

**Riyadh Cables Group Company**  
(A Saudi Joint Stock Company)  
**Interim Condensed Consolidated Financial Statements (Unaudited)**  
**For the three-month and six-month periods ended 30 June 2023**  
**Together with the Independent Auditor's Review Report**

**Riyadh Cables Group Company**

(A Saudi Joint Stock Company)

**Interim condensed consolidated financial statements and independent auditor's review report****For the three-month and six-month periods ended 30 June 2023**

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## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤  
المركز الرئيسي في الرياض

# Independent auditor's report on review of interim condensed consolidated financial statements

To the Shareholders of Riyadh Cables Group Company (A Saudi Joint Stock Company)

## Introduction

We have reviewed the accompanying 30 June 2023 interim condensed consolidated financial statements of **Riyadh Cables Group Company ("the Company") and its subsidiaries ("the Group")** which comprises:

- The condensed consolidated statement of financial position as at 30 June 2023;
- The condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2023;
- The condensed consolidated statement of other comprehensive income for the three-month and six-month periods ended 30 June 2023;
- The condensed consolidated statement of changes in equity for the six-month period ended 30 June 2023;
- The condensed consolidated statement of cash flows for the six-month period ended 30 June 2023; and
- The notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



# Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements (continued)

To the Shareholders of Riyadh Cables Group Company (A Saudi Joint Stock Company)

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 interim condensed consolidated financial statements of **Riyadh Cables Group Company and its subsidiaries** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

**Fahad Mubarak Al Dossari**  
License No. 469

Riyadh, 26 Muharram 1445H  
Corresponding to: 13 August 2023



**Riyadh cables group company**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of financial position (Unaudited)**  
As at 30 June 2023  
(All amounts are expressed in Saudi Riyals unless otherwise stated)

		30 June 2023	31 December 2022
	Note	(Unaudited)	(Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	7	1,132,360,818	1,119,706,524
Investment properties	8	20,806,300	36,058,713
Intangible assets, net		65,195,709	67,979,431
Right of use assets		8,819,405	9,482,493
Investments at fair value through other comprehensive income	9	26,071,889	23,503,554
Investment in a joint venture		30,602,500	30,602,500
Deferred tax assets		3,227,224	3,701,046
<b>Total non-current assets</b>		<b>1,287,083,845</b>	<b>1,291,034,261</b>
<b>Current assets</b>			
Inventory	10	1,909,921,759	1,795,741,342
Trade receivables	11	1,598,930,700	1,300,528,102
Contract assets		20,678,691	9,509,543
Advances and other current assets	12	122,318,125	117,076,611
Derivative financial instruments	15	1,313,213	2,873,118
Cash and cash equivalents		283,033,135	107,119,942
<b>Total current assets</b>		<b>3,936,195,623</b>	<b>3,332,848,658</b>
<b>Total assets</b>		<b>5,223,279,468</b>	<b>4,623,882,919</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	1	1,500,000,000	1,500,000,000
Statutory reserve		288,326,294	288,326,294
Retained earnings		335,670,923	305,811,568
Other reserves		7,141,073	26,551,788
<b>Equity attributable to the shareholders of the company</b>		<b>2,131,138,290</b>	<b>2,120,689,650</b>
Non-Controlling interests		(208,075)	(146,950)
<b>Total equity</b>		<b>2,130,930,215</b>	<b>2,120,542,700</b>
<b>Non-current liabilities</b>			
End-of-service benefits obligations		110,765,582	106,574,034
Lease liabilities		8,030,128	8,593,331
Deferred tax liabilities		6,985,339	7,573,729
<b>Total non-current liabilities</b>		<b>125,781,049</b>	<b>122,741,094</b>
<b>Current liabilities</b>			
Islamic finance facilities	13	1,024,895,442	1,468,005,000
Accrued expenses and other liabilities	14	469,162,070	230,268,154
Contract liabilities		25,243,586	32,361,162
Derivative financial instruments	15	34,428,643	9,388,071
Trade payables	17	1,237,102,136	544,546,547
Provisions	16	152,893,440	61,582,355
Provision for Zakat and income tax	18	21,778,951	33,337,757
Lease liabilities - current portion		1,063,936	1,110,079
<b>Total current liabilities</b>		<b>2,966,568,204</b>	<b>2,380,599,125</b>
<b>Total liabilities</b>		<b>3,092,349,253</b>	<b>2,503,340,219</b>
<b>Total equity and liabilities</b>		<b>5,223,279,468</b>	<b>4,623,882,919</b>

  
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The accompanying notes 1 to 30 form an integral part of these interim condensed consolidated financial statements.

