

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements (Unaudited)
For the three-month and nine-month periods ended 30 September 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 three-month and nine-month periods ended 30 September 2023

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كي بي إم جي للاستشارات المهنية

واجهة روشن، 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 September 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 September 2023;
- The condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2023;
- The condensed consolidated statement of other comprehensive income for the three and nine-month periods ended 30 September 2023;
- The condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2023;
- The condensed consolidated statement of cash flows for the nine-month period ended 30 September 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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة تجلزية محدودة بضمان. جميع الحقوق محفوظة.



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 September 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



Date: 15 Rabi' al-Thani 1445
Corresponding to: 30 October 2023

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position (unaudited)
As at 30 September 2023
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Assets			
Non-current assets			
Property, plant and equipment, net	7	1,154,155,246	1,119,706,524
Investment properties	8	21,291,700	36,058,713
Intangible assets, net		63,803,849	67,979,431
Right of use assets		8,487,861	9,482,493
Investments at fair value through other comprehensive income	9	21,816,889	23,503,554
Investment in a joint venture		30,602,500	30,602,500
Deferred tax assets		3,227,224	3,701,046
Total non-current assets		1,303,385,269	1,291,034,261
Current assets			
Inventory	10	1,823,596,158	1,795,741,342
Trade receivables	11	1,707,745,679	1,300,528,102
Contract assets		22,700,901	9,509,543
Advances and other current assets	12	144,444,456	117,076,611
Derivative financial instruments	15	12,602,494	2,873,118
Cash and cash equivalents		120,600,847	107,119,942
Total current assets		3,831,690,535	3,332,848,658
Total assets		5,135,075,804	4,623,882,919
Equity and liabilities			
Equity			
Share capital	1	1,500,000,000	1,500,000,000
Statutory reserve		288,326,294	288,326,294
Retained earnings		469,881,424	305,811,568
Treasury shares	18	(2,204,769)	-
Other reserves		17,579,635	26,551,788
Equity attributable to the shareholders of the company		2,273,582,584	2,120,689,650
Non-controlling interests		(238,558)	(146,950)
Total equity		2,273,344,026	2,120,542,700
Non-current liabilities			
End-of-service benefits obligations		114,467,991	106,574,034
Lease liabilities		7,698,895	8,593,331
Deferred tax liabilities		6,985,339	7,573,729
Total non-current liabilities		129,152,225	122,741,094
Current liabilities			
Islamic finance facilities	13	819,941,483	1,468,005,000
Accrued expenses and other liabilities	14	269,021,661	230,268,154
Contract liabilities		20,981,292	32,361,162
Derivative financial instruments	15	7,836,693	9,388,071
Trade payables	17	1,415,720,480	544,546,547
Provisions	16	168,589,046	61,582,355
Provision for Zakat and income tax	19	29,398,404	33,337,757
Lease liabilities - current portion		1,090,494	1,110,079
Total current liabilities		2,732,579,553	2,380,599,125
Total liabilities		2,861,731,778	2,503,340,219
Total equity and liabilities		5,135,075,804	4,623,882,919

Baha Al-Sin

Chief Financial Officer

Chief Executive Officer

The accompanying notes (1) to (31) 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 nine-month periods ended 30 September 2023
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	<u>Note</u>	<u>For the three months ended 30</u>		<u>For the nine-months ended 30</u>	
		<u>September</u>		<u>September</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Revenue	24	2,080,716,988	1,769,302,306	5,935,518,886	5,021,589,163
Cost of revenue		(1,801,509,068)	(1,605,385,160)	(5,200,867,856)	(4,564,082,391)
Gross income		279,207,920	163,917,146	734,651,030	457,506,772
Operating expenses					
Selling and distribution expenses	20	(26,132,330)	(26,444,524)	(82,204,915)	(74,848,409)
General and administrative expenses	21	(35,331,408)	(23,559,748)	(94,019,640)	(72,885,444)
Provision for expected credit losses	11	(40,993,846)	(4,654,039)	(56,463,869)	(4,654,039)
Impairment losses on investment properties	8	-	-	(15,252,413)	-
Gains from disposal of investments at fair value through other comprehensive income		-	1,385,109	-	1,385,109
Other (expenses) / income, net	22	(8,478,091)	8,702,421	228,738	6,811,414
Profit from operations		168,272,245	119,346,365	486,938,931	313,315,403
Finance costs	23	(27,241,556)	(19,207,043)	(76,556,686)	(44,711,560)
Income before Zakat and income tax		141,030,689	100,139,322	410,382,245	268,603,843
Zakat and income tax		(8,327,783)	(7,522,752)	(25,964,216)	(22,637,770)
Deferred tax		-	-	114,577	-
Net Income for the period		132,702,906	92,616,570	384,532,606	245,966,073
Attributable to:					
Shareholders of the Company		132,733,389	92,728,096	384,624,214	245,996,740
Non-controlling interests		(30,483)	(111,526)	(91,608)	(30,667)
Net Income for the period		132,702,906	92,616,570	384,532,606	245,966,073
Earnings per share					
Basic and diluted earnings per share	25	0.88	0.62	2.56	1.64




