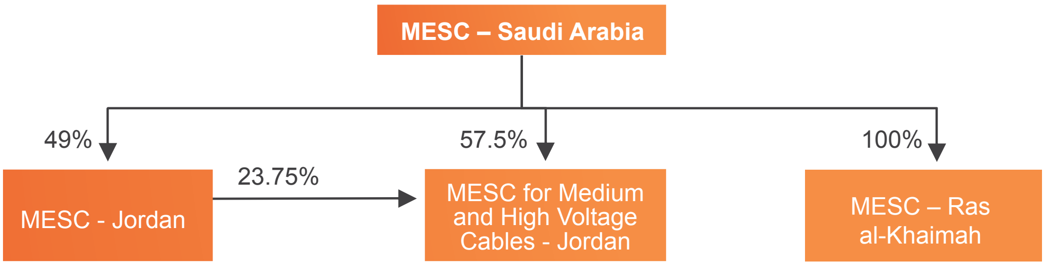
(SAR '000)	2009G	2010G	2011G	2012G
Saudi Arabia	620,345	622,025	599,776	500,685
Jordan	157,709	144,849	196,473	86,311
Iraq	103,550	111,596	126,599	49,924
GCC Countries	129,621	124,929	200,938	345,662
International	22,697	25,851	15,600	7,999
TOTAL	1,035,931	1,031,260	1,141,397	992,593

Source: the Company

4 - 6 Subsidiaries

MESC has several subsidiary companies engaged in activities related to the cable industry. The Company owns stakes in these subsidiaries both directly and indirectly.

The following chart shows the companies owned by MESC:



Below is an overview of the subsidiaries:

4 - 6 - 1 Middle East Specialized Cables – MESC - Jordan

MESC - Jordan is a public joint stock company registered in the Hashemite Kingdom of Jordan. Its registration certificate number is (215) and its national number is 200021410 dated 26/01/1992G, with a paid up capital of 38,889,210 Jordanian Dinars (equivalent to SAR 206.2 million), and a par value equal to one Jordanian dinar per share (equivalent to SAR 5.3 per share). Currently, the Company directly owns 49% of MESC - Jordan, while the remaining 51% is publicly owned.

MESC - Jordan is engaged in the production of all types of low voltage wires and cables, in addition to aboveground industrial cables, both copper and aluminum. These cables are usually used in household wiring, irrigation, and low voltage electrical power distribution. In addition to their use in household appliances, they are also used industrially in robotic machinery that performs repeated flexing motions. MESC - Jordan produces these cables to varying specifications depending on the environments in which they are to be used.

MESC - Saudi Arabia began, in June 2003G, acquiring stakes in Jordan New Cable Company (JNCC) (later renamed MESC - Jordan), a manufacturer of low voltage power cables, in order to increase the Company's ability to produce this type of cable and give the Company access to the Jordanian and Iraqi markets. MESC - Saudi Arabia took control of MESC - Jordan in October 2007G, and assigned the production of low voltage power cables to MESC - Jordan, so that MESC - Saudi Arabia may further focus on the production of industrial cables. In 2012G, MESC – Jordan's Board of Directors decided to reduce production of power cables due to the intense competition in the market sector and the financial losses resulting from these operations, to exclusively focus on the production of specialized cable products and control cables that have a higher profit margin (For more information about this decision please review Paragraph 4-9 of this section). It should be noted that under the Jordanian Companies Regulation, if the company's accumulated losses exceed 75% of its capital, the company either gets automatically liquidated or has its capital increased. Based on the foregoing, management decided to increase the capital of

MESC - Jordan through the acquisition of the net assets of MESC for Medium and High Voltage Cables against the issuance of new par value shares to the shareholders of MESC for Medium and High Voltage Cables. It should be noted that this increase in capital will not include the payment of any sums of money to MESC – Jordan. The Company also appointed Price Waterhouse Coopers as a financial advisor to the acquisition. PwC subsequently issued a report explaining the benefits of the acquisition and its returns to shareholders. Approval of the acquisition was given by the Jordanian Ministry of Industry and Trade in 2012G after the Companies Control Department re-evaluated the assets and liabilities of MESC for High and Medium Voltage Cables, and issued a report to that effect. The acquisition is currently being examined and reviewed by the Capital Market Authority of Jordan due to the fact that MESC - Jordan is a public shareholding company. The Company will complete the acquisition immediately after the issuance of the necessary approvals.

4 - 6 - 2 MESC for Medium and High Voltage Cables

In May 2007G, MESC - Saudi Arabia entered into a joint venture with Fujikura, a global manufacturer of cables in Japan, in order to take advantage of modern Japanese expertise and enable the Company to expand its range of products beyond the low-voltage cables category. In May 2010G, the Group acquired the Japanese partner's stake commensurate with the share of the remaining shareholders, and extended the technical cooperation agreement with Japan's Fujikura for five years, in exchange for 0.05% of the cables sales by the Company's subsidiary. MESC for Medium and High Voltage Cables is considered a closed joint stock company registered in the Hashemite Kingdom of Jordan under commercial registration number (016308120401) and national number 20029250 dated 17/1/2012G, with a paid-up capital of 35 million Jordanian Dinars (equivalent to 185.2 million Saudi Riyals), with a par value equal to one Jordanian Dinars per share (equivalent to SAR 5.3 per share). The Company directly owns 57.5%, while 23.75% is owned by MESC – Jordan, and 18.75% is owned by the British Be 7 Investments Limited. MESC directly and indirectly owns 69.14% of the company at the present time.

MESC for Medium and High Voltage Cables produces all types of medium voltage cables, whether copper or aluminum.

4 - 6 - 3 MESC – Ras Al-Khaimah

MESC Ras Al-Khaimah is a limited liability company registered in the United Arab Emirates under Commercial Register Number (RAKIA 85 IZ3 05 02 1149) dated 6/5/2008G, with a paid up capital of AED 50 million (equivalent to SAR 51 million) and a nominal value equal to 1,000 Dirhams (equivalent to SAR 1,020) per share. MESC owns all of the shares of the company, which is located in the emirate of Ras Al-Khaimah (United Arab Emirates), and produces control cables, and cables used to transmit information and low voltage energy.

In January 2008G MESC – Saudi Arabia took control of the Sharjah Cable Factory (a Sole Proprietorship Corporation with a paid up capital of AED 1,134,622, registered in the United Arab Emirates) in order to better access the UAE market. This action was considered an immediate solution to the problem of acquiring a trade name for the Group in the United Arab Emirates, while the construction of a production facility in Ras Al-Khaimah was ongoing at that time (MESC - Ras Al-Khaimah). The factory manufactured low voltage cables, until a strategic study performed in 2012G led to the integration of Sharjah Cable Factory within MESC - Ras Al-Khaimah, through the transfer of all machinery and industrial equipment from the Sharjah Cable Factory to MESC - Ras Al-Khaimah. The objective was to confine the production process into one place, which would contribute to raising the Company's production efficiency and allowing a better use of its resources.

The company sought to further its development by bolstering its presence in the United Arab Emirates, in order to serve the UAE and Gulf Cooperation Council (GCC) markets from outside the Kingdom, as well as help MESC - Saudi Arabia meet the increased demand from Iraqi markets.

4 - 7 Main Factors Affecting the Group's Operations

4 - 7 - 1 Gross Domestic Product

Demand for cables is closely linked to the overall economic activity and conditions that are measured by GDP. GDP in the Arabian Gulf region is usually affected by oil prices.

4 - 7 - 2 Government Policies

As far as cables are concerned, the Government's decisions to initiate large-scale petrochemical projects are considered the main driver of demand. These decisions include those relating to infrastructure and construction projects such as electricity and communication networks, residential and commercial buildings, as well as transport infrastructure. These fixed investments are measured through gross fixed capitals, which grew strongly in the Arabian Gulf from 2004G to 2008G. Although they slowed down overall in 2009G, they remained strong in the Kingdom and Qatar.

Demand for the Company's products is also affected by government policies and laws that pertain to spending on public utilities, construction, power and data networks, in addition to environmental policies such as renewable energy. Privatization of the telecommunications sector and the demand for electricity in the entire Gulf region also play a role in determining demand.

4 - 7 - 3 Raw Materials

The Group's results are affected by fluctuations in the cost of raw materials such as copper, steel, lead and polyvinyl chloride, which are used in the manufacturing processes. The prices of these raw materials, notably copper, and the ability to pass higher costs to customers, heavily impact the financial performance of the Group.

Raw material prices, especially copper, have significantly changed since October 2008G. In September 2008G, copper prices were U.S. $7,056 per metric ton, but then decreased to U.S. $2,935 per metric ton in December 2008, because of the economic crisis, before recovering to an average of U.S. $ 8,825 per metric ton in 2009G. Copper prices remained stable in 2012G with a monthly average closing price of $7,995 per metric ton [the source of copper prices is the London Metal Exchange].

In the production of industrial cables, MESC uses a "sequential" method of copper procurement in order to safeguard its profit from any negative price fluctuations. When a contract for a project is signed, all the copper required for that project is immediately acquired in order to ascertain the level of its profitability. This sequential purchasing method is less seldom used for building, appliance, and power cables. Profitability can therefore be affected by fluctuations in the price of copper used in these products.

4 - 8 Competitive Environment

At the onset, the Company specialized in the production of industrial cables, and was considered a market leader in the supply of specialized cables in the Kingdom of Saudi Arabia. Prior to 2010G, the Company had limited competition in this product sector, because no other manufacturers existed in the Kingdom.

The Saudi Cables Company, the Jeddah Cables Company and the Riyadh Cables Company were all manufacturers of copper cables that target the low and medium voltage cables market (power cables). These companies produce large amounts of heterogeneous products in order to maintain a low per unit cost, by producing substantial quantities and relying on large production facilities.

Since 2010G, some of the companies in Saudi Arabia, such as the Saudi Cables Company and the Jeddah Cables Company, began producing industrial cables. Furthermore, a number of new companies from outside the Kingdom entered the Saudi market (the Bahra Cables Company and the El Sewedy Cables Company), which led to increased competition in the industrial cable market; yet, MESC remained the market leader.

The market price for cables is determined by the Company's profit margins which are added to its manufacturing costs. As a result of the economic boom of this sector between 2003G and 2008G, many of the region's cable manufacturers, including MESC, raised production capacity, which in turn led to increased competition between companies. The decline in demand and increased competition during 2009G and 2010G led to a decline in profit margins for all products. However, the profit margins for industrial, building, and management cables improved in 2012G, influenced as a result of the amended marketing strategy that the Board of Directors adopted.

4 - 9 Company Restructuring

The Company incurred significant losses amounting to SAR 120 million in the 2011G fiscal year. Most of these losses resulted from the realized losses of subsidiaries in the Hashemite Kingdom of Jordan, namely MESC - Jordan, which specializes in the production of low voltage power cables, and MESC for Medium and Higher Voltage

Cables. MESC- Saudi Arabia's share of these losses amounted to SAR 60 million, in addition to the decline in the value of goodwill, which amounted to 70.5 million Saudi Riyals. This goodwill mainly came as a result of the Company acquiring a stake in MESC - Jordan through the purchase of listed shares at the prevailing market price at the time of purchase. This led to goodwill being added to the Company's books, its value equal to the difference between the share price and the Company's stake in the fair value of the subsidiary's net assets. According to the Applicable Accounting Standards and Policies in the Kingdom, the value of goodwill must be reviewed annually to determine whether there is evidence of depreciation. The Company therefore reviewed the value of goodwill over the past years, and as a result of lower performance by the subsidiary company, it recorded impairment losses in the value of goodwill during those years, until the remaining balance was written off in 2011G.

As a result of the continued fierce competition in the cable production sector, the Company's management, in keeping with the latest developments, and the best internationally accepted practices, decided to restructure the Company in 2011G. Therefore, Booz and Co. (the consulting firm) were hired to plan the restructuring effort and reorganize the relationship between the Company's different departments, as well as between the Company and its subsidiaries, so as to reinforce the centralization required to improve oversight of the subsidiaries' operations, while contributing to reaching the Company's goals.

In 2011G, the Company implemented many measures aimed at increasing competence and efficiency in the Company's departments, whereby the following measures were adopted:

- Redrawing the organizational structure of the Company so as to enhance the concept of centralization, in order to improve control over the Company's operations, especially its subsidiaries in the UAE, which would contribute to the achievement of the Group's objectives. Under the new structure, the director of each department in MESC - Ras Al-Khaimah would directly refer to the director of the same department in MESC - Saudi Arabia, before taking any significant decisions. Decision making thus became mainly, and almost daily, centered with the Saudi Arabian management.
- Reviewing all departmental policies and procedures related to the supply chain, including hedging undertaken by the Company in order to protect it from fluctuations in the prices of raw materials (copper and aluminium). The aim of this review was to increase the effectiveness and efficiency of adopted procedures. A centralized management team, reporting to the Company's Operations Department, was established to oversee the supply chain. Despite that, the hedging policy was put on hold during 2012G.
- Developing human resources programs that are in line with the new organizational structure, which would contribute in motivating staff members to achieve the Company's objectives. The Company endeavored to attract many of those possessing the required competencies into Saudi Arabia, as well as a range of new graduates who were trained and prepared to join the workforce, bringing the Company up to par with the Ministry of Labor's Nitaqat program.
- The Company implemented the Corporate Governance Manual, its policies and regulations, as stipulated in the instructions of the CMA, in accordance with best corporate governance practices.

In 2011G, the Company incurred significant hedging losses amounting to SAR 30.5 million, due to the large fluctuations of copper prices. As a result, management decided in 2012G to discontinue hedging against copper price fluctuations.

Combined, the above-mentioned efficiency and effectiveness measures are expected to enhance the Company's efficiency and the effectiveness in all departments. This was best evidenced by the Company's net profit in 2012G, following its losses in 2010G and 2011G, with profits beginning to be accrued by MESC - Ras Al-Khaimah, and the Company's subsidiaries in Jordan reducing their losses.

Due to its results in 2011G, the Company took the following steps in order to correct its course and keep up with other competing going concern businesses during the 2012G fiscal year. These steps can be summarized as follows:

1. Return to focusing on the manufacture of specialized and control cables (within the category of industrial cables) in each of the Company's factories in Saudi Arabia and the UAE, by increasing production and sales while reducing power cable production, because the former (specialized and control cables) achieve good profits for the Company. This type of cable is the product of several operations, which gives it a higher added value than other types of cables.

   Power cables were profitable in 2006G because of the economic boom and fast paced growth of demand. Based on that growth, the Company began producing power cables to benefit from the sector's growth and make the Company a one stop shop for all types of cables. The Company's Management believes that its expansion strategy into power cable production was in line with strategies adopted by most of its market competitors at the time. But competition surrounding this product was not expected to be this fierce, and, as a result, the Company was negatively affected due to the following two main factors:

- The huge increase in supply resulting from new power cable manufacturing competitors entering the market.
- The significant drop in demand due to the global financial crisis of 2008G.

Following the losses resulting from the power cables products, the Board of Directors decided to reduce the Company's production of these cables in the Jordanian subsidiaries. Group revenue from power cable products fell from 66.2% of total revenue in 2009G to 35.4% of total revenue in 2012G. This reduction had a positive impact on the Group's net profits.

2. The Company is currently reviewing several options with regard to its involvement in its Jordanian subsidiaries, given that these subsidiaries' production of power cables is the target of intense market competition. These options include selling the subsidiaries outright or partnering with a strategic third party, which would reduce MESC's contribution in these subsidiaries. However, attention must first be given to improving the Jordan subsidiaries' financial situation by reducing losses. Towards that end, the Company has embarked on the following:

- Require a minimum profit margin relative to the cost of raw materials. This will reduce the volume of sales, but will contribute to reducing net losses.
- Focus on industrial projects because they are more profitable than large-scale projects with electricity companies in the region, which usually lead to very low profitability.
- Try to reduce the cost of financing imposed by Jordanian banks.

3. Strive to merge MESC – Jordan and MESC for Medium and High Voltage cables into a single entity, which would contribute to reducing costs and improving the Company's financial situation (for more information see paragraph 4-6 of this section).
4. Focus on improving the effectiveness of production and marketing of MESC - Ras Al-Khaimah in the United Arab Emirates because it is a company that is considered to have a promising future. This would be achieved through the completion of all procedures required for its inclusion in the list of approved suppliers for major entrepreneurs. Towards that end, the Company will endeavor to obtain the necessary approvals from the entrepreneurs following repeated visits by the latter to the Company's factory in the UAE in order to confirm that production meets quality standards. The Company was able to obtain some approvals and work is currently in progress to secure more approvals. This is an ongoing and continuing process, the timeframe of which cannot be determined.

4 - 10 Competitive Advantages

Management considers the following to be the Company's key competitive strengths:

- **Prominent Manufacturer of Industrial Cables**

MESC has successfully formed its own niche in the market by being the region's prominent manufacturer of industrial cables. The local markets lack any significant competition sources, and management believes that this has enabled MESC to significantly increase its local market share in this product line that represents the bulk of the Company's production activities. In 2003G, Management took a strategic decision to leverage the Company's prominent position in the local industrial cables market and has since increased the production capacity for these cables. MESC's prominence in this market can be gauged by the fact that its sales of industrial cables has increased from SAR 82 million in 2003G to SAR 481 million in 2012G. This corresponds to a Compound Annual Growth Rate (CAGR) of 21.7%.

- **Location**

The Company's manufacturing facilities are strategically located to complement its wide range of products. Oil, gas and petrochemical projects are the foremost users of industrial cables. MESC manufactures these cables in Riyadh and Ras Al-Khaimah, and hence, its production facilities are in close proximity to major industrial projects in these sectors, both inside Saudi Arabia and in the GCC region. This reduces the significant costs associated with transporting these cables and also allows MESC to transport them on flexible delivery terms.

Moreover, the Company is also able to take advantage of the tax-free environment for deliveries within Saudi Arabia, which is home to major oil, gas and petrochemical projects.

- **Flexible Delivery System**

MESC transports cables on flexible delivery terms to its contractors according to the timeline and needs of their respective projects. This is possible due to the close proximity of its production facilities to the project sites and is beneficial to the project owners because they do not have to pay upfront for the full supply of cables needed for the entire project. Furthermore, contractors do not need to store these cables in warehouses for long durations, because they are received as and when needed, which reduces their expenditures. MESC also benefits from the proximity of its facilities which gives it the ability to concurrently handle various orders and requests.

- **Experienced Management**

MESC is managed by a team that has skill, experience and ample expertise in all of the organization's activities. Key personnel are drawn from diverse professional backgrounds and combine expertise, experience and local knowledge.

MESC's Management has successfully demonstrated its ability to develop and grow the business following the international financial crisis, thus allowing the Group to achieve profits after the losses incurred in 2010G and 2011G. This was achieved by increasing MESC - Saudi Arabia's profits which began being accrued by MESC - Ras Al-Khaimah, while the Company's subsidiaries in Jordan began reducing their losses. The Company also succeeded in restructuring its loans from short to long term ones, in order to improve the Company's balance sheet, which will allow it to attain its future plans.

Furthermore, the Company studied many options meant to reduce costs and expenditures, subsequently recommending them to the Board of Directors (such as establishing a PVC pellet factory, and merging the Company's UAE factories, among others).

- **Knowledge of Market Needs – Consultative Sales Approach**

The Company, through the interaction of its marketing team with its broad customer base, constantly gains knowledge of new market opportunities. The Marketing Division, in close coordination with the Operations team, then seeks to build on these opportunities and expand MESC's product range. This extensive knowledge sharing mechanism can be achieved thanks to the Company's highly competent sales team, most of whom are qualified engineers. This gives MESC a significant competitive advantage because it allows the Company to expand its product range after having proactively gauged market demands, thus giving it a distinct advantage over its competitors.

- **Long-Term Customer Relationships**

MESC has developed strong, long-term relationships with a number of organizations such as the Saudi Lighting Company, Zamil Air Conditioning Company, as well as a number of customers who have been procuring their cable requirements from MESC consistently throughout the past years. Management believes that, as its existing customer base expands, demand for additional MESC products will also increase.

- **High Creditworthiness of Customers**

Most of the Company's sales come from industrial cables. The Company's sales force, both inside Saudi Arabia and in the region, concentrates its efforts on the sale of these cables to major projects within the oil, gas, petrochemicals, gas processing, and power and water treatment projects; which are mostly owned by creditworthy customers, including governmental agencies, and are executed by distinguished international contractors. As a result, most of the Company's receivables are of good quality.

- **Human Resource Development and Incentives**

In order to keep its staff abreast of all the modern developments within the cable production industry, enhance their skill set and prepare new recruits for the future, MESC has been training its employees since 2001G, and established an on-site training center for its employees in 2003G. The Company trains approximately 40 Saudi nationals annually through a one-year training program. Employees are trained in the production process for all of the Company's products, and training is carried out by more than 10 qualified engineers and supervisors from different fields, as well as professional trainers from reputable consulting firms.

Moreover, to foster employee loyalty and motivate them, the Company also pays bonuses at four different levels: (excellent, very good, good, and needs developing). The bonus rate varies based on the annual evaluation of employees by department managers.

- **Proactive Marketing and Support System**

In order to explore and identify market opportunities, MESC has put in place procedures governing the process to be followed in order to pursue opportunities in targeted markets. The Strategy and Market Development department collects information from specialized magazines and databases on present and future projects and, in collaboration with MESC's sales managers, identifies the Company's potential opportunities. Account managers are then assigned to follow-up on these present and future opportunities. This proactive approach of tackling market opportunities, in some cases even before contractors have been pre-qualified to execute a project, allows MESC to improve its sales, as was evident in the Princess Noura Project and the Al-Jubail refinery.

- **Strong Brand Equity**

According to EPC contractors, MESC's brand name is tantamount to good quality, specialist expertise and cutting edge technology. MESC products have been approved by major international EPC contractors to whom the Company supplies cables. MESC has been the holder of the ISO 9001:2000 quality certification since 1995G. Years of marketing, image building, and quality service have established a platform on which MESC can build the future growth of its business.

- **Corporate Culture**

Management believes that the Company's adopted corporate culture and values strengthen its relationships with its employees, customers and distributors. This is evident in the fact that its distributors have been with the Company since it first contracted with them. This corporate culture also fosters loyalty and productivity among employees. In other words, the Company always strives to build a relationship between itself, its employees, customers and distributors beyond working relationships and private interests, in order to create long term relationships, the depth of which is evident to all, for it is not predicated on satisfying instant temporary interests.

- **Strong Agents / Sales Representatives Network**

The Company's relationships with its network of agents, sales representatives and resellers, built over many years of consistent partnership and business continuity, allow the Company to focus on its main task of manufacturing, while benefiting from its sales representatives and agents' experience in the local market. In order to develop its sales capacity outside the region, the Company contracted with three sales representatives in Japan, Korea and the United States of America on a commission basis, with the aim of building relationships with top contractors and other potential clients. The Company does not sell products in Japan, Korea and the U.S. It contracts instead with EPC companies located in those countries, while it concentrates on provisioning projects within the Arab Gulf region, where MESC delivers its products to the EPC companies' project sites. This allows MESC to efficiently broaden its client base, enter international markets and compete on an international level, while also efficiently addressing its client's needs. It should be noted that the Company's relationship with its agents in the region has generally been of a long term nature, providing continuity in customer relationships and strong product knowledge. The Company also markets its products within the Gulf region through MESC agents and sales offices (please refer to the paragraphs pertaining to Commercial Agency Agreements and Representation in the Legal Information section - No. 12).

5. OPERATIONAL AND SUPPORT FUNCTIONS

5 - 1 Organization Structure

MESC has developed an organizational structure that consists of three operational and six support functions. The operational divisions are directly responsible for a number of stages of production and distribution and consist of the following:

- Supply chains
- Manufacturing
- Technical Division

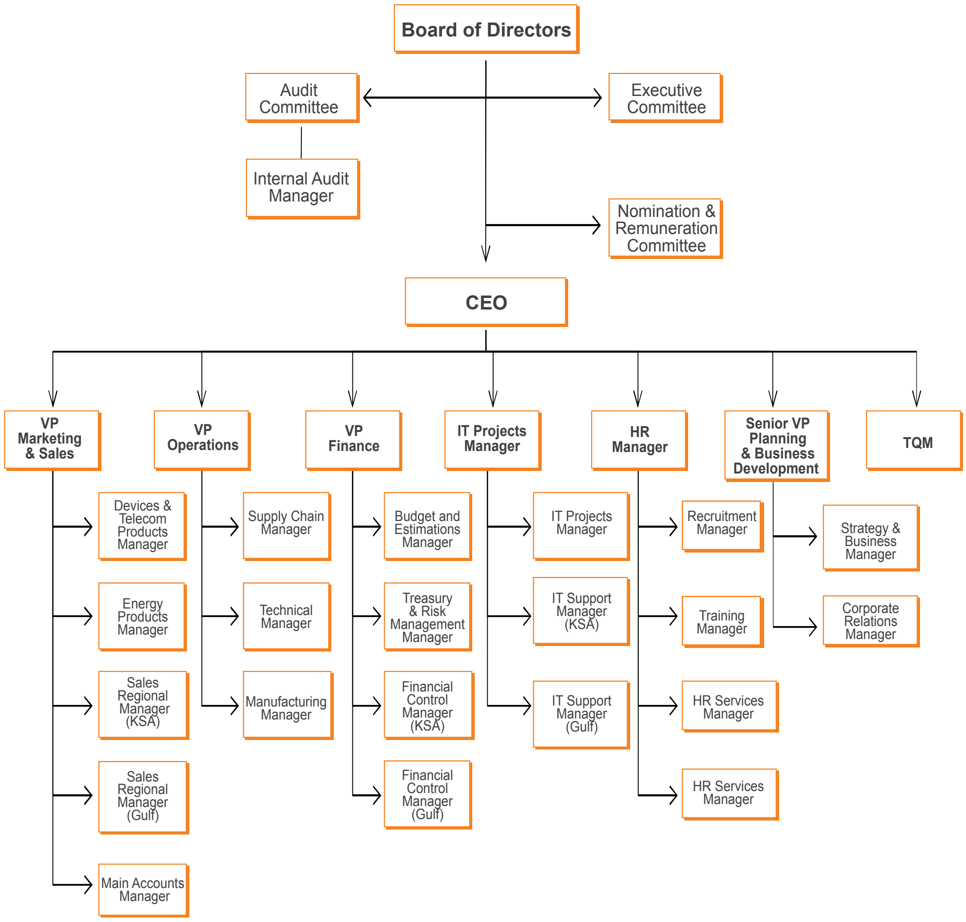
These divisions are supported at the Company's level by the following support administrations:

- Sales and Marketing
- Finance
- Human Resources
- Information Technology
- Strategic Planning
- Quality Assurance and Continuous Development

Support functions are focused on providing pro-active assistance to operating units and on ensuring harmonization of operational targets with overall corporate goals.

Each division is led by a divisional manager who reports to the Chief Executive Officer ("CEO"). Each division is aware of the targets that they have to meet and provide their estimated annual budgets along with their capital expenditure programs for approval by CEO and then the Board of Directors according to the master budget against which their actual performance is periodically measured.

Company's Organization Structure

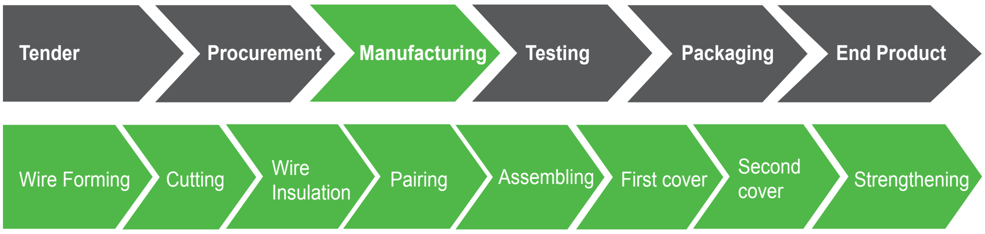


Source: the Company

5 - 2 Operations

5 - 2 - 1 Operations Phases

Company's Operations Phases



Source: the Company

Tender (bids)

Customers solicits bid for their planned projects. The Company then submits a bid together with a number of competitors in order to win the cables supply contract, in accordance with the required specifications and quantities.

Procurement:

Once the Company has won the contract, the customer asks for a final price to supply the products (as per metals prices on that day).

Manufacturing

It consists of eight phases, starting with the introduction of raw material, mainly copper, and ending with wires ready for quality tests. The following steps set out the manufacturing phases in general:

- **Wire Forming:** copper rods are drawn into a wire form
- **Cutting:** copper conductors are formed by bringing together copper rods
- **Wire Insulation:** copper conductors are insulated with insulation material (usually PVC)
- **Pairing:** Insulated wires are paired
- **Assembling:** pairing is repeated, which results in an assembled wire
- **First cover:** covering and insulating the wire core with lead. Lead coverage strengthens wires and protects them against moisture.
- **Second cover:** insulating and painting the wire with ARM material to provide mechanical power
- **Strengthening:** It is the last phase of insulation during which the wire is painted and insulated with PVC

Testing:

In this phase, the product is tested and compliance with specifications and standards is verified, knowing that the tests take place at different manufacturing stages to guarantee the product quality.

Packaging:

In this phase, products are packed and prepared for delivery to customers.

End Product:

Big orders are usually manufactured and shipped in batches to customers within two to three months. Invoices are submitted upon the delivery of each batch.

Below are the different divisions involved in the manufacturing of products:

5 - 2 - 2 Supply

The Company created this division in 2011G to include the planning and management of all procurement activities, warehousing, and all the activities of transportation, management and distribution. It includes the following:

5 - 2 - 2 - 1 Procurement

The division implements best practices in the industry for sourcing and procuring raw materials, such as not relying on a single supplier for key materials. Since 2005G, MESC has strategically positioned itself so that it is not completely dependent on a single supplier for critical materials such as polyethylene compounds, galvanized steel wires and copper rods, which has provided MESC with a good degree of bargaining power with its suppliers.

Due to the nature of the specialized products offered by MESC and in order to comply with national and international standards, the Company has developed an efficient vendor selection and approval process that involves testing of materials, assessment of specification and delivery, all of which helps to ensure that the right materials are acquired at the best market prices and at the right time.

MESC's procurement function is focused on strategic sourcing which comprises the identification of the right products and the agreement of the initial commercial terms with the selected and approved suppliers. This strategy helps MESC to benefit from significant cost reductions, lead time improvements and ensure the quality of its purchased material.

Since copper represents the major raw material for cable production, the division recently approved two international suppliers (Fujairah Gold FZE and Union Copper Rod) to reduce its reliance on an existing local supplier. Other major materials such as plastic compounds, metals, steel wires, drums and various tapes are ordered as and when orders need to be fulfilled. Orders are only awarded once the quality and delivery conditions are adhered to.

5 - 2 - 2 - 2 Material Management

This division works on planning, organizing, and controlling the flow of material from their source of procurement to production divisions until end products reach the customers. This division aims at saving money in the procurement process, preserving the optimal level of inventory to guarantee the availability of raw materials when needed, reducing investment in stocks, and controlling the flow of material to and from the plant.

5 - 2 - 3 Manufacturing

In order to meet the stringent requirements of customers and conform to international standards, MESC currently possesses an extensive range of up-to-date, state of the art, multipurpose machines. The Company's production capacity utilization has been good, ranging between 72% and 58% between 2009G and 2012G respectively. Production facilities can work 24 hours a day with three daily shifts. This has no negative impact on the manufacturing processes.

Cables are manufactured by first drawing copper rods into a wire form. To enable wires to carry signals, they are placed together to form conductors and are then insulated. Since a majority of MESC's cables are used in oil & gas, petrochemicals, cement and steel industries, they require protection from hydrocarbons that are present in oil rich soil because of the ability of such hydrocarbons to transmit flames. Protection may also be needed from electrical noises that are radiated from motors and generators, fire and from the damage that can be caused by heavy equipment. Any required protection is then added according to the demands of the project. All machines in the plant are equipped with sophisticated electronic monitoring system which ensures that cables are produced according to the stringent quality standards approved by MESC.

Machines used in production are versatile and flexible, whereby production can be switched from one product to another or from one specification to another, immediately according to the demands and requirements of the customers. Manufactured products are tested and their compliance with specifications and standards is verified, knowing that tests take place at different stages of production in order to guarantee the product's quality. Products are then shipped to the warehouses, which are also used to store raw materials and spare parts. MESC currently has three warehouses.

5 - 2 - 4 Technical Division

This division studies customers' supply orders, as received by the Sales Division, and estimates the cost of raw material, commission, and other manufacturing expenses, and then specifies their prices. This division is totally different from the Procurement Division which is only in charge of buying raw materials and other supplies, in order to meet the required needs of the Company at the lowest prices.

5 - 3 Support Functions

The following support functions assist operational functions to meet corporate goals.

5 - 3 - 1 Sales and Marketing

MESC's marketing division seeks to stimulate demand for the Company's product range. Teams responsible for local sales are based in Riyadh while those responsible for international sales are based in Dubai and are responsible for all aspects of marketing, advertising and public relations.

In pursuing the Company's growth objectives and in order to improve sales, the Sales and Marketing division has been totally restructured and split into three teams:

1. Team for projects in Saudi Arabia.
2. Team for international projects. This team is totally located in Dubai.
3. Sales team for common items.

To better assist customers, each team has its own customer service staff coordinating with the customer service staff at the head office. Moreover, all the three teams are assisted by sales staff comprising of qualified engineers located in both the head office and Dubai.

- The first two teams mainly target projects in oil & gas production, petrochemicals, refining, gas processing, power and water treatment sectors. The products required for these projects are mostly industrial cables.
- The third team is responsible for commercializing common items such as telephone, coaxial, network, fire alarm and low current power cables. To effectively manage its sales, this team deals with customers only through sales representatives and resellers.

The Sales & Marketing division adopts the following key marketing strategies:

- Foster knowledge management within the Company – The Sales and Marketing division contacts the Production division from time to time informing them about market opportunities so that the Management could accordingly expand the range of products that MESC offers.
- Ensure product availability – The Sales and Marketing division keeps in touch with resellers to ensure timely availability of products to customers.
- Foster brand awareness – MESC advertises its products and achievements from time to time through general and specialized magazines of the cables industry.

The division also undertook a brand and image repositioning exercise in 2005. The new image aims to transform MESC from being perceived as a local brand to one with a regional reach.

5 - 3 - 2 Finance

Reporting directly to the Vice President Chief Financial Officer, the Finance division is responsible for:

- Financial Affairs: Financing resources, cash management and zakat/tax communications.
- Accounts: Drawing up of individual and consolidated financial statements, providing information about and monitoring compliance with the accounting standards adopted by MESC as well as the accounting and financial procedures.

- Revenue: Drawing up revenues and inter-company billing.
- Management Control: Prepare budgets, reports, and estimated monthly/quarterly management figures.
- Arranging required banking facilities and necessary funding.

5 - 3 - 3 Human Resources

Human Resources division of MESC delivers services such as recruitment and training of employees, staff benefits and compensation, performance evaluation, maintenance of office buildings, government and public relations, employee health, employee relations and payroll of the Company.

The Human Resources division also contributes to supplying qualified labor from inside and outside the country, while focusing on attracting and training national resources to serve the Company's interests and provide the administrators and technicians needed by the Company and its plants. The Company made great steps in saudizing many technical and administrative functions; in fact, Saudization reached 29%, allowing the Company to reach the green range in Nitaqat program. The Company provides training programs and sessions to train new Saudi employees to prepare them to engage in work through such sessions and on-the-job training.

5 - 3 - 4 Information Technology

This Division is responsible for providing the Company with IT services, including a high speed (and reliable) network infrastructure for linking the Company's devices and offices, as per the Company's current and future requirements, in addition to supporting and developing the applications used in the Company and ensuring databases.

In order to develop the available information details and their coherence within the Group, the Group's management took the following measures:

MESC KSA: In late 2012, administrative information systems were internally audited. During this process, the IT Division tried to obtain the feedback of all employees to understand their needs of information and the problems they were facing with the current system. Once all information is collected, it will be sent to an external consultant (Oracle) which is responsible for providing the appropriate solutions. This process is supervised by the Board of Directors and is expected to be complete by the end of the second quarter of 2013. This process is supervised by the Board of Directors

The following table illustrates the details of MESC KSA information system implementation

Targeted date	Mission	Status
15/01/2013G	Collecting users requirements	Completed
15/02/2013G	Obtaining operations functions	Completed
08/04/2013G	Analyzing costs and time and cost effectiveness to amend the system in order to meet the requirements; obtaining the Board's approval on implementing these requirements at MESC KSA	Ongoing
01/07/2013G	Implementing the ERP system	Ongoing

The following table includes the costs of implementing MESC KSA information system

Item	Cost (SAR)
Implementation of Bar Code Implementation Project	262,500
Implementation of Oracle License For Bar Code	37,500
Implementation of Cable Builder	450,000

Item	Cost (SAR)
Implementation of Advance Supply Chain & Production Scheduling	225,000
Implementation of Drum Handling Customization	187,500
Implementation of Oracle Self Service & Appraisal	131,250
Implementation of Oracle Business Financial Intelligence Implementation & KPI	112,500
Total	1,406,250

Source: the Company

Subsidiaries: Once the internal audit of MESC KSA is over, the consultant will repeat the same process for the Group's Subsidiaries in order to respond to their requirements.

The Company planned to hold training sessions for all the Group's relevant employees in order to improve their capability to make the best use of Oracle system and produce separate coherent information.

5 - 3 - 5 Strategic Planning and Business Development

This division is responsible for guaranteeing the continuous growth and expansion of the Company by specifying and submitting business opportunities and new projects for the Management's consideration and approval. It is also responsible for discussing and completing techniques, licensing and marketing relating to common projects agreements, and other relevant services. The division consults the CEO and other executive individuals to facilitate the implementation of business opportunities and new projects.

5 - 3 - 6 Quality Control

MESC's strong commitment to quality is reinforced by the quality certification (ISO 9001:2000) since 1995G and approvals that MESC has received over the years. This also confirms that experts and customers alike have acknowledged the Company's efforts in quality improvements.

MESC has a well-equipped laboratory for conducting various routine and random sample tests based on international standards and specifications. The quality control system comprises three stages as described below:

5 - 3 - 6 - 1 Raw Material Inspection

Detailed raw material specifications with clearly defined parameters are available for all individual raw materials used as cable components. A control copy of these specifications is made available to all concerned personnel throughout the Company. Upon receipt of material from suppliers, the Quality Assurance division carries out tests to ensure compliance with specifications. Only once approved by the quality manager, the raw material is released to the production site.

5 - 3 - 6 - 2 Quality Control Processes

In addition to regular monitoring systems such as diameter controllers, spark testers, capacitance and eccentricity monitors for setting process tolerances, process capability analysis is also carried out for all major machines by employing statistical quality control measurements which are exercised at each stage of every process.

Moreover, quality process charts are maintained and compared to design sheets issued by the technical department and various tests are carried out on the in-process cable drums prior to the finished product stage.

Management has stated that a quality plan is prepared for each specific project order and is used as a reference during process checks and testing.

5 - 3 - 6 - 3 Finished Cable Testing

Each cable drum length is subject to various tests for verification of compliance with international standards as well as customer's specific requirements. Test certificates are prepared and submitted to customers prior to the delivery of finished goods. MESC also arranges inspections by customers and outside agencies whenever required.

5 - 3 - 7 Risks Management

Risks related to the Company's operations are managed on an ongoing basis, whether with regard to the identification and assessment of the probability of the occurrence of hazards, evaluation of their consequences, or development of an appropriate plan to avoid potential risks or contain the same upon their occurrence. Risks are generally classified as operational risks and financial risks, and responsibility for the management of these risks is specified within each work unit. The Company's policies and procedures for the management of risks include on-going reviews of its activities to monitor and control the level acceptable to all categories of risk. Risks and challenges are mainly related to the following:

- Sudden fluctuation in raw material prices.
- Fluctuation in loans' interest rates.
- Increase in supply as a response to demand in the cable market, leading to increased competition between cable manufacturers.
- Low profit margins.

6. MANAGEMENT'S INFORMATION

6 - 1 Board of Directors and Management

MESC is managed by a Board of Directors of nine members, of which six are non-executive directors. The Board of Directors has established three sub-committees: an Executive Committee, an Audit Committee as well as a Nomination and Remuneration Committee. These committees serve as an extension of the role of the Board of Directors in reviewing the Company's activities and providing guidance to Management. The committees meet and report back to the Board of Directors.

Exhibit 6.1: MESC Board of Directors

SN	Name	Position	Nationality	Age	Appointment Date	Membership Status	Number of Owned Shares	Representation
1	Abdulaziz Bin Mohammad Al Namlah	Chairman and President of the Executive Committee	Saudi	60	26/7/2007G	Non-executive/ Non-independent	1,000	Abdulaziz Mohammad Al Namlah Group Holding
2	Abdul Raouf Bin Walid Al Bitar	Director, member of the Executive Committee and the Nomination and Remuneration Committee	Saudi	54	15/1/2008G	Non-executive/ Non-independent	1,250	Lama Holding Company – Lama Ismail Fawzi Abu Khadra
3	Suleiman Bin Mohammad Al Namlah	Director, member of the Audit Committee and the Nomination and Remuneration Committee	Saudi	51	26/7/2007G	Non-executive /Non-independent	570,000	-
4	Tariq Bin Jawad Al Sakka*	Director, member of the Audit Committee	Saudi	46	15/1/2008G	Non-executive/ Non-independent	1,250	-
5	Abdullah Bin Abdulrahman Al Obeikan	Director, member of the Executive Committee	Saudi	49	3/7/2010G	Non-executive/ Non-independent	10,000	-

SN	Name	Position	Nationality	Age	Appointment Date	Membership Status	Number of Owned Shares	Representation
6	Suleiman Bin Abdullah Al Hamdan*	Director, member of the Nomination and Remuneration Committee	Saudi	58	15/1/2008G	Non-executive/ Independent	1,277	-
7	Yahya Bin Ibrahim Al Qunaibet	Director, member of the Audit Committee	Saudi	62	15/1/2008G	Non-executive/ Independent	1,253	-
8	Zaid Bin Abdulrahman Quwaiz	Director, member of the Audit Committee and the Nomination and Remuneration Committee	Saudi	49	3/7/2010G	Non-executive/ Independent	1,000	-
9	Saad Bin Saleh Azzurri	Director, member of the Nomination and Remuneration Committee	Saudi	53	15/8/2011G	Non-executive/ Independent	1,100	-

* It was agreed to elect two alternate directors for Tariq Al Sakka and Suleiman Al Hamdan. The alternate directors are Mohammad Awad Al-Juaid and Mohammad Abdulaziz Al Namlah. The election took place on 03/06/2013G, and the new directors' membership starts as of 02/07/2013.

Source: the Company

Board of Directors Profile

Name:	Abdulaziz Mohammad Al Namlah (Age: 60)
Position	Chairman of the Board of Directors and president of the Executive Committee since 2007G
Nationality	Saudi
Education:	Bachelors' degree in Civil Engineering in 1975G; Master of Business Administration in 1976G, both from the University of Denver in the United States of America.
Work Experience:	Mr. Al Namlah has previously held different managerial positions in the Military sector from 1976G until his retirement in 1997G as a brigadier Engineer in the Saudi Arabian army. Mr. Al Namlah was the chairman of the Jordan Rockwool Industries Company, a public shareholding company operating in the industrial sector, from 2006G until 2010G. Further, he was a director in Okeiban Glass Company, a Saudi closed joint-stock company operating in the industrial sector from 2010G until 2012G.

Current Positions:	Mr. Al Namlah is currently the chairman of Abdulaziz Mohammad Al Namlah Group Holding Company, a Saudi closed joint-stock company operating in the trade and industry sectors since 2011G. Further, Mr. Al Namlah is also the Vice-chairman of the Saudi Advanced Industries Company, a Saudi public joint-stock company operating in the transfer of advanced industrial technology since 2011G. He is also on the Board of Directors of two companies namely: Natural Gas Distribution Company, a closed joint-stock company operating in the industrial field since 2009G, and Gulf Insulation Group a closed joint stock company operating in the industrial field since 2012G.
Name:	Abdul Raouf Walid Al Bitar (Age: 54)
Position	Director, member of the Executive Committee and the Nomination and Remuneration Committee since 2008G
Nationality	Saudi
Education:	Bachelors' degree in Civil Engineering from Syracuse University in the United States of America in 1982G.
Work Experience:	Mr. Al Bitar previously occupied the positions of the Vice-President, Managing Director, and Senior Executive Officer for Al Manhal Water Factory Co. Ltd, a limited liability company operating in the industrial field, from 1990G until 2001G.
Current Positions:	Mr. Abdul Raouf Al Bitar serves as board member in the following companies: Saudi Industries for Pipes Co. Ltd, a limited liability company operating in the pipes industry field, since 1984G, Gulf Insulation Group a closed joint-stock company operating in the industrial field since 2011G, Al-Hassan Ghazi Ibrahim Shaker Company, a public joint-stock company operating in the industrial field since 2011G, Saudi Tabreed District Cooling Company, a closed joint-stock company operating in the industrial field since 2005G, Springs Water Factory - a limited liability company operating in the water field, since 1994G, Rivers Water Factory - a limited liability company operating in the water field, since 1996G, Saraya Aqaba Company (Jordan) a closed joint-stock company operating in the industrial field since 2005G, Tabreed District Cooling Company (UAE) a public joint-stock company operating in the industrial field since 2002G, Springs Beverage Factory, a limited liability company operating in the industrial field since 1998G, Middle East Mold and Plastic Factory, a limited liability company operating in the industrial field, since 1995G.
Name:	Suleiman Bin Mohammad Al Namlah (Age: 51)
Position	Director, member of the Audit Committee and the Nomination and Remuneration Committee since 2007G
Nationality	Saudi
Education:	Bachelors' degree in Civil Engineering from the University of Southern Colorado in the United States of America in 1988G. Master of Business Administration from King Fahd University of Petroleum & Minerals in 2004G.
Work Experience:	Mr. Suleiman Al Namlah previously occupied the position of General Manager of Al-Madarion Electromechanical Company, a limited liability company operating in the electromechanical field, from 1992G until 2002G. He was also on the Board of Directors and a member in the Executive Committee of the Middle East Fiber Cable Manufacturing Company, a limited liability company operating in the fiber cables industry, from 2000G until 2007G.
Current Positions:	Mr. Suleiman Al Namlah is a board member in Roya Chemicals Industries, a limited liability company operating in the chemical colorants industry, since 2011G.

Name:	Tariq Bin Jawad Al Sakka (Age: 46)
Position	Director and member of the Audit Committee since 2008G
Nationality	Saudi
Education:	Bachelor of Science from King Fahd University of Petroleum & Minerals, Dhahran 1990G. Master of Business Administration from Harvard University in Boston, in the United States of America in 1994G.
Work Experience:	Mr. Tariq Al Sakka previously held the position of Business Development Manager in Enron Corporation in the United States of America, a public joint-stock company operating in the investment and power fields from 1994G until 1997G. He also held the position of Direct Investment Manager in the National Commercial Bank, a joint-stock company operating in the Banking services field, during 1997G. Further, Mr. Al Sakka was the Vice-President of Olayan Company, a limited liability company working in the investment, trade and commerce fields from 2001G until 2006G. He served as Board Member in a number of banks and companies namely: the Saudi Hollandi Bank, a public joint-stock company operating in the Banking services field from 2003G until 2006G, Oasis Capital Egypt Company, a limited liability company operating in the investment from 2005G until 2006G, Credit Suisse Saudi Arabia, a closed joint-stock company operating in the financial and investment services field during 2006G, Fly Sama, a limited liability company operating in the airline services during 2006G.
Current Positions:	He currently holds the position of Chief Executive Officer and Founding Shareholder of Ajeej Capital, a limited liability company operating in the financial sector, since 2007G. He is a board member of Morgan Stanley Saudi Fund, an open investment fund managed by the Company operating in the financial sector, since 2010G, and SEDCO Capital, a closed joint-stock company operating in the financial sector since 2012G.
Name:	Suleiman Bin Abdullah Al Hamdan (Age: 58)
Position	Director, member of the Nomination and Remuneration Committee since 2008G.
Nationality	Saudi
Education:	Bachelor in Management Science from King Saud University in Riyadh in 1979G. Master in Business Administration from the University of New Haven in the United States of America in 1985G.
Work Experience:	Mr. Suleiman worked previously in the Saudi Industrial Development Fund, a government fund working in the financing of development projects. He held several managerial positions such as the Loans Manager, Capital Manager, and Investment Manager from 1979G until 1981G. Then, he held several positions in the Saudi British Bank (SABB), a public joint-stock company operating in the banking services such as the regional Management, Branches' Management, vice-managing director between 1985G until 2006G. He served on the Board of Directors of the Saudi Public Transport Company (SAPTCO), a public joint-stock company operating in land transportation during the period from 2001G until 2002G.
Current Positions:	Mr. Suleiman is the CEO of NAS Air, a closed joint-stock company operating in the aviation services since 2008G. He is a board member in Al-Ahlia for Cooperative Insurance Company, a public joint-stock company operating in the cooperative insurance services since 2008G, Gulf International Bank (GIB) in Bahrain, a closed joint-stock company operating in the banking services, since 2009G.
Name:	Yahya Bin Ibrahim Al Qunaibet (Age: 62)
Position	Director, member of the Audit Committee since 2008G

Nationality	Saudi
Education:	Bachelor in Economics from King Saud University in Riyadh in 1976G.
Work Experience:	Mr. Yahya Al Qunaibet was previously a member of the board of Saudi Travelers Cheques Company, a closed joint-stock company operating in offering travelers cheques as a representative for Saudi Hollandi Bank since 1988G, and the Bank of Spain in Madrid (a representative for Saudi Hollandi Bank) from 1988G for two years.
Current Positions:	Mr. Yahya Al Qunaibet is not working
Name:	Abdullah Bin Abdulrahman Al Obeikan (Age: 49)
Position	Director, member of the Executive Committee since 2010G.
Nationality	Saudi
Education:	Bachelor in Electrical Engineering from King Saud University in Riyadh in 1986G
Work Experience:	Mr. Abdullah Bin Abdulrahman Al Obeikan held the position of General Manager of Al Obeikan Elopak Company Limited, a limited liability company operating in the industrial field from 1988G until 2003G. Further, he held the position of general manager of Al Obeikan Printing and Packaging Co., a limited liability company operating in the industrial field from 1987G until 2000G.
Current Positions:	Mr. Abdullah Al Obeikan currently holds the position of CEO of Obeikan Investment Group, a closed joint-stock company operating in the industrial field since 2000G. Further, he is the CEO of Obeikan Education, a limited liability company operating in the educational field since 2005G, as well as the CEO of SIG Combibloc Obeikan Limited, a limited liability company operating in the industrial field since 2004G. He served as member in several boards of directors. He is the chairman of Integrated Packaging Systems, a limited liability company operating in the industrial field since 2001G. Further, he is a board member in: Obeikan Investment Group since 2000G; Arabian Shield Insurance Company, a public joint-stock company operating in the insurance services since 2005G; Advanced Petrochemical Company, a public joint-stock company operating in the Petrochemical sector since 2005G; Obeikan Glass Company, a closed joint-stock company operating in the industrial sector since 2008G. He is the chairman of Al Obeikan Elopak Company Limited, a closed joint-stock company operating in the industrial field from 1988G. he served as board member in SIG Combibloc Limited, a limited liability company operating in the industrial field since 2004G.
Name:	Zaid Bin Abdulrahman Quwaiz (Age: 49)
Position	Director, member of the Audit Committee since 2010G.
Nationality	Saudi
Education:	Bachelor of Accounting from King Saud University in Riyadh in 1987G.
Work Experience:	Mr. Zaid Quwaiz held the position of the Senior Accountant in King Faisal Specialist Hospital & Research Center, a public entity operating in the health field between 1988G and 1990G. Between 1990G and 2007G, he held several positions in the Saudi British Bank (SABB), a public joint-stock company operating in the banking services and the recent position was the Vice-Managing Director. He also served as board member in Derayah Financial Corp. a closed joint-stock company operating in the financial sector since 2008G until 2010G.

Current Positions:	Mr. Zaid Quwaiz is a board member in HSBC Saudi Arabia, a limited liability company operating in the financial sector since 2009G, and a board member in Saudi Hollandi Bank, a limited liability company operating in the financial sector since 2010G.
Name:	Saad Bin Saleh Azzurri (Age: 53)
Position	Director, member of the Nomination and Remuneration Committee since 2011G.
Nationality	Saudi
Education:	Bachelor in Engineering from Kennedy Western University, United States of America in 1980G, Master of Business Administration from the University of Hull, United Kingdom in 2001G.
Work Experience:	Mr. Saad Azzurri was previously the Chief Operating Officer of Obeikan Investment Group Company, a closed joint-stock company operating in the industry field, from 2008G until 2010G. Further, he was the General Manager of Al Obeikan Printing and Packaging Co., a limited liability company operating in the industrial field from 2003G until 2008G. He also served as board member in Al Obeikan Paper Industries Company, a limited liability company operating in the paper industry from 2005G until 2008G. He also served as board member in Refal Binding Company, a limited liability company operating in the wrapping and binding books from 2004G until 2010G. He also served as board member in Obeikan MDF Espana S.L. a limited liability company operating in the wrapping industry from 2007G until 2010G. He was also a member of the Executive Committee in both Al Obeikan Printing and Packaging Co., a limited liability company operating in the industrial field from 2003G until 2009G; and in Okeiban Glass Company, a limited liability company operating in the industrial sector from 2008G until 2010G.
Current Positions:	Mr. Saad Azzurri is the CEO of the Saudi Printing & Packaging Company since 2011G. He serves as board member in both Saudi Printing & Packaging Company since 2010G, and Abdulaziz Al Namlah Group Holding, a closed joint-stock company operating in the field of trade and industry since 2009G.
Name:	Abdulaziz Bin Mohammad Al Ogaiel (Age: 56)
Position	Secretary of the Board of Directors and its committees / Compliance Officer in the Company since 2009G.
Nationality	Saudi
Education:	Bachelor in Business Administration from Denver University, United States of America in 1981G; Masters' Degree in Military Sciences from the College of Naval Command and Staff Newport, Rhode Island, United States of America in 1998G.
Work Experience:	Mr. Abdulaziz Al Ogaiel worked in the Saudi Royal Navy Forces between 1981G and 2009G in several positions until his retirement as Navy Staff Brigadier General.
Current Positions:	Mr. Abdulaziz Al Ogaiel held the position of Secretary of the Board of Directors of MESC in 2009G and as Compliance Officer in the Company. He serves as member in the Board of Director of MESC Ras Al-Khaimah, United Arab Emirates, a limited liability company operating in the cables industry since 2011G.

