

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2011
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
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FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2011

	Pages
Independent auditors' limited review report	2
Interim consolidated balance sheet	3
Interim consolidated statement of income	4
Interim consolidated cash flows statement	5
Interim consolidated statement of changes in shareholders' equity	6
Notes to the interim consolidated financial statements	7 – 9

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

To the Shareholders of Saudi Cable Company
(A Saudi Joint Stock Company)

Scope of review

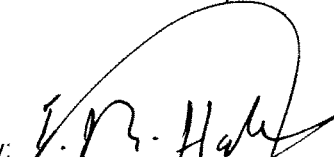
We have reviewed the accompanying interim consolidated balance sheet of **Saudi Cable Company** (a Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2011 and the related interim consolidated statements of income, cash flows and changes in shareholders' equity for the three-month period then ended, and the related notes which form an integral part of these interim consolidated financial statements. These interim consolidated financial statements are the responsibility of the Group's management. The interim consolidated financial statements of the Group as of March 31, 2010 were reviewed by other auditors whose unmodified limited review report was dated April 19, 2010.

We conducted our limited review in accordance with the standard of review of interim financial reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial accounting matters. The scope of the limited review is substantially less than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements of the Group for them to be in conformity with accounting principles generally accepted in Saudi Arabia appropriate to the circumstances of the Group.

PricewaterhouseCoopers

By: 
Ibrahim R. Habib
License Number 383



April 19, 2011

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
Interim consolidated balance sheet (unaudited)
(All amounts in thousands Saudi Riyals unless otherwise stated)

		As at March 31,	
	Note	2011	2010
ASSETS			
Current assets			
Cash and cash equivalents		109,788	146,886
Accounts receivable		825,433	758,541
Prepayments and other receivables		284,157	184,935
Due from related parties		2,237	2,880
Unbilled revenue		391,749	414,298
Inventories		<u>827,352</u>	<u>752,975</u>
		<u>2,440,716</u>	<u>2,260,515</u>
Non-current assets			
Investments		302,539	224,014
Long term trade receivables		-	5,081
Property, plant and equipment	4	856,156	784,997
Other intangible assets		18,874	13,853
Goodwill	5	<u>86,558</u>	<u>86,558</u>
		<u>1,264,127</u>	<u>1,114,503</u>
Total assets		<u>3,704,843</u>	<u>3,375,018</u>
Liabilities			
Current liabilities			
Bank overdrafts		-	9,809
Short term loans		1,427,227	947,781
Accounts payable and accruals		325,052	316,582
Current portion of long term loans		138,599	87,021
Current obligation under finance lease		14,325	17,948
Zakat and income tax		51,204	49,118
Advances from customers		162,129	138,392
Due to related parties		<u>8,091</u>	<u>2,789</u>
		<u>2,126,627</u>	<u>1,569,440</u>
Non-current liabilities			
Obligation under finance lease		23,921	43,485
Long term loans		221,283	308,665
Employees' termination benefits		54,191	52,243
Deferred tax liabilities		2,074	5,261
Other long term liabilities	6	<u>87,386</u>	<u>97,778</u>
		<u>388,855</u>	<u>507,432</u>
Total liabilities		<u>2,515,482</u>	<u>2,076,872</u>
Shareholders' equity			
Share capital	7	760,000	760,000
Statutory reserve		64,949	63,029
Cumulative changes in fair values	8	58,972	40,543
Retained earnings		290,515	361,051
Proposed dividends		-	57,000
Total shareholders' equity in the parent		<u>1,174,436</u>	<u>1,281,623</u>
Minority interest		<u>14,925</u>	<u>16,523</u>
Total shareholders' equity		<u>1,189,361</u>	<u>1,298,146</u>
Total liabilities and shareholders' equity		<u>3,704,843</u>	<u>3,375,018</u>

The attached notes on pages 7 to 9 form an integral part of these interim consolidated financial statements.

