

RIYADH CABLES GROUP COMPANY
(A Saudi Joint Stock Company)
Condensed Interim Consolidated
Financial Statements (unaudited)
For the three-month and six-month periods
ended 30 June 2024
together with the
Independent Auditor's Review Report

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Interim Consolidated Financial Statements and
Independent Auditor's Review Report
For the three-month and six-month periods ended 30 June 2024

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KPMG Professional Services

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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 30 June 2024 condensed interim 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 2024;
- The condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2024;
- The condensed consolidated statement of other comprehensive income for the three-month and six-month periods ended 30 June 2024;
- The condensed consolidated statement of changes in equity for the six-month period ended 30 June 2024;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 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 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 30 June 2024 condensed interim 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

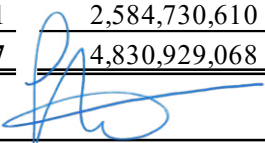


Riyadh, 2 Safar 1446H
Corresponding to: 6 August 2024

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR 40,000,000 (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 مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مائها (٤٠,٠٠٠,٠٠٠) ريال سعودي من نوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرز و شركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Financial Position (Unaudited)
As at 30 June 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

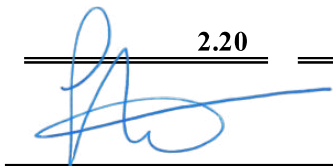
	Notes	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Assets			
Non-current assets			
Property, plant and equipment, net	7	1,214,086,343	1,206,659,875
Investment properties , net	8	9,020,632	11,510,986
Intangible assets, net		59,965,222	62,766,995
Right of use assets		7,614,667	8,156,317
Investments at fair value through other comprehensive income	9	19,286,891	17,293,564
Investment in a joint venture		30,602,500	30,602,500
Deferred tax assets		5,401,059	5,052,658
Total non-current assets		1,345,977,314	1,342,042,895
Current assets			
Inventory	10	2,233,471,958	1,909,111,440
Trade receivables	11	1,742,599,506	1,305,105,319
Contract assets		15,190,698	25,208,489
Advances and other current assets	12	166,626,857	88,607,035
Derivative financial instruments	15	22,420,373	10,802,262
Cash and cash equivalents		169,100,841	150,051,628
Total current assets		4,349,410,233	3,488,886,173
Total assets		5,695,387,547	4,830,929,068
Equity and liabilities			
Equity			
Share capital		1,500,000,000	1,500,000,000
Statutory reserve		288,326,294	288,326,294
Treasury shares		(21,097,836)	(21,097,836)
Retained earnings		552,603,519	448,228,187
Other reserves		84,432,792	31,287,696
Equity attributable to the shareholders of the Company		2,404,264,769	2,246,744,341
Non-controlling interests		(1,872,163)	(545,883)
Total equity		2,402,392,606	2,246,198,458
Non-current liabilities			
End-of-service benefits obligations		122,799,794	117,297,199
Lease liabilities		6,817,407	7,392,489
Deferred tax liabilities		9,230,570	9,898,969
Total non-current liabilities		138,847,771	134,588,657
Current liabilities			
Islamic finance facilities	14	916,421,073	722,123,178
Accrued expenses and other liabilities	15	286,409,598	266,518,283
Contract liabilities		29,966,679	24,977,269
Derivative financial instruments	16	6,406,493	894,858
Trade payables	18	1,511,221,193	1,195,410,422
Provisions	17	371,232,139	197,175,347
Provision for Zakat and income tax		31,366,829	41,946,426
Lease liabilities - current portion		1,123,166	1,096,170
Total current liabilities		3,154,147,170	2,450,141,953
Total liabilities		3,292,994,941	2,584,730,610
Total equity and liabilities		5,695,387,547	4,830,929,068
			
Chief Financial Officer Bahaa Ahmed Bakr Eissa		Chief Executive Officer Borjan Milorad Boro Schovac	

The accompanying notes (1) to (30) form an integral part of these Condensed Interim consolidated financial statements.

