RIYADH CABLES GROUP COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
Together with the
INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month period ended 31 March 2024

RIYADH CABLES GROUP COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
Together with the
INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month period ended 31 March 2024

KPMG Professional Services
Roshn 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 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 condensed interim consolidated financial statements

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

Introduction

We have reviewed the accompanying 31 March 2024 condensed interim consolidated financial statements of **Riyadh Cables Group Company ("the Company") and its subsidiaries (collectively referred to as the "Group")** which comprises:

- the condensed consolidated statement of financial position as at 31 March 2024;
- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2024.
- the condensed consolidated statement of other comprehensive income for the three-month period ended 31 March 2024;
- The condensed consolidated statement of changes in equity for the three-month period ended 31 March 2024;
- The condensed consolidated statement of cash flows for the three-month period ended 31 March 2024; and
- The notes to the condensed interim consolidated financial statements.

Management is responsible for the preparation and presentation of these condensed interim 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 condensed interim 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 condensed 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements as at and for the period ended 31 March 2024 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 Mubark Al Dossari
License No. 469

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KPMG Professional Services

Riyadh, 6 Dhul Qadah 1445H
Corresponding to: 14 May 2024

RIYADH CABLES GROUP COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 March 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Notes	**31 March 2024 (Unaudited)**	31 December 2023 (Audited)
Assets			
Property, plant and equipment, net	7	**1,204,815,583**	1,206,659,875
Investment properties	8	**9,020,632**	11,510,986
Intangible assets, net		**61,366,108**	62,766,995
Right of use assets		**7,885,492**	8,156,317
Investments at fair value through other comprehensive income	9	**18,060,229**	17,293,564
Investment in a joint venture		**30,602,500**	30,602,500
Deferred tax assets		**5,401,059**	5,052,658
Non-current assets		**1,337,151,603**	1,342,042,895
Inventory	10	**2,112,754,619**	1,909,111,440
Trade Receivables	11	**1,648,568,974**	1,305,105,319
Contract assets		**16,615,259**	25,208,489
Advances and other current assets	12	**122,709,106**	88,607,035
Derivative financial instruments	15	**14,273,960**	10,802,262
Cash and cash equivalents		**61,282,601**	150,051,628
Total current assets		**3,976,204,519**	3,488,886,173
Total assets		**5,313,356,122**	4,830,929,068
Equity			
Share capital		**1,500,000,000**	1,500,000,000
Statutory reserve		**288,326,294**	288,326,294
Retained earnings		**618,098,110**	448,228,187
Treasury shares		**(21,097,836)**	(21,097,836)
Other reserves		**51,124,651**	31,287,696
Equity attributable to the shareholders of the Company		**2,436,451,219**	2,246,744,341
Non-controlling interests		**(1,797,719)**	(545,883)
Total equity		**2,434,653,500**	2,246,198,458
Liabilities			
End-of-service benefits obligations		**120,021,779**	117,297,199
Lease liabilities		**7,204,195**	7,392,489
Deferred tax liabilities		**9,230,570**	9,898,969
Total non-current liabilities		**136,456,544**	134,588,657
Islamic finance facilities	13	**579,107,880**	722,123,178
Accrued expenses and other liabilities	14	**333,891,921**	266,518,283
Contract liabilities		**23,311,339**	24,977,269
Derivative financial instruments	15	**485,742**	894,858
Trade and other payables	17	**1,463,818,482**	1,195,410,422
Provisions	16	**283,093,926**	197,175,347
Provision for zakat and income tax		**57,526,367**	41,946,426
Lease liabilities - current portion		**1,010,421**	1,096,170
Total current liabilities		**2,742,246,078**	2,450,141,953
Total liabilities		**2,878,702,622**	2,584,730,610
Total equity and liabilities		**5,313,356,122**	4,830,929,068

The accompanying notes 1 to 29 form an integral part of these condensed interim consolidated financial statements.

