

**ELECTRICAL INDUSTRIES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022**  
**WITH**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

**Electrical Industries Company**  
**(A Saudi Joint Stock Company)**

**Condensed consolidated interim financial statements with independent auditor's review report**  
**For the three and nine month periods ended 30 September 2022**

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**KPMG Professional Services**

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Kingdom of Saudi Arabia  
Commercial Registration No 2051062328

Headquarters in Riyadh

**كي بي إم جي للاستشارات المهنية**

المطابق ١٦، برج البرعش  
٦١٨٩ طريق الأمير تركي، الكورنيش  
ص.ب. ٤٨٠٣  
الخبير ٣١٤٦ - ٣٤٤١٢  
المملكة العربية السعودية  
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

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

To the Shareholders of Electrical Industries Company

## Introduction

We have reviewed the accompanying 30 September 2022 condensed consolidated interim financial statements of **Electrical Industries Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2022; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim 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 consolidated interim 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 information 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 September 2022 condensed consolidated interim financial statements of Electrical Industries 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, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") 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 مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مطوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للوزان وشركاه محاسبون ومراجعون قانونيون". وهي 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.

Commercial Registration of the headquarters in Riyadh is 1010425494.



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

To the Shareholders of Electrical Industries Company (continued)

## Other Matter

The condensed consolidated interim financial statements of the Group for the three-month and nine-month periods ended 30 September 2021, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 20 Rabi ul Awal 1443H corresponding to 26 October 2021G and the consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 14 Sha'ban 1443H corresponding to 17 March 2022G.

## For KPMG Professional Services

**Abdulaziz Abdullah Alnaim**  
License no. 394

Al Khobar,  
Date: 31 October 2022  
Corresponding to: 6 Rabi Al- Akhar 1444H



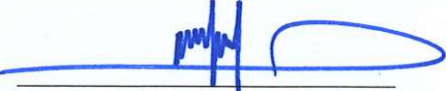
**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Condensed consolidated statement of financial position**

**As at 30 September 2022**

(All amounts stated in Saudi Riyals unless otherwise stated)

	Note	30 September 2022 (Unaudited)	31 December 2021 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	258,213,413	270,564,761
Right-of-use assets	4	24,022,535	29,986,060
Intangible assets		6,406,614	6,922,481
Financial assets at fair value through other comprehensive income ("FVOCI")		15,521,088	15,410,544
<b>Total non-current assets</b>		<b>304,163,650</b>	<b>322,883,846</b>
<b>Current assets</b>			
Inventories		711,080,108	441,200,314
Trade and other receivables		496,777,809	418,318,752
Cash and cash equivalents		66,523,251	65,630,379
<b>Total current assets</b>		<b>1,274,381,168</b>	<b>925,149,445</b>
<b>Total assets</b>		<b>1,578,544,818</b>	<b>1,248,033,291</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		450,000,000	450,000,000
Statutory reserve		52,758,597	52,758,597
Treasury shares		(9,861,621)	(9,861,621)
Share based payment reserve		1,937,703	1,308,332
Foreign currency translation reserve		(3,268,591)	(1,457,106)
Financial assets at FVOCI reserve		147,392	36,848
Retained earnings		104,333,801	95,017,743
<b>Total equity</b>		<b>596,047,281</b>	<b>587,802,793</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	5	8,834,675	16,605,296
Lease liabilities		22,597,473	27,167,506
Employee' benefit obligations		84,219,337	80,528,461
<b>Total non-current liabilities</b>		<b>115,651,485</b>	<b>124,301,263</b>
<b>Current liabilities</b>			
Current portion of long-term borrowings	5	15,500,000	14,632,184
Current portion of lease liabilities		3,672,696	4,024,675
Trade and other payables		484,210,221	306,766,102
Short-term murabaha borrowings	5	353,470,623	196,527,538
Provision for zakat	8	9,992,512	13,978,736
<b>Total current liabilities</b>		<b>866,846,052</b>	<b>535,929,235</b>
<b>Total liabilities</b>		<b>982,497,537</b>	<b>660,230,498</b>
<b>Total equity and liabilities</b>		<b>1,578,544,818</b>	<b>1,248,033,291</b>

  
Yousef Al Quraishi  
(Designated member)

  
Tariq Al Tahini  
(Managing Director)

  
Medhat A. Ghaleb  
(EVP Finance and IT)

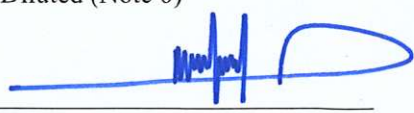
The accompanying notes 1 through 13 form an integral part of these condensed consolidated interim financial statements.