**Riyadh Cables Group Company**  
**(A Saudi Joint Stock Company)**

**Interim condensed consolidated statement of profit or loss (Unaudited)**

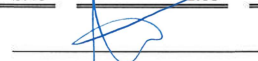
For the three-month and six-month periods ended 30 June 2023

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

	Note	For the three-month ended 30 June		For the six-month ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue	23	1,917,526,443	1,691,104,325	3,854,801,898	3,252,286,857
Cost of revenue		(1,680,819,661)	(1,549,362,372)	(3,399,358,788)	(2,958,697,231)
<b>Gross income</b>		<b>236,706,782</b>	<b>141,741,953</b>	<b>455,443,110</b>	<b>293,589,626</b>
Operating expenses					
Selling and distribution expenses	19	(26,077,298)	(23,004,785)	(56,072,585)	(48,403,885)
General and administrative expenses	20	(33,011,257)	(24,444,181)	(58,688,232)	(49,325,696)
Provision for expected credit losses	11	(20,014,529)	-	(15,470,023)	-
Impairment losses on investment properties	8	(5,325,990)	-	(15,252,413)	-
Other income / (expenses), net	21	10,894,459	(1,435,485)	8,706,829	(1,891,007)
<b>Profit from operations</b>		<b>163,172,167</b>	<b>92,857,502</b>	<b>318,666,686</b>	<b>193,969,038</b>
Finance costs	22	(26,835,655)	(16,425,183)	(49,315,130)	(25,504,517)
<b>Income before Zakat and income tax</b>		<b>136,336,512</b>	<b>76,432,319</b>	<b>269,351,556</b>	<b>168,464,521</b>
Zakat and income tax		(9,397,581)	(7,540,821)	(17,636,433)	(15,115,018)
Deferred tax		-	-	114,577	-
<b>Net income for the period</b>		<b>126,938,931</b>	<b>68,891,498</b>	<b>251,829,700</b>	<b>153,349,503</b>
<b>Attributable to:</b>					
Shareholders of the Company		126,969,553	68,256,718	251,890,825	153,268,644
Non-controlling interests		(30,622)	634,780	(61,125)	80,859
<b>Net income for the period</b>		<b>126,938,931</b>	<b>68,891,498</b>	<b>251,829,700</b>	<b>153,349,503</b>
Earnings per share					
Basic and diluted earnings per share	24	0.85	0.46	1.68	1.02



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The accompanying notes 1 to 30 form an integral part of these interim condensed consolidated financial statements.

**Riyadh Cables Group Company**  
**(A Saudi Joint Stock Company)**

**Interim condensed consolidated statement of other comprehensive income (Unaudited)**

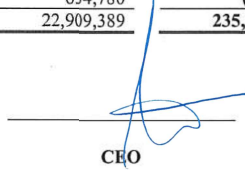
For the three-month and six-month periods ended 30 June 2023

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

	Note	For the three-month ended 30 June		For the six-month ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Net income for the period		126,938,931	68,891,498	251,829,700	153,349,503
Other comprehensive income					
<b>Items that may be reclassified to profit or loss</b>					
Foreign currency translation reserve		66,177	-	423,884	-
Effective portion of hedging contracts	15	(45,385,701)	(35,455,719)	(22,402,934)	(31,901,047)
<b>Items that will not be reclassified to profit or loss</b>					
Investments at fair value through comprehensive income	9	5,251,667	(8,169,056)	2,568,335	(19,029,313)
Re-measurement of end-of-service benefits obligations		1,477,173	(2,357,334)	2,968,530	(4,603,281)
<b>Other comprehensive loss for the period</b>		<b>(38,590,684)</b>	<b>(45,982,109)</b>	<b>(16,442,185)</b>	<b>(55,533,641)</b>
<b>Total comprehensive income</b>		<b>88,348,247</b>	<b>22,909,389</b>	<b>235,387,515</b>	<b>97,815,862</b>
Comprehensive income attributable to:					
Shareholders of the Company		88,378,869	22,274,609	235,448,640	97,735,003
Non-controlling interests		(30,622)	634,780	(61,125)	80,859
<b>Total comprehensive income</b>		<b>88,348,247</b>	<b>22,909,389</b>	<b>235,387,515</b>	<b>97,815,862</b>



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The accompanying notes 1 to 30 form an integral part of these interim condensed consolidated financial statements.

**Riyadh Cables Group Company**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of changes in equity (Unaudited)**

For the six-month period ended 30 June 2023

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

Note	Equity attributable to the shareholders of the company										
	Share capital	Statutory reserve	Retained earnings	Acquisition reserve of a subsidiary	Other reserves	Cash flow hedge reserve	Foreign operations translation reserve	Total other reserves	Total	Non-Controlling interests	Total equity
<b>For the six-month period ended 30 June 2022</b>											
	<b>Balance at 1 January 2022 (audited)</b>										
	1,500,000,000	253,094,307	218,319,418	22,725,173	42,758,745	-	(1,264,063)	64,219,855	2,035,633,580	433,204	2,036,066,784
	-	-	153,268,644	-	-	-	-	-	153,268,644	80,859	153,349,503
	-	-	(4,603,281)	-	(19,029,313)	(31,901,047)	-	(50,930,360)	(55,533,641)	-	(55,533,641)
	-	-	148,665,363	-	(19,029,313)	(31,901,047)	-	(50,930,360)	97,735,003	80,859	97,815,862
25	-	-	(216,000,000)	-	-	-	-	-	(216,000,000)	(62,334)	(216,062,334)
	<b>1,500,000,000</b>	<b>253,094,307</b>	<b>150,984,781</b>	<b>22,725,173</b>	<b>23,729,432</b>	<b>(31,901,047)</b>	<b>(1,264,063)</b>	<b>13,289,495</b>	<b>1,917,368,583</b>	<b>451,729</b>	<b>1,917,820,312</b>
<b>For the six-month period ended 30 June 2023</b>											
	<b>Balance at 1 January 2023 (Audited)</b>										
	1,500,000,000	288,326,294	305,811,568	22,725,173	19,199,400	(14,608,108)	(764,677)	26,551,788	2,120,689,650	(146,950)	2,120,542,700
	-	-	251,890,825	-	-	-	-	-	251,890,825	(61,125)	251,829,700
	-	-	2,968,530	-	2,568,335	(22,402,934)	423,884	(19,410,715)	(16,442,185)	-	(16,442,185)
	-	-	254,859,355	-	2,568,335	(22,402,934)	423,884	(19,410,715)	235,448,640	(61,125)	235,387,515
25	-	-	(225,000,000)	-	-	-	-	-	(225,000,000)	-	(225,000,000)
	<b>1,500,000,000</b>	<b>288,326,294</b>	<b>335,670,923</b>	<b>22,725,173</b>	<b>21,767,735</b>	<b>(37,011,042)</b>	<b>(340,793)</b>	<b>7,141,073</b>	<b>2,131,138,290</b>	<b>(208,075)</b>	<b>2,130,930,215</b>