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
Interim consolidated statement of income (unaudited)
(All amounts in thousands Saudi Riyals unless otherwise stated)

		Three-month period ended March 31,	
	Note	<u>2011</u>	<u>2010</u>
Sales		786,936	465,124
Contracts revenue		<u>43,027</u>	<u>27,689</u>
		<u>829,963</u>	<u>492,813</u>
Cost of sales		(729,569)	(436,096)
Contracts cost		<u>(41,374)</u>	<u>(27,564)</u>
		<u>(770,943)</u>	<u>(463,660)</u>
Gross profit		<u>59,020</u>	<u>29,153</u>
Operating expenses			
Selling and distribution		(13,776)	(14,424)
General and administrative		(19,651)	(19,260)
Amortization of other intangible assets		<u>(1,935)</u>	<u>(1,275)</u>
		<u>(35,362)</u>	<u>(34,959)</u>
Income (loss) from main operations		23,658	(5,806)
Other income (expenses)			
Foreign currency re-measurement (loss) gain		(5,753)	1,144
Financial charges		(18,069)	(15,858)
Equity share of profit from associates		22,096	24,314
Other income		<u>1,004</u>	<u>478</u>
Net income before zakat and income tax and minority interest		22,936	4,272
Zakat and income tax		<u>(3,750)</u>	<u>(3,750)</u>
Net income before minority interest		19,186	522
Minority interest		<u>1,080</u>	<u>544</u>
Net income for the period		<u>20,266</u>	<u>1,066</u>
		<u>(Saudi Riyals)</u>	
Income (loss) per common share:			
Income (loss) per common share on income (loss) from main operations	9	<u>0.31</u>	<u>(0.08)</u>
Income per common share on income before minority interest	9	<u>0.25</u>	<u>0.01</u>
Income per common share on net income	9	<u>0.27</u>	<u>0.01</u>

The attached notes on pages 7 to 9 form an integral part of these interim consolidated financial statements.

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
Interim consolidated cash flows statement (unaudited)
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Three-month period ended March 31,	
	2011	2010
Cash flow from operating activities		
Net income before Zakat and income tax and minority interest	22,936	4,272
<u>Adjustments for non-cash items</u>		
Depreciation	16,976	25,952
Provision for doubtful debts	2,599	8,004
Amortization of other intangible assets	1,935	1,275
Equity share of profit from associates	(22,096)	(24,314)
Employees' termination benefits, net	(397)	317
Financial charges	18,069	15,858
<u>Change in working capital</u>		
Accounts receivable	(155,904)	(20,339)
Prepayments and other receivables	32,229	15,607
Due from related parties	(36)	(826)
Unbilled revenue	(5,077)	3,024
Inventories	37,222	(23,393)
Accounts payable and accruals	7,109	(19,010)
Advances from customers	36,469	20,532
Due to related parties	(10,272)	(3,252)
Zakat and income tax paid	(2,561)	(4,980)
Net cash utilized in operating activities	<u>(20,799)</u>	<u>(1,273)</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(16,398)	(19,079)
Dividends received from an associate	46,297	20,876
Purchase of other intangible assets	(6,784)	(2,378)
Net cash generated from (utilized in) investing activities	<u>23,115</u>	<u>(581)</u>
Cash flow from financing activities		
Short term loans	107,216	71,633
Long term loans	(87,468)	(25,990)
Obligation under finance lease	(5,075)	(5,009)
Bank overdrafts	(6,756)	7,040
Other long term liabilities	(6,746)	8,162
Financial charges paid	(18,069)	(15,858)
Net cash (utilized in) generated from financing activities	<u>(16,898)</u>	<u>39,978</u>
Change in cash and cash equivalents	(14,582)	38,124
Cash and cash equivalents at the beginning of the period	<u>124,370</u>	<u>108,762</u>
Cash and cash equivalents at the end of the period	<u><u>109,788</u></u>	<u><u>146,886</u></u>
Supplementary information for non-cash transactions		
Net change in fair value of investments and cash flow hedges	<u>(29,455)</u>	<u>(18,062)</u>

The attached notes on pages 7 to 9 form an integral part of these interim consolidated financial statements.

SAUDI CABLE COMPANY**(A Saudi Joint Stock Company)****Interim consolidated statement of changes in shareholders' equity (unaudited)**

(All amounts in thousands Saudi Riyals unless otherwise stated)

		Three-month period ended March 31,	
	Note	2011	2010
Shareholders' equity			
Share capital	7	<u>760,000</u>	<u>760,000</u>
Statutory reserve			
Beginning balance		62,922	62,922
Transferred from retained earnings		<u>2,027</u>	<u>107</u>
Ending balance		<u>64,949</u>	<u>63,029</u>
Cumulative changes in fair values			
Beginning balance	8	88,427	58,605
Fair value adjustments		<u>(29,455)</u>	<u>(18,062)</u>
Ending balance		<u>58,972</u>	<u>40,543</u>
Retained earning			
Beginning balance		272,276	360,092
Net income for the period		20,266	1,066
Transferred to statutory reserve		<u>(2,027)</u>	<u>(107)</u>
Ending balance		<u>290,515</u>	<u>361,051</u>
Proposed dividends		<u>-</u>	<u>57,000</u>
Total shareholders' equity of the parent company		<u>1,174,436</u>	<u>1,281,623</u>
Minority interest			
Beginning balance		16,001	10,567
Net movement during the period	4	4	6,500
Net loss for the period attributable to minority interest		<u>(1,080)</u>	<u>(544)</u>
Ending balance		<u>14,925</u>	<u>16,523</u>
Total shareholders' equity		<u>1,189,361</u>	<u>1,298,146</u>

The attached notes on pages 7 to 9 form an integral part of these interim consolidated financial statements.

