

**SAUDI CABLE COMPANY**  
**(A Saudi Joint Stock Company)**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2010  
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

**SAUDI CABLE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2010**

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**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

To the Shareholders of Saudi Cable Company

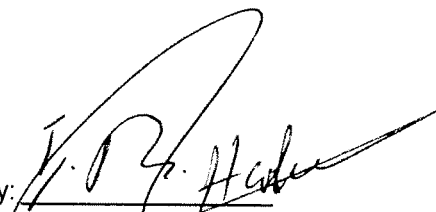
**Scope of review**

We have reviewed the accompanying consolidated balance sheet of **Saudi Cable Company** (a Saudi Joint Stock Company) and its subsidiaries as of September 30, 2010 and the related consolidated statements of operations, cash flows and changes in shareholders' equity for the nine 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. The interim consolidated financial statements of the Group as of September 30, 2009 were reviewed by other auditors whose reports dated October 19, 2009 expressed unqualified conclusion on those interim consolidated financial statements.

**Conclusion**

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

PricewaterhouseCoopers

By:   
Ibrahim R. Habib  
License Number 383



October 18, 2010

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

		<u>As at September 30,</u>	
	Note	2010	2009
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		110,039	165,308
Accounts receivable, net		661,929	794,224
Prepayments and other receivables		191,961	187,150
Due from related parties		2,607	6,096
Unbilled revenue		388,254	398,879
Inventories, net		<u>871,853</u>	<u>710,535</u>
		<u>2,226,643</u>	<u>2,262,192</u>
<b>Non-current assets</b>			
Investments, net		269,667	200,734
Property, plant and equipment, net		828,302	759,022
Other intangible assets		15,446	21,896
Goodwill	4	<u>86,558</u>	<u>85,354</u>
		<u>1,199,973</u>	<u>1,067,006</u>
<b>Total assets</b>		<u><u>3,426,616</u></u>	<u><u>3,329,198</u></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank overdrafts		16,320	11,188
Short term loans		1,136,197	961,284
Accounts payable and accruals		309,308	384,856
Current portion of long term loans		104,816	90,462
Current obligation under finance lease		7,061	5,378
Zakat and income tax		42,741	54,428
Advances from customers		111,619	122,656
Due to related parties		<u>1,097</u>	<u>1,134</u>
		<u>1,729,159</u>	<u>1,631,386</u>
<b>Non-current liabilities</b>			
Obligation under finance lease		42,855	54,596
Long term loans		339,450	196,045
Employees' termination benefits		53,760	51,067
Deferred tax liabilities		5,231	5,291
Due to minority shareholders of a subsidiary	5	<u>92,168</u>	<u>104,666</u>
		<u>533,464</u>	<u>411,665</u>
<b>Total liabilities</b>		<u>2,262,623</u>	<u>2,043,051</u>
<b>Shareholders' equity</b>			
Share capital	6	760,000	760,000
Statutory reserve		63,029	63,831
Cumulative changes in fair values	7	63,491	24,968
Retained earnings		<u>263,020</u>	<u>425,281</u>
<b>Total shareholders' equity in the parent</b>		<u>1,149,540</u>	<u>1,274,080</u>
Minority interest		<u>14,453</u>	<u>12,067</u>
<b>Total shareholders' equity</b>		<u>1,163,993</u>	<u>1,286,147</u>
<b>Total liabilities and shareholders' equity</b>		<u><u>3,426,616</u></u>	<u><u>3,329,198</u></u>

