

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2013
AND INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

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(A Saudi Joint Stock Company)
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INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

April 21, 2013

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

Scope of review

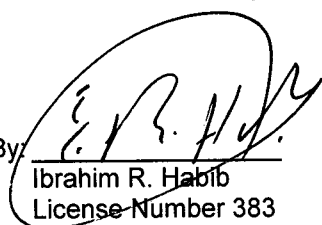
We have reviewed the accompanying interim consolidated balance sheet of Saudi Cable Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2013 and the interim consolidated statements of income, cash flows and changes in shareholders' equity for the three-month 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 and have been prepared by them and submitted to us together with all the information and explanations which we required.

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 and accounting matters. The scope of such limited review is substantially less than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, 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.

Review 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 for them to be in conformity with accounting standards generally accepted in Saudi Arabia.

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

	Note	As at March 31,	
		2013 (Unaudited)	2012 (Unaudited)
Assets			
Current assets			
Cash and cash equivalents		128,934	171,496
Accounts receivable		1,046,465	1,405,434
Prepayments and other debit balances		224,816	288,663
Due from related parties		1,186	2,431
Unbilled revenue		277,801	280,955
Inventories		<u>601,283</u>	<u>972,726</u>
		<u>2,280,485</u>	<u>3,121,705</u>
Non-current assets			
Investments		340,873	316,274
Property, plant and equipment		906,011	876,193
Deferred tax asset		8,175	-
Other intangible assets		57,720	43,414
Goodwill	4	<u>86,558</u>	<u>86,558</u>
		<u>1,399,337</u>	<u>1,322,439</u>
Total assets		<u><u>3,679,822</u></u>	<u><u>4,444,144</u></u>
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts		52,424	37,070
Short term loans		1,267,150	1,998,466
Accounts payable and accruals		523,166	584,144
Current portion of long-term loans		90,053	84,097
Current obligation under finance lease		6,795	12,683
Zakat and income tax		47,355	41,583
Advances from customers		244,993	175,660
Due to related parties		<u>35,888</u>	<u>2,535</u>
		<u>2,267,824</u>	<u>2,936,238</u>
Non-current liabilities			
Obligation under finance lease		8,779	15,979
Long term loans		431,264	256,124
Employees' termination benefits		61,578	56,773
Other long term liabilities	5	<u>67,708</u>	<u>82,564</u>
		<u>569,329</u>	<u>411,440</u>
Total liabilities		<u><u>2,837,153</u></u>	<u><u>3,347,678</u></u>
Shareholders' equity			
Share capital	6	760,000	760,000
Statutory reserve	7	63,432	65,948
Cumulative changes in fair values	8	(39,862)	7,771
Retained earnings		<u>48,055</u>	<u>242,512</u>
Total shareholders' equity in the parent		<u>831,625</u>	<u>1,076,231</u>
Minority interest		<u>11,044</u>	<u>20,235</u>
Total shareholders' equity		<u><u>842,669</u></u>	<u><u>1,096,466</u></u>
Total liabilities and shareholders' equity		<u><u>3,679,822</u></u>	<u><u>4,444,144</u></u>

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

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

	Note	Three-month period ended	
		March 31,	
		2013	2012
		(Unaudited)	(Unaudited)
Sales		576,058	862,201
Contracts revenue		<u>93,279</u>	<u>55,442</u>
		<u>669,337</u>	<u>917,643</u>
Cost of sales		(534,319)	(783,065)
Contracts cost		<u>(88,896)</u>	<u>(54,545)</u>
		<u>(623,215)</u>	<u>(837,610)</u>
Gross profit		<u>46,122</u>	<u>80,033</u>
Operating expenses			
Selling and distribution		(21,783)	(24,931)
General and administrative		(21,366)	(20,078)
Amortization of other intangible assets		<u>(3,686)</u>	<u>(3,563)</u>
		<u>(46,835)</u>	<u>(48,572)</u>
(Loss) income from main operations		(713)	31,461
Other income (expenses)			
Fair value of derivative financial instruments		(121)	-
Foreign currency remeasurement gain		784	2,083
Financial charges		(35,503)	(25,931)
Equity share of profit from associates		22,322	18,093
Other (loss) income		<u>(629)</u>	<u>1,057</u>
Net (loss) income before zakat and income tax and minority interest		(13,860)	26,763
Zakat and income tax		<u>(3,799)</u>	<u>(1,596)</u>
Net (loss) income before minority interest		(17,659)	25,167
Minority interest		<u>2,250</u>	<u>(8)</u>
Net (loss) income for the period		<u>(15,409)</u>	<u>25,159</u>
(Loss) income per share on:			
Main operations	9	<u>(0.01)</u>	<u>0.41</u>
Net (loss) income for the period	9	<u>(0.20)</u>	<u>0.33</u>