**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Condensed consolidated statement of profit or loss and other comprehensive income**  
**For the three and nine month periods ended 30 September 2022**  
(All amounts stated in Saudi Riyals unless otherwise stated)

	<b>For the three-month period ended 30 September</b>		<b>For the nine-month period ended 30 September</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue (Note 10)	245,253,943	207,630,156	701,191,160	541,081,052
Cost of revenue	(189,109,137)	(165,732,107)	(553,524,099)	(437,963,454)
<b>Gross profit</b>	<b>56,144,806</b>	<b>41,898,049</b>	<b>147,667,061</b>	<b>103,117,598</b>
Selling and distribution expenses	(11,569,220)	(8,678,858)	(35,403,820)	(24,412,354)
General and administrative expenses	(12,835,360)	(16,341,277)	(39,724,954)	(39,343,958)
Expected credit loss allowance	(917,370)	(2,454,774)	39,547	(3,031,516)
Other operating income	1,294,998	824,925	2,659,804	2,682,522
<b>Operating profit</b>	<b>32,117,854</b>	<b>15,248,065</b>	<b>75,237,638</b>	<b>39,012,292</b>
Finance cost	(4,261,626)	(2,195,307)	(10,488,514)	(5,785,386)
<b>Profit before zakat</b>	<b>27,856,228</b>	<b>13,052,758</b>	<b>64,749,124</b>	<b>33,226,906</b>
Zakat expense	(4,253,026)	(2,914,309)	(10,433,066)	(8,133,077)
<b>Profit for the period</b>	<b>23,603,202</b>	<b>10,138,449</b>	<b>54,316,058</b>	<b>25,093,829</b>
<b>Other comprehensive loss</b>				
<i>Items that may be reclassified to the condensed consolidated statement of profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(777,699)	(505,500)	(1,811,485)	(1,128,732)
<i>Items that will not be reclassified to the condensed consolidated statement of profit or loss in subsequent periods</i>				
Changes in fair value of financial assets at fair value through other comprehensive income (Note 9)	24,478	-	110,544	-
<b>Other comprehensive loss for the period</b>	<b>(753,221)</b>	<b>(505,500)</b>	<b>(1,700,941)</b>	<b>(1,128,732)</b>
<b>Total comprehensive income for the period</b>	<b>22,849,981</b>	<b>9,632,949</b>	<b>52,615,117</b>	<b>23,965,097</b>
<b>Earnings per share (Saudi Riyals)</b>				
Basic (Note 6)	0.530	0.228	1.221	0.564
Diluted (Note 6)	0.527	0.226	1.212	0.560

  
**Yousef Al Quraishi**  
(Designated member)

  
**Tariq Al Tahini**  
(Managing Director)

  
**Medhat A. Ghaleb**  
(EVP Finance and IT)


The accompanying notes 1 through 13 form an integral part of these condensed consolidated interim financial statements.