The elected directors on 03/06/2013G are:

Name:	Mohammad Awad Al-Juaid (Age: 54)
Position	Elected director in 2013G
Nationality	Saudi
Education:	Bachelor in Mechanical Engineering from the University of Wisconsin in the United States of America in 1982G. Masters in Industrial Technology Management from Central Michigan University in the United States of America since 1983G.
Work Experience:	Mr. Mohammad Awad Al-Juaid previously held the position of Senior Mechanical Engineer, Head of the Department of Mechanical Engineering and Director of Maintenance of Kemya Company, a joint venture of Saudi Arabian Basic Industries Corporation (SABIC) and ExxonMobil, operating in the petrochemical field from 1983G until 1991G. Then, Mr. Al-Juaid joined Fipco, a public joint-stock company operating in the production of filling and packing materials, where he held the position of General Manager from 1991G until 1994G. Abdullah Abu Nayan Trading Company operating in the provision of integrated solutions in the water, oil, and gas fields. He also held the position of General manager from 1994G until 2001G; and Senior Vice-president in Olayan Financing Company, a company operating in managing the operations of Al Olayan Group, from 2001G until 2008G. In 2008G, he joined Al-Fozan Holding Company operating in the investment field and occupied the position of CEO until 2010G. He served as board member in each of: Saudi International Petrochemical Company (Sipchem) a public joint-stock company operating in the petrochemical industry from 2000G until 2007G; International Methanol Company, a limited liability company operating in the petrochemical industry from 2000G until 2007G; International Diol Company, a limited liability company operating in the petrochemical industry from 2000G until 2007G; National Industrialization Company (TASNEE) a public joint-stock company operating in the petrochemicals industry from 2000G until 2008G; National Industrialization Petrochemicals Marketing Company, a limited liability company operating in the marketing of the petrochemical products from 2001G until 2004G; Farabi Petrochemicals Company, a closed joint-stock company operating in the petrochemical Industry from 2008G until 2010G, Al Oula Real Estate Development Company, a closed joint-stock company operating in the real estate development from 2008G until 2010G; Amwal Al Khaleej, a closed joint-stock company operating in the investment field from 2008G until 2010G.
Current Positions:	Mr. Mohammad Awad Al-Juaid currently holds the position of Managing Director at Petron Saudi Industrial Company from 2011G until present. He serves as board member of each: Riyad Capital, a limited liability company operating in the banking field from 2011G; National Metal Manufacturing & Casting ("Maadaniyah"), a public joint-stock company operating in the petrochemical industry field since 2010G; United Lube Oil Company Limited, a limited liability company operating in the collection of oils, production and export of basic oils and its derivatives since 2000G; Saudi Advanced Industries Company (SAIC) a public joint-stock company operating in the industrial field since 2001G.
Name:	Mohammad Abdulaziz Al Namlah (Age: 34)
Position	Elected director in 2013G
Nationality	Saudi
Education:	Bachelor in Mechanical Engineering from the University of New Haven, United States of America in 2003G.

Work Experience:	Mr. Mohammad Abdulaziz Al Namlah previously occupied the position of Maintenance Engineer and Projects Engineer in Saudi Aramco, a government company operating in the oil and gas fields from 2003G until 2007G. Then, he joined Amnest Group, a closed joint-stock company operating in the industrial field where he occupied the position of head of business development from 2007G until 2010G.
Current Positions:	Mr. Mohammad Abdulaziz Al Namlah currently occupies the position of Managing Director of Abdulaziz Mohammad Al Namlah Group Holding from 2010G until now. He also serves as board member of each of: Al Emarat for Lining & Insulation Co., a closed joint-stock company operating in the insulation field since 2008G; Gulf Insulation Group, a closed joint-stock company operating in the insulation field since 2011G; Abdulaziz Mohammad Al Namlah Group Holding, a closed joint-stock company operating in the trade and industry since 2010G; Eskan Investment and Real Estate Development, a closed joint-stock company operating in the real estate development field since 2012G.

6 - 2 Senior Management

The CEOr has primary responsibility for running MESC's business and is directly responsible to the Board for the Company's performance in line with the objectives and directions of the directors and shareholders.

Exhibit 6.2: MESC Senior Management

Position	Name	Nationality	Age	Service Period (year)
Chief Executive Officer	Abdulaziz Bin Abdullah Al Doailej	Saudi	49	2
Vice-President - Sales and Marketing	Chew Wah Tan	Singaporean	52	1
Vice-President - CFO	Ayman Anis Yousef *	Jordanian	39	7
Vice-President - COO	Simon Francis Baker	British	46	1
Information Technology Projects Manager	Sakher Ali Nouman	Jordanian	44	6
Quality Control Manager	Vacant	-	-	-
Human Resources Manager	Riyadh Bin Ali Al Ghamdy	Saudi	33	1
Senior Vice-President Strategic Planning and Business Development	Vacant	-	-	-
Supply Chain General Manager	Khalid Bin Abdulmohsen Al-Reshaid	Saudi	40	1
Chief Technical Officer	Anil Kumar John	Indian	53	18
Manufacturing Manager	Mohamed Bin Bader Al Otaibi	Saudi	43	1

Source: the Company

* Vice President - CFO Mr. Ayman Yousef's contract will expire on 01/10/2013G, and has been agreed that the contract will not be renewed, however, he will remain as CFO of the Company until 30/09/2013G. The Company is currently searching for a replacement to be appointed in this position.

Senior Management Profile

Name:	Abdulaziz Bin Abdullah Al Doailej (Age: 49)
Position	Chief Executive Officer
Nationality	Saudi
Education:	Bachelor of Science in Industrial Management from King Fahd University of Petroleum and Minerals in Dhahran In 1986G.
Work Experience:	Mr. Al Doailej is responsible for managing and directing MESC's overall activities and business. He has over 25 years of experience in petrochemical and real estate companies, with a strong track record in marketing products. Before joining MESC in 2011G, Mr. Al Doailej occupied several positions in the Marketing Departments of several products in SABIC, a public joint-stock company operating in the petrochemical field, from 1987G until 1992G. He then worked for 13 years as a CEO for Adwan Chemical Industries Co. Ltd. a limited liability company operating in the petrochemical field between 1993G and 2006G, before serving as CEO and director of Al Oula Real Estate Development Company, a closed joint-stock company operating in the real estate development for three years from 2007G until 2010G. Mr. Al Doailej occupied other positions such as the Chairman of Al Oula Middle East Company, a limited liability company operating in real estate development between 2008G and 2010G; a board member of Al Oula Real Estate Development Company, a closed joint-stock company between 2007G and 2010G; Chairman of the Board of Directors of Al Oula Company - Egypt, a limited liability company operating in the real estate development between 2008G until 2010G; a board member in Al Oula SK E& C Construction Company in Al-Khobar, a closed joint-stock company operating in the real estate constructions between 2008G until 2010G; a board member in Aayan Capital, a closed joint-stock company operating in the financial consultations between 2008G until 2010G.
Current Positions:	Mr. Al Doailej currently holds several positions. He is a board member in each of Saudi Advanced Industries Company (SAIC), a public joint-stock company operating in the advanced industrial technology since 2005G; Saudi Printing & Packaging Company, a public joint-stock company operating in the printing and packaging industry since 2011G; Arabian Pipes Company, a public joint-stock company operating in the pipes industry, since 2012G; Rafal Real Estate Development Company, a closed joint-stock company operating in the real estate development since 2009G.
Name:	Chew Wah Tan (Age: 52)
Position	Vice-President - Sales and Marketing
Nationality	Singaporean
Education:	Bachelor in Engineering from the University of Canterbury in New Zealand in 1984G and Master in Business Administration from the University of Canterbury in New Zealand in 1989G.

Work Experience:	Mr. Tan has more than 28 years of experience in marketing and selling cables. Before joining MESC in 2011G, he held several positions, including as Sales Manager in General Cable, a limited liability company operating in the cables industry in New Zealand for 12 years between 1984G and 1996G; General Manager for four years in BICC Cables, a company that does not exist anymore and that operated in the cables industry with head offices in Singapore between 1996G and 2000G; Regional Manager for two years in Pirelli Cable Systems, a limited liability company operating in the cable industry with a head office in Singapore between 2000G and 2002G; Marketing and Sales Manager for three years in Lapp Cable, a limited liability company operating in the cable industry with a head office in Singapore between 2003G and 2006G; Marketing and Sales General Manager for four years in Dubai Cable Company, a closed joint-stock company operating in the cables industry with a head office in the United Arab Emirates between 2006G and 2010G.
Name:	Ayman Anis Yousef (Age: 39)
Position	Vice-President - CFO
Nationality	Jordanian
Education:	In addition to his Bachelors degree in Accounting which he received in 1996 from the University of Jordan, Mr. Yousef is also a Certified Public Accountant and a Certified Information Systems Auditor.
Work Experience:	Mr. Ayman Yousef is responsible for financial control, reporting and financial statements preparation. He joined MESC in August 2005G. He has 16 years of experience in external audit and financial consultancy. Prior to MESC, Mr. Yousef was a Senior Manager in Ernst & Young in Amman and Jeddah for 8 years. Prior to that, he worked at the Arab Bank in Jordan, a public joint-stock company operating in the banking field.
Name:	Simon Francis Baker (Age: 46)
Position	Vice-President - COO
Nationality	British
Education:	Bachelor in Management of Manufacturing Systems from the University of North East London Polytechnic in the United Kingdom in 1988G. Master in Manufacturing Technology Management from Liverpool in the United Kingdom in 1999G.
Work Experience:	Mr. Simon Baker joined MESC in 2012G and currently holds the position of Vice-President for the Operations. Prior to MESC, he held several positions in Dubai Cable Company (Ducab), a closed joint-stock company owned by the Government of Dubai and operating in the cables industry from 1996G until 2010G. He was appointed as COO in May 2010G.
Name:	Sakher Ali Nouman (Age: 44)
Position	Information Technology Projects Manager
Nationality	Jordanian
Education:	Bachelor in Computer Sciences from Al-Ahliyya Amman University in Jordan in 1995G.

Work Experience:	Mr. Sakher Nouman joined MESC in 2006G with 16 years of experience in Information Technology and Programs. Prior to MESC, between 1995G and 1996G, Mr. Naaman was a lecturer at the Rumman Training Center, a company that used to operate in the training field but does not exist anymore. Then, he joined JORDAN TELECOM Company, a public joint-stock company operating in the telecommunications sector between 1996G until 1998G. In 1998G, he worked in Medical and Cosmetic Products Company (Riyadh Pharma), a limited liability company operating in the drugs industry prior to joining MESC in 2006G.
Name:	Riyadh Bin Ali Al Ghamdy (Age: 33)
Position	Human Resources Manager
Nationality	Saudi
Education:	Bachelor in Language from Al-Imam Muhammad ibn Saud Islamic University in the Kingdom of Saudi Arabia in 2002G. Master in Business Administration from King Abdulaziz University in the Kingdom of Saudi Arabia in 2005G.
Work Experience:	Mr. Riyadh Al Ghamdy joined MESC in 2011G as Human Resources Manager. He has seven years of experience in administrative affairs and human resources. Prior to joining MESC, Mr. Al Ghamdy worked as Human Resources Assistant Manager in Confidential Company, a closed joint-stock company operating in the field of pipes industry from 2009G until 2011G. From 2005G until 2009G, he held the position of supervisor in both the Human Resources Department and the Training Department of Arabian Pipes Company, a public joint-stock company operating in the pipes industry. He also worked as trainer in Human Resources Development Fund (HDF), a governmental entity operating in the human resources field in 2005G. From 2003G until 2005G, he worked as a trainer in the National Guard.
Name:	Mohamed Bin Bader Al Otaibi (Age: 43)
Position	Manufacturing Manager
Nationality	Saudi
Education:	Postgraduate Diploma in Production Technique Major from the Mechanical Engineering Department from the Technology Faculty in Riyadh in 1994G. Mr. Al Otaibi also obtained a Diploma in Applied Human Resources Management from the Riyadh Chamber of Commerce and Industry in 2010G.
Work Experience:	Mr. Mohammed Al Otaibi joined MESC in 2011G in the position of Manufacturing Manager. He has 16 years of experience in production processes in a large number ofcable production units. Prior to joining MESC, Mr. Mohammed Al Otaibi has worked as a Production Engineer in Electric Wires Factory between 1996G and 2000G, he then occupied the position of Production Manager in the Pneumatic Conveyors Factory between 2001G and 2006G. From 2006G until 2010G he has joined the High & Medium Voltage Cables Factory as Production Manager. From 2010G until 2011G, he was appointed as Assistant Production General Manager and responsible for RC-C Factory.
Name:	Khalid Bin Abdulmohsen Al-Reshaid (Age: 40)
Position	Supply Chain General Manager
Nationality	Saudi

Education:	Bachelor in Computer Engineering from Amman Arab University in Jordan. Further, he obtained a diploma in Electrical and Electronics, Engineering and Control from Jubail Industrial College in 1996G.
Work Experience:	Mr. Khalid Al-Reshaid joined MESC in 2011G with 16 years of experience in production, sales and supply. Prior to joining MESC, Mr. Al-Reshaid worked in Adwan Chemical Industries Co. Ltd. a limited liability company operating in the petrochemical industry as production supervisor between 1996G and 1997G; became a Sales Manager between 1997G and 2003G, then a Materials' Management Manager from 2003G until 2006G. In 2010G, he joined Al Watania Gypsum Co. Ltd., a limited liability company operating in the gypsum industry as Purchasing and Warehouse Manager until 2011G.

Name:	Anil Kumar John (Age: 53)
Position	Technical General Manager
Nationality	Indian
Education:	Bachelor in Electronics and Telecommunications Engineering from the Institution of Engineers in India in 1988G.
Work Experience:	Prior to joining MESC Mr. Anil Kumar John worked as Test engineer in Industrial Cables Limited Company (India), a limited liability company operating in the cables industry between 1993G and 1994G. Further, he worked as a Test engineer in Universal Cables Limited (UCL) in India, a limited liability company operating in the cables industry between 1989G and 1992G. He joined MESC in 1994G and was MESC Technical Officer between 2000G and 2009G, then Technical Manager between 2009G and 2011G.Since 2011G, he has been the Technical General Manager of the Company.

6 - 3 Certain Relationships and Related Parties Transactions

Other than the transactions described below, there is no, and there are no other current or proposaed transactions or series of similar transactions to which MESC is or will be a party in which any director, executive officer, a shareholder of five percent or more of any of the Company's Shares or any member of his/her immediate family had or will have a direct or indirect material interest. Based upon a competitive analysis of comparable transactions, Management has determined that the transactions set forth below were executed on terms no less favorable to MESC than it could have obtained from unaffiliated third parties. It is MESC's intention to ensure that all future transactions between the Company and its officers, directors and substantial shareholders and their affiliates, are approved by the General Assembly, and are on terms no less favorable to the Company than those that it could obtain from unaffiliated third parties and are submitted to the regular General Assembly for its authorization.

Exhibit 6.3: Related Parties Transactions

Related Party	Shareholder	Transaction Nature
Middle East Fiber Cable Manufacturing Company	Abdulaziz Mohammad Al Namlah	Purchase of fiber optic cables
Middle East Fiber Cable Manufacturing Company	Abdulaziz Mohammad Al Namlah	Carrying out Industrial works
Middle East Mold and Plastic Factory	Abdul Raouf Walid Al Bitar	Purchase of plastic for cables manufacturing
Al Manhal Water Factory Co. Ltd	Abdul Raouf Walid Al Bitar	Purchase of mineral water

Source: the Company

All contracts and agreements with related board members are subject to the approval of the Company's General Assembly where approvals were granted thereon, provided that the related board members are not entitled to vote on any decision in this regard. The Company will enforce Article 69 of the Companies' Law on all related parties transactions. These transactions will be viewed in the first General Assembly the Company holds. The Company assures that it is undertaking all related parties contracts through purchasing orders and confirms that it currently has no contractual arrangements with the related parties

6 - 4 Declarations of the Directors, Board Secretary and Senior Executives

The Directors, Board's secretary and senior executives declare the following:

1. That they have not declared bankruptcy at any time and have not been subject to bankruptcy proceedings.
2. Except as stated in paragraph (4-1) of this section, save for the ownership of Abdul Raouf Walid Al Bitar of 3,026,666 shares, Abdulaziz Bin Mohammad Al Namlah 428,340 shares in Middle East Specialized Cables – (MESC - Jordan) and the ownership of Abdulaziz Bin Mohammad Al Namlah of one share in MESC Ras Al-Khaimah, neither they nor any of their relatives have direct or indirect interest in the Company's and its subsidiaries' shares or debt instruments.
3. That they have no intention to make any material change in the nature of the Company's activity.
4. That there was no disruption in the Company's businesses or any of its subsidiaries that might have a significant effect on the financial position during the last twelve months period.
5. Except as stated in section (7), no adverse material change in the Company's or its subsidiaries financial and commercial position occurred during the past three years immediately preceding the date of submittal of an application for the admission of the New Shares in the Exchange, in addition to the period covered in the public accountant report until the acceptance of the Prospectus.
6. Except as stated in this Prospectus in paragraph (6-3) of this section, neither they nor any of their relatives have interests in any current contract or agreement, whether made in writing or orally, or any contemplated arrangement, that would represent a significant interest in the Company's or its subsidiaries' business as of the date of the Prospectus.
7. That there are no commissions, discounts, brokerage fees or any non-cash compensation granted by the Company or any of its subsidiaries during the three years preceding the date of submittal of an application for the admission of the New Shares in the Exchange, concerning the issuance or offering any of the Company's securities.
8. That they did not work during the last five years in companies that were subject to insolvency proceedings.
9. That there is no authority that grants any director or the CEO the right to vote on any contract or proposal in which he has any material interest or that grants him the right to engage in any activity competing with the Company or any of its subsidiaries' activity or that grants him any commission or brokerage fees.
10. That there is no authority that grants the directors or the CEO the right to vote on remunerations granted to them.
11. That there is no authority that grants the directors or the senior Executives the right to borrow from the Company or any of its subsidiaries.
12. That they comply with Articles (69) and (70) of the Companies' Law as well as with Article (18) of the Corporate Governance Regulations issued by the Capital Market Authority. Directors shall notify the Board of Directors of any personal direct or indirect interest they may have in any transactions or contracts that are completed for the Company's or its subsidiaries account. Such notification shall be entered in the minutes of the meeting. The director having an interest shall not be entitled to vote on the resolution to be adopted in this regard.
13. That the Company will comply with the Corporate Governance Regulations and any compulsory clauses imposed by the CMA.

6 - 5 Remuneration of Senior Management

The Board members do not have any outstanding service contracts with the Company and their remuneration (if any) will be determined by the General Assembly in accordance with the By-Laws of the Company and within the limits of the provisions of the Companies Regulations and the laws or regulations complementary thereto.

Each member of MESC's Management have entered into fixed-term contracts with the Company which set out the terms of their services and remuneration. Compensation for financial years 2009G, 2010G, 2011G and 2012G, paid or awarded by MESC to five senior executives who received the highest bonuses and benefits in MESC amounted to SAR 7.24 million, SAR 3.91 million, SAR 5.35 million and SAR 10.84 million respectively. The compensation is inclusive of various benefits that include housing and transportation allowances. In 2011G, the total annual compensation for the executive Management increased compared to 2010G due to the appointment of new Managers for Departments with distinguished experiences. In 2012G, the total annual compensation paid to the executive Management increased compared to 2011G due to the payment of annual compensation as a result of the Company's achieving profits in 2012G.

Exhibit 6.4: Directors and Executive Management Annual Salaries and Remuneration

	2009G	2010G[1]	2011G	2012G[2]
Directors				
Total Annual compensation paid	SAR 1,800,000	Nil	Nil	Nil
Other Benefits paid annually [3]	SAR 423,000	SAR 549,000	SAR 302,000	SAR 1,566,000
Executive Management (including the CEO and the CFO)				
Total Annual salaries paid	SAR 2,811,168	SAR 3,049,548	SAR 5,354,000	SAR 5,779,992
Other Benefits paid annually [4]	SAR 4,430,396	SAR 861,555	Nil	SAR 5,060,831
Total payments	SAR 9,464,564	SAR 4,460,103	SAR 5,656,000	SAR 12,406,823

Source: the Company

6 - 6 Corporate Governance

MESC is committed to high standards of corporate governance, and sees this as an essential factor in its success to date.

The Company has undertaken a full corporate governance review with a view to ensure that the Company's corporate governance guidelines meet the highest standards. MESC has a clear division of responsibilities between the Board of Directors and executive management of the Company and, in keeping with the best international practice, more than the third of MESC directors are non-executives. The Company's executive management, presided by the CEO, is a highly experienced and skilled team who is given wide and sufficient executive authority to effectively manage the Company within the guidelines laid down by the Board of Directors and the Executive Committee.

The Company has well established systems and sound internal controls. The Company will have a professionally staffed internal audit function, which will undertake independent reviews across the enterprise. The Company's external auditors provide annual reporting to the Company together with an annual management letter, and do not provide other incompatible services.

The Company confirms that it will comply with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority on 21/10/1427H corresponding to 12/11/2006G amended on 30/03/1431H corresponding to 16/03/2010G, in conformity with the Company's By-Laws and the Companies 'Regulations issued by the Ministry of Commerce ,particularly concerning the shareholders rights .Further ,the Company will fully comply with the procedures of the Disclosure and Transparency Policies ,except Article 6 paragraph) b (which adopts the cumulative voting method to select the Directors at the General Assembly .The Company will finalize its study to vote thereon in the General Assembly.

1 Remunerations paid during 2009G and 2010G also include (a) bonus of CEO and General Manager for Sales and Marketing, both of whom receive 2.5% each of the net income from operations every year

2 The remunerations paid during 2012G also include (a) the bonus of the CEO (3.5%) of the net annual income (b) the remuneration of the Deputy Manager for Sales and Marketing (0.1%) of the total sales.

3 The other benefits of the Directors include the allowance for attending Board meetings and the fees for their participation in the committees.

4 The other benefits of the executive management include annual bonuses.

The following is a summary of MESC's corporate governance framework:

Shareholders' General Assembly: Shareholders shall be kept informed of all major developments within the Company through extensive interaction, provision of periodic financial performance reports, and promoting their increased participation in the Company's annual General Assembly events.

Board of Directors: The Board of Directors shall be responsible for running the Company, providing effective leadership and maintaining a sustainable sound system of internal controls to safeguard the interests of the Company's shareholders.

Independent / Non-Executive Directors: To further upgrade MESC's governance structure, four independent non-executive directors were appointed at the Conversion General Assembly. The goal is to provide objectivity and balance to the Board of Directors' decision making process. There are currently four independent directors.

Submitting Financial and Other Information: The Board of Directors is responsible for providing the Shareholders with a true and fair picture of the Company's financial performance. Additionally, there shall be a mechanism in place to ensure that the Board of Directors receives the relevant information in a timely manner, to enable it to effectively fulfill its obligations.

Board of Directors Committees: in addition to the three committees mentioned below, the Board of Directors will form additional committees to help it in managing the Company in the best possible way. In particular the Board of Directors will be responsible for:

- ensuring that all committees are subject to written and approved by-laws that explains their roles, tasks and responsibility.
- ensuring that notes must be taken for all meetings and provided to the Board of Directors to be reviewed.
- setting the Authority and specialty of each committee accurately and clearly.

6 - 6 - 1 Executive Committee

The Executive Committee comprises of three members: Abdulaziz Mohammad Al Namlah (President), Abdul Raouf Walid Al Bitar, Abdullah Abdulrahman Al Obeikan. This committee is in charge of the following tasks:

- Reviewing the plans and strategies prepared by the Management for the Company and its subsidiaries, as well as giving the appropriate recommendations to the Board of Directors.
- Ensuring that the Company's strategic plans are effected and carried out to achieve the Company's objectives.
- Discuss and review the reports submitted by the Management.

6 - 6 - 2 Audit Committee

The Company has established an Audit Committee comprising of four members: Yahya Bin Ibrahim Al Qunaibet (President), Suleiman Al Namlah, Tariq Bin Jawad Al Sakka, Zaid Bin Abdulrahman Quwaiz. The latter has a strong experience in accounting and financial matters.

The Audit Committee's charter will be reviewed annually by the Board of Directors following a recommendation by the Audit Committee. The Audit Committee is responsible, among other things, for:

- Supervising the Company's internal audit department in order to ascertain effectiveness of performance of the functions and tasks assigned to it by the Board of Directors;
- Studying the internal audit system and preparing a written report including its opinion and recommendations on the same;
- Studying the internal audit reports and following up the implementation of corrective actions in respect of the remarks contained therein;
- Submitting recommendations to the Board of Directors in respect of the appointment and dismissal of accountants and determining their fees. Independency of accountants should be ensured before appointment;
- Following up on the activities of the accountants and approving any non-audit work that may be assigned to them while doing auditing works;
- Studying the audit plan with the accountant and giving remarks on the same;

- Studying the remarks of the accountant on the financial statements and following up on the actions taken in respect thereof;
- Studying the interim and annual financial statements before submission to the Board and giving opinions and recommendations in respect of the same;
- Studying the accounting policies being implemented and giving opinions and recommendations to the Board of Directors in respect of the same.

6 - 6 - 3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of five members: Suleiman Abdullah Al Hamdan (President), Suleiman Mohammad Al Namlah, Abdul Raouf Walid Al Bitar, Zaid Abdulrahman Quwaiz, Saad Saleh Azzurri.

The Nomination and Remuneration Committee operates in accordance with the internal charter, approved by the Board of Directors, and including rules and principles governing its activities. The Board of Directors shall appoint the president of the Nomination and Remuneration Committee and its other members.

The Nomination and Remuneration Committee's internal charter including rules and principles governing its activities will be reviewed annually by the Board of Directors following a recommendation by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee is responsible, among other things, for:

- Recommending to the Board of Directors appointments to membership of the Board, in accordance with the approved policies and standards such as advising against the nomination of any person who has been convicted of a crime of honor and trust.
- Reviewing the appropriate skills needed for Board membership each year, and preparing a description of the required capabilities and qualifications for board membership, including the required time the director shall devote to the Board activities.
- Review the Board of Directors' structure and submit recommendations concerning the changes that can be made.
- Identify the weaknesses and strengths of the Board of Directors' structure, and suggest solutions in accordance with the Company's interest.
- Verifying annually the independence of the independent Directors and the absence of any conflict of interests in the event that the director is a member in another Company's Board of Directors.
- Developing a formal and transparent policy for fixing the remuneration packages of directors and senior executives, taking into consideration the use of performance-based standards.

6 - 7 Employment Contracts

The General Assembly shall appoint the Company's Board of Directors. The Board of Directors' terms of reference as well as responsibility shall be subject to the Company's By-Laws. The Board of Directors shall appoint the Chairman. Below is a summary of the contracts with the CEO and the Vice-President CFO

6 - 7 - 1 Chief Executive Officer

The CEO fulfills his current tasks in the Company pursuant to an employment contract with the Company. The details of such contract are as follows:

- The contract is effective from 01/01/2011G for three Gregorian years. It may be renewed for a similar period(s), unless either party notifies the other in writing of his/its wish not to renew at least 90 (ninety) days prior to the expiry of the contract's original or renewed term.
- The Company shall appoint the CEO for the above-mentioned period under the title "Chief Executive Officer".
- The CEO shall undertake to devote all his time and efforts for the Company's activities during the working hours. The Company shall have the right to adjust any of the official working hours specified in the Company's By-Laws. The CEO shall observe all the Board's instructions.
- The CEO undertakes not to compete in any way whatsoever with the Company in its field of work up to two years after the termination of his employment contract. Further, he shall undertake not to work for any party engaged in the same activity as the Company or its subsidiaries two years after ther termination of his employment contract.

6 - 7 - 2 Vice-President for Financial Affairs

The Vice-President CFO shall fulfill with his current tasks in the Company pursuant to an employment contract with the Company. The details of such contract are as follows:

- The contract is effective from 10/08/2005G for two Gregorian years from the date of its signature. It shall be renewed automatically for a similar period, unless either party notifies the other in writing of his/its wish not to renew at least three months prior to the contract's expiry.
- The Company shall appoint the Vice-President for Financial Affairs for the above-mentioned period under the title "Vice-President for Financial Affairs".
- The Vice-President for Financial Affairs shall undertake to work full-time with the Company with honesty and loyalty. He shall perform all the work assigned to him while observing the Company's orders. He shall not perform any work for any other party, with or without consideration, except with the Company's written approval.
- The Vice-President for Financial Affairs shall undertake in the event of termination of the employment contract for any reason whatsoever, not to join or sub-contract with any other party or competitor operating in the same field as the Company in the Gulf region, particularly in the Kingdom of Saudi Arabia, except after two complete years have elapsed or with the employer's approval.
- The Vice-President for Financial Affairs shall undertake to work at the Company according to the official working hours. The Company's management shall have the right to adjust the working hours according to the work requirements.

6 - 8 Employees

MESC and its subsidiairie, had 1,285 employees as of 31 December, 2012G. 84.6% of employees were engaged in production activities, 5.4% were employed in sales & marketing and 10.0% in other sections such as finance, employee's affairs and information technology.

MESC continuously pursues recruiting and maintaining experienced and fresh Saudi Arabian nationals. Training programs are in place to develop the skills and competencies of its national employees through its in-house training center.

Saudization levels were 19.6%, 24.4%, 34.6% and 29.2% in 2009G, 2010G, 2011G, and 2012G respectively in MESC-KSA. On 17/07/1433H the Company obtained a Nitaqat certificate for satisfying the Saudization requirements.

Exhibit 6.5: MESC-KSA Employees

	As of 31 December			
	2009G	2010G	2011G	2012G
Operations	342	334	299	413
Sales and Marketing	67	45	46	40
Engineering Affairs	26	28	34	49
Administrative Affairs	63	60	74	48
Quality Control	25	22	21	31
Finance / Accounts	12	14	18	14
Procurement	9	9	0	0
Supply	0	0	45	51
Information Technology	7	8	6	8
Total	551	520	543	654

Source: the Company

The number of employees in the operations section decreased from 334 employees in 2010G to 299 employees in 2011G. This decrease is mainly due to the reclassification of some employees from the operations section to the supply section.

The number of employees in the purchasing section decreased from 9 employees in 2010G to 0 employee in 2011G. This decrease is mainly due to the establishment of a new Supply Section, which also encompasses the Procurement Section.

Exhibit 6.5.1: (MESC-KSA) as per nationality

	As of 31 December			
	2009G	2010G	2011G	2012G
Saudis	108	127	188	191
Other GCC countries	33	35	36	39
Jordanians	34	22	19	21
Asian	376	336	300	403
Total	551	520	543	654

Source: the Company

Exhibit 6.6: MESC-Jordan

	As of 31 December				
	2009G	2010G	2011G	2012G	
Operations	581		511	453	307
Sales and Marketing	10		14	14	10
Others	38		33	33	33
Total	629		558	500	350

Source: the Company

Exhibit 6.6.1: (MESC-Jordan) as per nationality

	As of 31 December			
	2009G	2010G	2011G	2012G
Jordanians	547	480	488	349
Others	82	78	12	1
Total	629	558	500	350

Source: the Company

In 2009G, there were 581 employees in the Operations Section. During the three following years, a number of employees resigned; therefore, their number reached 307 employees in 2012G. It should be noted that the Company did not replace those who resigned due to the Company's low production and its focus on orders with a specific profit margin.

Exhibit 6.7: MESC for Medium High Voltage Cables Company Employees

	As of 31 December			
	2009G	2010G	2011G	2012G
Operations	146	133	124	94
Sales and Marketing	4	3	3	4
Others	6	10	10	7
Total	156	146	137	105

Source: the Company

Exhibit 6.7.1: MESC for Medium High Voltage Cables Company Employees as per nationality

	As of 31 December			
	2009G	2010G	2011G	2012G
Jordanians	142	133	124	105
Asian	13	13	13	0
Western	1	0	0	0
Total	156	146	137	105

Source: the Company

In 2009G, there were 146 employees in the Operations Section. During the three following years, a number of employees resigned; therefore, their number reached 94 employees in 2012G. It should be noted that the Company did not replace those who resigned due to the Company's low production and its focus on orders with a specific profit margin.

Exhibit 6.8: MESC-Ras Al-Khaimah Employees

	As of 31 December			
	2009G	2010G	2011G	2012G
Operations	21	79	119	142
Sales and Marketing	11	13	15	15
Finance / Accounting	2	2	4	3
Others	5	21	24	16
Total	39	115	162	176

Source: the Company

Exhibit 6.8.1: MESC-Ras Al-Khaimah Employees as per nationality

	As of 31 December			
	2009G	2010G	2011G	2012G
Other GCC Countries	0	1	1	1
Jordanians	7	7	8	9
Western	1	1	1	1
Asian	31	106	152	165
Total	39	115	162	176

Source: the Company

7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations provides an analytical review of MESC's operational performance and financial condition during the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. It is based upon, and should be read in conjunction with the Group's consolidated audited financial statements for the four financial years ended 31 December 2009G and 2010G, 2011G and 2012G, which were audited by Deloitte in 2009G and 2010G and by Ernst and Young in 2011G and 2012G and are included in this Prospectus under Section 16 (Auditor Report). Investors should also read the entire Prospectus (Risk Factors) and not rely solely on the information set out in this section.

All amounts are in Saudi Arabian Riyals (SAR), unless stated otherwise. Further, amounts have been rounded to the nearest thousand, while percentages have been shown to one decimal place.

7 - 1 Directors' Declaration for Financial Information

The Directors declare that the financial information presented in this Prospectus is extracted without material adjustment from the consolidated audited financial statements for the financial years 2009G, 2010G, 2011G and 2012G, and that the consolidated audited financial statements have been prepared and audited in accordance with the SOCPA Standards, except as expressly provided below. The Board of Directors accepts full responsibility for the authenticity and accuracy of the information and analysis of financial results and confirm, after making all reasonable inquiries, that full and fair disclosure has been made and there is no other information or documents the omission of which would make any information or statements therein misleading.

Certain performance metrics such as Direct Gross Profit, described and presented in Section 7-4 (*Management's Discussion and Analysis of Financial Condition and Results of Operation – Key Performance Metrics*) may not comply with SOCPA standards, as discussed further below. However, the Board of Directors does not believe that this presentation affects the presentation of Company's results of operations and this note is only meant for the purpose of clarification.

Except as provided under the following sections [(7-4-1) Sales, (7-4-2) Cost of Sales (7-4-3) Direct Gross Profit and Total Gross Profit, (7-4-4) Sales and Distribution Expenses, (7-4-5) General and Administrative Expenses, (7-4-8) Impairment of Goodwill, (7-4-10) Loss on Derivative Financial Instruments, (7-4-11) Unrealized (loss)/gain from assets held for trading investments, (7-4-13) Results of Subsidiaries, (7-6-2) Investments Held for Trading Purposes, (7-7-1) Available for Sale Investments, (7-7-4) Intangible Assets,(7-10) Equity, (7-11-1) Operating Cash Flows, (7-11-4) Cash Flows from Subsidiaries)], the Directors declare that there has been no material adverse change in the financial or trading position of the Group or the subsidiaries during the three years immediately preceding the date of submission of the listing application and acceptance of such listing, and in the period between the end of the period covered by the auditor's report and the date of approval of this Prospectus.

The Directors further declare that the Group will have, following the Rights Issue, sufficient funds to meet its working capital requirements for the 12 month period following the date of this Prospectus. The Company and subsidiaries' capital is not under an option right.

7 - 2 Significant Accounting Policies

The Group's consolidated audited financial statements are prepared in compliance with SOCPA Standards.

The consolidated audited financial statements incorporate the financial statements of MESC-KSA and its subsidiaries, and are prepared on the accruals basis under the historic cost principle. All significant inter-company transactions and balances are eliminated in preparing the audited consolidated financial statements.

7 - 3 Results of Operations

The Group's results from operations for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G are discussed below.

Exhibit 7.1: Income Statement

	SAR '000			
	Year ended 31 December			
	2009G	2010G	2011G	2012G
	Audited	Audited	Audited	Audited
Revenue	1,033,922	1,029,250	1,139,386	990,581
Cost of sales	(856,093)	(914,390)	(1,043,763)	(829,421)
Gross Profit	177,829	114,860	95,623	161,160
Selling and distribution	(32,677)	(46,563)	(43,121)	(36,819)
General and administration	(27,387)	(27,741)	(39,332)	(43,722)
Cost of unutilized production capacity	-	(33,022)	(31,606)	(25,481)
Amortisation	(1,496)	(1,830)	(1,995)	(1,600)
(Loss)/Income from operations	116,269	5,704	(20,431)	53,538
Impairment of goodwill	(20,000)	(77,000)	(70,565)	-
Unrealized (loss)/gain from assets held for trading investments	(1,181)	917	(1,005)	(1,284)
Loss on derivative financial instruments	-	(14,079)	(30,508)	(4,962)
Financial charge	(43,627)	(35,852)	(38,728)	(41,348)
Other income	1,853	900	445	166
Loss before minority interest, Zakat and tax	53,314	(119,410)	(160,792)	6,110
Minority interest	12,238	33,365	36,759	23,537
Loss before Zakat and tax	65,552	(86,045)	(124,033)	29,647
Zakat and tax recovery / (provision), net	(14,244)	(8,903)	3,897	1,454
Net loss (profit) for the year	51,308	(94,948)	(120,136)	31,101

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

Financials presented for 2010G are as per the comparative figures presented in the audited consolidated financial statements for 2011G.

7 - 4 Key Performance Metrics

Direct Gross Profit - represents sales minus direct costs (i.e. costs that can be directly attributed to specific units manufactured) such as raw materials, depreciation etc. used in the manufacturing process.

Copper Weight Sold – volume of sales of each product line has been measured via Copper Weight Sold in the factories.

Exhibit 7.2: Copper usage (MT) by product

	MT 000			
	Year ended 31 December			
	2009G	2010G	2011G	2012G
Industrial Cables				
MESC - KSA	3,549	3,147	3,778	3,871
MESC - RAK	N/a	162	962	1,108
Total Industrial Cables	3,549	3,309	4,740	4,979
Buildings & Equipment Cables				
MESC- KSA	221	233	307	201
Power Cables				
MESC – KSA	4,937	4,061	3,613	1,949
MESC - Jordan	11,155	9,673	7,089	3,998
MESC for Medium and High Voltage Cables Company	N/a	2,808	2,848	268
MESC RAK	N/a	N/a	N/a	366
Total Power Cables	16,092	16,542	13,550	6,581

Source: MESC. Figures are rounded to the nearest thousand

7 - 4 - 1 Revenue

The following table summarizes revenue for the years ended 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.3: Revenue

	SAR '000			
	Year ended 31 December			
	2009G	2010G	2011G	2012G
	Audited	Audited	Audited	Audited
Revenue				
Industrial Cables	319,808	310,582	471,400	637,157
Buildings & Equipment Cables	14,991	22,156	19,787	23,051
Power Cables	684,666	684,701	650,060	350,873
Other	22,753	91,718	68,746	151,959
Intercompany	-8,296	-79,907	-70,607	-172,459
Total	1,033,922	1,029,250	1,139,386	990,581

Source: MESC. Figures are rounded to the nearest thousand

The Group's revenue for the year ended 31 December 2012G was SAR 990.6 million compared to SAR 1,139.4 million (31 December 2011G) and SAR 1,029.3 million (31 December 2010G). The SAR 43.3 million (4.2%) decrease in revenue between 2009G and 2012G has been driven by a SAR 333.8 million (48.8%) decrease in power cables sales as the Group focused on accepting only higher margin bearing orders, this was partially off-set by a SAR 317.3 million (99.2%) increase in industrial cables sales in the same period. The Group has shifted its product mix towards its core specialization, industrial cables.

For industrial cables, from 2009G to 2010G copper usage declined by 6.8% or 240 MT (2010G: 3,309 MT, 2009G: 3,549 MT) hence revenue also declined over the same period (2.9%). The fall in copper usage and revenue was driven by the global economic downturn, resulting in governments postponing large oil and gas projects. In addition, new entrants into the Industrial Cables market increased the level of competition.

Market conditions improved in 2011G and 2012G. Copper usage continued to increase with 4,979 MT of copper being used for the manufacture of industrial cables in 2012G, an increase of 1,670 MT (50.5%) from 2010G. The returning customer base for oil and gas projects resulted in the June 2012 order book for industrial cables being significantly higher than at any point since March 2008G, the positive underlying trend in orders has continued since 2011G.

The upturn in industrial cables demand remained steady in 2012G. Compared to the previous year, sales increased from SAR 471.4 million to SAR 637.2 million, a 35.2% increase. Copper usage for the manufacture of industrial cables also increased by 5.0% in the same period. The relatively small increase in copper usage compared to revenue has been made possible through a revised pricing strategy and a focus on negotiating higher margin contracts.

Power cables revenue fell by 48.8% (SAR 334 million) between 2009G and 2012G driven by a strategic decision to focus on relatively higher profit bearing industrial cables and to accept only higher margin contracts for power cables. The decision to scale back manufacture and sale of power cables was driven by the high level of price competition resulting from production over capacity in this market segment. Power cables are largely manufactured by MESC-Jordan and MESC-HVMV and hence these businesses have been significantly downsized as the Group focuses on industrial cables. The Group will continue to produce power cables as customer project orders contain a mix of industrial cables and power cables.

The Company does not have any seasonality or economic cycles relating to its activity, which could have an impact on its work or financial condition.

7 - 4 - 2 Cost of Sales

The following table summarizes the cost of sales for the years ended 31 December 2009G, 2010G, 2011G, and 2012G.

Exhibit 7.4: Cost of Sales

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012G
	Audited	Audited	Audited	Audited
Industrial Cables - direct costs	179,747	209,104	355,788	448,661
Buildings & Equipment Cables - direct costs	9,204	13,951	14,552	16,392
Power Cables - direct costs	578,898	624,175	614,564	325,826
Other - direct costs	26,875	90,918	72,585	146,850
Intercompany	-8,296	-79,907	-70,607	-172,459
Production overheads	69,665	56,149	56,881	64,151
Total	856,093	914,390	1,043,763	829,421

Source: MESC. Figures are rounded to the nearest thousand

Cost of sales includes direct costs which are highly dependent on volume of production, mainly related to raw material inputs such as copper, lead and steel. These costs can vary significantly depending on market prices for these materials; especially copper prices which can be volatile. The other key cost category within cost of sales is indirect costs or production overheads.

Cost of sales of SAR 856.1 million in 2009G include hedging losses of SAR 13.2 million which were reclassified below gross profit in 2010G, 2011G and 2012G. In addition, there was a copper price provision reversal of SAR 102.3 million in 2009G, reducing cost of sales. Copper prices dropped from SAR/MT 26,460 in September 2008G to SAR/MT 11,006 in December 2008G. Due to significant quantities of copper stock being held, at this time (December 2008G) a provision of SAR 102.3 million was made. The stock was sold in 2009G when copper prices recovered (for more information on hedging, please see section 7-4-10 of this Prospectus).

Adjusting for hedging losses and the copper provision, the ratio of cost of sales to revenue was 91.4% in 2009G. This ratio remained broadly stable at 88.8% and 91.6% in 2010G and 2011G respectively.

In 2012G this ratio improved to 83.7%, as a result of the Group focusing on higher margin industrial cables and the strategic decision to accept only higher margin bearing orders for power cables.

Production overheads primarily comprise of employee costs, utilities and repairs and maintenance. These costs decreased from SAR 69.7 million in 2009G to SAR 64.1 million in 2012G primarily due to a reclassification of production overheads below Gross Profit as a result of declining production utilization within MESC-Jordan and MESC for Medium and High Voltage Cables Company.

7 - 4 - 3 Direct Gross Profit and Total Gross Profit

The following table summarizes the direct gross profit and total gross profit for the years ended 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.5: Direct Gross Profit and Total Gross Profit

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012G
	Audited	Audited	Audited	Audited
Industrial Cables	140,061	101,478	115,612	188,496
Buildings & Equipment Cables	5,787	8,205	5,235	6,659
Power Cables	105,768	60,526	35,496	25,047
Other - direct costs	-4,122	800	-3,839	5,109
Direct Gross profit	247,494	171,009	152,504	225,311
Production overheads	-69,665	-56,149	-56,881	-64,151
Total	177,829	114,860	95,623	161,160

Source: MESC. Figures are rounded to the nearest thousand

Direct gross profit has decreased by 38.4% from SAR 247.5 million in 2009G to SAR 152.5 million in 2011G, driven predominately by power cables, which have fallen by SAR 70.3 million (66.4%) in the same time period. As noted above, the decrease in gross profit has been reduced by the copper provision released in 2009G, reducing cost of sales by SAR 102.3 million in 2009G.

Industrial cables gross profit fell by SAR 24.4 million (17.5%) between 2009G and 2011G. Adverse economic conditions reduced demand in the market place and resulted in lower selling prices and thus lower gross profit despite volume of industrial cables increasing by 33.6% in the same period.

Although revenue has declined by 13.1% (SAR 148.8 million) from 2011G to 2012G, gross profit increased sharply by 68.5% (SAR 65.5 million) to SAR 161.2 million (2011G: SAR 95.6 million). This has been driven by growth in industrial cables gross profit whilst copper usage for industrial cables has remained broadly flat.

Industrial cables copper usage rose by 5.0% (239 MT) to 4,979 MT (2012G) from 4,740 MT (2011G), whilst industrial cables gross profit grew by 63.0% (SAR 72.9 million) to SAR 188.5 million (2012G) from SAR 115.6 million (2011G).

The growth in industrial cables gross profit was partially off-set by a decline in power cables gross profit in line with the Group's strategic objectives. Product cables gross profit declined by 29.4% (SAR 10.5 million) to SAR 25.0 million (2012G) from SAR 35.5 million (2011G).

7 - 4 - 4 Selling and Distribution Expenses

The following table summarizes the selling and distribution for the years ended 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.6: Selling and Distribution Expenses

	SAR '000			
	Year ended 31 December			
	2009G	2010G	2011G	2012G
Employee costs	11,023	11,750	12,112	14,207
Promotion and commission	10,680	11,443	9,139	10,761
Freight	6,934	7,464	5,152	6,037
Travel	892	1,024	665	767
Rent	694	633	595	536
Bad debt	0	10,911	9,081	2,791
Other	2,454	3,338	6,377	1,720
Total	32,677	46,563	43,121	36,819

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

Total selling and distribution expenses increased from SAR 32.7 million in 2009G to SAR 46.6 million in 2010G driven primarily by bad debt provisions in the amount of SAR 10.9 million. This increase resulted primarily from old outstanding debtors in MESC-Jordan and these were fully provided for.

Between 2010G and 2011G, selling and distribution expenses decreased by SAR 3.4 million which was primarily driven by cost efficiencies and savings, as a result of MESC-RAK having its first full year of operations.The freight expenses decreased by SAR 2.3 million (31% decrease) to SAR 5.2 million in 2011G in comparison to 2010G. Since MESC-RAK was established to service the UAE and international market, and with its proximity to key oil and gas field markets in Abu Dhabi and access to Dubai ports, it has resulted in reduced freight costs for the Group. Previously, these markets were being supplied from the Riyadh production facility, resulting in higher costs.

Between 2011G and 2012G, selling and distribution expenses decreased further by SAR 6.3 million (2012G: SAR 36.8 million, 2011G: SAR 43.1 million), driven predominantly by a fall in bad debt provisions (SAR 6.3 million) and other expenses (SAR 4.7 million). This decrease is the result of the policy adopted by the Company, which improved the quality of the Company's debtors (for further information, please see paragraph 7-6-3 of this section). The decrease was partly off-set by an (SAR 3.7 million) increase in employee costs and commission expenses.

Promotion and commission mainly relates to commission payable to external agents for international sales of cables. This expense increased by 7.1% between 2009G and 2010G, driven by an increase in sales of industrial cables to EPC contractors based in Korea. In 2012G, commissions to agents grew in line with industrial cables sales.

Freight costs increased by 17.2% (SAR 0.9 million) to SAR 6.0 million in 2012G (2011G: SAR 5.2 million) despite a fall in sales due to an increase in rates charged by shipping agents. Freight cost predominately relate to the road transport costs of delivering the products to customers in KSA and internationally. The Group currently does not own its own fleet and instead uses a number of haulage firms which charge fixed rates for various destinations. The location of MESC-RAK means international markets and the UAE can be serviced more easily from the UAE than from Riyadh.

In 2012G, other expenses fell by SAR 4.7 million to SAR 1.7 million (2011G: SAR 6.4 million) as SAR 4.6 million of income was recorded following the reversal of a provision. Other expenses of SAR 1.7 million in 2012G include utilities, communication and general office supplies.

7 - 4 - 5 General and Administration Expenses

The following table summarizes the general and administration expenses for the years ended 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.7: General and Administration Expenses

	SAR '000			
	Year ended 31 December			
	2009G	2010G	2011G	2012G
Employee costs	17,916	17,361	24,731	28,845
Consultancy and professional fees	1,248	2,407	4,823	5,089
Travel	1,374	1,638	2,006	798
Depreciation	1,824	1,831	1,624	1,290
Utilities	429	602	1,274	949
Repair and maintenance	971	671	1,052	1,063
Other	3,625	3,231	3,822	5,688
Total	27,387	27,741	39,332	43,722

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

General and administration expenses were SAR 43.7 million in 2012G, compared to SAR 27.4 million in 2009G. The increase has been due to a SAR 10.9 million increase in employee costs and a SAR 3.8 million increase in consultancy and professional fees.

Employee costs, which accounted for 66.0% of total general and administration costs in 2012G, include remuneration payable to Management, Finance, and IT staff.

In 2012G, the SAR 4.1 million' increase in employee costs from 2011G was mainly due to bonuses. The SAR 7.4 million' increase in 2011G was predominately driven by the recruitment of Saudi nationals to ensure compliance with Saudization rules, MESC-RAK having its first full year of operations compared to just three months in 2010G, and a period of double staff costs as some new members of the management team were recruited while the old members remained in the Company for some time.

Consultancy and professional fees of SAR 5.1 million in 2012G relate mainly to a number of consultancy projects undertaken to assess the market conditions, operational reviews to identify areas of improvement, and other professional fees.

7 - 4 - 6 Cost of unutilized production capacity

The following table summarizes the unutilized production capacity for the years ended 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.8: Cost of unutilized Production Capacity

	SAR '000			
	Year ended 31 December			
	2009G Audited	2010G Audited	2011G Audited	2012G Audited
Cost of unutilized production capacity	-	33,022	31,606	25,481

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

Based on the estimated utilization of the production facilities, the "unutilized" portion of depreciation and production labor costs of the factories (recorded within cost of sales) were reclassified below gross profit as "cost of unutilized production capacity." This was to ensure the gross profit resulting from actual units produced was not distorted by "unutilized" fixed costs.

The increase of production at both MESC-Jordan and MESC for Medium and High Voltage Cables Company reduced the cost of unutilized production capacity to SAR 25.5 million in 2012G.

7 - 4 - 7 Amortization

The following table summarizes the amortization expense for the years ended 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7-9: Amortization expense

	SAR '000			
	Year ended December			
	2009G Audited	2010G Audited	2011G Audited	2012G Audited
Amortization	1,496	1,830	1,995	1,600

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009, 2010, 2011 and 2012. Figures are rounded to the nearest thousand

Amortization expenses relate to intangible assets including set up costs for Saudi Industrial Development Fund ("SIDF") loans, license fees and software updates, which are amortized over their respective lives.

7 - 4 - 8 Goodwill write-off

The following table summarizes the goodwill write off for the years ended 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.10: Goodwill write-off

	SAR '000			
	Year ended 31 December			
	2009 Audited	2010G Audited	2011G Audited	2012G Audited
MESC-Jordan	20,000	77,000	59,695	-
Sharjah	-	-	10,870	-
Total	20,000	77,000	70,565	-

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

Goodwill is mainly due to the acquisition of a stake in MESC - Jordan through the purchase of MESC - Jordan listed shares at the market price prevailing at the time of purchase. The Company thus purchased 39.4% of MESC - Jordan in 2006 for an amount of SAR 116.9 million and then purchased an additional stake of 15.1% for an amount of SAR 45.7 million between 2007G and 2009G. In 2009G, the Company acquired Sharjah Cables Factory for a total value of SAR 20.4 million, which resulted in the recording of goodwill in the Company's books as the difference between this price and the Company's share in the fair value of the factory's net assets. According to the Applicable Accounting Standards and Policies in the Kingdom, the value of goodwill must be reviewed annually to determine whether there is evidence of depreciation. Therefore the Company reviewed the value of goodwill over the past years, and as a result of lower performance by the Company's factory, it recorded impairment losses in the value of goodwill during those years, until the remaining balance was written off in 2011G.

7 - 4 - 9 Finance Charges

The finance charges relate primarily to the borrowings of the Group, as set out in Section (7-8-1 (*Management's Discussion and Analysis of Financial Condition and Results of Operation – Bank borrowing and term loans*). The following table summarizes the finance charges for the year ended 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.11: Finance Charges

	SAR '000			
	Year ended December			
	2009G Audited	2010G Audited	2011G Audited	2012G Audited
Finance charge on term loans and Murabaha	38,490	31,298	33,521	35,342
Bank charges	3,333	3,402	3,300	3,306
Letters of credit	860	769	264	1,108
Bank overdraft	76	43	91	310
Others	868	340	1,552	1,282
Total	43,627	35,852	38,728	41,348

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

Finance charge comprise mainly of interest on term loans and *Murabaha* facilities. This accounts for around 85.5% of the overall finance cost throughout 2009G, 2010G, 2011G and 2012G. Bank charges and fees for letters of credit also contribute to the overall balance.

Finance charges are driven by SIBOR rates and the level of debt held by the Group. The SAR 7.8 million fall in total finance charges between 2009G and 2010G was driven by a fall in average SIBOR rates from 1.38% to 0.76%. In 2011G, SIBOR remained constant, but the SAR 2.9 million increase in finance charges is due to the loan balance increasing from SAR 780.1 million at 31 December 2009G to SAR 895.9 million at 31 December 2011G.

Finance charges increased by 5.4% (SAR 1.8 million) to SAR 35.3 million in 2012G (2011G: SAR 33.5 million) despite a 3.8% (SAR 33.8 million) fall in total debt to SAR 862.1 million in 2012G (2011G: 895.9 million). This was predominantly due to an increase in the average interest rate charged by the Group's banks, which increased from 2.8% in 2011 to 3.1% in 2012G as result of an increase in SIBOR to 1.01% in 2012G. Letters of credit expense increased due to a 0.75% increase in letters of credit charges (2012G: 1%, 2011: 0.25%) in MESC-KSA, and increased draw down of debt facilities in MESC-RAK.

Bank charges relate to transfer charges from the banks in relation to supplier payments (charges for letters of credit etc.) and bank guarantees. These have remained consistent year on year ataround SAR 3.3 million.