Chief Financial Officer



Chief Executive Officer

The accompanying notes (1) to (31) 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 nine-month periods ended 30 September 2023

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

	<u>Note</u>	<u>For the three months ended 30</u> <u>September</u>		<u>For the nine-months ended 30</u> <u>September</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 income for the period		<u>132,702,906</u>	<u>92,616,570</u>	<u>384,532,606</u>	<u>245,966,073</u>
Other comprehensive income					
<u>Items that may be reclassified to profit or loss</u>					
Foreign currency translation reserve		(508,129)	-	(84,245)	-
Effective portion of hedging contracts	15	<u>15,201,687</u>	<u>(9,413,739)</u>	<u>(7,201,247)</u>	<u>(41,314,786)</u>
<u>Items that will not be reclassified to profit or loss</u>					
Investments at fair value through comprehensive income	9	<u>(4,254,996)</u>	<u>(3,029,566)</u>	<u>(1,686,661)</u>	<u>(22,058,879)</u>
Re-measurement of end-of-service benefits obligations		<u>1,477,112</u>	<u>(2,134,559)</u>	<u>4,445,642</u>	<u>(6,737,840)</u>
Other comprehensive loss for the period		<u>11,915,674</u>	<u>(14,577,864)</u>	<u>(4,526,511)</u>	<u>(70,111,505)</u>
Total comprehensive income		<u>144,618,580</u>	<u>78,038,706</u>	<u>380,006,095</u>	<u>175,854,568</u>
Comprehensive income attributable to:					
Shareholders of the Company		<u>144,649,202</u>	<u>78,150,232</u>	<u>380,067,220</u>	<u>175,885,235</u>
Non-controlling interests		<u>(30,622)</u>	<u>(111,526)</u>	<u>(61,125)</u>	<u>(30,667)</u>
Total comprehensive income		<u>144,618,580</u>	<u>78,038,706</u>	<u>380,006,095</u>	<u>175,854,568</u>




Chief Financial Officer



Chief Executive Officer

The accompanying notes (1) to (31) 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 nine-month period ended 30 September 2023
(All amounts are expressed in Saudi Riyals unless otherwise stated)

Note	Equity attributable to the shareholders of the company											Non-controlling interests	Total equity	
	Share capital	Treasury shares	Statutory reserve	Retained earnings	Acquisition reserve of a subsidiary	Other reserves				Total other reserves	Total			
						Evaluation reserve for investments at fair value through other comprehensive income	Cash flow hedge reserve	Foreign operations translation reserve						
For the nine-month period ended 30 September 2022														
	Balance at 1 January 2022 (audited)													
	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		
	-	-	-	245,996,740	-	-	-	-	-	245,996,740	(30,667)	245,966,073		
	-	-	-	(6,737,840)	-	(22,058,879)	(41,314,786)	-	(63,373,665)	(70,111,505)	-	(70,111,505)		
	-	-	-	239,258,900	-	(22,058,879)	(41,314,786)	-	(63,373,665)	175,885,235	(30,667)	175,854,568		
26	-	-	-	(236,000,000)	-	-	-	-	-	(236,000,000)	(62,334)	(236,062,334)		
	1,500,000,000	-	253,094,307	221,578,318	22,725,173	20,699,866	(41,314,786)	(1,264,063)	846,190	1,975,518,815	340,203	1,975,859,018		
For the nine-month period ended 30 September 2023														
	Balance at 1 January 2023 (Audited)													
	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		
	-	-	-	384,624,214	-	-	-	-	-	384,624,214	(91,608)	384,532,606		
	-	-	-	4,445,642	-	(1,686,661)	(7,201,247)	(84,245)	(8,972,153)	(4,526,511)	-	(4,526,511)		
	-	-	-	389,069,856	-	(1,686,661)	(7,201,247)	(84,245)	(8,972,153)	380,097,703	(91,608)	380,006,095		
	-	(2,204,769)	-	-	-	-	-	-	-	(2,204,769)	-	(2,204,769)		
26	-	-	-	(225,000,000)	-	-	-	-	-	(225,000,000)	-	(225,000,000)		
	1,500,000,000	(2,204,769)	288,326,294	469,881,424	22,725,173	17,512,739	(21,809,355)	(848,922)	17,579,635	2,273,582,584	(238,558)	2,273,344,026		