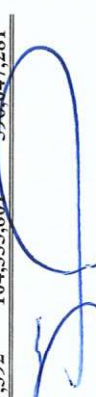
**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Condensed consolidated statement of changes in equity**  
**For the nine-month period ended 30 September 2022**  
(All amounts stated in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Treasury shares	Share based payment reserve	Foreign currency translation reserve	Financial assets at FVOCI reserve	Retained earnings	Total
As at 1 January 2021 (Audited)	450,000,000	47,874,050	(9,861,621)	629,375	-	-	76,873,742	565,515,546
<i>Total comprehensive income for the period</i>								
Profit for the period	-	-	-	-	-	-	25,093,829	25,093,829
Other comprehensive loss for the period	-	-	-	-	(1,128,732)	-	-	(1,128,732)
Total comprehensive income for the period	-	-	-	-	(1,128,732)	-	25,093,829	23,965,097
<i>Share based compensation</i>								
Utilization of share-based payment reserve	-	-	-	629,374	-	-	-	629,374
	-	-	-	(160,208)	-	-	-	(160,208)
	-	-	-	469,166	-	-	-	469,166
Dividends (Note 12)	-	-	-	-	-	-	(22,338,224)	(22,338,224)
As at 30 September 2021 (Unaudited)	450,000,000	47,874,050	(9,861,621)	1,098,541	(1,128,732)	-	79,629,347	567,611,585
As at 1 January 2022 (Audited)	450,000,000	52,758,597	(9,861,621)	1,308,332	(1,457,106)	36,848	95,017,743	587,802,793
<i>Total comprehensive income for the period</i>								
Profit for the period	-	-	-	-	-	-	54,316,058	54,316,058
Other comprehensive loss for the period	-	-	-	-	(1,811,485)	110,544	(1,700,941)	(1,700,941)
Total comprehensive income for the period	-	-	-	-	(1,811,485)	110,544	54,316,058	52,615,117
<i>Share based compensation</i>								
Share based compensation	-	-	-	629,371	-	-	-	629,371
Dividends (Note 12)	-	-	-	-	-	-	(45,000,000)	(45,000,000)
As at 30 September 2022 (Unaudited)	450,000,000	52,758,597	(9,861,621)	1,937,703	(3,268,591)	147,392	104,333,801	596,047,281

  
**Yousef Al Quraishi**  
(Designated member)

  
**Tariq Al Tahini**  
(Managing Director)

  
**Medhat A. Ghaleb**  
(EVP Finance and IT)

The accompanying notes 1 through 13 form an integral part of these condensed consolidated interim financial statements.



**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Condensed consolidated statement of cash flows**  
**For the nine-month period ended 30 September 2022**  
(All amounts stated in Saudi Riyals unless otherwise stated)

	<b>For the nine-month period ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>		
Profit before zakat	64,749,124	33,226,906
<i>Adjustment for:</i>		
Depreciation and amortization	21,102,042	21,729,567
Loss on disposal of property, plant and equipment	-	15,686
(Reversal) / provision for expected credit loss	(39,547)	3,031,516
(Reversal) / allowance for inventories obsolescence	(95,636)	22,426
Finance cost	10,488,514	5,785,386
Share based payment expense	629,371	629,374
Employee benefit obligations	5,857,907	5,457,361
	<b>102,691,775</b>	<b>69,898,222</b>
<i>Changes in:</i>		
Inventories	(272,066,036)	(155,803,697)
Trade and other receivables	(78,884,732)	65,756,223
Trade and other payables	178,642,314	63,077,243
<b>Cash (used in) / generated from operations</b>	<b>(69,616,679)</b>	<b>42,927,991</b>
Finance cost paid	(9,546,539)	(5,688,358)
Employee benefit obligations paid	(2,167,031)	(2,940,347)
Zakat paid	(14,419,290)	(12,432,533)
<b>Net cash (used in) / generated from operating activities</b>	<b>(95,749,539)</b>	<b>21,866,753</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(5,466,010)	(16,441,990)
Additions to intangible assets	(848,415)	(734,283)
Proceeds from disposal of property, plant and equipment	236,677	-
<b>Net cash used in investing activities</b>	<b>(6,077,748)</b>	<b>(17,176,273)</b>
<b>Cash flows from financing activities</b>		
Changes in short-term murabaha borrowings	156,943,085	9,451,799
Repayment of long-term borrowings	(6,902,805)	(6,000,000)
Payment of lease liabilities	(2,018,077)	(936,951)
Payments against share-based payments reserve	-	(160,208)
Dividends paid	(45,000,000)	(22,338,224)
<b>Net cash generated from / (used in) financing activities</b>	<b>103,022,203</b>	<b>(19,983,584)</b>
<b>Net change in cash and cash equivalents</b>	<b>1,194,916</b>	<b>(15,293,104)</b>
Cash and cash equivalents at the beginning of the period	65,630,379	70,792,172
Effect of exchange rate fluctuations on cash and cash equivalents	(302,044)	-
<b>Cash and cash equivalents at the end of the period</b>	<b>66,523,251</b>	<b>55,499,068</b>
<b>Significant non-cash transactions</b>		
Additions to right-of-use assets and lease liabilities	-	22,675,469
Exchange differences on property, plant and equipment and right of use assets	3,806,447	529,209

**Yousef Al Quraishi**  
(Designated member)

**Tariq Al Tahini**  
(Managing Director)

**Medhat A. Ghaleb**  
(EVP Finance and IT)

The accompanying notes 1 through 13 form an integral part of these condensed consolidated interim financial statements.