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Profit or Loss (unaudited)
For the three-month and six-month periods ended 30 June 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 June		For the six-month ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Revenue		2,046,144,781	1,917,526,443	4,077,691,262	3,854,801,898
Cost of revenue	20	(1,776,572,025)	(1,680,819,661)	(3,524,916,906)	(3,399,358,788)
Gross profit		269,572,756	236,706,782	552,774,356	455,443,110
Selling and distribution expenses	21	(30,242,106)	(26,077,298)	(59,157,197)	(56,072,585)
General and administrative expenses	22	(35,543,735)	(33,011,257)	(67,799,981)	(58,688,232)
Reversal / provision for expected credit losses	11	(5,978,498)	(20,014,529)	(10,365,558)	(15,470,023)
Impairment losses on investment properties	8	-	(5,325,990)	(2,490,354)	(15,252,413)
Other income / (expenses), net	23	2,861,636	10,894,459	(3,995,963)	8,706,829
Profit from operations		200,670,053	163,172,167	408,965,303	318,666,686
Finance costs	24	(24,469,407)	(26,835,655)	(48,833,476)	(49,315,130)
Profit before Zakat and income tax		176,200,646	136,336,512	360,131,827	269,351,556
Zakat and income tax		(16,817,247)	(9,397,581)	(32,770,932)	(17,636,433)
Deferred tax		-	-	1,016,800	114,577
Net profit for the period		159,383,399	126,938,931	328,377,695	251,829,700
Attributable to:		-	-	-	-
Shareholders of the Company		159,427,405	126,969,553	329,643,074	251,890,825
Non-controlling interests		(44,006)	(30,622)	(1,265,379)	(61,125)
Net profit for the period		159,383,399	126,938,931	328,377,695	251,829,700
Earnings per share					
Basic and diluted earnings per share	26	1.06	0.85	2.20	1.68


Chief Financial Officer
Bahaa Ahmed Bakr Eissa

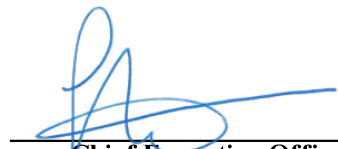

Chief Executive Officer
Borjan Milorad Boro Sehovac

The accompanying notes (1) to (30) form an integral part of these Condensed Interim consolidated financial statements.

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Other Comprehensive Income (unaudited)
For the three-month and six-month periods ended 30 June 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 June		For the six-month ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Net profit for the period		159,383,399	126,938,931	328,377,695	251,829,700
Other comprehensive income					
<u>Items that may be reclassified to profit or loss</u>					
Foreign currency translation reserve		(3,265)	66,177	(3,265)	423,884
Effective portion of hedging contracts	16	30,084,744	(45,385,701)	47,155,034	(22,402,934)
<u>Items that will not be reclassified to profit or loss</u>					
Investments at fair value through comprehensive income	9	1,226,662	5,251,667	1,993,327	2,568,335
Re-measurement of end-of-service benefits obligations		(345,746)	1,477,173	(691,492)	2,968,530
Other comprehensive income/(loss) for the period		30,962,395	(38,590,684)	48,453,604	(16,442,185)
Total comprehensive income for the period		190,345,794	88,348,247	376,831,299	235,387,515
Total Comprehensive income attributable to:					
Shareholders of the Company		190,389,800	88,378,869	378,096,678	235,448,640
Non-controlling interests		(44,006)	(30,622)	(1,265,379)	(61,125)
Total comprehensive income		190,345,794	88,348,247	376,831,299	235,387,515


Chief Financial Officer
Bahaa Ahmed Bakr Eissa


Chief Executive Officer
Borjan Milorad Boro Sehovac

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Changes in Equity (unaudited)
For the six-month period ended 30 June 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

