

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2011  
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, 2011**

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**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

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

**Scope of review**

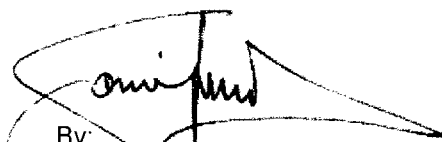
We have reviewed the accompanying interim consolidated balance sheet of **Saudi Cable Company** (a Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2011 and the related interim consolidated statements of income, cash flows and changes in shareholders' equity for the nine-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.

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: \_\_\_\_\_  
Sami Farah  
License Number 168



October 18, 2011

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

	Note	As at September 30,	
		2011	2010
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		94,417	110,039
Accounts receivable		1,140,316	661,929
Prepayments and other receivables		254,511	191,961
Due from related parties		2,309	2,607
Unbilled revenue		247,211	388,254
Inventories		<u>967,224</u>	<u>871,853</u>
		<u>2,705,988</u>	<u>2,226,643</u>
<b>Non-current assets</b>			
Investments		297,819	269,667
Property, plant and equipment	4	875,646	828,302
Other intangible assets		25,658	15,446
Goodwill	5	<u>86,558</u>	<u>86,558</u>
		<u>1,285,681</u>	<u>1,199,973</u>
<b>Total assets</b>		<u>3,991,669</u>	<u>3,426,616</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank overdrafts		25,817	16,320
Short term loans		1,723,948	1,136,197
Accounts payable and accruals		504,468	309,308
Current portion of long term loans		87,419	104,816
Current obligation under finance lease		3,064	7,061
Zakat and income tax		56,439	42,741
Advances from customers		133,104	111,619
Accrued dividends		29,635	-
Due to related parties		<u>3,278</u>	<u>1,097</u>
		<u>2,567,172</u>	<u>1,729,159</u>
<b>Non-current liabilities</b>			
Obligation under finance lease		26,314	42,855
Long term loans		282,947	339,450
Employees' termination benefits		54,774	53,760
Deferred tax liabilities		660	5,231
Other long term liabilities	6	<u>86,269</u>	<u>92,168</u>
		<u>450,964</u>	<u>533,464</u>
<b>Total liabilities</b>		<u>3,018,136</u>	<u>2,262,623</u>
<b>Shareholders' equity</b>			
Share capital	7	760,000	760,000
Statutory reserve		65,727	63,029
Cumulative changes in fair values	8	(106,481)	63,491
Retained earnings		<u>240,524</u>	<u>263,020</u>
<b>Total shareholders' equity in the parent</b>		<u>959,770</u>	<u>1,149,540</u>
Minority interest		<u>13,763</u>	<u>14,453</u>
<b>Total shareholders' equity</b>		<u>973,533</u>	<u>1,163,993</u>
<b>Total liabilities and shareholders' equity</b>		<u>3,991,669</u>	<u>3,426,616</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)