*Bahar Al-Sawa*  
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The accompanying notes 1 to 30 form an integral part of these interim condensed consolidated financial statements.

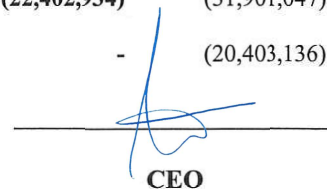


**Riyadh Cables Group Company**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of cash flows (Unaudited)**  
For the six-month period ended 30 June 2023  
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	<b>For the six-month period ended</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Note</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b><u>Operating activities:</u></b>		
Profit for the period before zakat and income tax	269,351,556	168,464,521
<b>Adjustments for:</b>		
Depreciation of Property, plant and equipment and Intangible assets	32,604,643	30,677,431
Depreciation of investment property	-	345,424
Depreciation of right-of-use of assets	663,088	742,814
Interest on lease liabilities	155,994	191,139
Provision for slow-moving inventory	9,045,117	-
Provision for expected credit losses	15,470,023	-
Creation of provisions	91,311,085	13,442,135
Impairment losses of investment property	15,252,413	-
Employees' end-of-service benefits	8,068,050	8,158,032
Loss from disposal of property, plant and equipment	69,135	-
Losses of evaluation of financial derivatives	4,197,543	-
Finance costs	47,703,843	24,031,426
<b>Changes in working capital:</b>		
Inventory	(123,225,534)	(310,366,059)
Trade receivables	(313,872,621)	(420,417,539)
Contract assets	(11,169,148)	11,746,691
Contract liabilities	(7,117,576)	24,519,207
Advances and other current assets	(5,241,505)	(18,658,955)
Accrued expenses and other liabilities	13,893,916	31,377,711
Trade payables	692,555,589	285,472,671
Employees' end-of-service benefits paid	(907,972)	(6,862,745)
Net finance costs paid	(47,703,843)	(24,031,426)
Zakat and income tax charged	(29,195,239)	(25,414,298)
<b>Net cash flows generated from / (used in) operating activities</b>	<b>661,908,557</b>	<b>(206,581,820)</b>
<b><u>Investing activities</u></b>		
Payments for the purchase of property, plant and equipment	(43,229,928)	(28,465,386)
Proceed from sale of property, plant and equipment	685,578	299,643
<b>Net cash flows used in investing activities</b>	<b>(42,544,350)</b>	<b>(28,165,743)</b>
<b><u>Financing activities</u></b>		
Repayment of Islamic financing facilities during the period	(1,763,778,850)	(1,835,912,500)
Proceeds from Islamic financing facilities during the period	1,320,669,292	2,118,807,500
Lease liabilities under right-of-use assets	(765,340)	1,344,930
Dividends paid	-	(62,334)
<b>Net cash flows (used in)/ generated from financing activities</b>	<b>(443,874,898)</b>	<b>281,487,736</b>
Net change in cash and cash equivalents during the period	175,489,309	46,740,173
Cash and cash equivalents at beginning of the period	107,119,942	50,356,201
Effect of exchange rate change on cash and cash equivalents	423,884	-
<b>Cash and cash equivalents at end of the period</b>	<b>283,033,135</b>	<b>97,096,374</b>
<b><u>Non-cash transactions</u></b>		
Dividends	25 (225,000,000)	(216,000,000)
Re-measurements of post-employment benefit obligations	2,968,530	4,603,281
Change in the fair value of investments at fair value through other comprehensive income	2,568,335	19,029,313
Changes in the value of the hedging instruments recognized in OCI	(22,402,934)	(31,901,047)
Transferred from property, plant and equipment to investment properties	-	(20,403,136)



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The accompanying notes 1 to 30 form an integral part of these interim condensed consolidated financial statements.



**Riyadh Cables Group Company**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial statements (Unaudited)**  
For the six-month period ended 30 June 2023  
(All amounts are expressed in Saudi Riyals unless otherwise stated)

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**1- REPORTING ENTITY**

Riyadh Cables Group Company (“ the Company”) was formed as a Saudi Joint Stock Company in accordance with the Regulations for Companies in the Kingdom of Saudi Arabia (KSA). The Company operates under Commercial Registration No. 1010052927 issued on 24 Jumada’ II 1435H (corresponding to 24 April 2014). The Company operates under Industrial License No. 396/R dated 12 Jumada’ II 1416H (corresponding to 25 November 1995) amended by Industrial License No. 36/R dated 5 Muharram 1418H (corresponding to 12 May 1997) amended by Industrial License No. 2572 dated 16 Rajab 1434H (corresponding to 26 May 2013). The Company’s registered office is located at Second Industrial Area, P.O. Box 26862 Riyadh 11496, Kingdom of Saudi Arabia.