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

**SAUDI CABLE COMPANY**

**(A Saudi Joint Stock Company)**

**Consolidated statement of operations (unaudited)**

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Interim period		Beginning of the year to	
	July 1, 2010 to September 30, 2010	July 1, 2009 to September 30, 2009	September 30, 2010	September 30, 2009
Sales	332,657	508,467	1,278,433	1,612,881
Contracts revenue	36,001	48,570	83,846	236,193
	<u>368,658</u>	<u>557,037</u>	<u>1,362,279</u>	<u>1,849,074</u>
Cost of sales	(361,968)	(442,629)	(1,259,919)	(1,348,383)
Contracts cost	(41,894)	(48,211)	(94,850)	(229,534)
	<u>(403,862)</u>	<u>(490,840)</u>	<u>(1,354,769)</u>	<u>(1,577,917)</u>
Gross (loss) profit	<u>(35,204)</u>	66,197	<u>7,510</u>	271,157
<b>Expenses</b>				
Selling and distribution	(17,127)	(23,651)	(49,078)	(65,961)
General and administrative	(27,040)	(22,432)	(68,429)	(69,625)
Amortization of other intangible assets	(1,470)	(1,613)	(4,275)	(3,709)
	<u>(45,637)</u>	<u>(47,696)</u>	<u>(121,782)</u>	<u>(139,295)</u>
<b>(Loss) Income from main operations</b>	<b>(80,841)</b>	18,501	<b>(114,272)</b>	131,862
Foreign currency re-measurement gain (loss)	5,232	(146)	3,724	2,663
Financial charges	(15,775)	(17,138)	(46,803)	(58,945)
Equity share of profit from associates	21,311	18,120	67,420	43,169
Other income	1,562	5,722	2,780	8,280
<b>Net (loss) income before zakat and income tax and minority interest</b>	<b>(68,511)</b>	25,059	<b>(87,151)</b>	127,029
Zakat and income tax	(3,750)	(4,251)	(11,250)	(12,753)
<b>Net (loss) income before minority interest</b>	<b>(72,261)</b>	20,808	<b>(98,401)</b>	114,276
Minority interest	731	(701)	1,436	(701)
<b>Net (loss) income for the period</b>	<b>(71,530)</b>	20,107	<b>(96,965)</b>	113,575
<b>(Saudi Riyal)</b>				
(Loss) income per common share on (loss) income from main operations	8 <u>(1.06)</u>	0.24	<u>(1.5)</u>	<u>1.74</u>
(Loss) income per common share on (loss) income before minority interest	8 <u>(0.95)</u>	0.27	<u>(1.29)</u>	<u>1.5</u>
(Loss) income per common share on net (loss) income	8 <u>(0.95)</u>	0.26	<u>(1.28)</u>	<u>1.49</u>

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

**SAUDI CABLE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Consolidated cash flow statement (unaudited)**  
(All amounts in thousands Saudi Riyals unless otherwise stated)

	<u>For the nine months ended</u>	
	<u>September 30,</u>	
	<b>2010</b>	<b>2009</b>
<b>Cash flow from operating activities</b>		
Net (loss) income before Zakat and income tax and minority interest	<b>(87,151)</b>	127,029
<u>Adjustments for non-cash items</u>		
Depreciation	<b>79,937</b>	64,809
Provision for doubtful debts	<b>20,392</b>	29,365
Provision for slow moving items	<b>5,423</b>	5,601
Amortization of other intangible assets	<b>4,275</b>	3,709
Equity share of profit from associates	<b>(67,420)</b>	(43,169)
Employees' termination benefits, net	<b>1,834</b>	4,889
<u>Change in working capital</u>		
Accounts receivable	<b>66,248</b>	95,339
Prepayments and other receivables	<b>8,834</b>	12,225
Due from related parties	<b>(553)</b>	(2,577)
Unbilled revenue	<b>29,068</b>	39,803
Inventories	<b>(147,694)</b>	282,611
Accounts payable and accruals	<b>(5,544)</b>	(109,367)
Advances from customers	<b>(6,241)</b>	(39,504)
Due to related parties	<b>(4,944)</b>	(1,878)
Zakat and income tax paid	<b>(18,635)</b>	(33,082)
Net cash (utilized in) generated from operating activities	<b>(122,171)</b>	435,803
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	<b>(116,369)</b>	(119,057)
Dividends received from an associate	<b>22,750</b>	28,402
Other intangible assets	<b>(6,971)</b>	(17,974)
Net cash utilized in investing activities	<b>(100,590)</b>	(108,629)
<b>Cash flow from financing activities</b>		
Short-term loans	<b>260,049</b>	(154,216)
Long-term loans	<b>22,590</b>	44,484
Obligation under finance lease	<b>(16,526)</b>	(109,398)
Bank overdrafts	<b>13,551</b>	(7,495)
Due to minority shareholders of a subsidiary	<b>1,374</b>	-
Dividends paid	<b>(57,000)</b>	(57,000)
Net cash generated from (utilized in) financing activities	<b>224,038</b>	(283,625)
<b>Increase in cash and cash equivalents</b>	<b>1,277</b>	43,549
Cash and cash equivalents at the beginning of the period	<b>108,762</b>	121,759
<b>Cash and cash equivalents at the end of the period</b>	<b>110,039</b>	165,308