7 - 4 - 10 Loss on Derivative Financial Instruments

The following table summarizes the loss on derivative financial instruments for the years ended 31 December 2009G, 2010G, 2011G, and 2012G.

Exhibit 7.12: Loss on Derivative Financial Instruments

	SAR '000			
	As of 31 December			
	2009G Audited	2010G Audited	2011G Audited	2012G Audited
Loss on derivative financial instruments	-	14,079	30,508	4,962

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

The Management decided to implement certain financial policies to reduce the volatility of copper prices, in order to maintain the level of profitability of the Group.

In the case of industrial cables, an agreement was reached with the client on the cost of the project, which is calculated on the basis of copper prices prevailing at the date of contract. When a contract for a project is signed, the Company will immediately acquire the quantity of copper required to fulfill all its obligations, in accordance with a "sequential purchasing method". As a result, the price fluctuation has no impact on the profitability of the project.

The hedging losses have been driven by Power Cables which are manufactured for stock (i.e. not for confirmed customer orders). The Company's risk arising from fluctuations in copper prices are high, which negatively affects the Group profitability. Accordingly, the Company has signed forward contracts to reduce these risks, but the losses on derivative financial instruments still amounted to SAR 13.192 million in 2009G, and were included within the cost of sales. In 2010G and 2011G, and although the Group had contracted with specialists to manage its hedging operations, the outcome was still negative. This is due to several reasons, including the high volatility in copper prices and the inconsistency between hedging operations and the Group's need of copper, all of which resulted in a hedging loss of SAR 14 million and SAR 30.5 million in 2010G and 2011G respectively. As a result, in 2012G, Management decided to stop hedging against copper prices and started to apply the policy currently implemented for the manufacture of industrial cables.

Unrealized loss / gain from assets held for trading investments

Exhibit 7.13: Unrealized loss / gain from assets held for trading investments

	SAR '000 As of 31 December			
	2009G	2010G	2011G	2012G
Unrealized loss / gain from assets held for trading investments	(1,181)	917	(1,005)	(1,284)

Unrealized loss / gain from trading investments relates to the increase / decrease in the value of Capital Bank shares held by MESC-Jordan (a bank listed on the Jordanian Exchange). For further information, please see paragraph 7-6-2 under this Section.

7 - 4 - 11 Tax

Exhibit 7.14: Tax

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012G
Zakat (MESC-KSA)	1,760	7,200	-3,897	-2,000
MESC-Jordan tax	12,484	1,703	-	546
Total tax charge / (recovery)	14,244	8,903	-3,897	-1,454

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

MESC (as a Saudi joint stock company) is subject to Zakat by 2.5% of the Zakat base, in accordance with the Zakat laws. Zakat allocations of SAR 1.8 million were made for the period ending on 31 December 2009G, SAR 7.2 million for the year ending on 31 December 2010G and SAR 7 million for 2011G. However, given that the Company reversed the additional allocation of SAR 10.9 million for the years 2006G and 2007G, after receiving the final Zakat assessments, resulted into net Zakat recoveries of SAR 3.9 million. In 2012G, a Zakat allocation of SAR 4 million was determined, but the Company also reversed the additional allocation of the years following 2007G, in the amount of SAR 6 million, on the same grounds as those used by the Department of Zakat for the payment of Zakat assessments for the years 2006G and 2007G, resulting into net Zakat recoveries of SAR 2 million.

7 - 4 - 12 Results of the Subsidiaries

Exhibit 7.15: Income Statement of MESC-KSA

	SAR '000			
	Financial Year ending on 31 December			
	2009G	2010G	2011G	2012G
Sales	529,348	584,297	631,004	763,529
Cost of sales	(391,144)	(486,396)	(547,523)	(624,336)
Gross Profit	138,204	97,901	83,481	139,193
Sale and distribution	(24,382)	(28,099)	(23,923)	(30,442)
General and administrative expenses	(8,501)	(14,331)	(25,161)	(31,385)
Amortization	(725)	(958)	(1,082)	(1,128)
Operations Income	104,596	54,513	33,315	76,238
Impairment of goodwill	(20,000)	(77,000)	(70,565)	-
Loss on derivative financial instruments	-	-	(13,685)	(4,791)
Financial charges	(15,383)	(11,237)	(13,986)	(18,169)
Other income	1,278	2,238	1,906	598
Profit (loss) before Zakat and tax of MESC independent company	70,491	(31,486)	(63,015)	53,876
Zakat and tax recoveries / (provision)	(1,759)	(7,200)	3,897	2,000
Net profit (loss) of MESC independent company	68,732	(38,686)	(59,118)	55,876
Company' share of subsidiaries net losses	(17,424)	(56,262)	(61,018)	(24,775)
Net profit (loss)	51,308	(94,948)	(120,136)	31,101

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

The conditions improved in the market in 2011G and 2012G as a result of the customers' renewed demand for oil and gas projects, resulting into a significant increase in the demand for industrial cables in 2012G.

This is in addition to the Board of Directors' decision to reduce the volume of business of the power cables' operations and focus only on the products with high profitability.

The company does not have any seasonality or economic cycles relating to its activity, which could have an impact on its work or financial condition.

Exhibit 7.16: Income Statement of MESC-Jordan

	SAR '000*			
	Financial Year ending on 31 December			
	2009G	2010G	2011G	2012G
Sales	429,275	376,659	315,660	193,432
Cost of sales	(383,353)	(346,435)	(308,717)	(176,403)
Gross profit	45,922	30,224	6,943	17,029
Costs of unutilized production capacity	-	(20,263)	(18,289)	(14,493)
Sale and distribution	(5,770)	(7,349)	(3,490)	(3,113)
General and administrative expenses	(7,879)	(6,610)	(3,959)	(3,647)
Financial charges	(25,359)	(20,075)	(15,406)	(15,149)
(Losses) / gains on investments held for trading	(1,181)	917	(1,005)	(1,284)
Company's share of the losses of sister companies	-	(5,497)	(6,875)	(4,955)
Value declines on financial assets categorized as "available-for-sale"	(3,509)	-	-	-
Loss on derivative financial instruments	-	(14,593)	(11,346)	-
Provision for bad debts	(2,010)	(7,995)	(7,995)	-
Provision for slow moving inventories	-	(2,639)	(2,665)	(7,536)
Expenses for differences in orders' prices	-	(5,298)	-	-
Other expenses	(896)	(365)	(577)	(376)
Loss before zakat and tax	(682)	(59,543)	(64,664)	(33,524)
Income tax	(12,484)	(1,703)	-	(546)
Net losses	(13,166)	(61,246)	(64,664)	(34,070)

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

*The currency was converted from JOD to SAR at the exchange rate of JOD 1 = SAR 5.33

The company's sales decreased significantly in 2012G, which pushed the Board of Directors to issue decisions to reduce the volume of business in the power cables' operations and focus only on the products with high profitability, in order to reduce the successive losses in the period from 2009G to 2012G.

The company does not have any seasonality or economic cycles relating to its activity, which could have an impact on its work or financial condition.

Exhibit 7.17: Income Statement of MESC for Medium and High Voltage Cables

	SAR '000*			
	Financial Year ending on 31 December			
	2009G	2010G	2011G	2012G
Sales	66,321	125,896	168,118	29,427
Cost of sales	(76,312)	(127,088)	(173,299)	(34,660)
Total loss	(9,991)	(1,192)	(5,181)	(5,233)
Costs of unutilized production capacity	-	(12,759)	(7,621)	(4,701)
Sale and distribution	(2,087)	(2,182)	(4,245)	(515)
General and administrative expenses	(3,735)	(2,258)	(3,791)	(2,805)
Provision for contingent liabilities	-	-	-	(3,091)
Amortization	(772)	(872)	(913)	(472)
Decrease in the inventory value	-	(2,665)	-	-
Financial charges	(2,719)	(3,558)	(4,656)	(4,048)
Change in the fair value of cash flow hedges	218	(218)	-	-
Other income	635	-	-	-
Net losses	(18,451)	(25,704)	(26,407)	(20,865)

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

*The currency was converted from JOD to SAR at the exchange rate of JOD 1 = SAR 5.33

Despite the reduction of the company's size, the total losses still amounted to SAR 5 million in 2012G due to a decrease in the profitability of the contracts signed and because of the classification of expenses between the cost of sales and the costs of unutilized production capacity.

The company does not have any seasonality or economic cycles relating to its activity, which could have an impact on its work or financial condition.

Exhibit 7.18: Income Statement of MESC-Ras Al-Khaimah

	SAR '000*			
	Financial Year ending on 31 December			
	2009G	2010G	2011G	2012G
Sales	234	9,259	84,051	165,963
Cost of sales	(247)	(10,482)	(76,846)	(147,602)
Gross profit	(13)	(1,223)	7,205	18,361
Sale, general and administrative expenses	(1,333)	(2,968)	(10,431)	(10,270)
Other income	94	386	1,888	4,956

	SAR '000*			
	Financial Year ending on 31 December			
	2009G	2010G	2011G	2012G
Financial charges	-	-	(183)	(454)
Interest on a loan from a related entity	-	(855)	(3,722)	(3,504)
Net profit (loss)	(1,252)	(4,660)	(5,243)	9,089

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

*The currency was converted from AED to SAR at the exchange rate of AED 1 = SAR 1.02

The sales improved in 2011G after opening the markets in Iraq and Iran. However, the sales increase in 2012G came as a result of the Board decisions to focus on the production of industrial cables with a high profit margin.

The company does not have any seasonality or economic cycles relating to its activity, which could have an impact on its work or financial condition.

Exhibit 7.19: Income Statement of Sharjah Cables Company

	SAR '000*			
	Financial Year ending on 31 December			
	2009G	2010G	2011G	2012G
Sales	17,038	15,972	9,601	-
Cost of sales	(13,438)	(15,707)	(9,238)	-
Gross profit	3,600	265	363	-
Sale, general and administrative expenses	(4,519)	(3,751)	(2,926)	-
Other	(166)	146	17	-
Interest on a partner's loan	721	(125)	(94)	-
Net losses	(364)	(3,465)	(2,640)	-

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

*The currency was converted from AED to SAR at the exchange rate of AED 1 = SAR 1.02

Sharjah Cables Company is considered the main producer of power cables. In 2012G, the Board of Directors issued a decision to reduce the volume of business of the power cables' operations and focus only on the products with high profitability. This decision was issued to reduce the successive losses from 2009G to 2012G.

In 2012G, the company's assets were transferred to MESC Ras Al-Khaimah. The company did not issue any financial statements for this period.

The company does not have any seasonality or economic cycles relating to its activity, which could have an impact on its work or financial condition.

7 - 5 Financial Condition, Liquidity and Other Items

The following table summarizes the balance sheet of the Group as of 31 December 2009G, 2010G, 2011G and 2012G:

Exhibit 7.20: Balance Sheet

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012G
Current assets	924,035	687,283	733,666	705,899
Non-current assets	785,924	730,004	648,633	648,352
Total Assets	1,709,959	1,417,287	1,382,299	1,354,251
Current liabilities	892,657	852,365	854,761	590,395
Non-current liabilities	182,165	128,443	248,624	468,356
Total Liabilities	1,074,822	980,808	1,103,385	1,058,751
Shareholders equity	504,305	367,173	242,507	281,541
Minority interest	130,832	69,306	36,407	13,959
Total liabilities and equity	1,709,959	1,417,287	1,382,299	1,354,251

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

Financials presented for 2010 are as per the comparative figures presented in the Audited Consolidated Financial Statements for 2011.

7 - 6 Current Assets

The following table summarizes the current assets for the Group at 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.21: Current Assets

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012G
Bank balance and cash	34,818	39,702	29,352	63,843
Held for trading investments	7,678	8,595	7,590	6,307
Account receivables	411,069	310,707	346,819	343,759
Prepaid expenses and other assets	33,160	27,975	44,247	24,527
Inventories	437,310	300,304	305,658	267,463
Total current assets	924,035	687,283	733,666	705,899

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 201G2. Figures are rounded to the nearest thousand

Total current assets have fluctuated throughout the historical period. Current assets have decreased from SAR 924.0 million in December 2009G to SAR 687.3 million in December 2010G due to a decrease in accounts receivable and inventory by SAR 100.4 million and SAR 137.0 million respectively. This was due to a Management decision to reduce working capital requirement. Whereas, the increase in 2011G by SAR 46.4 million is mainly due to increase in account receivables and prepaid expenses and other assets by SAR 36.1 million and SAR 16.3 million respectively.

As of December 2012G, current assets were SAR 705.9 million (2011: SAR 733.7 million), representing a decrease of SAR 27.8 million (3.8%), resulting from the decrease in inventory (SAR 38.2 million) and prepayments (SAR 19.7 million). This was partially off-set by an increase in the cash balance. Annual cash movements are discussed below.

7 - 6 - 1 Bank Balance and Cash

Bank balance and cash of SAR 63.8 million in December 2012G comprise bank balances of SAR 63.6 million and cash in hand of SAR 0.2 million. In 2011G, cash balance consisted of a registered cash amount of SAR 3.3 million in relation to a case filed by a supplier against MESC - Ras Al-Khaimah concerning the payment of an amount due.

7 - 6 - 2 Held for Trading Investments

Investments relate to the 1.7 million Capital Bank shares (a company listed on the Jordanian Stock Exchange) held by MESC-Jordan prior to the MESC-Jordan acquisition by the Group. 0.6 million of these shares were classified as available for sale and 1 million shares were classified as held for trading.

As of 31 December 2012G, the shares available for sale had lost 60.9% (SAR 5.8 million) of their purchase price and the share held for trading had lost 31.0% (SAR 2.8 million) of their purchase price.

7 - 6 - 3 Accounts Receivable

The decrease in account receivables to SAR 310.7 million in December 2010G was due to the Group's strategic decision to shift sales away from wholesalers towards subcontractors as wholesalers typically take longer to pay. In addition a decision was taken to decrease the credit terms offered to certain customers from 90 days to 60 days in order to improve the speed of collections. MESC also froze sales to some slow paying customers until collections had been made.

The increase in account receivables to SAR 346.8 million in December 2011G was due to a reversal of the decision to decrease credit terms to certain customers in FY10 in order to maintain relationships with customers. This policy was maintained during FY11 and FY12.

7 - 6 - 4 Prepaid Expenses and Other Assets

Prepaid expenses and other assets include advances to suppliers, margin deposits, prepaid rent, maintenance and subscriptions, insurance and other expenses paid in advance.

The decrease in prepaid expenses and other assets to SAR 28.0 million in December 2010G was due to a decrease in margin deposits. Margin deposits represent a cash deposit placed with a broker as a security against unrealized losses that may arise from a forward contract position in respect of copper price fluctuations. The Group is required to increase the margin deposit if copper prices move significantly adversely, creating an unrealized loss.

Prepaid and other assets increased to SAR 44.2 million in December 2011G mainly due to an increase in advances to suppliers for construction of the PVC factory, purchase of copper, purchase of two machines and an increase in margin deposits as a result of the negative hedging position.

The decrease in prepaid and other assets to SAR 24.5 million in December 2012G (2011G: SAR 44.2 million) is mainly due to a decrease in margin deposits which resulted from the decision to stop hedging against copper price movements. SAR 3.1 million was written-off in 2012G, relating to an insurance claim made by MESC-HVMV that had not been paid out by the insurers for over three years.

7 - 6 - 5 Inventories

Inventories consisted of finished goods, raw and packaging materials, spare parts, work in progress and goods in transit; less a provision for slow moving items.

Inventories decreased throughout the historical period from SAR 437.3 million in December 2009G to SAR 305.7 million in December 2011G due to the following:

- A strategic decision to decrease inventory levels to reduce exposure to copper price fluctuations; especially in light of the significant write-down of stock in 2008G in which the Group recognized a provision of SAR 102.3 million as copper prices fell from SAR 26,460 per ton in September 2008G to SAR 11,006 per ton at the year end. In 2009G, the Group reversed the provision of SAR 102.3 million due to copper prices returning to an average of SAR 33,094 per ton in 2009G.
- The Group increased its focus on working capital management.

Inventory levels declined by SAR 38.2 million from SAR 305.7 million (2011G) to SAR 267.5 million (2012G). The downsizing of Jordanian operations led to SAR 66.3 million reduction in inventories, partially off-set by an increase in raw material stock in MESC-KSA and MESC-RAK. These increases were due to the purchase of raw materials for the new PVC factory (SAR 13.7 million) and an increase in activity in MESC-RAK (SAR 11.0 million).

7 - 7 Non-current Assets

The following table summarizes the non-current assets for the Group at 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 22.7: Non-current assets

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012g
Available for sale investments	4,508	5,050	4,460	3,706
Investment in associate	21,273	21,273	10,613	10,613
Property, plant and equipment	579,205	607,686	603,173	594,118
Intangible assets	152,864	74,714	3,684	2,522
Other long term assets	28,074	21,281	26,703	37,394
Total non-current assets	785,924	730,004	648,633	648,353

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

7 - 7 - 1 Available for Sale Investments

These investments relate to the 1.7 million Capital Bank shares (a company listed on the Jordanian Stock Exchange) held by MESC-Jordan prior to the MESC-Jordan acquisition by the Group. 0.6 million of these shares were classified as available for sale and 1 million shares were classified as held for trading.

As of 31 December 2012G, the shares available for sale had lost 60.9% (SAR 5.8 million) of their purchase price and the shares held for trading had lost 31.0% (SAR 2.8 million) of their purchase price.

7 - 7 - 2 Investment in an Associate

As of 31 December 2009G, investment in an affiliate company of SAR 21.3 million represents a 20% equity interest in Juba Investment and Development Company ("Juba") located in Jordan. The decrease in this balance to SAR

10.6 million as of December 2011G was due to the exchange of 50% of its share in Juba of SAR 10.7 million for two floors in the new building built by Juba which will be used as offices by MESC-Jordan. Accordingly, the amount was transferred to buildings under property plant and equipment.

7 - 7 - 3 Property, Plant and Equipment

The following table summarizes the property plant and equipment og the Group as of 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.23: Property plant and equipment

SAR '000	Land	Buildings	Plant and machinery	Furniture, fixtures and office equip-ment	Vehicles	Capital work in progress	Total
Net book value Dec-08	35,715	52,110	156,594	6,343	7,927	193,635	452,324
Additions	3,354	73,833	141,840	4,598	533	(62,877)	161,281
Disposal	-	-	(31)	(2)	(168)	-	(201)
Depreciation	-	(5,128)	(24,614)	(2,293)	(2,164)	-	(34,199)
Net book value Dec-09	39,069	120,815	273,789	8,646	6,128	130,758	579,205
Additions	67	54,249	125,871	946	2,190	(112,088)	71,235
Disposal	-	-	-	(3)	(7)	-	(10)
Depreciation	-	(8,555)	(29,851)	(2,205)	(2,134)	-	(42,745)
Net book value Dec-10	39,136	166,509	369,809	7,384	6,177	18,670	607,686
Additions	-	1,988	12,520	1,769	123	19,315	35,715
Transfers	-	10,660	-	-		-	10,660
Disposal	-	-	(1,676)	-	(43)	(37)	(1,756)
Depreciation	-	(10,355)	(34,472)	(2,140)	(2,164)	-	(49,131)
Net book value Dec-11	39,136	168,803	346,180	7,014	4,092	37,948	603,173
Additions	6,283	328	840	677	214	26,840	35,182
Transfers	-	17,050	33,228	209	-	(50,488)	(0)
Disposal	-	-	-	-	-	-	-
Depreciation	-	(11,014)	(29,525)	(2,112)	(1,587)	-	(44,237)
Net book value Dec-12	45,419	175,167	350,724	5,789	2,719	14,300	594,118

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

Property plant and equipment is recorded at cost and depreciated on a straight line basis over the estimated useful life.

Land value of SAR 45.4 million as of December 2012G includes land acquired for SAR 26.0 million in 2007G to build the Group's headquarters. In 2012G, the Group completed a SAR 6.3 million acquisition of warehouse land located in Industrial City II. The Group began acquiring this land in 2007G and the previously paid SAR 5.5 million was recorded as 'advances against purchase of property'.

The manufacturing facilities of the Jordanian entities (MESC-Jordan and MESC for Medium and High Voltage Cables Company) are built on land owned by the Group, whilst the manufacturing facilities of MESC-KSA and RAK are built on land leased from the respective governments of KSA and UAE.

Building addition of SAR 73.8 million, plant and machinery additions of SAR 141.8 million in 2009G relate mainly to MESC-KSA's expansion of its factory, warehouse, and machinery to increase its production capacity .In addition, MESC for Medium and High Voltage Cables Company's factory was expanded to also increase its production capacity.

Building additions of SAR 54.2 million and plant and machinery additions of SAR 125.9 million in 2010G mainly relate to RAK's factory establishment. Building, plant and machinery additions in 2011G mainly relate to purchase of machinery for production of specialized cables. In 2012G, SAR 50.5 million transfer of assets from capital work in progress to building and plant & machinery mainly related to the PVC plant which became operational in May 2012G.

Capital work in progress relates to the capitalization of capital expenditure in respect of new factories and machines prior to completion. Upon completion, these costs are transferred to the respective caption in property plant and equipment. The SAR 26.8 million additions in capital work in progress in 2012G mainly relate to additional building and plant and machinery for the PVC factory.

7 - 7 - 4 Intangible Assets

As of 31 December 2009G, intangible assets mainly include goodwill, administrative costs relating to SIDF loans, license fees and software updates. Goodwill of SAR 148 million in December 2009G relates to the acquisition of MESC-Jordan (SAR 136.7 million) and Sharjah Cables Factory (SAR 10.9 million). The decrease in intangible assets from SAR 152.9 million in December 2009G to SAR 3.7 million in December 2011G is mainly related to the adverse trading performance of these entities which resulted in the write-off of all goodwill in respect of these companies.

7 - 7 - 5 Other Long Term Assets

Other long term assets comprise retention receivables (representing amounts withheld by the Group's customers during the products' warranty period), advance against purchase of property, plant and equipment and deferred tax assets.

In 2012G, other long term assets increased by SAR 10.7 million (2012G: 37.4 million, 2011G: SAR 26.7 million) due to an increase in retention receivables of SAR 15.4 million. This increase was partially off-set by a SAR 5.5 million fall in advances for purchase of the property (please see section 7-7-2).

7 - 8 Current Liabilities

The following table summarizes the current liabilities of the Group at 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.24: Current Liabilities

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012G
Bank borrowing and term loans	610,852	697,901	665,822	411,620
Accounts and notes payables	207,331	77,663	128,494	108,878
Accrued expenses and other liabilities	74,474	76,801	60,445	69,897
Total current liabilities	892,657	852,365	854,761	590,395

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

Current liabilities decreased from SAR 892.7 million in December 2009G to SAR 852.4 million in December 2010G due to the SAR 129.7 million decrease in accounts and notes payables. This was partially off-set by the increase in bank borrowing and term loans (SAR 87.0 million).

As of December 2012G, current liabilities decreased by SAR 264.4 million (30.9%) to SAR 590.4 million (2011F: SAR 854.8 million) mainly due to debt restructuring (see section 7-8-1 below).

7 - 8 - 1 Bank Borrowing and Term Loans

The following table summarizes bank borrowing and term loans of the Group as of 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.25: Bank borrowing and term loans

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012G
Short term loans				
Short term Murabaha	212,000	404,191	454,023	127,847
Short term loans	324,753	238,306	184,859	124,394
Total short term loans	536,753	642,497	638,882	252,241
Long term loans				
Current portion of term loans	74,099	55,404	26,940	159,379
Non-current term loans	169,209	111,298	230,101	450,479
Total long term loans	243,308	166,702	257,041	609,858
Total outstanding debt	780,061	809,199	895,923	862,099

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

The Group had a large volume of bank loans for financing its purchase of fixed assets, working capital financing and expansion projects (none of these loans were used for the acquisitions of any of the Group subsidiaries). Debt increased from SAR 780 million in December 2009G to SAR 809 million in December 2010G. This is due to the financing of the purchase of raw materials by MESC KSA. In 2011G, total debt increased to SAR 896 million in order to finance the working capital of MESC KSA and MESC for Medium and High Voltage Cables Company.

As a result of poor business conditions in 2011G, the Group asked the banks to extend the maturity date for their facilities. As such, the Group and the banks started negotiations on a debt restructuring agreement. During 2012G MESC Group companies continued an ongoing dialogue with their lenders; this resulted in debt restructuring being executed across the Group by the year end. The financials presented in the consolidated audited financial statements for 2012G reflect the agreements between MESC Group companies and their lenders. A total of SAR 381.2 million of short term debt was converted to syndicated long term loans; in addition the Group repaid SAR 29.1 million of existing long term loans. Bank funded short term debt facilities for the Group were reduced by SAR 216.0 million (29.2%) from 2011G (Short term facilities 2012G: SAR 523.7 million, 2011G: SAR 739.7 million).

As of the date of this Prospectus, the Company has one outstanding loan of SAR 50.3 million from the SIDF against the mortgage of the Company's property for a net book value of SAR 146 million. As of the date of this Prospectus, the Company and its subsidiaries only have term loan facilities and overdrafts, and neither the Company nor any of its subsidiaries have any debt instruments which are issued, outstanding or approved but not yet issued. Further, the Company does not have any other debts, including liabilities under acceptance, acceptance credit or lease purchase obligations. The Company also does not have any loans which are covered by a personal guarantee or secured by mortgage. The Group and its subsidiaries do not have any rights or encumbrances on their property.

Short term *Murabaha*:

Exhibit 7.26: Short term Murabaha

SAR '000	Post restructure - December 2012					Pre-restructure - December 2012				December 2011			
Bank	No of loans as at Dec 2012	Total facility as at Dec-12	Balance at Dec-12	Average finance cost at Dec-12	Terms	No of loans as at Dec 2012	Total facility as at Dec-12	Balance at Dec-12	Average finance cost at Dec-12	No. of loans as at Dec 2011	Total facility as at Dec-11	Balance at Dec-11	Average Finance cost at Dec-11
	Murhaba & L/C refinancing converted to "Revolving credit facility"												
Short term Murabaha and L/C refinance (combined)													
Saudi Hollandi Bank	1	75,8000	16,468	SIB OR + 25%	90 days	18	102,000	97,065	3.20%	17	102,000	99,089	3.00%
Saudi British Bank	1	68,581	45,317	SIB OR + 25%	90 days	21	121,000	118,238	3.36%	20	115,000	114,051	3.19%
Al Rajhi Bank	-	-	-	-	-	3	100,000	99,645	3.49%	3	100,000	97,690	3.73%
Riyadh Bank	1	26,985	32,700	SIB OR + 25%	90 days	3	62,560	61,736	2.11%	9	63,400	49,701	2.15%
Arab National Bank	1	16,270	25,450	SIB OR + 25%	90 days	1	42,750	42,750	2.89%	2	58,000	53,693	3.20%
Bank Saudi Fransi	1	20,774	7,911	SIB OR + 25%	90 days	4	30,000	30,000	2.78%	3	21,000	33,098	3.34%
BNP Paribas	-	-	-	-	-	-	-	-	-			6,701	
Total Short term Murabaha	1	208,410	127,846	SIB OR + 25%		50	458,310	449,435	3.10%	54	459,400	454,023	3.13%

Source: Company's management information. Figures are rounded to the nearest thousand

Short term *Murabaha* (2012G: SAR 127.8 million, 2011G: SAR 454.0 million) comprise Sharia compliant short term working capital facilities available to MESC-KSA. Immediately prior to the restructuring MESC-KSA had utilized SAR 449.4 million of these facilities. In accordance with the debt restructuring SAR 321.6 million of these short term facilities were converted to long term loans (please see long term loans section for more details. Short term facilities granted by several banks were merged into one revolving credit facility).

The total facility available to MESC following the restructuring was SAR 208.4 million. As of December 2012G, MESC-KSA had utilized 61.3% (SAR 127.8 million) of the total available facility (December 2011G: 98.8% (SAR 454.0 million)). The terms of working capital facilities utilized by MESC-KSA remained broadly constant despite the debt restructuring.

Short term loans:

Short term loans relate to loans held by MESC subsidiaries:

Exhibit 7.27: Short term loans

SAR '000	Post restructure at December 2011					December 2011			
Bank	No of loans as at Dec 2012	Total facility as at Dec-12	Balance at Dec-12	Average finance cost at Dec-12	Terms	No of loans as at Dec 2011	Total facility as at Dec-11	Balance at Dec-11	Average finance cost at Dec-11
Short term loan - MESC-Jordan									
Bank of Jordan					-	-	-	4,458	
Housing Bank	17	106,600	55,525	4.00%	360 days	31	106,600	66,388	4.50%
Commercial Bank	11	37,310	15,998	4.00%	360 days	1	37,310	37,527	4.00%
		143,910	71,523	4.00%			143,910	108,372	4.37%
Short term loan - MESC for Medium and High Voltage Cables Company									
Capital Bank		10,660		8.75%	360 days	1	10,660	10,647	
Housing Bank		75,686	13,842	4.00%	360 days	2	75,686	59,980	
		86,346	13,842	4.59%			86,346	70,627	
Short term loan - RAK									
Emirates NBD		50,000	20,289	7.00%	90 days	-	35,000	5,860	7.00%
United Arab Bank		35,000	18,740	7.00%	90 days	-	15,000	-	7.00%
		85,000	39,029	7.00%			50,000	5,860	7.00%
Total short term loans		315,256	124,394				280,256	184,859	
Total Short term facilities and debt (including short term Murabaha)		523,666	252,241				739,656	638,882	

Source: MESC. Figures are rounded to the nearest thousand

As part of its debt restructuring, MESC – Jordan converted SAR 11.2 million of short term debt to long term debt and settled an additional SAR 25.7 million of short term debt. However, short term debt facilities available to MESC - Jordan remained unchanged from 2011G (SAR 143.9 million).

MESC-HVMV also completed a debt restructuring exercise during 2012G and converted SAR 48.4 million of short term debt to long term debt. Total available short term facilities of SAR 86.3m, however, remained unchanged from 2011G.

MESC-RAK negotiated with its lenders to increase total short term facilities, to fund increasing working capital requirements, from SAR 50.0 million (December 2011G) to SAR 85.0 million (December 2012G).

Long term debt: (current and non-current portions)

Exhibit 7.28: Movement in long term debt 2011 to 2012

	SAR '000			
Movement in long term debt	Total	MESC-KSA	MESC-Jordan	MESC-HVMV
December 2011	257,041	88,845	201,196	-
Conversion of short term to long term	381,149	321,529	11,220	48,400
Repayment	(29,155)	(6,355)	(22,800)	
Draw down	823	823		
December 2012	609,858	371,842	189,616	48,400

Source: MESC Management information. Figures are rounded to the nearest thousand

Long term debt in MESC-KSA increased by SAR 316 million (566%) from SAR 55.8 million (December 2011G) to SAR 371.8 million (December 2012G). The debt restructuring led to a conversion of SAR 321.5 million of short term debt into two long term loans, Tranche A and Tranche B.

Tranche A converts SAR 260 million of short term debt into a syndicated long term loan; this is to be paid in ten equal semi-annual installments beginning 30 June 2014G.

Tranche B converts SAR 61.6 million of short term debt to long term debt and is due only to Al Rajhi Bank. The entire principal amount is due to be repaid in one installment after five years.

The restructured MESC-KSA debt has a current outstanding amount of SAR 111.0 million. This is made up of SAR 75.0 million payable following the upcoming Rights Issue, and a further SAR 36.0 million payable before December 2013G, to be funded either from the sale of land or from MESC-KSA cash reserves.

In addition to restructured debt, MESC-KSA has an outstanding loan from the SIDF. The total outstanding amount as of December 2012G was SAR 50.3 million (December 2011G: SAR 55.8 million) during the year SAR 6.3 million was settled and a further SAR 0.8 million was drawn down.

Long term debt in MESC-Jordan declined by SAR 11.6 million (5.8%) to SAR 189.7 million (December 2011G: SAR 201.2 million). During 2012G, SAR 11.2 million of short term debt was converted to long term debt, whilst SAR 22.8 million of long term debt was settled.

MESC-HVMV converted SAR 48.4 million of short term debt into two tranches of long term debt. Both tranches mature at January 2014G.

7 - 8 - 2 Accounts and Notes Payable

Accounts and notes payable comprise trade payables and notes payables. Notes payables represent letters of credit opened to purchase raw materials, mainly copper.

Accounts and notes payable decreased from SAR 207.3 million in December 2009G to SAR 77.7 million in December 2010G, mainly due to a decrease in inventory purchases as a result of the decision taken to reduce exposure to copper price fluctuations. In addition, the decrease relates to MESC-RAK purchase of machinery through notes payable during 2009G, the balance relating to the machinery purchase was settled during 2010G. Finally the change in method of purchase adopted by MESC-KSA and MESC-Jordan from Deferred Letters of Credit (which provide 90 days credit) to cash against document and Sight Letters of Credit (which require payment upon delivery of goods) resulted in a decrease in the accounts and notes payable balance.

Accounts and notes payable increased by SAR 19.6 million in December 2011G to reach SAR 128.5 million due to the Group reverting to the use of Deferred Letters of Credit to improve the working capital and cash position.

In 2012G, accounts and notes payables fell by SAR 19.6 million from SAR 128.5 million in 2011G to SAR 108.9 million in 2012G. This was due to a downsizing of the Jordanian entities and the timing of supplier payments in MESC-KSA.

7 - 8 - 3 Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities include zakat and income tax payable, advances from customers, derivative financial instrument, accrued selling commission, finance charges, employees' benefits, liability on purchase of shares and other accruals.

As of 31 December 2010G, accrued expenses and other liabilities remained relatively stable at SAR 76.8 million (31 December 2009G: SAR 74.5 million). As of 31 December 2011G, accrued expenses and other liabilities decreased to SAR 60.4 million due to a decrease in zakat and income tax payable and accrued liability on purchase of shares payable to Japanese partner by MESC-Jordan as a result of increasing its equity interest in MESC for Medium and High Voltage Cables Company from 19.0% to 23.5%.

The SAR 9.5 million (15.6%) increase in accrued and other liabilities to SAR 69.9 million in December 2012G (2011: SAR 60.4 million) was due to an increase in employee accruals of SAR 12.3 million and an increase in advances from customers of SAR 12.3 million. The increases were partially off-set by the reduction of a provision for hedging losses (SAR 8.4 million), a reduction in the provision for Zakat (SAR 3.6 million) and the write-off of customer guarantees (SAR 4.6 million).

7 - 9 Non-current liabilities

The following table summarizes the non-current liabilities of the Group as of 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.29: Non-Current Liabilities

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012G
Term loans	169,209	111,298	230,101	450,479
Employees' terminal benefits	12,956	17,146	18,523	17,877
Total non-current liabilities	182,165	128,444	248,624	468,356

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

7 - 9 - 1 Term Loans

Please see Section 7-8-1.

The decline in the number of loans to SAR 111.3 million in 31 December 2010G is mainly due to the repayment of loans in 2010G. The increase in loans up to SAR 230.1 million as of 31 December 2011G was due to the restructuring of two short-term facilities for working capital into term loans.

7 - 9 - 2 Employees' Terminal Benefits

Employees' terminal benefits reflect a provision for employees' end of service benefits, calculated in accordance with Saudi Arabia's labor regulations. As part of the ongoing restructuring, there was a departure of 15 employees that resulted in the payment of SAR 3.5 million of end of service benefit in 2012G.

7 - 10 Shareholders' equity

The following table summarizes the shareholders' equity of the Group as of 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.30: Shareholders' equity

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012G
Share capital	400,000	400,000	400,000	400,000
Statutory reserve	28,985	28,985	28,985	28,985
Accumulated losses	79,899	-56,728	-176,864	-145,763
Unrealized loss on AFS investments	-1,192	-968	-1,285	-1,681
Unrealized loss on cash flow hedge	-3,388	-4,116	-8,329	-
Total shareholders equity	504,305	367,173	242,507	281,541
Minority interest	130,833	69,306	36,407	13,959
Total equity	635,138	436,479	278,914	295,500

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010, 2011G and 2012G. Figures are rounded to the nearest thousand

7 - 10 - 1 Share capital

The share capital of the Company has remained at SAR 400 million between 31 December 2009G to 31 December 2012G representing 40,000,000 shares of SAR 10 each.

7 - 10 - 2 Statutory reserve

The statutory reserve is maintained in accordance with the Companies Regulations in the Kingdom. 10% of the Company's annual net income is transferred to the statutory reserve until the reserve reaches 50% of the Company's share capital.

7 - 10 - 3 Financial Statements for Subsidiaries

Exhibit 7.31: MESC-KSA Balance Sheet

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012G
Current assets	475,424	535,790	608,891	595,821
Non-current assets	531,401	424,649	3308,86	336,594
Total Assets	1,006,825	960,439	917,754	932,415
Current liabilities	454,828	541,604	612,579	386,098

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012G
Non-current liabilities	47,692	51,661	62,668	264,776
Total Liabilities	502,520	593,265	675,247	650,874
Paid-up capital	400,000	400,000	400,000	400,000
(Accumulated losses) Retained earnings	104,305	-32,826	-157,493	-118,459
Shareholders equity	504,305	367,174	242,507	281,541
Total liabilities and equity	1,006,825	960,439	917,754	932,415

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

The Company underwent debt restructuring as the short-term debts were restructured into long-term debts. This is reflected in the decline of short-term debts compared to an increase in long-term debts. The Company did not increase its capital during the years 2010G to 2012G.

Exhibit 7.32: MESC - Jordan Balance-Sheet

	SAR '000* As of 31 December			
	2009G	2010G	2011G	2012G
Current assets	455,692	273,348	198,694	123,421
Non-current assets	188,770	180,362	160,410	146,756
Total assets	644,462	453,710	359,104	270,177
Current liabilities	358,898	291,228	145,124	120,719
Non-current liabilities	132,864	75,749	183,580	153,631
Total liabilities	491,762	366,977	328,704	274,350
Paid-up capital	206,911	207,279	207,279	207,279
Other debit balances	(54,211)	(120,546)	(176,879)	(211,452)
Equity	152,700	86,733	30,400	(4,173)
Total equity and liabilities	644,462	453,710	359,104	270,177

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

*The currency was converted from JOD to SAR at the exchange rate of JOD 1 = SAR 5.33

The total assets decreased from SAR 644 million to SAR 270 million, which reflects the decisions of the Board of Directors to reduce the production of power cables, which led to lower sales volume. In 2010G, the Extraordinary General Assembly approved the increase of the authorized and paid-up capital by 69,062 shares at the value of SAR 5.33 per share by way of rights issue for registered shareholders without a share premium. The number of shares in 2009G was 38,820,148 shares at JOD 1 per share. The capital was increased in 2010G through the issuance of 69,062 new shares at JOD 1 per share (equivalent to SAR 5.33 per share) paid in cash. Since MESC

- Jordan is a public joint stock company, a number of shareholders subscribed for these new shares, without any involvement from MESC - KSA.

Exhibit 7.33: MESC for Medium and High Voltage Cables' Balance-Sheet

	SAR '000 As of 31 December			
	2009G	2010G	2011G	2012G
Current assets	98,403	71,348	58,342	37,995
Non-current assets	174,085	165,743	164,868	160,563
Total assets	272,488	237,091	223,210	198,558
Current liabilities	106,028	96,336	108,861	63,293
Non-current liabilities	-	-	-	41,781
Total liabilities	106,028	96,336	108,861	105,074
Paid-up capital	186,550	186,550	186,550	186,550
Other balances	(20,090)	(45,795)	(72,201)	(93,066)
Equity	166,460	140,755	114,349	93,484
Total equity and liabilities	272,488	237,091	223,210	198,558

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

*The currency was converted from JOD to SAR at the exchange rate of JOD 1 = SAR 5.33

The decrease of the current assets is directly due to the drop of the inventory balance, which reflects the decisions of the Board of Directors to reduce the production of power cables, which led to lower sales volume. The decrease in the non-current assets is due to goodwill impairment. The company did not increase its capital during the years 2010G to 2012G.

Exhibit 7.34: MESC Ras Al-Khaimah Balance-Sheet

	SAR '000 As of 31 December			
	2009G	2010G	2011G	2012G
Current assets	5,886	47,908	120,674	118,897
Non-current assets	104,825	134,833	132,265	130,950
Total assets	110,711	182,741	252,939	249,845
Current liabilities	6,518	42,100	93,243	72,547
Non-current liabilities	38	114,369	90,755	92,680
Total liabilities	6,556	156,469	183,998	165,227
Paid-up capital	20,400	20,400	20,400	51,000
Other balances	83,755	5,872	48,541	33,618

	SAR '000 As of 31 December			
	2009G	2010G	2011G	2012G
Equity	104,155	26,272	68,941	84,618
Total equity and liabilities	110,711	182,741	252,939	249,845

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

*The currency was converted from AED to SAR at the exchange rate of AED 1 = SAR 1.02

The current assets increased in 2011G compared to 2009G and 2010G due to the increase of inventories and accounts receivable, which matches the increase in sales. Conversely, the current assets decreased in 2012G as the company paid the amounts due by the sister companies, which was reflected in the decrease of current liabilities. In 2012G, the partners agreed to increase the company's capital from SAR 20.4 million to SAR 51 million, by transferring an amount from the partners' accounts to the paid-up capital. The number of company's shares therefore increased from 20,000 to 50,000 shares at a price of SAR 1,020 per share. The capital was increased through the conversion of shareholders' loans amounting to SAR 30.6 million to equity, and there was accordingly no exchange of cash amounts. Since MESC Ras Al-Khaimah is a subsidiary of MESC - KSA and was wholly owned by the latter at the time of the conversion, the loans converted to equity belong to MESC - KSA exclusively, and were converted at their issue value, i.e. AED 1,000 per share.

Exhibit 7.35: Sharjah Cables Company Balance-Sheet

	SAR '000 As of 31 December			
	2009G	2010G	2011G	2012G
Current assets	23,142	18,816	13,735	-
Non-current assets	4,415	3,903	3,427	-
Total assets	27,557	22,719	17,162	-
Current liabilities	2,268	520	407	-
Non-current liabilities	979	2,626	2,796	-
Total liabilities	3,247	3,146	3,203	-
Paid-up capital	1,157	1,157	1,157	-
Other balances	23,153	18,416	12,802	-
Equity	24,310	19,573	13,959	-
Total equity and liabilities	27,557	22,719	17,162	-

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

*The currency was converted from AED to SAR at the exchange rate of AED 1 = SAR 1.02

The company's assets were transferred to MESC Ras Al-Khaimah in 2012G and the company did not issue any financial statements for that period.

7 - 11 Cash Flow

The following table summarizes the audited cash flow statements for the years ended 31 December 2009G, 2010G, 2011G and 2012G.

Exhibit 7.36: Cash flow Summary

	SAR '000			
	Year ended 31 December			
	2009G	2010G	2011G	2012G
Net cash flows from (used in) operating activities	188,561	107,850	-60,854	97,101
Net cash flows used in investing activities	-157,511	-62,700	-39,400	-30,116
Net cash flows from (used in) financing activities	-55,134	-40,266	86,538	-32,494
(Decrease) increase in bank balances and cash	-24,084	4,884	-13,716	34,491
Cash and bank balance of subsidiary consolidated during the year	4,529	-	-	-
Opening cash and cash equivalents	54,373	34,818	39,702	25,986
Closing cash and cash equivalents	34,818	39,702	25,986	60,477

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

Financials presented for 2010G are as per the comparative figures presented in the Audited Consolidated Financial Statements for 2011G.

Closing cash balance as per 2012G and 2011G cash flow is SAR 3.4 million which is lower than the cash balance on balance sheet due to SAR 3.4 million restricted cash not being recognized on the balance sheet. This amount relates to a case that could be filed by a contractor (supplier) and for that reason, the Company has set aside cash allocation with the banks.

7 - 11 - 1 Operating Cash Flows

Exhibit 7.37: Operating cash flows

	SAR '000			
	Year ended 31 December			
	2009G	2010G	2011G	2012G
OPERATING ACTIVITIES				
Income (loss) before zakat and foreign income tax	65,551	-86,045	-124,033	29,647
Adjustments for:				
Impairment of goodwill	20,000	77,000	70,565	-
Depreciation and amortization	35,695	44,575	51,126	45,838
Minority interest in net loss of subsidiaries	-12,238	-33,365	-36,758	-23,537

	SAR '000			
	Year ended 31 December			
	2009G	2010G	2011G	2012G
Provision for doubtful debts	-	10,911	9,081	2,791
End-of-service indemnities	2,057	5,764	5,924	5,087
Provision for slow moving inventories	-	4,883	4,859	12,347
Unrealized loss (gain) on financial instruments-held for trading	1,181	-917	1,005	1,283
Gain on disposal of property plant and equipment	-	-372	-	-
	112,246	22,434	-18,231	73,456
Working capital changes	82,978	91,296	-32,661	30,978
Cash inflows (outflows) from operations	195,224	113,730	-50,892	104,434
Zakat and income taxes paid	-5,890	-4,305	-5,414	-1,600
End-of-service indemnities paid	-773	-1,575	-4,548	-5,733
Net cash inflow (outflow) from operating activities	188,561	107,850	-60,854	97,101

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

Exhibit 7.38: Change in working capital

	SAR '000			
	Year ended 31 December			
	2009G	2010G	2011G	2012G
Changes in operating assets and liabilities:				
Accounts receivable	-51,158	85,708	-51,826	-15,141
Prepaid expenses and other assets	29,361	6,211	-16,271	18,389
Inventories	-9,092	132,123	-10,213	25,848
Accounts and notes payables	142,930	-129,668	50,832	-19,616
Accrued expenses and other liabilities	-29,063	-3,078	-5,183	21,498
Working capital changes	82,978	91,296	-32,661	30,978

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

The decline in operating cash flow from SAR 188.6 million in 2009G to negative SAR 60.9 million in 2011G was primarily due to the declining trading performance of the business in 2010G and 2011G in addition to adverse movements in working capital in 2011G. This trend has been reversed during 2012G, driven by improved trading performance resulting in SAR 97.1 million of net cash inflow from the operating activities of the business.

Improved working capital management contributed SAR 83.0 million in 2009G and SAR 91.3 million in 2010G. This was driven by improvements in account receivables and inventory balances. However, these improvements were partially off-set by falling account payables balance in 2010G. Accounts receivable and inventory balances fell in 2010G due to improved collections, reduced payment terms with some customers, and better inventory management. The decrease in accounts payable between 2009G and 2010G was driven by a change in payment method to suppliers as previously discussed in section 7-8-2.

There was a SAR 32.7 million cash outflow from an increase in working capital in 2011. This movement was driven by three components: accounts receivable, prepaid expenses and accounts payable. The accounts receivable balance in 2011 increased as credit days to some customers were increased as a result of a reversal of the decision to reduce credit terms in 2010. The increase in prepaid expenses was driven by an increase in advances to suppliers relating to the purchase of copper and the construction of the PVC factory, and an increase in margin deposits relating to the losses on hedging contracts.

During 2012G, there was a SAR 31.0 million cash inflow from the movements in working capital. An increase in accounts receivable contributed to SAR 15.1 million outflow of cash in 2012G, driven by an increase of SAR 15.4 million in retention receivables (retention receivables 2012G: SAR 36.1 million, 2011G: SAR 20.7 million).

Gross inventory fell by SAR 25.8 million from SAR 325.5 million in 2011G to SAR 299.7 million in 2012G, driven by the Group's decision to reduce the size of the Jordanian operations. For more information please refer to the inventory section of current assets (please see section 7-6-5).

7 - 11 - 2 Investing Cash Flows

Exhibit 7.39: Investing cash flows

	SAR '000			
	Year ended 31 December			
	2009G	2010G	2011G	2012G
Advance against purchase of property and shares	13,506	-	1,211	-
Additions to property, plant and equipment	-160,955	-62,020	-35,715	-29,678
Restricted cash	-	-	-3,366	-
Intangible assets	-2,202	-680	-1,530	-438
Time deposits	-4,808	-	-	-
Financial instruments – available for sale	292	-	-	-
Goodwill	-3,344	-	-	-
Net cash flows used in investing activities	-157,511	-62,700	-39,400	-30,116

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

Investing cash flows remained negative throughout the historical period due to the expansion undertaken across various entities. This includes the costs incurred for the setup of RAK in 2009 and 2010G (SAR 138.0 million), expansion to increase MESC-KSA's production capacity in 2009G (SAR 53.5 million) and machinery expansions by MESC-KSA in 2011G which includes additions for the PVC plant (SAR 39.2 million).

The time deposit balance of SAR 4.8 million in 2009G relates to a deposit paid to SABB in order to open letters of credit. The goodwill recognized of SAR 3.3 million in 2009G is recognition of the premium paid to MESC-Jordan shareholders for the purchase of listed shares.

During 2012G, the Group added SAR 35.2 million to property plant and equipment, mainly related to the PVC plant and was predominantly funded through cash of SAR 29.7 million.

7 - 11 - 3 Financing Cash Flows

Exhibit 7.40: Financing cash flows (SAR ’000)

	SAR ’000 Year ended 31 December			
	2009G	2010G	2011G	2012G
Bank borrowing and term loans, net	-56,331	29,138	86,725	-33,825
Dividend paid	-49,800	-41,678	-	-
Net movement in minority interest	50,997	-27,726	-187	1,331
Net cash flows (used in) from financing activities	-55,134	-40,266	86,538	-32,494

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

As a result of the adverse trading performance of the business in 2010G, coupled with capital commitments to set up MESC-RAK, the Group borrowed SAR 29.1 million. Due to the increasing working capital needs of the business in 2011G, increasing short term facilities were drawn down during the year by MESC-KSA and MESC-Jordan. This resulted in additional SAR 86.7 million of cash inflow from bank borrowing and term loans in 2011G.

MESC-KSA paid dividends to its shareholders in both 2009G and 2010G. Dividends paid of SAR 41.7 million in 2010G relate to the performance of the business in 2009G and equate to 81.3% of the Group’s net income of SAR 51.3 million in 2009G.

During 2012G, net movement in short and long term debt resulted in cash out flow of SAR 33.8 million. The recognition of SAR 1.3 million represents an amount MESC-KSA expects to receive from MESC-Jordan for the subsidiary’s share bonus scheme, through a reduction of the Group’s share in MESC-Jordan from 53.7% to 49% and the allocation of such reduction amount to the said scheme.

7 - 11 - 4 Subsidiaries Cash Flows

Exhibit 7.41: Cash Flows of MESC - KSA

	SAR '000 Year ending on 31 December			
	2009G	2010G	2011G	2012G
Net income (loss) before Zakat	53,067	(87,748)	(124,033)	29,101
Net cash flows from (used in) operating activities	223,564	(84,167)	(54,082)	57,145
Net cash flows used in investing activities	(103,253)	(40,681)	(26,130)	(39,511)
Net cash flows from (used in) financing activities	(138,859)	132,246	61,925	(10,096)
Net cash flow	(18,548)	7,398	(18,287)	7,538
Cash and cash equivalents at beginning of year	38,422	19,874	27,271	8,984
Cash and cash equivalents at end of year	19,874	27,271	8,984	16,522

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

In 2010G and 2011G, the Company had negative cash flows from operating activities, which have been financed by the cash flows from financing activities. The cash flows from operating activities improved significantly in 2012G as a result of improved conditions in the market and the return of customer demand for oil and gas projects, which led to an increase in the demand for industrial cables in 2012G.

Exhibit 7.42: Cash Flows of MESC - Jordan

	SAR '000 Year ending on 31 December			
	2009G	2010G	2011G	2012G
Net loss before Zakat	(682)	(59,543)	(64,664)	(33,524)
Net cash flows from (used in) operating activities	(20,955)	162,643	9,811	80,928
Net cash flows used in investing activities	(11,280)	(12,606)	1,153	(364)
Net cash flows from (used in) financing activities	28,409	(152,522)	(11,543)	(63,707)
Net cash flow	(3,826)	(2,485)	(579)	16,857
Cash and cash equivalents at beginning of year	7,912	4,087	1,602	1,023
Cash and cash equivalents at end of year	4,086	1,602	1,023	17,880

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

*The currency was converted from JOD to SAR at the exchange rate of JOD 1 = SAR 5.33

Despite the net losses of the company, the cash flows from operating activities were positive between 2010G and 2011G, due to the positive movement of the working capital resulting from a decrease in the working capital and reduction of the volume of business. In 2012G, the cash flows from operating activities increased due to the reduction of the company's investments in the stock, which reflects the decisions of the Board of Directors to reduce the production of power cables. The company had also collected the cheques that were under collection. The cash flows from financing activities reached SAR 153 million in 2010G and SAR 64 million in 2012G because of debt settlement.

Exhibit 7.43: Cash Flows of MESC for Medium and High Voltage Cables

	SAR '000 Year ending on 31 December			
	2009G	2010G	2011G	2012G
Net loss before Zakat	(18,669)	(25,486)	(26,407)	(20,865)
Net cash flows from (used in) operating activities	(89,373)	23,796	(2,024)	8,447
Net cash flows used in investing activities	(18,354)	(4,201)	(8,918)	(1,072)

	SAR '000 Year ending on 31 December			
	2009G	2010G	2011G	2012G
Net cash flows from (used in) financing activities	107,196	(19,728)	4,566	(8,405)
Net cash flow	(531)	(133)	(6,376)	(1,030)
Cash and cash equivalents at beginning of year	1,473	942	809	(5,567)
Cash and cash equivalents at end of year	942	809	(5,567)	(6,597)

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

*The currency was converted from JOD to SAR at the exchange rate of JOD 1 = SAR 5.33

Despite the company's net losses between 2010G and 2012G, there was a positive movement in the working capital, reflected in the reduction of the level of stock and accounts receivable in order to align with the company's sales policy to reduce the production of power cables.

Exhibit 7.44: Cash Flows of MESC Ras Al-Khaimah

	SAR '000 Year ending on 31 December			
	2009G	2010G	2011G	2012G
Net income (loss) before Zakat	(1,252)	(4,660)	(5,245)	9,089
Net cash flows from (used in) operating activities	3,679	(11,758)	(12,289)	(1,244)
Net cash flows used in investing activities	(102,065)	(33,608)	(11,845)	(8,785)
Net cash flows from (used in) financing activities	102,705	45,771	24,195	29,815
Net cash flow	4,319	405	61	19,786
Cash proceeds from the purchase of a facility under control	-	-	-	1,437
Cash and cash equivalents at beginning of year	-	4,319	4,725	4,786
Cash and cash equivalents at end of year	4,319	4,725	4,786	26,009

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

*The currency was converted from AED to SAR at the exchange rate of AED 1 = SAR 1.02

The increase in cash by the end of 2012G is mainly due to the increase of the financing activities through the debt and this cash was partly used to finance investment activities. Furthermore, the reduction of the balance of accounts receivable led to a marked improvement in the net cash flows from operating activities. The company achieved a net profit this year, to align with its policy to focus on the sales of industrial cables and the acceptance of highly profitable contracts only.