The principal activities of the Group include the production of isolated and non-isolated cables made from copper as well as aluminum.

On 11 December 2021, the Board of Directors convened and decided to start the procedures for offering the company on the Saudi Stock Exchange Company (Tadawul) and to authorize the Executive Committee to contract with the parties it deems appropriate in this regard. On 17 October 2022, the Capital Market Authority (CMA) announced the approval of the request of the Riyadh Cables Group Company to register its shares and offer 33 million shares for public subscription in the principal market. On 22 November 2022, the shares to be offered represent 22% of the Company’s total shares amounting to 150 million shares. The Company was listed in Tadawul on 19 December 2022.

As at 30 June 2023 and 31 December 2022, the Company's share capital consists of 150 million shares at SR 10 each. The total issued capital is SR 1.5 billion. The Company’s shareholders structure consists of Saudi shareholders and foreign founders.

The fiscal year begins on 1 January and ends on 31 December of each Gregorian year.

**Riyadh Cables Group Company**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial statements (Unaudited)**  
For the six-month period ended 30 June 2023  
(All amounts are expressed in Saudi Riyals unless otherwise stated)

**1- REPORTING ENTITY (CONTINUED)**

The accompanying interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries listed below (collectively referred to as the “Group”).

<b>Subsidiary</b>	<b>Legal form</b>	<b>Country of Incorporation</b>	<b>Shareholding percentage held by the Group (directly or indirectly)</b>	
			<b>2023</b>	<b>2022</b>
1- Saudi Modern Company for Metals, Cables, and Plastic Industry and its subsidiaries listed below:	A Closed Joint Stock Company	Kingdom of Saudi Arabia	<b>100%</b>	100%
1.1 Qatar Cables Company LLC	Limited Liability Company	Qatar	<b>50%</b>	50%
1.2 Arabian Gulf Company for Electrical Cables LLC	Limited Liability Company	Kuwait	<b>49%</b>	49%
1.3 Gulf Company Electrical Works	Limited Liability Company	Oman	<b>100%</b>	100%
1.4 Riyadh Egyptian cable for electrical works company	Joint Stock Company (E.S.C)	Egypt	<b>49%</b>	49%
2- Saudi modern company for specialized wires and cables industry	A Closed Joint Stock Company	Kingdom of Saudi Arabia	<b>100%</b>	100%
3- Saudi Modern Company for Telephone Cables Industry	A Closed Joint Stock Company	Kingdom of Saudi Arabia	<b>100%</b>	100%
4- Riyadh Cables Company and its subsidiaries are listed below:	A Closed Joint Stock Company	Kingdom of Saudi Arabia	<b>100%</b>	100%
4.1 National Cables Industry Company	A single shareholder limited liability company	UAE	<b>100%</b>	100%
4.2 Alrowad Company for Production of Electrical Cables Limited	A single shareholder limited liability company	Iraq	<b>100%</b>	100%
4.3 Iraqi National Company for Cables Industry	LLC	Iraq	<b>100%</b>	100%
5- Saudi Modern Company for Cables Limited	Limited Liability Company	Kingdom of Saudi Arabia	<b>100%</b>	100%

**2- BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

These interim condensed consolidated financial statements for the six-month period ended 30 June 2023 have been prepared in accordance with IAS 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group’s interim condensed consolidated financial statements for the year ended 31 December 2022 (“last annual financial statements”).

These interim condensed consolidated financial statements do not include all the required information to prepare a full set of financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia; however, certain accounting policies and selected explanatory notes are included to explain events and transactions that are significant during the period to an understanding of the changes in the Group’s financial position and performance since the prior year financial statements.

The results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the year ended 31 December 2023.

**3- USE OF ESTIMATES AND JUDGEMENT**

The preparation of Group’s interim condensed consolidated financial statements in accordance with IFRSs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by SOCPA require management to make judgments, estimates, and assumptions that affect the amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Actual results may differ from these estimates.

The significant estimates made by the management when applying the Group’s accounting policies and the significant sources of uncertainties of the estimates were similar to those shown in the Group’s annual consolidated financial statements as at 31 December 2022.

**4- BASIS OF MEASUREMENT**

The interim condensed consolidated financial statements have been prepared on the historical cost basis and the going concern concept, except for the following:

- Employees’ defined benefits obligations that have been actuarially evaluated and measured at their present value using the projected unit credit method.
- Investments at FVOCI
- Derivative financial instruments at fair value.

**5- PRESENTATIONAL AND FUNCTIONAL CURRENCY**

These interim condensed consolidated financial statements are prepared in Saudi Riyals, which is the functional and presentation currency of the Group.

**Riyadh Cables Group Company**  
**(A Saudi Joint Stock Company)**  
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**6- SIGNIFICANT ACCOUNTING POLICES**

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those adopted in preparing the Group’s annual financial statements for the year ended 31 December 2022.

The principal accounting policies have been consistently applied to all periods presented in these interim condensed consolidated financial statements.

**New standards, amendment to standards and interpretations**

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but these do not have an impact on the interim condensed consolidated financial statements of the Group.