Bahar Al-Sini
Chief Financial Officer



Chief Executive Officer

The accompanying notes (1) to (31) form an integral part of these interim condensed consolidated financial statements.

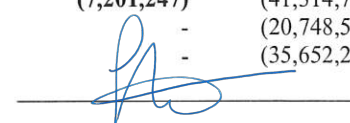
Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows (Unaudited)
For the nine-month period ended 30 September 2023
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	For nine months period ended	
	30 September 2023	30 September 2022
Note	(Unaudited)	(Unaudited)
Operating activities:		
Profit for the period before zakat and income tax	410,382,245	268,603,843
Adjustments for:		
Depreciation of property, plant and equipment and intangible assets	50,068,685	39,175,018
Depreciation of investment property	-	518,132
Depreciation of right-of-use of assets	994,632	1,348,270
Interest on lease liabilities	233,991	299,246
Provision for slow moving inventory	13,862,482	5,185,390
Provision for expected credit losses	56,463,869	4,654,039
Charge/(reversal) of provisions	107,006,691	(17,037,003)
Impairment losses of investment property	15,252,413	-
Employees' end-of-service benefits	16,364,809	16,898,991
Loss from disposal of property, plant and equipment	7,144,821	-
Losses of evaluation of financial derivatives	(18,482,001)	-
Finance costs	74,158,657	42,397,064
Changes in working capital:		
Inventories	(41,717,298)	(125,707,715)
Trade receivables	(463,681,446)	(546,330,007)
Contract assets	(13,191,358)	11,746,691
Contract liabilities	(11,379,870)	31,585,637
Advances and other current assets	(27,367,845)	(76,676,503)
Accrued expenses and other liabilities	38,753,507	108,420,105
Trade payables	871,173,933	10,034,180
Employees' end-of-service benefits paid	(4,025,210)	(7,559,424)
Finance costs paid	(74,158,657)	(42,397,064)
Zakat and income tax charged	(29,903,569)	(25,414,298)
Net cash flows generated from / (used in) operating activities	977,953,481	(300,255,408)
Investing activities		
Payments for the purchase of property, plant and equipment	(88,025,708)	(31,248,527)
Proceed from sale of property, plant and equipment	685,678	279,823
Proceeds from sale of investment properties	-	20,230,425
Paid to purchase investment properties	(485,400)	-
Paid to invest in a joint venture	-	(30,602,500)
Proceeds from sale of investments at fair value through other comprehensive income	-	2,861,575
Net cash flows (used in) / generated from investing activities	(87,825,430)	38,479,204
Financing activities		
Repayment of Islamic financing facilities during the period	(2,695,123,409)	(2,837,242,500)
Proceeds from Islamic financing facilities during the period	2,047,059,892	3,464,370,000
Lease liabilities under right-of-use assets	(1,148,012)	(572,351)
Payments for purchase of treasury shares	(2,204,769)	-
Dividends paid	(225,000,000)	(221,485,584)
Net cash flows (used in)/ generated from financing activities	(876,416,298)	405,069,565
Net change in cash and cash equivalents during the period	13,711,753	66,334,953
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	(230,848)	-
Cash and cash equivalents at end of the period	120,600,847	116,691,154
Non-cash transactions		
Dividends	-	(14,576,750)
Re-measurements of post-employment benefit obligations	4,445,642	(6,737,840)
Change in the fair value of investments at fair value through other comprehensive income	(1,686,661)	22,058,879
Changes in the value of the hedging instruments recognized in OCI	(7,201,247)	(41,314,786)
Transferred from property, plant and equipment to investment properties	-	(20,748,557)
Investments properties against settling the balance of a customer	-	(35,652,250)



Bahar Alim

Chief Financial Officer



Chief Executive Officer

The accompanying notes (1) to (31) 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 nine-months period ended 30 September 2023

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

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 September 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 share capital consists of Saudi shareholders and foreign founders.