Equity attributable to the shareholders of the Company													
Note	Share capital	Statutory reserve	Retained earnings	Treasury shares	Other reserves					Total other reserves	Total	Non-controlling interests	Total equity
					Acquisition reserve of a subsidiary	Reserve for evaluation of investments at fair value through other comprehensive income	Employees' shares reserve plan	Cash flow hedge reserve	Foreign operations translation reserve				
For the six-month period ended 30 June 2022													
Balance on 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
Net profit for the period	-	-	251,890,825	-	-	-	-	-	-	-	251,890,825	(61,125)	251,829,700
Other comprehensive income for the period	-	-	2,968,530	-	-	2,568,335	-	(22,402,934)	423,884	(19,410,715)	(16,442,185)	-	(16,442,185)
Total comprehensive income for the period	-	-	254,859,355	-	-	2,568,335	-	(22,402,934)	423,884	(19,410,715)	235,448,640	(61,125)	235,387,515
Dividends	-	-	(225,000,000)	-	-	-	-	-	-	-	(225,000,000)	-	(225,000,000)
Balance at 30 June 2023 (unaudited)	1,500,000,000	288,326,294	335,670,923	-	22,725,173	21,767,735	-	(37,011,042)	(340,793)	7,141,073	2,131,138,290	(208,075)	2,130,930,215
For the six-month period ended 30 June 2023													
Balance at 1 January 2024 (Audited)	1,500,000,000	288,326,294	448,228,187	(21,097,836)	22,725,173	12,989,410	8,000,000	(11,612,617)	(814,270)	31,287,696	2,246,744,341	(545,883)	2,246,198,458
Net profit for the period	-	-	329,643,074	-	-	-	-	-	-	-	329,643,074	(1,265,379)	328,377,695
Other comprehensive income for the period	-	-	(691,492)	-	-	1,993,327	-	47,155,034	(3,265)	49,145,096	48,453,604	-	48,453,604
Total comprehensive income for the period	-	-	328,951,582	-	-	1,993,327	-	47,155,034	-	49,145,096	378,096,678	(1,265,379)	376,831,299
share-based payment	-	-	-	-	-	-	4,000,000	-	-	4,000,000	4,000,000	-	4,000,000
Dividends	13	-	(224,576,250)	-	-	-	-	-	-	-	(224,576,250)	(60,901)	(224,637,151)
Balance at 30 June 2024 (unaudited)	1,500,000,000	288,326,294	552,603,519	(21,097,836)	22,725,173	14,982,737	12,000,000	35,542,417	(817,535)	84,432,792	2,404,264,769	(1,872,163)	2,402,392,606


Chief Financial Officer
Bahaa Ahmed Bakr Eissa


Chief Executive Officer
Borjan Milorad Boro Sehovac

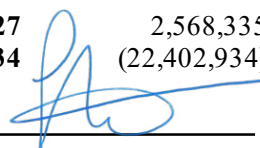
The accompanying notes (1) to (30) form an integral part of these Condensed Interim consolidated financial statements.

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For the six-month period ended 30 June 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

	For the six-month period ended	
	30 June 2024	30 June 2023
	(Unaudited)	(Unaudited)
<u>Cash flows from operating activities</u>		
Profit for the period before zakat and income tax	360,131,827	269,351,556
Adjustments for:		
Depreciation	32,455,915	32,604,643
Depreciation of right-of-use assets	541,650	663,088
Interest on lease liabilities	137,566	155,994
Expected adjustments of inventory net realizable value	64,956,969	9,045,117
Impairment losses charge on trade receivables	10,365,558	15,470,023
Provisions during the period	174,056,792	91,311,085
Impairment losses of investment property	2,490,354	15,252,413
Employees' end-of-service benefits	8,833,134	8,068,050
Loss from disposal PPE	400,736	69,135
Share-based payments expenses	4,000,000	-
Losses on evaluation of financial derivatives	41,048,558	4,197,543
Finance costs	46,389,549	47,703,843
Changes in:		
Inventory	(389,317,487)	(123,225,534)
Trade receivables	(447,859,745)	(313,872,621)
Contract assets	10,017,791	(11,169,148)
Contract liabilities	4,989,410	(7,117,576)
Advances and other current assets	(78,239,759)	(5,241,505)
Accrued expenses and other liabilities	19,891,315	13,893,916
Trade payables	315,810,771	692,555,589
Employees' end-of-service benefits paid	(4,022,031)	(907,972)
Net finance cost paid	(46,389,549)	(47,703,843)
Zakat and Income tax paid	(43,350,529)	(29,195,239)
Net cash flows generated from operating activities	87,338,795	661,908,557
<u>Cash flows from investing activities</u>		
Acquisition of property, plant and equipment	(45,101,064)	(43,229,928)
Proceed from sale of property, plant and equipment	7,839,655	685,578
Net cash flows used in investing activities	(37,261,409)	(42,544,350)
<u>Cash flows from financing activities</u>		
Repayment of Islamic financing facilities during the period	(1,698,228,786)	(1,763,778,850)
Proceeds from Islamic financing facilities during the period	1,892,526,681	1,320,669,292
Lease liabilities under right-of-use assets	(685,652)	(765,340)
Dividends paid	(224,637,151)	-
Net cash flows used in financing activities	(31,024,908)	(443,874,898)
Net increase in cash and cash equivalents during the period	19,052,478	175,489,309
Cash and cash equivalents at the beginning of the period	150,051,628	107,119,942
Effect of exchange rate change on cash and cash equivalents	(3,265)	423,884
Cash and cash equivalents at the end of the period	169,100,841	283,033,135
<u>Non-cash transactions</u>		
Dividends	-	(225,000,000)
Re-measurements of employees' retirement benefits	(691,492)	2,968,530
Change in the fair value of investments at fair value through other comprehensive income	1,993,327	2,568,335
Changes in the value of the hedging instruments recognized in OCI	47,155,034	(22,402,934)