**7- PROPERTY, PLANT AND EQUIPMENT, NET**

The total cost of property, plant and equipment amounted to SR 2.90 billion as at 30 June 2023 (31 December 2022: SR 2.86 billion). The accumulated depreciation amounted to SR 1.77 billion (31 December 2022: SR 1.74 billion). During the six-month period ended 30 June 2023, the Group has added property, plant and equipment amounting to SR 43,17 million (31 December 2022: SR 45.2 million) which mainly represented in new plants for the Group’s companies.

**8- INVESTMENT PROPERTIES**

Investment properties are represented in a land in the Arab Republic of Egypt, and its fair value according to the latest valuation as at 31 December 2022 amounted to SR 33.9 million. The fair value of the investment properties has been determined by “International Engineering Consulting”, an independent external real estate valuer and registered with the Central Bank of Egypt with No. (37).

As at 30 June 2023, the Group has recorded impairment losses in the investment properties amounted to SR 15.25 million.

**9- INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>% of</b>	<b>30 June</b>	31 December
	<b>Ownership</b>	<b>2023</b>	2022
		<b>(Unaudited)</b>	(Audited)
Natural Gas Distribution Company *	7.67%	<b>24,801,649</b>	22,233,314
International Company for Insulation Materials **	19.7%	<b>1,270,240</b>	1,270,240
		<b>26,071,889</b>	23,503,554

\* The fair value valuation profits during the period of the Group investment in the aforementioned Company amounted to SR 2.6 million on 30 June 2023.

\*\*The investment referred to above is an investment in a non-listed company, and the management estimated that there is no material difference between its fair value on 30 June 2023 and its fair value as at 31 December 2022.

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**10- INVENTORY**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Finished production	<b>1,055,133,979</b>	828,299,625
Production in progress	<b>364,816,940</b>	435,627,924
Raw materials	<b>393,177,127</b>	325,786,772
Spare parts	<b>73,554,472</b>	68,710,664
Packaging material	<b>48,246,741</b>	44,400,407
Goods in transit	<b>31,070,050</b>	139,082,246
Projects supplies	<b>3,044,867</b>	3,911,004
	<b>1,969,044,176</b>	1,845,818,642
Less: provision for slow moving inventory	<b>(59,122,417)</b>	(50,077,300)
	<b>1,909,921,759</b>	1,795,741,342

The Group has a variety of future contracts to meet the price fluctuations risks of copper, aluminum and lead, in order to meet the Group's requirements expected from use in its manufacturing processes. The effect resulting from closing these contracts - contracts to buy or sell non-financial instruments / or contracts for own-use that are not classified as hedging instruments - is recorded in the cost of production in the consolidated statement of profit or loss, except for the extra-high voltage cables inputs and overhead transmission lines. The notional amount of the unexecuted future contracts for copper, aluminum and lead on 30 June 2023 amounted to US 117.9 million, equivalent to SR 442.1 million. While the Group accounts for hedging contracts for fluctuations in the prices of copper, aluminum and lead, which are used in the product of extra-high voltage cables and overhead transmission lines.

**11- TRADE RECEIVABLES**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Trade receivables	<b>1,659,926,306</b>	1,346,053,685
Provision for expected credit losses	<b>(60,995,606)</b>	(45,525,583)
	<b>1,598,930,700</b>	1,300,528,102

**12- ADVANCES AND OTHER CURRENT ASSETS**

	<b>30 June 2023 (unaudited)</b>	31 December 2022 (Audited)
Advances to suppliers	<b>79,394,150</b>	80,363,124
Prepaid expense	<b>21,824,001</b>	9,713,383
Suppliers - receivables - deductions	-	9,400,200
Employees' receivables	<b>4,996,075</b>	3,469,530
Refundable deposits	<b>13,895,945</b>	7,212,555
Other	<b>2,207,954</b>	6,917,819
	<b>122,318,125</b>	117,076,611

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**13- ISLAMIC FINANCING FACILITIES**

The Group entered into credit facilities agreements with several local banks to support working capital during the period with a total amount of SR 3.9 billion (2022: SR 3.9 billion) at Islamic Murabaha prices agreed upon with the banks. All credit facilities were granted according to promissory notes approved by some members of the Board of Directors according to the authorities granted to them and approved by the Company's Board of Directors. Interest rates on short-term loans are based on Saudi Inter Bank Offer Rate (SIBOR) plus a variable rate.

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Balance at the beginning of the period / year	<b>1,468,005,000</b>	1,324,175,000
Withdrawn during the period / year	<b>1,320,669,292</b>	4,249,525,000
Utilized during the period/ year	<b>(1,763,778,850)</b>	(4,105,695,000)
Balance at the end of the period / year	<b>1,024,895,442</b>	1,468,005,000

**14- ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Advances from costumers	<b>128,793,060</b>	133,933,856
Accrued dividends (note 25)	<b>225,000,000</b>	-
Accrued VAT	<b>67,970,407</b>	53,214,651
Accrued expenses	<b>26,107,398</b>	23,141,886
Staff accruals	<b>19,531,323</b>	18,611,749
Other	<b>1,759,882</b>	1,366,012
	<b>469,162,070</b>	230,268,154

**15- DERIVATIVE FINANCIAL INSTRUMENTS**

**Forwards and futures**

They are contractual agreements to either buy or sell a specified commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts to meet specific needs.

