



**Saudi Cable Company**  
**(A Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

**31 MARCH 2010**

**TOGETHER WITH REVIEW REPORT**

Ernst & Young

 **ERNST & YOUNG**

**REVIEW REPORT TO THE SHAREHOLDERS OF  
SAUDI CABLE COMPANY (A SAUDI JOINT STOCK COMPANY)  
ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Scope of Review**

We have reviewed the accompanying interim consolidated balance sheet of Saudi Cable Company (the Company) - A Saudi Joint Stock Company - and its subsidiaries as at 31 March 2010 and the related interim consolidated statements of income, cash flows and changes in equity for the three months then ended which have been prepared by the Company's management and submitted to us together with all the information and explanations which we required. Our review was conducted in accordance with Saudi Organization for Certified Public Accountants (SOCPA) standard on interim financial information. A review is limited primarily to analytical procedures applied to financial data and inquiries of Company personnel responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the interim condensed consolidated financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

for Ernst & Young



Ahmed I. Reda  
Certified Public Accountant  
Licence No. 356



5 Jumad Awal 1431 H  
19 April 2010

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Saudi Cable Company (A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 31 March 2010

	Note	2010 SR thousands	2009 SR thousands
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances		146,886	61,323
Trade receivables		758,541	966,252
Prepayments and other receivables		184,935	157,350
Due from related parties		2,880	6,596
Unbilled revenue		414,298	489,331
Inventories		752,975	853,240
<b>TOTAL CURRENT ASSETS</b>		<b>2,260,515</b>	<b>2,534,092</b>
<b>NON-CURRENT ASSETS</b>			
Investments		224,014	73,365
Loan convertible to investment	4	-	126,896
Long term trade receivable		5,081	-
Property, plant and equipment		784,997	585,964
Other intangible assets		13,853	8,220
Goodwill	5	86,558	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,114,503</b>	<b>794,445</b>
<b>TOTAL ASSETS</b>		<b>3,375,018</b>	<b>3,328,537</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdrafts		9,809	11,050
Short term loans		947,781	1,109,145
Dividends payable		-	57,000
Accounts payable and accruals		316,582	346,605
Current portion of long term loans		87,021	69,821
Current obligation under finance lease		17,948	12,713
Zakat and income tax		49,118	72,926
Advances from customers		138,392	170,604
Due to related parties		2,789	2,942
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,569,440</b>	<b>1,852,806</b>
<b>NON-CURRENT LIABILITIES</b>			
Obligation under finance lease		43,485	52,170
Long term loans		308,665	278,265
Employees' end of service benefits		52,243	47,288
Deferred tax liabilities		5,261	-
Due to minority shareholders of a subsidiary	6	97,778	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>507,432</b>	<b>377,723</b>
<b>TOTAL LIABILITIES</b>		<b>2,076,872</b>	<b>2,230,529</b>

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

Saudi Cable Company (A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET (UNAUDITED) (continued)

As at 31 March 2010

	<i>Note</i>	<i>2010</i> <i>SR thousands</i>	<i>2009</i> <i>SR thousands</i>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	<b>760,000</b>	760,000
Statutory reserve		<b>63,029</b>	57,101
Cumulative changes in fair values	8	<b>40,543</b>	(83,800)
Retained earnings		<b>361,051</b>	364,707
Proposed dividends		<b>57,000</b>	-
<b>TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>		<b>1,281,623</b>	1,098,008
Minority interest		<b>16,523</b>	-
<b>TOTAL EQUITY</b>		<b>1,298,146</b>	1,098,008
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,375,018</b>	3,328,537

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements



Saudi Cable Company (A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the three month period ended 31 March 2010

	2010	2009
	Note	SR thousands
	SR thousands	SR thousands
Sales		530,027
Contracts revenue		115,041
		<u>645,068</u>
Cost of sales		(427,191)
Contracts cost		(109,775)
		<u>(536,966)</u>
<b>GROSS PROFIT</b>		<u>108,102</u>
<b>EXPENSES</b>		
Selling and distribution		(26,442)
General and administration		(22,722)
Amortization of other intangible assets		(1,009)
		<u>(50,173)</u>
<b>(LOSS) / INCOME FROM MAIN OPERATIONS</b>		<u>57,929</u>
Foreign currency gain		2,318
Financial charges		(22,173)
Share of results of associates		10,453
Other income		1,995
		<u>50,522</u>
<b>INCOME BEFORE ZAKAT AND INCOME TAX</b>		<u>50,522</u>
Zakat and income tax		(4,251)
		<u>46,271</u>
<b>NET INCOME BEFORE MINORITY INTEREST</b>		<u>46,271</u>
Loss attributable to minority interest		-
		<u>46,271</u>
<b>NET INCOME FOR THE PERIOD</b>		<u>46,271</u>
<b>(LOSS) / INCOME PER COMMON SHARE ON (LOSS) / INCOME FROM MAIN OPERATIONS (IN SAUDI RIYALS)</b>	9	<u>0.76</u>
<b>INCOME PER COMMON SHARE ON NET INCOME FOR THE PERIOD (IN SAUDI RIYALS)</b>	9	<u>0.61</u>