Exhibit 7.45: Cash Flows of Sharjah Cables Company

	SAR '000 Year ending on 31 December			
	2009G	2010G	2011G	2012G
Net loss before Zakat	(364)	(3,465)	(2,640)	-
Net cash flows from (used in) operating activities	608	(664)	1,089	-
Net cash flows used in investing activities	(471)	1	-	-
Net cash flows from (used in) financing activities	(1,107)	362	(3,068)	-
Net cash flow	(970)	(301)	(1,979)	-
Cash and cash equivalents at beginning of year	6,566	5,596	5,295	-
Cash and cash equivalents at end of year	5,596	5,295	3,316	-

Source: These financial statements of the independent company were audited by independent auditors. Adjusting entries are calculated on these statements in order to obtain the consolidated financial statements of the Group. The figures were rounded to the nearest thousand.

*The currency was converted from AED to SAR at the exchange rate of AED 1 = SAR 1.02

The company's assets were transferred to MESC Ras Al-Khaimah in 2012G and the Company did not issue any financial statements for that period.

7 - 12 Commitments and contingencies

Exhibit 7.46: Commitments and contingencies

	SAR '000			
	As of 31 December			
	2009G	2010G	2011G	2012G
Letters of credit	56,040	61,820	42,441	31,653
Letters of guarantee	161,899	147,339	138,529	150,863
Capital commitments	45,213	22,381	41,069	16,125
Total	263,152	231,540	222,009	198,641

Source: MESC consolidated audited financial statements for the financial years ended 31 December 2009G, 2010G, 2011G and 2012G. Figures are rounded to the nearest thousand

As of December 2012G, the Group had SAR 31.7 million of utilized letters of credit which are used to purchase raw materials and SAR 150.9 million letters of guarantee that are used as performance bonds. As of December 2012G, the Group had SAR 16.1 million of capital commitments that relate to machinery upgrades for MESC-KSA.

8. DIVIDENDS DISTRIBUTION POLICY

The payment of dividends is dependent upon the Board of Directors' recommendation according to the Company's profits achieved during the relevant year as well as the examination of cash flows and future liabilities, in accordance with the Company's objectives and Shareholders' aspirations. Article (41) of the Company's By-Laws stipulates that:

- Ten percent (10%) of the annual net profits shall be set aside to form a statutory reserve;
- Five percent (5%) of the annual net profits shall be set aside to form an agreed reserve, upon the Board's recommendation.
- Out of the balance of the profits, there shall be paid to the Shareholders an initial payment equal to five percent (5%) of the paid-up capital.
- After the foregoing, ten percent (10%) of the remaining profit shall be distributed as remuneration to the Board of Directors. The rest is then distributed to shareholders as an additional share in profits.

Exhibit 8.1: Annual Dividends Payment

Year	Net Profits / (Loss) (SAR)	Paid dividends (SAR)	Payment %
2009G	51,307,697	49,800,000*	56.3%
2010G	(94,948,365)	41,678,356**	81.2%
2011G	(120,136,144)	n/a	-
2012G	31,100,594	n/a	-

Source: the Company

* Dividends of FY08 were paid to the shareholders at the beginning of 2009G

* * Dividends of FY09 were paid to the shareholders at the beginning of 2010G

9. USE OF OFFERING PROCEEDS

All existing facilities (summarized below) as well as the loans due from banks were combined and restructured into two facilities executed on 05/01/2013G:

- "Term Loan" facility amounting to SAR 321,588,798
- "Working capital" facility amounting to SAR 355,411,202

The Company will use the proceeds of the rights issue amounting to SAR 200,000,000 to settle a part of the loans and the working capital facility due as stated in the below table:

Exhibit 9.1: Use of Offering Proceeds

Use	Total Value	Offering Proceeds	Outstanding Amount
Term Loan	321,588,798	75,000,000	246,588,798
Working Capital	355,411,202	100,000,000	255,411,202
Offering Expenses	6,000,000	6,000,000	-
General purposes *	19,000,000	19,000,000	-

Source: the Company

* The general purposes include without limitation, the financial requirements of the day-to day Company's business as well as the administrative, general and operational expenses.

The Company will settle the abovementioned amounts as well as those related to the Term Loan facility (SAR 75 million) and the Working Capital facility (SAR 100 million) directly after receiving the Offering proceeds (for more information regarding the Term Loan facility and the working capital facility, please see section 12 of this Prospectus)

9 - 1 Offering Expenses

An amount of around SAR 6,000,000 of the Offering proceeds will be used to settle the Offering expenses including the fees of the Legal Advisor, Financial Advisor, and their Legal Advisor, the Auditor, Media and Public Relations Advisor, Market Consultant in addition to the expenses of Underwriter, Receiving Agents as well as the marketing, printing, distribution, and other expenses related to the Offering. It should be noted that these expenses are indicative and will be subject to final confirmation.

After completing the Capital increase procedures, the Company will fulfill Article 30 paragraph (c) of the Listing Rules of the CMA dated 20/08/1425H corresponding to 04/10/2004G amended on 28/02/1433H corresponding to 22/01/2012G by submitting a quarterly report to the CMA concerning the use of the Offering Proceeds of the Rights Issue and announcing to the public any developments regarding the use of proceeds.

10. SHARES DESCRIPTION

10 - 1 Capital and Shares

The Company's capital amounts to SAR 400,000,000 (four million Saudi Riyals) divided into 40,000,000 shares (forty million shares) of equal value with a fully paid nominal value of SAR 10 (ten Saudi Riyals) each.

10 - 2 Capital Increase

The Extraordinary General Assembly, after having obtained the approval of the concerned parties and verifying the economic feasibility, may decide to increase the Company's capital once or more by issuing new shares of the same nominal value as the original shares provided that the original capital is fully paid.

The resolution shall determine the method of increasing the capital. The original shareholders shall have a priority in applying for the new cash shares.

10 - 3 Capital Decrease

The Company may, through a resolution adopted by the Extraordinary General Assembly, based on certain justifiable causes and after the approval of the competent authorities, reduce its capital if it proves to be in excess of the Company's needs or if the Company sustains losses. Such resolution shall be issued only after reading the auditor's report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations, with due consideration to the provisions of the Companies Regulation. The resolution shall provide for the manner in which the reduction shall be made. If the reduction of the capital is due to its being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

10 - 4 Shares Transfer

Shares shall be negotiable after the issuance of their certificates. As an exception to the foregoing, in-kind or cash shares subscribed by the Shareholders may not be traded prior to the publication of financial statements of the Company for two (2) complete fiscal years of not less than twelve (12) months each, from the date of incorporation of the Company or the approval of the CMA. Such provisions shall also apply to any shares subscribed for by the shareholders in the event of capital increase before the expiration of this holding period, for the remainder of such period. The share certificates shall indicate the type of share, the date of the Company's conversion and the period during which it may not be transferred. However, during the holding period, cash shares may be transferred by one Shareholder to another or to a member of the Board to be submitted as qualification shares or from the heirs of a Shareholder in the event of the death of such Shareholder to a third party.

10 - 5 Voting Rights

Each Shareholder shall have one vote for each share he/it represents at the conversion general meeting. Votes at the ordinary and extraordinary General Assemblies shall be computed based on one vote for each Share represented at the meeting.

10 - 6 Shareholders' General Meeting

A General Assembly duly convened shall be deemed representing all the Shareholders, and shall be held in the city where the Company's head office is located. Each shareholder, regardless of the number of shares held by him, shall have the right to attend the conversion general meeting whether in person or by proxy. Each Shareholder owning at least twenty (20) shares shall have the right to attend the General Assembly. A Shareholder may authorize another Shareholder, other than members of the Board of Directors, to attend the General Assembly on his/its behalf.

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's fiscal year. Additional Ordinary General Assemblies may be convened whenever needed.

The Extraordinary General Assembly shall have the power to amend the Company's By-Laws, except for such provisions as may be impermissible to be amended under the law. The Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly under the same conditions applicable to the latter.

An Ordinary General Assembly shall be valid only if attended by Shareholders representing at least half of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened and held within thirty (30) days following the time set for the preceding meeting. Such notice shall be published in the manner prescribed under Article 88 of the By-Laws. The second meeting shall be deemed valid, irrespective of the number of Shares represented thereat.

An Extraordinary General Assembly of the Shareholders shall be valid only if attended by Shareholders representing at least half of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened in the same manner provided for in the preceding Article. The second meeting shall be valid, only if attended by a number of Shareholders representing at least one quarter of the Company's capital.

10 - 7 Company's Duration

The duration of the Company shall be ninety (90) Hijri years, starting on the date of issuance of the resolution announcing the Company's conversion by the Minister of Commerce and Industry. The duration of the Company can be extended by a decision taken by an Extraordinary General Assembly, one year at least prior to the end of its duration.

10 - 8 Company's Dissolution and Liquidation

Upon the expiry of the Company's period, or if it is dissolved prior to the time set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board of Directors shall cease upon the Company's expiry. However, the Board of Directors shall remain responsible for the management of the Company until the liquidators are appointed. The Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

11. SUMMARY OF BY-LAWS

11 - 1 Company Name

The name of the Company shall be Middle East Specialized Cables Company (“MESC”), a Saudi joint stock company.

11 - 2 Objectives of the Company

The Company’s objectives are as follows:

1. Manufacturing of various type of cables and wires, including axial wires and cables, rubber wires and cables, electric wires and cables, telephone internal wires and cables, computer wires and cables, fireproof and safety wires and cables, information transmission and control cables and lead coated cables.
2. Trading (whether retail or wholesale) in wires and cables and accessories, and marketing of materials, tools, machines, equipment, and other raw materials related to the Company’s business.
3. Establishing centers for maintenance, implementation and installation of cables, wires and equipment in which the Company deals, and offering all other ancilliary and related services.

11 - 3 Duration of the Company

The duration of the Company shall be ninety (90) Hijri years starting on the date of issuance of the resolution announcing the Company’s conversion by the Minister of Commerce and Industry. The duration of the Company can be extended by a decision taken by an Extraordinary General Assembly, one year at least prior to the end of its duration.

11 - 4 Capital of the Company

The capital of the Company shall be four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) Shares of equal value of ten Saudi Riyals (SR 10) each, all of which are ordinary in kind shares.

11 - 5 Transfer of Shares

Shares shall be negotiable after the issuance of their certificates. As an exception to the foregoing, in-kind or cash shares subscribed by the Shareholders may not be traded prior to the publication of financial statements of the Company for two (2) complete fiscal years of not less than twelve (12) months each, from the date of incorporation of the Company or the approval of the CMA. Such provisions shall also apply to any shares subscribed for by the shareholders in the event of capital increase before the expiration of this holding period, for the remainder of such period. The share certificates shall indicate the type of share, the date of the Company’s conversion and the period during which it may not be transferred. However, during the holding period, cash shares may be transferred by one shareholder to another or to a member of the Board to be submitted as qualification shares or from the heirs of a shareholder in the event of the death of such shareholder to a third party.

11 - 6 Shareholders Register

Nominal shares shall be transferred by being recorded in the Shareholders Register, which shall contain the names of the Shareholders, their nationalities, occupations, domiciles and addresses, the serial numbers of the shares and the paid-up value of such shares. A notation of such recording shall be made on the share certificates. The transfer of title to a share shall not be effective vis-à-vis the Company or any third party, except from the date of such recording in the said register or the completion of the transfer procedures through an Electronic Share Information System. Subscription to and ownership of shares by a shareholder shall entail acceptance by the shareholder of these By-Laws and his submission to the resolutions passed by the General Assembly of the Shareholders in accordance with these By-Laws, whether the Shareholder was present or absent and whether the Shareholder agreed to such resolutions or objected to them.

11 - 7 Increase of Capital

Once it is ascertained to be economically feasible and after obtaining the approval of the competent authorities, an Extraordinary General Assembly, the General Assembly may adopt a resolution to increase the Company's capital once or several times by issuing new shares having the same nominal value as the original shares, provided that the original capital shall have been paid up in full. The said resolution shall specify the mode of increasing the capital, and the original shareholders shall have preemptive rights to subscribe for the new cash shares.

11 - 8 Decrease of Capital

The Company may, through a resolution adopted by the Extraordinary General Assembly, based on certain justifiable causes and after the approval of the competent authorities, reduce its capital if it proves to be in excess of the Company's needs or if the Company sustains losses. Such resolution shall be issued only after reading the auditor's report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations, with due consideration to the provisions of the Companies Regulation. The resolution shall provide for the manner in which the reduction shall be made. If the reduction of the capital is due to its being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

11 - 9 Board of Directors

The Board of Directors shall be composed of nine (9) Directors who shall be appointed for a period of three (3) years by the General Assembly in an ordinary meeting, excluding the General Conversion Assembly's appointment of the first Board of Directors commencing from the ministerial resolution announcing the Company's conversion.

11 - 10 Membership Vacancies

Membership in the Board of Directors shall end upon the end of the term thereof, or upon the expiry of the membership in accordance with any of the laws or instructions in force in the Kingdom. If the office of a Board member becomes vacant, the Board may appoint a member to the vacant position temporarily, provided that such appointment is put before the first Ordinary General Assembly for endorsement. The term of office of the new member designated to fill a vacancy shall only extend to the term of office of his predecessor. In case the number of the members of the Board of Directors falls below the quorum required for the proper convening of the Board meetings, the General Assembly shall be called for as soon as possible in order to appoint the necessary number of Board members.

11 - 11 Powers of the Board of Directors

Without prejudice to the powers vested with the General Assembly, the Board of Directors shall be vested with full powers to manage the Company and supervise its business, including and without limitation, to participate in other companies and dispose of their real properties and assets, buy, sell, make and receive payments, mortgage, redeem a mortgage, sell, discharge and collect payments, settle, waive and enter into agreements in the name of the Company and on behalf of the Company. The Board of Directors may perform all acts and duties to achieve the Company's objectives. It may open, withdraw from and deposit into bank accounts, issue cheques, participate in other companies and enter into loan agreements. The Board of Directors is specifically empowered to contract loans for any term including terms exceeding three (3) years, provided the following:

1. the value of any loan contracted for by the Board in any given fiscal year does not exceed 50% of the Company's capital,
2. That the Board shall identify in its resolution the best way to utilize such loans and the methods for the repayments,
3. ensure that the terms and conditions of any loan and related guarantees do not harm the Company, its shareholders and debtors general guarantees.

The Board is also empowered to sell, buy and mortgage real estate, movables and the Company's property, including the Company's showroom, provided that the Board's agenda and resolution regarding Company's real estate follow these rules:

1. Identify in the sale resolution the reason and justification for such sale,
2. The selling price should be fair,
3. Settlement should be on spot, unless its an emergency guarantee,
4. The Company's operations and liability should not be affected in consequence of the transaction.

The Board of Directors may discharge the Company's debtors of their debt obligations, provided that the Board's agenda and resolution follow these rules:

1. The discharge of debt obligation should be at least after one year,
2. The discharge should be for a maximum specified amount for each year for a single debtor,
3. The discharge of debt is a right for the Board that can't be delegated.
4. The Board of Directors may, within the limits of its jurisdiction, authorize and delegate one or more of its members or a third party to undertake a specific function or functions.

11 - 12 Remunerations of the Board of Directors

The Board remuneration shall consist of the percentage stated under "***Distribution of Annual Profit"***, in addition to the amount of (SAR 3,000) for each member of the Board for each meeting of the Board within the limits of the provisions of the Companies Regulation and the laws, regulations and instructions complementary thereto. The report submitted by the Board of Directors to the Ordinary General Assembly shall contain a statement of all payments made to the members of the Board during the fiscal year; as employees or admins, or in consideration for technical, administrative or consultancy assignments carried out by the Board's members, following the approval of the Board of Directors.

Given the fact that remunerations are part of the profits, they should not exceed 10% of net profits after deducting expenses, amortization, and reserves decided by the General Assembly as per the Companies' Regulations, and after distributing dividends that should be no less than 5% of the Company's capital.

11 - 13 Chairman of the Board of Directors, Managing Director and Secretary

The Board of Directors shall appoint a Chairman from among its members. The Board of Directors may also appoint a Managing Director from among its members. The position of a Chairman and a Managing Director or any other executive position in the Company cannot be joined. The Chairman and the Managing Director shall, jointly or severally, have the power to represent the Company in its relationship with others and before judicial bodies, Public Notaries, Courts, all dispute settlement committees, arbitration committees, labor offices and other governmental entities, companies and establishments, sign all contracts and agreements, certificates and instruments including Articles of Association of companies in which the Company participates, and to amend the same, as well as any other agreement, deeds and declarations before public notaries or other official and private bodies inside or outside the Kingdom of Saudi Arabia, sign guarantee, mortgage and warranty agreements, issue powers of attorney on behalf of the Company, open and close bank accounts in local and foreign banks, issue cheques, withdraw, deposit, enter into loan agreements and facility agreements and sign all its instruments, raise, defend, plead, settle, acknowledge and arbitrate; to accept, reject and appeal judgments on behalf of the Company. They may also authorize or delegate some or all of these powers to any other person or persons to do or cause to be done any act mentioned hereinabove.

The Managing Director shall have such other powers as are specified by the Board of Directors. The Board of Directors shall specify the compensation to be given to each of the Chairman and the Managing Director, and the members of the Board.

The Board of Directors shall appoint a Secretary from among its members or others. The Secretary shall be responsible for keeping minutes of all of the proceedings and resolutions of the Board of Directors, and shall perform any functions that may be assigned to him by the Board. The Board shall specify the Secretary's remuneration.

The term of office of the Chairman, the Managing Director and the Secretary who is a Board member shall not exceed their respective terms of membership on the Board. The term of the Chairman, the Managing Director or the Secretary of the Board may be renewed.

11 - 14 Board Meetings

The Board of Directors shall be convened upon a call by the Chairman, in writing. The Chairman of the Board shall call for a meeting if so requested by any two (2) Board members.

11 - 15 Quorum and Resolutions

A Board meeting shall be valid only if attended by at least five (5) members, provided that the number of attendees in person shall not be less than four (4). In the event that a member of the Board of Directors gives a proxy to another member to attend the Board meetings on his behalf, such proxy shall be given accordance with the following:

(a) A member of the Board of Directors may not act on behalf of more than one Board member when attending the same meeting.

(b) A proxy shall be made in writing.

(c) A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting under the law.

The Board resolutions shall be issued by a majority of the attendees. In case of a tie, the Chairman of the Board or the Director presiding over the Board in the absence of the Chairman shall have a casting vote.

11 - 16 Conflict of Interests

Any member of the Board of Directors must notify the Board about any personal interest, whether direct or indirect, in the businesses and contracts to be entered into with the Company. Such declaration shall be noted in the minutes of meeting. The interested Board member shall not participate in the voting on such resolution.

11 - 17 Committees

The Board of Directors may appoint committees as per the Company's needs and conditions, to exercise from time to time duties specified by the Board of Directors. Unless otherwise stated in these By-Laws, committees' members may be appointed among Board members or others. Individuals appointed as members in these committees may only exercise the duties vested in them by the Board from time to time, and in accordance with its instructions and directives.

11 - 18 Executive Committee

The Board of Directors may appoint an Executive Committee from among its members. The Board shall appoint a chairman from among the committee's members, and specifies the Committee's modus operandi, competences, number of members, and the required quorum for its meetings. The Committee exercises the powers vested by the Board, and in accordance with its instructions and directives. The Executive Committee may not overrule or amend any decisions or rules adopted by the Board of Directors.

11 - 19 Audit Committee

The Board of Directors may appoint the Audit Committee from among its non-executive members. The Audit Committee exercises the duties and powers vested by the Board from time to time, including without limitation, verifying the Company's internal audit management, supervising and approving the Company's internal audit plans, supervising the audit of the Company's financial statements, nominating independent auditors, and confirming their ability to access the Company's books and records. The Committee is composed of at least three members, including a member specialized in financial and accounting affairs. They are appointed through a resolution of the Board of Directors.

11 - 20 Nominations and Remunerations Committee

The Board of Directors may appoint the Company's Nominations and Remunerations Committee from among its members and others. The Nominations and Remunerations Committee exercises the duties and powers vested by the Board from time to time, including without limitation, recommend to the Board the remunerations of Board members, and management. The Committee is composed of at least three members who are appointed through a resolution of the Board of Directors.

11 - 21 General Assembly

A General Assembly duly convened shall be deemed to be representing all the shareholders, and shall be held in the city where the Company's head office is located. Each shareholder, regardless of the number of shares held by him, shall have the right to attend the conversion general meeting whether in person or by proxy. Each shareholder owning at least ten (10) shares shall have the right to attend the general meeting. A shareholder may authorize another shareholder, other than members of the Board of Directors, to attend the general meeting on his/its behalf.

11 - 22 Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's fiscal year. Additional Ordinary General Assemblies may be convened whenever needed.

11 - 23 Extraordinary General Assembly

The Extraordinary General Assembly shall have the power to amend the Company's By-Laws, except for such provisions as may not be amended under the law. The Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly under the same conditions applicable to the latter.

11 - 24 Manner of Convening General Assemblies

The General Assembly shall be convened by the Board of Directors. The Board of Directors shall convene an Ordinary General Assembly if requested to do so by the auditors or by a number of shareholders representing at least five percent (5%) of the Company's capital. The summons shall be published in the Official Gazette and in a daily newspaper circulated in the city where the Company's head office is located at least twenty-five (25) days prior to the time set for such meeting. The summons shall include the agenda of the meeting. A copy of the notice and the agenda shall be sent, within the period set for publication, to the Companies Department at the Ministry of Commerce and Industry.

11 - 25 Quorum for Ordinary General Assembly

An Ordinary General Assembly shall be valid only if attended by shareholders representing at least half of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened and held within thirty (30) days following the time set for the preceding meeting. Such notice shall be published in the manner prescribed under "*Manner of Convening General Assemblies*". The second meeting shall be deemed valid, irrespective of the number of shares represented thereat.

11 - 26 Quorum for Extraordinary General Assembly

An Extraordinary General Assembly of the shareholders shall be valid only if attended by shareholders representing at least half of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened in the same manner provided for in the preceding Article. The second meeting shall be valid, only if attended by a number of shareholders representing at least one quarter of the Company's capital.

11 - 27 Voting Rights

Each shareholder shall have one vote for each share he/it represents at the conversion general meeting. Votes at the ordinary and Extraordinary General Assemblies shall be computed based on one vote for each share represented at the meeting.

11 - 28 Resolutions

Resolutions of the conversion general meeting shall be adopted by an absolute majority vote of the shares represented at the meeting. However, If the resolution to be adopted relates to the evaluation of in-kind shares or special privileges, such resolution shall be adopted by the majority of subscribers to cash shares, which represents two-thirds of the shares, after excluding those shares subscribed to by cash shares owners or special privileges beneficiaries who may not vote on such resolutions, even if they already own cash shares. Resolutions of the Ordinary General Assembly shall be adopted by an absolute majority vote of the shares represented at the meeting.

Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two thirds of the shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the term specified in these By-Laws or merging the Company with another company or establishment, then such resolution shall be valid only if adopted by a majority of three-quarters of the shares represented at the meeting.

11 - 29 Distribution of Annual Profits

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

1. Ten percent (10%) of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the ordinary general assembly when the said reserve totals one-half (1/2) of the Company's capital.
2. The ordinary general assembly may, upon recommendation of the Board of Directors, set aside five percent (5%) of the annual net profits to form an agreed reserve allocated for a certain objective(s).
3. Out of the balance of the profits, if any, there shall be paid to the Shareholders an initial payment equal to five percent (5%) of the paid-up capital.
4. After the foregoing, ten percent (10%) of the remaining profit shall be distributed as remuneration to the Board of Directors. The rest is then distributed to shareholders as an additional share in profits.

The Company confirms that the remuneration of the Company's employees is an operational cost which will be declared in the income statement on an annual basis. In addition, this shall be considered as a part of the Company's net income account, whereas the profits and remunerations of the members of the Board of Directors shall be considered a distribution of retained earnings.

11 - 30 Company Losses

If the Company's losses total three-quarters (3/4) of its capital, the members of the Board of Directors shall call an Extraordinary General Assembly to consider whether the Company shall continue to exist or be dissolved prior to the expiry of the period specified in these By-Laws. In all cases the resolution at the Gneral Assembly shall be published in the Official Gazette.

11 - 31 Liability Claim

Each shareholder shall have the right to file a liability claim, vested in the Company, against the members of the Board if they have committed a fault which has caused some particular damage to such shareholder, provided that the Company's right to file such action shall still be valid. The shareholder shall notify the Company of his/its intention to file such action.

11 - 32 Dissolution of the Company

Upon the expiry of the Company's period, or if it is dissolved prior to the time set for its expiry, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board of Directors shall cease upon the Company's expiry. However, the Board of Directors shall remain responsible for the management of the Company until the liquidators are appointed. The Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

12. LEGAL INFORMATION

12 - 1 MESC – Kingdom of Saudi Arabia

12 - 1 - 1 Capital

The Company's shareholders are:

Exhibit 12.1: The Company's Shareholders

	Shareholders	Number of Shares	Ownership Percentage
1	Abdulaziz Mohammad Al Namlah Holding Group	3,000,000	7.5%
2	Abdullah Mohammad Suleiman Al Namlah	2,920,000	7.3%
3	Mansour Abdulaziz Mohammad Kaaki	2,556,000	6.4%
4	Public	31,524,000	78.8%
	Total	40,000,000	100.0%

Source: Company Management

12 - 1 - 2 Summary of Key Financing Agreements

MESC entered into financing agreements with Arab National Bank, Riyad Bank, Saudi Hollandi Bank, Al Rajhi Bank, Banque Saudi Fransi, SABB and the SIDF. The Company confirms that the agreements summarized below are the material financing agreements it has entered into, but these are not the only financing agreements it is party to.

The Company has restructured its financial arrangements on 05/012013G, whereby all current debts and facilities were merged and consequently, all the facilities summarized below (except the facility concluded with the SIDF) were merged within the Facilities Restructuring Agreement, which in turn replaced the previous facilities.

Exhibit 12.2: Facilities Agreement with the Arab National Bank

Date	16/06/2010G
Parties	Arab National Bank and Middle East Specialized Cables Company (MESC)
Availability Period	16/06/2010G to 31/05/2011G
Type of Facilities	The Facilities Agreement includes the following facilities within the corresponding sub-limits ("Facilities"): • Facilities of SAR 105,000,000, divided as follows: • Sub-facilities amounting to SAR 20,000,000 (tawarruq) for the issuance and refinancing of documentary letters of credit, bills for collection, capital expenditures and direct purchase. The sub-facilities should be available in the form of short-term revolving loans. • Sub-facilities amounting to SAR 60,000,000 for the financing of bills of collection and direct transfers. • Sub-facilities amounting to SAR 100,000,000 for: a) Issuance of documentary letters of credit in favor of beneficiaries accepted by the bank and refinancing their related payment obligations. b) Financing of 100% of the shipping documents related to the sight credits and deferred credits. c) Financing of 100% of the shipping documents related to the collection and direct import bills. • Sub-facilities amounting to SAR 5,000,000 for the financing of Islamic letters of credit, for the purpose of issuing the following: a) Primary and final advance payment guarantees. b) Payment guarantees in favor of the beneficiaries accepted by the bank.

Main Conditions	• Any of the following cases shall be considered as an event of default by the Company: a) If any debt or guarantee of the Company under these facilities becomes payable before its due date or if the Company fails to pay its debts. b) If any creditor or guarantor of the Company exercises, under these facilities, any right related to the Company's assets or the guarantor's assets. c) If the Company or any of its guarantors does not materially fulfill its obligations under these facilities, or undertakes a material change regarding the nature of its activities, or transfers a large part of its commercial activities or assets, or purport to do any of the foregoing. d) If the Company's subsidiaries or companies in which the Company participates fail to pay all or some of their debts, whether these debts are payable to the bank or to any other party. e) The occurrence of any event that the bank believes has a material adverse effect on the Company's business, any of the guarantors, or the ability of the Company or the guarantors to meet their obligations under the Facilities Agreement or any related document. f) Any change in the Company's ownership. • The Company undertakes not to mortgage any of its current or future assets, movable and immovable properties not mortgaged in favor of the bank, without obtaining the prior consent of the bank.
Guarantee	As a guarantee for the facilities, a promissory note was submitted for a value of SAR 105,000,000.
Governing Law and Jurisdiction	The facilities' documents shall be governed by Saudi Law and any disputes related to the promissory notes shall be referred to the Commission for the Resolution of Securities Disputes.

Exhibit 12.3: Facilities Agreement with Riyad Bank

Date	22/05/1433H
Parties	Riyad Bank and Middle East Specialized Cables Company (MESC)
Availability Period	The agreement expires on 31/12/2012G
Type of Facilities	The Facilities Agreement includes the following facilities within the corresponding sub-limits ("Facilities"): • Sub-facilities amounting to SAR 40,250,013 (tawarruq) • Sub-facilities amounting to SAR 18,903,687 (Murabaha) • Sub-facilities amounting to SAR 13,446,300 (Murabaha) for the financing of (tawarruq) of the letters of credit.
Main Conditions	• The Company shall not change its legal entity or merge with another company without the prior written consent of the bank. • The Company shall not fundamentally change its business. • The Company shall not fail to pay the amounts due to the bank or to any other party. • The Company undertakes that any changes of its legal entity, shareholders, capital, activities or obligations towards the other parties will not affect the completion of this agreement and it undertakes to notify the bank of any changes to the above. • The Company shall not make any repairs or changes to the assets leased under the lease transaction with the bank, change the purpose of lease of these assets, transfer or sublease the assets without the prior written consent of the bank. • The Company shall preserve the assets leased by the bank as a part of the lease transaction. • The Company shall not mortgage or sell any of its assets before the payment of its debts to the bank, without the bank prior written consent.

Date	22/05/1433H
Guarantee	As a guarantee for the above facilities, promissory notes in the amount of SAR 72,600,000 and SAR 1,396,104 were submitted to Riyad Bank. The Company shall transfer to the bank the proceeds of insurance on its assets.
Governing Law and Jurisdiction	The facilities' documents shall be governed by the Saudi Law and any disputes related to the promissory notes shall be referred to the Commission for the Resolution of Securities Disputes.

Exhibit 12.4: Facilities Agreement with Saudi Hollandi Bank

Date	18/01/2010G
Parties	Saudi Hollandi Bank and Middle East Specialized Cables Company (MESC)
Availability Period	The facilities are reviewed on a regular basis and may be modified or cancelled at any time, at the bank's discretion
Type of Facilities	The Facilities Agreement includes the following facilities within the corresponding sub-limits ("Facilities"): • A general purpose line of credit for a total maximum of SAR 209,000,000, divided into the following sub-facilities: • Short-term Islamic financing (tawarruq) of SAR 75,000,000 • Sub-facilities amounting to SAR 100,000,000 for the purpose of opening sight documentary letters of credit, issuing sight documentary Murabaha letters of credit, issuing sight import bills, opening deferred documentary letters of credit, accepting invoices drawn against the documentary letters of credit, together with post-import financing facility through short-term Islamic financing (tawarruq) up to SAR 60,000,000. • Sub-facilities amounting to SAR 70,000,000 for the purpose of issuing primary guarantees, performance bonds, advance payment bonds and retention bonds. • Sub-facilities amounting to SAR 15,000,000 for the purpose of issuing payment guarantees. • Sub-facilities amounting to SAR 1,000,000 available for general purpose budget products that are compliant with Islamic Shariah, in order to hedge currency rates and profit rate risks.
Main Conditions	• The leverage ratio (total liabilities divided by net tangible assets value) x 2.0 as a maximum. • The Company shall maintain a minimum of SAR 310,000,000 of its net tangible value. • These facilities' documents shall rank pari passu with the other facilities entered into by the Company.
Guarantee	As a guarantee for the facilities, a promissory note amounting to SAR 210,000,000 was submitted by the Company to the bank.
Governing Law and Jurisdiction	The facilities' documents shall be governed by Saudi Law and any disputes related to the promissory notes shall be referred to the Commission for the Resolution of Securities Disputes.

Exhibit 12.5: Facilities Agreement with Al Rajhi Bank

Date	14/02/1433H
Parties	Al Rajhi Bank and Middle East Specialized Cables Company (MESC)
Availability Period	180 days
Type of Facilities	The Facilities Agreement includes the following facilities within the corresponding sub-limits ("Facilities"): • A deferred payment line of credit of SAR 50,000,000. • Deferred participation/ line of credit of SAR 100,000,000.
Main Conditions	• The facilities shall be used to finance the Company's working capital. • The permission of Al Rajhi Bank shall be obtained before increasing the Company's capital, inside and outside KSA. • The Company shall not use its annual profits to pay dividends, unless its accounts are satisfactory to Al Rajhi Bank. • The accrued liabilities of the Company to the bank shall rank pari passu with other liabilities at all times. • The Company and its subsidiaries, the guarantor or any of the shareholders in any of the above-mentioned companies, shall not fail to pay the debts due to any other party and for any reason whatsoever. • The Company shall notify the bank of any change in its legal entity, shareholders or address. • The Company and/or any of its subsidiaries shall not amend its Commercial Registration certificate or any other constitutional document that would materially and adversely affect these companies according to the bank.
Guarantee	• As a guarantee for the facilities, a promissory note was submitted to cover the Company's obligations towards the bank under this agreement. Upon the bank's request, a promissory note shall be submitted for each payment made by the Company to the bank and for each line of financing provided by the bank to the Company. • Enforcement of a promissory note against every withdrawal. • Payment of a deposit of 1.5% of each advance payment / participation contract. • The Company shall deposit 20% of the sale proceeds in its account at the bank.
Governing Law and Jurisdiction	The facilities' documents shall be governed by Saudi Law and any disputes related to the promissory notes shall be referred to the Commission for the Resolution of Securities Disputes.

Exhibit 12.6: Facilities Agreement with SABB

Date	02/07/2011G
Parties	SABB and Middle East Specialized Cables Company (MESC)
Availability Period	31/08/2011G
Type of Facilities	The Facilities Agreement includes the following facilities within the corresponding sub-limits (“Facilities”): • Facilities amounting to SAR 190,000,000 divided into the following sub-facilities: 1. Murabaha sub-facilities amounting to SAR 50,000,000 to finance documentary credits and bills of exchange drawn against the same. 2. Shipment sub-guarantee facilities amounting to SAR 50,000,000 for the purpose of issuing shipment guarantees for the clearance of goods, in case of a delay in receiving the original shipping documents for the credits issued by SABB only. 3. Sub-facilities amounting to SAR 60,000,000 for the issuance of primary guarantees and advance payment. 4. Sub-facilities amounting to SAR 60,000,000 for the issuance of guarantees not compliant with the bank forms, financial guarantees of payment, international guarantees and guarantees in favor of the Department of Zakat and the Customs Department. 5. Murabaha sub-facilities amounting to SAR 85,000,000. • Sight documentary facilities of SAR 400,000,000 for the import of raw materials and spare parts.
Main Conditions	• Shareholders and sister companies’ liability shall not exceed SAR 5,000,000. • SABB shall provide semi-annual financial statements in addition to the analysis of the accounts receivable.
Guarantee	• Concerning the Murabaha Sub-facilities of SAR 50,000,000: 1. Title deeds with regard to the goods in the name of SABB. 2. The insurance policy shall be to the order of the bank or the shipper and shall be a blank endorsement. 3. A full range of bills of lading shall be handed to SABB. • The following guarantees shall remain valid: 1. Personal guarantee on a pro rata basis from Mr. Mohammad Suleiman Al Namlah of SAR 26,200,000 dated 09/05/2011G. 2. Personal guarantee from Mr. Ismail Fawzi Abu Khadra of SAR 10,958,000 dated 23/08/2004G. 3. Personal guarantee from Mr. Mansour Abdulaziz Al Kaaki of SAR 15,104,760 dated 09/06/2007G. 4. Personal guarantee on a pro rata basis from Mr. Mohammad Al Ali Suwailem of SAR 37,761,900 dated 09/06/2007G. 5. A letter of undertaking from the Company to deposit all contracts’ payments in MESC account at SABB, dated 22/10/2002G. 6. A letter of undertaking from the Company to accept the financial commitments set by the SIDF and to inject cash amounts in order to keep the ratio at the agreed level. 7. Personal guarantee on a pro rata basis from Mrs. Lama Ismail Abu Khadra of SAR 22,657,140 dated 09/06/2007G. 8. Personal guarantee on a pro rata basis from Mr. Abdulaziz Mohammad Al Namlah of SAR 50,349,200 dated 09/06/2007G. 9. Personal guarantee from Mr. Mohammad Ali Suwailem of SAR 6,000,000 dated 28/09/2003G. • A promissory note of SAR 190,400,000. • A cash deposit of SAR 4,808,000. • A letter of undertaking to deposit the contracts’ returns in the Company’s account at SABB.

Date	02/07/2011G
Governing Law and Jurisdiction	The facilities' documents shall be governed by Saudi Law and any disputes related to the promissory notes shall be referred to the Commission for the Resolution of Securities Disputes.

Exhibit 12.7: Contract for the Sale and Purchase of Goods with Banque Saudi Fransi

Date	19/10/1432H (17/09/2011G)
Parties	Middle East Specialized Cables Company (MESC) and Banque Saudi Fransi (Islamic Banking Section)
Availability Period	Expired on 31/09/2012G
Type of Facilities	(Tawarruq) facilities amounting to SAR 50,000,000 for the purpose of purchasing goods.
Main Conditions	• The following cases shall be considered as events of default: 1. Failure of the Company to pay its debt on the due date, or if the debt is payable before its due date or if the Company's creditors acknowledges the Company's debt and claim its payment before the specified date. 2. If the Company's other indebtedness takes priority over the Company's indebtedness under this Agreement. 3. If the Company is unable to pay its debts on time or makes a public transfer for the benefit of the creditors. 4. If the Company purchases, rents or cancels any of its contracts or series of contracts (whether related or not) for all or some of its profits and properties. 5. If the Company suspends or threatens to suspend its on-going activities as on the date of its agreement with Banque Saudi Fransi. • The Company or Banque Saudi Fransi shall not be able to assign any of the rights and obligations under this agreement without the prior written consent of the other party. • The Company shall ensure not to mortgage or allow the mortgage of all or some of the goods purchased by it under the Facilities Agreement.
Governing Law and Jurisdiction	The facilities' documents and goods' agreements shall be subject to Saudi Law. Any legal action related to the Facilities' Agreement or the goods' agreement shall be settled by the Banking Disputes Commission at the Saudi Arabian Monetary Agency. Any disputes related to the promissory notes shall be referred to the Commission for the Resolution of Securities Disputes.

Exhibit 12.8: Loan Contract with the Saudi Industrial Development Fund

Date	08/02/1434H (corresponding to 01/01/2013G) and was merged with the loan contract of the SIDF on 08/02/1432H (corresponding to 12/01/2011G).
Parties	Middle East Specialized Cables Company (MESC) and the SIDF
Availability Period	To 29/06/1434H (corresponding to 09/05/2013G)
Amount of Facilities	SAR 149,359,000
Main Conditions	• The working capital ratio shall not be less than 1 to 1 throughout the loan period. • The ratio of debts to the net tangible assets shall be 3 to 1 throughout the loan period. • The total expenses of MESC in relation to the leased buildings shall not exceed SAR 12,000,000 throughout the loan period. • The capital expenses of MESC shall not exceed SAR 25,000,000 throughout the loan period. • The establishment of MESC plant in Jordan shall not have an adverse effect on the compliance of MESC with the conditions and provisions of the loan contract. • MESC shall undertake to conduct all its transactions with the relevant parties on an arms length basis. • MESC shall not make any significant changes to the project, as described in the loan contract, without the prior written consent of the SIDF. • MESC shall comply with the specifications issued by the Saudi Standards, Metrology and Quality Organization and the Presidency of Meteorology and Environment. • Before drawing down the last 20% of the loan, MESC shall comply with the specifications of the SIDF regarding industrial security and environment in a manner acceptable to the SIDF. • Before drawing down the last 20% of the loan, MESC and the SIDF shall make an inventory of MESC' fixed assets and prepare a list including the following assets' details: type, specifications, number and origin. • The SIDF prior consent shall be required for any amendment or change to the approved items, before spending any item which is amended or changed. • Throughout the construction phase of the project and at any subsequent time during the production phase until full settlement of the loan of the SIDF, MESC shall observe the following: 1. Purchase all construction materials and equipment required for the project from Saudi manufacturers, whenever available, according to the offers submitted and accepted in the project study. 2. Give priority of supervision to Saudi consultancy offices for some or all parts of the project and preparation of the technical studies required whenever the technical expertise is available at these offices. 3. Appoint Saudi chartered accountants for the review and preparation of the project's financial statements. • The Company shall not provide any mortgage, charge, pledge, undertaking or any other obligation related to the properties, revenues or assets owned currently or in the future by MESC (except as otherwise stipulated under the mortgage contract and approved by the SIDF).

Date	08/02/1434H (corresponding to 01/01/2013G) and was merged with the loan contract of the SIDF on 08/02/1432H (corresponding to 12/01/2011G).
	• Except in the ordinary course of business, MESC shall not merge with any person or company and shall not sell, transfer, lease or dispose of some or part of the project or the Company's assets owned currently or in the future (whether through a single transaction or several transactions, and whether these transactions were made separately or simultaneously), or acquire all or a big part of the assets and liabilities of any person or corporate body. • The Company's dividends shall be distributed after deducting the accumulated losses. The Company shall not declare, pay or distribute any similar dividends to its shareholders, except in the following cases: 1)In case of an event of default, as stated in the loan agreement or an event that includes a notice period or other conditions that would lead to default; 2) Before the period specified for the final order note; 3) If the total amount of all payments, profits and distributions for any financial year of the Company exceeded the maximum limit of distribution of the paid-up capital at the end of the prior financial year and an amount equal to any advance payment to the SIDF in the concerned year. • The level of directors maintained by MESC at all times should be acceptable to the SIDF. • MESC shall not assign any of its rights or obligations under the loan contract, without the prior written consent of the SIDF.
Guarantee	Each draw down by the SIDF shall be paid against the issuance and receipt by the Company of an order note of an amount equivalent to the amount of the withdrawal dated 29/10/1432H (Temporary promissory note) in favor of the SIDF. The temporary promissory note shall be handed on 29/10/1432H to the SIDF and it shall be cancelled against the issuance and receipt by the Company in favor of the SIDF of a set of promissory notes (final promissory notes) that will remain in the possession of the Fund with a total value equal to the total value of the temporary promissory notes received. The final promissory notes shall be of specified amounts and dates corresponding to the repayment of the loan. The Company shall submit an authenticated and registered mortgage note concerning the project, as well as the title deeds or any documents related to the concerned land in the project.
Governing Law and Jurisdiction	The loan contract, promissory notes and mortgage notes shall be subject to Saudi Law. Upon the occurrence of an event of default, the SIDF shall collect the amount due in accordance with the Law of Collection of Public Funds or any other regulation decided by the SIDF. The competent Courts of KSA shall review any other dispute arising between the SIDF and the Company, not related to failure in payment.

Exhibit 12.9: Loan Contract with the Saudi Industrial Development Fund

Date	08/02/1432H (corresponding to 12/01/2011G)
Parties	Middle East Specialized Cables Company (MESC) and the SIDF
Availability Period	Until 29/10/1432H (corresponding to 27/09/2011G). This agreement was merged with the loan contract with the SIDF on 08/02/1434H (corresponding to 01/01/2013G).
Amount of Facilities	SAR 129,859,000

Date	08/02/1432H (corresponding to 12/01/2011G)
Main Conditions	• The working capital ratio shall not be less than 1 to 1 throughout the loan period. • The ratio of debts to the net tangible assets shall be 3 to 1 throughout the loan period. • MESC shall undertake to conduct all its transactions with the relevant parties on an arms length basis. • The SIDF prior consent shall be required for any amendment or change to the approved items, before spending any item which is amended or changed. • Throughout the construction phase of the project and at any subsequent time during the production phase until full settlement of the loan of the SIDF, MESC shall observe the following: 1. Purchase all construction materials and equipment required for the project from Saudi manufacturers, whenever available, according to the offers submitted and accepted in the project study. 2. Give priority of supervision to Saudi consultancy offices for some or all parts of the project and preparation of the technical studies required whenever the technical expertise is available at these offices. 3. Appoint Saudi chartered accountants for the review and preparation of the project's financial statements. • The Company shall not provide any mortgage, charge, pledge, undertaking or any other obligation related to the properties, revenues or assets owned currently or in the future by MESC (except as otherwise stipulated under the mortgage contract and approved by the SIDF). • Except in the ordinary course of business, MESC shall not merge with any person or company and shall not sell, transfer, lease or dispose of some or part of the project or the Company's assets owned currently or in the future (whether through a single transaction or several transactions, and whether these transactions were made separately or simultaneously), or acquire all or a big part of the assets and liabilities of any person or corporate body. • The Company's profits shall be distributed after deducting the accumulated losses. The Company shall not declare, pay or distribute any similar profits to its shareholders, except in the following cases: 1)In case of default as stated in the loan agreement or the event that includes a notice period or other conditions that would lead to default; 2) Before the period specified for the final order note; 3) If the total amount of all payments, profits and distributions for any financial year (concerned year) of the Company exceed the maximum limit of distribution of the paid-up capital at the end of the prior financial year and an amount equal to any advance payment to the SIDF in the concerned year.
Guarantee	Each draw down by the SIDF shall be paid against the issuance by the Company of an order note of an amount equivalent to the amount of the withdrawal dated 29/10/1432H (Temporary promissory note) in favor of the SIDF. The temporary promissory note shall be handed on 29/10/1432H to the SIDF and it shall be cancelled against the issuance and receipt by the Company in favor of the SIDF of a set of promissory notes (final promissory notes) that will remain in the possession of the SIDF with a total value equal to the total value of the temporary promissory notes received. The final promissory notes shall be of specified amounts and dates corresponding to the repayment of the loan. The Company shall submit an authenticated and registered mortgage note concerning the project, as well as the title deeds or any documents related to the concerned land in the project.
Governing Law and Jurisdiction	The loan contract, promissory notes and mortgage notes shall be subject to Saudi Law. Upon the occurrence of an event of default, the SIDF shall collect the amount due in accordance with the Law of Collection of Public Funds or any other regulation decided by the SIDF.

Exhibit 12.10: Letter of Approval issued by the Saudi Industrial Development Fund

Date	20/01/1434H
Issued by	The SIDF
To	MESC
Content of the Approval	On 12/01/1434H, the Administrative Committee of the SIDF has approved the increase of MESC's capital from SAR 400,000,000 to SAR 600,000,000 without any liability on the SIDF, provided that the Company does not violate its obligations as per the loan contract concluded with the SIDF.

Exhibit 12.11: Loan Restructuring Agreement

Date	05/01/2013G
Parties	Middle East Specialized Cables Company (Borrower) Saudi Hollandi Bank (Investment agent) Al Rajhi Bank, Arab National Bank, Banque Saudi Fransi, Saudi Hollandi Bank, SABB and Riyad Bank (Banks)
Type and Amount of Facilities	All the existing facilities (summarized below) were restructured and merged with the amounts due from the banks, in two types of facilities: - Term loan facility for a total value of SAR 321,588,798. - Working capital facility for a total value of SAR 355,411,202. These facilities shall be available in the form of Islamic Murabaha facilities. The term loan facility is divided as follows: 1. First part: SAR 260,000,000. 2. Second part: SAR 61,588,798. The working capital facility is formed of the following Sub-facilities: 1. A letter of guarantee / letter of credit of up to SAR 270,000,000 before the rights issue and SAR 355,411,202 after the rights issue. 2. Refinancing facility up to SAR 270,000,000.
Objective	The term loan facility aims at restructuring debts and paying the existing facilities to the banks. The working capital facility aims at financing the working capital.
Availability Period	The term loan facility (first and second parts) shall be available until February 4, 2013G (30 days only) and shall be fully drawn to pay the existing loans to the banks. The working capital facility shall be available for a period of 59 months from the date of signing the agreement (until 5 December 2018G). The working capital facility may be reused during the Availability Period on a revolving basis.
Repayment Period and Time Schedule	• The first part of the term loan facility shall be reimbursed within a period of 72 months from the date of signing the agreement, in the form of semi-annual installments amounting to SAR 26,000,000. The first payment shall be on June 30, 2014G and the last payment on December 31, 2018G. • The second part of the term loan facility shall be reimbursed at once, 60 months after the date of the agreement (on January 5, 2018G). The working capital facility shall be reimbursed every six months but may be refinanced for another period of six months.

Date	05/01/2013G
Mandatory Repayment	• An amount of SAR 175,000,000 shall be paid to the banks from the Offering proceeds (SAR 75,000,000 paid for the first part and SAR 100,000,000 shall be paid for the second part). • In addition, a cash transfer will be made on a semi-annual basis. Any cash flow exceeding SAR 25,000,000 shall be paid by the Company to the banks (after payment of all dues and liabilities) against the unpaid debts. • The proceeds from the sale of the land located in Al Masyaf Road in Riyadh (Plots No. 10 – 17) (worth at least SAR 36,000,000. In case proceeds are less than this amount, MESC shall pay the difference) as prepayment according to the following priorities order: 1. Prepayment concerning the first part of the term loan facility. 2. Prepayment of 22.811% concerning the second part of the term loan facility, and the remainder shall be paid in advance against the amounts due from the working capital facility.
Guarantee	1. Promissory notes for unpaid debts. 2. Pledge over all the Company's fixed assets, including all plants, machinery and furniture in all the Company's branches throughout KSA. 3. Pledge and assignment of all the Company's bank accounts. 4. Assignment of all the Company's dues from its customers. 5. Assignment of all insurance proceeds. 6. Assignment of the remaining revenues after the SIDF settles the debt through the available guarantee.
Main Conditions	• The Company or any of its subsidiaries (except MESC - Jordan) shall not pay any dividends or make other (administrative or consultancy) payments throughout the loan period without the prior written consent of the banks. • The CEO, CFO or Vice President of the Company shall not be changed without the prior consent of the banks. • The amount of the rights issue shall not be less than SAR 200,000,000 and shall be approved by the Capital Market Authority on or before June 30, 2013G and shall be completed before December 31, 2013G. • The Company shall sell the land located in Al Masyaf Road in Riyadh (Plots No. 10 – 17) of an area of 4,800 square meters (for further information about the lands, please refer to the paragraph "Properties" in this Section) on December 31, 2012G at no less than SAR 36,000,000. The sale proceeds will be used to provide prepayment to the banks concerning the existing facilities. If the Company is not able to obtain the above-mentioned amount, it shall pay it from its own account up to SAR 36,000,000.
Financial Conditions	On the last day of each quarter of a year (test date), the financial position of the Company for over the past twelve months shall be tested. The first test date shall be on 30/06/2014G and on each test date, the Company shall meet the following financial conditions: 1. The debt service coverage ratio (cash flow / debt service) shall not be less than 2.50:1. 2. The Company's net tangible assets' value shall not be less than (1) SAR 500,000,000 up to the test date on 30/06/2015G and (2) SAR 600,000,000 for each test date thereafter. 3. The debt/EBITDA ratio shall range between 4.25:1 on June 30, 2014G and 3.00:1 on June 30, 2018G. 4. The debt-to-equity ratio shall not exceed 1:1.

Date	05/01/2013G
Governing Law	The loan agreement, promissory notes and all relevant restructuring documents shall be subject to the Saudi laws. Any disputes shall be settled by the committee of the Saudi Arabian Monetary Agency, while the disputes related to the promissory notes shall be submitted to the Negotiable Instruments Committee. Moreover, the banks shall have the right to file a lawsuit against the Company under any other jurisdiction, as it deems appropriate.

12 - 1 - 3 Summary of Material Agreements

MESC entered into several key agreements and it confirms that the agreements summarized below are the material agreements it has entered into, but these are not the only agreements it is party to.

12 - 1 - 3 - 1 Copper Purchase Agreement with Fujairah Gold FZE

On 04/01/2012G, the Company and Middle East Specialized Cables Company – MESC Ras Al-Khaimah – United Arab Emirates, entered into an agreement to purchase copper from Fujairah Golf FZE (Fujairah Gold).

Scope of Services: Fujairah Gold FZE will sell around 4,800 metric tons (+/- 25%) of continuous cast copper rods (Product) to the Company and to MESC Ras Al-Khaimah – UAE, as well as an additional 6,000 metric tons of the Product, as required by the Company or MESC Ras Al-Khaimah – UAE.

Availability Period: The period of the agreement is from 01/01/2012G to 31/12/2012G and the Company confirms that it is in the final stage of negotiation and renewal before the signature of the agreement by both parties.

Price: The Company and MESC Ras Al-Khaimah – UAE shall pay the price per metric ton according to the London Metal Exchange execution price or settlement price on any day, or the average price of several days during the validity period of the price list, in addition to a commission of USD 240 (SAR 900) per metric ton for the Company and USD 225 (SAR 843) per metric ton for MESC Ras Al-Khaimah – UAE.

Termination: If the Company commits any breach or does not comply with its obligations under the agreement, Fujairah Gold FZE shall have the right to terminate the agreement with respect to the non-delivered quantities of the Product. Furthermore, in case neither the Company nor MESC Ras Al-Khaimah – UAE is able to pay its dues on the due date, or if either company is declared bankrupt, is subject to a receiver's appointment, arranges a composition with its creditors, or is liquidated, Fujairah Gold FZE shall have the right to consider itself exempt from its obligations under the agreement.

Governing Law: This agreement shall be governed by UAE Laws.

12 - 1 - 3 - 2 Copper Purchase Agreement with Glencore International AG

On 05/01/2012G, the Company entered into a copper purchase agreement with Glencore International AG.

Scope of Services: Glencore will sell around 2,200 metric tons (+/- 2%) of continuous cast copper rods ("Product") to the Company.

Period: The period of the agreement is from 01/02/2012G to 31/12/2012G and the Company confirms that this agreement was terminated.

Price: The Company shall pay the price of the metric ton of the Product according to the cash settlement price at London Metals Exchange or the cash price at London Metals Exchange class "A", as published in the Bulletin of London Metal Exchange, as specified in the price list or according to the average price of several days based on this list.

Termination:

In case the Company is unable to pay its dues on the due date, or is declared bankrupt, or is subject to receivership or insolvency proceedings, or in the event of any conditions that may, according to Glencore's reasonable opinion, have a material adverse effect on the Company's creditworthiness or ability to perform its obligations under this agreement, Glencore shall have the right to terminate the agreement, suspend or postpone the implementation thereof until the Company pays an advance payment, opens a letter of credit for future shipments, or unpaid shipments or both.