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

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

Subsidiary	Legal form	Country of Incorporation	Shareholding percentage held by the Group (directly or indirectly)	
			2023	2022
1- Saudi Modern Company for Metals, Cables and Plastic Industry and its subsidiaries listed below:	A Closed Joint Stock Company	Kingdom of Saudi Arabia	100%	100%
1.1 Qatar Cables Company LLC	Limited Liability Company	Qatar	50%	50%
1.2 Arabian Gulf Company for Electrical Cables LLC	Limited Liability Company	Kuwait	49%	49%
1.3 Gulf Company Electrical Works	Limited Liability Company	Oman	100%	100%
1.4 Riyadh Egyptian cable for electrical works company	Joint Stock Company (E.S.C)	Egypt	49%	49%
2- Saudi Modern Company For Specialized Wires And Cables Industry	A Closed Joint Stock Company	Kingdom of Saudi Arabia	100%	100%

Riyadh Cables Group Company
(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (unaudited)

For the nine-months period ended 30 September 2023

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

1- REPORTING ENTITY (CONTINUED)

Subsidiary	Legal form	Country of Incorporation	Shareholding percentage held by the Group (directly or indirectly)	
			2023	2022
3- Saudi Modern Company for Telephone Cables Industry	A Closed Joint Stock Company	Kingdom of Saudi Arabia	100%	100%
4- Riyadh Cables Company and its subsidiaries listed below:	A Closed Joint Stock Company	Kingdom of Saudi Arabia	100%	100%
4.1 National Cables Industry Company	A single shareholder limited liability company	UAE	100%	100%
4.2 Alrowad Company for Production of Electrical Cables Limited	A single shareholder limited liability company	Iraq	100%	100%
4.3 Iraqi National Company for Cables Industry	Limited Liability Company	Iraq	100%	100%
5- Saudi Modern Company for Cables Limited	Limited Liability Company	Kingdom of Saudi Arabia	100%	100%

2- BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements for the nine month period ended 30 September 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 condensed consolidated interim 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 nine-month period ended 30 September 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 benefit obligations that have been actuarially evaluated and measured at their present value using the projected unit credit method.
- Investments at fair value through other comprehensive income.
- 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.

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.

Treasury shares

The repurchased shares of the company (treasury shares) are recognized at costs and recorded as a discount from the equity and no profit or loss are recognized in the consolidated statement of profit or loss on purchasing, selling, or cancelling such shares with recognizing any differences between the carrying amount of these shares and the consideration in case of reissuance under the item of other reserves in equity.

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 2.94 billion as at 30 September 2023 (31 December 2022: SR 2.86 billion). The accumulated depreciation amounted to SR 1.79 billion (31 December 2022: SR 1.74 billion). During the nine month period ended 30 September 2023, the Group has added property, plant and equipment amounting to SR 88 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).

During the year 2023, the group evaluated investment properties and recorded impairment losses by an amount of SR 15.3 million. The group's management believes that there were no indications that the fair value of investment properties differed from their book value on 30 September 2023.

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9- INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	% of Ownership	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Natural Gas Distribution Company *	7.67%	20,546,649	22,233,314
International Company for Insulation Materials **	19.7%	1,270,240	1,270,240
		21,816,889	23,503,554

* The fair value valuation losses during the period of the Group investment in the aforementioned Company amounted to SR 1.7 million on 30 September 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 September 2023 and its carrying amount as at that date.

10- INVENTORY

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Finished production	1,052,848,284	828,299,625
Production in progress	336,191,364	435,627,924
Raw materials	358,698,418	325,786,772
Spare parts	75,122,925	68,710,664
Packaging material	44,963,088	44,400,407
Goods in transit	14,578,164	139,082,246
Projects' supplies	5,133,697	3,911,004
	1,887,535,940	1,845,818,642
Less: provision for slow moving inventory	(63,939,782)	(50,077,300)
	1,823,596,158	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 ultra-voltage cables inputs and overhead cables. The par value of the unexecuted future contracts for copper, aluminum and lead on 30 September 2023 amounted to USD 134.3 million, equivalent to SR 503.6 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 ultra-voltage cables and overhead cables.