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Saudi Cable Company (A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three month period ended 31 March 2010

	2010 <i>SR thousands</i>	2009 <i>SR thousands</i>
<b>OPERATING ACTIVITIES</b>		
Income before zakat and income tax	4,272	50,522
Adjustments:		
Depreciation	25,952	20,028
Amortization of other intangible assets	1,275	1,009
Share of results of associates	(24,314)	(10,453)
Employees' end of service benefits, net	317	1,110
Financial charges	15,858	22,173
Changes in operating assets and liabilities:		
Trade receivables, prepayments and other receivables	3,272	(5,297)
Due from related parties	(826)	(3,077)
Unbilled revenue	3,024	(50,649)
Inventories	(23,393)	145,507
Accounts payable and accruals	(19,010)	(179,724)
Advances from customers	20,532	8,444
Due to related parties	(3,252)	(70)
Zakat and income tax paid	(4,980)	(6,083)
Net cash used in operating activities	<u>(1,273)</u>	<u>(6,560)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(19,079)	(47,243)
Additions to loan convertible to investment	-	(1,226)
Dividends received from an associate	20,876	26,526
Additions to other intangible assets	(2,378)	(1,598)
Net cash used in investing activities	<u>(581)</u>	<u>(23,541)</u>
<b>FINANCING ACTIVITIES</b>		
Short term bank loans	71,633	(6,355)
Long term loans	(25,990)	5,826
Bank overdrafts	7,040	(7,633)
Obligation under finance leases	(5,009)	-
Capital contributed by minority shareholders of a subsidiary	6,500	-
Financial charges paid	(15,858)	(22,173)
Due to minority shareholders of a subsidiary	1,662	-
Net cash from / (used in) financing activities	<u>39,978</u>	<u>(30,335)</u>
<b>INCREASE / (DECREASE) IN CASH AND BANK BALANCES</b>	<b>38,124</b>	<b>(60,436)</b>
Cash and bank balances at the beginning of the period	108,762	121,759
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>	<b><u>146,886</u></b>	<b><u>61,323</u></b>
<b>SUPPLEMENTAL NON-CASH INFORMATION:</b>		
Net changes in fair value of investments and cash flow hedges	<u>(18,062)</u>	<u>58,667</u>

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

Saudi Cable Company (A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three month period ended 31 March 2010

	Note	2010 SR thousands	2009 SR thousands
<b>SHARE CAPITAL</b>	7	<u>760,000</u>	<u>760,000</u>
<b>STATUTORY RESERVE</b>			
At the beginning of the period		62,922	52,474
Transferred from retained earnings		107	4,627
At the end of the period		<u>63,029</u>	<u>57,101</u>
<b>CUMULATIVE CHANGES IN FAIR VALUES</b>	8		
At the beginning of the period		58,605	(142,467)
Net movement during the period		(18,062)	58,667
At the end of the period		<u>40,543</u>	<u>(83,800)</u>
<b>RETAINED EARNINGS</b>			
At the beginning of the period		360,092	323,063
Net income for the period		1,066	46,271
Transferred to statutory reserve		(107)	(4,627)
At the end of the period		<u>361,051</u>	<u>364,707</u>
<b>PROPOSED DIVIDENDS</b>			
At the beginning of the period		57,000	57,000
Dividend approved during the period		-	(57,000)
At the end of the period		<u>57,000</u>	<u>-</u>
<b>TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>		<u>1,281,623</u>	<u>1,098,008</u>
<b>MINORITY INTEREST</b>			
At the beginning of the period		10,567	-
Capital contributed by minority shareholders of a subsidiary		6,500	-
Loss attributable to minority interest		(544)	-
At the end of the period		<u>16,523</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>1,298,146</u>	<u>1,098,008</u>

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements



# Saudi Cable Company (A Saudi Joint Stock Company)

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2010

### 1 ORGANISATION AND ACTIVITIES

Saudi Cable Company is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030009931 dated 27/4/1396H corresponding to 27 April 1976.

The parent company is engaged in the manufacturing and supply of electrical and telecommunication cables, copper rod, PVC compounds, wooden reels and related products. The subsidiary companies are engaged in the manufacturing, contracting, trading, distribution and supply of cables, electronic products, information technology products and related accessories.

### 2 SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements are prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia and in accordance with the interim financial statements standard issued by the Saudi Organization for Certified Public Accountants.

These interim condensed consolidated financial statements comprise the financial statements of Saudi Cable Company (the parent company) and its subsidiaries (the "Group"). All material intercompany transactions and balances are eliminated on consolidation. It also includes the appropriate share of the results and retained reserves of its associated companies.

Subsidiaries are consolidated from the date the parent company obtains control until such time control ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The interim financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to conform any dissimilar material accounting policies that may exist. The attributable equity interests of third parties in the Group are included under the minority interest caption in these interim condensed consolidated financial statements.

