

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND YEAR ENDED DECEMBER 31, 2010
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
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FOR THE THREE-MONTH AND YEAR ENDED DECEMBER 31, 2010

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INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

To the Shareholders of Saudi Cable Company

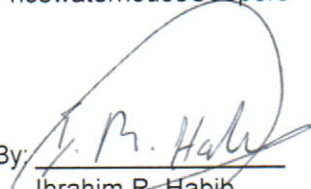
Scope of review

We have reviewed the accompanying interim consolidated balance sheet of **Saudi Cable Company** (a Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively the "Group") as of December 31, 2010, the related interim consolidated statement of operations for the three-month and year then ended and the interim consolidated statements of cash flows and changes in shareholders' equity for the year ended December 31, 2010, 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 December 31, 2009 were reviewed by other auditors whose report dated January 19, 2010 expressed an 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 appropriate to the circumstances of the group.

PricewaterhouseCoopers

By: 
Ibrahim R. Habib
License Number 383



January 17, 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 December 31,	
	Note	2010	2009
ASSETS			
Current assets			
Cash and cash equivalents		140,493	108,762
Accounts receivable, net		671,974	743,488
Prepayments and other receivables		269,810	200,795
Due from related parties		2,201	2,054
Unbilled revenue		386,672	417,322
Inventories, net		<u>835,500</u>	<u>729,582</u>
		<u>2,306,650</u>	<u>2,202,003</u>
Non-current assets			
Investments, net		321,215	241,103
Long term trade receivables		-	5,081
Property, plant and equipment, net	4	851,882	791,870
Other intangible assets		19,399	12,750
Goodwill	5	<u>86,558</u>	<u>86,558</u>
		<u>1,279,054</u>	<u>1,137,362</u>
Total assets		<u>3,585,704</u>	<u>3,339,365</u>
Liabilities			
Current liabilities			
Bank overdrafts		5,038	2,769
Short term loans		1,338,629	876,148
Accounts payable and accruals		210,568	335,592
Current portion of long term loans		159,355	102,926
Current obligation under finance lease		19,335	22,016
Zakat and income tax		51,627	50,126
Advances from customers		126,437	117,860
Due to related parties		<u>18,363</u>	<u>6,041</u>
		<u>1,929,352</u>	<u>1,513,478</u>
Non-current liabilities			
Obligation under finance lease		23,929	44,426
Long term loans		282,373	318,750
Employees' termination benefits		53,962	51,926
Deferred tax liabilities		184	5,483
Due to minority shareholders of a subsidiary	6	<u>94,136</u>	<u>96,116</u>
		<u>454,584</u>	<u>516,701</u>
Total liabilities		<u>2,383,936</u>	<u>2,030,179</u>
Shareholders' equity			
Share capital	7	760,000	760,000
Statutory reserve		62,922	62,922
Cumulative changes in fair values	8	88,823	58,605
Retained earnings		273,935	360,092
Proposed dividends		-	57,000
Total shareholders' equity in the parent		<u>1,185,680</u>	<u>1,298,619</u>
Minority interest		<u>16,088</u>	<u>10,567</u>
Total shareholders' equity		<u>1,201,768</u>	<u>1,309,186</u>
Total liabilities and shareholders' equity		<u>3,585,704</u>	<u>3,339,365</u>

The attached notes on pages 8 to 10 form an integral part of these interim consolidated financial statements.

SAUDI CABLE COMPANY

(A Saudi Joint Stock Company)

Interim consolidated statement of operations (unaudited)