Chief Financial Officer
Bahaa Ahmed Bakr Eissa



Chief Executive Officer
Borjan Milorad Boro Sehovac

The accompanying notes (1) to (30) form an integral part of these Condensed Interim consolidated financial statements.

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Notes to the Condensed Interim consolidated financial statements (Unaudited)
For the six-month period ended 30 June 2024
(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 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%
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%

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Notes to the Condensed Interim consolidated financial statements (Unaudited)
For the six-month period ended 30 June 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These Condensed Interim consolidated financial statements for the six-month period ended 30 June 2024 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 consolidated financial statements for the year ended 31 December 2023 (“Annual Consolidated Financial Statements”).

These condensed interim 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 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 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 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 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 measured at fair value.

5. PRESENTATIONAL AND FUNCTIONAL CURRENCY

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

6. MATERIAL ACCOUNTING POLICIES

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

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.

There are several amendments and interpretations that are applied for the first time in 2024, but do not have an impact on the condensed interim consolidated financial statements of the Group.

Riyadh Cables Group Company
(A Saudi Joint Stock Company)
Notes to the Condensed Interim consolidated financial statements (Unaudited)
For the six-month period ended 30 June 2024
(All amounts are expressed in Saudi Riyals unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT, NET

The total cost of property, plant and equipment amounted to SR 3 billion as at 30 June 2024 (31 December 2023: SR 2.99 billion). The accumulated depreciation amounted to SR 1.80 billion (31 December 2023: SR 1,78 billion). During the six-month period ended 30 June 2024, the Group has added property, plant and equipment amounting to SR 45.1 million (31 December 2023: SR 154,66 million) which mainly represents in new plants for the Group's companies.

8. INVESTMENT PROPERTIES

Investment properties represent land in the Arab Republic of Egypt, and its net carrying amount as at 30 June 2024 amounted to SR 9 million. The fair value of the land as 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	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Natural Gas Distribution Company *	7.67%	18,016,651	16,023,324
International Company for Insulation Materials **	19.7%	1,270,240	1,270,240
		<u>19,286,891</u>	<u>17,293,564</u>

* The fair value gain during the period of the Group's investment in the aforementioned Company amounted to SR 1.99 million on 30 June 2024.

** The Group's investments in International Company for Insulation Materials represent investments in a non-listed company recognized at cost. The management expects no significant difference between the book value of these investments and their fair value as at 30 June 2024.

10. INVENTORY

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Finished production	1,179,958,807	1,046,045,780
Inventory in progress	583,469,679	375,033,255
Raw materials	436,422,197	388,554,260
Spare parts	71,153,797	74,215,719
Packaging material	45,220,087	44,768,175
Goods in transit	47,330,753	40,630,152
Projects' supplies	3,179,046	8,169,538
	<u>2,366,734,366</u>	<u>1,977,416,879</u>
Less: Expected adjustments of net realizable value	<u>(133,262,408)</u>	<u>(68,305,439)</u>
	<u>2,233,471,958</u>	<u>1,909,111,440</u>

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

	30 June 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	64,956,969	18,228,139
Balance at the end of the period / year	<u>133,262,408</u>	<u>68,305,439</u>

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10- INVENTORY (CONTINUED)

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 condensed consolidated statement of profit or loss, except for the ultra-voltage cables inputs and overhead cables. The notional amount of the unexecuted future contracts for copper, aluminum and lead on 30 June 2024 amounted to US 183 million, equivalent to SR 686 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 antenna vector cables.