	Interim period		Beginning of the year to	
	July 1, 2011 to September 30, 2011	July 1, 2010 to September 30, 2010	September 30, 2011	September 30, 2010
Sales	711,915	332,657	2,270,310	1,278,433
Contracts revenue	32,824	36,001	103,685	83,846
	<u>744,739</u>	<u>368,658</u>	<u>2,373,995</u>	<u>1,362,279</u>
Cost of sales	(689,924)	(361,968)	(2,131,870)	(1,259,919)
Contracts cost	(31,961)	(41,894)	(99,847)	(94,850)
	<u>(721,885)</u>	<u>(403,862)</u>	<u>(2,231,717)</u>	<u>(1,354,769)</u>
Gross profit (loss)	<u>22,854</u>	<u>(35,204)</u>	<u>142,278</u>	<u>7,510</u>
<b>Operating expenses</b>				
Selling and distribution	(16,958)	(17,127)	(49,460)	(49,078)
General and administrative	(22,652)	(27,040)	(63,669)	(68,429)
Amortization of other intangible assets	(2,382)	(1,470)	(6,623)	(4,275)
	<u>(41,992)</u>	<u>(45,637)</u>	<u>(119,752)</u>	<u>(121,782)</u>
(Loss) income from main operations	<u>(19,138)</u>	<u>(80,841)</u>	<u>22,526</u>	<u>(114,272)</u>
<b>Other income (expenses)</b>				
Foreign currency re-measurement (Loss) gain	(676)	5,232	(9,318)	3,724
Financial charges	(19,942)	(15,775)	(55,861)	(46,803)
Equity share of profit from associates	26,926	21,311	77,730	67,420
Other income	875	1,562	1,983	2,780
	<u>875</u>	<u>1,562</u>	<u>1,983</u>	<u>2,780</u>
<b>Net (loss) income before zakat and income tax and minority interest</b>	<u>(11,955)</u>	<u>(68,511)</u>	<u>37,060</u>	<u>(87,151)</u>
Zakat and income tax	<u>(3,750)</u>	<u>(3,750)</u>	<u>(11,250)</u>	<u>(11,250)</u>
<b>Net (loss) income before minority interest</b>	<u>(15,705)</u>	<u>(72,261)</u>	<u>25,810</u>	<u>(98,401)</u>
Minority interest	<u>934</u>	<u>731</u>	<u>2,243</u>	<u>1,436</u>
<b>Net (loss) income for the period</b>	<u>(14,771)</u>	<u>(71,530)</u>	<u>28,053</u>	<u>(96,965)</u>
			<b>(Saudi Riyal)</b>	
<b>(Loss) income per common share:</b>				
(Loss) income per common share on (loss) income from main operations (Note 9)	<u>(0.25)</u>	<u>(1.06)</u>	<u>0.30</u>	<u>(1.5)</u>
(Loss) income per common share on (loss) income before minority interest (Note 9)	<u>(0.21)</u>	<u>(0.95)</u>	<u>0.34</u>	<u>(1.29)</u>
(Loss) income per common share on net (loss) income (Note 9)	<u>(0.19)</u>	<u>(0.95)</u>	<u>0.37</u>	<u>(1.28)</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)

	nine-month period ended September 30,	
	2011	2010
<b>Cash flow from operating activities</b>		
Net income (loss) before Zakat and income tax and minority interest	37,060	(87,151)
<u>Adjustments for non-cash items</u>		
Depreciation	51,579	79,937
Provision for doubtful debts	13,588	20,392
Provision for slow moving items	6,493	5,423
Amortization of other intangible assets	6,623	4,275
Equity share of profit from associates	(77,730)	(67,420)
Employees' termination benefits, net	186	1,834
Financial charges	55,861	46,803
<u>Change in working capital</u>		
Accounts receivable	(481,776)	66,248
Prepayments and other receivables	61,875	8,834
Due from related parties	(108)	(553)
Unbilled revenue	139,461	29,068
Inventories	(109,143)	(147,694)
Accounts payable and accruals	78,138	(5,544)
Advances from customers	7,444	(6,241)
Due to related parties	(15,085)	(4,944)
Zakat and income tax paid	(4,826)	(18,635)
Net cash utilized in operating activities	<u>(230,360)</u>	<u>(75,368)</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(70,491)	(116,369)
Dividends received from an associate	48,172	22,750
Purchase of other intangible assets	(18,256)	(6,971)
Net cash utilized in investing activities	<u>(40,575)</u>	<u>(100,590)</u>
<b>Cash flow from financing activities</b>		
Short term loans	403,937	260,049
Long term loans	(76,984)	22,590
Obligation under finance lease	(13,943)	(16,526)
Bank overdrafts	19,061	13,551
Other long term liabilities	(7,863)	1,374
Dividends paid	(27,365)	(57,000)
Financial charges paid	(55,861)	(46,803)
Net cash generated from financing activities	<u>240,982</u>	<u>177,235</u>
<b>Change in cash and cash equivalents</b>	<b>(29,953)</b>	1,277
Cash and cash equivalents at the beginning of the period	<u>124,370</u>	<u>108,762</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>94,417</u></u>	<u><u>110,039</u></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)