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

	Note	Three-month period ended	
		March 31,	
		2013	2012
		(Unaudited)	(Unaudited)
Cash flow from operating activities			
Net (loss) income before Zakat and income tax and minority interest		(13,860)	26,763
<u>Adjustments for non-cash items</u>			
Depreciation		20,114	16,986
Provision for doubtful debts		8,739	10,433
Provision for slow moving items		2,465	5,030
Amortization of other intangible assets		3,686	3,563
Equity share of profit from associates		(22,322)	(18,093)
Fair value of derivative financial instruments		121	-
Employees' termination benefits, net		930	691
Financial charges		35,503	25,931
<u>Change in working capital</u>			
Accounts receivable		(71,595)	(280,333)
Prepayments and other debit balances		24,964	(13,580)
Due from related parties		1,345	557
Unbilled revenue		(63,897)	4,137
Inventories		183,216	16,262
Accounts payable and accruals		(103,417)	76,224
Advances from customers		73,021	43,390
Due to related parties		2,364	1,525
Zakat and income tax paid		1,269	(178)
Net cash generated from (utilized in) operating activities		<u>82,646</u>	<u>(80,692)</u>
Cash flow from investing activities			
Purchase of property, plant and equipment		(6,364)	(19,294)
Dividends received from an associate		9,320	36,973
Purchase of other intangible assets		(4,245)	(1,699)
Net cash (utilized in) generated from investing activities		<u>(1,289)</u>	<u>15,980</u>
Cash flow from financing activities			
Short term loans		30,062	199,656
Long term loans		(126,194)	(62,731)
Obligation under finance lease		(4,073)	(5,055)
Bank overdrafts		50,906	36,777
Financial charges		(35,503)	(25,931)
Net cash (utilized in) generated from financing activities		<u>(84,802)</u>	<u>142,716</u>
Net change in cash and cash equivalents		(3,445)	78,004
Cash and cash equivalents at beginning of the period		<u>132,379</u>	<u>93,492</u>
Cash and cash equivalents at end of the period		<u>128,934</u>	<u>171,496</u>
Supplementary information for non-cash transactions			
Net changes in fair value of investments and cash flow hedges		<u>68,050</u>	<u>41,979</u>

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

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

	Note	Three-month period ended	
		March 31,	
		2013	2012
		(Unaudited)	(Unaudited)
Shareholders' equity			
Share capital	6	<u>760,000</u>	<u>760,000</u>
Statutory reserve	7		
Beginning balance		63,432	63,432
Transferred from retained earnings		-	2,516
Ending balance		<u>63,432</u>	<u>65,948</u>
Cumulative changes in fair values	8		
Beginning balance		28,188	(34,208)
Fair value adjustments		<u>(68,050)</u>	<u>41,979</u>
Ending balance		<u>(39,862)</u>	<u>7,771</u>
Retained earnings			
Beginning balance		63,464	219,869
Net (loss) income for the year		<u>(15,409)</u>	<u>25,159</u>
Transferred to statutory reserve		-	(2,516)
Ending balance		<u>48,055</u>	<u>242,512</u>
Total shareholders' equity in the parent		<u>831,625</u>	<u>1,076,231</u>
Minority interest			
Beginning balance		13,283	12,308
Net movement during the year		11	7,919
Net (loss) income for the period attributable to minority interest		<u>(2,250)</u>	<u>8</u>
Ending balance		<u>11,044</u>	<u>20,235</u>
Total shareholders' equity		<u>842,669</u>	<u>1,096,466</u>

The accompanying 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
For the three-month period ended March 31, 2013 (unaudited)
(All amounts in thousands Saudi Riyals unless otherwise stated)

1 General information

- a) Saudi Cable Company is a Saudi joint stock company registered in Saudi Arabia under Commercial Registration No. 4030009931 dated 27 Rabi Thani 1396 H, corresponding to April 27, 1976.
- b) The objectives of the Group are the manufacture and supply of electrical and telecommunication cables, copper rod, PVC compounds, wooden reels and related products. The Group through its subsidiaries is also engaged in the manufacture, contracting, trading, distribution and supply of cables, electronic products, information technology products and related accessories.
- c) The Group's consolidated financial statements include the financial statements of the following subsidiaries as at March 31:

<u>Name of Subsidiary</u>	<u>Principal field of activities</u>	<u>Country of incorporation</u>	<u>% of capital held directly or indirectly</u>	
			<u>2013</u>	<u>2012</u>
<u>Domestic</u>				
Saudi Cable Company for Marketing Limited	Purchase and sale of electrical cables and related products	Saudi Arabia	100%	100%
Mass Projects for Power and Telecommunications Limited	Turnkey power and telecommunication projects	Saudi Arabia	100%	100%
Mass Centers for Distribution of Electrical Products Limited	Electrical and telecommunication distribution services	Saudi Arabia	100%	100%
<u>International</u>				
Mass Kablo Yatirim Ve Ticaret Anonim Sirketi (Previously Mass Holding Anonim Sirketi)	Holding Company	Turkey	100%	100%
Demirer Kablo Tesisleri Sanayi Ve Ticaret Anonim Sirketi	Manufacture, supply and trading of electrical cables	Turkey	100%	100%
Mass International Trading Company Limited (dormant)	International trade	Ireland	100%	100%
Saudi Cable Company (U.A.E) L.L.C.	Sale of cables and related products	United Arab Emirates	100%	100%
Elimsan Salt Cihazlari ve Elektromekanik San ve Tic. A.S.	Manufacture and distribution of electronic gears and goods	Turkey	79%	79%
Elimsan Elektroteknik San. ve Tic.A.S.	Manufacture and distribution of electronic gears and goods	Turkey	79%	79%
Elimsan Sinai Mam. Pazarlama Tic. A.S.	Manufacture and distribution of electronic gears and goods	Turkey	79%	79%
Elimsan Metalurji ve Makine San. ve Tic. A.S.	Manufacture and distribution of electronic gears and goods	Turkey	79%	79%
Elimsan Aydın. ve Alt. En. Tek. San. ve Tic. A.S.	Manufacture and distribution of electronic gears and goods	Turkey	79%	79%

SAUDI CABLE COMPANY
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Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2013 (unaudited)
(All amounts in thousands Saudi Riyals unless otherwise stated)

1 General information (continued)

d) The Group has the following investments in associates, which are accounted for on equity basis as at March 31:

<u>Name of entity</u>	<u>Principal field of activities</u>	<u>Country of incorporation</u>	<u>% of ownership</u>	
			<u>2013</u>	<u>2012</u>
Midal Cables W.L.L.	Conductors & related products	Bahrain	50%	50%
XECA International Information Technology	Implementation of information systems and network services	Saudi Arabia	25%	25%

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, 2012.

3 Interim financial results

The interim financial statements have been prepared in accordance with SOCPA's Standard of Review of Interim Financial Reporting, 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 accompanying interim financial statements include all adjustments, comprising mainly of normal recurring accruals, considered necessary by the management to present fair statements of financial position, results of operations and cash flows. The interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2012.

4 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 Saudi Riyals 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 Saudi Riyals 86,558 thousands, has been accounted for as goodwill in these interim consolidated financial statements.

5 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.

SAUDI CABLE COMPANY
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Notes to the interim consolidated financial statements
For the three-month period ended March 31, 2013 (unaudited)
(All amounts in thousands Saudi Riyals unless otherwise stated)

6 Share capital

The share capital consists of 76,000,000 shares of Saudi Riyals 10 each as at March 31, 2013 and 2012.

7 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to a statutory reserve until such reserve equals 50% of its share capital. During the period ended March 31, 2013 no amount was transferred to the reserve due to the losses (March 31, 2012: Saudi Riyals 2,516 thousands). This reserve currently is not available for distribution to the shareholders of the Company.

8 Cumulative changes in fair values

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

	2013	2012
At the beginning of the period	28,188	(34,208)
Net movement in unrealized (loss) gain on available-for-sale investments	(183)	184
Net movement in unrealized (loss) gain relating to cash flow hedges	<u>(67,867)</u>	<u>41,795</u>
At the end of the period	<u><u>(39,862)</u></u>	<u><u>7,771</u></u>

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

	2013	2012
Net unrealized gain on revaluation of investments	311	2,115
Net unrealized (loss) gain relating to cash flow hedges	<u>(40,173)</u>	<u>5,656</u>
	<u><u>(39,862)</u></u>	<u><u>7,771</u></u>

9 (Loss) income per share

(Loss) income per share for the three-month periods ended March 31, 2013 and 2012 have been computed by dividing the (loss) income from main operations and net (loss) income for such periods by the number of shares outstanding during the periods.

10 Commitments and contingencies

	2013	2012
Outstanding forward metal contracts	<u>821,910</u>	<u>390,387</u>
Contingent liabilities in respect of performance and bid bonds	<u>318,901</u>	<u>528,340</u>
Contingent liabilities in respect of outstanding letter of credit (LC)	<u>29,982</u>	<u>371,332</u>
Authorized and contracted for capital expenditure commitments	<u>1,711</u>	<u>11,169</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 Saudi Riyals 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.