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	Interim period		Beginning of the year to	
		October 1, 2010 to December 31, 2010	October 1, 2009 to December 31, 2009	December 31, 2010	December 31, 2009
Sales		455,052	452,256	1,733,485	2,065,137
Contracts revenue		38,780	157,101	122,626	393,294
		<u>493,832</u>	<u>609,357</u>	<u>1,856,111</u>	<u>2,458,431</u>
Cost of sales		(439,383)	(440,865)	(1,699,302)	(1,789,248)
Contracts cost		(45,437)	(128,854)	(140,287)	(358,388)
		<u>(484,820)</u>	<u>(569,719)</u>	<u>(1,839,589)</u>	<u>(2,147,636)</u>
Gross profit		<u>9,012</u>	<u>39,638</u>	<u>16,522</u>	<u>310,795</u>
Expenses					
Selling and distribution		(25,847)	(12,867)	(74,925)	(78,828)
General and administrative		(24,851)	(31,787)	(93,280)	(103,385)
Amortization of other intangible assets		(1,609)	(1,725)	(5,884)	(3,461)
		<u>(52,307)</u>	<u>(46,379)</u>	<u>(174,089)</u>	<u>(185,674)</u>
(Loss) Income from main operations		<u>(43,295)</u>	<u>(6,741)</u>	<u>(157,567)</u>	<u>125,121</u>
Foreign currency re-measurement gain		2,074	3,402	5,798	6,065
Financial charges		(17,784)	(17,775)	(64,587)	(76,720)
Equity share of profit from associates		50,809	18,308	118,229	61,477
Other income		19,900	794	22,680	9,074
Net income (loss) before zakat and income tax and minority interest		<u>11,704</u>	<u>(2,012)</u>	<u>(75,447)</u>	<u>125,017</u>
Zakat and income tax		735	(8,965)	(10,515)	(21,718)
Net income (loss) before minority interest		<u>12,439</u>	<u>(10,977)</u>	<u>(85,962)</u>	<u>103,299</u>
Minority interest		(1,631)	1,879	(195)	1,178
Net income (loss) for the period / year		<u>10,808</u>	<u>(9,098)</u>	<u>(86,157)</u>	<u>104,477</u>
				(Saudi Riyals)	
(Loss) income per common share on (loss) income from main operations	9	<u>(0.57)</u>	<u>(0.09)</u>	<u>(2.07)</u>	<u>1.65</u>
Income (Loss) per common share on income (loss) before minority interest	9	<u>0.16</u>	<u>(0.14)</u>	<u>(1.13)</u>	<u>1.36</u>
Income (Loss) per common share on net income (loss)	9	<u>0.14</u>	<u>(0.12)</u>	<u>(1.13)</u>	<u>1.37</u>

The attached notes on pages 8 to 10 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)

	December 31,	
	2010	2009
Cash flow from operating activities		
Net (loss) income before Zakat and income tax and minority interest	(75,447)	125,017
<u>Adjustments for non-cash items</u>		
Depreciation	96,097	91,561
Provision for doubtful debts	34,416	22,530
Gain on sale of property, plant and equipment	(17,497)	(30)
Gain on sale of available for sale investments	(1,946)	-
Amortization of other intangible assets	5,884	3,461
Equity share of profit from associates	(118,229)	(61,477)
Employees' termination benefits, net	2,036	4,407
Financial charges	64,587	76,720
<u>Change in working capital</u>		
Accounts receivable	42,179	165,379
Prepayments and other receivables	(69,015)	44,180
Due from related parties	(147)	1,465
Unbilled revenue	30,650	21,360
Inventories	(105,918)	296,997
Accounts payable and accruals	(94,091)	(232,369)
Advances from customers	8,577	(44,300)
Due to related parties	12,322	3,029
Zakat and income tax paid	(9,014)	(46,350)
Net cash (utilized in) generated from operating activities	<u>(194,556)</u>	<u>471,580</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(158,060)	(167,195)
Dividends received from an associate	22,750	28,402
Proceeds from sale of available for sale investment	11,299	-
Proceeds from disposal of property, plant and equipment	19,448	103
Other intangible assets	(12,533)	(5,062)
Purchase of available for sale investment	-	(62)
Net cash utilized in investing activities	<u>(117,096)</u>	<u>(143,814)</u>
Cash flow from financing activities		
Short-term loans	462,481	(240,993)
Long-term loans	20,052	78,595
Obligation under finance lease	(23,178)	(19,608)
Bank overdrafts	2,269	(15,914)
Due to minority shareholders of a subsidiary	3,346	(9,123)
Dividends paid	(57,000)	(57,000)
Financial charges paid	(64,587)	(76,720)
Net cash generated from (utilized in) financing activities	<u>343,383</u>	<u>(340,763)</u>

The attached notes on pages 8 to 10 form an integral part of these interim consolidated financial statements.

