SAUDI CABLE COMPANY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2013

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(SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2013

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AUDITORS' REPORT

To the Shareholders
Saudi Cable Company
Jeddah, Saudi Arabia

Scope of Audit

We have audited the accompanying consolidated balance sheet of SAUDI CABLE COMPANY, a Saudi Joint Stock Company, ("the Company") and its subsidiaries ("the Group") as of December 31, 2013, and the related consolidated statements of operations, changes in equity and cash flows for the year then ended, and notes 1 to 33 which form an integral part of these consolidated financial statements as prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Basis for qualifications

i) The Group incurred a net loss of SR 229.12 million for the year ended December 31, 2013 and, as of that date the Group's current liabilities exceeded its current assets by SR 420.94 million. The management has prepared forecasts that predict profitable results in 2015 financial year and onwards which is dependent on restructuring of loans and growing the business. The restructuring of loans has not yet finalized up to date of this audit report. The accompanying consolidated financial statements do not include any adjustments that may arise from the possible impairment of non-current assets.

ii) The Group recognized goodwill of SR 86.56 million when it acquired 79% the share capital of Elimsan Salt Cihazlari ve ("the Subsidiary") in 2009. Since acquisition, the Subsidiary has been incurring losses at the operating and net results level. The past performance of the Subsidiary indicates uncertainty regarding the realization of goodwill. The accompanying financial statements do not include any adjustments that may arise from the possible impairment of goodwill.

AUDITORS' REPORT (Continued)

To the Shareholders
Saudi Cable Company
Jeddah, Saudi Arabia

Qualified Opinion

In our opinion, except for the effect of the qualification paragraphs mentioned above, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2013, and the consolidated results of its operations and its consolidated cash flows for the year then ended in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia appropriate to the nature of the Group, and comply with the relevant provisions of the Regulations for Companies and the by-laws of the Company as these relate to the preparation and presentation of these financial statements.

Emphasis of matters

1) The accompanying consolidated financial statements have been prepared on a going concern basis. The Group incurred a net loss of SR 229.12 million for the year ended December 31, 2013 and, as of that date, the Group's current liabilities exceeded its current assets by SR 420.94 million, breached its loan covenants and is in the process of restructuring its bank loans. These conditions indicate the existence of an uncertainty that may cast doubt about the Group's ability to continue as a going concern. The management has disclosed the facts in note 29.

2) We draw attention to note 7 regarding unbilled revenue.

Deloitte & Touche
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February 17, 2014

SAUDI CABLE COMPANY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2013
(Expressed in thousand Saudi Riyals unless otherwise stated)

	Note	2013	2012
ASSETS			
Current assets			
Cash and cash equivalents	3	**122,029**	132,379
Accounts receivable	4	**747,629**	983,609
Prepayments and other receivables	5	**162,571**	249,821
Due from related parties	6	**84**	2,531
Unbilled revenue	7	**195,040**	213,904
Inventories	8	**520,470**	786,964
Total current assets		**1,747,823**	2,369,208
Non-current assets			
Investments	9	**440,224**	333,271
Property, plant and equipment	10	**825,537**	886,483
Investment properties	11	**32,295**	33,278
Deferred cost		**11,360**	-
Deferred tax asset	22	**957**	8,134
Other intangible assets	12	**67,297**	57,161
Goodwill	13	**86,558**	86,558
Total non-current assets		**1,464,228**	1,404,885
TOTAL ASSETS		**3,212,051**	3,774,093
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdraft	14	-	1,518
Short term loans	14	**1,085,008**	1,237,088
Accounts payable and other liabilities	15	**658,733**	559,577
Current portion of long term loans	17	**168,450**	199,886
Current obligation under finance lease	16	**9,573**	10,793
Zakat and income tax	22	**50,276**	42,287
Advances from customers		**141,684**	171,972
Due to related parties	6	**55,036**	33,524
Total current liabilities		**2,168,760**	2,256,645
Non-current liabilities			
Obligation under finance lease	16	**40,696**	8,854
Long term loans	17	**212,842**	447,625
Other long term liabilities	18	**52,945**	71,954
End-of-service indemnities	19	**58,658**	60,648
Total non-current liabilities		**365,141**	589,081