**Electrical Industries Company**  
**(A Saudi Joint Stock Company)**

**Notes to the condensed consolidated interim financial statements**  
**For the three and nine month periods ended 30 September 2022**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

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**1. CORPORATE INFORMATION**

Electrical Industries Company (the “Company” or “EIC”) and its subsidiaries (collectively the “Group”) consist of the Company and its following subsidiaries registered as limited liability companies:

	Effective ownership at	
	30 September 2022	31 December 2021
<b><u>Kingdom of Saudi Arabia:</u></b>		
Wahah Electric Supply Company of Saudi Arabia Limited (“WESCOSA”)	100%	100%
Saudi Transformers Company Limited (“STC”)	100%	100%
Saudi Power Transformers Company Limited (“SPTC”)	100%	100%
<b><u>United Arab Emirates:</u></b>		
Gulf Electrical Equipment Company L.L.C. (“GEEC”)	100%	100%
<b><u>Belgium:</u></b>		
Pauwels Transformers NV (“PTNV”) (100% owned by GEEC)	100%	100%

The Company is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration (“CR”) number 2050056359 issued in Dammam on 22 Shaban 1428 H (4 September 2007). The accompanying condensed consolidated interim financial statements includes the operations of the Company and its above-mentioned subsidiaries. The registered address of the Company is P.O. Box 6033, Al Khobar 31442, Kingdom of Saudi Arabia.

The Group is principally engaged in the manufacturing, assembly, supply and repair and maintenance of transformers, compact substations and low voltage distribution panels, electrical distribution boards, cable trays, switch gears and other electrical equipment as well as provision of technical services relating to these activities.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorised for issue on 31 October 2022G (corresponding to 6 Rabi Al -Akhar 1444H).

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements 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 Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021 (“Last Annual Consolidated Financial Statements”). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Group’s consolidated financial position and performance since the last annual consolidated financial statements.

**Electrical Industries Company**  
**(A Saudi Joint Stock Company)**

**Notes to the condensed consolidated interim financial statements**  
**For the three and nine month periods ended 30 September 2022**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.2 Basis of preparation**

These condensed consolidated interim financial statements are prepared using historical cost convention using the accrual basis of accounting except for financial assets at FVOCI and employee benefit obligations which is measured at present value of the defined benefit obligation using the projected unit credit method.

**2.3 Functional and presentation currency**

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

**2.4 Use of judgements and estimates**

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

**2.5. Significant accounting policies**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021. A number of amendments to existing standards, as detailed in note 2.6 below, became effective from 1 January 2022 but they do not have a material effect on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**2.6. New standards, amendments and interpretations**

**a) New and revised standards with no material effect on the condensed consolidated interim financial statements**

The following revised IFRSs have been adopted. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16), effective date 1 April 2021;
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37), effective date 1 January 2022;
- Annual Improvements to IFRS Standards 2018-2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16), effective date 1 January 2022; and
- Reference to the Conceptual Framework (Amendments to IFRS 3), effective date 1 January 2022;

**b) New and revised standards issued but not yet effective**

The amendments to existing standards that are issued, but not yet effective, up to the date of issuance of the Group's condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective.

**Electrical Industries Company**  
(A Saudi Joint Stock Company)

**Notes to the condensed consolidated interim financial statements**  
**For the three and nine month periods ended 30 September 2022**  
**(All amounts stated in Saudi Riyals unless otherwise stated)**

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.6. New standards, amendments and interpretations (continued)**

**b) New and revised standards issued but not yet effective (continued)**

- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2023.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), effective for annual periods beginning on or after 1 January 2023.
- Definition of Accounting Estimate (Amendments to IAS 8), effective for annual periods beginning on or after 1 January 2023.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes, effective for annual periods beginning on or after 1 January 2023.
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17), effective for annual periods beginning on or after 1 January 2023.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- Lease Liabilities in a Sale and Leaseback (Amendments to IFRS 16) effective for annual periods beginning on or after 1 January 2024.