The Group has adopted a comprehensive system for measuring and managing risks. Part of the risk management process is related to managing the Group's exposure to fluctuations in certain inventory raw materials prices to reduce its exposure to variability risks in inventory prices to acceptable levels as determined by the Board of Directors.

The Group uses commodity futures to hedge against certain inventory raw material prices risk on copper, aluminum and lead related to producing extra-high voltage cables and overhead transmission lines . In all, the hedging relationship and objective are documented, including details of the hedged items and the hedging instrument, and the transactions are accounted for as a fair value hedge.

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**15- DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

**Forwards and futures (continued)**

The following table shows the details of par value and carrying amount as at the reporting date:

<u>30 June 2023</u>	<b>Par value of hedging instruments</b>	<b>Carrying amount of hedging instruments</b>	
	<b>Current</b>	<b>Assets</b>	<b>Liabilities</b>
Commodity derivatives	<b>545,190,061</b>	<b>1,313,213</b>	<b>34,428,643</b>
	<b>545,190,061</b>	<b>1,313,213</b>	<b>34,428,643</b>
<u>31 December 2022</u>			
Commodity derivatives	139,716,870	2,873,118	9,388,071
	139,716,870	2,873,118	9,388,071

The Group purchases copper, aluminum and lead on an ongoing basis as its operating activities require a continuous supply of these materials. The increased fluctuations of these materials prices led the management to decide to enter into forwards for materials related to high voltage cables and overhead transmission lines.

The impact of the cash flow hedge for these items on the statement of financial position is as follows:

	31 December 2022	<b>Change in fair values of hedging instruments</b>	<b>30 June 2023</b>
Copper	(14,751,692)	<b>4,133,003</b>	<b>(10,618,689)</b>
Aluminum	-	<b>(26,565,812)</b>	<b>(26,565,812)</b>
Lead	143,584	<b>29,875</b>	<b>173,459</b>
	<b>(14,608,108)</b>	<b>(22,402,934)</b>	<b>(37,011,042)</b>

**16- PROVISIONS**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Provision for onerous contracts *	<b>152,893,440</b>	61,582,355
	<b>152,893,440</b>	61,582,355

\* This represents provision for contracts that include a current obligation by the Group to supply cables, which may result in a change in the prices of raw materials after the date of contract. This is for all the Group's products, except for the extra-high voltage cables and overhead transmission lines, in which the price of the raw material is hedged.

Movement in provision is as follows:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
1 January	<b>61,582,355</b>	82,512,628
Provisions made	<b>91,311,085</b>	-
Provisions no longer required	-	(20,930,273)
<b>31 December</b>	<b>152,893,440</b>	61,582,355



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**17- TRADE PAYABLES**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Trade payables*	<b>235,263,640</b>	222,934,612
Financing arrangements**	<b>1,001,838,496</b>	321,611,935
	<b>1,237,102,136</b>	544,546,547

\* Payable amounts include due to related parties of SR 894,124 (2022: SR 18,149).

\*\* This represents balances due to some of the suppliers, which were settled through SABB - Saudi British Bank, Al Rajhi Bank and Gulf International Bank in accordance with the Suppliers Financing Arrangements with the aforementioned banks from the total facilities agreement concluded with the bank amounting to a total of SR 1.3 billion. Saudi

**18- ZAKAT AND INCOME TAX**

**Zakat and tax status**

- The Group finalized the Zakat assessments up to the year 2018. The Zakat and tax assessments for the years from 2019 to 2022 are still under review by Zakat, Tax and Customs Authority ("ZATCA").
- The Group has filed its zakat returns for all years up to 31 December 2022, and Zakat certificate for the year 2022 was issued, which expires on 30 April 2024.
- On 27 April 2022, the Company received a letter regarding Zakat and Tax returns amendment from ZATCA for the 2016 return, which resulted in Zakat differences amounting to SR 36.86 million. The Company filed an appeal to these differences for that financial year during the permitted statutory period. On 18 April 2023, the Company submitted a request for the settlement of Zakat disputes amounting to (SR Nil), which was approved by the Zakat and Tax Dispute Settlement Committee on 6 June 2023, and the committee's decision was approved by ZATCA on 7 June 2023. Accordingly, the Company did not have any Zakat dues for the disputed period.

Zakat and income tax is calculated on the separate financial statements of the Group's companies. Zakat due from Saudi shareholders and tax due from non-Saudi shareholders have been calculated according to the separate financial statements of each company in the Group.

**19- SELLING AND DISTRIBUTION EXPENSES**

	<b>For the three-month period ended 30 June</b>		<b>For the six-month ended 30 June</b>	
	<b>2023 (Unaudited)</b>	2022 (Unaudited)	<b>2023 (Unaudited)</b>	2022 (Unaudited)
Salaries and employees' related benefits	<b>10,805,859</b>	10,225,846	<b>21,722,637</b>	20,973,701
Cargo charges	<b>9,417,662</b>	8,135,829	<b>23,119,314</b>	16,467,641
Sales commission	<b>724,339</b>	617,410	<b>1,992,465</b>	1,523,775
Inspection and quality testing expenses	<b>659,715</b>	500,706	<b>817,201</b>	1,951,579
Insurance expense	<b>321,154</b>	449,042	<b>752,726</b>	881,497
Advertising and showrooms expenses	<b>1,461,771</b>	778,106	<b>2,725,904</b>	2,128,255
Depreciation expense	<b>97,361</b>	95,555	<b>196,655</b>	204,720
Communication expenses	<b>121,887</b>	143,009	<b>238,279</b>	254,440
Other expenses	<b>2,467,550</b>	2,059,282	<b>4,507,404</b>	4,018,277
	<b>26,077,298</b>	23,004,785	<b>56,072,585</b>	48,403,885