The accompanying notes form an integral part of these consolidated financial statements

SAUDI CABLE COMPANY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2013
(Expressed in thousand Saudi Riyals unless otherwise stated)

	Note	2013	2012
Equity			
Share capital	20	**760,000**	760,000
Statutory reserve	21	**63,432**	63,432
Cumulative changes in fair values	23	**23,087**	28,188
Foreign currency translation reserve	9	**(7,185)**	-
(Accumulated losses)/Retained earnings		**(165,653)**	63,464
Equity attributable to the shareholders of the parent		**673,681**	915,084
Non-controlling interest		**4,469**	13,283
Total Equity		**678,150**	928,367
TOTAL LIABILITIES AND EQUITY		**3,212,051**	3,774,093

The accompanying notes form an integral part of these consolidated financial statements

SAUDI CABLE COMPANY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2013
(Expressed in thousand Saudi Riyals unless otherwise stated)

	Note	2013	2012
Sales		**2,043,261**	2,458,180
Contract revenue		**404,598**	229,670
Total revenue		**2,447,859**	2,687,850
Cost of sales	6	**(1,987,647)**	(2,402,335)
Contract cost		**(389,833)**	(199,636)
		(2,377,480)	(2,601,971)
Gross profit		**70,379**	85,879
Selling and distribution expenses	24	**(67,048)**	(66,434)
General and administrative expenses	25	**(114,438)**	(87,440)
Allowance for doubtful debts	4	**(71,439)**	(40,157)
Amortization of other intangible assets	12	**(13,781)**	(11,959)
Loss from main operations		**(196,327)**	(120,111)
Fair value of derivative financial instruments	18	**15,660**	(32,496)
Foreign currency measurement loss		**(6,243)**	(606)
Financial charges		**(153,225)**	(109,921)
Share of profit from associates	9	**131,858**	104,610
Other loss, net		**(738)**	(1,036)
Loss before zakat and income tax and non-controlling interest		**(209,015)**	(159,560)
Zakat and income tax	22	**(29,339)**	(4,311)
Net loss before non-controlling interest		**(238,354)**	(163,871)
Non-controlling interest		**9,237**	7,466
Net loss for the year		**(229,117)**	(156,405)
Loss per share from net loss (SR)	26	**(3.01)**	(2.06)
Loss per share from main operations (SR)	26	**(2.58)**	(1.58)
Loss per share from other operations (SR)	26	**(0.17)**	(0.52)

The accompanying notes form an integral part of these consolidated financial statements

SAUDI CABLE COMPANY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2013

(Expressed in thousand Saudi Riyals unless otherwise stated)

	Note	2013	2012
Share capital	20	**760,000**	760,000
Statutory reserve	21	**63,432**	63,432
Cumulative changes in fair values			
January 1		**28,188**	(34,208)
Fair value adjustments		**(5,101)**	62,396
December 31	23	**23,087**	28,188
Foreign currency translation reserve			
January 1		**-**	-
Exchange difference on translation of foreign operations	9	**(7,185)**	-
December 31		**(7,185)**	-
(Accumulated losses)/retained earnings			
January 1		**63,464**	219,869
Net loss for the year		**(229,117)**	(156,405)
December 31		**(165,653)**	63,464
Total equity attributable to the shareholders of the parent		**673,681**	915,084
Non-controlling interest			
January 1		**13,283**	12,308
Net movement during the year		**423**	8,441
Net loss for the year attributable to non-controlling interest		**(9,237)**	(7,466)
December 31		**4,469**	13,283
Total equity		**678,150**	928,367

The accompanying notes form an integral part of these consolidated financial statements

SAUDI CABLE COMPANY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013
(Expressed in thousand Saudi Riyals unless otherwise stated)