	Note	Interim period		Beginning of the year to	
		July 1, 2011 to September 30, 2011	July 1, 2010 to September 30, 2010	September 30, 2011	September 30, 2010
<b>Shareholders' equity</b>					
<b>Share capital</b>	7	<u>760,000</u>	<u>760,000</u>	<u>760,000</u>	<u>760,000</u>
<b>Statutory reserve</b>					
Beginning balance		67,204	63,029	62,922	62,922
Transferred from retained earnings		(1,477)	-	2,805	107
Ending balance		<u>65,727</u>	<u>63,029</u>	<u>65,727</u>	<u>63,029</u>
<b>Cumulative changes in fair values</b>					
	8				
Beginning balance		30,759	(50,868)	88,427	58,605
Fair value adjustments		(137,240)	114,359	(194,908)	4,886
Ending balance		<u>(106,481)</u>	<u>63,491</u>	<u>(106,481)</u>	<u>63,491</u>
<b>Retained earnings</b>					
Beginning balance		253,818	334,550	272,276	360,092
Net (loss) income for the period		(14,771)	(71,530)	28,053	(96,965)
Dividends		-	-	(57,000)	-
Transferred to statutory reserve		1,477	-	(2,805)	(107)
Ending balance		<u>240,524</u>	<u>263,020</u>	<u>240,524</u>	<u>263,020</u>
<b>Proposed dividends</b>					
Beginning balance		-	-	-	57,000
Paid during the period		-	-	-	(57,000)
Ending balance		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity of the parent company</b>					
		<u>959,770</u>	<u>1,149,540</u>	<u>959,770</u>	<u>1,149,540</u>
<b>Minority interest</b>					
Beginning balance		14,693	15,184	16,001	10,567
Net movement during the period		(1,864)	-	(4,481)	5,322
Net income (loss) for the period attributable to minority interest		934	(731)	2,243	(1,436)
Ending balance		<u>13,763</u>	<u>14,453</u>	<u>13,763</u>	<u>14,453</u>
<b>Total shareholders' equity</b>					
		<u>973,533</u>	<u>1,163,993</u>	<u>973,533</u>	<u>1,163,993</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 nine-month period ended September 30, 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.



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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 September 30, 2011 and 2010.

**8 CUMULATIVE CHANGES IN FAIR VALUES**

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

	<b>2011</b>	2010
At the beginning of the period	<b>88,427</b>	58,605
Net movement in unrealized gains on available-for-sale investments	<b>(502)</b>	2,073
Net movement in unrealized losses relating to cash flow hedges	<u><b>(194,406)</b></u>	<u>2,813</u>
At the end of the period	<u><b>(106,481)</b></u>	<u>63,491</u>

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

	<b>2011</b>	2010
Net unrealized gains on revaluation of investments	<b>2,119</b>	4,138
Net unrealized gains relating to cash flow hedges	<u><b>(108,600)</b></u>	<u>59,353</u>
At the end of the period	<u><b>(106,481)</b></u>	<u>63,491</u>

**9 (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 period ended September 30, 2011 and 2010 were 76 million shares of SR 10 each. The calculation of diluted earnings per share is not applicable to the Group.

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**(A Saudi Joint Stock Company)**  
**Notes to the interim consolidated financial statements (unaudited)**  
**For the nine-month period ended September 30, 2011**  
 (All amounts in thousands Saudi Riyals unless otherwise stated)

**10 COMMITMENTS AND CONTINGENCIES**

	<b>2011</b>	2010
Outstanding forward metal contracts	<u><b>456,240</b></u>	<u>383,463</u>
Contingent liabilities in respect of performance and bid bonds	<u><b>477,378</b></u>	<u>499,880</u>
Authorized and contracted for capital expenditure commitments	<u><b>26,431</b></u>	<u>18,961</u>
Contingent liabilities in respect of outstanding letters of credit	<u><b>184,208</b></u>	<u>185,391</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.