The above-mentioned standards are not expected to have a significant impact on the condensed consolidated interim financial statement of the Group.

**3. Property, plant and equipment**

The movement of property, plant and equipment is as follows:

	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Carrying value at the beginning of the period / year	<b>270,564,761</b>	269,717,594
Additions	<b>5,466,010</b>	24,127,326
Disposals	<b>(236,677)</b>	(811,516)
Exchange difference	<b>(1,125,307)</b>	(757,461)
Depreciation for the period / year	<b>(16,455,374)</b>	(21,711,182)
Carrying value at the end of the period/ year	<b>258,213,413</b>	270,564,761

**4. Right-of-use assets**

The movement of right-of-use assets is as follows:

	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Carrying value at the beginning of the period / year	<b>29,986,060</b>	11,590,699
Additions	<b>-</b>	22,781,938
Exchange difference	<b>(2,681,140)</b>	(743,952)
Depreciation for the period / year	<b>(3,282,385)</b>	(3,642,625)
Carrying value at the end of the period/ year	<b>24,022,535</b>	29,986,060

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**5. Borrowings**

*Long term Borrowings:*

	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Saudi Industrial Development Fund ("SIDF")	<b>24,400,000</b>	31,400,000
Less: unamortized transaction cost	<b>(65,325)</b>	(162,520)
	<b>24,334,675</b>	31,237,480
Long-term borrowings are presented as follows:		
Current maturity under current liabilities	<b>15,500,000</b>	14,632,184
Non-current portion	<b>8,834,675</b>	16,605,296
	<b>24,334,675</b>	31,237,480
Movement in unamortized transaction cost is as follows:		
Balance at beginning of period / year	<b>162,520</b>	346,952
Less: amortization	<b>(97,195)</b>	(184,432)
Balance at end of period / year	<b>65,325</b>	162,520

As per the loan agreement between SPTC and SIDF, SPTC had to comply with certain loan covenants related to maintenance of financial ratios (current ratio 1:1 and liabilities to tangible net worth ratio 3:1). As of 30 September 2022, SPTC was in compliance with the loan covenants.

*Short-term murabaha borrowings:*

These represent short-term murabaha borrowings obtained from commercial banks and bear financial charges at prevailing market rates. The loans are principally secured by corporate guarantees provided by the Company.

**6. Basic and diluted earnings per share**

Basic and diluted earnings per share are calculated as follows:

	<b>For three -month period ended</b>		<b>For the nine-month period</b>	
	<b>30 September</b>		<b>ended 30 September</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit attributable to the shareholders of Electrical Industries Company	<b>23,603,202</b>	10,138,449	<b>54,316,058</b>	25,093,829
Weighted average number of ordinary shares for basic earnings per share	<b>44,500,000</b>	44,500,000	<b>44,500,000</b>	44,500,000
Weighted average number of ordinary shares deemed to be issued under employee share incentive program	<b>317,594</b>	312,215	<b>317,594</b>	312,215
Basic earnings per share	<b>0.530</b>	0.228	<b>1.221</b>	0.564
Diluted earnings per share	<b>0.527</b>	0.226	<b>1.212</b>	0.560



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**7. Contingencies and commitments**

	<b>30 September 2022</b>	<b>31 December 2021</b>
Bank guarantees	<b>357,538,223</b>	182,499,976
Letters of credit	<b>136,766,146</b>	230,409,606
Capital expenditure	<b>3,685,245</b>	4,600,000