Governing Law: This agreement shall be governed and construed in accordance with the Swiss Laws, with the exception of the United Nations Convention on Contracts for the International Sale of Goods dated April 11, 1980G.

12 - 1 - 3 - 2 - 1 Letter of Approval from Glencore International AG

On 05/02/2013G, Glencore sent a letter of approval to the Company on the publication of the information concerning the preceding agreement in this Prospectus.

12 - 1 - 3 - 3 Copper Sale Agreement with Union Copper Rod LLC

On 01/02/2012G, the Company entered into an agreement for the sale of copper with Union Copper Rod LLC.

Scope of Services: Union Copper Rod LLC will sell not less than 1,100 metric tons (+/- 5%) of copper rods (Product) to the Company.

Period: The period of the agreement is from 01/02/2012G to 31/12/2012G, renewable subject to the agreement of both parties. The Company confirms that it is in the final negotiation and renewal stage before the signature of the agreement by both parties.

Price: The Company shall pay every month the price of the metric ton of the Product according to the price at the London Metal Exchange specified by the Company during the period of the price list (the deferred price that remains valid for six months), in addition to a commission of USD 236 (SAR 885) per each metric ton delivered to the Company.

The Company shall pay every month the price of the metric ton of the Product according to the price at the London Metal Exchange specified by the Company during the period of the price list (the deferred price that remains valid for six months), in addition to a commission of USD 230 (SAR 862) per each metric ton delivered to MESC Ras Al-Khaimah - UAE.

Termination: Union Copper Rod LLC shall have the right to immediately terminate this agreement in case the Company changes its organizational structure, the supervision and / or management positions inside the Company and that such change has an adverse effect on its financial condition.

Either party may terminate the agreement in the following cases:

a) In case of bankruptcy or insolvency of either party or the appointment of a guardian on all or any of its assets, or

b) In case the other party commits a gross negligence or significant breach of its obligations and this had a significant adverse effect on the other party, without remedying this negligence or breach within four (4) days from the date of notification in respect thereof.

Governing Law: This agreement shall be governed and construed in accordance with Saudi Laws.

12 - 1 - 3 - 3 - 1 Letter of Approval from Union Copper Rod LLC

On 17/01/2013G, Union Copper Rod LLC sent a letter of approval to the Company on the publication of the information concerning the preceding agreement in this Prospectus.

12 - 1 - 3 - 4 Services Agreement with Underwriters Laboratories Company

On 31/07/2009G, the Company entered into a global services agreement with Underwriters Laboratories Inc. (UL).

Scope of Services: Underwriters Laboratories will offer certain services to the Company upon request, and such services will be defined in an individual price list sent by United Laboratories to the Company.

These services include communications, power and control cables, supports of experimental tools, limited energy circuits, fire alarms, thermocouple and thermoplastic wires as well as devices linking materials.

Period: The agreement shall remain valid unless it is terminated by either party, with or without reason, pursuant to a thirty (30) day prior written notice sent to the other party. The Company confirms that the agreement is still valid.

Price: The prices shall be specified based on the price list determined by United Laboratories for the specific services provided to the Company.

Termination: Either party may terminate the agreement (with or without reason) pursuant to a thirty (30) days prior written notice addressed to the other party. Any of the parties may, as soon as the other party breaches the agreement, terminate the agreement immediately upon receipt of the notice of termination by the breaching party.

Applicable Law: This agreement shall be governed by the laws of the State of Illinois and both parties agree to submit to the exclusive jurisdiction of the State competent Courts of Cook County, Illinois.

12 - 1 - 3 - 5 Agency Agreement with Advance Enterprise Inc.

On 10/10/2011G, the Company entered into an agency agreement with Advance Enterprise Inc. (Advance Enterprise).

Scope of Services: The Company appointed Advance Enterprise as its sole sales agent for the sale and distribution of the Company's products in the projects involving Korean companies.

Period: The period of the agreement is from 20/10/2011G to 19/10/2013G.

Price: The Company shall pay a commission to Advance Enterprise equivalent to three percent (3%) of the sales price, and Advance Enterprise shall specify the contractual price with the customer (unless both parties agree on a special price for a particular project).

12 - 1 - 3 - 6 Authorized Agent Contract with Khalifa Bin Fahad Trading & Contracting Co.

On 08/11/1999G, the Company entered into a contract with Khalifa Bin Fahad Trading & Contracting Co. for the appointment of an authorized agent in Qatar.

Scope of Services: The Company appoints Khalifa Bin Fahad Trading & Contracting Co. as its agent for the sale and distribution of goods produced by the Company.

Period: The contract shall come into force from the date of its signature and shall remain valid for a period of one year (1), automatically renewable unless either party notifies the other in writing at least thirty (30) days earlier. The Company confirms that the contract is still valid.

Price: The Company shall have the right to modify the price list according to the general policy requirements for its commercial activities, provided that this is announced in writing one month (1) before the price change.

12 - 1 - 3 - 7 Authorized Agent Contract with the General Trading Group

The Company entered into a contract on 06/10/1999G with the General Trading Group for the appointment of an authorized agent in the United Arab Emirates.

Scope of Services: The Company appoints the General Trading Group as its Authorized Agent for the sale and distribution of its products, electrical wires, low voltage cables, PVC and XLPE insulated power cables and wires, electrical wires, flexible cables and communication cables.

Period: The contract come into force on the date of its signature and shall remain valid for a period of one year (1), automatically renewable, unless either party notifies the other of its desire not to renew pursuant to a written notice, thirty (30) days at least before expiry of the contract. The Company confirms that the contract is still valid.

Price: The minimum annual sales of the General Trading Group must amount to SAR 2,500,000.

12 - 1 - 3 - 8 Authorized Agent Contract with Sami Abdul Aziz Jaffer Company

On 05/03/2006G, the Company entered into a contract with Sami Abdul Aziz Jaffer Company for the appointment of an authorized agent in Oman.

Scope of Services: The Company appoints Sami Abdul Aziz Jaffer Company as its agent for the sale and distribution of its goods and products, including without limitation, industrial cables, process control cables, data cables, experimental tools, thermocouple cables and control cables.

Period: The contract shall come into force on the date of signature and shall remain valid for a period of one year (1), automatically renewable, unless either party notifies the other of its desire not to renew it pursuant to a written notice, thirty (30) days at least before expiry of the contract. The Company confirms that the contract is still valid.

Price: The price of the products shall be according to the approved price list of the Company.

12 - 1 - 3 - 9 Authorized Agent Contract with the United Company for Import and Export

On 10/02/1999G, the Company entered into an authorized agent contract with the United Company for Import and Export in Egypt.

Scope of Services: The Company appoints the United Company for Import and Export as its agent for the sale and distribution of its products, including fire alarm cables, central cables and computer cables.

Period: The contract shall come into force on the date of its signature and shall remain valid for a period of one year (1), renewable according to a written agreement signed by both parties two months (2) before the expiry date thereof. The Company confirms that the contract is still valid.

Price: The price of the products shall be according to the approved price list of the Company.

12 - 1 - 3 - 10 Commercial Agency Contract with REEM Al Kuwait Establishment for Electrical Appliances & Contracting

On 01/04/2010G, the Company entered into a commercial agency contract with REEM Al Kuwait Establishment for Electrical Appliances & Contracting.

Scope of Services: The Company appoints REEM Al Kuwait Establishment for Electrical Appliances & Contracting as its commercial agent, where the scope of this commercial agency includes the State of Kuwait.

Period: The contract shall come into force immediately upon the signature of the agent thereon and shall expire on 31/03/2013G. The period is renewable for other similar periods, unless either party notifies the other of its wish to terminate the contract, one month at least before expiry of the latter. The Company confirms that the contract will be renewed automatically.

Price: The Company shall pay a commission to the agent against the Company's sales as follows:

1. 1% of the sales made through Korean companies within the agency territory;
2. 2.5% of sales performed in cases other than the first paragraph within the agency territory.

The Company shall pay all the commissions due to the agent in four payments, at the end of the day on 30/03, 30/06, 30/09 and 30/12 of each Gregorian year, provided that the date of payment does not exceed 30/04 for the first payment, 30/07 for the second payment, 30/10 for the third payment and 30/01 for the fourth payment of each Gregorian year.

12 - 1 - 3 - 11 Land Purchase Agreement with the Arabian Company for Water and Power Development (ACWA)

On 25/09/2007G, the Company concluded an agreement with the Arabian Company for Water and Power Development for the purchase of two plots of land No. 13 and 14 against SAR 6,032,000 and these plots were actually purchased. Please refer to Section 12-1-9 of this Prospectus for more details about the title deeds.

12 - 1 - 3 - 12 Land Purchase Agreement with Fahed Abdulrahman Thunayan Al Obeikan

In March 2003G, the Company concluded an agreement with Fahed Abdulrahman Thunayan Al Obeikan for the purchase of two plots of land No. 24 and 25 against SAR 3,120,000 and these plots were actually purchased. Please refer to Section 12-1-9 of this Prospectus for more details about the title deeds.

12 - 1 - 3 - 13 Sale Contract and Assignment of a Lease Contract with Al Rajhi Factory for Rocks

On 07/08/2008G, MESC signed a sale and assignment contract with Al Rajhi Factory for Rocks. Please refer to Section 12-1-8-1 of this Prospectus for more details about the lease contract.

Scope of Services: Al Rajhi Factory for Rocks was assigned the lands no. F6: 10+12 in Riyadh Second Industrial City, as it had leased them from the Ministry of Industry and Electricity and built some facilities thereon. According to the sale and assignment contract, both parties will amend the lease contract after the consent of the Ministry, to stipulate the following:

- Al Rajhi Factory for Rocks shall assign the lands to MESC, free of all the facilities built thereon.
- MESC agrees that Al Rajhi Factory for Rocks removes all the facilities within two months from the date of signature of this contract.
- Al Rajhi Factory for Rocks shall deliver all the documents of the transactions related to the services, if any, upon signing the contract.

On 06/08/1429H, the request for approval upon the assignment of a leased land or a part thereof or upon the amendment of a lease contract in the Industrial City was signed by each of the assignor Ibrahim Abdullah Al Rajhi and the assignee Mohammed bin Ibrahim Al Obeid.

12 - 1 - 3 - 14 Sale Contract and Assignment of a Lease Contract with Al Rajhi Factory for Rocks

On 09/07/2008G, the Company signed a sale and assignment contract with Al Rajhi Factory for Rocks and it confirmed that the contract was renewed in the form of the above-mentioned contract dated 7 August 2008G. Please refer to Section 12-1-8-1 of this Prospectus for more details about the lease contract.

Scope of Services: The First Party assigned the lands P6: 10+12 with a total area of 13,500 square meters in Riyadh Second Industrial City, as it had leased them from the Ministry of Industry and Electricity and built some facilities thereon. According to the sale and assignment contract, both parties will amend the lease contract after the consent of the Ministry, to stipulate the following:

- Both parties agreed to estimate the price of the land at SAR 5,500,000 to be paid in full upon signing the contract and registering the land in the name of MESC.
- Al Rajhi Factory for Rocks shall provide MESC with all the maps of the buildings under construction and all the documents of the services' transactions, if any, upon signing the contract.
- Al Rajhi Factory for Rocks shall immediately deliver the land to MESC, free of all its above-mentioned constructions on 01/10/1429H.

12 - 1 - 3 - 15 Agency's Services Contract with Abdul Rahman Abdul Aziz Al Ghoneim Establishment

On 12/06/2004G, the Company signed an agency's services contract with Abdul Rahman Abdul Aziz Al Ghoneim Establishment.

Scope of Services: The Company shall discharge Abdul Rahman Abdul Aziz Al Ghoneim Establishment from all the obligations related to the review of the direct or indirect sales to Saudi Aramco. Abdul Rahman Abdul Aziz Al Ghoneim Establishment will obtain a fixed commission of 2.5% of MESC total sales Saudi Aramco, except for power cables for which it shall obtain a commission of 1% of sales.

The Company shall perform all its activities related to Abdul Rahman Abdul Aziz Al Ghoneim Establishment, such as insurance, warehouse services and sales review, whenever appropriate. The settlement of accounts between both parties then the final approval shall be conducted before the end of the month, including the warehouse and other outstanding matters between the parties.

Price: The commission due to Abdul Rahman Abdul Aziz Al Ghoneim Establishment shall be paid every six (6) months, based on the amounts paid by Saudi Aramco to the Company. The latter confirms that the contract is still valid.

12 - 1 - 3 - 16 Local Representative Agreement with the United Company for Import and Export

On 15/12/2006G, the Company concluded a local representative agreement with the United Company for Import and Export.

Scope of Services: The Company appointed the United Company for Import and Export as its local representative in Cairo in order to obtain the consultancy offices' approvals on the Company's products and make all efforts to include MESC on the list of project contractors.

Price: The Company shall pay a commission of one percent (1%) of the total value of any project obtained by the Company in the Gulf countries, provided that the approval of the Company's products was given by a consultant who was presented with the Company's products by the United Company for Import and Export. The Company confirms that the contract is still valid.

12 - 1 - 3 - 17 Commercial Agency Contract with Al-Mousawi Trading and Electrical Contracting Establishment

On 20/03/1434H, the Company concluded a commercial agency contract with Al-Mousawi Trading and Electrical Contracting Establishment (in its capacity as agent), whereby the Company agreed to appoint the latter as its sole commercial agent in Bahrain.

Period of the Contract: The period shall start on the date of signing the contract until 31/12/2013G, renewable for other similar periods, unless either party notifies the other of its wish to terminate the contract one month at least before the expiry thereof.

Agency Territory: The State of Bahrain.

Obligations of the Agent:

1. To promote the Company's products.
2. Not to sell or offer to sell any product(s) similar in nature to MESC products throughout the period of the agency contract, except with the prior written consent of the Company certified by the official authorities of both countries.

Commission: The agent shall obtain a commission of 2% of all the orders made in the Agency Territory.

The Company shall pay all the commissions due to the agent in two installments, by the end of the day on 30/06 and 31/12 of every Gregorian year, provided that the date of payment does not exceed 31/09 for the first installment and 31/03 for the second installment of every Gregorian year. The commission shall be on the collected amounts only and the agent remains entitled to commission for the unpaid amounts from the previous year, until their settlement by the customers and their disbursement in the following year. In the event of termination of the contract, the agent shall have the right to obtain its commissions according to the rate agreed upon, within a period not exceeding 60 days from the date of termination, for all the transactions completed and paid as of the date of termination of the contract.

Applicable Law: In the event of breach of any of the contract's provisions by either party, it shall be resolved by arbitration in the State of Bahrain, whether through the Bahraini Chamber of Commerce and Industry or through an arbitrator appointed by both parties. It is also possible that each party appoints an arbitrator and then both arbitrators appoint a third arbitrator, or otherwise, the Chamber may appoint the third arbitrator. The decision of the Arbitration Committee shall be final and binding on both parties, and may not be appealed or revoked in the future.

12 - 1 - 4 Licenses and Permits

12 - 1 - 4 - 1 Commercial Registration License

MESC was established as a joint stock company under commercial registration number 1010102402 dated 10/5/1413H. The summary of the commercial registration certificate is provided below.

Exhibit 12.9: Commercial Registration Licenses

Item	Description
Name of Company	Middle East Specialized Cables Company
Nationality	Saudi
Commercial Registration Date	10/5/1413H
Commercial Registration Number	1010102402
Place of Issuance	Riyadh
Expiration Date	9/5/1435H
Principal Office	Riyadh
Activities	• Production of electrical, telecommunication, television and computer cables and wires. • Wholesale and retailing of wires and cables. • Establishment of centers for the purpose of performance, maintenance and installation of materials, cables, wires and equipment.
Duration of Company	90 years
Capital	SR 400,000,000
Board of Directors	• Abdulaziz Mohammed Al Namlah • Zaid Abdulrahman Al Quwaiz • Sulaiman Mohammed Al Namlah • Sulaiman Abdullah Al Hamdan • Tareq Jawad Al Sakka • Abdullah Abdulrahman Al Obeikan • Saad Saleh Al Azzurri • Yahya Ibrahim Al Qunaibet • Abdul Raouf Walid Al Bitar

12 - 1 - 4 - 2 Branch Licenses

MESC has two (2) branches throughout the Kingdom which enable the Company to carry out its activities. The summary of the commercial registration certificates of these two (2) branches is provided below.

Exhibit 12.10: Branch Licenses

No.	Name of Company	CR Number	Date/Principal Office	Expiration Date	Activities
1	MESC	2051023224	27/11/1419H Al Khobar	26/11/1434H	Marketing of the Company's products
2	MESC	4030126555	19/11/1419H Jeddah	18/11/1434H	Distribution of the Company's cable products

12 - 1 - 4 - 3 Other Permits and Certificates

The Company believes that it has obtained all other permits and certificates required for its operations, including the necessary permits from the Ministry of Commerce and Industry and the Saudi Industrial Property Authority. Please see below a summary of such permits.

Exhibit 12.11: Other Permits and Certificates

No	Company	License Number	Date of Issuance	Description
1	MESC	S/3388	10/6/1433H	Amendment to Industrial Licence no. 534 dated 06/09/1412 (c/t 11/03/1992G). Industrial License for the production of: - 36,000 tons of PVC insulation panels - 1,620 tons of flexible electrical wires and cables - 457 tons of rubber wires and cables - 44 tons of computer wires and cables - 2,125 tons of nylon enclosed wires and cables - 18,384 tons of cables for the transmission of information and for control - 1,500 tons of copper wires - 25 tons of fire resistant wires and cables - 200 tons of coaxial wires and cables - 226 tons of lead coated cables - 709 tons of telephone cables and wires for internal installations
2	MESC	S/2618	18/4/1432H	Industrial license for the purpose of expanding License No. 534 dated at 6/9/1412H
3	MESC	12834/33/ M112	16/06/1433H	Permission to the Company to operate in the designated area.
4	MESC	28/22/S/919	6/4/1428H	Building Permit to build an adjacent fence to the MESC factory located in the Second Industrial City (Fencing).
5	MESC	28/22/S/2044	23/8/1428H	Building Permit issued by the Saudi Industrial Property Authority to build a factory located in the Second Industrial City (Expansion).
6	MESC	27/22/S/950	04/08/1432H	Building Permit issued by the Saudi Industrial Property Authority to build a factory located in the Second Industrial City (Expansion).
7	MESC	49455	31/12/2012G	Certificate of membership in the Riyadh Chamber of Commerce and Industry.
8	MESC	69/1416	10/07/1424H	Certificate issued by the Saudi Arabian Standard Organization permitting Middle East Specialized Cables Company to use a quality mark on its production of Chloride Vinyl insulated cables with a capacity of 450/750 volts and which match the following Saudi Arabian measurement standards: 1319, 1320/1997, 1450, 1451/1998, 1702/2000.

No	Company	License Number	Date of Issuance	Description
9	MESC	44 116 091617	2/3/2010G	Certificate issued by TÜV Nord certifying that, according to TÜV Nord's certifying procedures, Middle East Specialized Cables Company applies a management system in line with the British standards 18001 : 2007 for the manufacture and sale of industrial, instrumentation, process control, data, system, coaxial, telephone, fire resistant and low voltage power and control cables.
10	MESC	44 100 091617	2/3/2010G	Certificate issued by TÜV Nord certifying that, according to TÜV Nord's certifying procedures, Middle East Specialized Cables Company applies a management system in line with standard EN ISO 9001 : 2008 for the manufacture and sale of industrial, instrumentation, process control, data, system, coaxial, telephone, fire resistant and low voltage power and control cables.
11	MESC	44 104 091617	2/3/2010G	Certificate issued by TÜV Nord certifying that, according to TÜV Nord's certifying procedures, Middle East Specialized Cables Company applies a management system in line with standard EN ISO 14001 : 2009 for the manufacture and sale of industrial, instrumentation, process control, data, system, coaxial, telephone, fire resistant and low voltage power and control cables.
12	MESC	13453505	09/09/2012G	Certificate issued by the General Organization for Social Insurance.
13	MESC	5914/Z	17/07/1433H	Saudization certificate issued by the Ministry of Labor.
14	MESC	3125	22/07/1433H	Certificate issued by the Department of Zakat and Income Tax.
15	REEM Al Kuwait Est. for Electrical Appliance and Contracting	328/1998	05/07/2010G	Agency certificate issued by the Ministry of Commerce and Industry – Kuwait.

12 - 1 - 5 Trademarks, Patents and Intellectual Property

The Company has two (2) registered trademarks protected under licenses No. 14/762 and 13/762, both of which shall expire on 17/04/1435H.

With the exception of the intangible assets stated in this paragraph, the Company does not have any other intangible assets such as patents, copyright or other intellectual property that are material in relation to the Company, its business or profitability.

12 - 1 - 6 Insurance:

The Company has entered into various insurance policies with the Mediterranean Gulf Cooperative Insurance & Reinsurance Company ("MEDGULF") affecting a range of insurance coverage which the Company believes is appropriate to cover the material risks associated with the Company's business. The Company has the following insurance policies:

Exhibit 12.12 Insurance

Insurance	Description	Insurance Company	Coverage Period
Health Insurance Policy	• Limits of Liability: The global annual limit per person is SAR 250,000 • Total Premium: As agreed between the parties	Mediterranean & Gulf Insurance and Reinsurance Company (MEDGULF)	01/01/2013G to 31/12/2013G
Land Transit Policy	• Estimated Annual Turnover SAR 528,000,000 • Limits of Liability SAR 2,000,000 per truck/consignment	Mediterranean & Gulf Insurance and Reinsurance Company (MEDGULF)	29/05/2012G to 28/05/2013G
Marine Cargo Policy	• Estimated Annual Turnover SAR 200,000,000 • Limits of Liability SAR 5,000,000 any vessel/air craft/ at any time	Mediterranean & Gulf Insurance and Reinsurance Company (MEDGULF)	01/01/2013G to 31/12/2013G
Property All Risks	• Total Sum Insured SAR 675,630,196 (SAR 575,630,196 for property damage and SAR 100,000,000 for business interruption) • Total Premium: As agreed	Mediterranean & Gulf Insurance and Reinsurance Company (MEDGULF)	01/01/2013G to 31/12/2013G
Motor Fleet Insurance Policy	• Limits of Liability as stated in the policy • Total Premium SAR 50,479	Mediterranean &Gulf Insurance and Reinsurance Company (MEDGULF)	01/01/2013G to 31/12/2013G

12 - 1 - 7 Litigation

The Company and its subsidiaries (Middle East Specialized Cables Company – MESC Ras Al-Khaimah – UAE, Middle East Specialized Cables Company – MESC - Jordan – Jordan, MESC for Medium and High Voltage Cables – Jordan) are currently involved in a number of cases filed by them or against them. However, the Company's Management believes that these cases do not have any material adverse effect on the Company's financial position.

12 - 1 - 8 Contracts Registered in the Company's Name

12 - 1 - 8 - 1 Lease Agreements

The Company has entered into a number of lease agreements. Below are the particulars of these agreements.

Exhibit 12.13: Lease Agreements

No.	Date	Lessor and Location	Lessee	Term	Rent
1.	15/5/2010G	Al Bayt Real Estate Development Company Offices No. 17 and 18, in Villa No. 52, Bldg. No. 1	Middle East Specialized Cables Company	Three (3) years commencing from 15/5/2010G	Annual rent of SR 369,190 to be paid in equal installments every 6 months.
2.	1/5/2012G	Riyadh Tower Building An office in the building of an area of 171 square meters in Al Khobar	Middle East Specialized Cables Company	Valid until 31/10/2012G, subject to renewal for a similar period or periods upon acceptance of both parties and under the same terms except the rental fee which should be aligned with the rent of other lessees in the building at the time of renewal. The contract remains effective unless either party notifies the other party in writing one month prior to the term end. The Company has a receipt dated 17/11/2012G in the amount of SAR 47,025 as payment for the period from 01/11/2012G to 30/04/2013G.	Annual rent of SAR 94,050
3.	30/12/1427H (24/12/2006G)	Saudi Industrial Property Authority Riyadh Second Industrial City	Middle East Specialized Cables Company	Thirty (30) years commencing from 30/12/1427H, renewable under the same terms or other additional terms as agreed upon by the parties in writing two (2) months before the end of the term.	Annual rent of SAR 117
4.	24/3/1418H	The Ministry of Industry and Electricity Riyadh Industrial City	Middle East Specialized Cables Company	Twenty-five (25) years commencing from 8/3/1414H, renewable for a period or periods of time not exceeding the Agreement's original term, under the same terms or any other terms as agreed upon by the parties.	• Annual rent of SAR 150 • Annual maintenance fee of SAR 450

No.	Date	Lessor and Location	Lessee	Term	Rent
5.	23/10/1414H	The Ministry of Industry and Electricity Riyadh Second Industrial City	Middle East Specialized Cables Company	Twenty-five (25) years commencing from 8/3/1414H, renewable for a period or periods of time not exceeding the Agreement's original term, under the same terms or any other terms as agreed upon by the parties.	• Annual rent of SAR 600 • Annual maintenance fee of SAR 1,800
6.	1/11/1428H	Othman Al Najawy, Hussain Al Najawy, Heirs of Ahmad Al Najawy Sari Street in Jeddah	Middle East Specialized Cables Company	The term of this agreement is from 8/3/1414H to 30/10/1431H, renewable for periods of time as agreed upon by the parties, unless otherwise notified in writing by either of the parties two (2) months prior to the end of term and the Lessee is obligated to allow the Lessor's inspection of the leased premise before leaving. The Company has a receipt dated 1/11/1434H in the amount of SAR 86,600 covering the period from 21/10/2012G to 20/4/2013G.	• Annual rent of SAR 125,000 • Annual maintenance and security fee of 10% of the rent value, which amounts to SAR 12,500 • Annual insurance fee of SAR 10,000, to be returned after delivering the premise to the owner • Annual water fee of SAR 2,400 • Total value of SAR 149,900 to be paid in advance for the first year, and a 50% equal advance payment every 6 months for the remaining years.
7.	17/4/1434H 27/02/2013G	Al Ghammas Commercial Establishment Apartment No. 40, Old Al-Kharj Road	Middle East Specialized Cables Company	Two (2) years commencing from 21/2/1434H to 21/2/1435H	• Annual rent of SAR 423,625
8.	20/9/1429H 20/9/2008G	Saudi Industrial Property Authority Riyadh Second Industrial City	Middle East Specialized Cables Company	The term expires on 26/8/1452H, renewable upon the parties' agreement in writing two (2) months prior to the end of term.	• Annual rent of SAR 13,500, to be paid in the first thirty (30) days of the rent year.

No.	Date	Lessor and Location	Lessee	Term	Rent
9.	30/11/1432H 1/10/2011G	Al Bayt Real Estate Development Company Villa No. 52, King Abdul Aziz District, Riyadh	Middle East Specialized Cables Company	Three (3) years commencing from 1/12/2011G	• Annual rent of SAR 208,520 to be paid every six (6) months in equal installments.
10.	17/12/1426H 17/1/2006G	Saudi Industrial Property Authority Riyadh Second Industrial City	Middle East Specialized Cables Company	Twenty-five (25) years commencing from the date of the previous contract 16/5/1421H, renewable under the same terms or other additional terms as agreed upon by the parties in writing two (2) months prior to the end of term.	• Annual rent of SAR 112.5
11.	30/12/1427H 24/12/2006H	Saudi Industrial Property Authority Riyadh Second Industrial City	Middle East Specialized Cables Company	Twenty-five (25) years commencing from 30/12/1427H, renewable under the same terms or other additional terms as agreed upon by the parties in writing two (2) months prior to the end of term.	• Annual rent of SAR 64

12 - 1 - 8 - 2 Quotations and Purchase Orders

The Company does not enter into long term contracts with its customers and instead conducts the majority of its business by sending quotations and then signing purchase orders. The Company has provided a sample quotation and sample purchase orders. The sample purchase order contains the date, parties, description of goods, quantity, total order amount, unit price and delivery date. The sample quotation contains the date, parties, description of goods, quantity, unit price, delivery date and MESC quotation reference number.

12 - 1 - 9 Real Estate

Title Deeds

MESC has five (5) title deeds relating to real estate properties registered under its name. The table below lists the major particulars of these deeds.

Exhibit 12.14: Title Deeds

No.	Title No.	Location	Current Title Holder
1.	210113011416	Plot No. (10) (11) (12) (13) (14) (15) (16) (17) in Block No. 1324 located in Riyadh	MESC
2.	410103008091	Plot No. (5/97) in Block No. 196 located in Riyadh.	MESC
3.	410125003822	Plot No. (24) and Plot No. (25) in block No. 2896 located in Riyadh.	MESC

No.	Title No.	Location	Current Title Holder
4.	210115030020	Plot No. (13) in the New Industrial City in Riyadh	MESC
5.	910115030021	Plot No. (14) in the New Industrial City in Riyadh	MESC

12 - 2 MESC- Jordan

Middle East Specialized Cables Company-Jordan (MESC - Jordan) was established as a public joint-stock company in Jordan under national number 200021410. The Company owns and manages factories producing electric copper and aluminum cables and wiring as well as fiber-optic cables and other wiring, including copper wiring, used in the telecommunications industry for telephones, televisions, and computers. Production takes place in Jordan and in other countries.

MESC - Jordan's capital is JOD 38,889,210 (equivalent to SAR 205,846,421). MESC KSA owns forty nine percent (49%) of the capital and the rest is held by corporate entities and the public. In August 2011G, the lead production factory and equipment were sold by MESC - Jordan to MESC Ras Al-Khaimah, for an amount of USD 252,605 (equivalent to SAR 947,319).

12 - 2 - 1 Summary of Key Financing Agreements

MESC - Jordan entered into the following financing agreements, under which a number of the existing guarantees were concluded with some parties with respect to the business of MESC - Jordan. MESC - Jordan confirms that the agreements summarized below are the material financing agreements it has entered into, but these are not the only financing agreements it is party to.

Exhibit 12.15: Summary of Key Financing Agreements

Capital Bank Loan Agreement	
Date	01/06/2011G
Parties	Capital Bank and MESC - Jordan
Period	The re-payment shall be in 48 equal monthly installments, starting from the date the amounts are charged on the account of MESC - Jordan.
Type of Facilities	A loan of USD 38,666,000 (equivalent to SAR 145,005,233)
Material Terms	The following are the material terms of the loan restructuring agreement: • If MESC - Jordan ceases to carry on its business or amends its objects in such a manner that would affect its ability to repay the loan due to Capital Bank, it shall be considered to be in default. • MESC - Jordan shall not introduce any changes to its legal entity, including its financial condition, and shall not change its shareholders or directors without the prior written consent of Capital Bank. • MESC - Jordan shall not mortgage any of its assets and shall not obtain bank financing, without the prior written consent of Capital Bank. • MESC - Jordan shall use any cash surplus resulting from a better than expected cash flow for the early reimbursement of the loan to Capital Bank. • MESC - Jordan shall not use any surplus in the distribution of dividends as long as any principal or interest amounts are still due to Capital Bank, except with the prior written consent of Capital Bank. • Shareholders and sister companies shall not ask the bank to pay them any loans due to them, if the same will cause MESC - Jordan's failure to fulfill its obligations towards Capital Bank under the facilities agreement. • MESC - Jordan shall not breach or fail to perform any obligations arising from a contract to which it is a party and there are no cases filed against it which could have an adverse effect on its business or assets. • MESC - Jordan is not and will not be bound by any obligations which could affect its obligations under the facilities agreement with Capital Bank or which would decrease its ability to comply with its obligations under the said facilities agreement.

Guarantees	Capital Bank reserves the right to require from MESC - Jordan, at any time, further security and personal guarantees.
Governing Law and Jurisdiction	The agreement is governed by Jordanian laws and any disputes shall be referred to the Courts of Amman / the Palace of Justice. Capital Bank reserves the sole right to commence proceedings in any other court and any other jurisdiction.

The Company submitted a letter to Capital Bank on 15/05/2011G, under the above-mentioned agreement, containing the Company's acknowledgment with regard to the following:

- The Company's shareholding in the capital of MESC - Jordan will be maintained at a minimum of 52%.
- MESC - KSA will continue to support the position of MESC - Jordan by managing and maintaining its legal status and its licensed industrial and commercial activity, knowing that MESC - KSA is already assisting in the marketing of MESC - Jordan's products inside the Saudi territories.
- It will not offer any guarantees from the Company's assets against current and / or future obligations of the Company towards any third party.
- It confirms that the Company will continue to support the completion of MESC - Jordan's acquisition of MESC- Fujikura Cables Jordan, which is currently known as MESC for Medium and High Voltage Cables Company – Jordan (private joint stock company).
- If the Company wishes to make any amendment to any of the above-mentioned clauses before meeting its obligations towards the bank, it will only do so after obtaining the prior written consent of the bank (such consent shall not be withheld or delayed unreasonably). In case of any financial problems related to the Company's obligations towards the bank, the Company confirms its full readiness to offer a helping hand in meeting these obligations.

Exhibit 12.16: Letter of Credit Facilities with the Housing Bank for Trade and Finance

Date	13/09/2012G, as renewed pursuant to letter of credit dated 11/07/2011G.
Parties	The Housing Bank for Trade and Finance and MESC - Jordan.
Period	The extension of the loan will be considered on 1 September of every year, and the payment of the final instalment will be due on 01/10/2013G.
Type of Facilities	Combination of two previous loans of USD 15,000,000 (equivalent to SAR 56,254,499) and USD 5,000,000 (equivalent to SAR 18,751,499) into one loan.
Guarantees	MESC - Jordan shall assign the proceeds of contracts and purchase orders, with an acknowledgment by the counterparties to the Company's contracts and purchase orders that the proceeds from these contracts shall be assigned/ transferred to the bank.
Governing Law and Jurisdiction	Any dispute related to this agreement shall be referred to the Courts of the City of Amman.

Exhibit 12.17: Loan Restructuring Agreement

Date	18/10/2012G
Parties	Jordan Kuwait Bank and the Company
Period	5 years
Type of Facilities	Repayment of USD 12,731,668 (equivalent to SAR 47,747,574) outstanding from a loan of USD 30,632,000 (equivalent to SAR 114,879,188) executed on 27/04/2009G. The Company shall pay 0.5% of the unpaid value of the loan to the bank upon implementation of the restructuring.

Date	18/10/2012G
Guarantees	The Company undertakes to assign to the bank all proceeds arising from the purchase contracts financed by the bank. In addition, the Company is to realize 100,000 shares owned by it in Juba Investment and Development Company, and consisting of 1,000 square meter in the Juba Tower located in Al-Abadli district, with an undertaking to transfer the proceeds of the rent or sale of the premises. In the event that this area is leased to the bank, the Company is to liquidate its shares which amount to 542,595 shares (shares of the Capital Bank of Jordan).
Governing Law and Jurisdiction	Concerning the Company's issues, any dispute shall be referred to the Palace of Justice in Amman – Al-Abadli and the Court of Amman – Palace of Justice shall settle any dispute relating to the agreement and the implementation thereof.

A letter was addressed by the Company to Jordan Kuwait Bank on 25/10/2011G, pursuant to the above-mentioned agreement, stipulating the approval of the Company upon the following:

- MESC - KSA will continue to support the position of MESC - Jordan by managing and maintaining its legal status and its licensed industrial and commercial activity, knowing that MESC - KSA is already assisting in the marketing of MESC - Jordan's products inside the Saudi territories.
- It will not offer any guarantees from the Company's assets against current and / or future obligations of the Company towards any third party.
- It confirms that the Company will continue to support the completion of MESC - Jordan's acquisition of MESC for Medium and High Voltage Cables or any other name that may be involved in this acquisition, after obtaining the consent of all parties and relevant authorities, without prejudice to the interest of any strategic partner willing to enter the Company.
- If the Company wishes to make any amendment to any of the above-mentioned clauses before meeting its obligations towards the bank, it will only do so after obtaining the prior written consent of the bank (such consent shall not be withheld or delayed unreasonably).

Exhibit 12.18: Letters of Facilities

Date	02/05/2012G, as renewed pursuant to loan contract dated 31/05/2010G.
Parties	Jordan Commercial Bank and MESC - Jordan.
Period	The revolving facilities are renewed until 01/03/2013G. The Company confirms that they are automatically renewed at present.
Type of Facilities	• Decreasing the limit of the revolving loan facility by USD 3,000,000 (equivalent to SAR 11,250,899) to reach USD 7,000,000 (equivalent to SAR 26,252,099). The revolving loan shall be used to finance foreign and local sales invoices. • USD 5,000,000: these facilities shall be used to finance purchase orders and receivables. • USD 2,000,000 (equivalent to SAR 7,500,696): these facilities shall be used to finance purchase orders and receivables. • Restructuring the repayment of USD 3,000,000 (equivalent to SAR 11,251,049) to be deducted from the revolving loan facility so that it is repaid in 48 monthly installments, with effect from 30/11/2012G.
Guarantees	• Concerning the facilities of USD 5,000,000 (equivalent to SAR 18,751,749), assignment of the proceeds resulting from the sale of the products funded by these facilities and deposit the same in a bank account; • Concerning the facilities of USD 2,000,000 (equivalent to SAR 7,500,579.91), assignment of the proceeds resulting from the sale of the products funded by these facilities and deposit the same in a bank account.

12 - 2 - 2 Summary of Material Contracts

The company has entered into a number of material contracts in the ordinary course of its business. Due to the diverse nature of the company's business, it has many contracts with customers related to the products that it produces. The company contracts with governmental authorities, companies and/or third party persons to achieve its goals and objectives or to obtain from such entities any contracts, rights and/or benefits required to achieve its objectives and to be able to use and execute such contracts, rights and/or preferences. The company confirms that the agreements summarized below are the material agreements it has entered into, but these are not the only agreements it is party to.

12 - 2 - 2 - 1 Global Services Agreement

On 23/08/2012G, an agreement was concluded between Underwriters Laboratories Inc. (UL) and MESC - Jordan (Client).

Services: Sensitive documents stored on Underwriter Laboratories servers by assigning a Gatekeeper.

Term: The agreement shall remain in effect, unless it is terminated by either party, with or without reason, by means of a thirty (30) days prior written notice sent to the other party. The company confirms that it is in the process of final negotiating and renewing the agreement, before the signature by both parties.

Payment:

- Before starting any services, Underwriters Laboratories may ask the company (Client) to make a deposit (to be credited against all requirements).
- The company shall pay the relevant fees and expenses of Underwriters Laboratories immediately upon receipt of an invoice.
- The company shall be liable for all fees and taxes that may be imposed by a government agency. Such taxes shall be calculated according to the net income of Underwriters Laboratories related to any service agreement.
- Underwriters Laboratories may add these taxes on the invoices and collect them from the Company.
- The company shall not deduct any wires, transfer fees or other compensations.
- Underwriters Laboratories may claim an interest rate of 1% per month (12% annually), or the maximum legal rate, whichever is less, on all outstanding payments, from their due date until their full payment.
- The company (Client) shall agree to pay reasonable collection fess, including the attorney's fees if necessary, in case of payment after the due date or of non-payment.
- If the fees are not paid, Underwriters Laboratories may discontinue any services to the Company.

Termination: the agreement can be terminated by either party, with or without cause, upon thirty (30) days prior written notice to the other (the termination notice). In the event of a breach, either party may terminate the agreement effective immediately, upon the other party's receipt of the termination notice. The Client further agrees that any additional provisions regarding the rights of termination set forth in any applicable service terms and conditions or quotations are also incorporated in this Agreement, either expressly or by reference to them.

Applicable Law: Laws of the State of Illinois, USA.

12 - 2 - 2 - 2 Copper Purchase Agreement – Contract No. 108-10-10478-S

On 05/01/2010G, the company entered into a copper purchase agreement with Glencore International AG (Seller) and MESC - Jordan (Buyer).

Services: 8mm (+/-0.388mm) copper wire rose according to ASTM B49-98 specifications.

Term: Starting March 2010G. The company confirms that the contract is still valid.

Payment: All payments shall be made in US dollars. 100% of provisional invoice value shall be paid in immediately available funds by telegraphic transfer into seller's nominated bank account, within five (5) banking days after seller's presentation of the shipping documents' copy. Original documents shall be released to the buyer upon the seller's receipt of full provisional payment. If there is any final balance, it shall be paid by the owing party by telegraphic transfer within three (3) working days after the Quotational Period is terminated and all details are known.

Price: The price shall be per metric ton of copper wire rods, according to the official London Metal Exchange's price, in accordance with the London Metal Bulletin during a specific Quotational Period or, according to the average price over the entire Quotational Period, plus a premium of USD 179 (equivalent to SAR 671) for firm quantity and USD 189 (equivalent to SAR 708) for optional quantity.

Applicable Law: Swiss law applies, excluding the United Nations Convention on Contracts for the International Sales of Goods of 11 April 1980 (CIGS).

The contract was amended twice in relation to the quality and quantity of copper wire rods to be provided and also regarding the shipment terms. The first amendment was dated 6/4/2010G and the second one was dated 12/05/2010G.

12 - 2 - 2 - 3 Services Agreement between MESC - Jordan & JUMP

On 07/02/2006G, the company entered into a services contract with Jordan's Upgrading and Modernization Program (JUMP) as the first party and Jordan New Cable Company (currently MESC - Jordan) as the second party.

Services: The first party agreed to provide the second party with financial assistance in respect of certain assets, pursuant to an agreed development plan. The second party is not permitted to dispose of or encumber any of the assets financed pursuant to the program for three (3) years.

Financing: a schedule has been attached to the agreement, which sets out the assets to be financed and the amount of financing.

Termination: The first party can terminate the agreement in the case of any breach by the second party. The Company confirms that this contract is valid.

12 - 2 - 2 - 4 Copper Purchase Agreement

On 24/02/2010G, the company entered into a copper purchase agreement with Dubai Cable Company (private) limited as the seller and Jordan New Cable Company (MESC - Jordan) as the buyer.

Product: 8.00mm continuous cast copper rod as per ASTM B 49/98. The manufacturer is Ducab which undertakes manufacturing in the United Arab Emirates.

Insurance: The seller shall arrange and pay for an insurance of not less than 110% of the provisional CIF value covering risks in accordance with ICC (A), including the risks of war, strikes, riots and civil unrest according to the clause on strikes, wars, riots and civil unrest.

Payment:

- All payments shall be made in US dollars only. 100% of provisional invoice value shall be paid in immediately available funds by telegraphic transfer into seller's nominated bank account, within three to five (3-5) US banking days after seller's presentation of the copy shipping documents.
- 100% Cash Against Copy of Document within three (3) to five (5) banking days.

Force Majeure/Termination: in the event of any delay in the implementation of this agreement, or any part thereof, which is caused by an event beyond the reasonable control of either party, the period of time for completion or performance of that part of the agreement, as the case may be, will be extended by a period equal to the delay, provided that in the event the delay continues for a period of more than one hundred twenty (120) days, either party may terminate the agreement.

Applicable Law: Any dispute or claim arising out of or relating to this contract or any alleged breach thereof shall be settled by arbitration according to the rules and regulations of the London Metal Exchange, London. English laws shall apply.

Current Status: The Company confirms that this contract is valid.

12 - 2 - 2 - 5 Copper Purchase Agreement – Long-term Contract No. 012/2009

On 08/07/2009G, an agreement was signed between Power Metals (Seller) and MESC - Jordan (Buyer).

Subject of the Contract: Sale and supply of copper rods.

Term: The agreement is effective from 01/08/2009G. The Company confirms that the agreement is still valid.

Payment:

- The Buyer shall create negotiable standby letters of credit against a copy of the coverage value of MT200 of copper rods. The SBLC value shall be of USD 1,000,000 (equivalent to SAR 3,750,235).
- Payment of 100% of the invoice in full, after five banking days from the date of receiving the copies of the documents (invoice, packing list and test certificate). The original documents will be sent directly to the office of MESC - Jordan by DHL after obtaining a copy via E-mail or fax.
- The price difference, if any, shall be settled by the Seller/Buyer within five banking days through a separate debit/credit note issued by the Buyer.

12 - 2 - 2 - 6 Customer Agreements and Sale Contracts

On 10/08/2011G, the Company entered into an on-demand supply agreement with Electronic Distribution Company as the buyer and MESC - Jordan as the seller.

Subject of the Agreement: Supply of medium pressed aluminum cables to the buyer on demand for two (2) years, renewable for a third (3rd) Gregorian year.

Term: Commences on 10/08/2011G, for two years renewable for a third Gregorian year.

Payment: Average price of USD 2,500 (equivalent to SAR 9,375) per ton of aluminum but varies according to the price of aluminum in the London Metal Market. Payment guarantee worth JOD 30,000 (equivalent to SAR 158,840) to be provided by the seller.

Termination: Termination will be by mutual agreement of either party. The buyer may terminate if the seller does not supply the goods in accordance with the terms of the agreement and the seller may terminate it if the buyer does not fulfill its obligations to the seller.

Applicable Law: Jordanian laws.

12 - 2 - 2 - 7 Customer Agreements and Sale Contracts

On 10/08/2011G, the company entered into an on-demand supply agreement with Electronic Distribution Company as the buyer and MESC - Jordan as the seller.

Subject of the Agreement: Supply of low voltage cables to the buyer on demand for two (2) years, renewable for a third (3rd) Gregorian year.

Term: Commences on 10/08/2011G, for two years, renewable for a third Gregorian year.

Payment: Average price of USD 8,500 (equivalent to SAR 31,876) per ton of copper and USD 2,500 (equivalent to SAR 9,375) per ton of aluminum, but varies according to the price of copper and aluminum in the London Metal Market. The seller has to provide a guarantee of JOD 20,000 (equivalent to SAR 105,893).

Termination: Termination will be by mutual agreement of the parties. The buyer may terminate if the seller does not supply the goods in accordance with the terms of the agreement and the seller may terminate it if the buyer does not fulfill its obligations to the seller.

Applicable Law: Jordanian laws.

12 - 2 - 2 - 8 Customer Agreements and Sale Contracts

On 28/07/2011G, the company entered into an on-demand supply agreement with Electronic Distribution Company as the buyer and MESC - Jordan as the seller.

Subject of the Agreement: Supply of 1,000 km of twisted aluminum cables to the buyer on demand for two (2) years, renewable for a third (3rd) Gregorian year and/or upon the delivery of the goods and presentation of the tender document, whichever is earlier.

Term: Commences on 10/08/2011G, for two years renewable for a third Gregorian year and/or upon the delivery of the goods and presentation of the tender document, whichever is earlier.

Payment: The price will be equal to the quoted price per unit (USD 416 per km) (equivalent to SAR 1,560) plus the multiple of the variation factor of 0.087 and the difference between the quoted price on the London Metal Exchange and the aluminum price quoted in the offer (USD 2200) (equivalent to SAR 8,250). A payment guarantee of 10% of the amount ordered in the tender document must be submitted.

Termination: Termination will be by mutual written agreement of both parties. The buyer may terminate if the seller does not supply the goods in accordance with the terms of the agreement or the general conditions or technical conditions of the tender document number 33/2011.

Applicable Law: Jordanian Courts in the city of Irbid.

12 - 2 - 2 - 9 Customer Agreements and Sale Contracts

On 21/09/2011G, the company entered into an on-demand supply agreement with Irbid District Electricity Company as the buyer and MESC - Jordan as the seller.

Subject of the Agreement: Supply of 175 km of twisted aluminum cables to the buyer on demand for two (2) years, renewable for a third (3rd) Gregorian year and/or upon delivery of fifty per cent (50%) of the goods as per the tender document, whichever is earlier.

Term: Commences on 21/09/2011G, for two years, renewable for a third Gregorian year and / or upon delivery of fifty per cent (50%) of the goods as per the tender document, whichever is earlier.

Payment: The price will be equal to the quoted price per unit (USD 4,960 per km) (equivalent to SAR 18,601) plus the multiple of the variation factor of 1.25 and the difference between the quoted price on the London Metal Exchange and the aluminum price quoted in the offer (USD 2,200) (equivalent to SAR 8,250). A payment guarantee of 10% of the amount ordered in the tender document must be submitted.

Termination: Termination will be by mutual written agreement of both parties. The buyer may terminate if the seller does not supply the goods in accordance with the terms of the agreement or the general conditions or technical conditions of the tender document number 40/2011.

Applicable Law: Jordanian Courts in the city of Irbid.

12 - 2 - 2 - 10 Purchase Commitment Agreement

On 14/08/2011G, the company entered into an on-demand supply agreement with the Saudi Electricity Company as the buyer and MESC - Jordan as the seller.

Subject of the Agreement: Supply of cables (plus or minus twenty per cent (20%) of the quantity agreed) to the buyer, based on tender document dated 07/02/2011G and seller's offer dated 26/02/2011G.

Term: The term of the agreement is two (2) Gregorian years from 28/05/2011G and may be renewed with the written consent of the parties.

Payment: Prices are subject to calculation.

Applicable Law: Saudi Arabian laws.

12 - 2 - 2 - 11 Petrol Steel Co. Ltd. Purchaser's Terms and Conditions and Purchase Order

The company entered into a purchase order with Petrol Steel Company Limited as the buyer and MESC - Jordan as the seller.

Subject of the Agreement: Delivery and supply of low voltage electrical cables to the buyer, based on the purchase order No. SA-JER-TFAAAA-RELC-594757, IFC REV 05 dated 14/12/2010G.

Delivery Dates: 20/06/2011G and 15/05/2011G.

Price: USD 11,314,011.74 (equivalent to SAR 42,430,091)

Payment Terms: Sixty (60) days upon receipt of the goods.

Warranty Period: the seller shall perform at own cost any corrective measures required for the work to comply with the full requirements of the order, until 31/12/2013G. A similar warranty period shall apply for any replacement, repair or other corrective measures.

Purchaser's Right to Terminate: the buyer may terminate the agreement upon providing written notice to the seller if: (a) the seller commits a breach of the terms and conditions; (b) the seller cannot furnish evidence to prove the he can deliver the materials within five (5) weeks from the scheduled delivery date; and (c) the seller is adjudicated bankrupt, makes a composition or arrangement with creditors or has a liquidation order or voluntary liquidation decision issued against him.

Applicable Law: Singaporean laws.

12 - 2 - 2 - 12 Conditional Letter of Award (CLA)

On 28/02/2012G, the company entered into a conditional letter of award with MID Contracting Company.

Subject of the Agreement: Supply and delivery of low voltage cables (copper and aluminium) to MID Contracting Company for JIFCO sulphuric & Phosphoric acid plants project.

Commencement Date: the contract states that the CLA is valid upon execution by MESC - Jordan (29/02/2010). The agreement is valid until the end of March 2013G and renewable by agreement of both parties. The Company confirms that the contract is valid.

Payment Amount: JOD 1,746,019.072 (equivalent to SAR 9,245,283).

Guarantee: A guarantee shall be submitted by the company for a period of two years against any defect in the industry without any additional cost.

12 - 2 - 2 - 13 Lease Contract with Jordan Dubai Properties

On 24/05/2012G, a lease contract was concluded between MESC - Jordan (Lessee) and Jordan Dubai Properties (Lessor) for the lease of office No. 2 with an area of 155 square meters in the 11th floor of Aqarco Building – Al Abdali.

Contract Number: 1239/2012.

Price: JOD 10,043 plus tax of JOD 201 (equivalent to SAR 6,584).

Period: From 01/07/2012G to 30/06/2013G.

12 - 2 - 2 - 14 Lease Contract with Jordan Dubai Properties

On 24/05/2012G, a lease contract was concluded between MESC - Jordan (Lessee) and Jordan Dubai Properties (Lessor) for the lease of office No. 3 with an area of 373 square meters in the 11th floor of Aqarco Building – Al Abdali.

Contract Number: 1238/2012.

Price: JOD 24,167 plus tax of JOD 483 (equivalent to SAR 130,476).

Period: From 01/07/2012G to 30/06/2013G.

12 - 2 - 2 - 15 Lease Contract with Jordan Dubai Properties

On 24/05/2012G, a lease contract was concluded between MESC - Jordan (Lessee) and Jordan Dubai Properties (Lessor) for the lease of office No. 4 with an area of 57 square meters in the 11th floor of Aqarco Building – Al Abdali.

Contract Number: 1237/2012.

Price: JOD 3,693 plus tax of JOD 74 (equivalent to SAR 19,939).

Period: From 01/07/2012G to 30/06/2013G.

12 - 2 - 3 Summary of Material Licenses

12 - 2 - 3 - 1 Commercial Registration License

Exhibit 12.19: Commercial Register

Company	Issued by	National Number	Type of Company	Registration Number
Middle East Specialized Cables Company – MESC - Jordan	Companies Control Department	200021410	Public joint-stock company	(215)

12 - 2 - 3 - 2 Other Licences

The company believes that it has obtained all other licenses required for its operations. Please see below a summary of such licenses.

Exhibit 12.19: Other Licenses

No.	Company	License Number	Date of Issuance	Description
1	Middle East Specialized Cables Company – MESC - Jordan	9/2617	06/01/2013G	Professions License

12 - 2 - 3 - 3 Intellectual Property

The company does not have any intangible assets such as patents, copyright or other intellectual property that are material in relation to the company, its business or profitability.

12 - 2 - 3 - 4 Trademark

The company owns a registered and protected trademark under license No. 49114 expiring on 25/03/2016G. It may be renewed for other periods of 10 years each.

12 - 2 - 4 Litigation

The Company and its subsidiaries (Middle East Specialized Cables Company – MESC Ras Al-Khaimah – UAE, Middle East Specialized Cables Company – MESC - Jordan – Jordan, MESC for Medium and High Voltage Cables – Jordan) are currently involved in a number of cases filed by them or against them, as stated below. However, the Company's Management believes that these cases do not have any material adverse effect on the Company's financial position.

1. Cases filed by Middle East Specialized Cables Company – MESC - Jordan

- The company filed a claim for damages against Al-Mumtaz Construction Company for an amount of JOD 27,172.45 (equivalent to SAR 143,927), which is being reviewed by Amman Court of First Instance.
- The company filed a claim for damages against Kildani Engineering & Contracting Company for an amount of JOD 13,200.35 (equivalent to SAR 69,889), which is being reviewed by Amman Court of First Instance.
- Criminal investigation cases No. 1815/2009, 927/2011 and 758/2011 regarding theft. An action will be filed after issuance of a final decision in the criminal case.

2. Cases filed by others against Middle East Specialized Cables Company – MESC - Jordan

- Case No. 1577/2010 claiming compensation for the damages resulting from a traffic accident, as the Magistrate Court in Mafraq issued its decision to compel the company, the driver and the insurance company to pay an amount of JOD 4,425 (equivalent to SAR 23,438). It was appealed and returned to the Magistrate Court where the case is still pending.
- Civil case No. 347/2008 claiming compensation for moral and physical harms resulting from a traffic accident, in the amount of JOD 16,950 (equivalent to SAR 89,756). The case is still pending at the Court of Appeal of Irbid.
- Civil case No. 1775/2008 claiming compensation for moral and physical harms, as well as reparation fees, in the amount of JOD 300 (equivalent to SAR 1,589). This claim is covered by the company's insurance and the company is not expected to pay the claimed amount.