Chief Financial Officer **Chief Executive Officer**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three-month period ended 31 March 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	**31 March 2024 (Unaudited)**	31 March 2023 (Unaudited)
Revenue	24	**2,031,546,481**	1,937,275,455
Cost of revenue	19	**(1,748,344,881)**	(1,718,539,127)
Gross profit		**283,201,600**	218,736,328
Operating expenses			
Selling and distribution expenses	20	**(28,915,091)**	(29,995,287)
General and administrative expenses	21	**(32,256,246)**	(25,676,975)
Impairment loss charge / (Reversal) on trade receivables	11	**(4,387,060)**	4,544,506
Impairment losses on investment properties		**(2,490,354)**	(9,926,423)
Other (expenses)/income, net	22	**(6,857,599)**	(2,187,630)
Profit from operations		**208,295,250**	155,494,519
Finance costs	23	**(24,364,069)**	(22,479,475)
Profit before Zakat and income tax		**183,931,181**	133,015,044
Zakat and income tax		**(15,953,685)**	(8,238,852)
Deferred tax		**1,016,800**	114,577
Net Profit for the period		**168,994,296**	124,890,769
Attributable to:			
Shareholders of the Company		**170,215,669**	124,921,272
Non-controlling interests		**(1,221,373)**	(30,503)
Net profit for the period		**168,994,296**	124,890,769
Earnings per share			
Basic and diluted earnings per share	25	**1.14**	0.83

The accompanying notes 1 to 29 form an integral part of these condensed interim consolidated financial statements.

Chief Financial Officer **Chief Executive Officer**

RIYADH CABLES GROUP COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the three-month period ended 31 March 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	**31 March 2024 (Unaudited)**	31 March 2023 (Unaudited)
Net profit for the period		**168,994,296**	124,890,769
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve		**-**	357,707
Effective portion of hedging contracts	15	**17,070,290**	22,982,767
Items that will not be reclassified to profit or loss			
Investments at fair value through comprehensive income	9	**766,665**	(2,683,332)
Re-measurement of end-of-service benefits obligations		**(345,746)**	1,491,357
Other comprehensive income for the period		**17,491,209**	22,148,499
Total comprehensive income		**186,485,505**	147,039,268
Comprehensive income attributable to:			
Shareholders of the Company		**187,706,878**	147,069,771
Non-controlling interests		**(1,221,373)**	(30,503)
Total comprehensive income		**186,485,505**	147,039,268

The accompanying notes 1 to 29 form an integral part of these condensed interim consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

RIYADH CABLES GROUP COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three-month period ended 31 March 2024

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

	Equity attributable to the shareholders of the Company												
					Other reserves								
	Share capital	Statutory reserve	Retained earnings	Treasury shares	Acquisition reserve of a subsidiary	Evaluation reserve for investments at fair value through other comprehensive income	Employees' shares reserve plan	Cash flow hedge reserve	Foreign operations translation reserve	Total other reserves	Total	Non-controlling interests	Total equity
For the three-month period ended 31 March 2023													
Balance at 1 January 2023 (Audited)	1,500,000,000	288,326294	305,811568	-	22,725,173	19,199,400	-	(14,608,108)	(764,677)	26,551,788	2,120,689,650	(146,950)	2,120,542,700
Net profit for the period	-	-	124,921272	-	-	-	-	-	-	-	124,921,272	(30,503)	124,890,769
Other comprehensive income for the period	-	-	1,491,357	-	-	(2,683,332)	-	22,982,767	357,707	20,657,142	22,148,499	-	22,148,499
Total comprehensive income for the period	-	-	126,412629	-	-	(2,683,332)	-	22,982,767	357,707	20,657,142	147,069,771	(30,503)	147,039,268
Balance at 31 March 2023 (Unaudited)	1,500,000,000	288,326294	432,224197	-	22,725,173	16,516,068	-	8,374,659	(406,970)	47,208,930	2,267,759,421	(177,453)	2,267,581,968
For the three-month period ended 31 March 2024													
Balance at 1 January 2024 (Audited)	1,500,000,000	288,326294	448,228187	(21,097,836)	22,725,173	12,989,410	8,000,000	(11,612,617)	(814,270)	31,287,696	2,246,744341	(545,883)	2,246,198,458
Net profit for the period	-	-	170,215669	-	-	-	-	-	-	-	170,215,669	(1,221,373)	168,994,296
Other comprehensive income for the period	-	-	(345,746)	-	-	766,665	-	17,070,290	-	17,836,955	17,491,209	-	17,491,209
Total comprehensive income for the period	-	-	169,869923	-	-	766,665	-	17,070,290	-	17,836,955	187,706,878	(1,221,373)	186,485,505
Share-based payment	-	-	-	-	-	-	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Dividends	-	-	-	-	-	-	-	-	-	-	-	(30,463)	(30,463)
Balance at 31 March 2024 (Unaudited)	1,500,000,000	288,326294	618,098110	(21,097,836)	22,725,173	13,756,075	10,000,000	5,457,673	(814,270)	51,124,651	2,436,451,219	(1,797,719)	2,434,653,500