11- TRADE RECEIVABLES

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	1,809,735,131	1,346,053,685
Provision for expected credit losses	(101,989,452)	(45,525,583)
	1,707,745,679	1,300,528,102

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12- ADVANCES AND OTHER CURRENT ASSETS

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Advances to suppliers	100,233,083	80,363,124
Prepaid expense	14,567,889	9,713,383
Suppliers - receivables - deductions	-	9,400,200
Employees' receivables	4,693,348	3,469,530
Refundable deposits	20,419,027	7,212,555
Other	4,531,109	6,917,819
	<u>144,444,456</u>	<u>117,076,611</u>

13- ISLAMIC FINANCING FACILITIES

The Group has credit facilities agreements with several local banks to support working capital during the period with a total amount of SR 3.0 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.

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period / year	1,468,005,000	1,324,175,000
Utilized during the period/ year	2,047,059,892	4,249,525,000
Paid during the period / year	(2,695,123,409)	(4,105,695,000)
Balance at the end of the period / year	<u>819,941,483</u>	<u>1,468,005,000</u>

14- ACCRUED EXPENSES AND OTHER LIABILITIES

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Advances from costumers	148,105,166	133,933,856
Accrued value added tax	60,413,222	53,214,651
Accrued expenses	36,244,477	23,141,886
Staff accruals	23,774,739	18,611,749
Other	484,057	1,366,012
Balance at the end of the period / year	<u>269,021,661</u>	<u>230,268,154</u>

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 ultra-voltage cables as well as overhead cables. 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.

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

<u>30 September 2023</u>	Par value of	Carrying amount of hedging	
	hedging instruments	instruments	
	Current	Assets	Liabilities
Commodity derivatives	<u>409,238,167</u>	<u>12,602,494</u>	<u>7,836,693</u>
	<u>409,238,167</u>	<u>12,602,494</u>	<u>7,836,693</u>
<u>31 December 2022</u>			
Commodity derivatives	<u>139,716,870</u>	<u>2,873,118</u>	<u>9,388,071</u>
	<u>139,716,870</u>	<u>2,873,118</u>	<u>9,388,071</u>

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 cables.

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

	31 December 2022	Change in fair values of hedging instruments	30 September 2023
Copper	14,751,692))	5,893,063	(8,858,629)
Aluminum	-	(12,751,593)	(12,751,593)
Lead	143,584	(342,717)	(199,133)
	<u>14,608,108))</u>	<u>(7,201,247)</u>	<u>(21,809,355)</u>

16- PROVISIONS

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Provision for onerous contracts *	<u>168,589,046</u>	<u>61,582,355</u>

* 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 ultra-voltage cables as well as overhead cables, in which the price of the raw material is hedged.

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16- PROVISIONS (CONTINUED)

Movement in provision is as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
1 January	61,582,355	82,512,628
Provisions made	107,006,691	-
Provisions no longer required	-	(20,930,273)
31 December	<u>168,589,046</u>	<u>61,582,355</u>

The increase in onerous contracts provisions balance is attributed to the increase in the sales orders during the period in addition to the increase raw materials price by suppliers which used as a base of the provision calculation.

17- TRADE PAYABLES

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Trade payables	219,468,219	222,934,612
Financing arrangements**	1,196,252,261	321,611,935
	<u>1,415,720,480</u>	<u>544,546,547</u>

** Suppliers' facilities are represented in the value of balances due to some of the suppliers, which were settled through a number of local banks in accordance with the agreement (suppliers financing arrangements) from the total facilities agreement concluded amounting to SR 1.650 billion.

18- TREASURY SHARES

On 14 Shawwal 1444H (corresponding to 4 May 2023), the Board of Directors decided to purchase 500 thousands shares of the Company shares and allocate them to the long-term employees' incentive share scheme. 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 holds 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 following the procedures and regulations stipulated in the relevant laws and regulations. The development of the employees' incentive share scheme and its reward plan has not completed until the date of the financial statements.

On 14 September 2023, the Company purchased 30,000 shares at SR 73.49 each, with a total cost amounting to SR 2.2 million.

Below is the number of the outstanding shares during the period ended 30 September 2023.

Number of outstanding shares as at 1 January 2023	150,000,000
Number of treasury shares acquired during the period	30,000
Number of outstanding shares as at 30 September 2023	<u>149,970,000</u>

19- 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 of 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.