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements (unaudited)
For the three-month period ended March 31, 2011
(All amounts in thousands Saudi Riyals unless otherwise stated)

1 GENERAL INFORMATION

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 April 27, 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements have been prepared in accordance with SOCPA's standard of Interim Financial Reports, on the basis of integrated periods, which views each interim period as an integral part of the financial year. Accordingly, revenues, gains, expenses and losses of the period are recognized during the period.

The interim consolidated financial statements comprise the accounts of Saudi Cable Company (the parent company) and its subsidiaries. All material intercompany transactions and balances are eliminated on consolidation.

The 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 the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. The attributable equity interests of third parties in the Group are included under the minority interest caption in these interim 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 December 31, 2010.

3 INTERIM FINANCIAL RESULTS

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

4 PROPERTY, PLANT AND EQUIPMENT

During the fourth quarter of 2010, the useful life of a certain class of buildings and plant & equipment with a net book value of SR 171 million has been changed from 5 years to 33 years for buildings and to 15 years for plant & equipment. The objective was to reflect the new estimated life of this class of assets more accurately and in conformity with the original normal rates of depreciation.

5 GOODWILL / ACQUISITION OF A SUBSIDIARY

On July 31, 2009, the Group acquired 79% of the issued share capital of Elimsan Salt Cihazlari ve Elektromekanik San ve Tic. A.S. (group of companies) for consideration of SR 128,336 thousands.

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, which amounted to SR 86,558 thousands, has been accounted for as goodwill in these interim consolidated financial statements.

SAUDI CABLE COMPANY
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Notes to the interim consolidated financial statements (unaudited)
For the three-month period ended March 31, 2011
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6 OTHER LONG TERM LIABILITIES

Other long term liabilities consist of payables to previous shareholders of Elimsan Salt Cihazlari ve Elektromekanik San ve Tic. A.S. due to the acquisition of the entity.

7 SHARE CAPITAL

The share capital consists of 76,000,000 shares of SR 10 each as at March 31, 2011 and 2010.

8 CUMULATIVE CHANGES IN FAIR VALUES

Movement in cumulative changes in fair values is as follows as of March 31:

	2011	2010
At the beginning of the period	88,427	58,605
Net movement in unrealized gains on available-for-sale investments	533	497
Net movement in unrealized losses relating to cash flow hedges	<u>(29,988)</u>	<u>(18,559)</u>
At the end of the period	<u><u>58,972</u></u>	<u><u>40,543</u></u>

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

	2011	2010
Net unrealized gains on revaluation of investments	3,154	2,562
Net unrealized gains relating to cash flow hedges	<u>55,818</u>	<u>37,981</u>
At the end of the period	<u><u>58,972</u></u>	<u><u>40,543</u></u>

9 INCOME (LOSS) PER COMMON SHARE

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

Income per common share on net income before minority interest is calculated by dividing income before minority interest 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 period ended March 31, 2011 and 2010 were 76 million shares of SR 10 each. The calculation of diluted earnings per share is not applicable to the Group.

SAUDI CABLE COMPANY
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Notes to the interim consolidated financial statements (unaudited)
For the three-month period ended March 31, 2011
(All amounts in thousands Saudi Riyals unless otherwise stated)

10 COMMITMENTS AND CONTINGENCIES

	2011	2010
Outstanding forward metal contracts	<u>512,630</u>	<u>441,406</u>
Contingent liabilities in respect of performance and bid bonds	<u>559,570</u>	<u>497,877</u>
Authorized and contracted for capital expenditure commitments	<u>12,888</u>	<u>17,204</u>
Contingent liabilities in respect of outstanding letters of credit	<u>94,312</u>	<u>107,616</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. To date the court has not yet passed any decision. The Company believes that this claim will not result in any significant liability. Thus no liability has been recorded in the accompanying interim consolidated financial statements in respect of this claim.

11 RECLASSIFICATIONS

Certain reclassifications have been made in the comparative March 31, 2010 interim consolidated financial statements to conform with March 31, 2011 presentation.