	2013	2012
OPERATING ACTIVITIES		
Net loss before zakat and income tax and non-controlling interest	(209,015)	(159,560)
Adjustments for:		
Depreciation for property, plant and equipment	79,598	73,080
Depreciation for investment properties	983	1,024
Allowance for doubtful debts	71,439	40,157
Allowance for slow moving inventories	12,331	15,364
Amortization of other intangible assets	13,781	11,959
(Gain) / loss on sale of property, plant and equipment	(19)	2,063
Allowance against investments	2,316	-
Share of profit from associates	(131,858)	(104,610)
Employees' termination benefits, net	(1,990)	4,566
Finance charges	153,225	109,921
Fair value of derivative financial instruments	(15,660)	32,496
Changes in operating assets and liabilities:		
Accounts receivable	164,541	111,768
Prepayments and other receivables	87,251	17,128
Due from related parties	2,447	457
Unbilled revenue	18,864	71,188
Inventories	254,163	191,690
Accounts payable and other liabilities	74,579	19,430
Advances from customers	(30,288)	39,702
Due to related parties	21,512	32,514
Cash from operations	568,200	510,337
Zakat and income tax paid	(14,173)	(2,189)
Finance charges paid	(129,118)	(109,921)
Net cash from operating activities	424,909	398,227
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(37,898)	(130,353)
Addition in deferred cost	(11,360)	-
Dividends received from an associate	11,195	116,553
Proceeds from disposal of property, plant and equipment	19,265	8,310
Additions to other intangible assets	(23,917)	(23,842)
Net cash used in investing activities	(42,715)	(29,332)
FINANCING ACTIVITIES		
Bank overdraft	(1,518)	1,225
Short term loans	(152,080)	(561,722)
Long term loans	(266,219)	244,559
Obligation under finance lease	30,622	(14,070)
Other long term liabilities	(3,349)	-
Net cash used in financing activities	(392,544)	(330,008)
Net change in cash and cash equivalents	(10,350)	38,887
Cash and cash equivalents, January 1	132,379	93,492
CASH AND CASH EQUIVALENTS, DECEMBER 31	122,029	132,379

The accompanying notes form an integral part of these consolidated financial statements

(Expressed in thousand Saudi Riyals unless otherwise stated)

1. ORGANIZATION AND ACTIVITIES

Saudi Cable Company is a Saudi joint stock company registered in Saudi Arabia under Commercial Registration No. 4030009931 dated 27 Rabi Thani 1396 H (April 27, 1976).

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.

The accompanying consolidated financial statements include the financial statements of the following subsidiaries (collectively referred to as "the Group"):

Name of entity	Principal activities	Country of incorporation	% of ownership 2013	2012
Domestic				
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%
International				
Mass Kablo Yatirim Ve Ticaret Anonim Anonim Sirketi)	Sirketi (Previously Mass 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 ye Elektromekanik San ve 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%

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

Name of entity	Principal field of activities	Country of incorporation	% of ownership 2013	2012
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

Basis of preparation
The accompanying consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia. The following is a summary of significant accounting policies applied by the Group.

Consolidated financial statements

The consolidated financial statements include the accounts of the Company and its subsidiaries (thereafter referred to as "the Group"). Except for the revaluation of certain financial instruments, the consolidated financial statements have been prepared under the historical cost basis and have been consolidated on line by line basis adding together items of assets, liabilities, equity, income and expenses. All significant inter-company balances and transactions among the Company and its subsidiaries are eliminated in the consolidation.

Sales

Sales are recognized upon delivery of goods and are stated net of discounts.

Contract revenue

Revenue on long-term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. The percentage of completion is then applied to the total contract value to determine the revenue earned to date. When the current estimate of total contract costs and revenues indicate a loss, provision is made for the entire loss on the contract irrespective of the amount of work done. Revenue recognized in excess of amounts billed to customers are classified under current assets as unbilled revenue. Amounts billed to customers in excess of revenue recognized are classified under current liabilities as billings in excess of revenue.

Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of sales or contract cost as required under accounting principles generally accepted in the Kingdom of Saudi Arabia.

Allocations between general and administrative expenses, cost of sales and contract cost, when required, are made on a consistent basis.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of finished goods includes cost of materials, labor and an appropriate proportion of direct overheads. Inventories are valued on a weighted average cost basis. An allowance is made wherever necessary for obsolete, slowing-moving and defective stock.