11. TRADE RECEIVABLES

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables	1,841,404,836	1,393,545,091
Provision for expected credit losses	(98,805,330)	(88,439,772)
	1,742,599,506	1,305,105,319

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

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / year	88,439,772	45,525,583
Adjustments during the period / year	10,365,558	42,914,189
Balance at the end of the period / year	98,805,330	88,439,772

12. ADVANCES AND OTHER CURRENT ASSETS

	30 June 2024 (unaudited)	31 December 2023 (Audited)
Advances to suppliers	124,098,338	41,290,399
Prepaid expenses	13,236,540	14,414,693
Discounts receivable from suppliers	-	9,393,325
Employees' receivables	8,088,828	1,384,322
Refundable deposits	19,087,730	18,913,210
Other	2,115,421	3,211,086
	166,626,857	88,607,035

13. DIVIDENDS

On 12 Shawwal 1445H (corresponding to 21 April 2024), the Ordinary General Assembly approved the Board of Director's 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. Such dividends were paid in full on 26 May 2024.

14. 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 (SAIBOR) plus a fixed rate per annum.

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14. ISLAMIC FINANCING FACILITIES (CONTINUED)

	30 June 2023 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period/year	722,123,178	1,468,005,000
Withdrawn during the period/year	1,892,526,681	2,905,914,537
Paid during the period/year	(1,698,228,786)	(3,651,796,359)
Balance at the end of the period/year	916,421,073	722,123,178

15. ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2023 (Unaudited)	31 December 2023 (Audited)
Advances from customers	160,088,496	153,033,434
Accrued VAT	76,238,910	55,983,614
Accrued expenses	18,714,513	36,892,014
Accrued salaries and allowances	30,517,404	14,898,495
Other	850,275	5,710,726
	286,409,598	266,518,283

16. 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. 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	
<u>30 June 2024</u>	<u>Current</u>	<u>Assets</u>	<u>Liabilities</u>
Commodity derivatives	387,092,761	22,420,373	6,406,493
<u>31 December 2023</u>			
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 led the management to decide to enter into forwards for materials related to high voltage cables and overhead cables.

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16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Forwards and futures (continued)

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

	31 December 2023	Change in fair values of hedging instruments	30 June 2023
Copper	347,416	31,925,670	32,273,086
Aluminum	(10,707,340)	9,503,702	(1,203,638)
Lead	(1,252,693)	5,725,662	4,472,969
	<u>(11,612,617)</u>	<u>47,155,034</u>	<u>35,542,417</u>

17. PROVISIONS

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Provision for onerous contracts *	371,232,139	197,175,347
	<u>371,232,139</u>	<u>197,175,347</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.

Movement in provision is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
1 January	197,175,347	61,582,355
Provisions made	174,056,792	135,592,992
	<u>371,232,139</u>	<u>197,175,347</u>

18. TRADE PAYABLES

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Trade payables*	250,946,484	185,909,248
Suppliers' facilities- banks **	1,260,274,709	1,009,501,174
	<u>1,511,221,193</u>	<u>1,195,410,422</u>

* Trade payable amounts include due to related parties of SR 1,028,517 (2023: SR 747,726).

** Suppliers' facilities represent the value of suppliers' balances, which were settled through SABB - Saudi British Bank, Gulf International Bank and Al Rajhi Bank in accordance with the agreements (suppliers financing arrangements) with the aforementioned banks which are included in the total facilities agreement concluded with the aforementioned banks amounting to a total of SR 1.6 billion.

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19. ZAKAT AND INCOME TAX

Zakat and Income Tax Status

Riyadh Cables Group Company obtained the final Zakat and tax assessment up to the financial year ended 31 December 2022.

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

The Group does not have any Zakat or tax differences inside or outside Kingdom of Saudi Arabia as at 30 June 2024.

20. COST OF REVENUE

	For the three-month period ended 30 June		For the six-month ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Materials	1,669,964,210	1,582,265,674	3,314,728,798	3,204,323,884
Salaries and employees' benefits	64,727,158	56,806,835	125,636,706	112,711,935
Depreciation expense	14,139,475	14,695,459	28,892,237	28,554,257
Repairs and maintenance	8,526,395	10,493,564	18,773,898	21,719,099
Electricity and other benefits	14,222,843	12,723,338	27,740,480	25,296,039
Other	4,991,944	3,834,791	9,144,787	6,753,574
	<u>1,776,572,025</u>	<u>1,680,819,661</u>	<u>3,524,916,906</u>	<u>3,399,358,788</u>