20- SELLING AND DISTRIBUTION EXPENSES

	For the three months ended 30 September		For the nine-months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Salaries and employees' related benefits	10,031,249	11,852,884	31,753,886	32,826,585
Fright expenses	11,005,477	9,916,407	34,124,791	26,384,048
Sales commission	760,057	1,059,528	2,752,522	2,583,303
Quality testing expenses	777,316	242,077	1,594,517	2,193,656
Insurance expense	304,111	316,082	1,056,837	1,197,579
Advertising and showrooms expenses	166,671	835,772	2,892,575	2,964,027
Depreciation expense	71,959	84,449	268,614	289,169
Communication expenses	153,635	159,902	391,914	414,342
Other expenses	2,861,855	1,977,423	7,369,259	5,995,700
	26,132,330	26,444,524	82,204,915	74,848,409

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21- GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended		For the nine-months ended	
	30 September		30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and employees' related benefits	24,005,444	16,696,428	65,321,452	52,537,274
Depreciation expense	3,420,024	2,203,970	7,737,921	6,847,478
Legal and professional	2,571,215	440,471	5,813,642	2,910,516
Maintenance and repair expense	1,746,239	1,840,483	6,678,844	4,674,364
Travel and insurance expense	236,167	157,705	558,747	357,637
Communications and network expense	289,598	242,619	951,990	917,433
Offices supplies expense	197,855	183,893	659,296	753,871
Other expenses	2,864,866	1,794,179	6,297,748	3,886,871
	<u>35,331,408</u>	<u>23,559,748</u>	<u>94,019,640</u>	<u>72,885,444</u>

22- OTHER REVENUE/(EXPENSES)- NET

	For the three months ended		For the nine-month period	
	30 September		ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Foreign currency profits/(losses)	(1,520,016)	(9,435,138)	3,518,672	(14,982,908)
Financial investments dividends at fair value through other comprehensive income	-	-	-	2,327,747
(Losses) / profits on sale of property, plant and equipment	(7,075,686)	17,751,499	(7,144,821)	17,751,499
Rental income of investment properties	5,400	1,343,527	311,343	1,343,527
Sales of scrap	-	-	2,733,758	-
Other	112,211	(957,467)	809,786	371,549
	<u>(8,478,091)</u>	<u>8,702,421</u>	<u>228,738</u>	<u>6,811,414</u>

23- FINANCE COSTS

	For the three months ended		For the nine-month period	
	30 September		ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interests	22,398,548	16,120,761	64,019,738	34,700,395
Bank commissions	4,056,265	2,244,877	10,138,919	7,696,669
Interest on employees' benefits obligations	708,746	732,012	2,164,038	2,015,250
Interest on lease liability	77,997	109,393	233,991	299,246
	<u>27,241,556</u>	<u>19,207,043</u>	<u>76,556,686</u>	<u>44,711,560</u>

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24- REPORTING SEGMENTS

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

Cables and wire segment includes electrical cables

High voltage cables Projects segment: includes ready-made projects

Other: includes telephone cables and services

<u>As at and for the period ended 30 September 2023</u>	<u>Cables and wires</u>	<u>High voltage</u>	<u>Other</u>	<u>Total</u>
Revenue	5,758,295,706	151,744,751	25,478,429	5,935,518,886
Cost of revenue	(5,058,295,584)	(127,678,108)	(14,894,164)	(5,200,867,856)
Expenses	(173,875,871)	(920,100)	(1,428,584)	(176,224,555)
Expected credit losses	(51,854,942)	(4,676,239)	67,312	(56,463,869)
Impairment losses on properties	(15,252,413)	-	-	(15,252,413)
Other revenue / expenses	104,111	400,553	(275,926)	228,738
Finance costs	(74,030,378)	(1,622,143)	(904,165)	(76,556,686)
Income before Zakat and income tax	<u>385,090,629</u>	<u>17,248,714</u>	<u>8,042,902</u>	<u>410,382,245</u>
Total assets	<u>3,736,408,946</u>	<u>1,328,680,893</u>	<u>69,985,965</u>	<u>5,135,075,804</u>
Total liabilities	<u>1,689,445,665</u>	<u>1,148,933,746</u>	<u>23,352,367</u>	<u>2,861,731,778</u>