The accompanying notes 1 to 29 form an integral part of these condensed interim consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

RIYADH CABLES GROUP COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the three-month period ended 31 March 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	For the Three-Month period ended	
	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before zakat and income tax	**183,931,181**	133,015,044
Adjustments for:		
Depreciation	**16,576,514**	16,276,744
Depreciation of right-of-use of assets	**270,825**	331,544
Interest on lease liabilities	**68,785**	77,997
Impairment loss on trade receivables, net	**4,387,060**	(4,544,506)
Provisions for the period	**85,918,579**	29,524,145
Expected adjustments of inventory net realizable value	**38,028,895**	-
Impairment losses of investment property	**2,490,354**	9,926,423
Employees' end-of-service benefits	**4,685,630**	3,349,366
Loss from disposal Property, plant and equipment	**1,295,193**	69,134
Losses on evaluation of financial derivatives	**13,189,476**	6,778,545
Share-based payments expenses	**2,000,000**	-
Finance costs	**23,142,105**	21,673,832
Changes in:		
Inventory	**(241,672,074)**	(25,165,355)
Trade receivables	**(347,850,715)**	(100,975,453)
Contract assets	**8,593,230**	(4,870,735)
Contract liabilities	**(1,665,930)**	(192,527)
Advances and other current assets	**(34,102,071)**	21,826,674
Accrued expenses and other liabilities	**67,373,638**	(7,212,913)
Trade payables	**268,408,060**	322,971,143
Employees' end-of-service benefits paid	**(2,306,796)**	(1,199,035)
Net finance costs paid	**(23,142,105)**	(21,673,832)
Zakat and income tax paid	**(373,744)**	(24,752)
Net cash flows generated from operating activities	**69,246,090**	399,961,483
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for the purchase of property, plant and equipment	**(14,826,065)**	(15,421,964)
Proceed from sale of property, plant and equipment	**199,537**	120,720
Net cash flows used in investing activities	**(14,626,528)**	(15,301,244)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Islamic financing facilities during the period	**(1,189,769,241)**	(1,090,880,000)
Proceeds from Islamic financing facilities during the period	**1,046,753,943**	692,591,438
Lease liabilities under right-of-use assets	**(342,828)**	(382,670)
Dividends paid	**(30,463)**	-
Net cash flows used in financing activities	**(143,388,589)**	(398,671,232)
Net change in cash and cash equivalents during the period	**(88,769,027)**	(14,010,993)
Cash and cash equivalents at beginning of the period	**150,051,628**	107,119,942
Effect of exchange rate change on cash and cash equivalents	-	357,717
Cash and cash equivalents at end of the period	**61,282,601**	93,466,666
NON-CASH TRANSACTIONS		
Re-measurements of post-employment benefit obligations	**(345,746)**	1,491,357
Change in the fair value of investments at fair value through o comprehensive income	**766,665**	(2,683,332)
Changes in the value of the hedging instruments recognized in (	**17,070,290**	22,982,767

The accompanying notes 1 to 29 form an integral part of these condensed interim consolidated financial statements.

Chief Financial Officer | **Chief Executive Officer**

(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.

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

The accompanying condensed interim consolidated 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) 2024	2023
1- Saudi Modem 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%
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 condensed interim consolidated financial statements as at and for the three-month period ended 31 March 2024 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) 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 condensed interim consolidated financial statements for the year ended 31 December 2023.

These condensed interim consolidated financial statements do not include all the required information and disclosures required 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 occurred during the period are significant to an understanding of the changes in the Group’s financial position and performance since the financial statements at the year ended 31 December 2023.

The results for the three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the year ended 31 December 2024.