21. SELLING AND DISTRIBUTION EXPENSES

	For the three-month period ended 30 June		For the six-month ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Salaries and employees' related benefits	12,192,284	10,805,859	23,590,405	21,722,637
Cargo charges	12,399,606	9,417,662	25,196,623	23,119,314
Sales commission	1,169,605	724,339	2,248,806	1,992,465
Inspection and quality testing expenses	171,404	659,715	372,505	817,201
Insurance expense	361,484	321,154	949,823	752,726
Advertising and showrooms expenses	1,691,969	1,461,771	2,399,856	2,725,904
Depreciation expense	98,444	97,361	197,132	196,655
Communication expenses	173,288	121,887	298,916	238,279
Other expenses	1,984,022	2,467,550	3,903,131	4,507,404
	<u>30,242,106</u>	<u>26,077,298</u>	<u>59,157,197</u>	<u>56,072,585</u>

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22. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 June		For the six-month ended 30 June	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and employees' related benefits	25,772,573	24,359,848	50,340,810	41,316,008
Depreciation expense	2,051,544	2,142,472	4,244,777	4,317,897
Legal and professional	1,112,208	1,839,594	2,335,710	3,242,427
Maintenance and repair expense	2,723,782	2,445,511	4,504,008	4,932,605
Travel and insurance expense	536,808	165,093	998,361	322,580
Communications and network expense	185,656	337,618	446,481	662,392
Offices supplies expense	70,967	214,443	465,976	461,441
Other expenses	3,090,197	1,506,678	4,463,858	3,432,882
	<u>35,543,735</u>	<u>33,011,257</u>	<u>67,799,981</u>	<u>58,688,232</u>

23. OTHER REVENUE/(EXPENSES)- NET

	For the three-month period ended 30 June		For the six-month ended 30 June	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Foreign currency losses	(1,600,210)	8,403,852	(9,366,600)	5,038,688
Rental income of investment properties	-	32,193	-	305,943
Loss on sale of property and plant	894,457	-	(400,736)	(69,135)
Sales of scrap	1,990,007	2,733,758	3,752,969	2,733,758
Other	1,577,382	(275,344)	2,018,404	697,575
	<u>2,861,636</u>	<u>10,894,459</u>	<u>(3,995,963)</u>	<u>8,706,829</u>

24. FINANCE COSTS

	For the three-month period ended 30 June		For the six-month ended 30 June	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interests	20,557,778	22,982,518	39,510,453	41,621,190
Bank commissions	2,689,666	3,047,494	6,879,096	6,082,654
Interest on employees' benefits	1,153,186	727,646	2,306,365	1,455,292
Interest on lease liabilities	68,777	77,997	137,562	155,994
	<u>24,469,407</u>	<u>26,835,655</u>	<u>48,833,476</u>	<u>49,315,130</u>

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25. SEGMENT REPORTING

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

Cables and wire segment: includes electrical cables

High voltage cables segment: includes ready-made projects

Other: includes telephone cables and services

<u>As at and for the period ended 30 June 2024</u>	<u>Cables and wires</u>	<u>High voltage</u>	<u>Other</u>	<u>Total</u>
Revenue	3,871,937,057	196,031,357	9,722,848	4,077,691,262
Cost of revenue	(3,358,736,027)	(162,780,137)	(3,400,742)	(3,524,916,906)
Expenses	(125,696,577)	(442,747)	(817,854)	(126,957,178)
Impairment losses charge on trade receivables	(5,663,270)	(3,746,047)	(956,241)	(10,365,558)
Impairment losses on investment properties	-	-	(2,490,354)	(2,490,354)
Other expenses / (income) - net	(4,391,334)	376,873	18,498	(3,995,963)
Finance costs	(48,076,936)	(360,029)	(396,511)	(48,833,476)
Profit before zakat and tax	<u>329,372,913</u>	<u>29,079,270</u>	<u>1,679,644</u>	<u>360,131,827</u>
Total assets	<u>5,279,055,089</u>	<u>339,501,943</u>	<u>76,830,515</u>	<u>5,695,387,547</u>
Total liabilities	<u>3,209,554,305</u>	<u>60,255,552</u>	<u>23,185,084</u>	<u>3,292,994,941</u>
<u>For the period ended 30 June 2023</u>	<u>Cables and wires</u>	<u>High voltage</u>	<u>Other</u>	<u>Total</u>
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	(112,641,021)	(777,983)	(1,341,813)	(114,760,817)
Impairment losses charge on trade receivables	(12,059,767)	(3,257,288)	(152,968)	(15,470,023)
Impairment losses on investment properties	-	-	(15,252,413)	(15,252,413)
Other income/(expenses), net	8,671,002	306,597	(270,770)	8,706,829
Finance costs	(47,207,187)	(1,350,347)	(757,596)	(49,315,130)
Profit before Zakat and tax	<u>272,362,708</u>	<u>8,190,489</u>	<u>(11,201,641)</u>	<u>269,351,556</u>
As at 31 December 2023	<u>4,373,765,072</u>	<u>400,673,281</u>	<u>56,490,715</u>	<u>4,830,929,068</u>
Total assets	<u>4,373,765,072</u>	<u>400,673,281</u>	<u>56,490,715</u>	<u>4,830,929,068</u>
Total liabilities	<u>2,333,811,958</u>	<u>227,278,640</u>	<u>23,640,012</u>	<u>2,584,730,610</u>