12 - 2 - 5 Insurance

The company has entered into various insurance policies with Arab Orient Insurance Company and Jerusalem Insurance Company affecting a range of insurance coverage which the company believes is appropriate to cover the material risks associated with the company's business. The company has the following insurance policies in the amounts stated below:

Exhibit 12.20: Insurance Policies

Insurance	Insurance Company	Total Sum Insured	Coverage Period
Fire and Burglary	Arab Orient Insurance Company	Maximum Coverage: JOD 30,000,000 (equivalent to SAR 158,852,034)	01/01/2013G to 31/12/2013G
Fidelity Insurance	Arab Orient Insurance Company	Maximum Coverage: JOD 22,000 (equivalent to SAR 116,490)	14/05/2012G to 13/05/2013G
Medical Insurance	Arab Orient Insurance Company	JOD 259,902.320 (equivalent to SAR 1,376,045) but can be adjusted to take into account a change of 10% or more in the number of employees covered	07/07/2012G to 06/07/2013G
General Accident / Cash (In safe & Transit) Insurance	Arab Orient Insurance Company	In aggregate for transit risk: JOD 1,248,000 (equivalent to SAR 6,607,504) broken down as follows: 1. JOD 10,000 (equivalent to SAR 52,944) for any one transit to banks, at five transits a month. 2. JOD 10,000 (equivalent to SAR 52,944) for any one transit from clients, at five transits a month. 3. JOD 2,000 (equivalent to SAR 10,588) from any one transit from Mafraq branch to banks at two transits a month.	14/05/2012G to 13/04/2013G. The Company confirms that it will be renewed on 13/05/2013G.

Insurance	Insurance Company	Total Sum Insured	Coverage Period
Life Insurance	Jerusalem Insurance Company	A maximum amount of JOD 20,000 (equivalent to SAR 105,896) for each employee, but can be adjusted to take into account 25% or more of employees covered or more.	06/07/2012G to 05/07/2013G.
Third Party Liability Insurance	Jerusalem Insurance Company	Total: JOD 50,000 (equivalent to SAR 264,744) for bodily injury claims and physical loss claims	03/07/2012G to 03/07/2013G

12 - 2 - 6 Title Deeds

Exhibit 12.21: Title Deeds

No.	Title No.	Area	Location	Amount	Title Holder
1.	2011-M-K-10955	225 acres and 409,000 square meters	Plot No. 142, 108, 104, 106 in Block No. 145 in Mafraq	JOD 254,628 (equivalent to SAR 1,348,231)	MESC - Jordan
2.	2011-A-A-32381	264,000 square meters	South-West office, 4th floor, Block 833 in Amman, Jordan	JOD 39,600 (equivalent to SAR 209,677)	MESC - Jordan
3.	2011-A-A-32830	250,000 square meters	North-West office, 4th floor, Block No. 833 in Amman, Jordan	JOD 37,500 (equivalent to SAR 198,561)	MESC - Jordan
4.	2011-A-A-32379	171,000 square meters	Middle North office, 4th floor, Block No. 833 in Amman, Jordan	JOD 25,650 (equivalent to SAR 135,816)	MESC - Jordan
5.	2011-A-A-32382	171,000 square meters	Middle North office, 3rd floor, Block No. 833 in Amman, Jordan	JOD 25,650 (equivalent to SAR 135,816)	MESC - Jordan

12 - 3 MESC for Medium and High Voltage Cables

MESC for Medium and High Voltage Cables in Jordan was established as a private joint-stock company in Jordan on 22/02/1433H corresponding to 17/001/2012G, and was registered in the commercial register under No. 200029250. The main objective of the company is to manufacture and sell electric cables and wires and their accessories.

The authorized capital of MESC for Medium and High Voltage Cables is 35,000,000 Jordanian Dinars (SAR 185,324,227) divided into 35,000,000 ordinary shares of a nominal value of 1 JOD (SAR 5) each.

Exhibit 12.22: MESC Shareholders

Date	Shareholders	Number of Shares	Ownership Percentage
1	MESC - KSA	20,125,000	57.5%
2	B7 Investments Limited (British Virgin Islands)	6,562,500	18.75%
3	MESC - Jordan	8,312,500	23.75%
	Total	35,000,000	100%

12 - 3 - 1 Summary of Key Financing Agreements

MESC for Medium and High Voltage Cables entered into many financing agreements. The company confirms that the agreements summarized below are the material financing agreements it has entered into, but these are not the only financing agreements it is party to.

Exhibit 12.23: Facilities Agreements

Facility agreement	
Date	14/02/2009G
Parties	MESC for Medium and High Voltage Cables and the Housing Bank for Trade and Finance
Period	The bank shall decide every year whether or not to continue the agreement, and may terminate it anytime and for any reason.
Type of Facilities	Uncommitted commercial financing/ liabilities
Facilities limits	USD 10,000,000 (equivalent to SAR 37,501,332)
Purpose of facilities	Financing MESC liabilities up to 85% of invoices value, and providing commercial financing of up to USD 2 million (SAR 7,500,400)
Payment	Not more than 300 days as of the date of withdrawal
Governing Law and Jurisdiction	The present agreement shall be governed by the Jordanian law and courts.

Facility agreement number 3/372/2012	
Date	13/09/2012G
Parties	MESC for Medium and High Voltage Cables and Housing Bank for Trade and Finance
Period	As of the date of signature of the agreement by both parties until an event of default occurs, or until the Company uses all the facilities, whichever comes first.
Type of Facilities	• Facilities of a value of USD 10 million (SAR 37,501,332) to pay the amounts due with regard to facilities number 0017788130272 and 0017788130273 amounting to USD 9,016,656 (SAR 33,813,601) • The remaining amount of the facilities shall be used for paying the amounts due by MESC - Jordan.

Facility agreement number 3/372/2012	
Currency	US Dollar
Available period	As of the date of signature of the agreement by both parties until the occurrence of an event of default, or until the Company uses all the facilities, whichever comes first.
Repayment	• The loan is paid in 48 monthly installments; the value of each installment is USD 208,400 (SAR 781,541) • The first installment will be paid on 01/01/2014G, and the other installments will follow on a monthly basis.
Fees / Commission / Profit margins	• 6 months LIBOR + 3% per year as a minimum of an rate of 4%
Guarantee	• MESC for Medium and High Voltage Cables shall mortgage the products for which letters of credit were issued in favor of the bank. • MESC for Medium and High Voltage Cables shall specify to the bank all its liabilities resulting from the projects financed by the bank.
Main Conditions	• The Jordan Housing and Development Association may mortgage the houses or the housing units owned by the company in favor of the bank. • MESC for Medium and High Voltage Cables undertakes to pay the full amount of any part of the facility which is sold and cannot be mortgaged. • MESC for Medium and High Voltage Cables shall confirm that the amounts received by the counterparties according to their contractual obligations (whether with regard to renting properties from the company or otherwise) are deposited in the bank to pay the facility. • MESC for Medium and High Voltage Cables cannot sell any of its assets. If any asset is sold, revenues must be used to pay the amounts payable to the bank. • MESC for Medium and High Voltage Cables cannot mortgage any of its movable or immovable properties to any third party without obtaining the prior written consent of the bank. If the bank approves this mortgage, it must be included in any guarantee.
Events of Defaults	• MESC for Medium and High Voltage Cables shall comply with all the obligations that would impact the company's ability to fulfill the obligations stated in this agreement. • MESC for Medium and High Voltage Cables shall not allow any change in its situation without obtaining the prior written consent of the bank. • MESC for Medium and High Voltage Cables cannot mortgage any of its assets or obtain any other loan without obtaining the prior written consent of the bank. • MESC for Medium and High Voltage Cables may not merge with any other company, and may not change its corporate structure, bylaws, or authorized signatories, or allow any change in its legal entity without obtaining the prior written consent of the bank.
Governing Law and Jurisdiction	Amman courts will settle any dispute related to this agreement. The bank shall have the right to choose the court. The present agreement shall be governed by the Jordanian law.

Facility agreement number 732/05/2009	
Date	13/09/2012G
Parties	MESC for Medium and High Voltage Cables and Housing Bank for Trade and Finance
Type and Limits of Facilities	• Collect amounts due under agreement number 72/02/778813/001 (USD 8,246,433 as of 10/09/2012G) (SAR 30,925,154) and agreement number 73/02/778813/001 (USD 5,915,318 as of 10/09/2012G) (SAR 22,183,181), so that the amounts due after such collection total: USD 14,161,751 (SAR 53,109,398) • Repay the amount of USD 9,016,569 (SAR 33,814,342) from the loan given to the Company • Cancel the loan number 72/778813/001 amounting to USD 10,000,000 (SAR 37,502,737)
Objective	• Finance local and external orders • Issue deferred payment and letters of credit • An amount of up to USD 700,000 (SAR 2,625,191) can be used to finance the purchase of spare parts for the equipment owned by the Company
Currency	US Dollar
Period	• The loan is paid in 12 monthly installments, provided that the first installment is paid on 11/11/2012G. • The bank may review the completion of facilities on the first of September of every year, and the bank shall have the right to terminate the facilities.
Fees / Commission / Profit margins	• 6 months LIBOR + 3% per year as a minimum of an rate of 4%
Guarantee	• Transfer the revenues resulting from sales contracts and purchase orders or local or foreign liabilities in favor of the bank
Main Conditions	• MESC for Medium and High Voltage Cables undertakes not to transfer the dues of the contracts financed by the bank to another bank. • MESC for Medium and High Voltage Cables cannot sell any of its assets. If any asset is sold, revenues must be used to pay the amounts payable to the bank. • MESC for Medium and High Voltage Cables cannot mortgage any of its movable or immovable properties to any third party without obtaining the prior written consent of the bank. If the bank approves this mortgage, it must be included in any guarantee.
Governing Law and Jurisdiction	Amman courts will settle any dispute related to this agreement. The bank shall have the right to choose the court. The present agreement shall be governed by the Jordanian laws.

Amendment Letter	
Date	13/10/2012G
Parties	MESC for Medium and High Voltage Cables and Housing Bank for Trade and Finance
Type and limits of Facilities	Regarding agreement number 3/732/2012 • Allow selling MESC for Medium and High Voltage Cables' assets without obtaining the prior written consent of the bank, provided that the amounts shall be used to pay the amounts due by MESC for Medium and High Voltage Cables to the bank • Allow the issuance of letters of credit issued in favor of MESC for Medium and High Voltage Cables or MESC - Jordan • Cancel repayment fees

12 - 3 - 2 Summary of Material Agreements

MESC for Medium and High Voltage Cables entered into several material agreements with third parties. Below is a brief description of some documents. MESC for Medium and High Voltage Cables confirms that the agreements summarized below are the material agreements it has entered into, but these are not the only agreements it is party to.

12 - 3 - 2 - 1 Commercial Agreements

On 12/05/2010G, MESC for Medium and High Voltage Cables entered into an agreement to purchase and install the factory's machine with Troester GMBH & Co and KG Hannover.

Scope of Services: underground connecting wire for 220-6 KV medium and high voltage cables.

Period: The agreement starts on the date of delivering the equipment to MESC for Medium and High Voltage Cables and remains effective as long as MESC for Medium and High Voltage Cables has full legal right and necessary ownership to operate the equipment. The Company confirms that this agreement was terminated.

Price: USD 4,167,000.00 (SAR 15,627,395)

Governing Law: This agreement shall be governed by Jordanian Laws.

12 - 3 - 2 - 2 Sales Agreement

On 11/01/2011G, MESC for Medium and High Voltage Cables entered into a sales agreement with Dubai Cable Company Limited (Ducab).

Product: Continuous cast copper rods, 8 mm diameter, as per ASTM B 49/98 specifications.

Period: The agreement commences from January 2011G to December 2011G, and the Company confirms that this agreement was terminated.

Price: The Company shall provide a bank guarantee equal to USD 2,000,000 (SAR 7,500,549) valid until 31/01/2012G. Payment shall be done within seven (7) days as of the date of the shipment note / dispatch note, the packing list, and the invoice.

Termination: either party may terminate the agreement, if any event outside the reasonable control of either party takes place, which delays the implementation of the agreement or a part thereof. In such situation, the period required to conclude or perform this part will be extended for a period equivalent to that of the delay, provided that any such delay shall not exceed 120 days.

Governing Law: Any dispute or claim resulting from or related to this agreement or any breach of contract shall be settled through arbitration, as per the rules and regulations of London Stock Exchange for Metals, London. This agreement shall be governed by the English law.

12 - 3 - 2 - 3 Copper Purchase Agreement

On 30/12/2010G, MESC for Medium and High Voltage Cables entered into a sales agreement with Jawad & Malek Metal Trading LLC.

Product: Continuous cast copper rods, 8 mm diameter, as per ASTM B 49/98 specifications.

Period: The period of the agreement is from January 2011G to December 2011G, and the company confirms that this agreement was terminated.

Price: Cash against documents delivered to the office. Payment is done within three (3) working days as of the date of receipt of documents.

12 - 3 - 2 - 4 Letter of Award Regarding the Sale of Copper Cables

On 28/02/2012G, MESC for Medium and High Voltage Cables signed a conditional letter of award with MID Contracting Company relating to the sulfuric and phosphoric plant of Jordan India Fertilizer Company (JIFCO).

Scope of Services: Supplying medium and high tension cables (copper and aluminum) to MID Contracting Company to the sulfuric and phosphoric plant project of Jordan India Fertilizer Company (JIFCO).

Period: The letter is valid until the end of March 2013G and is renewable by mutual consent of the parties. The company confirms that this agreement was terminated.

Price: JOD 457,881,284 (SAR 2,422,191,992)

12 - 3 - 2 - 5 Agreement on the Purchase and Installation of Manufacturing Machines

On 20/04/2010G, MESC for Medium and High Voltage Cables entered into an agreement with Cortinovis Machinery SPA to purchase and install manufacturing machines.

Scope of Services: Coiling and connecting wires of 3,500 mm diameter

Period: This agreement is valid until 20/04/2017G.

Price: USD 346,241 (SAR 1,298,498)

Governing Law: This agreement shall be governed by the Jordanian Laws.

12 - 3 - 2 - 6 Commercial agency contract with Sami Abdul Aziz Jaffer Company

On 14/04/2009G, MESC for Medium and High Voltage Cables entered into a contract of commercial agency with Sami Abdul Aziz Jafferr Company.

Scope of Services: MESC for Medium and High Voltage Cables designated Sami Abdul Aziz Jafferr Company as its exclusive commercial agent to promote and market its products which include, without limitation, unarmored cables/mono-polar cables, unarmored cables/tri-polar cables, aluminum wire armored cables/ mono-polar cables, and steel wire armored cables/mono-polar cables.

Period: According to the annex dated 19/04/2009G amending contract's term, the contract will remain effective until 13/04/2013G, unless otherwise notified in writing by either party to the other within a maximum of thirty (30) days before the contract expires. MESC for Medium and High Voltage Cables confirms that it is in the final negotiation and renewal stage, before the signature of the agreement by both parties.

Price: Sami Abdul Aziz Jafferr Company receives a commission of 0.5% of total orders in the region, after delivering the products to customers and paying their value to MESC for Medium and High Voltage Cables.

12 - 3 - 2 - 7 Lease Contract with Jordan Dubai Properties

On 01/12/2011G, MESC for Medium and High Voltage Cables, as the lessee, entered into a lease contract with Jordan Dubai Properties, as the lessor.

Subject of the Contract: Renting an office space of 298 m^2 in Akarco commercial center, in addition to eight parking lots to be used in accordance with the attached license.

Price:

- Leasing of a value of JOD 8,791 (SAR 46,546)
- Tax of a value of JOD 352 (SAR 1,863)

Period: The period of the agreement is from 01/01/2012G to 30/06/2012G, and the company confirms that this agreement was not renewed.

12 - 3 - 3 Intellectual Property

MESC for Medium and High Voltage Cables does not have any intangible assets such as patents, copyright or other intellectual property that are material in relation to the Company, its business or profitability.

12 - 3 - 4 Trademark

MESC for Medium and High Voltage Cables confirms that it has no trademarks.

12 - 3 - 5 Litigation

The Company and its subsidiaries (Middle East Specialized Cables Company – MESC Ras Al-Khaimah – UAE, Middle East Specialized Cables Company – MESC - Jordan – Jordan, MESC for Medium and High Voltage Cables – Jordan) are currently involved in a number of cases filed by them or against them, as stated below. However, the Company's senior management believes that these cases do not have any material adverse effect on the Company's financial position.

1. Lawsuits filed by MESC for Medium and High Voltage Cables – Jordan

- Case No. 4005 / 2008 filed against Arab Orient Insurance Company and other parties and consisting of a claim for damages resulting from the destruction of one of the company's device due to an accident during transportation, knowing that the value of the device exceeds JOD 800,000 (SAR 4,237,512) and that the chances of success and compensation are high, as the defendant is an insurance company that has significant financial capacity.
- Lawsuit number 2169/2009 filed against Yassin Adel Ahmad Sabaana to claim third party damages for non confirmation of shipment. Damages were collected from the insurance company.
- Lawsuit 2051/2012 filed against Jordan Electric Power Company to claim financial damages of JOD 257,093 (SAR 1,457,137), recover the performance bond, and compensate material and moral damages.

12 - 3 - 6 Key licenses

Exhibit 12.24: Licenses

Number	Name of the company	License number	Date of issuance	Description
1	MESC for Medium and High Voltage Cables	016308120401	13/01/2013G	Company registration certificate issued by the Development and Free Zones Commission (DFZC)

12 - 3 - 7 Insurance

MESC for Medium and High Voltage Cables has entered into three insurance policies with Arab Orient Insurance Company and Jerusalem Insurance Company affecting a range of insurance coverage which the company believes is appropriate to cover the material risks associated with the company's business. Therefore, the company has the following insurance policies for its different branches as per the following amounts:

Exhibit 12.25: Insurance Documents

Insurance	Description	Insurance Company
All property risks	• Coverage period: 01/03/2012G to 28/02/2014G • Total insured amount: JOD 32,857,172 (SAR 173,972,522) • Total insurance premium: JOD 11,217,000 (SAR 59,391.52)	Arab Orient Insurance Company
Life insurance renewal notice	• Coverage period: 01/08/2012G to 31/07/2013G • Total insurance premium: JOD 3,809.520 (SAR 20,167.73)	Jerusalem Insurance Company
Summary of insurance policy	• Coverage period: 01/07/2012G to 06/07/2013G • Annual insurance premium: JOD 76,679.570 (SAR 405,996.72)	Arab Orient Insurance Company

12 - 3 - 8 Title Deeds

MESC for Medium and High Voltage Cables has one (1) title deed relating to the real estate registered under its name as per the following table:

Table 5: Deeds

Number	Issuance Date	Signatory	Registered Value	Current Owner
1	27/07/2010G	Seller	JOD 104,531 (SAR 553,403.81)	MESC for Medium and High Voltage Cables

12 - 4 MESC - Ras Al-Khaimah

MESC - Ras Al-Khaimah (MESC RAK) was established as a limited liability company registered with Ras Al- Khaimah Investment Authority (RAKIA), United Arab Emirates, on 06/05/2008G, under commercial register number RAKIA – 85 – AZ – 3 – 05021149. MESC RAK manufactures and supplies flexible wires and cables, coaxial cables, rubber wires and cables, insulated wires and cables, phone cables, computer cables, fire resistant wires and cables, and devices and experimental and control tools cables for customers outside the UAE primarily.

MESC RAK's capital is AED 50,000,000 (SAR 51,053,133) owned at 99,99% by MESC – KSA.

12 - 4 - 1 Branches

MESC RAK established two branches in the United Arab Emirates, a sole proprietorship located in the free zone known as "MESC – Free Zone Enterprise" that was established in the free zone of Ras Al-Khaimah, and a representation office in Dubai.

12 - 4 - 2 Summary of Commercial Register Certificate

MESC - Ras Al-Khaimah was established as a limited liability company under commercial register number RAKIA – 85 – AZ – 3 – 05021149, dated 06/05/2008G. Following is the company's commercial register.

Exhibit 12.27: Commercial Register

Item	Description
Name of the Company	Middle East Specialized Cables Company LLC (MESC - Ras Al-Khaimah)
Type of the Company	Limited Liability Company
Nationality	Emirati company with Saudi shareholders
Commercial register date	06/05/2008G
Commercial register number	RAKIA – 85 – AZ – 3 – 05021149
Place of issuance	Ras Al-Khaimah Investment Authority - Ras Al-Khaimah
Expiry date	05/05/2013G
Headquarters	Al-Ghayl, Ras Al-Khaimah, P.O. Box 12566
Activities	• Manufacturing cable trays, cross arms and accessories • Manufacturing power distribution cables • Manufacturing electrical wiring
Duration of the company	25 years as of the date of its registration in the commercial register (i.e. 06/05/2008G)

Item	Description
Capital	Not specified in the license
Manager	Riyad Abdullah al Ghamdi

12 - 4 - 3 Summary of Subsidiaries' Certificates

Number	Name of the company	Type / nationality of the company	Commercial register number	Date / place of issuance	Expiry date	Activities	Manager
1	Middle East Specialized Cables Company – MESC FZE	FZE established in Ras Al-Khaimah Free Zone	RAKIA – 51 – FZ – 3 – 02113806	Ras Al-Khaimah – Free Zone	27/02/2014G	Wires and cables trade, metal wires trade	Riyad Abdullah al Ghamdi – Saudi

12 - 4 - 4 Summary of Key Licenses

MESC – Ras Al-Khaimah believes that it has obtained all the licenses necessary for its operations, including the necessary permits from the Department of Economic Development of Ras Al-Khaimah and the Chamber of Commerce and Industry of Ras Al-Khaimah.

Exhibit 12.29: Licenses

Number	Name of the company	License number	Date of issuance	Expiry date	Description
1	Middle East Specialized Cables Company LLC	Local Registration Number: 32177	N/A	N/A	Preliminary industrial license issued by the Department of Economic Development of Ras Al-Khaimah
2	Middle East Specialized Cables Company LLC	Registration Number: 5513	24/05/2010G	23/5/2013G	Preliminary industrial license issued by the Department of Economic Development of Ras Al-Khaimah
3	Middle East Specialized Cables Company LLC	• File number: 33303 • Membership number: 100883	10/05/2012G	05/05/2013G	Membership of the Chamber of Commerce and Industry in Ras Al-Khaimah

12 - 4 - 5 Summary of Key Financing Agreements

MESC - Ras Al-Khaimah entered into financing arrangements with various banks with respect to its activities. Below is a description of existing financing agreements under these arrangements. A number of letters of guarantee have been signed with several parties regarding MESC Ras Al-Khaimah business. MESC - Ras Al-Khaimah confirms that the agreements summarized below are the material financing agreements it has entered into, but these are not the only financing agreements it is party to.

Exhibit 12.30: Financing Agreements

Document	Facilities Agreement with Emirates National Bank of Dubai (Emirates NBD)
Date	13/11/2012G (amendment of facility proposal letter dated 31/08/2010G, General Terms and Conditions dated 13/09/2010G, and facility amendment letter number 1 dated 20/10/2011G)
Availability Period	The availability period of this agreement is related to the payment of an annual maintenance fee of AED 25,000 or SAR 25,526 and compliance with the General Terms and Conditions
Facilities' Type, Limits and Tenor	Emirates NBD provided the following facilities, with a maximum sub-limit of AED 50,000,000 (SAR 51,055,334): 1. Letter of credit facilities of a maximum of AED 50,000,000 (SAR 51,055,334) to finance import requirements, provided that the period of each letter of credit does not exceed 180 days. 2. Trust delivery facilities of a maximum of no more than AED 25,000,000 (SAR 25,527,534) as per letter of credit facilities to finance import requirements with documents withdrawal, provided that the period of each receipt does not exceed 180 days. 3. Import loans facilities of a maximum of no more than AED 25,000,000 (SAR 25,527,534) as per trust delivery facilities for the purpose of financing import requirements and paying open invoices sent by pre-approved suppliers (i.e. Dubai Cable Company, Fujairah Gold, Al Zahab, United Copper Rods). Amounts are paid directly to suppliers. The period of each loan does not exceed 180 days. 4. Guarantee facilities from the bank of a maximum of AED 20,000,000 (SAR 20,422,024) as per letter of credit facilities for the purpose of issuing the tender guarantee, performance prepayment, performance guarantee, bonds, and other guarantee of a maximum of AED 2,000,000 (SAR 2,042,202) for each beneficiary of a bond / guarantee.
Guarantee	• Guarantee under the name of MESC dated 05/10/2010G • Assignment of all risk insurance policy covering movable assets in favor of Emirates National Bank of Dubai • Mortgage of a cash margin amounting to AED 3,187,479.60 (SAR 3,254,739) in account number 450142982000010 per letter of credit facility • Mortgage on a cash margin of the value of AED 1,639,129.84 (SAR 1,673,717.70) in account number 4531402982000011 for each letter of credit facility • Subordination of shareholders' account holdings up to AED 87,662,843 (SAR 89,513,099)

Document	Facilities agreement with United Arab Bank
Date	16/10/2012G
Parties	MESC Ras Al-Khaimah and United Arab Bank
Type and Limits of Facilities	Facilities of a value of 35,000,000 (SAR 35,738,727) broken down as follows: • Trust delivery facilities of a maximum of AED 20,000,000 (SAR 20,422,156) for the purpose of settling letters of credit documents. The current due amount is: AED 9,166,016.28 (SAR 9,359,493.49) • Letter of credit facilities of a maximum of AED 35,000,000 (SAR 35,738,391) for the purpose of issuing letters of credit to import or purchase goods in connection with the Company's business. • Letter of guarantee facilities of a maximum of AED 10,000,000 (SAR 10,210,948) for the purpose of complying with the contractual obligations of MESC Ras Al-Khaimah. There is no current due amount.
Currency	Emirati Dirham
Period	Facility renewal date: 30/09/2013G
Fees / commissions / profit margins	• With regard to trust delivery facilities: 3 M p.a + EIBOR (57.5% p.a as minimum) • With regard to letter of credit facilities: Commission of +90% of the customs standard • With regard to letter of guarantee facilities: 10% cash margin per letter of guarantee and an annual commission of 1% • Administration fees of AED 50,000 (SAR 51,054.73)
Guarantee	• 10% cash margin per letter of guarantee • Corporate guarantee from MESC KSA for the total facilities amount in addition to the financial fees • Transfer insurance policies on fixed assets in favor of the bank
Main Conditions	• Certificates of compliance are provided to the Company by external auditors on an annual basis, from 31/12/2012G onwards. • Commitment to keep 50% of net profits during commercial business • Commitment to keep net tangible profits (capital + retained earnings + partners / shareholders in the current account + subordinated part of shareholders loan of a value of AED 35 million (SAR 35,738,311) over a minimum of AED 110 million (SAR 112,320,402) • Keep the leverage ratio at a maximum of 2.5x as of 31/12/2012G • Keep the current ratio at 1x as of 31/12/2012G • Subordination of Shareholders' account balances up to AED 35 million (SAR 35,738,311) in favor of the bank • Subordination of Shareholders' account balances up to AED 25 million (SAR 25,526,750) in favor of the bank
Defaults	Any change in the ownership and structure of MESC – Ras Al-Khaimah through merger, sale, transformation, or disposal of any part of the assets, shares and properties of the Company in favor of any person or party, without the prior written consent of the bank.
Governing Law and Jurisdiction	The credit facilities agreement shall be governed by the United Arab Emirates Law. The company agrees that any disputes relating to this agreement shall be referred to United Arab Emirates courts, knowing that the bank has the right to file cases inside and outside the United Arab Emirates.

MESC – Ras Al-Khaimah has provided the documents supporting Emirates National Bank of Dubai facilities which include an assignment of the all risk insurance policy in favor of the bank, and a corporate guarantee from MESC in favor of Emirates National Bank of Dubai to support all the financial obligations of MESC – Ras Al-Khaimah.

12 - 4 - 6 Summary of Material Contracts

Key lease agreements

MESC Ras Al-Khaimah entered into many agreements with relation to its business, some of which are summarized below. The company confirms that the agreements summarized below are the material lease agreements it has entered into, but these are not the only lease agreements it is party to.

Table 10: Lease Agreements

Number	Date	Parties	Subject	Price	Period
1	03/06/2008G	Ras Al-Khaimah Investment Authority (lessor) and MESC – Ras Al-Khaimah (lessee)	Lease of the industrial bloc N, units number 63, 64, 65, 66, 67, 68, 69, 70, 71) located in Al-Ghayl industrial zone in Ras Al-Khaimah Investment Authority, United Arab Emirates	Annual rent: AED 628,440 (SAR 641,700) on the basis of 12 Dirham/ m2 (this price is reviewed every 5 years and the price is amended for the first time on the sixth year, and increased up to 25%)	25 years after the agreement comes into force
2	15/07/2012G	Al Hawai' General Trading Company (lessor) and MESC – Ras Al-Khaimah (lessee)	Lease of two offices 101 and 102 in Al Hawai' Tower	Annual rent: AED 176,000 (SAR 179,913)	1 year after the agreement comes into force

12 - 4 - 7 Insurance Policies

MESC Ras Al-Khaimah has signed several insurance policies with Qatar Insurance Company affecting a range of insurance coverage which MESC Ras Al-Khaimah believes is appropriate to cover the material risks associated with MESC Ras Al-Khaimah's business. MESC Ras Al-Khaimah has the following insurance policies as summarized below:

Insurance	Insured Amount	Insurance Premium	Insurance Company	Coverage Period
Fidelity	AED 830,000 (SAR 847,514)	AED 2,000 (SAR 2,042)	Qatar Insurance Company	01/07/2011G to 30/06/2013G
Money	AED 1,000,000 (SAR 1,021,101)	AED 900 (SAR 918)	Qatar Insurance Company	01/07/2011G to 30/06/2013G
Property all risk and business interruption	AED 330,000,000 (SAR 336,962,005)	AED 174,900 (SAR 178,500)	Qatar Insurance Company	01/07/2011G to 30/06/2013G

12 - 4 - 8 Litigation

The Company and its subsidiaries (Middle East Specialized Cables Company – MESC Ras Al-Khaimah – United Arab Emirates, Middle East Specialized Cables Company – MESC - Jordan – Jordan, Middle East Specialized Cables Company – Jordan) are currently involved in a number of lawsuits filed by or against them. MESC Ras Al-Khaimah filed a lawsuit against Emirates Steel Company related to a claim for damages. The company confirms that the maximum amount could reach SAR 3,300,000, for which a provision was made in the financial statements of the year ending on 31/12/2011G. However, the Management of the Company believes that this lawsuit may not have a material adverse effect on the Company's financial situation.

12 - 4 - 9 Trademarks

Middle East Specialized Cables Company – MESC confirms that it has no trademarks.

12 - 5 Sharjah Cable Factory LLC (MESC - Sharjah)

MESC Sharjah is a limited liability company established in Sharjah. The company confirms, in accordance with the receipt issued by the Department of Economic Development of the Government of Sharjah dated 28/06/2012G that MESC - Sharjah has been liquidated and de-registered from the Companies Register, after transferring its assets to MESC - Ras Al-Khaimah.

12 - 6 Related Party Transactions

The Company conducts its related party transactions (as described in paragraph 6-3 of section 6 of this Prospectus) by issuing purchase orders on arms length basis and does not have any contractual arrangements with the related parties. The purchase order includes the following data: date, parties, description of goods/ services, quantity, total order amount, unit price, currency, shipping terms, delivery date, payment terms and conditions.

13. UNDERWRITING

13 - 1 Underwriter

GIB Capital	
	GIB Capital Abraj Attuwenya, King Fahad Road P.O. Box 89589 Riyadh 11673 Kingdom of Saudi Arabia Tel: +966 11 218 0555 Fax: +966 11 218 0055 Website: N/A E-mail: contact@gibcapital.com
Number of Rights Issue Shares:	20,000,000 Ordinary Shares
Share Price:	SAR 10 per Share

13 - 3 Summary of Underwriting Arrangement

Pursuant to the terms and conditions of the Underwriting Agreement to be executed between the Company and the Underwriter:

a. The Company covenants to the Underwriter that, on the allocation date, it will issue and allocate to the Underwriter the unsubscribed for Rights Issue Shares, at the Offer Price.

b. The Underwriter covenants to the Company that, on the allocation date, the Underwriter shall buy all unsubscribed for Rights Issue Shares, at the Offer Price.

Charges and Expenses

The Company shall pay to the Underwriter such charges as may be specified based on the total value of Proceeds from the Offering, which shall be paid to the Underwriter based on the number of underwritten shares agreed upon. The Company shall also pay the Underwriter all fees and expenses relating to the Offering.

14. SUBSCRIPTION TERMS AND CONDITIONS

All Eligible Persons must carefully read the Subscription Terms and Conditions prior to completing the Subscription Application Form, since the completion, execution and submission of the Subscription Application Form to the Receiving Agent constitutes acceptance and agreement to the Subscription Terms and Conditions.

Signing the Subscription Application Form and submitting it to the Receiving Agent is considered a binding agreement between the Company and the Eligible Person. Eligible Persons may obtain the Prospectus and Subscription Application Form from the following Receiving Agents:

Receiving Agents		
NCB الأهلي	samba سامبا	البنك السعودي الفرنسي Banque Saudi Fransi
البنك السعودي للاستثمار The Saudi Investment Bank	بنك الرياض riyad bank	بنك الجزيرة BANK ALJAZIRA INNOVATIVE ISLAMIC BANKING مصرفية إسلامية حديثة

14 - 2 Subscription for the Rights Issue Shares

In accordance with this Prospectus, 20,000,000 Shares will be offered for subscription through the Rights Issue Shares representing 50% of the Company's pre-offering share capital, at an Offer Price of SAR 10 per share, with a nominal amount of SAR 10 and a total Offering value of SAR 200,000,000. The New Shares will be issued as one (1) New Share for each Right from the Rights Issue (one (1) Right for (2) Share). Subscription to the Rights Issue Shares offered to the Registered Shareholders, as at the close of trading on the date of the EGM Meeting on 20/10/1434H (27/8/2013G) (Eligbility Date) and to the Eligible Persons who purchased the Rights during the Trading Period, including Registered Shareholders who bought new Rights in addition to the Rights that they were previously entitled to.

If Eligible Persons do not exercise their Rights and subscribe for the New Shares by the end of the Second Offering Period, the Rump Shares resulting from non exercise or sale of the Rights by Eligible Persons, will be made available to Institutional Investors during the Rump Offering.

Registered Shareholders may trade their Rights deposited in their accounts through the Saudi Stock Exchange (Tadawul). These Rights will be considered acquired by all Registered Shareholders in the Company's Shareholder Register by as of the Eligibility Date. Each Right grants its holder eligibility to subscribe in one New Share at the Offer Price. The Rights shall be deposited, within, two working days after the date of the EGM Meeting. Rights will appear in the Registered Shareholders' accounts under a new symbol assigned to the Rights Issue.

The schedule and details of the Offering are as follows:

- **Eligibility Date:** The end of trading on the day of the EGM on 20/10/1434H (27/8/2013G).
- **First Offering Period:** Starts on Tuesday 27/10/1434H (3/9/2013G), and will continue until the end of the day Thursday 6/11/1434H (12/9/2013G) during which only Registered Shareholders may exercise their Rights to subscribe (in whole or in part) for the New Shares up to the number of Rights deposited in their accounts after the EGM Meeting. The subscription for the New Shares will be approved, subject to the number of Rights available in the relevant account at the end of the Trading Period. The first Offering period coincides with the Trading Period during which Registered Shareholders and the public may trade in the Rights. Subscription in New Shares will occur by submitting an Application Form to any branch of the Receiving Agents through filling out a subscription form or through an ATM machine or through the telephone or through subscribing electronically with the Receiving Agents that offer such services to subscribers. It should be noted that at the end of the Trading Period, if the Registered Shareholder owns a number of Rights lower than the number of Rights that were subscribed for during the same phase, his subscription application will be rejected in whole or in part. He will be informed of this rejection and a refund of the subscription amount will be issued by the Registered Shareholder's Receiving Agent.

- **Rights Issue Trading Period**: Starts on Tuesday 27/10/1434H (3/9/2013G) and will continue until the end of the day Thursday 6/11/1434H (12/9/2013G), in keeping with the First Offering Period. Tadawul is preparing mechanisms to regulate the trading of Rights and assigned a new symbol for MESC's Rights Issue (separate from MESC's trading symbol). The trading system will cancel MESC's Rights Issue symbol once the Trading Period expires. This period includes the following options:

a. Registered Shareholders have the following options in the First Offering Period and Trading Period:

1. Retain the acquired Rights as of the Eligibility Date and exercise their Rights to subscribe for the New Shares through the Receiving Agents.
2. Sell all their Rights or a part thereof through the Exchange.
3. Purchase additional Rights and trade them. Subscription to additional New Shares is only possible during the Second Offering Period, by filling a Subscription Application Form or through an ATM machine or through the telephone or subscribing electronically with one of the Receiving Agents that provide such services to their customers.
4. Refrain from taking any action relation to the Rights Issue, whether selling the Rights or exercising the right to subscribe for New Shares. The Rump Shares resulting from not exercising the Rights or selling the same will be offered on the Exchange during the Rump Offering.

b. Those who purchased Rights during this period, may trade these Rights either by selling them or buying part or all of these Rights. If they purchased and held on to their Rights during this period, they may exercise these Rights and subscribe for New Shares only in the Second Offering Period, by filling a Subscription Form or through an ATM machine or through the telephone or through subscribing electronically with one of the Receiving Agents that provide such services to their customers. If they don't subscribe for the Rights by the end of the Second Offering Period, then the Rump Shares resulting from not exercising the Rights or selling the same will be offered on the Exchange during the Rump Offering.

- **Second Offering Period:** starts on Sunday 9/11/1343H (corresponding to 15/9/2013G) and will continue until the end of the day Tuesday 11/11/1434H (corresponding to 17/9/2013G). No Shares can be traded during this period, which includes the following steps:

a. Registered Shareholders who own Shares in the Company as of the Eligibility Date and who did not subscribe for New Shares in the Company either in whole or in part during the First Offering Period, may exercise their Right during this phase and in the same way as defined for the First Offering Period. If they purchase additional Rights during the Trading Period, they may exercise their Rights and subscribe in the New Shares during the Second Offering Period, by filling a Subscription Application Form or through an ATM machine or through the telephone or through subscribing electronically with one of the Receiving Agents that provide such services to their customers. If they don't subscribe for these Shares by the end of this phase, then these Shares will placed on the market for the Rump Offering.

b. Those who purchased Rights during the Trading Period and held on to them until the end of such period, may exercise their Rights and subscribe in the New Shares in this phase through the same procedures outlined in the First Offering Period. If they don't subscribe for the New Shares by the end of this phase, then the Rump Shares resulting from not exercising the Rights or selling the same will be offered on the Exchange during the Rump Offering.

- **Rump Offering:** Starts on Sunday 16/11/1434H (corresponding to 22/9/2013G) from 10:00 am to 10:00 am the next day on Monday 17/11/1434H (corresponding to 23/9/2013G). During this period, the Rump Shares will be offered to a number of Institutional Investors, procured by the Lead Manager following discussions with the Company. These institutions would thereafter present offers to purchase the Rump Shares, and the Rump Shares will be allocated to Institutional Investors in order of the value of the offers with the highest first until all of the Rump Shares have been allocated, with the Rump Shares being proportionally divided among Institutional Investors that tendered at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner.
- **Final Allocation of Shares:** Shares will be allocated to each investor based on the number of Rights fully and properly exercised by it. As for the persons entitled to fractional Shares, these fractions will be combined and offered to Institutional Investors during the Rump Offering. All proceeds resulting from the sale of Rump Shares and fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the paid Offer Price shall be distributed to the Eligible Persons pro rata to their entitlement on 25/11/1434H (corresponding to 1/10/2013G).

- **Trading of the New Shares on the Market**: Trading in the New Shares on the Exchange is expected to commence once all related formalities pertaining to their registration and allocation have been completed.

The Company has filed a request with the CMA for registration of the New Shares and their inclusion in the market. The Company will be submitting a request to the CMA to allow trading of the New Shares after the completion of the Offering.

Eligible Persons Who Do Not Subscribe For The New Shares:

Tadawul will modify the Company's share price at the close of the trading day on the date which the EGM was held on 20/10/1434H (corresponding to 27/8/2013G), based on the value of the subscription and the number of New Shares issued under this Prospectus, in addition to the market value of listed shares at closing time. Registered Shareholders who do not participate in whole or in part in the New Shares subscription will be subject to a decrease in their percentage of ownership in the Company and the value of the Shares they currently hold. Eligible Persons who did not subscribe to and did not sell their Rights will be vulnerable to losses. Eligible Persons who do not subscribe for New Shares will not get any compensation for not subscribing for the New Shares, except to receive proportional cash compensation from the proceeds of the sale in excess of the paid Offer Price of the Rump Shares (if any). Registered Shareholders will retain the same number of Shares that they owned before the capital increase.

If Institutional Investors wish to buy the Rump Shares at the Offer Price only, or if they do not wish to subscribe and the Underwriter therefore covers the Rump Shares at the Offer Price, then the non-participating Eligible Persons will not receive any compensation as a result of them not subscribing for the New Shares by exercising their Rights.

Compensation amounts (if any) will be paid to the Eligible Persons who did not subscribe wholly or partially for the New Shares and Shareholders entitled to fractional shares by dividing the compensation amount by the total number of Shares not subscribed for by Eligible Persons and Shareholders entitled to fractional Shares. The compensation per share will thus be determined and paid to the Eligible Persons who did not subscribe for all or part of the Shares they were entitled to, as well as those entitled in fractional Shares.

Filling the New Share Application Form:

Eligible Persons wishing to exercise their full right and subscribe for all the Rights to which they are entitled, must fill and submit a completed Subscription Application Form, together with the subscription monies for their full entitlement and the required accompanying documents, to one of the Receiving Agents during the Second Offering Period.

The number of Shares that the Eligible Person is entitled to will be calculated based on the existing Rights owned prior to the closing of the Second Offering Period. The subscription monies that the Subscriber must pay are calculated by multiplying the number of existing Rights owned prior to closing of the Second Offering Period by (**) Riyals.

By completing and presenting the Subscription Application form, the Subscriber:

- Agrees to subscribe for the number of Company shares as stated in the Subscription Application Form.
- Warrants that he/she has carefully read the Prospectus and understood all its contents.
- Accepts the By-Laws of the Company and the terms and conditions mentioned in the Prospectus.
- Does not waive his/her right to claim any damages directly arising from any incorrect or inadequate significant information in the Prospectus, or for any material information missing there from, which would directly impact the Subscriber's acceptance to subscribe had it been contained in the Prospectus.
- Declares that he/she has not previously subscribed for this Right Issue, in which case the Company has the right to reject all applications.
- Accepts the number of shares allocated to him/her and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form.
- Warrants not canceling or amending the Subscription Application Form after submitting it to the Receiving Agent.

Documents Required to be Submitted with the Subscription Application Forms:

The Subscription Application Form must be submitted together with the following documents, as applicable by each case, and the Receiving Agents shall match the copy of each document with the original document and then return the original documents to the Subscriber:

- Original and copy of the personal identification card (in case of an individual subscriber);
- Original and copy of the family identification card (for family members).
- Original and copy of the power of attorney (in case of authorizing another person for the subscription).
- Original and copy of the custody deed (for orphans) (for individual subscribers).
- Original and copy of the residence permit (Iqama) for non-Saudis, whenever applicable (for individual subscribers).
- Original and copy of the commercial registration in case of an artificial entities.

The subscription amount shall be paid in full, upon submission of the Subscription Application Form to a branch of one of the Receiving Agents, through authorizing the Receiving Agent to debit the account of the Subscriber at the Receiving Agent with the required amount, or through a certified check drawn at one of the local banks and registered under the name of the Company.

Power of attorney will be restricted to first class relatives (children, parents, wife, husband). In case of applying on behalf of another person, the attorney shall write his name and sign the Subscription Application Form. He shall attach the original and a copy of a valid power of attorney issued by a notary public for those who are living in Saudi Arabia or legalized through a Saudi embassy or consulate in the relevant country for those residing outside Saudi Arabia.

Submission of the Subscription Application Form

Receiving Agents shall start receiving subscription applications in their branches in the KSA during the First and Second Offering Periods. Subscription applications can only be submitted by Institutional Investors for any Rump Shares during the Rump Offering. Subscription applications can be delivered during either of the offering periods either through a branch of the Receiving Agents or the tele-banking services section or automated teller machines (ATMs) or internet banking of any of the Receiving Agents providing such services. It is to be noted that the Subscription Application Form includes further information to be strictly followed. Upon completing, signing and submitting the Subscription Application Form, the Receiving Agent shall stamp it and provide the Subscriber with a copy thereof. If the information filled in the form turns out to be incomplete or incorrect or the form is not stamped by the Receiving Agent, the Subscription Application Form will be considered void. The Eligible Person shall accept the subscription terms and conditions and fill all sections of the Subscription Application Form. In case the form completed by an applicant does not meet any of the subscription terms and conditions, the Company shall have the right to reject that application in part or whole. Any application providing incomplete or incorrect information or not stamped by the Receiving Agents will be considered void. The application form may not be amended or withdrawn after submission to the Receiving Agents, and shall be considered a binding contract between the Subscriber and the Company, once approved by the Company.

The Subscriber from among Eligible Persons is deemed to have bought the number of shares allocated to him when the following terms are fulfilled:

- Delivery by the Eligible Persons of the Subscription Application Form to any of the Receiving Agents' branches.
- Payment in full by the Eligible Person to the Receiving Agents of the total Offer Price (as specified above) of the Shares subscribed for.
- Delivery to the Eligible Person by the Receiving Agents of the allocation letter specifying the number of Shares allocated to him/her.

It should be noted that Eligible Persons will not be allocated shares exceeding the number of New Shares that they subscribed for.

14 - 3 Allocation

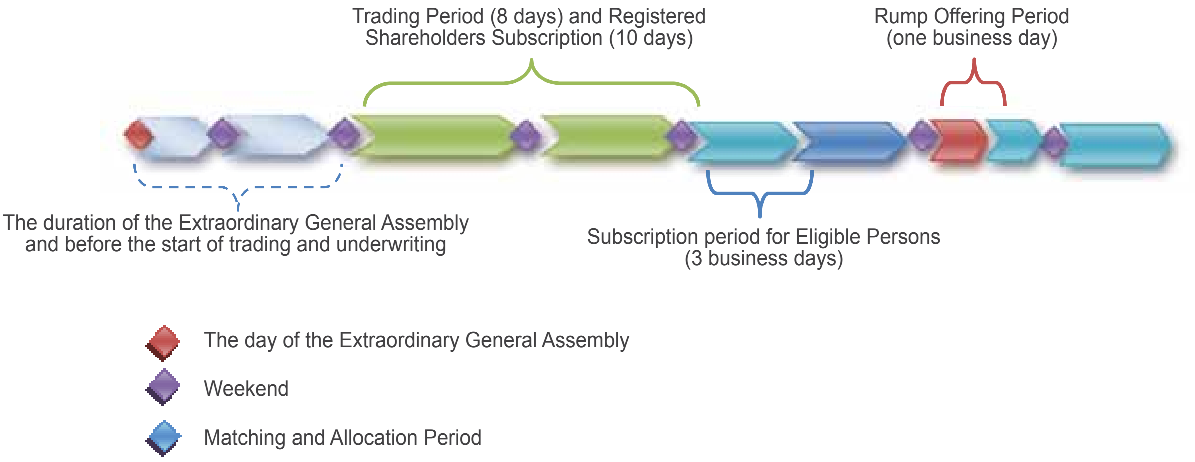
The Company and Lead Manager shall open an escrow account called "Middle East Specialized Cables (MESC) Account", in which the subscription proceeds shall be deposited. The New Shares shall be allocated to each investor based upon the number of Rights that he/she properly exercised. As for Shareholders entitled to fractional Shares, these shall be accumulated and offered to Institutional Investors during the Rump Offering. All proceeds resulting from the sale of Rump Shares and fractional Shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the paid Offer Price shall be distributed to the Eliglible Persons pro rata to their entitlement on 25/11/1434H (corresponding to 1/10/2013G). Excess unsubscribed for Shares shall be purchased by and allocated to the Underwriter.

Final announcement of the final number of New Shares allocated to each Eligible Person without any charges or withholdings by the Lead Manager or Receiving Agents, shall occur through the New Shares being deposited in the accounts of Subscribers with the Receiving Agents. Eligible Persons shall contact the branch of the Receiving Agent where they have submitted the Subscription Application Form to obtain any further information. Announcement regarding the allocation shall be made no later than 23/11/1434H (corresponding to 29/9/2013G).

Compensation Payment

The compensation to Eligible Persons who do not subscribe for all or part of the Rights Issue, if any, shall be paid no later than 25/11/1434H (corresponding to 1/10/2013G).

Illustration of the new Rights mechanism



14 - 4 Questions and Answers about the Rights Issue Mechanism

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the priority to subscribe for New Shares upon approval of the capital increase of the Company. They are acquired rights for all Registered Shareholders in the Company's Register as at the close of trading on the date of the EGM. Each Right grants its holder eligibility to subscribe in one New Share at the Offer Price.

Who is granted the Rights?

The Rights are granted to all Registered Shareholders in the Company's Register as at the close of trading on the date of the EGM.

When are the Rights deposited?

The Rights are deposited within two days after the EGM meeting. The Shares will appear in the accounts of Registered Shareholders under a new symbol that designates these Rights. These Rights cannot be traded or exercised by the Registered Shareholders until the beginning of the First Offering Period.

How are Registered Shareholders notified of the Rights being deposited in their accounts?

The Registered Shareholders are notified through an announcement on the Tadawul website.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the Rights Issue ratio and the number of Shares held by the Registered Shareholder as at the close of trading on the date of the EGM meeting.

What is the Rights Issue ratio?

It is the ratio that permits the Registered Shareholder to know how many Rights he/she is entitled to in relation to the Shares that he/she already owned on the date of the EGM. If a company, for example, issues 1,000 shares and increases its capital by offering 200 new shares, its number of shares becomes 1,200. Then, the eligibility ratio is 1 to 5 (one new share for every five existing shares).

Are these Rights tradable and will they be added to the Shareholders accounts under the same name/symbol as the Company's shares; or will they be assigned a new name?

The Rights will be deposited in Shareholders' accounts under a new symbol specially assigned to the Rights Issue.

What is the Right value upon the trading commencement?

The Right opening price is the difference between the share closing price on the day preceding such Right listing, and the Offer Price. For example, if the closing price of a share on the preceding day is SAR 35 (thirty-five Saudi Riyals) and the Offer Price is SAR 10 (ten Saudi Riyals), the opening price of the Rights will be 35 minus 10, i.e. SAR 25 (twenty-five) Saudi Riyals.

Can Registered Shareholders subscribe for additional shares?

Registered Shareholders can subscribe for additional shares by purchasing new Rights during the Trading Period. These Rights can be exercised to subscribe for the new additional shares only during the Second Offering Period.

How does the Offering take place?

The Offering will take place as it currently does by submitting Subscription Application Forms at any of the Receiving Agents' branches (mentioned in this Prospectus) and only during the First and/or Second Offering Periods.

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe. However, they will only be able to trade after depositing their certificates in investment accounts through the Receiving Agents or the Tadawul's depository center and submitting the requisite documents.

What happens if New Shares are subscribed for, and then the Rights have been sold after that?

If a Registered Shareholder subscribes, then sells the Rights without purchasing a number of Rights equal to the number of exercised Rights prior to the end of the Offering period, then the Subscription Application will be rejected entirely, if all Rights have been sold, or partly in an amount equal to the number of sold Rights. In this case, the Registered Shareholder will be notified by its Receiving Agent and the rejected Offering amount will be refunded.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

Is it possible to sell a part of these Rights?

Yes, the investor may sell a part of these Rights and subscribe for the remaining part.

Is it possible to subscribe during the weekend between the First and Second Offering Periods?

No, that is not possible.

Can the Eligible Person sell the Right after expiry of the Trading Period?

That is not possible. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe for the capital increase. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to Rights that are unsold or unsubscribed for during the Trading Period as well as the First and Second Offering Periods?

The Rump Shares resulting from a failure to exercise or sell these Rights will be offered during the Rump Offering, organized by the Lead Manager according to the standards set forth in this Prospectus.

Will there be any additional fees for the trading in Rights?

The same commissions applying to the shares will also apply on sale and purchase operations, without a minimum commission being imposed.

14 - 5 Trading of New Shares

Trading of the New Shares will take place upon completion of all relevant procedures. This is expected to take place after the allocation of New Shares, in coordination with the CMA, and will be announced at a later date.

14 - 6 Miscellaneous Notices

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that, except as specifically contemplated herein, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

The terms and conditions set here and any receipt of the Subscription Application Forms or any related Agreements are subject to the regulations of the Kingdom, and shall be interpreted and executed according to such regulations. This Prospectus may be distributed in Arabic and English. The Arabic text shall take precedence in the event of any conflict between the Arabic and English versions of this Prospectus.

Although the CMA has approved this Prospectus, it may suspend this subscription offer if the Company, at any time after the adoption of this Prospectus by the CMA and before approving the listing of Shares in the market, becomes aware of (1) a significant change that has occurred in any of the key information contained in this Prospectus, or any of the documents required to be included under the Listing Rules, or (2) any additional issues that should have been included in this Prospectus. In these cases it is incumbent on the Company to submit to the CMA a supplementary prospectus, according to the requirements of the Listing Rules. The supplementary Prospectus will therefore be published and an announcement made about applicable subscription dates. It is also possible that this subscription be suspended in the event of non-approval of the EGM on any of its details.

14 - 7 The Saudi Arabian Stock Exchange (Tadawul)

Tadawul was founded in 2001 as the successor to the Electronic Securities Information System. Electronic trading in securities commenced in the Kingdom in 1989G.

Trading on Tadawul occurs through a fully integrated trading system covering the entire process from trade order through settlement. Trading occurs each business day between 11:00 a.m. and 3:30 p.m., from Sunday until Thursday of each week. After close of exchange trading, orders can be entered, amended or deleted from 10:00 a.m. until 11:00 a.m. New entries and inquiries can be made from 10:00 a.m. of the opening session (starting at 11:00 a.m.). These times are subject to change during the Holy month of Ramadan, and are announced by Tadawul's management.

Tadawul's system works on matching orders by price, and orders are received and prioritized based on price. In general, market orders are executed first, and if several instructions are entered at the same price level, they are executed at a first come first serve basis according to their entry time.

Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link. The Tadawul Information Link supplies trading data in real time to information providers such as Reuters.