**8. Zakat assessment**

The Group has finalized its zakat assessments with Zakat, Tax and Customs Authority ("ZATCA") for all years up to 2014. In 2020, the Group received additional zakat and withholding tax assessments for the years from 2015 to 2018 amounting to Saudi Riyals 6.4 million and Saudi Riyals 1.3 million, respectively. The Group filed appeals against such assessments with ZATCA, and ZATCA accepted the appeals for 2015 and 2017 in full, with partial acceptance of 2016 and 2018 objections. Accordingly, the Group filed appeals against such revised assessments related to 2016 and 2018 with the General Secretariat of Tax Committees ("GSTC") relating to additional zakat and withholding tax assessments of Saudi Riyals 6.2 million and Saudi Riyals 0.4 million, respectively. In 2021, the GSTC's Committee for the Resolution of tax Violation and Disputes issued revised assessments and reduced the Zakat and withholding tax assessments to Saudi Riyals 3.9 million and Saudi Riyals 80 thousand respectively. The Group has not accepted the revised assessments and filed appeals against GSTC's appeal committee for Tax Violations and Disputes. The Group believes that their contentions are in accordance with the applicable ZATCA regulations, and no material liability will arise upon finalization of such assessments. Accordingly, no provision for such outstanding assessments has been made in the condensed consolidated interim financial statements for the nine-month period ended 30 September 2022.

In 2021, the Group received zakat assessments for the years 2019 and 2020 amounting to Saudi Riyals 4.7 million and Saudi Riyals 2.7 million, respectively. The Group accepted and paid Saudi Riyals 290,945 and filed appeal against the balance amounts with ZATCA. In 2022, ZATCA cancelled the appealed zakat assessments and notified the Group that it will receive new assessments. The Group has not accepted this action taken by ZATCA and filed appeals against it with the General Secretariat of Tax Committees ("GSTC").

The Group believes that their contentions are in accordance with the applicable ZATCA regulations, and no material liability will arise upon finalization of such assessments. Accordingly, no provision for such outstanding assessments has been made in the condensed consolidated interim financial statements for the nine-month period ended 30 September 2022.

**9. Fair value measurement**

The Group's principal financial assets include cash and cash equivalents, investments classified at fair value through other comprehensive income, trade and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise long term and short-term loans, trade and other payables.

*Fair values hierarchy*

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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**9. Fair value measurement (Continued)**

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no such transfers during the period and year ended 30 September 2022 and 31 December 2021 respectively.

The table below presents the financial assets at their fair values as at 30 September 2022 and 31 December 2021 based on the fair value hierarchy:

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
As on 30 September 2022	15,521,088	221,088	-	15,300,000	15,521,088
As on 31 December 2021	15,410,544	110,544	-	15,300,000	15,410,544

As on 30 September 2022, the Group has investment of SR 15.3 million (31 December 2021: SR 15.3 million) in a non-listed company which is classified under level 3. This represents the cost of investment which approximates to its fair value as on 30 September 2022 and as on 31 December 2021.

Further, the Group has purchased shares of a listed company during the year ended 31 December 2021, which have been valued using Level 1 fair value hierarchy. Therefore the fair value is calculated with reference to the quoted price as on 30 September 2022 and 31 December 2021. The Group has recorded fair value gain of SR 0.11 million in other comprehensive income during the period ended 30 September 2022.

As at 30 September 2022 and 31 December 2021, the fair values of the Group's financial instruments, other than mentioned above, are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of condensed consolidated statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

**10. Segment information**

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group operates principally in the following two operating segments:

- i) Manufacturing, assembly and supply of various types of electrical equipment; and
- ii) Provision of technical services ("Services").

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**10. Segment information (Continued)**

Selected financial information as of 30 September 2022 and 31 December 2021 and for the three and nine month periods ended 30 September 2022 and 2021, summarized by the above operating segments, is as follows:

<b>For the three-month period ended 30 September 2022 (Unaudited)</b>	<b>Manufacturing, assembly and supply of equipment</b>	<b>Services</b>	<b>Total</b>
Revenue			
- At a point in time	233,672,259	-	233,672,259
- Over time	-	11,581,684	11,581,684
	233,672,259	11,581,684	245,253,943
Cost of revenue	(184,142,280)	(4,966,857)	(189,109,137)
<b>Gross profit</b>	<b>49,529,979</b>	<b>6,614,827</b>	<b>56,144,806</b>
Selling and distribution expenses	(9,904,282)	(1,664,938)	(11,569,220)
General and administrative expenses	(11,780,994)	(1,054,366)	(12,835,360)
Expected credit loss allowance	(917,370)	-	(917,370)
Other operating income	1,294,998	-	1,294,998
<b>Operating profit</b>	<b>28,222,331</b>	<b>3,895,523</b>	<b>32,117,854</b>
Finance cost	(4,043,918)	(217,708)	(4,261,626)
<b>Segment profit before zakat</b>	<b>24,178,413</b>	<b>3,677,815</b>	<b>27,856,228</b>
<b>For the nine-month period ended 30 September 2022 (Unaudited)</b>	<b>Manufacturing, assembly and supply of equipment</b>	<b>Services</b>	<b>Total</b>
Revenue			
- At a point in time	659,194,624	-	659,194,624
- Over time	-	41,996,536	41,996,536
	659,194,624	41,996,536	701,191,160
Cost of revenue	(535,763,226)	(17,760,873)	(553,524,099)
<b>Gross profit</b>	<b>123,431,398</b>	<b>24,235,663</b>	<b>147,667,061</b>
Selling and distribution expenses	(32,834,870)	(2,568,950)	(35,403,820)
General and administrative expenses	(37,384,418)	(2,340,536)	(39,724,954)
Expected credit loss allowance	39,547	-	39,547
Other operating income	2,659,804	-	2,659,804
<b>Operating profit</b>	<b>55,911,461</b>	<b>19,326,177</b>	<b>75,237,638</b>
Finance cost	(10,148,380)	(340,134)	(10,488,514)
<b>Segment profit before zakat</b>	<b>45,763,081</b>	<b>18,986,043</b>	<b>64,749,124</b>
<b>As at 30 September 2022 (unaudited)</b>			
Property, plant and equipment	236,210,075	22,003,338	258,213,413
Total assets	1,512,890,553	65,654,265	1,578,544,818
Total liabilities	978,876,106	3,621,431	982,497,537

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**10. Segment information (Continued)**

<b>For the three-month period ended 30 September 2021 (Unaudited)</b>	<b>Manufacturing, assembly and supply of equipment</b>	<b>Services</b>	<b>Total</b>
Revenue			
- At a point in time	193,464,555	-	193,464,555
- Over time	-	14,165,601	14,165,601
	193,464,555	14,165,601	207,630,156
Cost of revenue	(160,700,152)	(5,031,955)	(165,732,107)
Gross profit	32,764,403	9,133,646	41,898,049
Selling and distribution expenses	(8,273,777)	(405,081)	(8,678,858)
General and administrative expenses	(15,634,880)	(706,397)	(16,341,277)
Expected credit loss allowance	(2,454,774)	-	(2,454,774)
Other operating income	824,925	-	824,925
Operating profit	7,225,897	8,022,168	15,248,065
Finance cost	(2,103,197)	(92,110)	(2,195,307)
Segment profit before zakat	5,122,700	7,930,058	13,052,758

<b>For the nine-month period ended 30 September 2021 (Unaudited)</b>	<b>Manufacturing, assembly and supply of equipment</b>	<b>Services</b>	<b>Total</b>
Revenue			
- At a point in time	496,642,009	-	496,642,009
- Over time	-	44,439,043	44,439,043
	496,642,009	44,439,043	541,081,052
Cost of revenue	(421,269,802)	(16,693,652)	(437,963,454)
Gross profit	75,372,207	27,745,391	103,117,598
Selling and distribution expenses	(22,604,829)	(1,807,525)	(24,412,354)
General and administrative expenses	(37,257,731)	(2,086,227)	(39,343,958)
Expected credit loss allowance	(2,971,669)	(59,847)	(3,031,516)
Other operating income	2,682,522	-	2,682,522
Operating profit	15,220,500	23,791,792	39,012,292
Finance cost	(5,516,340)	(269,046)	(5,785,386)
Segment profit before zakat	9,704,160	23,522,746	33,226,906

<b>As at 31 December 2021 (Audited)</b>			
Property, plant and equipment	248,838,807	21,725,954	270,564,761
Total assets	1,194,480,760	53,552,531	1,248,033,291
Total liabilities	646,445,819	13,784,679	660,230,498



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**10. Segment information (Continued)**