<u>As at and for the period ended 30 September 2022</u>	<u>Cables and wires</u>	<u>High voltage cables</u>	<u>Other</u>	<u>Total</u>
Revenue	4,988,979,771	25,790,094	6,819,298	5,021,589,163
Cost of revenue	(4,540,456,049)	(21,360,700)	(2,265,642)	(4,564,082,391)
Expenses	(146,653,867)	(671,162)	(408,824)	(147,733,853)
Expected credit losses	(2,999,655)	(1,183,893)	(470,491)	(4,654,039)
Other income, net	6,051,336	966,577	(206,499)	6,811,414
Gains from disposal of investments at fair value through other comprehensive income	-	1,385,109	-	1,385,109
Finance costs	(43,895,344)	(307,400)	(508,816)	(44,711,560)
Income before Zakat and income tax	<u>261,026,192</u>	<u>4,618,625</u>	<u>2,959,026</u>	<u>268,603,843</u>
Total assets	<u>4,599,141,261</u>	<u>63,354,349</u>	<u>58,927,430</u>	<u>4,721,423,040</u>
Total liabilities	<u>2,016,997,628</u>	<u>704,078,934</u>	<u>24,487,460</u>	<u>2,745,564,022</u>

The information by geographical distribution is as follows:

<u>As at and for the period ended 30 September 2023</u>	<u>Inside Kingdom of Saudi Arabia</u>	<u>Outside Kingdom of Saudi Arabia</u>	<u>Total</u>
Revenue	<u>4,631,007,564</u>	<u>1,304,511,322</u>	<u>5,935,518,886</u>
Total non-current assets	<u>1,126,658,730</u>	<u>176,726,539</u>	<u>1,303,385,269</u>

<u>As at and for the period ended 30 September 2022</u>	<u>Inside Kingdom of Saudi Arabia</u>	<u>Outside Kingdom of Saudi Arabia</u>	<u>Total</u>
Revenue	<u>3,708,196,000</u>	<u>1,313,393,163</u>	<u>5,021,589,163</u>
Total non-current assets	<u>1,313,393,163</u>	<u>166,261,130</u>	<u>1,127,519,555</u>

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25- 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.

	For the three months ended 30 September		For the nine-month period ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Net profit for the period attributable to the Company's shareholders	<u>132,733,389</u>	<u>92,728,096</u>	<u>384,624,214</u>	<u>245,996,740</u>
No. of shares				
Weighted average number of outstanding ordinary shares at the beginning of the period	150,000,000	150,000,000	150,000,000	150,000,000
Weighted average number of repurchased ordinary shares during the period	<u>(1,765)</u>	<u>-</u>	<u>(1,765)</u>	<u>-</u>
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share at the end of the period	<u>149,998,206</u>	<u>150,000,000</u>	<u>149,998,206</u>	<u>150,000,000</u>
Basic and diluted earnings per share *	<u><u>0.88</u></u>	<u><u>0.62</u></u>	<u><u>2.56</u></u>	<u><u>1.64</u></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.

26- DIVIDENDS

On 20 June 2023, the Company's Extraordinary General Assembly decided to approve the dividends of SR 225 million (2022: SR 236 million) and on 13 July 2023, cash dividends were distributed.

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27- 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
30 September 2023 (unaudited)							
Derivative financial instruments	12,602,494	-	12,602,494	-	12,602,494	-	12,602,494
Investments at fair value through other comprehensive income	-	21,816,889	21,816,889	20,546,649	-	1,270,240	21,816,889
Financial liabilities							
Derivative financial instruments	7,836,693	-	7,836,693	-	7,836,693	-	7,836,693
	Carrying amount			Fair value			
	Hedging instruments	Investments at fair value through other comprehensive income	Total	Level 1	Level 2	Level 3	Total
31 December 2022 (audited)							
Financial assets							
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
Financial liabilities							
Derivative financial instruments	9,388,071	-	9,388,071	-	9,388,071	-	9,388,071

28- COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 30 September 2023, the Group has commitments of SR 119 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 741 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.

29- SIGNIFICANT EVENTS DURING THE PERIOD

On 20 June 2023, the extraordinary general assembly approved the amendment of the Company's bylaws in line with the new Companies Regulation. The Company's bylaws stated that creating statutory reserve of 10% of the net annual revenue is not one of the regulatory requirements, where the amendment stated that the general assembly may opt for creating reserves to the extent serving the Company interest or ensuring consistent dividends distribution to the shareholders.

30- SUBSEQUENT EVENTS

On 3 October 2023 the Board of Directors approved for the distribution of interim cash dividends to shareholders for the first half of the year 2023 by an amount of SR 149,970,000.

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.

31- APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors on 14 Rabi' al-Thani 1445H (corresponding to 29 October 2023).