3. USE OF ESTIMATES AND JUDGEMENT

The preparation of Group’s condensed interim consolidated financial statements require management to make judgments, estimates, and assumptions that affect the amounts of revenue, 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 material 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 2023.

4. BASIS OF MEASUREMENT

The condensed interim 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 present value of the future obligation using the projected unit credit method.
- Investments at FVOCI
- Derivative financial instruments measured at fair value.

5. PRESENTATIONAL AND FUNCTIONAL CURRENCY

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

6. MATERIAL ACCOUNTING POLICES

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in preparing the Group’s annual financial statements for the year ended 31 December 2023.

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

6- MATERIAL ACCOUNTING POLICES (CONTINUED)

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

New Standards, Amendments 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 2024, but these do not have an impact on the condensed interim consolidated financial statements of the Group.

7- PROPERTY, PLANT AND EQUIPMENT, NET

The total cost of property, plant and equipment amounted to SR 3 billion as at 31 March 2024 (31 December 2023: SR 2.99 billion). The accumulated depreciation amounted to SR 1.8 billion (31 December 2023: SR 1.78 billion). During the three-month period ended 31 March 2024, the Group has added property, plant and equipment amounting to SR 14.8 million (31 December 2023: SR 154.66 million) which mainly represented new plants for the Group's companies.

The Group holds assets the cost of which amounts to SR 955 million on 31 March 2024, which are fully depreciated but are still unregularly used. The management expects no significant future economic benefits from such assets.

8- INVESTMENT PROPERTIES

Investment properties are represented in the lands in the Arab Republic of Egypt, and their net carrying amount as at 31 March 2024 amounted to SR 9 million. The fair value of the land at 31 December 2023, according to the latest valuation of the land amounted to SR 13.8 million. The fair value of the investment properties has been determined using comparative sales approach by "Consultation company for experience and appraisal", an independent external real estate valuer and registered with the Central Bank of Egypt with No. (59).

9- INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	% of shareholding	**31 March 2024 (Unaudited)**	31 December 2023 (Audited)
Natural Gas Distribution Company *	7.67%	**16,789,989**	16,023,324
International Company for Insulation Materials **	19.7%	**1,270,240**	1,270,240
		18,060,229	17,293,564

* The fair value valuation gain during the period the Group`s investment in the aforementioned Company amounted to SR 0.76 million on 31 March 2024.

**The Group's investments in International Company for Insulation Materials represent investments in unlisted company recorded at cost. The company expects no significant difference between the fair value of such investments on 31 March 2024 and its fair value on 31 December 2023.

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

10- INVENTORY

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Finished production	**1,158,532,361**	1,046,045,780
Work in progress	**569,505,832**	375,033,255
Raw materials	**346,721,904**	388,554,260
Spare parts	**71,310,924**	74,215,719
Packaging material	**41,564,644**	44,768,175
Goods in transit	**12,046,313**	40,630,152
Projects supplies	**19,406,975**	8,169,538
	2,219,088,953	1,977,416,879
Less: Expected adjustments of net realizable value	**(106,334,334)**	(68,305,439)
	2,112,754,619	1,909,111,440

Movement in expected adjustments of inventory net realizable value is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / year	**68,305,439**	50,077,300
Adjustments during the period / year	**48,875,933**	18,228,139
Reversal of adjustments during the period / year	**(10,847,038)**	-
Balance at the end of the period / year	**106,334,334**	68,305,439

The Group has a variety of future contracts to mitigate 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 condensed interim consolidated statement of profit or loss, except for the extra Hight-voltage cables inputs and overhead cables. The nominal value of the unexecuted future contracts for copper, aluminum and lead on 31 March 2024 amounted to USD 181 million, equivalent to SR 678 million. The Group accounts for hedging contracts for fluctuations in the prices of copper, aluminum and lead, which are used in the product of extra Hight-voltage cables and overhead cables.