The significant accounting policies adopted are consistent with those described in the Group's audited consolidated financial statements for the year ended 31 December 2009.

### 3 INTERIM FINANCIAL RESULTS

The results presented in the interim condensed consolidated financial statements may not be an accurate indicator of the annual operating results.

### 4 LOAN CONVERTIBLE TO INVESTMENT

During the year ended 31 December 2008, the Group has entered into a loan agreement and provided a total amount of SR 127,046 thousand as a loan to a potential investee (group of companies) outside the Kingdom of Saudi Arabia, which was under a restructuring process, to support its working capital. The agreement granted the Group an option to exchange the benefits of the loan with certain percentage of shares of the potential investee. The Group had a SR 112,500 thousand first degree mortgage over all immovable properties of the potential investee and joint and several guarantees of the investee Company shareholders and pledge over 100% of the shares of the investee Company held by the shareholders. In accordance with the loan agreement, unless the Group exercised its right of exchange of the potential investee share, the loan would be repaid at the end of one year term pursuant to the repayment schedule, without any interest being incurred thereupon.

During the year 2009, the Group's management decided to exercise the option to exchange the loan with the shares in the investee. As a result, the loan balance amounting to SR 127,046 thousand was exchanged with investment in subsidiary, the results, assets and liabilities of which are consolidated in these interim condensed consolidated financial statements from the date of acquisition (see note 5).



# Saudi Cable Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 31 March 2010

### 5 GOODWILL / ACQUISITION OF A SUBSIDIARY

During 2009, the Group acquired 1,580 shares representing 79% of the voting shares in Elimsan Group through the exchange of its long term loan amounting to SR 127,046 (see note 4).

The acquisition was accounted for using the purchase method of accounting. The purchase consideration in excess of the fair value of the net assets acquired, amounted to SR 86,558 thousands, has been accounted for as goodwill in these interim condensed consolidated financial statements.

The group has recorded the fair value of the net assets acquired and resulting goodwill at provisional amounts pending receipt of the final valuations of the assets acquired.

### 6 DUE TO MINORITY SHAREHOLDERS OF A SUBSIDIARY

As mentioned in notes 4 and 5 above, the Group acquired an equity interest in Elimsan Group, by transfer of loan receivable from Elimsan Group to the shareholders of Elimsan Group. The amount due to minority shareholders of a subsidiary is payable over a period of six years.

### 7 SHARE CAPITAL

The share capital consists of 76,000,000 shares of SR 10 each as at 31 March 2010 and 2009.

### 8 CUMULATIVE CHANGES IN FAIR VALUES

Movement in cumulative changes in fair values is as follows:

	<i>2010</i> <i>SR thousands</i> <i>(Unaudited)</i>	<i>2009</i> <i>SR thousands</i> <i>(Unaudited)</i>
At the beginning of the period	58,605	(142,467)
Net movement in unrealized gains on available for sale investments	497	41
Net movement in unrealized (losses) / gains relating to cash flow hedges	(18,559)	58,626
At the end of the period	<u>40,543</u>	<u>(83,800)</u>

The balance of cumulative changes in fair values is comprised of the following as at 31 December:

	<i>2010</i> <i>SR thousands</i> <i>(Unaudited)</i>	<i>2009</i> <i>SR thousands</i> <i>(Unaudited)</i>
Net unrealized gains (losses) relating to available for sale investments	2,562	(474)
Net unrealized gains (losses) relating to cash flow hedges	37,981	(83,326)
At the end of the period	<u>40,543</u>	<u>(83,800)</u>

## Saudi Cable Company (A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 31 March 2010

#### 9 INCOME PER COMMON SHARE

Income per common share on income from operations is calculated by dividing income from operations by the weighted average number of common shares in issue during the period.

Income per common share on net income is calculated by dividing the net income by the weighted average number of common shares in issue during the period.

The weighted average number of common shares outstanding during the three month ended 31 March 2010 and 2009 were 76 million shares of SR 10 each. The calculation of diluted earnings per share is not applicable to the Group.

#### 10 COMMITMENTS AND CONTINGENCIES

	<i>2010</i> <i>SR thousands</i> <i>(Unaudited)</i>	<i>2009</i> <i>SR thousands</i> <i>(Unaudited)</i>
Outstanding forward metal contracts	<u>441,406</u>	<u>88,588</u>
Contingent liabilities in respect of performance and bid bonds and letter of guarantees	<u>497,877</u>	<u>581,781</u>
Authorized and contracted for capital expenditure commitments	<u>17,204</u>	<u>47,446</u>

In addition to providing guarantees in respect of bank facilities available to certain subsidiaries, the parent company has also provided undertakings to support such subsidiaries in meeting their liabilities as they fall due.

Also, a claim amounting to SR 8.4 million was lodged in prior years against a subsidiary company from a contractor, the court has not yet passed any decision to date. The Company believes that this claim will not result in any significant liability. Thus no liability has been recorded in the accompanying interim condensed consolidated financial statements.

#### 11 COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform with the presentation in the current year.