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25. SEGMENT REPORTING (CONTINUED)

The information by geographical distribution is as follows:

<u>As at and for the period ended 30 June 2024</u>	<u>Inside Kingdom of Saudi Arabia</u>	<u>Outside Kingdom of Saudi Arabia</u>	<u>Total</u>
Revenue	<u>3,281,319,371</u>	<u>796,371,891</u>	<u>4,077,691,262</u>
Non-current assets	<u>1,161,890,048</u>	<u>184,087,266</u>	<u>1,345,977,314</u>
<u>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	3,031,591,679	823,210,219	3,854,801,898
As at 31 December 2023	<u>1,156,824,213</u>	<u>185,218,682</u>	<u>1,342,042,895</u>
Non-current assets	<u>1,156,824,213</u>	<u>185,218,682</u>	<u>1,342,042,895</u>

*The majority of revenue generated outside Saudi Arabia represents revenue from the United Arab Emirates.

26. EARNINGS PER SHARE – BASIC AND DILUTED

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

a) Ordinary shares

	<u>For the three-month period ended 30 June</u>		<u>For the six-month ended 30 June</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Outstanding ordinary shares	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
Treasury shares held	<u>(282,500)</u>	<u>-</u>	<u>(282,500)</u>	<u>-</u>
Weighted-average number of ordinary shares during the period	<u>149,717,500</u>	<u>50,000,000</u>	<u>149,717,500</u>	<u>150,000,000</u>
	<u>For the three-month period ended 30 June</u>		<u>For the six-month ended 30 June</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Net profit for the period	<u>159,427,405</u>	<u>126,969,553</u>	<u>329,643,074</u>	<u>251,890,825</u>
Weighted average number of shares	<u>149,717,500</u>	<u>150,000,000</u>	<u>149,717,500</u>	<u>150,000,000</u>
Basic earnings per share	<u>1.06</u>	<u>0.85</u>	<u>2.20</u>	<u>1.68</u>

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

b) Diluted shares

	For the three-month period ended 30 June		For the six-month ended 30 June	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(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	149,717,500	150,000,000
Impact of share options	(23,544)	-	(49,675)	-
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share at the period end.	149,693,956	150,000,000	149,667,825	150,000,000
	For the three-month period ended 30 June		For the six-month ended 30 June	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period	159,427,405	126,969,553	329,643,074	251,890,825
Weighted average number of shares	149,693,956	150,000,000	149,667,825	150,000,000
Diluted earnings per share	1.06	0.85	2.20	1.68

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 since their carrying amounts are a reasonable approximation of their 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 June 2024							
(unaudited)							
Financial assets							
Derivative financial instruments	22,420,373	-	22,420,373	-	22,420,373	-	22,420,373
Investments at fair value through other comprehensive income	-	19,286,891	19,286,891	18,016,651	-	1,270,240	19,286,891
Financial liabilities							
Derivative financial instruments	6,406,493	-	6,406,493	-	6,406,493	-	6,406,493

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27. 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
<u>31 December 2023</u>							
<u>(audited)</u>							
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

28. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 30 June 2024, the Group had commitments of SR 112 million (31 December 2023: SR 170 million) relating to capital expenditures for expansion works in the Group's factories.

Contingent Liabilities

As at 30 June 2024, the contingent liabilities amounted to SR 1 billion (31 December 2023: SR 798.5 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. SUBSEQUENT EVENTS

There are no significant events subsequent to the period-end that require disclosure or adjustment in the condensed interim consolidated financial statements of the Group.

30. APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements have been approved by the Board of Directors on 29 Muharram 1446 H (corresponding to 4 August 2024).