11- TRADE RECEIVABLES

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables	**1,741,395,806**	1,393,545,091
Impairment losses charge on trade receivables	**(92,826,832)**	(88,439,772)
	1,648,568,974	1,305,105,319

The movement in provision for expected credit losses for trade receivables is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / year	**88,439,772**	45,525,583
Impairment losses charge on trade receivables	**4,387,060**	42,914,189
Balance at the end of the period / year	**92,826,832**	88,439,772

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

12- ADVANCES AND OTHER CURRENT ASSETS

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Advances to suppliers	**71,148,028**	41,290,399
Prepaid expenses	**18,078,838**	14,414,693
Discount receivable from Suppliers *	**9,393,325**	9,393,325
Employees' receivables	**1,612,970**	1,384,322
Refundable customs	**19,487,556**	18,913,210
Other	**2,988,389**	3,211,086
	122,709,106	88,607,035

* This balance represents the value of discounts due for the period from the Group's suppliers.

13- ISLAMIC FINANCING FACILITIES

The Group entered into credit facilities agreements with several local banks to support the working capital during the period with a total amount of SR 3.1 billion (2023: SR 3 billion). All credit facilities were granted according to promissory notes approved by the Board of Directors. Interest rates on short-term loans are based on Saudi Inter Bank Offer Rate (SIBOR) plus a variable rate.

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / year	**722,123,178**	1,468,005,000
Used during the period / year	**1,046,753,943**	2,905,914,537
Paid during the period / year	**(1,189,769,241)**	(3,651,796,359)
Balance at the end of the period / year	**579,107,880**	722,123,178

14- ACCRUED EXPENSES AND OTHER LIABILITIES

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Advances from customers	**214,126,458**	153,033,434
Accrued VAT	**59,071,220**	55,983,614
Accrued expenses	**31,233,858**	36,892,014
Accrued salaries and bonus	**27,317,407**	14,898,495
Other	**2,142,978**	5,710,726
	333,891,921	266,518,283

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

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 in prices of certain inventory raw materials 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 risk of fluctuation of certain inventory raw material including copper, aluminum and lead related to producing extra Hight-voltage cables and overhead cables. 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.

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

	Par value of hedging instruments	Carrying amount of hedging instruments	
	Current	**Assets**	**Liabilities**
31 March 2024			
Commodity derivatives	**373,111,749**	**14,273,960**	**485,742**
31 December 2023			
Commodity derivatives	292,850,593	10,802,262	894,858

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 in prices of these materials prices led the management to decide to enter into forwards for such 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 2023	**Change in fair values of hedging instruments**	**31 March 2024**
Copper	**347,416**	**9,081,515**	**9,428,931**
Aluminum	**(10,707,340)**	**9,804,770**	**(902,570)**
Lead	**(1,252,693)**	**(1,815,995)**	**(3,068,688)**
	(11,612,617)	**17,070,290**	**5,457,673**

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

16- PROVISIONS

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Provision for onerous contracts *	**283,093,926**	197,175,347
	283,093,926	197,175,347

* 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 Hight-voltage cables and overhead cables, in which the price of the raw material is hedged.

Movement in provision is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
1 January	**197,175,347**	61,582,355
Provisions made	**85,918,579**	135,592,992
	283,093,926	197,175,347

17- TRADE AND OTHER PAYABLES

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Trade payables*	**265,813,967**	185,909,248
Suppliers facilities- banks **	**1,198,004,515**	1,009,501,174
	1,463,818,482	1,195,410,422

* Payable amounts include due to related parties of SR 626,546 (2023: SR 747,726).

** Suppliers' facilities are represent the value of balances due to certain suppliers, which were settled through SABB - Saudi British Bank, Al Rajhi Bank and Gulf International Bank in accordance with the agreements (suppliers financing arrangements) with the aforementioned banks. The total facilities as per the agreements executed with the aforementioned banks amounted to SR 1.6 billion.

18- ZAKAT AND INCOME TAX

Zakat and Income Tax Status

The Group has obtained the final zakat and tax assessment up to the financial year ended 31 December 2022.

The Company has also submitted Zakat and tax returns and paid all Zakat and tax dues for the financial year ended 31 December 2023.