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**20- GENERAL AND ADMINISTRATIVE EXPENSES**

	For the three-month period ended 30 June		For the six-month ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Salaries and employees' related benefits	24,359,848	17,854,014	41,316,008	35,840,846
Depreciation expense	2,142,472	2,320,076	4,317,897	4,643,508
Legal and professional	1,839,594	1,249,665	3,242,427	2,470,045
Maintenance and repair expense	2,445,511	1,253,045	4,932,605	2,833,881
Travel and insurance expense	165,093	128,639	322,580	199,932
Communications and network expense	337,618	213,810	662,392	674,814
Offices supplies expense	214,443	440,796	461,441	569,978
Other expenses	1,506,678	984,136	3,432,882	2,092,692
	<u>33,011,257</u>	<u>24,444,181</u>	<u>58,688,232</u>	<u>49,325,696</u>

**21- OTHER REVENUE/(EXPENSES)- NET**

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Foreign currency profits/ (losses)	8,403,852	(4,738,235)	5,038,688	(5,547,770)
Financial investments dividends at fair value through other comprehensive income	-	2,327,747	-	2,327,747
Losses on sale of property, plant and equipment	(69,135)	-	(69,135)	-
Rental income of investment properties	32,193	-	305,943	-
Sales of scrap	2,733,758	-	2,733,758	-
Other	(206,209)	975,003	697,575	1,329,016
	<u>10,894,459</u>	<u>(1,435,485)</u>	<u>8,706,829</u>	<u>(1,891,007)</u>

**22- FINANCE COSTS**

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Bank interests	22,982,518	12,604,029	41,621,190	18,579,634
Bank commissions	3,047,494	3,119,561	6,082,654	5,451,792
Interest on employees' defined benefits obligations	727,646	611,488	1,455,292	1,283,238
Interest on lease liability	77,997	90,105	155,994	189,853
	<u>26,835,655</u>	<u>16,425,183</u>	<u>49,315,130</u>	<u>25,504,517</u>

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**23- SEGMENT REPORTS**

The Group's activities include a number of sectors as follows: -

Cables and wire segment: includes electrical cables

High voltage cables segment: includes ready-made projects

Other: includes telephone cables and services

<b><u>As at and for the period ended 30 June 2023</u></b>	<b><u>Cables and wires</u></b>	<b><u>High voltage</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
Revenue	3,759,215,845	79,490,636	16,095,417	3,854,801,898
Cost of revenue	(3,323,616,164)	(66,221,126)	(9,521,498)	(3,399,358,788)
Expenses	(112,034,271)	(777,983)	(1,341,813)	(114,760,817)
Expected credit losses	(12,059,767)	(3,257,288)	(152,968)	(15,470,023)
Impairment losses on properties	(15,252,413)	-	-	(15,252,413)
Other revenue/ expenses	8,671,002	306,597	(270,770)	8,706,829
Finance costs	(47,207,187)	(1,350,347)	(757,596)	(49,315,130)
Income before Zakat and income tax	<u>257,110,295</u>	<u>8,190,489</u>	<u>4,050,772</u>	<u>269,351,556</u>
Total assets	<u>4,779,089,617</u>	<u>376,729,548</u>	<u>67,460,303</u>	<u>5,223,279,468</u>
Total liabilities	<u>2,067,153,492</u>	<u>1,002,464,861</u>	<u>22,730,901</u>	<u>3,092,349,253</u>

<b><u>As at and for the period ended 30 June 2022</u></b>	<b><u>Cables and wires</u></b>	<b><u>High voltage cables</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
Revenue	3,216,405,950	25,790,094	10,090,813	3,252,286,857
Cost of revenue	(2,929,895,412)	(21,360,700)	(7,441,119)	(2,958,697,231)
Expenses	(96,777,029)	(671,163)	(281,389)	(97,729,581)
Other income, net	(4,009,548)	2,351,687	(233,146)	(1,891,007)
Finance costs	(24,943,576)	(307,400)	(253,541)	(25,504,517)
Income before Zakat and income tax	<u>160,780,385</u>	<u>5,802,518</u>	<u>1,881,618</u>	<u>168,464,521</u>
Total assets	<u>3,815,986,083</u>	<u>833,535,796</u>	<u>64,888,746</u>	<u>4,714,410,625</u>
Total liabilities	<u>2,772,407,522</u>	<u>1,869,341</u>	<u>22,313,450</u>	<u>2,796,590,313</u>

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**23- SEGMENT REPORTS (CONTINUED)**

The information by geographical distribution is as follows:

<u>As at and for the period ended 30 June 2023</u>	<u>Inside Kingdom of Saudi Arabia</u>	<u>Outside Kingdom of Saudi Arabia</u>	<u>Total</u>
Revenue	<u>3,031,591,679</u>	<u>823,210,219</u>	<u>3,854,801,898</u>
Total non-current assets	<u>1,121,931,612</u>	<u>165,152,233</u>	<u>1,287,083,845</u>
<u>As at and for the period ended 30 June 2022</u>	<u>Inside Kingdom of Saudi Arabia</u>	<u>Outside Kingdom of Saudi Arabia</u>	<u>Total</u>
Revenue	<u>2,330,699,473</u>	<u>921,587,384</u>	<u>3,252,286,857</u>
Total non-current assets	<u>1,076,812,988</u>	<u>183,307,303</u>	<u>1,260,120,291</u>