SAUDI CABLE COMPANY**(A Saudi Joint Stock Company)****Interim consolidated cash flows statement (unaudited) – continued**

(All amounts in thousands Saudi Riyals unless otherwise stated)

	December 31,	
	<u>2010</u>	<u>2009</u>
Change in cash and cash equivalents	31,731	(12,997)
Cash and cash equivalents at the beginning of the year	<u>108,762</u>	<u>121,759</u>
Cash and cash equivalents at the end of the year	<u>140,493</u>	<u>108,762</u>
Supplementary information for non-cash transactions		
Property, plant and equipment acquired on finance lease	<u>-</u>	<u>12,728</u>
Net changes in fair value of investments and cash flow hedges	<u>30,218</u>	<u>201,072</u>
Acquisition of a subsidiary financed through transfer of loan receivable	<u>-</u>	<u>125,670</u>

The attached notes on pages 8 to 10 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	
		October 1, 2010 to December 31, 2010	October 1, 2009 to December 31, 2009	December 31, 2010	December 31, 2009
SHAREHOLDERS' EQUITY					
Share capital	7	760,000	760,000	760,000	760,000
Statutory reserve					
Beginning balance		63,029	63,831	62,922	52,474
Transferred from retained earning		(107)	(909)	-	10,448
Ending balance		62,922	62,922	62,922	62,922
Cumulative changes in fair values					
Beginning balance	8	63,491	24,968	58,605	(142,467)
Fair value adjustments		25,332	33,637	30,218	201,072
Ending balance		88,823	58,605	88,823	58,605
Retained earning					
Beginning balance		263,020	425,281	360,092	323,063
Net income (loss) for the period		10,808	(9,098)	(86,157)	104,477
Transferred to statutory reserve		107	909	-	(10,448)
Proposed dividends		-	(57,000)	-	(57,000)
Ending balance		273,935	360,092	273,935	360,092
Proposed dividends					
Beginning balance		-	-	57,000	57,000
Proposed during the year		-	57,000	-	57,000
Paid during the year		-	-	(57,000)	(57,000)
Ending balance		-	57,000	-	57,000
Total shareholders' equity of the parent company					
		1,185,680	1,298,619	1,185,680	1,298,619
Minority interest					
Beginning balance		14,453	12,067	10,567	-
Net movement during the period		4	379	5,326	11,745
Net income (loss) for the period attributable to minority interest		1,631	(1,879)	195	(1,178)
Ending balance		16,088	10,567	16,088	10,567
Total shareholders' equity					
		1,201,768	1,309,186	1,201,768	1,309,186

The attached notes on pages 8 to 10 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 and year ended December 31, 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 PROPERTY, PLANT AND EQUIPMENT

During the fourth quarter, 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, which also conform with the original normal rates of depreciation.

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 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.

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6 DUE TO MINORITY SHAREHOLDERS OF A SUBSIDIARY

As mentioned in note 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 December 31, 2010 and 2009.

8 CUMULATIVE CHANGES IN FAIR VALUES

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

	2010	2009
At the beginning of the period	58,605	(142,467)
Net movement in unrealized gains on available-for-sale investments	556	2,580
Net movement in unrealized gains relating to cash flow hedges	<u>29,662</u>	<u>198,492</u>
At the end of the period	<u><u>88,823</u></u>	<u><u>58,605</u></u>

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

	2010	2009
Net unrealized gains on revaluation of investments	2,621	2,065
Net unrealized gains relating to cash flow hedges	<u>86,202</u>	<u>56,540</u>
At the end of the period	<u><u>88,823</u></u>	<u><u>58,605</u></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.

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

Income (loss) per common share on net income (loss) is calculated by dividing the net income (loss) 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 and year ended December 31, 2010 and 2009 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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Notes to the interim consolidated financial statements (unaudited)
For the three-month and year ended December 31, 2010
(All amounts in thousands Saudi Riyals unless otherwise stated)

10 COMMITMENTS AND CONTINGENCIES

	2010	2009
Outstanding forward metal contracts	<u>555,168</u>	<u>254,264</u>
Contingent liabilities in respect of performance and bid bonds	<u>539,730</u>	<u>514,020</u>
Authorized and contracted for capital expenditure commitments	<u>22,490</u>	<u>101,844</u>
Contingent liabilities in respect of outstanding letters of credit	<u>71,229</u>	<u>131,938</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.

11 RECLASSIFICATIONS

Certain reclassifications have been made in the comparative December 31, 2010 interim consolidated financial statements to conform with December 31, 2009 presentation.