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

19- COST OF REVENUE

	For the three-month period ended	
	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Materials	**1,644,764,588**	1,622,058,210
Cost of Salaries and other employees' related benefits	**60,909,548**	55,905,100
Depreciation expense	**14,752,762**	13,858,798
Repairs and maintenance	**10,247,503**	11,225,535
Electricity and other benefits	**13,517,637**	12,572,701
Other expenses	**4,152,843**	2,918,783
	1,748,344,881	1,718,539,127

20- SELLING AND DISTRIBUTION EXPENSES

	For the three-month period ended	
	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Salaries and other employees' related benefits	**11,398,121**	10,916,778
Cargo charges	**12,797,017**	13,701,652
Sales commission	**1,079,201**	1,268,126
Inspection and quality testing expenses	**201,101**	157,486
Insurance expense	**588,339**	431,572
Advertising and showrooms expenses	**707,887**	1,264,133
Depreciation expense	**98,688**	99,294
Communication expenses	**125,628**	116,392
Other expenses	**1,919,109**	2,039,854
	28,915,091	29,995,287

21- GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended	
	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Salaries and other employees' related benefits*	**24,568,237**	16,956,160
Depreciation expense	**2,193,233**	2,175,425
Legal and professional	**1,223,502**	1,402,833
Maintenance and repair expense	**1,780,226**	2,487,094
Travel and insurance expense	**461,553**	157,487
Communications and network expense	**260,825**	324,774
Offices supplies expense	**395,009**	246,998
Other expenses	**1,373,661**	1,926,204
	32,256,246	25,676,975

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

22- OTHER (EXPENSES)/ INCOME – NET

	For the three-month period ended	
	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Foreign currency losses	**(7,766,390)**	(3,365,164)
Rental income of investment properties	**-**	273,750
Income from sale of scrap	**1,762,962**	-
Loss from disposal Property, plant and equipment	**(1,295,193)**	(69,134)
Others	**441,022**	972,918
	(6,857,599)	(2,187,630)

23- FINANCE COSTS

	For the three-month period ended	
	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Interests on bank facilities	**18,952,675**	18,638,672
Bank commissions	**4,189,430**	3,035,160
Interest on employees' defined benefits obligations	**1,153,179**	727,646
Interest on lease liabilities	**68,785**	77,997
	24,364,069	22,479,475

24- SEGMENT REPORTING

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

- Cables and wire include electrical cables.
- High voltage cables include ready-made projects.
- Other: includes telephone cables and services

As at and for the period ended 31 March 2024	**Cables and wires**	**High voltage cables**	**Other**	**Total**
Revenue	**1,970,327,462**	**55,642,858**	**5,576,161**	**2,031,546,481**
Cost of revenue	**(1,700,265,048)**	**(48,480,154)**	**400,321**	**(1,748,344,881)**
Expenses	**(60,570,640)**	**(177,368)**	**(423,329)**	**(61,171,337)**
Impairment losses charge on trade receivables	**(5,668,136)**	**2,346,994**	**(1,065,918)**	**(4,387,060)**
Impairment losses on investment properties	**-**	-	**(2,490,354)**	**(2,490,354)**
Other (expenses) / income, net	**(6,511,643)**	**(343,884)**	**(2,072)**	**(6,857,599)**
Finance costs	**(23,943,696)**	**(217,037)**	**(203,336)**	**(24,364,069)**
Profit before zakat and tax	**173,368,299**	**8,771,409**	**1,791,473**	**183,931,181**
Total assets	**4,942,655,187**	**301,059,173**	**69,641,762**	**5,313,356,122**
Total liabilities	**2,791,718,045**	**62,513,813**	**24,470,764**	**2,878,702,622**

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

24. SEGMENT REPORTING (CONTINUED)

As at and for the period ended 31 March 2023	Cables and wires	High voltage cables	Other	Total
Revenue	1,878,436,846	51,726,751	7,111,858	1,937,275,455
Cost of revenue	(1,672,372,314)	(44,317,877)	(1,848,936)	(1,718,539,127)
Expenses	(55,342,879)	(136,017)	(193,366)	(55,672,262)
Impairment losses charge on trade receivables	7,801,794	(3,257,288)	-	4,544,506
Impairment losses on investment properties	-	-	(9,926,423)	(9,926,423)
Other (expenses)/ income, net	(2,217,559)	295,488	(265,559)	(2,187,630)
Finance costs	(21,202,870)	(843,083)	(433,522)	(22,479,475)
Profit before Zakat and income tax	135,103,018	3,467,974	(5,555,948)	133,015,044
As at 31 December 2023				
Total assets	4,373,765,072	400,673,281	56,490,715	4,830,929,068
Total liabilities	2,333,811,958	227,278,640	23,640,012	2,584,730,610