**24- EARNINGS PER SHARE – BASIC AND DILUTED**

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

	<u>For the three-month period ended 30 June</u>		<u>For the six-month period ended 30 June</u>	
	<u>2023</u> <u>(Unaudited)</u>	<u>2022</u> <u>(Unaudited)</u>	<u>2023</u> <u>(Unaudited)</u>	<u>2022</u> <u>(Unaudited)</u>
Net profit for the period attributable to the Company's shareholders	<u>126,969,553</u>	<u>68,256,718</u>	<u>251,890,825</u>	<u>153,268,644</u>
Weighted average number of outstanding ordinary shares (share)	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
Basic and diluted earnings per share *	<u>0.85</u>	<u>0.46</u>	<u>1.68</u>	<u>1.02</u>

\*The diluted earnings per share is equal to the basic earnings per share for the periods presented, as there are no instruments with lower impact on earnings per share.

**25- DIVIDENDS**

- On 17 Sha'aban 1444H (corresponding to 9 March 2023) the Company's Board of Directors met and recommended distributing cash dividends of SR 225 million to the shareholders for the first half of the year 2022.
- On 20 June 2022, the Company's Extraordinary General Assembly decided to approve the dividends of SR 225 million (2022: SR 216 million), and paid cash on 13 July 2023.

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**26- FINANCIAL INSTRUMENTS**

**Fair value of financial instruments**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

	Carrying amount		Fair value				
	Hedging instruments	Investments at fair value through other comprehensive income	Total	Level 1	Level 2	Level 3	Total
<b>30 June 2023 (unaudited)</b>							
<b>Financial assets</b>							
Derivative financial instruments	1,313,213	-	1,313,213	-	1,313,213	-	1,313,213
Investments at fair value through other comprehensive income	-	26,071,889	26,071,889	24,801,649	-	1,270,240	26,071,889
<b>Financial liabilities</b>							
Derivative financial instruments	34,428,643	-	34,428,643	-	34,428,643	-	34,428,643
	Carrying amount		Fair value				
	Hedging instruments	Investments at fair value through other comprehensive income	Total	Level 1	Level 2	Level 3	Total
<b>31 December 2022 (audited)</b>							
<b>Financial assets</b>							
Derivative financial instruments	2,873,118	-	2,873,118	-	2,873,118	-	2,873,118
Investments at fair value through other comprehensive income	-	23,503,554	23,503,554	22,233,314	-	1,270,240	23,503,554
<b>Financial liabilities</b>							
Derivative financial instruments	9,388,071	-	9,388,071	-	9,388,071	-	9,388,071

**27- COMMITMENTS AND CONTINGENCIES**

**Capital commitments**

As at 30 June 2023, the Group has commitments of SR 85 million (31 December 2022: SR 55 million) relating to capital expenditures for expansion works in the Group's factories.

**Legal claim contingency**

The Group faces, in its ordinary course of business, lawsuits, which are under litigation. While the ultimate results of these matters cannot be determined with certainty, the Group's management does not expect that they will have a material significant effect on the interim condensed consolidated financial statements of the Group.

**Contingent liabilities**

The contingent liabilities amounted to SR 622 million (31 December 2022: SR 566 million) against bank facilities in the form of letters of credit and letters of guarantee obtained by the Group from several local banks against a commission for granting facilities without any bank cover.

**28- SIGNIFICANT EVENTS DURING THE PERIOD**

On 14 Shawwal 1444H (corresponding to 4 May 2023), the Board of Directors decided to purchase 500,000 shares of the Company and allocate them to the long-term employees' incentive share program. The resolution is subject to approval by the Extraordinary General Assembly.

On 2 Thul-Hijjah 1444H (corresponding to 20 June 2023), the Extraordinary General Assembly approved the Board of Directors' resolution that the purchase to be financed from the Company's own resources using its cash balances or credit facilities, and the Board of Directors or its authorized representative shall be entitled to complete the purchase at the time and price it deems appropriate within a maximum period of 12 months from the date of the resolution of the Extraordinary General Assembly. The Company should hold the purchased shares for a maximum period of 5 years from the date of approval of the General Assembly until they are allocated to qualified employees. After this period, the Company is committed to follow the procedures and regulations stipulated in the relevant laws and regulations. The Company has not made any purchase of the shares to be purchased until the date of the financial statements on 30 June 2023.

**29- SUBSEQUENT EVENTS**

On 20 June 2023, the Extraordinary General Assembly agreed to amend the Company's by-laws to align with the provisions of the Regulations for Companies, and the company's by-laws were amended. According to the amended Company's by-laws, setting aside of a statutory reserve by 10% of the annual net income is no longer a statutory requirement, as the amendment stated that the General Assembly may decide to set aside the reserves to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders.

Other than this, there have been no significant events since the end of the period that may require disclosure or disclosure. An amendment to the interim condensed consolidated financial statements of the Group.

**30- APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements have been approved by the Board of Directors on 22 Muharram 1445H (corresponding to 9 August 2023).