Transactions are settled automatically on a T+0 basis, meaning that ownership transfer takes place immediately after the trade is executed.

Issuers are required to report all material announcements via Tadawul for onward dissemination to the public. Surveillance and monitoring is the responsibility of Tadawul as the operator of the market. The aim of supervision is to ensure fair trading and an orderly market.

14 - 8 Registering Saudi stocks

The Company has filed a request with the CMA for registration and approval of listing the Rights Issue Shares on the Saudi Stock Exchange. The registration approval and trading in the Rights Issue Shares is expected to commence on the Saudi Stock Exchange after finalizing the share allocation process of the Rights Issue Shares. Once determined, this will be announced on Tadawul website. Dates included in this Prospectus are indicative and may be changed or extended subject to the approval of the CMA.

Although the existing Shares are registered and listed in the Capital Market (Tadawul), the New Shares can only be traded after allocated Shares have been credited to Subscribers' accounts at Tadawul. It is strictly prohibited to trade in New Shares before then.

Subscribing Shareholders entering into any such pre-trading activities will be acting at their own risk, and the Company bears no legal responsibility that may arise as a result.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's Headquarters in Riyadh, King Abdul Aziz Neighborhood, Salahuddin Al Ayoubi Street, during official business hours from 9:00 AM until 5:00 PM, Sunday through Thursday, 20 days prior to the end of the Offering.

Constitutional documents / corporate documents:

- By-Laws and Commercial Registration Certificate.

Offering:

- Recommendation of the Board of Directors.
- CMA's approval.

Reports, letters, and documents:

- Market study report prepared by Integer Research Limited.
- Written consent by Integer Research Limited allowing the inclusion of their report in the Prospectus.
- Written consent from the Financial Due Diligence Advisor Deloitte Transaction Services to refer to them in the Prospectus.
- Written consent from Legal Advisors in association with Baker & McKenzie Limited to the reference to them as legal advisors to the Offering in the Prospectus.
- Written consent from Houranis & Associates to the reference to them as legal advisors to the Underwriter in the Prospectus.
- Written consent from Ernst & Young to the reference to them as the Company's Certified Auditor in the Prospectus.
- Written consent from Deloitte & Touche Bakr Abulkhair & Co, to the reference to them as the Company's Certified Auditor in the Prospectus.

Financial Documents:

- Audited consolidated financial statements of the Company for the years ending December 31, 2009G, 2010G, 2011G, and 2012G, along with the pertinent auditor report.
- Audited financial statements of the Company for the years ending December 31, 2009G, 2010G, 2011G, and 2012G, along with the pertinent auditor report.
- Consolidated financial statements of the Company for the year ending March 31, 2013G, along with the relevant auditor's report.

16. AUDITOR'S REPORT

MIDDLE EAST SPECIALISED CABLES COMPANY (MESC)
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

Mirza/Audited Consolidated Financial Statement-31-12-10 English (S) - Final

MIDDLE EAST SPECIALISED CABLES COMPANY (MESC)
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

Deloitte.

Deloitte & Touche
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Kingdom of Saudi Arabia

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Head Office: Riyadh

AUDITORS' REPORT

To the shareholders
Middle East Specialised Cables Company (MESC)
(a Saudi joint stock company)
Riyadh, Saudi Arabia

Scope of Audit

We have audited the accompanying consolidated balance sheet of Middle East Specialised Cables Company (MESC) - a Saudi Joint Stock Company (the "Company") as of December 31, 2010, and the related consolidated statements of operations, cash flows and changes in shareholders' equity for the year then ended, and notes 1 to 27 which form an integral part of these consolidated financial statements as prepared by the Company in accordance with Article 123 of the Regulations for Companies and submitted to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting standards used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2010, and the consolidated results of its operations and its consolidated cash flows for the year then ended in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the nature of the Company, and comply with the relevant provisions of the Regulations for Companies and the bylaws of the Company as these relate to the preparation and presentation of these consolidated financial statements.

Deloitte & Touche
Bakr Abulkhair & Co.

Ehsan A. Makhdoum
(License No. 358)
Rabi ul Awal 13, 1432
February 16, 2011

Deloitte & Touche
Bakr Abulkhair & Company

Audit. Tax. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

MIDDLE EAST SPECIALISED CABLES COMPANY (MESC)
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2010

	Note	**2010 SR**	2009 SR
ASSETS			
Current assets			
Cash and cash equivalents	3	**40,163,696**	34,817,539
Time deposits		**4,808,000**	4,808,000
Accounts receivable	4	**310,706,725**	411,069,381
Inventories	5	**300,303,836**	437,310,184
Advances to suppliers		**8,483,764**	6,278,809
Prepaid expenses and other assets	6	**14,222,055**	22,073,361
Financial instruments – held for trading		**8,594,790**	7,677,897
Total current assets		**687,282,866**	924,035,171
Non-current assets			
Property, plant and equipment	7	**607,685,799**	579,205,273
Advances against purchase of property and shares		**6,715,244**	15,548,743
Financial instruments - available for sale	8	**5,050,341**	4,507,848
Investment in an associate	9	**21,273,000**	21,273,000
Retention receivable - non current	4	**14,020,110**	10,276,327
Goodwill	10	**70,565,313**	147,565,313
Other intangible assets	11	**4,148,623**	5,298,825
Deferred tax asset	15	**546,016**	2,248,951
Total non-current assets		**730,004,446**	785,924,280
TOTAL ASSETS		**1,417,287,312**	1,709,959,451
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdraft, short-term loans and Murabaha	12	**642,496,844**	536,752,646
Current portion of long-term loans and Murabaha	16	**55,404,092**	74,099,223
Accounts and notes payable	13	**77,662,783**	207,331,108
Accrued expenses and other liabilities	14	**76,800,980**	74,473,786
Total current liabilities		**852,364,699**	892,656,763
Non-current liabilities			
Long-term loans and Murabaha	16	**111,297,838**	169,208,909
End-of-service indemnities		**17,145,867**	12,956,007
Total non-current liabilities		**128,443,705**	182,164,916
Equity			
Shareholders' equity			
Share capital	1	**400,000,000**	400,000,000
Statutory reserve	18	**28,985,180**	28,985,180
Unrealized loss on financial instruments available for sale		**(968,264)**	(1,191,576)
Unrealized loss on cash flow hedge	26	**(4,115,925)**	(3,387,536)
(Accumulated losses) Retained earnings		**(56,727,672)**	79,899,049
Total shareholders' equity		**367,173,319**	504,305,117
Minority interest		**69,305,589**	130,832,655
Total equity		**436,478,908**	635,137,772
TOTAL LIABILITIES AND EQUITY		**1,417,287,312**	1,709,959,451

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

MIDDLE EAST SPECIALISED CABLES COMPANY (MESC)
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	**2010 SR**	2009 SR
Sales		**1,029,249,967**	1,033,922,251
Cost of sales		**(947,411,945)**	(856,093,403)
Gross profit		**81,838,022**	177,828,848
Selling and distribution expenses	19	**(46,562,971)**	(32,677,091)
General and administrative expenses	20	**(27,741,178)**	(27,386,556)
Amortisation of other intangible assets	11	**(1,830,033)**	(1,496,460)
Operating income		**5,703,840**	116,268,741
Impairment of goodwill	10 c	**(77,000,000)**	(20,000,000)
Unrealized gain (loss) on financial instruments held for trading		**916,893**	(1,181,213)
Loss on derivative financial instruments		**(14,079,498)**	-
Finance charges	21	**(35,851,619)**	(43,627,270)
Other income		**899,823**	1,853,037
(Loss) income before zakat and foreign income tax and minority interest		**(119,410,561)**	53,313,295
Minority interest in net loss of subsidiaries		**33,365,131**	12,238,185
(Loss) income before zakat and foreign income tax		**(86,045,430)**	65,551,480
Zakat and foreign income tax	15	**(8,902,935)**	(14,243,783)
NET (LOSS) INCOME		**(94,948,365)**	51,307,697
Earnings per share in Saudi Riyals			
From operating income	23	**0.14**	2.90
From (loss) income before zakat and foreign income tax and minority interest	23	**(2.99)**	1.33
From net (loss) income	23	**(2.37)**	1.28

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

MIDDLE EAST SPECIALISED CABLES COMPANY (MESC)
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 SR	2009 SR
OPERATING ACTIVITIES		
(Loss) income before zakat and foreign income tax	**(86,045,430)**	65,551,480
Adjustments for:		
Depreciation	**42,744,963**	34,198,799
Amortization of other intangible assets	**1,830,033**	1,496,460
Gain on disposal of property plant and equipment	**(372,383)**	-
End-of-service indemnities	**5,764,428**	2,056,519
Impairment of goodwill	**77,000,000**	20,000,000
Minority interest in net loss of subsidiaries	**(33,365,131)**	(12,238,185)
Unrealized (gain) loss on financial instruments–held for trading	**(916,893)**	1,181,213
Changes in operating assets and liabilities:		
Accounts receivable	**96,618,873**	(51,158,483)
Inventories	**137,006,348**	(9,091,779)
Advances to suppliers	**(2,204,955)**	26,605,364
Prepaid expenses and other assets	**8,877,366**	2,755,824
Accounts and notes payables	**(129,668,325)**	142,929,833
Accrued expenses and other liabilities	**(3,077,564)**	(29,062,875)
Cash flows from operations	**114,191,330**	195,224,170
End-of-service indemnities paid	**(1,574,568)**	(773,028)
Zakat and income taxes paid	**(4,305,172)**	(5,890,315)
Net cash flows from operating activities	**108,311,590**	188,560,827
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(62,401,923)**	(160,954,566)
Sale proceed on disposal of property plant and equipment	**382,316**	-
Advance against purchase of property and shares	**-**	13,505,884
Time deposits	**-**	(4,808,000)
Financial instruments – available for sale	**(319,181)**	292,216
Goodwill	**-**	(3,344,134)
Other intangible assets	**(679,831)**	(2,202,000)
Net cash flows used in investing activities	**(63,018,619)**	(157,510,600)
FINANCING ACTIVITIES		
Bank overdraft, short-term loans and Murabaha	**105,744,198**	(228,061,086)
Long-term loan and Murabaha	**(76,606,202)**	171,729,709
Dividend paid	**(41,678,356)**	(49,800,000)
Minority interest	**(27,406,454)**	50,996,901
Net cash flows used in financing activities	**(39,946,814)**	(55,134,476)
Net change in cash and cash equivalents	**5,346,157**	(24,084,249)
Cash and bank balance of subsidiary consolidated during the year	**-**	4,528,680
	5,346,157	(19,555,569)
Cash and cash equivalents, January 1	**34,817,539**	54,373,108
CASH AND CASH EQUIVALENTS, DECEMBER 31	**40,163,696**	34,817,539

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

MIDDLE EAST SPECIALISED CABLES COMPANY (MESC)
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 SR	2009 SR
Non cash transactions:		
Unrealized loss on financial instruments – available for sale	**223,312**	(405,592)
Advance against purchase of property and shares transferred to property plant and equipment	**8,833,499**	-
Investment in unconsolidated subsidiary consolidated from year 2009	**-**	20,468,000
Balances related to cash flow hedges:		
Prepaid expenses and other assets	**1,026,060**	218,109
Accrued expenses and other liabilities	**(2,657,063)**	(6,921,896)
Minority interest	**(755,481)**	3,316,251
Unrealized loss on cash flow hedges	**(728,389)**	-

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

MIDDLE EAST SPECIALISED CABLES COMPANY (MESC)
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	Share capital SR	Statutory reserve SR	Unrealised loss on financial instruments available for sale SR	Unrealised loss on cash flow hedge SR	(Accumulated losses) Retained earnings SR	Total SR
January 1, 2009		400,000,000	23,854,410	(785,984)	-	83,522,122	506,590,548
Unrealised loss on financial instruments available for sale		-	-	(405,592)	-	-	(405,592)
Unrealised loss from cash flow hedges		-	-	-	(3,387,536)	-	(3,387,536)
Net income for the year		-	-	-	-	51,307,697	51,307,697
Dividend paid	25	-	-	-	-	(49,800,000)	(49,800,000)
Transfer of statutory reserve	18	-	5,130,770	-	-	(5,130,770)	-
December 31, 2009		400,000,000	28,985,180	(1,191,576)	(3,387,536)	79,899,049	504,305,117
Unrealised loss on financial instruments available for sale		**-**	**-**	**223,312**	**-**	**-**	**223,312**
Unrealised gain from cash flow hedges		**-**	**-**	**-**	**(728,389)**	**-**	**(728,389)**
Net loss for the year		**-**	**-**	**-**	**-**	**(94,948,365)**	**(94,948,365)**
Dividend paid	25	**-**	**-**	**-**	**-**	**(41,678,356)**	**(41,678,356)**
December 31, 2010		**400,000,000**	**28,985,180**	**(968,264)**	**(4,115,925)**	**(56,727,672)**	**367,173,319**

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

1. ORGANIZATION AND ACTIVITIES

Middle East Specialised Cables Company (MESC) (the Company) is a Saudi joint stock company registered in Riyadh under commercial registration No. 1010102402 dated Jumada Awal 10, 1413H (corresponding to November 4, 1992).

As of December 31, 2010, the share capital of the Company amounted to SR 400 million divided into 40,000,000 shares of SR 10 each.

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

The Company's registered office is in Riyadh and has the following branches:

Branch	C.R. Number	Date
Riyadh	10101024024	10/05/1413H
Jeddah	4030126555	19/11/1419 H
Dammam	2051023224	27/11/1419 H
Dubai	-	1999G
Amman Office	1153	2000G
Libya	010419415	2010G

The results, assets and liabilities of these branches are included in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with the accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting standards which requires the use of estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date of the consolidated financial statements in addition to the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of current events and activities available with the management actual result ultimately may differ from those estimates.

Accounting convention
The consolidated financial statements are prepared under the historical cost convention, except for investment in financial instruments held for trading, available for sale investments and derivatives which are stated at fair values.

Principles of consolidation
The consolidated financial statements include the consolidated financial statements of Middle East Specialised Cables Company and the following foreign subsidiaries;

- Middle East Specialzed Cable Company- Jordan, formerly Jordan New Cable Company (a company registered in Jordan and listed on the Jordan Stock Exchange), in which the Company owns 53.68% and exercises controlling interest (2009: 54.42% and exercised controlling interest).

- MESC Fujikura Cable Company (a company registered in Jordan) in which the Company owns 57.5% directly and 12.75% through its subsidiary Middle East Specialzed Cable Company- Jordan, formerly Jordan New Cable Company (2009: 46% directs and 10.35% through its subsidiary).

- Sharjah Cables Factory (a sole proprietorship) registered in Sharjah, United Arab Emirates and wholly owned by the Company.

- MESC Ras Al Khaimah (a limited liability company) registered in Ras Al-Khaima, United Arab Emirates and wholly owned by the Company.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee company so as to obtain benefits from its activities.

The results of the subsidiaries acquired are included in the consolidated statement of operations from the effective date of acquisition.

All significant intercompany balances and transactions are eliminated on consolidation.

Revenue recognition
Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

Expenses
Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company’s products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined for finished goods on a weighted average cost basis and includes cost of material, labor and appropriate proportion of direct over heads. All other inventories are valued on a weighted average cost basis.

Investments in associate
An associate is an enterprise over which the Company is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The carrying amount of such investments is reduced to recognize any impairment in the value of the individual investments.

Investments in financial instruments
Investments in financial instruments are classified according to the Company's intent with respect to those securities. Financial instruments held for trading are stated at fair value, and unrealized gains and losses thereon are included in the consolidated statement of operations. Financial instruments available for sale are stated at fair value, and unrealized gains and losses thereon are included in shareholders' equity, unless when the impairment is other than temporary the unrealized losses are included in the consolidated statement of operations. Where the fair value is not readily determinable, such financial instruments are stated at cost less allowance for impairment in value, if any.

Derivative Financial Instruments - Initial recognition and subsequent measurement
The Company uses derivative financial instruments such as cash settled forward commodity (metal) contracts to hedge its commodity price risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the statement of operations.

For the purpose of hedge accounting, the Company's cash settled forward commodity contracts are classified as cash flow hedges, as the Company is hedging exposure to variability in cash flows that is attributable to the commodity price risks associated with a highly probable forecast transaction.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges the effective portion of the gain or loss on the hedging instrument is recognized directly under equity as cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of operations.

Amounts recognized directly under equity as cash flow hedge reserve are transferred to the statement of operations when the hedged transaction affects profit or loss, such as when the forecast sale occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts recognized as other comprehensive income are transferred to the initial carrying amount of the nonfinancial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized directly under equity as cash flow hedge reserve are transferred to the statement of operations. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized directly under equity as cash flow hedge reserve remains under equity until the forecast transaction or firm commitment affects statement of operations.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	Percentage
Buildings	4 – 10%
Plant and machinery	7 – 25%
Furniture, fixtures and office equipment	9 – 25%
Vehicles	10 – 25%

Goodwill
Goodwill arising from the investment in subsidiaries represents the excess of the cost of acquisition over the Company's interests in the fair value of the net assets of the subsidiaries at the date of acquisition. The carrying amount of the goodwill is reviewed annually to determine whether there is any indication of impairment. If any such indication exists the carrying amount of goodwill is reduce to the estimated recoverable amount. Goodwill after initial recognition is measured at cost less accumulated impairment losses, if any.

Other intangible assets
Fee for technical assistance and license fee, management fee of SIDF loan and development costs relating to information systems are deferred and amortised over an estimated period of benefit up to a maximum of five years.

Foreign currency translation
Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

Assets and liabilities of the consolidated subsidiaries denominated in foreign currencies have been translated into Saudi Riyals at exchange rates prevailing at the balance sheet date. Revenues and expenses of the consolidated subsidiaries denominated in foreign currencies have been translated into Saudi Riyal at average exchange rates during the year. Exchange differences arising from such translations, if material, are included in the cumulative translation adjustment account under shareholders' equity in the consolidated balance sheets.

Impairment
The Company reviews annually the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss, excluding goodwill, subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

End-of-service indemnities
End-of-service indemnities, required by Saudi Arabian labor law, are provided in the consolidated financial statements based on the employees' length of service.

Zakat, income and deferred taxes
The Company is subject to the Regulations of the Directorate of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat is provided on an accruals basis. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

The foreign subsidiary is subject to income taxes as per tax regulations in its country.

Deferred tax assets (for subsidiaries only) are recorded for temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the carrying amounts for tax purposes. In addition, deferred taxes are recognized for tax loss carry forwards to the extent that it is probable that future taxable profit for the relevant tax authorities will be available against which the tax loss carry forwards can be utilized.

Deferred tax liabilities are recorded for temporary difference between the carrying amount of assets and liabilities in the consolidated financial statements and the carrying amounts for tax purposes to the extent that there is a surplus of deferred tax liabilities relating to the relevant tax jurisdictions.

3. CASH AND CASH EQUIVALENTS

	2010 **SR**	2009 SR
Cash in hand	**459,393**	166,292
Margin deposits	**461,787**	-
Cash at banks	**39,242,516**	34,651,247
	40,163,696	34,817,539

4. ACCOUNTS RECEIVABLE

	2010 SR	2009 SR
Accounts receivable – trade	**321,037,317**	411,624,429
Provision for doubtful debts	**(20,827,701)**	(9,916,603)
	300,209,616	401,707,826
Retentions receivable	**24,517,219**	19,637,882
Less: Non-current portion	**(14,020,110)**	(10,276,327)
	10,497,109	9,361,555
	310,706,725	411,069,381

5. INVENTORIES

	2010 SR	2009 SR
Finished goods	**131,555,010**	194,092,370
Raw and packing materials	**93,210,224**	181,598,714
Spares and consumables	**17,038,044**	22,929,176
Work in process	**64,024,433**	38,360,424
Goods in transit	**9,495,236**	10,465,186
	315,322,947	447,445,870
Provision for slow-moving of inventories	**(15,019,111)**	(10,135,686)
	300,303,836	437,310,184

6. PREPAID EXPENSES AND OTHER ASSETS

	2010 SR	2009 SR
Prepaid expenses	**6,424,188**	5,604,654
Insurance receivable	**3,671,006**	3,671,006
Derivative financial instruments	**1,026,060**	-
Margin against letters of credit and guarantees	**881,486**	8,451,100
Due from related parties (Note 17)	**439,171**	1,387,053
Deposits	**-**	926,521
Others	**1,780,144**	2,033,027
	14,222,055	22,073,361

7. PROPERTY, PLANT AND EQUIPMENT

	Land SR	Buildings SR	Plant and machinery SR	Furniture, fixtures and office equipment SR	Vehicles SR	Capital work in progress SR	Total SR
Cost							
January 1, 2010	39,069,300	151,490,482	436,317,156	20,781,813	15,576,845	130,757,671	793,993,267
Additions/transfer	**67,190**	**54,249,176**	**125,871,152**	**945,794**	**2,189,869**	**(112,087,759)**	**71,235,422**
Disposals	**-**	**(40,668)**	**-**	**(118,399)**	**(706,335)**	**-**	**(865,402)**
December 31, 2010	**39,136,490**	**205,698,990**	**562,188,308**	**21,609,208**	**17,060,379**	**18,669,912**	**864,363,287**
Accumulated depreciation							
January 1, 2010	-	(30,675,157)	(162,528,457)	(12,135,917)	(9,448,463)	-	(214,787,994)
Additions	**-**	**(8,555,210)**	**(29,851,268)**	**(2,204,503)**	**(2,133,982)**	**-**	**(42,744,963)**
Disposals	**-**	**40,668**	**-**	**115,644**	**699,157**	**-**	**855,469**
December 31, 2010	**-**	**(39,189,699)**	**(192,379,725)**	**(14,224,776)**	**(10,883,288)**	**-**	**(256,677,488)**
Net book value							
December 31, 2010	**39,136,490**	**166,509,291**	**369,808,583**	**7,384,432**	**6,177,091**	**18,669,912**	**607,685,799**
December 31, 2009	39,069,300	120,815,325	273,788,699	8,645,896	6,128,382	130,757,671	579,205,273

Buildings include factory buildings constructed on land leased from the Government at a nominal rent. This lease expires in the Hegira year Rabie Al Awal 7, 1439H. (Corresponding to November 25, 2017). The renewal of the lease is at the option of the Company.

8. FINANCIAL INSTRUMENTS – AVAILABLE FOR SALE

	2010 SR	2009 SR
Cost	**6,854,114**	6,854,114
Unrealised losses	**(1,803,773)**	(2,346,266)
	5,050,341	4,507,848

9. INVESTMENT IN AN ASSOCIATE

Investment in an associate and other comprised of the following:

	Percentage of ownership	**2010 SR**	2009 SR
Juba Investment & Development Company (a)	20%	**21,273,000**	21,273,000
		21,273,000	21,273,000

a) During the year ended December 31, 2008, the Group purchased 200,000 shares of Juba Investment and Development Company, which represents 20% of the share capital as at December 31, 2010. The amount paid to acquire the shares was SR 21,273,000 which included fees, expenses and financial liabilities of the investee company to third parties. The investee company is also owned by other related parties.

10. GOODWILL

	2010 SR	2009 SR
Goodwill on investments	**173,565,313**	173,565,313
Accumulated impairment of goodwill (10 c)	**(103,000,000)**	(26,000,000)
	70,565,313	147,565,313

a. The Company acquired Middle East Specialised Cables Company – Jordan, formerly Jordan New Cable Company ("JNCC") during 2006 by investing in 39.39% of its share capital and also had a controlling interest in such company by virtue of majority of members on Board of Directors. The resulting goodwill amounted to SR 116,953,343.

   During the years from 2007 to 2009, the Company increased its investment in Middle East Specialzed Cable Company- Jordan, formerly Jordan New Cable Company from 39.3% to 54.42%. Cash consideration paid for the increase in shareholding percentage amounted to SR 64,780,999 and the resulting goodwill amounted to SR 45,741,918.

   During the year, the Company's share in JNCC decreased from 54.42% to 53.68% as JNCC increased the share capital for this period.

b. During the year ended December 31, 2008, the Company acquired Sharjah Cables Factory (a sole proprietorship), effective from January 1, 2009. The consideration paid for the acquisition was SR 20,478,000 and the resulting goodwill was SR 10,870,052.

c. **IMPAIRMENT OF GOODWILL**

As of December 31, 2010, the management performed an assessment of the recoverable amount of goodwill relating to its investments in subsidiaries in order to assess the amount of impairment relating to its investment in subsidiaries.

As a result of the test performed, the management assessed to record an additional impairment loss of SR 77 million against JNCC for the year ended December 31, 2010 (2009: SR 20 million) in the statement of operations.

11. OTHER INTANGIBLE ASSETS

	Technical assistance and license fee SR	Management fee SR	Development cost SR	Total SR
Cost				
January 1, 2010	3,883,891	5,596,508	1,045,230	10,525,629
Additions	**679,831**	**-**	**-**	**679,831**
December 31, 2010	**4,563,722**	**5,596,508**	**1,045,230**	**11,205,460**
Accumulated amortization				
January 1, 2010	(1,972,324)	(2,731,508)	(522,972)	(5,226,804)
Charge for the year	**(871,956)**	**(760,000)**	**(198,077)**	**(1,830,033)**
December 31, 2010	**(2,844,280)**	**(3,491,508)**	**(721,049)**	**(7,056,837)**
Net book value				
December 31, 2010	**1,719,442**	**2,105,000**	**324,181**	**4,148,623**
December 31, 2009	1,911,567	2,865,000	522,258	5,298,825

One of the Group's subsidiary MESC Fujikura Cable Co. signed an agreement on June 1, 2007 with Fujikura Ltd. Japan for the technical assistance and license fees based on which Fujikura Ltd. Japan granted the Subsidiary a non transferable right and license to use and practice the technical information of manufacturing use and development of product applications at the plant in Jordan and for distributing and selling the products.

12. BANK OVERDRAFT, SHORT-TERM LOANS AND MURABAHA

	2010 SR	2009 SR
Short-term loans		
Capital Bank of Jordan	**112,060,548**	106,395,683
The Housing Bank for Trade and Finance	**51,345,558**	55,140,593
Jordan Commercial Bank	**35,710,201**	-
Bank of Jordan	**34,023,469**	75,610,505
Emirates NBD	**4,790,332**	-
Union Bank for Saving and Investing	**375,445**	87,605,865
	238,305,553	324,752,646
Short-term Murabaha		
Saudi British Bank	**108,503,182**	78,000,000
Al-Rajhi Bank	**94,915,604**	-
Saudi Hollandi Bank	**66,042,967**	35,000,000
BNP Paribas	**45,140,352**	50,000,000
Riyad Bank	**41,748,436**	29,000,000
Bank Saudi Fransi	**25,000,000**	-
Arab National Bank	**22,840,750**	20,000,000
	404,191,291	212,000,000
	642,496,844	536,752,646

The Company has entered into purchase financing agreement (Murabaha) with various local commercial banks which purchase goods on behalf of the Company and resells them to the Company on extended credit up to a maximum period of 12 months from the date of purchase by the Company.

Short-term Murabaha are fully secured by duly signed promissory notes, pledge of shares of Middle East Specialzed Cable Company- Jordan, formerly Jordan New Cable Company and pledge of time deposit of SR 4.8 million.

The Murabaha agreements contain covenants regarding the leverage ratios, gearing ratio, total debt to equity ratio, minimum tangible net worth and maximum receivables from related parties. Under the terms of the agreement the bank has the right to demand immediate repayment of loan if any of the covenants are not met. As at December 31, 2010 the Company was not in compliance with certain covenants due to the recorded impairment loss.

The Company has unutilized bank facilities amounting to SR 387 million (2009: SR 306 million) from commercial banks for Murabaha loans, bank overdraft and other credit lines. Commission/markup on these facilities is payable at varying rates in force from time to time.

The short-term loans for the subsidiary are secured by its own corporate guarantee and are obtained to finance its operations.

The subsidiaries have unutilized bank facilities amounting to SR 489 million (2009: SR 379 million) from local commercial banks in Jordan and United Arab Emirates for loans, bank overdraft and other credit lines. Commission on these facilities is payable at varying rates in force from time to time.

13. ACCOUNTS AND NOTES PAYABLE

	2010	2009
	SR	SR
Accounts payable – trade	**53,430,747**	51,353,870
Notes payable	**24,232,036**	155,977,238
	77,662,783	207,331,108

14. ACCRUED EXPENSES AND OTHER LIABILITIES

	2010	2009
	SR	SR
Provision for zakat (Note 15)	**18,321,353**	15,426,525
Advances from customers	**14,159,966**	9,513,651
Derivative financial instruments	**9,578,959**	6,921,896
Accrued liabilities on purchase of additional share from Fujikura – Japan (14 a)	**7,924,975**	-
Accrued selling commission	**6,521,724**	4,828,207
Accrued employee benefits	**5,864,440**	11,591,144
Provision for customer guarantee	**4,634,340**	4,634,340
Accrued finance charges	**2,526,034**	4,278,965
Provision for loss contingency (14 b)	**-**	11,352,900
Accrued land expenses	**1,066,000**	-
Others	**6,203,189**	5,926,158
	76,800,980	74,473,786

a) This represents accrued liabilities resulted from purchase of additional share in MESC Fujikura Cable Company from Fujikura Japan.

b) During 2008, a subsidiary recorded provision against the dispute with a supplier in respect of reduction in Copper prices and non compliance of the supplier with certain conditions of the contract. The subsidiary rejected to accept the goods due to the dispute. During 2010, the subsidiary has settled the dispute with the supplier to pay an amount of SR 16.7 million. The remaining balance of SR 5.3 million was charged to cost of sales.

15. ZAKAT AND FOREIGN INCOME TAX

The principal elements of the Zakat base for the holding company are as follows:

	2010	2009
	SR	SR
Non-current assets	**(424,648,704)**	(531,401,238)
Non-current liabilities	**51,661,165**	73,958,092
Opening shareholders’ equity less dividends paid	**462,626,761**	456,790,548
Income before zakat	**(86,045,430)**	53,067,197
Provisions	**14,350,118**	20,052,289

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

Zakat for the year 2010 has been calculated on Zakat base.

The movement in the provision for zakat is as follows:

Zakat	**2010 SR**	2009 SR
January 1	**15,426,525**	17,838,293
Provision for the year	**7,200,000**	3,019,500
Over provision for prior years	**-**	(1,260,000)
Payments during the year	**(4,305,172)**	(4,171,268)
December 31	**18,321,353**	15,426,525

During 2008 the Company obtained the final zakat assessments from Department of Zakat and Income Tax (DZIT) for the years ended December 31, 2006 and 2007. As per the assessment, the company has an additional zakat liability of SR 7.9 million approximately. The Company has filed an objection with the Preliminary Objection Committee in this regard and also provided for the additional liability.

The Company has filed its zakat return for 2008 and 2009 which are still under review by DZIT.

The movement in the provision for income tax is as follows:

	2010 SR	2009 SR
Foreign income tax		
January 1	**-**	1,719,047
Provision for the year	**-**	-
Payments during year	**-**	(1,719,047)
December 31	**-**	-

The subsidiaries in Jordan have finalized their income tax assessments for all years up to 2001. Assessments for years 2002 till 2009 are in process with the relevant income tax department.
The movement for deferred tax is as follows:

	2010 SR	2009 SR
Deferred tax asset		
January 1	**2,248,951**	14,733,234
Deferred tax reversed during the year	**(1,702,935)**	(12,484,283)
December 31	**546,016**	2,248,951

Deferred taxes on temporary differences comprise of the following:

	2010 **SR**	2009 SR
Exchange differences	**-**	1,702,935
Provision for doubtful debts	**498,009**	498,009
Provision for slow moving of inventories	**48,007**	48,007
	546,016	2,248,951

The charge for the year for zakat and foreign income tax is as follows:

	2010 **SR**	2009 SR
Zakat and foreign income tax for current year	**7,200,000**	3,019,500
Over provision for previous years	**-**	(1,260,000)
Deferred tax reversed	**1,702,935**	12,484,283
Charge for the year	**8,902,935**	14,243,783

16. LONG-TERM LOANS AND MURABAHA

	2010 **SR**	2009 SR
Loans and Murabaha from Commercial Banks (a)	**122,949,930**	202,955,132
Loan from Saudi Industrial Development Fund (SIDF) (b)	**43,752,000**	40,353,000
	166,701,930	243,308,132
Less: Current portion	**(55,404,092)**	(74,099,223)
	111,297,838	169,208,909

a) The Company has entered into a purchase financing agreement (Murabaha) with local Commercial Banks which is secured by unconditional personal guarantees from the shareholders. The amount is repayable in 6 semi annual equal installment and the last installment was paid on Sha'ban 13, 1431 H (corresponding to July 25, 2010).

During 2009, one of the subsidiaries has rescheduled part of their short-term loans of SR 200 million to long-term loans. The long-term loans for the subsidiary are secured by its own corporate guarantee.

b) The long-term-loan is from the Saudi Industrial Development Fund (SIDF) and is secured by mortgage over the property, plant and equipment of the company. It is repayable in semi-annual installments and the last installment will be due on Rabi II 15, 1437 H (corresponding to January 19, 2016). The long-term-loan agreement contains covenants which, among other things, require that certain financial ratios and a ceiling on capital expenditures be maintained. Under the terms of the loan agreement, the lender has the right to demand immediate repayments if such covenants are not met.

17. RELATED PARTY TRANSACTIONS

During the year, the Group transacted with the following related parties. The terms of those billings and charges are similar to ordinary trade receivables and payables.

	Relationship
Middle East Fiber Cable Company Limited	Affiliate
Al Mowatin Company Limited	Affiliate
Al Manhal Water Company Limited	Affiliate
Mohammad Al Sawailem Company Limited	Affiliate
Middle East Mould and Plastic Factory Company Limited	Affiliate
Saudi Pre Insulated Pipes Limited	Affiliate
JUBA Investment & Development Co.	Associate

The significant transactions with related parties are as follows:

	2010 SR	2009 SR
Sale of material and services	**2,327,560**	1,041,033
Purchase of materials and services	**5,315,707**	1,688,896

Accounts receivable and loans due from related parties as at December 31, are comprised of the following:

	2010 SR	2009 SR
Middle East Fiber Cable Company (Note 6)	**439,171**	1,387,053

18. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by appropriation of 10 per cent of the annual net income until the reserve equals 50 per cent of capital. This reserve is not available for dividend distribution.

19. SELLING AND DISTRIBUTION EXPENSES

	2010	2009
	SR	SR
Employee cost	**11,749,661**	11,022,608
Advertisement, promotion and selling commission	**11,443,325**	10,679,849
Bad debts expense	**10,911,098**	-
Freight	**7,464,257**	6,934,477
Travel	**1,023,625**	891,837
Rent	**633,051**	693,580
Others	**3,337,954**	2,454,740
	46,562,971	32,677,091

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2010	2009
	SR	SR
Employee costs	**17,360,746**	17,916,257
Professional fee	**2,407,175**	1,248,275
Depreciation	**1,747,932**	1,824,285
Travel	**1,638,547**	1,373,965
Repairs and maintenance	**670,806**	971,135
Utilities	**601,947**	428,706
Rent	**469,041**	789,365
Other	**2,844,984**	2,834,568
	27,741,178	27,386,556

21. FINANCE CHARGES

	2010 **SR**	2009 SR
Finance charges on term loans and murabaha	**31,298,409**	38,489,897
Bank charges	**3,401,539**	3,332,887
Letters of credit	**769,015**	859,666
Bank overdraft	**43,067**	76,372
Others	**339,589**	868,448
	35,851,619	43,627,270

22. COMMITMENTS AND CONTINGENT LIABILITIES

	2010 **SR**	2009 SR
Letters of credit	**61,820,061**	56,039,574
Letters of guarantee	**147,338,911**	161,899,455
Capital expenditure commitments	**22,380,925**	45,213,358

23. (LOSS)/EARNINGS PER SHARE

(Loss)/earnings per share from operating income, (loss) income before zakat and foreign income tax and minority interest and from net (loss) income for the year is calculated by dividing the operating income, income before zakat and foreign income tax and minority interest and net income for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

The outstanding number of shares used for calculating earnings per share for the years ended December 31, 2010 and December 31, 2009 was 40,000,000 shares.

24. SEGMENT INFORMATION

The Company's operations are carried out in three principal geographical areas, which are considered as reporting segments. Following are the segments of the company:

- Saudi Arabia: This consists of operations carried out through Middle East Specialized Cables Company (MESC).
- Hashemite Kingdom of Jordan: This consists of operations carried out through Jordan New Cable Company (JNCC) and MESC Fujikura Cable Company (MFCC).
- United Arab Emirates: This consists of operations carried out through Sharjah Cables Factory and MESC - Ras Al-Khaimah (Limited Liability Company).

There are no significant inter segment revenues or expenses. Summary of significant balances of the three segments are given below:

	Saudi Arabia SR	Jordan SR	United Arab Emirates SR	Total SR
December 31, 2010				
Sales	**477,481,238**	**502,554,558**	**49,214,171**	**1,029,249,967**
Gross profit (loss)	**97,901,290**	**(15,105,721)**	**(957,547)**	**81,838,022**
Net loss	**(4,083,321)**	**(81,234,970)**	**(9,630,074)**	**(94,948,365)**
Total assets	**514,550,367**	**696,715,263**	**206,021,682**	**1,417,287,312**
Total liabilities	**593,265,307**	**376,828,598**	**10,714,499**	**980,808,404**
December 31, 2009				
Sales	521,052,700	495,596,661	17,272,890	1,033,922,251
Gross profit	129,908,459	44,225,880	3,694,509	177,828,848
Net income (loss)	60,238,287	(7,130,959)	(1,799,631)	51,307,697
Total assets	679,289,545	892,402,007	138,267,899	1,709,959,451
Total liabilities	502,520,165	566,672,938	5,628,576	1,074,821,679

25. DIVIDENDS

The shareholders of the Company resolved to distribute cash dividend of SR 41,678,356 during the year ended December 31, 2010 (2009: SR 49,800,000).

26. DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments such as cash settled forward commodity (metal) contracts to hedge its commodity price risks.

For the purpose of hedge accounting, the Company's cash settled forward commodity contracts are classified as cash flow hedges, as the Company is hedging exposure to variability in cash flows that is attributable to the commodity price risk associated with a highly probable forecast transaction.

As at December 31, 2010, the Company has cash settled forward commodity contracts to sell MT 2,875 (2009: MT 3,900) of copper and to buy MT 750 (2009: MT 875) of copper during January to April 2011 at fixed predetermined prices.

The positive fair value of the cash settled forward commodity contracts amounted to SR 1,026,060 (2009: SR 218,109) as of December 31, 2010 and was recorded as an asset in the consolidated balance sheet under prepaid expenses and other assets.

The negative fair value of the cash settled forward commodity contracts amounted to SR 9,578,959 (2009: SR 6,921,896) as of December 31, 2010 and was recorded as a liability in the consolidated balance sheet under accrued expenses and other liabilities
.
Unrealized loss relating to the cash flow hedges which are assessed to be highly effective amounted to SR 4,115,925 (2009: SR 3,387,536) and this amount was included directly under equity as unrealized loss on cash flow hedge.

27. RISK MANAGEMENT

Financial instruments carried on the consolidated balance sheet principally include cash and cash equivalents, time deposits, accounts receivable, financial instrument – held for trading, financial instrument – available for sale, and other assets, bank overdraft, term loans and Murahaba, accounts payable and accrued and other current liabilities.

Credit Risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company has no significant concentration of credit risk. Cash is substantially placed with national banks with sound credit ratings. Trade accounts receivable are carried net of provision for doubtful debts.

Interest Rate Risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Company has no significant interest bearing long term assets, but has interest bearing liabilities at December 31, 2010.

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

Currency Risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Management monitors the fluctuations in currency exchange rates, and believes that the Company is not exposed to significant currency risk since the Company's transactions are principally in Saudi Riyals, Jordanian Dinars, UAE Dirhams and U.S. Dollars, which are currently fixed, within a narrow margin, against the U.S. Dollar.

Fair Value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Company's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair value of the Company's financial assets and liabilities are not materially different from their carrying values.

Middle East Specialized Cables Company (MESC)

(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

Middle East Specialized Cables Company (MESC)
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
31 December 2011

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AUDITORS' REPORT TO THE SHAREHOLDERS OF MIDDLE EAST SPECIALIZED CABLES COMPANY (MESC) (A SAUDI JOINT STOCK COMPANY)

Scope of audit

We have audited the accompanying consolidated balance sheet of Middle East Specialized Cables Company (MESC) (the Company) - A Saudi Joint Stock Company - and its subsidiaries (the Group) as of 31 December 2011 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Group's management and have been prepared by them in accordance with the provisions of Article 123 of Regulation for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the consolidated financial statements.

Unqualified opinion

In our opinion, the consolidated financial statements taken as a whole:

i) present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2011 and the consolidated results of its operations and cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

ii) comply with the requirements of the Regulations for Companies and the Company's bye-laws in so far as they affect the preparation and presentation of the consolidated financial statements.

for Ernst & Young

Fahad M. Al-Toaimi
Certified Public Accountant
Registration No. 354

ERNST & YOUNG
PROFESSIONAL LICENCE No. 45

Riyadh: 29 Rabi Awal 1433H
(21 February 2012)

Middle East Specialized Cables Company (MESC)
(A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET
As at 31 December 2011

	Note	***2011*** *SR*	*2010* *SR*
ASSETS			
Current assets			
Bank balances and cash	4	**29,352,184**	39,701,909
Held for trading investments	5	**7,590,204**	8,594,790
Accounts receivable	6	**346,819,385**	310,706,725
Prepaid expenses and other assets	7	**44,246,456**	27,975,606
Inventories	8	**305,658,011**	300,303,836
Total current assets		**733,666,240**	687,282,866
Non- current assets			
Available for sale investments	10	**4,460,043**	5,050,341
Investment in an associate	11	**10,613,000**	21,273,000
Property, plant and equipment	12	**603,173,464**	607,685,799
Intangible assets	13	**3,684,064**	74,713,936
Other long term assets	14	**26,701,939**	21,281,370
Total non-current assets		**648,632,510**	730,004,446
TOTAL ASSETS		**1,382,298,750**	1,417,287,312
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Bank borrowings and term loans	15	**665,822,428**	697,900,936
Accounts and notes payable		**128,494,436**	77,662,783
Accrued expenses and other liabilities	16	**60,443,821**	76,800,980
Total current liabilities		**854,760,685**	852,364,699
Non- current liabilities			
Term loans	15	**230,101,439**	111,297,838
Employees' terminal benefits		**18,522,889**	17,145,867
Total non-current liabilities		**248,624,328**	128,443,705
Total liabilities		**1,103,385,013**	980,808,404
EQUITY			
Shareholders' equity			
Share capital	18	**400,000,000**	400,000,000
Statutory reserve		**28,985,180**	28,985,180
Accumulated losses		**(176,863,816)**	(56,727,672)
Unrealized loss from revaluation of available for sale investments	10	**(1,285,137)**	(968,264)
Unrealized loss on cash flow hedge	19	**(8,329,270)**	(4,115,925)
Total shareholders' equity		**242,506,957**	367,173,319
Minority interests		**36,406,780**	69,305,589
Total equity		**278,913,737**	436,478,908
TOTAL LIABILITIES AND EQUITY		**1,382,298,750**	1,417,287,312

The attached notes 1 to 28 form part of these consolidated financial statements.

Middle East Specialized Cables Company (MESC)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2011

	Note	***2011*** ***SR***	*2010* *SR*
Sales		**1,139,385,566**	1,029,249,967
Cost of sales		**(1,043,763,037)**	(914,389,762)
GROSS PROFIT		**95,622,529**	114,860,205
EXPENSES			
Selling and distribution	20	**(43,120,688)**	(46,562,971)
General and administrative	21	**(39,332,420)**	(27,741,178)
Cost of unutilized production capacity		**(31,606,261)**	(33,022,183)
Amortisation	13	**(1,994,559)**	(1,830,033)
		(116,053,928)	(109,156,365)
(LOSS) INCOME FROM OPERATIONS		**(20,431,399)**	5,703,840
Impairment of goodwill	13	**(70,565,313)**	(77,000,000)
Unrealized (loss) gain from held for trading investments	5	**(1,004,586)**	916,893
Loss on derivative financial instruments	19	**(30,508,434)**	(14,079,498)
Financial charges	15	**(38,727,523)**	(35,851,619)
Other income		**445,604**	899,823
LOSS BEFORE MINORITY INTEREST, ZAKAT AND TAX		**(160,791,651)**	(119,410,561)
Minority interest		**36,758,294**	33,365,131
LOSS BEFORE ZAKAT AND TAX		**(124,033,357)**	(86,045,430)
Zakat and tax recovery / (provision), net	17	**3,897,213**	(8,902,935)
NET LOSS FOR THE YEAR		**(120,136,144)**	(94,948,365)
(Loss) earnings per share (SR):	22		
Attributable to:			
(Loss) income from operations		**(0.51)**	0.14
Net loss for the year		**(3.00)**	(2.37)

The attached notes 1 to 28 form part of these consolidated financial statements.

Middle East Specialized Cables Company (MESC)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2011

	2011	*2010*
	SR	*SR*
OPERATING ACTIVITIES		
Loss before zakat and tax	**(124,033,357)**	(86,045,430)
Adjustments to:		
Impairment of goodwill	**70,565,313**	77,000,000
Depreciation and amortization	**51,125,867**	44,574,996
Minority interest	**(36,758,294)**	(33,365,131)
Provision for doubtful debts	**9,080,842**	10,911,098
Employees' terminal benefits	**5,924,984**	5,764,428
Provision for slow moving inventories	**4,858,725**	4,883,425
Unrealised loss (gain) from held for trading investments	**1,004,586**	(916,893)
Gain on disposal of property, plant and equipment	**-**	(372,383)
	(18,231,334)	22,434,110
Changes in operating assets and liabilities:		
Accounts receivable	**(51,825,516)**	85,707,775
Prepaid expenses and other assets	**(16,270,850)**	6,210,624
Inventories	**(10,212,900)**	132,122,923
Accounts and notes payable	**50,831,653**	(129,668,325)
Accrued expenses and other liabilities	**(5,182,801)**	(3,077,564)
Cash (used in) from operations	**(50,891,748)**	113,729,543
Zakat and income tax paid	**(5,413,822)**	(4,305,172)
Employees' terminal benefits paid	**(4,547,962)**	(1,574,568)
Net cash (used in) from operating activities	**(60,853,532)**	107,849,803
INVESTING ACTIVITIES		
Advance against purchase of property, plant and equipment	**1,211,445**	-
Additions to property, plant and equipment	**(35,715,296)**	(62,019,607)
Restricted cash	**(3,366,000)**	-
Intangible assets	**(1,530,001)**	(679,831)
Net cash used in investing activities	**(39,399,852)**	(62,699,438)
FINANCING ACTIVITIES		
Bank borrowings and term loans, net	**86,725,093**	29,137,996
Dividends paid	-	(41,678,356)
Net movement in minority interests	**(187,434)**	(27,725,635)
Net cash from (used in) financing activities	**86,537,659**	(40,265,995)
(DECREASE) INCREASE IN BANK BALANCES AND CASH	**(13,715,725)**	4,884,370
Bank balances and cash at the beginning of the year	**39,701,909**	34,817,539
BANK BALANCES AND CASH AT THE END OF THE YEAR (note 4)	**25,986,184**	39,701,909
Non Cash Transactions:		
Unrealized (loss) gain from revaluation of available for sale investments	**(316,873)**	223,312
Advance against purchase of property transferred to property, plant and equipment	-	8,833,499
Transfer of investment in an associate to property	**10,660,000**	-
Balances related to cash flow hedges:		
Prepaid expenses and other assets	-	1,026,060
Accrued expenses and other liabilities	**(1,133,105)**	(2,657,063)
Unrealised loss on cash flow hedges	**(4,213,345)**	(728,389)
Minority interest	**(3,080,240)**	(755,481)

The attached notes 1 to 28 form part of these consolidated financial statements.

Middle East Specialized Cables Company (MESC)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2011

	Share capital SR	*Statutory reserve SR*	*Retained earnings (Accumulated losses) SR*	*Unrealized loss from revaluation of available for sale investments SR*	*Unrealised loss on cash flow hedges SR*	*Total SR*
Balance at 1 January 2010	400,000,000	28,985,180	79,899,049	(1,191,576)	(3,387,536)	504,305,117
Net loss for the year	-	-	(94,948,365)	-	-	(94,948,365)
Dividends paid	-	-	(41,678,356)	-	-	(41,678,356)
Net movements during the year from:						
- Revaluation of available for sale investments	-	-	-	223,312	-	223,312
- Cash flow hedges	-	-	-	-	(728,389)	(728,389)
Balance at 31 December 2010	400,000,000	28,985,180	(56,727,672)	(968,264)	(4,115,925)	367,173,319
Net loss for the year	-	-	(120,136,144)	-	-	(120,136,144)
Net movements during the year from:						
- Revaluation of available for sale investments	-	-	-	(316,873)	-	(316,873)
- Cash flow hedges	-	-	-	-	(4,213,345)	(4,213,345)
Balance at 31 December 2011	**400,000,000**	**28,985,180**	**(176,863,816)**	**(1,285,137)**	**(8,329,270)**	**242,506,957**

The attached notes 1 to 28 form part of these consolidated financial statements.

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).

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

The following are the subsidiaries included in the consolidated financial statements:

Subsidiary	Current Ownership Percentage	Country of Incorporation
Middle East Specialized Cables Company- Jordan	**53.7%**	Kingdom of Jordan
MESC for Medium and High Voltage Cables Company (Formerly MESC Fujikura Cable Company)	**70.25%**	Kingdom of Jordan
MESC - Ras Al-Khaimah (Limited Liability Company)	**100.0%**	United Arab Emirates
Sharjah Cables Factory (a sole proprietorship)	**100.0%**	United Arab Emirates

*Direct and indirect ownership through its subsidiary, Middle East Specialized Cables Company – Jordan.

2 BASIS OF CONSOLIDATION

The consolidated financial statements include the assets, liabilities and the results of operations of the Company and its subsidiaries (the "Group") listed in note (1) above.

A subsidiary is a company in which the Group has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts a practical control. A subsidiary company is consolidated from the date on which the Group obtains a practical control until the date such control ceases. Minority interest has been calculated and reflected separately in the consolidated balance sheet and consolidated statements of income. Significant balances and transactions between the Group companies have been eliminated in the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies, applied consistently, are as follows:

Accounting convention
These consolidated financial statements are prepared under the historical cost convention except for the measurement at fair value for held for trading investments, available for sale investments and derivative financial instruments.

Use of estimates
The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting year. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Accounts receivables
Accounts receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined for finished goods on a weighted average cost basis and includes cost of material, labor and appropriate proportion of direct over heads. All other inventories are valued on a weighted average cost basis.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments
Held for trading investments
Held for trading investments are investments in readily marketable securities, which are bought for trading purposes, are stated at fair value and included under current assets. Changes in market value are credited or charged to the consolidated statement of income.

Available for sale investments
Investments that are bought neither with the intention of being held to maturity nor for the trading purposes, are stated at fair value and are included under non-current assets, unless they will be sold in the next fiscal year. Unrealized gains and losses are reported as a separate component of shareholders' equity until the investment is derecognized or the investment is determined to be impaired.

Fair value is determined by reference to the market value if an open market exists, or the use of other alternative method. Otherwise, cost is considered to be the fair value. Where partial holdings are sold, these are accounted for on a weighted average basis.

Investment in an associate
Associate is an entitiy over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, investments in associate are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The consolidated statement of income reflects the Group's share in the results of associates.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land and capital work in progress are not depreciated. The cost less estimated residual value of other property, plant and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure for repair and maintenance are charged to the consolidated statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized

Intangible assets

Goodwill
The excess of consideration paid over the fair value of net assets acquired is recorded as goodwill. Goodwill is periodically re-measured and reported in the consolidated financial statements at carrying value after being adjusted for impairment, if any. The carrying amount of negative goodwill, if any, is netted off against fair value of non-current assets.

Other intangible assets
Fee for technical assistance and license fee, management fee of SIDF loan and development costs relating to information systems are deferred and amortised over an estimated period of benefit up to a maximum of five years.

Impairment
The Group periodically reviews the carrying amounts of its long term tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment is recognized in the consolidated statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

Except for goodwill, where impairment subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset or cash generating unit in prior years. A reversal of impairment is recognized immediately in the consolidated statement of income.

Provisions

Provisions are recognized when an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably by the Group.

Accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian Labour Law applicable to employees' accumulated periods of service at the balance sheet date.

Zakat and income tax

Zakat is provided in accordance with the Regulations of the Department of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia and on an accrual basis. The provision is charged to the consolidated statement of income. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

For subsidiaries outside the Kingdom of Saudi Arabia, provision for corporate tax is computed in accordance with tax regulations of the respective countries.

Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company must set aside 10% of the income (after deducting losses brought forward) in each year until it has been build up reserve equal to one half of the capital. The reserve is not available for distribution.

Revenue recognition

Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company’s products.

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Derivative Financial Instruments

The Group uses derivative financial instruments such as cash settled forward commodity (metal) contracts to hedge its commodity price risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are reported as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the consolidated statement of income.

For the purpose of hedge accounting, the Group's cash settled forward commodity contracts are classified as cash flow hedges, as the Group is hedging exposure to variability in cash flows that is attributable to the commodity price risks associated with a highly probable forecast transaction.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognized directly under shareholders' equity as cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of income.

Amounts recognized directly under shareholders' equity as cash flow hedge reserve are transferred to the consolidated statement of income when the hedged transaction affects profit or loss, such as when the forecast sale occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts recognized under equity as cash flow hedge reserve are transferred to the initial carrying amount of the nonfinancial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized directly under equity as cash flow hedge reserve are transferred to the consolidated statement of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized directly under equity as cash flow hedge reserve remains under equity until the forecast transaction or firm commitment affects consolidated statement of income.

Foreign currencies
The consolidated financial statements are presented in Saudi Riyal, which is the Company's functional and presentation currency. Each subsidiary in the Group determines its own functional currency, and as a result, items included in the financial statements of each subsidiary are measured using that functional currency.

At the subsidiary level, transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of income.

At the consolidation level, financial statements of foreign subsidiaries are translated into the presentation currency of the Company (Saudi Riyals) using the exchange rate at each balance sheet date for assets and liabilities, and the average exchange rate for each period for revenues and expenses. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments are recorded as a separate component of equity.