The information by geographical distribution is as follows:

As at and for the period ended 31 March 2024	**Inside Kingdom of Saudi Arabia**	**Outside Kingdom of Saudi Arabia**	**Total**
Revenue	**1,631,893,507**	**399,652,974**	**2,031,546,481**
Total non-current assets	**1,152,690,309**	**184,461,294**	**1,337,151,603**

As at and for the period ended 31 March 2023	Inside Kingdom of Saudi Arabia	Outside Kingdom of Saudi Arabia	Total
Revenue	1,428,410,424	508,865,031	1,937,275,455
As at 31 December 2023			
Total non-current assets	1,156,824,213	185,218,682	1,342,042,895

*Most of the revenues generated from outside the Kingdom of Saudi Arabia come from the United Arab Emirates.

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 and diluted shares outstanding during the period.

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

25. EARNINGS PER SHARE – BASIC AND DILUTED (CONTINUED)

i. Ordinary shares

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Outstanding ordinary shares	**150,000,000**	150,000,000
Held treasury shares	**(282,500)**	-
Weighted-average number of ordinary shares at the end of the period	**149,717,500**	150,000,000

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Net Profit for the period	**170,215,669**	124,921,272
Weighted average number of shares	**149,717,500**	150,000,000
Basic earnings per share	**1.14**	0.83

ii. Diluted shares

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share at the end of the period	**149,717,500**	150,000,000
Impact of share options	**(26,131)**	-
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share at the period end.	**149,691,369**	150,000,000

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Net Profit for the period	**170,215,669**	124,921,272
Weighted average number of shares	**149,691,369**	150,000,000
Basic earnings per share	**1.14**	0.83

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 as the carrying amounts are a reasonable approximate of their fair values.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial instruments (continued)

	Carrying amount			Fair value			
	Hedging instruments	Investments at fair value through other comprehensive income	Total	Level 1	Level 2	Level 3	Total
31 March 2024 (Unaudited)			In Saudi Riyals				
Financial Assets							
Derivative financial instruments	**14,273,960**	**-**	**14,273,960**	**-**	**14,273,960**	**-**	**14,273,960**
Investments at fair value through other comprehensive income	**-**	**18,060,229**	**18,060,229**	**16,789,989**	**-**	**1,270,240**	**18,060,229**
Financial Liabilities							
Derivative financial instruments	**485,742**	**-**	**485,742**	**-**	**485,742**	**-**	**485,742**
31 December 2023 (Audited)			In Saudi Rayals				
Financial Assets							
Derivative financial instruments	10,802,262	-	10,802,262	-	10,802,262	-	10,802,262
Investments at fair value through other comprehensive income	-	17,293,564	17,293,564	16,023,324	-	1,270,240	17,293,564
Financial Liabilities							
Derivative financial instruments	894,858	-	894,858	-	894,858	-	894,858

Fair value of financial instruments

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as significant unobservable input used.

Financial instruments measured at fair value.

Type	Valuation approach	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial instruments	Broker quotes	Not applicable	Not applicable
Investments at fair value through other comprehensive income	The average assessment weight for each is as follows: - Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the Company. The cash flow projections include estimates for 5 years weighted at 80%; and - Price-to-book value (P/B), Comparable (Similar companies)	Weighted average cost of capital (“WACC”) 28.9%	The estimated fair value would increase/ (decrease) if the weighted average cost of capital is (lower)/ higher.

27. COMMITMENTS AND CONTINGENCIES

Capital commitments

At 31 March 2024, the Group has commitments of SR 139.6 million (31 December 2023: SR 170 million) relating to capital expenditures for expansion works in the Group's factories.

Contingent Liabilities

The contingent liabilities amounted to SR 962 million (31 December 2023: SR 798,50 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. SUBSEQUENT EVENTS

On 12 Shawwal 1445H (corresponding to 21 April 2024), the Ordinary General Assembly approved the Board of Directors' recommendation to distribute cash dividends of SR 224.6 million to shareholders for the financial year ended 31 December 2023, at a rate of 1.50 Saudi riyals.

29. APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements have been approved by the Board of Directors on 4 Dhul Qadah 1445H (corresponding to 12 May 2024).