The revenue for the three and nine month periods ended 30 September 2022 and 2021, categorized by the geographical segments is as follows:

	<b>For the three-month period ended 30 September</b>		<b>For the nine-month period ended 30 September</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
Kingdom of Saudi Arabia	<b>228,730,399</b>	194,118,815	<b>656,008,782</b>	498,652,748
Other countries	<b>16,523,544</b>	13,511,341	<b>45,182,378</b>	42,428,304
	<b>245,253,943</b>	207,630,156	<b>701,191,160</b>	541,081,052

The non-current operating assets of the Group as at 30 September 2022 and 31 December 2021 are categorized by the geographical segments as follows:

	<b>30 September 2022</b>	31 December 2021
	<b>(Unaudited)</b>	(Audited)
Kingdom of Saudi Arabia	<b>281,457,502</b>	293,657,538
Belgium	<b>22,706,148</b>	29,226,308
	<b>304,163,650</b>	322,883,846

**11. Related party transactions and balances**

Related parties represent major shareholders, associated companies, key personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties (Affiliate). Following is the list of the major related parties of the Group:

<b><u>Name of related party</u></b>	<b><u>Nature of relationship</u></b>
Ajda Industrial and Technology Services Company	Major shareholder
Saad Abdullah Al-Tuwaijri Sons Holding Company	Major shareholder
Ali Zaid Al Quraishi and Partners Electrical Services of Saudi Arabia	Affiliate
Al Toukhi Company for Industrial Trading and Contracting	Affiliate

a) *Following are the significant transactions entered into by the Group:*

	<b>For the three-month period ended 30 September</b>		<b>For the nine-month period ended 30 September</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
<b>Ali Zaid Al-Quraishi &amp; Partners</b>				
<b>Electrical Services of Saudi Arabia</b>				
Sales	<b>270,542</b>	229,869	<b>270,542</b>	304,125
Costs and expenses charged by a related party	<b>38,414</b>	790	<b>461,577</b>	790

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**11. Related party transactions and balances (Continued)**

*b) Balances with related parties:*

	<u>30 September 2022</u>	<u>31 December 2021</u>
	(Unaudited)	(Audited)
<b>Due from related parties</b>		
Ali Zaid Al-Quraishi & Partners Electrical Services of S.A.	22,766	-
Ali Zaid Al Quraishi & Brothers Company	1,853,765	3,653,676
A l Toukhi Company for Industrial Trading and Contracting	2,223,894	2,223,894
<b>Due to a related party</b>		
Ali Zaid Al-Quraishi & Partners Electrical Services of S.A.	-	71,243

*c) Key management personnel compensation:*

	<u>For the three-month period</u> <u>ended 30 September</u>		<u>For the nine-month period</u> <u>ended 30 September</u>	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other short-term				
employee benefits	1,691,539	3,552,051	6,158,361	6,269,315
Employee benefit obligations	138,025	256,523	397,260	503,575
Share based payment expense	34,708	34,708	104,124	104,124

Additionally, board of directors' fee for the three-month and nine-month periods ended 30 September 2022 was Saudi Riyal 400,000 and Saudi Riyals 1,200,000, respectively (three-month and nine-month periods ended 30 September 2021: Saudi Riyals 400,000 and Saudi Riyals 1,200,000 respectively).

Advances to employees includes advances to a key management personnel amounting to Saudi Riyals 2.04 million as of 30 September 2022 (2021: Saudi Riyals 1.1 million).

**12. Dividends**

The Company's Board of Directors, at their meeting held on 17 March 2022, have proposed cash dividends of Saudi Riyals 1 per share totaling to Saudi Riyals 45 million, for the year ended 31 December 2021, which was approved in the annual general meeting held on 20 April 2022.

The Company's Board of Directors, at their meeting held on 16 March 2021, have proposed cash dividends of Saudi Riyals 0.5 per share totaling to Saudi Riyals 22.3 million, for the year ended 31 December 2020, which was approved in the annual general meeting held on 26 April 2021.

**13. Subsequent events**

No significant subsequent event occurred between 30 September 2022 and the date of authorization of these condensed consolidated interim financial statements by the Board, which may have material impact on these condensed consolidated interim financial statements.