Segmental reporting
A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

4 BANK BALANCES AND CASH

	2011 SR	2010 SR
Bank balances	**29,068,372**	39,242,516
Cash in hand	**283,812**	459,393
Bank balances and cash	**29,352,184**	39,701,909
Less: Restricted cash*	**(3,366,000)**	-
Cash and cash equivalent	**25,986,184**	39,701,909

*During the current year, a supplier has filed a lawsuit against a subsidiary claiming an amount of SR 3.3 million for the non repayment of an outstanding payable, which was due during 2010. Based on a court order, an amount of SR 3.3 million (2010: SR Nil) was considered as restricted cash. The maximum exposure to the Group in this lawsuit is approximately SR 3.3 million which is already recorded as a liability as at 31 December 2011.

5 HELD FOR TRADING INVESTMENTS

These comprise of investments in equity shares listed on an international stock exchange market, and are carried at fair value:

	2011 SR	2010 SR
At the beginning of the year	**8,594,790**	7,677,897
Net movement in unrealized (loss) gain from revaluation	**(1,004,586)**	916,893
At the end of the year	**7,590,204**	8,594,790

6 ACCOUNTS RECEIVABLE

	2011 SR	2010 SR
Trade receivables	**369,247,737**	321,037,317
Less: allowance for doubtful debts	**(27,225,910)**	(20,827,701)
	342,021,827	300,209,616
Retentions receivable	**25,449,678**	24,517,219
Less: non-current portion (note 14)	**(20,652,120)**	(14,020,110)
Retentions receivable – current	**4,797,558**	10,497,109
	346,819,385	310,706,725

As at 31 December 2011, trade receivables at nominal value of SR 27,225,910 (2010: SR 20,827,701) were impaired.

6 ACCOUNTS RECEIVABLE - continued

Movement in the allowance for impairment of trade receivable was as follows:

	2011 ***SR***	*2010* *SR*
At the beginning of the year	**20,827,701**	9,916,603
Charge for the year	**9,080,842**	10,911,098
Amounts written off during the year	**(2,682,633)**	-
At the end of the year	**27,225,910**	20,827,701

7 PREPAID EXPENSES AND OTHER ASSETS

	2011 ***SR***	*2010* *SR*
Advances to suppliers	**21,588,707**	8,483,764
Margin deposits (note 23)	**10,787,192**	6,151,273
Prepaid expenses	**4,532,448**	6,424,188
Insurance receivable	**3,671,006**	3,671,006
Derivative financial instruments	**-**	1,026,060
Amounts due from related parties (note 9)	**-**	439,171
Other assets	**3,667,103**	1,780,144
	44,246,456	27,975,606

8 INVENTORIES

	2011 ***SR***	*2010* *SR*
Finished goods	**131,679,413**	131,555,010
Raw and packing materials	**93,226,413**	93,210,224
Work in progress	**77,044,389**	64,024,433
Spare parts	**16,760,053**	17,038,044
Goods in transit	**6,825,579**	9,495,236
	325,535,847	315,322,947
Less: provision for slow moving inventories	**(19,877,836)**	(15,019,111)
	305,658,011	300,303,836

Movement in the provision of slow moving inventories was as follows:

	2011 ***SR***	*2010* *SR*
At the beginning of the year	**15,019,111**	10,135,686
Charge for the year	**4,858,725**	4,883,425
At the end of the year	**19,877,836**	15,019,111

9 RELATED PARTY TRANSACTIONS

The following are the details of related party transactions during the year:

Related party	*Nature of transaction*	*Amount of transaction* **2011** **SR**	2010 SR
Affiliates	Sales	**788,807**	2,327,560
	Purchases	**2,013,861**	5,315,707

Amounts due from / to related parties are shown in notes 7 and 16 respectively.

10 AVAILABLE FOR SALE INVESTMENTS

Available for sale investments (AFS) comprise of investments in quoted securities, all are denominated in Jordanian Dinar. The movement is set out below:

	2011 ***SR***	*2010* *SR*
Cost:		
At the beginning and end of the year	**6,854,114**	6,854,114
Unrealized losses:		
At the beginning of the year	**(1,803,773)**	(2,346,266)
Net movement during the year	**(590,298)**	542,493
At the end of the year*	**(2,394,071)**	(1,803,773)
Net carrying amount	**4,460,043**	5,050,341

*The unrealized loss from AFS shown in the consolidated balance sheet represents the group's share of unrealised losses reduced by the minority interest share of SR 1,108,934 (2010: SR 835,509).

11 INVESTMENT IN AN ASSOCIATE

Investment in an associate represents equity investment of 20% (direct ownership) of Juba Investment and Development Company (JIDC) which is a limited liability company registered in the kingdom of Jordan.

Movement in investment in an associate during the year is as follows:

	2011 ***SR***	*2010* *SR*
At the beginning of the year	**21,273,000**	21,273,000
Transfer to property, plant & equipment *	**(10,660,000)**	-
At the end of the year	**10,613,000**	21,273,000

*During the current year, one of the Group's subsidiaries swapped their share in the associated company for a two floors in a new building in Jordan, which will be used by the company. Accordingly, the amount has been transferred to property, plant and equipment (note 12).

12 PROPERTY, PLANT AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings	10 - 25 years	Furniture, Fixtures and office equipment	4 - 10 years
Plant and machinery	4-15 years	Motor vehicles	4-10 years

	Land SR	*Buildings* SR*	*Plant and machinery SR*	*Furniture, Fixtures and office equipment SR*	*Motor vehicles SR*	*Capital work in progress SR*	***Total 2011 SR***	*Total 2010 SR*
Cost:								
At the beginning of the year	39,136,490	205,698,990	562,188,308	21,609,208	17,060,379	18,669,912	**864,363,287**	793,993,267
Additions	-	1,988,324	12,519,709	1,769,433	122,712	19,315,118	**35,715,296**	71,235,422
Transfer (note 11)	-	10,660,000	-	-	-	-	**10,660,000**	-
Disposals	-	-	(2,078,472)	(6,982)	(346,450)	(37,035)	**(2,468,939)**	(865,402)
At the end of the year	39,136,490	218,347,314	572,629,545	23,371,659	16,836,641	37,947,995	**908,269,644**	864,363,287
Depreciation:								
At the beginning of the year	-	39,189,699	192,379,725	14,224,776	10,883,288	-	**256,677,488**	214,787,994
Charge for the year	-	10,354,855	34,472,401	2,139,808	2,164,243	-	**49,131,307**	42,744,963
Disposals	-	-	(402,489)	(6,982)	(303,144)	-	**(712,615)**	(855,469)
At the end of the year	-	49,544,554	226,449,637	16,357,602	12,744,387	-	**305,096,180**	256,677,488
Net book amounts:								
At 31 December 2011	**39,136,490**	**168,802,760**	**346,179,908**	**7,014,057**	**4,092,254**	**37,947,995**	**603,173,464**	
At 31 December 2010	39,136,490	166,509,291	369,808,583	7,384,432	6,177,091	18,669,912		607,685,799

* Buildings include a factory with a net book value of SR 34 million (2010: SR 36.8 million) constructed on a land leased from the Government of Saudi Arabia at a nominal rent. This lease expires on 7 Rabi Awal 1439H (corresponding to 25 November 2017). The renewal of the lease is at the option of the Company.

- Property, plant and equipment, except land, with a net book value of SR 117 million (2010: SR 124 million) is mortgaged to Saudi Industrial Development Fund (SIDF) as a security against loans. (Note 15).

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation charge for the year is allocated as follows:

	2011 ***SR***	*2010* *SR*
Cost of sales	**47,507,525**	40,913,792
General and administrative expenses (note 21)	**1,623,782**	1,831,171
	49,131,307	42,744,963

13 INTANGIBLE ASSETS

	2011 ***SR***	*2010* *SR*
Goodwill (a)	**-**	70,565,313
Other intangible assets (b)	**3,684,064**	4,148,623
	3,684,064	74,713,936

(a) Goodwill represents the excess of consideration paid by the Group over its interest in the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities. Most of the goodwill balance shown above resulted from the Group's acquisition of major subsidiaries in the same business.

Movement in goodwill during the year is set out below:

	2011 ***SR***	*2010* *SR*
At the beginning of the year	**70,565,313**	147,565,313
Impairment loss*	**(70,565,313)**	(77,000,000)
	-	70,565,313

As of 31 December 2011, the management performed a review of the recoverable amount of goodwill in order to assess the amount of impairment relating to its investments in the subsidiaries. As a result of the test performed, the management recorded an impairment loss of SR 70 Million in the consolidated statement of income for the year ended 31 December 2011 (2010: SR 77 Million).

(b) Other intangible assets include mainly license and loans management fees

14 OTHER LONG TERM ASSETS

	2011 ***SR***	*2010* *SR*
Retention receivables - noncurrent (note 6)	**20,652,120**	14,020,110
Advances against purchase of property, plant and equipment	**5,503,800**	6,715,244
Deferred tax asset	**546,019**	546,016
	26,701,939	21,281,370

15 BANK BORROWINGS AND TERM LOANS

	2011	*2010*
	SR	*SR*
Current: (a)		
Murabaha loans	**454,023,468**	404,191,291
Short term loans and bank overdrafts	**184,859,302**	238,305,553
	638,882,770	642,496,844
Current portion of long term loans	**26,939,658**	55,404,092
	665,822,428	697,900,936
Non - current: (b)		
Term loans	**230,101,439**	111,297,838
	895,923,867	809,198,774

(a) The Company has entered into purchase financing agreement (Murhaba) with various local commercial banks which purchase goods on behalf of the Company and resells them to the Company on extended credit up to a maximum period of 12 months from the date of purchase by the Company. Murabaha loans are fully secured by duly signed promissory notes, pledge of shares of Middle East Specialized Cables Company- Jordan and pledge of margin deposit of SR 4.8 million.

Murabaha agreements contain covenants regarding certain leverage ratios, gearing ratio, total debt to equity ratio, minimum tangible net worth and maximum receivables from related parties. Under the terms of these agreements, banks have the right to demand immediate repayment of the loans if any of the covenants are not met. As at 31 December 2011, the Company was not in compliance with certain covenants.

The Group has unutilized bank facilities amounting to SR 134 million (2010: SR 387 million) from commercial banks for Murabaha loans, bank overdraft and other credit lines. Commission on these facilities is payable at varying rates.

Short term loans are obtained by the subsidiary and are secured by its own corporate guarantee and are obtained to finance its operations.

The Group has unutilized bank facilities amounting to SR 65 million (2010: SR 489 million) from local commercial banks in Jordan and United Arab Emirates for loans, bank overdraft and other credit lines. Commission on these facilities is payable at varying rates.

(b) Term loans were obtained to finance the purchase of property, plant and equipment. The instalments due in next twelve months period are shown as a current liability.

During 2011, one of the subsidiaries has rescheduled part of their short term loans of SR 199 million to long term loans. The long term loans for the subsidiary are secured by its own corporate guarantee. The outstanding balance of long term loans as of 31 December 2011 is SR 180.5 million. (2010: SR 73 million).

In-addition, the Company obtained several long term loans from the Saudi Industrial Development Fund (SIDF) and are secured by mortgage over the property, plant and equipment of the Company. It is repayable in semiannual installments and the last installment will be due on Rabi Thani 15, 1437H (corresponding to 19 January 2016). The long term loans agreements contain covenants which, among other things, require that certain financial ratios and a ceiling on capital expenditures be maintained. Under the terms of the loans agreements, the lender has the right to demand immediate repayments if such covenants are not met.

16 ACCRUED EXPENSES AND OTHER LIABILITIES

	2011	*2010*
	SR	*SR*
Accrued expenses	**13,118,247**	16,972,733
Zakat and income tax payable (note 17)	**9,010,318**	18,321,353
Derivative financial instruments	**8,445,854**	9,578,959
Advances from customers	**7,982,596**	14,159,966
Provision for customer guarantee	**4,634,340**	4,634,340
Accrued employee benefits	**3,934,345**	5,864,440
Amounts due to related parties (Note 9)	**746,872**	-
Other liabilities	**12,571,249**	7,269,189
	60,443,821	76,800,980

17 ZAKAT AND INCOME TAX

Zakat is provided for and charged to the consolidated statement of income. Differences resulting from the final Zakat calculation, if any are adjusted at year end.

Charge for the year consists of:

	2011	*2010*
	SR	*SR*
Current year Zakat (recovery) / provision	**(3,897,213)**	7,200,000
Foreign income tax	**-**	1,702,935
Charge for the year	**(3,897,213)**	8,902,935

The movement in Zakat and income tax provision for the year is as follows:

	2011	*2010*
	SR	*SR*
At the beginning of the year	**18,321,353**	15,426,525
Provided during the year	**7,020,000**	7,200,000
Reversed during the year (a)	**(10,917,213)**	-
Paid during the year	**(5,413,822)**	(4,305,172)
At end of the year	**9,010,318**	18,321,353

(a) During 2008, the Company has received the final Zakat assessments from the Department of Zakat and Income Tax (DZIT) for the years ended 31 December 2006 and 2007. As per the assessments, the Company is required to pay an additional Zakat liability amounting to SR 13.4 Million. The Company has filed an objection with the Preliminary Objection Committee in this regard and also provided for such additional liability.

During the year ended 31 December 2011, the Company received the final revised Zakat assessments from DZIT for the years 2006 and 2007, which confirm a Zakat liability of SR 2.5 Million, rather than SR 13.4 M. Accordingly, the Company has reversed the excess the Zakat provision of SR 10.9 Million.

The Company has filed its Zakat returns up to the year ended 31 December 2010 and has obtained the final Zakat assessments up to the year ended 31 December 2007. The returns for the years from 2008 up to 2010 are still under review by Department of Zakat and Income Tax (DZIT).

18 SHARE CAPITAL

The Company's share capital is divided into 40 million shares as of 31 December 2011 (31 December 2010: 40 million shares) of SR 10 each.

19 DERIVATIVES FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments; such as cash settled forward commodity (metal) contracts to hedge its commodity price risks, which are classified as cash flow hedges. The Group is hedging exposure to variability in cash flows that is attributable to the commodity price risk associated with a highly probable forecast transaction.

The positive fair value of the cash settled forward commodity contracts amounted to SR nil (31 December 2010: 1,026,060) and was reported as prepaid expenses and other assets.

The negative fair value of the cash settled forward commodity contracts amounted to SR 8,445,854 as at 31 December 2011 (31 December 2010: negative fair value of SR 9,578,959) and was reported as accrued expenses and other liabilities.

Unrealized loss relating to the cash flow hedges which are assessed to be effective amounted to SR 8,329,270 (2010: unrealized loss of SR 4,115,925) was included as part of shareholders' equity.

20 SELLING AND DISTRIBUTION EXPENSES

	2011	*2010*
	SR	*SR*
Salaries and related costs	**12,111,974**	11,749,661
Provision for doubtful debts	**9,080,842**	10,911,098
Promotion and advertising	**9,138,918**	11,443,325
Freight	**5,152,373**	7,464,257
Travel	**664,608**	1,023,625
Rent	**595,073**	633,051
Others	**6,376,900**	3,337,954
	43,120,688	46,562,971

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2011	*2010*
	SR	*SR*
Salaries and related costs	**24,730,622**	17,360,746
Consultancy and professional fees	**4,823,430**	2,407,175
Travel	**2,006,289**	1,638,547
Depreciation (note12)	**1,623,782**	1,831,171
Utilities	**1,273,621**	601,947
Repairs and maintenance	**1,052,342**	670,806
Other	**3,822,334**	3,230,786
	39,332,420	27,741,178

22 (LOSS) / EARNINGS PER SHARE

(Loss) / Earnings per share attributable to (loss) income from operations and net loss for the year is calculated by dividing (loss) / income from operations and net loss for the year, respectively, by the number of shares outstanding of 40 million as at 31 December 2011 and 2010.

23 COMMITMENT AND CONTINGENCIES

As at 31 December 2011, the Group has capital commitments at SR 41million (2010: SR 22.4 million)

At 31 December 2011, the Group's bankers have issued on its behalf bank guarantees amounting to SR 139 Million (2010: SR 147 Million), in the normal course of business.

24 OPERATING LEASES

The Group has various renewable operating leases for employee housing, office facilities, showrooms and warehouses having different terms extending between one and ten years. Rental expenses incurred during year ended 31 December 2011 under leases were approximately SR 2.4 million (2010 - SR 1.9 million).

25 SEGMENT INFORMATION

The Group's operations are carried out in three principal geographical areas, which are considered as reporting segments. Following are the segments of the Group:

Saudi Arabia
This consists of operations carried out through Middle East Specialized Cables Company (MESC) – Saudi Arabia.

Hashemite Kingdom of Jordan –
This consists of operations carried out through Middle East Specialized Cables Company – Jordan and MESC Medium and High Voltage Cables Company (formerly MESC Fujikura Cable Company) - Jordan

United Arab Emirates –
This consists of operations carried out through Sharjah Cables Factory and MESC - Ras Al-Khaimah (Limited Liability Company).

The total assets and total liabilities as at 31 December 2011 and 2010, total revenues and net income for the year ended, by segment, are as follows:

31 December 2011	**Segment**				
	Saudi Arabia SR	**Jordan SR**	**United Arab Emirates SR**	**Eliminations**	**Total SR**
Sales	**631,003,915**	**483,777,897**	**213,513,160**	**(188,909,406)**	**1,139,385,566**
Gross profit	**83,480,774**	**4,573,875**	**7,567,880**	**-**	**95,622,529**
Net loss	**(120,136,142)**	**(96,886,129)**	**(7,884,991)**	**104,771,118**	**(120,136,144)**
Total assets	**917,753,097**	**575,896,112**	**270,927,899**	**(382,278,358)**	**1,382,298,750**
Total liabilities	**675,246,140**	**413,959,012**	**96,026,439**	**(81,846,578)**	**1,103,385,013**

31 December 2010	**Segment**				
	Saudi Arabia SR	Jordan SR	United Arab Emirates SR	Eliminations	**Total SR**
Sales	584,297,488	502,554,558	49,214,171	(106,816,250)	1,029,249,967
Gross profit	97,901,290	5,157,082	11,801,833	-	114,860,205
Net loss	(94,948,365)	(86,732,092)	(8,392,597)	95,124,689	(94,948,365)
Total assets	960,438,626	690,197,442	205,460,555	(438,809,311)	1,417,287,312
Total liabilities	593,265,307	463,312,856	43,652,812	(119,422,571)	980,808,404

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets consist of bank balances and cash, receivables and investments in securities and its financial liabilities consist of bank borrowing and term loans, payables, accrued expenses and certain other liabilities.

The fair values of financial instruments are not materially different from their carrying values.

27 RISK MANAGEMENT

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to normal interest rate risk on its interest bearing assets and liabilities, including bank deposits, short term loans, Murabaha loans and long term loans.

Credit risk
Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to counter-parties by setting credit limits for individual parties and by monitoring outstanding exposures. At the balance sheet date, no significant concentrations of credit risk were identified by management.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group uses foreign currencies, mainly US Dollar, UAE Dirham, and Euro. The Group is not exposed to significant currency risk as the Saudi Riyal is pegged to the US Dollar, balances in other currencies are not considered to represent significant currency risk.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring that bank facilities are available. Moreover, the Group seeks to manage the shortages in the working capital through rolling over current bank borrowings and restructuring of its debts.

28 COMPARATIVE FIGURES

Certain prior year figures have been re-classified to conform with the presentation in the current year.

Middle East Specialized Cables Company (MESC)

(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2012

Middle East Specialized Cables Company (MESC)
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2012

ERNST & YOUNG

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AUDITORS' REPORT TO THE SHAREHOLDERS OF MIDDLE EAST SPECIALIZED CABLES COMPANY (MESC) (A SAUDI JOINT STOCK COMPANY)

Scope of audit

We have audited the accompanying consolidated balance sheet of Middle East Specialized Cables Company (MESC) (the "Company") - A Saudi Joint Stock Company - and its subsidiaries (the "Group") as at 31 December 2012 and the related consolidated statements of income, cash flows and changes in equity for the year then ended. These consolidated financial statements are the responsibility of the Group's management and have been prepared by them in accordance with the provisions of Article 123 of Regulation for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the consolidated financial statements.

Unqualified opinion

In our opinion, the consolidated financial statements taken as a whole:

i) present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2012 and the consolidated results of its operations and cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

ii) comply with the requirements of the Regulations for Companies and the Company's bye-laws in so far as they affect the preparation and presentation of the consolidated financial statements.

for Ernst & Young

Fahad M. Al-Toaimi
Certified Public Accountant
Registration No. 354

Riyadh: 13 Rabi Thani 1434H
(24 February 2013)

Middle East Specialized Cables Company (MESC)
(A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET
As at 31 December 2012

	Note	*2012* SR	*2011* SR
ASSETS			
CURRENT ASSETS			
Bank balances and cash	4	**63,843,136**	29,352,184
Held for trading investments	5	**6,306,569**	7,590,204
Accounts receivable	6	**343,759,144**	346,819,385
Prepaid expenses and other current assets	7	**24,526,729**	44,246,456
Inventories	8	**267,463,046**	305,658,011
TOTAL CURRENT ASSETS		**705,898,624**	733,666,240
NON-CURRENT ASSETS			
Available for sale investments	10	**3,705,771**	4,460,043
Investment in an associate	11	**10,613,000**	10,613,000
Property, plant and equipment	12	**594,117,926**	603,173,464
Intangible assets	13	**2,521,892**	3,684,064
Other long term assets	14	**37,394,085**	26,701,939
TOTAL NON-CURRENT ASSETS		**648,352,674**	648,632,510
TOTAL ASSETS		**1,354,251,298**	1,382,298,750
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Bank borrowings and term loans	15	**411,619,588**	665,822,428
Accounts and notes payable		**108,878,086**	128,494,436
Accrued expenses and other current liabilities	16	**69,897,085**	60,443,821
TOTAL CURRENT LIABILITIES		**590,394,759**	854,760,685
NON-CURRENT LIABILITIES			
Term loans	15	**450,479,169**	230,101,439
Employees' terminal benefits		**17,876,915**	18,522,889
TOTAL NON-CURRENT LIABILITIES		**468,356,084**	248,624,328
TOTAL LIABILITIES		**1,058,750,843**	1,103,385,013
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	18	**400,000,000**	400,000,000
Statutory reserve		**28,985,180**	28,985,180
Accumulated losses		**(145,763,222)**	(176,863,816)
Unrealized loss from revaluation of available for sale investments	10	**(1,680,823)**	(1,285,137)
Net change in fair value of derivative financial instruments	19	**-**	(8,329,270)
TOTAL SHAREHOLDERS' EQUITY		**281,541,135**	242,506,957
MINORITY INTERESTS		**13,959,320**	36,406,780
TOTAL EQUITY		**295,500,455**	278,913,737
TOTAL LIABILITIES AND EQUITY		**1,354,251,298**	1,382,298,750

The attached notes 1 to 28 form part of these consolidated financial statements.

Middle East Specialized Cables Company (MESC)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2012

	Note	***2012*** *SR*	*2011* *SR*
Sales		**990,580,978**	1,139,385,566
Cost of sales		**(829,421,456)**	(1,043,763,037)
GROSS PROFIT		**161,159,522**	95,622,529
EXPENSES			
Selling and distribution	20	**(36,818,921)**	(43,120,688)
General and administrative	21	**(43,721,621)**	(39,332,420)
Cost of unutilized production capacity		**(25,481,228)**	(31,606,261)
Amortisation	13	**(1,600,083)**	(1,994,559)
TOTAL EXPENSES		**(107,621,853)**	(116,053,928)
INCOME (LOSS) FROM MAIN OPERATIONS		**53,537,669**	(20,431,399)
Impairment of goodwill	13	**-**	(70,565,313)
Unrealized loss from held for trading investments	5	**(1,283,635)**	(1,004,586)
Loss on derivative financial instruments	19	**(4,962,440)**	(30,508,434)
Financial charges	15	**(41,347,681)**	(38,727,523)
Other income		**166,023**	445,604
INCOME (LOSS) BEFORE MINORITY INTEREST, ZAKAT AND TAX		**6,109,936**	(160,791,651)
Minority interests		**23,536,677**	36,758,294
INCOME (LOSS) BEFORE ZAKAT AND TAX		**29,646,613**	(124,033,357)
Zakat and income tax recovery, net	17	**1,453,981**	3,897,213
NET INCOME (LOSS) FOR THE YEAR		**31,100,594**	(120,136,144)
Earnings (loss) per share (SR):	22		
Attributable to:			
Income (loss) from main operations		**1.34**	(0.51)
Net income (loss) for the year		**0.78**	(3.00)

The attached notes 1 to 28 form part of these consolidated financial statements.

Middle East Specialized Cables Company (MESC)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2012

	2012 SR	2011 SR
OPERATING ACTIVITIES		
Income (loss) before zakat and income tax	**29,646,613**	(124,033,357)
Adjustments to:		
Unrealized loss from held for trading investments	**1,283,635**	1,004,586
Provision for doubtful debts, net	**2,790,808**	9,080,842
Provision for slow moving inventories	**12,346,945**	4,858,725
Depreciation and amortization	**45,837,575**	51,125,867
Impairment of goodwill	**-**	70,565,313
Provision for employees' terminal benefits	**5,087,090**	5,924,984
Minority interests	**(23,536,677)**	(36,758,294)
	73,455,989	(18,231,334)
Changes in operating assets and liabilities:		
Accounts receivable	**(15,141,351)**	(51,825,516)
Prepaid expenses and other current assets	**18,388,547**	(16,270,850)
Inventories	**25,848,014**	(10,212,900)
Accounts and notes payable	**(19,616,350)**	50,831,653
Accrued expenses and other current liabilities	**21,499,089**	(5,182,801)
Cash from (used in) operations	**104,433,938**	(50,891,748)
Zakat and income tax paid	**(1,599,918)**	(5,413,822)
Employees' terminal benefits paid	**(5,733,064)**	(4,547,962)
Net cash from (used in) operating activities	**97,100,956**	(60,853,532)
INVESTING ACTIVITIES		
Advance against purchase of property, plant and equipment	**-**	1,211,445
Additions to property, plant and equipment	**(29,678,158)**	(35,715,296)
Intangible assets	**(437,910)**	(1,530,001)
Restricted cash	**-**	(3,366,000)
Net cash used in investing activities	**(30,116,068)**	(39,399,852)
FINANCING ACTIVITIES		
(Repayments of) proceeds from bank borrowings and term loans, net	**(33,825,111)**	86,725,093
Net movement in minority interests	**1,331,175**	(187,434)
Net cash (used in) from financing activities	**(32,493,936)**	86,537,659
INCREASE (DECREASE) IN BANK BALANCES AND CASH	**34,490,952**	(13,715,725)
Bank balances and cash at the beginning of the year	**25,986,184**	39,701,909
BANK BALANCES AND CASH AT THE END OF THE YEAR (note 4)	**60,477,136**	25,986,184
Non cash transactions:		
Unrealized loss from revaluation of available for sale investments	**(395,686)**	(316,873)
Transfer of advances against purchase of property, plant and equipment to property, plant and equipment (note 12)	**5,503,800**	-
Transfer from investment in an associate to property, plant and equipment	**-**	10,660,000
Balances related to derivatives financial instruments:		
Accrued expenses and other current liabilities	**(8,445,902)**	(1,133,105)
Net changes in fair value of derivatives financial instruments	**8,329,270**	(4,213,345)
Minority interests	**(241,958)**	4,046,919

The attached notes 1 to 28 form part of these consolidated financial statements.

Middle East Specialized Cables Company (MESC)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2012

	Shareholders' equity						***Minority interest SR***	***Total equity SR***
	Share capital SR	*Statutory reserve SR*	*Accumulated losses SR*	*Unrealized loss from revaluation of available for sale investments SR*	*Net change in fair value of derivative financial instruments SR*	*Total SR*		
Balance at 31 December 2010	400,000,000	28,985,180	(56,727,672)	(968,264)	(4,115,925)	367,173,319	69,305,589	436,478,908
Net loss for the year	-	-	(120,136,144)	-	-	(120,136,144)	-	(120,136,144)
Net movement during the year	-	-	-	-	-	-	(32,898,809)	(32,898,809)
Net change in fair value from:								
- revaluation of available for sale investments	-	-	-	(316,873)	-	(316,873)	-	(316,873)
- derivatives financial instruments	-	-	-	-	(4,213,345)	(4,213,345)	-	(4,213,345)
Balance at 31 December 2011	400,000,000	28,985,180	(176,863,816)	(1,285,137)	(8,329,270)	242,506,957	36,406,780	278,913,737
Net income for the year	-	-	31,100,594	-	-	31,100,594	-	31,100,594
Net movement during the year	-	-	-	-	-	-	(22,447,460)	(22,447,460)
Net change in fair value from:								
- revaluation of available for sale investments	-	-	-	(395,686)	-	(395,686)	-	(395,686)
- derivatives financial instruments	-	-	-	-	8,329,270	8,329,270	-	8,329,270
Balance at 31 December 2012	**400,000,000**	**28,985,180**	**(145,763,222)**	**(1,680,823)**	-	**281,541,135**	**13,959,320**	**295,500,455**

The attached notes 1 to 28 form part of these consolidated financial statements.

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).

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

The following are the subsidiaries included in the consolidated financial statements:

Subsidiary	Current Ownership %		Country of Incorporation
	2012	*2011*	
Middle East Specialised Cables Company - Jordan (i)	**49.0**	**53.7**	Kingdom of Jordan
MESC for Medium and High Voltage Cables Company (Formerly MESC Fujikura Cable Company) *	**69.14**	**70.25**	Kingdom of Jordan
MESC - Ras Al-Khaimah (Limited Liability Company) (ii)	**100.0**	**100.0**	United Arab Emirates
Sharjah Cables Factory (a sole proprietorship) (ii)	**100.0**	**100.0**	United Arab Emirates

*Direct and indirect ownership through its subsidiary, Middle East Specialized Cables Company – Jordan.

(i) During the year 2012, the Company's board of directors has approved the management's recommendation to designate a fund to the benefit of its subsidiary employees (Middle East Specialized Cables Company, MESC - Jordan), through a decrease of the Company's owned shares in MESC – Jordan from 53.7 % to 49% and transferring the ownership to this fund's benefit at net book value.

(ii) During the year 2012, the Company's board of directors decided to merge the operations of Sharjah Cables Factory with the operations of MESC - Ras Al Khaimah, all the assets and liabilities of Sharjah Cables Factory have been transferred to MESC - Ras Al Khaimah. As the two entities fully owned by MESC, therefore there is no impact on the consolidated financial statements.

2 BASIS OF CONSOLIDATION

The consolidated financial statements include the assets, liabilities and the results of operations of the Company and its subsidiaries (the "Group") listed in note (1) above.

A subsidiary is a company in which the Group has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts a practical control. A subsidiary company is consolidated from the date on which the Group obtains a practical control until the date such control ceases. Minority interest has been calculated and reflected separately in the consolidated balance sheet and consolidated statement of income. Significant balances and transactions between the Group companies have been eliminated in the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies, applied consistently, are as follows:

Accounting convention
These consolidated financial statements are prepared under the historical cost convention except for the measurement at fair value for held for trading investments, available for sale investments and derivative financial instruments.

Use of estimates
The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting year. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable
Accounts receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined for finished goods on a weighted average cost basis and includes cost of material, labor and appropriate proportion of direct over heads. All other inventories are valued on a weighted average cost basis.

Investments
Held for trading investments
Held for trading investments are investments in readily marketable securities, which are bought for trading purposes, are stated at fair value and included under current assets. Changes in market value are credited or charged to the consolidated statement of income.

Available for sale investments
Investments that are bought neither with the intention of being held to maturity nor for the trading purposes, are stated at fair value and are included under non-current assets, unless they will be sold in the next fiscal year. Unrealized gains and losses are reported as a separate component of shareholders' equity until the investment is derecognized or the investment is determined to be impaired.

Fair value is determined by reference to the market value if an open market exists, or the use of other alternative method. Otherwise, cost is considered to be the fair value. Where partial holdings are sold, these are accounted for on a weighted average basis.

Investment in an associate
Associate is an entitiy over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, investments in associate are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The consolidated statement of income reflects the Group's share in the results of associates.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land and capital work in progress are not depreciated. The cost less estimated residual value of other property, plant and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure for repair and maintenance are charged to the consolidated statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized

Intangible assets

Goodwill
The excess of consideration paid over the fair value of net assets acquired is recorded as goodwill. Goodwill is periodically re-measured and reported in the consolidated financial statements at carrying value after being adjusted for impairment, if any. The carrying amount of negative goodwill, if any, is netted off against fair value of non-current assets.

Other intangible assets
Fee for technical assistance and license fee, management fee of SIDF loan and development costs relating to information systems are deferred and amortised over an estimated period of benefit up to a maximum of five years.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment
The Group periodically reviews the carrying amounts of its long term tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment is recognized in the consolidated statement of income.

Except for goodwill, where impairment subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset or cash generating unit in prior years. A reversal of impairment is recognized immediately in the consolidated statement of income.

Provisions
Provisions are recognized when an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably by the Group.

Accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Employees' terminal benefits
Provision is made for amounts payable under the Saudi Arabian Labour Law applicable to employees' accumulated periods of service at the balance sheet date.

Zakat and income tax
Zakat is provided in accordance with the Regulations of the Department of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia and on an accrual basis. The provision is charged to the consolidated statement of income. Differences, if any, including recoveries resulting from the final assessments are adjusted in the year of their finalization.

For subsidiaries outside the Kingdom of Saudi Arabia, provision for corporate tax is computed in accordance with tax regulations of the respective countries.

Statutory reserve
In accordance with the Saudi Arabian Regulations for Companies, the Company must set aside 10% of the income (after deducting losses brought forward) in each year until it has been build up reserve equal to one half of the capital. In view of accumulated loss incurred, no such transfers have been made. The reserve is not available for distribution.

Revenue recognition
Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

Expenses
Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company's products.

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Derivative Financial Instruments
The Group uses derivative financial instruments such as cash settled forward commodity (metal) contracts to hedge its commodity price risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are reported as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative Financial Instruments - continued

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of a cash flow hedge, are taken directly to the consolidated statement of income.

For the purpose of hedge accounting, the Group's cash settled forward commodity contracts are classified as cash flow hedges, as the Group is hedging exposure to variability in cash flows that is attributable to the commodity price risks associated with a highly probable forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognized directly under shareholders' equity as a derivative financial instruments.

Amounts recognized directly under shareholders' equity as a derivative financial instruments are transferred to the consolidated statement of income when the hedged transaction affects profit or loss, such as when the forecast sale occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts recognized under equity as a derivative financial instruments are transferred to the initial carrying amount of the nonfinancial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized directly under equity as a derivative financial instruments are transferred to the consolidated statement of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized directly under equity as a derivative financial instruments remains under equity until the forecast transaction or firm commitment affects consolidated statement of income.

Foreign currencies
The consolidated financial statements are presented in Saudi Riyal, which is the Company's functional and presentation currency. Each subsidiary in the Group determines its own functional currency, and as a result, items included in the financial statements of each subsidiary are measured using that functional currency.

At the subsidiary level, transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of income.

At the consolidation level, financial statements of foreign subsidiaries are translated into the presentation currency of the Company (Saudi Riyals) using the exchange rate at each balance sheet date for assets and liabilities, and the average exchange rate for each period for revenues and expenses. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments are recorded as a separate component of equity.

Segmental reporting
A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

4 BANK BALANCES AND CASH

	2012 SR	2011 SR
Bank balances	**63,611,571**	29,068,372
Cash in hand	**231,565**	283,812
Bank balances and cash	**63,843,136**	29,352,184
Less: restricted cash	**(3,366,000)**	(3,366,000)
Cash and cash equivalent	**60,477,136**	25,986,184

As of 31 December 2012, bank balances and cash include a restricted cash of SR 3.3 million (31 December 2011: SR 3.3 million), which relates to a lawsuit filed by a supplier against a subsidiary claiming the payment of an outstanding payable, which was due in 2010. Based on a court order, an amount of SR 3.3 million (2011: SR 3.3 million) was considered as restricted cash, which represents the maximum exposure to the Group in this lawsuit.

5 HELD FOR TRADING INVESTMENTS

These comprise of investments in equity shares listed on an international stock exchange market and denominated in Jordinian Dinar, and are carried at fair value:

	2012 SR	2011 SR
At the beginning of the year	**7,590,204**	8,594,790
Net change in unrealized loss from revaluation	**(1,283,635)**	(1,004,586)
At the end of the year	**6,306,569**	7,590,204

6 ACCOUNTS RECEIVABLE

	2012 SR	2011 SR
Trade receivables	**372,627,799**	369,247,737
Less: provision for doubtful debts	**(30,016,718)**	(27,225,910)
	342,611,081	342,021,827
Retentions receivable	**37,210,965**	25,449,678
Less: non-current portion (note 14)	**(36,062,902)**	(20,652,120)
Retentions receivable – current	**1,148,063**	4,797,558
	343,759,144	346,819,385

As at 31 December 2012, trade receivables at nominal value of SR 30,016,718 (2011: SR 27,225,910) were impaired.

6 ACCOUNTS RECEIVABLE - continued

Movement in the provision for impairment of trade receivable was as follows:

	2012 ***SR***	*2011* *SR*
At the beginning of the year	**27,225,910**	20,827,701
Additions during the year	**2,790,808**	9,080,842
Amounts written off during the year	**-**	(2,682,633)
At the end of the year	**30,016,718**	27,225,910

7 PREPAID EXPENSES AND OTHER CURRENT ASSETS

	2012 ***SR***	*2011* *SR*
Advances to suppliers	**11,877,139**	21,588,707
Margin deposits	**6,571,657**	10,787,192
Prepaid expenses	**3,295,719**	4,532,448
Insurance receivable	**580,984**	3,671,006
Other current assets	**2,201,230**	3,667,103
	24,526,729	44,246,456

8 INVENTORIES

	2012 ***SR***	*2011* *SR*
Finished goods	**94,354,230**	131,679,413
Raw and packing materials	**126,234,319**	93,226,413
Work in progress	**46,653,840**	77,044,389
Spare parts	**17,235,801**	16,760,053
Goods in transit	**15,209,637**	6,825,579
	299,687,827	325,535,847
Less: provision of slow moving inventories	**(32,224,781)**	(19,877,836)
	267,463,046	305,658,011

Movement in the provision of slow moving inventories was as follows:

	2012 ***SR***	*2011* *SR*
At the beginning of the year	**19,877,836**	15,019,111
Charge for the year	**12,346,945**	4,858,725
At the end of the year	**32,224,781**	19,877,836

9 RELATED PARTY TRANSACTIONS

The following are the details of major related party transactions during the year:

Related party	*Nature of transaction*	*Amount of transaction* ***2012*** ***SR***	*2011* *SR*
Affiliates	Sales	**1,833,789**	788,807
	Purchases	**3,297,847**	2,013,861

Amounts due to related parties are shown in note 16.

10 AVAILABLE FOR SALE INVESTMENTS

Available for sale investments (AFS) comprise of investments in quoted securities, all are denominated in Jordanian Dinar. The movement is set out below:

	2012 ***SR***	*2011* *SR*
Cost:		
At the beginning and end of the year	**6,854,114**	6,854,114
Unrealized losses:		
At the beginning of the year	**(2,394,071)**	(1,803,773)
Net movement during the year	**(754,272)**	(590,298)
At the end of the year (*)	**(3,148,343)**	(2,394,071)
Net carrying amount	**3,705,771**	4,460,043

(*) The unrealized loss from AFS shown in the consolidated balance sheet represents the Group's share of unrealised losses reduced by the minority interests share of SR 1,467,520 (2011: SR 1,108,934).

11 INVESTMENT IN AN ASSOCIATE

Investment in an associate represents direct equity investment in Juba Investment and Development Company (JIDC) which is a limited liability company registered in the kingdom of Jordan.

Movement in investment in an associate during the year is as follows:

	2012 ***SR***	*2011* *SR*
At the beginning of the year	10,613,000	21,273,000
Transfer to property, plant & equipment (i)	**-**	(10,660,000)
At the end of the year	**10,613,000**	10,613,000

(i) During 2011, one of the Group's subsidiaries swapped their share in the associated company for a two floors in a new building in Jordan, which will be used by the company. Accordingly, the amount has been transferred to property, plant and equipment (note 12).

12 PROPERTY, PLANT AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings	10 - 25 years	Furniture, fixtures and office equipment	4 - 10 years
Plant and machinery	4-15 years	Motor vehicles	4 - 10 years

	Land *SR*	*Buildings** *SR*	*Plant and machinery* *SR*	*Furniture, Fixtures and office equipment* *SR*	*Motor vehicles* *SR*	*Capital work in progress* *SR*	***Total 2012*** ***SR***	*Total 2011* *SR*
Cost:								
At the beginning of the year	39,136,490	218,347,314	572,629,545	23,371,659	16,836,641	37,947,995	**908,269,644**	864,363,287
Additions	6,282,800	328,179	840,143	677,490	213,573	26,839,773	**35,181,958**	35,715,296
Transfer (note 11)	-	17,050,080	33,228,279	209,208	-	(50,487,567)	-	10,660,000
Disposals	-	-	-	(430,018)	(642,574)	-	**(1,072,592)**	(2,468,939)
At the end of the year	45,419,290	235,725,573	606,697,967	23,828,339	16,407,640	14,300,201	**942,379,010**	908,269,644
Depreciation:								
At the beginning of the year	-	49,544,554	226,449,637	16,357,602	12,744,387	-	**305,096,180**	256,677,488
Charge for the year	-	11,013,875	29,524,552	2,112,253	1,586,812	-	**44,237,492**	49,131,307
Disposals	-	-	-	(430,014)	(642,574)	-	**(1,072,588)**	(712,615)
At the end of the year	-	60,558,429	255,974,189	18,039,841	13,688,625	-	**348,261,084**	305,096,180
Net book amounts:								
At 31 December 2012	**45,419,290**	**175,167,144**	**350,723,778**	**5,788,498**	**2,719,015**	**14,300,201**	**594,117,926**	
At 31 December 2011	39,136,490	168,802,760	346,179,908	7,014,057	4,092,254	37,947,995		603,173,464

* Buildings include a factory building with a net book value of SR 54 million (2011: SR 34 million) constructed on a land leased from the Government of Saudi Arabia at a nominal rent. This lease expires on 7 Rabi Awal 1439H (corresponding to 25 November 2017). The renewal of the lease is at the option of the Company.

Property, plant and equipment, except land, with a net book value of SR 146 million (2011: SR 117 million) are mortgaged to Saudi Industrial Development Fund (SIDF) as a security against loans. (Note 15).

During 2012, there was a change in the estimated useful life of the production machineries of a subsidiary, where the useful lives of these machineries were extended from 15 to 30 years. This was considered by the Group as a change in estimate. This change was accounted for prospectively and resulted in an increase in the net income for the year 2012 by SR 6 million. This change should have a similar impact on the future yearly results of the Company until the end of the original estimated useful life.

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation charge for the year is allocated as follows:

	2012	*2011*
	SR	*SR*
Cost of sales	**36,157,084**	41,811,680
Cost of unutilized production capacity	**6,789,965**	5,695,845
General and administrative expenses (note 21)	**1,290,443**	1,623,782
	44,237,492	49,131,307

13 INTANGIBLE ASSETS

	2012	*2011*
	SR	*SR*
Goodwill (a)	**-**	-
Other intangible assets (b)	**2,521,892**	3,684,064
	2,521,892	3,684,064

(a) Goodwill represented the excess of consideration paid by the Group over its interest in the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities. Most of the goodwill balance shown above resulted from the Group's acquisition of major subsidiaries in the same business.

Movement in goodwill during the year is set out below:

	2012	*2011*
	SR	*SR*
At the beginning of the year	**-**	70,565,313
Impairment loss (*)	**-**	(70,565,313)
	-	-

(*) As at 31 December 2011, the management performed a review of the recoverable amount of goodwill in order to assess the amount of impairment relating to its investments in subsidiaries. As a result of the test performed, the management recorded an impairment loss of SR 70 Million in the consolidated statement of income for the year ended 31 December 2011.

(b) Other intangible assets include mainly software license and loans arrangement fees.

14 OTHER LONG TERM ASSETS

	2012	*2011*
	SR	*SR*
Retention receivables – non-current (note 6)	**36,062,902**	20,652,120
Employees' fund (note 1 (i))	**1,331,183**	-
Advances against purchase of property, plant and equipment	**-**	5,503,800
Deferred tax asset	**-**	546,019
	37,394,085	26,701,939

15 BANK BORROWINGS AND TERM LOANS

	2012	*2011*
	SR	*SR*
Current: (a)		
Murabaha loans	**127,846,217**	454,023,468
Short term loans and bank overdrafts	**124,394,163**	184,859,302
	252,240,380	638,882,770
Current portion of term loans	**159,379,208**	26,939,658
	411,619,588	665,822,428
Non - current: (b)		
Term loans	**450,479,169**	230,101,439
	862,098,757	895,923,867

(a) The Company has entered into purchase financing agreement (Murabaha) with various local commercial banks which purchase goods on behalf of the Company and resells them to the Company on extended credit up to a maximum period of 12 months from the date of purchase by the Company. Murabaha loans are fully secured by duly signed promissory notes.

Murabaha agreements contain covenants regarding certain leverage ratios, gearing ratio, total debt to equity ratio, minimum tangible net worth and maximum receivables from related parties. Under the terms of these agreements, banks have the right to demand immediate repayment of the loans if any of the covenants are not met.

Short term loans are obtained by a subsidiary and are secured by its own corporate guarantee and are obtained to finance its operations.

(b) Term loans were obtained to finance the Group's operations. The installments due in next twelve months period are shown as a current liability.

During 2012, the subsidiaries in Jordan have rescheduled part of their short term loans of SR 49 million (2011: SR 199 million) to long term loans. The long term loans for the subsidiary are secured by its own corporate guarantee. The outstanding balance of long term loans as of 31 December 2012 is SR 198.8 million. (2011: SR 180.5 million).

In-addition, the Company obtained several long term loans from the Saudi Industrial Development Fund (SIDF) and are secured by mortgage over the property, plant and equipment of the Company (note 12). It is repayable in semi-annual installments and the last installment will be due on Rabi Thani 15, 1439H (corresponding to 31 December 2017). The long term loans agreements contain covenants which, among other things, require that certain financial ratios and a ceiling on capital expenditures be maintained. Under the terms of the loans agreements, the lender has the right to demand immediate repayments if such covenants are not met.

The Group has unutilized bank facilities amounting to SR 26.2 million (2011: SR 134 million) from local commercial banks in the Kingdom of Saudi Arabia for Murabaha loans, bank overdraft and other credit lines. Commission on these facilities is payable at varying rates.

The Group has unutilized bank facilities amounting to SR 52.4 million (2011: SR 65 million) from local commercial banks in Jordan and United Arab Emirates for loans, bank overdraft and other credit lines. Commission on these facilities is payable at varying rates.

Subsequent to the year end, the Company signed a restructuring agreement (the "agreement") with its current local bankers to restructure its short term loans. Accordingly, the Company has reported as of 31 December 2012 the balances relating to bank borrowings and term loans based on the agreement.

16 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2012 SR	*2011 SR*
Accrued expenses	**29,881,987**	21,686,932
Advances from customers	**20,260,423**	7,982,596
Zakat payable (note 17)	**5,410,400**	9,010,318
Amounts due to related parties (note 9)	**2,306,373**	746,872
Derivative financial instruments (note 19)	**-**	8,445,854
Other current liabilities	**12,037,902**	12,571,249
	69,897,085	60,443,821

17 ZAKAT AND INCOME TAX

Zakat is provided for and charged to the consolidated statement of income. Differences resulting from the final Zakat calculation, including recoveries, if any are adjusted at year end.

Charge for the year consists of:

	2012 SR	*2011 SR*
Zakat recovery, net	**(2,000,000)**	(3,897,213)
Foreign income tax provision	**546,019**	-
Recovery for the year	**(1,453,981)**	(3,897,213)

The movement in zakat provision for the year is as follows:

	2012 SR	*2011 SR*
At the beginning of the year	**9,010,318**	18,321,353
Provided during the year	**4,000,000**	7,020,000
Reversed during the year (a)	**(6,000,000)**	(10,917,213)
Paid during the year	**(1,599,918)**	(5,413,822)
At end of the year	**5,410,400**	9,010,318

(a) During 2008, the Company received the Zakat assessments from the Department of Zakat and Income Tax (DZIT) for the years ended 31 December 2006 and 2007. As per these assessments, the Company was required to pay an additional Zakat liability amounting to SR 13.4 Million. The Company has filed an objection with the Preliminary Objection Committee in this regard and also provided for such additional liability.

During the year ended 31 December 2011, the Company received the committee’s ruling, which indicate an additional Zakat liability of SR 2.5 Million only, rather than SR 13.4 M. Accordingly, the Company has reversed the excess Zakat provision of SR 10.9 million. Subsequently, during 2012, the Company reviewed its Zakat liability using the same basis as the one adopted in finalizing the Zakat assessments with the DZIT for the previous years, and as a result, the excess Zakat provision was reversed.

The Company has filed its zakat returns for prior years up to the year ended 31 December 2011 and has obtained the final Zakat assessments up to the year ended 31 December 2007.

18 SHARE CAPITAL

The Company's share capital is divided into 40 million as of 31 December 2012 (2011: 40 million shares) of SR 10 each.

The Board of Directors recommended in its meeting held on 18 April 2012 to increase the capital of the Company from SR 400 million to SR 600 million by offering a rights issue of SR 200 million. This is subject to the shareholders' approval in the Extraordinary General Assembly meeting and concerned official authorities.

19 DERIVATIVES FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments, such as cash settled forward commodity (metal) contracts to hedge its commodity price risks, which are classified as cash flow hedges. The Group is hedging exposure to variability in cash flows that is attributable to the commodity price risk associated with a highly probable forecast transaction.

The negative fair value of the cash settled forward commodity contracts amounted to SR nil as at 31 December 2012 (2011: SR 8,445,854) and was reported as accrued expenses and other current liabilities.

Unrealized loss relating to the cash flow hedges which are assessed to be effective amounted to SR nil (2011: SR 8,329,270) was included as part of shareholders' equity.The realized loss during the year ended 31 December 2012 that relates to the cash flow hedge transactions amounted to SR 4,962,440 (2011: SR 30,508,434). Such derivative contracts were terminated in 2012.

20 SELLING AND DISTRIBUTION EXPENSES

	2012	*2011*
	SR	*SR*
Salaries and related costs	**14,206,869**	12,111,974
Promotion and advertising	**10,760,889**	9,138,918
Freight	**6,036,768**	5,152,373
Provision for doubtful debts (note 6)	**2,790,808**	9,080,842
Travel	**766,579**	664,608
Rent	**536,023**	595,073
Others	**1,720,985**	6,376,900
	36,818,921	43,120,688

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2012	*2011*
	SR	*SR*
Salaries and related costs	**28,844,857**	24,730,622
Consultancy and professional fees	**5,088,812**	4,823,430
Depreciation (note 12)	**1,290,443**	1,623,782
Repairs and maintenance	**1,063,487**	1,052,342
Utilities	**949,090**	1,273,621
Travel	**798,341**	2,006,289
Other	**5,686,591**	3,822,334
	43,721,621	39,332,420

22 EARNINGS (LOSS) PER SHARE

Earnings (loss) per share attributable to income (loss) from main operations and net income (loss) for the year are calculated by dividing income (loss) from main operations and net income (loss) for the year, respectively, by the number of shares outstanding of 40 million as at 31 December 2012.

23 COMMITMENT AND CONTINGENCIES

As at 31 December 2012, the Group has capital commitments at SR 16 million (2011: SR 41million)

At 31 December 2012, the Group's bankers have issued on its behalf bank guarantees amounting to SR 183 million (2011: SR 139 million), in the normal course of business.

24 OPERATING LEASES

The Group has various renewable operating leases for employee housing, office facilities, showrooms and warehouses having different terms extending between one and ten years. Rental expenses incurred during year ended 31 December 2012 under leases were approximately SR 2 million (2011 - SR 2.4 million).

25 SEGMENT INFORMATION

The Group's operations are carried out in three principal geographical areas, which are considered as reporting segments. Following are the segments of the Group:

Saudi Arabia
This consists of operations carried out through Middle East Specialized Cables Company (MESC) – Saudi Arabia.

Hashemite Kingdom of Jordan
This consists of operations carried out through Middle East Specialized Cables Company – Jordan and MESC Medium and High Voltage Cables Company (formerly MESC Fujikura Cable Company) - Jordan

United Arab Emirates
This consists of operations carried out through Sharjah Cables Factory and MESC - Ras Al-Khaimah (Limited Liability Company).

The total assets and total liabilities as at 31 December 2012 and 2011, total revenues and net income (loss) for the two years then ended, by segment, are as follows:

	Segment				
31 December 2012	**Saudi Arabia SR**	**Jordan SR**	**United Arab Emirates SR**	**Eliminations**	**Total SR**
Sales	**763,528,975**	**222,859,109**	**176,652,315**	**(172,459,421)**	**990,580,978**
Gross profit	**139,193,374**	**4,172,952**	**17,793,196**	**-**	**161,159,522**
Net income (loss)	**31,100,586**	**(62,087,056)**	**7,954,936**	**54,132,128**	**31,100,594**
Total assets	**930,190,366**	**452,073,719**	**334,756,818**	**(362,769,605)**	**1,354,251,298**
Total liabilities	**648,649,239**	**352,726,181**	**158,964,172**	**(101,588,749)**	**1,058,750,843**

	Segment				
31 December 2011	Saudi Arabia SR	Jordan SR	United Arab Emirates SR	Eliminations	Total SR
Sales	631,003,915	483,777,897	213,513,160	(188,909,406)	1,139,385,566
Gross profit	83,480,774	4,573,875	7,567,880	-	95,622,529
Net loss	(120,136,142)	(96,886,129)	(7,884,991)	104,771,118	(120,136,144)
Total assets	917,753,097	575,896,112	270,927,899	(382,278,358)	1,382,298,750
Total liabilities	675,246,140	413,959,012	96,026,439	(81,846,578)	1,103,385,013

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets consist of bank balances and cash, receivables and investments in securities and its financial liabilities consist of bank borrowing and term loans, payables, accrued expenses and certain other liabilities.

The fair values of financial instruments are not materially different from their carrying values.

27 RISK MANAGEMENT

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to normal interest rate risk on its interest bearing assets and liabilities, including bank deposits, short term loans, Murabaha loans and long term loans.

Credit risk
Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to counter-parties by setting credit limits for individual parties and by monitoring outstanding exposures. At the balance sheet date, no significant concentrations of credit risk were identified by management.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group uses foreign currencies, mainly US Dollar, UAE Dirham, and Euro. The Group is not exposed to significant currency risk as the Saudi Riyal is pegged to the US Dollar, balances in other currencies are not considered to represent significant currency risk.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring that bank facilities are available.

28 COMPARATIVE FIGURES

Certain prior year figures have been re-classified to conform with the presentation in the current year.

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