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

**SAUDI CABLE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Consolidated statement of changes in shareholders' equity (unaudited)**  
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	Interim period		Beginning of the year to	
		July 1, 2010 to September 30, 2010	July 1, 2009 to September 30, 2009	September 30, 2010	September 30, 2009
<b>SHAREHOLDERS' EQUITY</b>					
<b>Share capital</b>	6	<b>760,000</b>	760,000	<b>760,000</b>	760,000
<b>Statutory reserve</b>					
Beginning balance		<b>63,029</b>	61,821	<b>62,922</b>	52,474
Transferred from retained earning		-	2,010	<b>107</b>	11,357
Ending balance		<b>63,029</b>	63,831	<b>63,029</b>	63,831
<b>Cumulative changes in fair values</b>					
Beginning balance	7	<b>(50,868)</b>	(9,315)	<b>58,605</b>	(142,467)
Fair value adjustments		<b>114,359</b>	34,283	<b>4,886</b>	167,435
Ending balance		<b>63,491</b>	24,968	<b>63,491</b>	24,968
<b>Retained earning</b>					
Beginning balance		<b>334,550</b>	407,184	<b>360,092</b>	323,063
Net (Loss) income for the period		<b>(71,530)</b>	20,107	<b>(96,965)</b>	113,575
Transferred to statutory reserve		-	(2,010)	<b>(107)</b>	(11,357)
Ending balance		<b>263,020</b>	425,281	<b>263,020</b>	425,281
<b>Proposed dividends</b>					
Beginning balance		-	-	<b>57,000</b>	57,000
Paid during the year		-	-	<b>(57,000)</b>	(57,000)
Ending balance		-	-	-	-
<b>Total shareholders' equity of the parent company</b>					
		<b>1,149,540</b>	1,274,080	<b>1,149,540</b>	1,274,080
<b>Minority interest</b>					
Beginning balance		<b>15,184</b>	-	<b>10,567</b>	-
Net movement during the period		-	11,366	<b>5,322</b>	11,366
Net (loss) income for the period attributable to minority interest		<b>(731)</b>	701	<b>(1,436)</b>	701
Ending balance		<b>14,453</b>	12,067	<b>14,453</b>	12,067
<b>Total shareholders' equity</b>					
		<b>1,163,993</b>	1,286,147	<b>1,163,993</b>	1,286,147

The attached notes on page 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 condensed consolidated financial statements (unaudited)**  
**For the nine-months period ended September 30, 2010**  
(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, 2009.

**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 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 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, amounted to SR 86,558 thousands, has been accounted for as goodwill in these interim 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.

**5 DUE TO MINORITY SHAREHOLDERS OF A SUBSIDIARY**

As mentioned in note 4 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.



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**For the nine-months period ended September 30, 2010**  
(All amounts in thousands Saudi Riyals unless otherwise stated)

**6 SHARE CAPITAL**

The share capital consists of 76,000,000 shares of SR 10 each as at September 30, 2010 and 2009.

**7 CUMULATIVE CHANGES IN FAIR VALUES**

Movement in cumulative changes in fair values is as follows as of September 30:

	<b>2010</b>	2009
At the beginning of the period	<b>58,605</b>	(142,467)
Net movement in unrealized gains on available-for-sale investments	<b>2,073</b>	3,050
Net movement in unrealized gains relating to cash flow hedges	<u><b>2,813</b></u>	<u>164,385</u>
At the end of the period	<u><b>63,491</b></u>	<u>24,968</u>

The balance of cumulative changes in fair values is comprised of the following as at September 30:

	<b>2010</b>	2009
Net unrealized gains on revaluation of investments	<b>4,138</b>	2,535
Net unrealized gains relating to cash flow hedges	<u><b>59,353</b></u>	<u>22,433</u>
At the end of the period	<u><b>63,491</b></u>	<u>24,968</u>

**8 (LOSS) INCOME PER COMMON SHARE**

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

(Loss) income per common share on net (loss) income before minority interest is calculated by dividing (loss) income before minority interest by the weighted average number of common shares in issue during the period.

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

The weighted average number of common shares outstanding during the nine month ended September 30, 2010 and 2009 were 76 million shares of SR 10 each. The calculation of diluted earnings per share is not applicable to the Group.

**SAUDI CABLE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial statements (unaudited)**  
**For the nine-months period ended September 30, 2010**  
(All amounts in thousands Saudi Riyals unless otherwise stated)

**9 COMMITMENTS AND CONTINGENCIES**

	<b>2010</b>	2009
Outstanding forward metal contracts	<u><b>383,463</b></u>	<u>193,066</u>
Contingent liabilities in respect of performance and bid bonds	<u><b>499,880</b></u>	<u>543,060</u>
Authorized and contracted for capital expenditure commitments	<u><b>18,961</b></u>	<u>90,219</u>
Contingent liabilities in respect of outstanding letters of credit	<u><b>185,391</b></u>	<u>143,345</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 consolidated financial statements.

**10 RECLASSIFICATIONS**

Certain reclassifications have been made in the comparative September 30, 2010 interim consolidated financial statements to conform with September 30, 2009 presentation.