Net realizable value represents the estimated selling price for the inventories less costs necessary to make the sale.

Investments available-for-sale

Investments in financial instruments are classified according to the Group's intent with respect to those securities. Financial instruments available-for-sale ("AFS") are stated at fair value, and unrealized gains and losses thereon are included in consolidated statement of shareholders' equity. Where the fair value is not readily determinable, such financial instruments are stated at cost. The carrying amount of investment in financial instruments is reduced to recognize other than temporary diminution in value.

Income from the investments in financial instruments is recognized when dividends are declared.

Investment in subsidiaries

Investments in subsidiaries, which are more than 50% owned and in which the Company exercises control, are consolidated based on the financial statements of the respective subsidiaries.

Intercompany transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of all investments and financial instruments is reduced to recognize other than temporary diminution in value.

Investment in associates

Investments in companies which are at least 20% owned and in which the Group exercises significant influence are recorded using the equity method, under which the investment is stated initially at cost and adjusted thereafter for the post acquisition change in the Group's share of the net assets of the investee. These are referred to as associates. The Company's share in the associates' net income for the year is included in the consolidated statement of operations. The Company's share of the amount recognised directly in the investees' equity is included in the consolidated statement of equity. Dividends are recorded when the right to receive the dividend is established.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are as follows:

	Number of years
Buildings	15 - 50
Plant and machineries	4 - 20
Furniture and fixtures	4 - 10

Capital work-in-progress

Capital work-in-progress represents all costs relating directly and indirectly to the projects in progress and is capitalized as property and equipment when the project is completed.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Land is recorded at cost. Investment properties, excluding lands, are stated at cost, including transaction cost less accumulated depreciation and reviewed every balance sheet date for any decline in the value of the investment.

Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is including in the consolidated statement of operations in the period in which the property is derecognized.

Deferred cost

Deferred cost represents key money paid for acquiring a land and is amortized over five years.

Goodwill

Goodwill represents the excess of the investment over the Group's share in the fair value of the identifiable net assets of the investee company at the date of acquisition and is stated at cost less any impairment, if any. Goodwill is not amortized but is reviewed for impairment at least annually.

Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to each of the cash generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment amount is allocated first to reduce the carrying amount of the any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Research and development costs

Research costs are charged to the consolidated statement of operations in the period in which they are incurred.

Development costs are charged to the consolidated statement of operations in the period in which they are incurred, except where a clearly-defined project is undertaken and it is reasonably anticipated that development costs will be recovered through future commercial activity. Such development costs, if any deferred and amortized on a straight line basis over the life of the project from the date of commencement of commercial operations.

Provisions for obligations

A provision is recognized in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for restructuring costs are recognized when the Group has a detailed formal plan for the restructuring which has been notified to affected parties.

Segmental reporting

An operating segment is a component of the Group that is engaged in business activities from which it earns revenues and incurs expenses and about which discrete financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. For management purposes, the Group is organized into business units based on their products and services and has following three reportable operating segments under manufacturing/ sale of products and turnkey power and telecommunication products:

- Kingdom of Saudi Arabia
- Other Gulf Cooperation Council Countries
- Turkey

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the accompanying consolidated financial statements.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the acquisition. Losses applicable to the non-controlling interest in excess of its share in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Impairment of non-current assets, excluding goodwill

At each balance sheet date, the Group assesses whether there are any indications, whether internal or external, of impairment in the value of non-current assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount of an asset is the higher of its value in use and fair value less cost to sell.

Intangible asset with indefinite useful life are tested for impairment annually or whenever there is an indication that asset may be impaired.

A non-current asset is considered impaired if its carrying amount is higher than its recoverable amount. To determine impairment, the Group compares the non-current asset's carrying amount with the non-discounted estimated cash flow from the asset's use. If the carrying amount exceeds the non-discounted cash flow from the asset, the Group estimates the present value of the estimated future cash flows from the asset. The excess of the carrying amount over the present value of the estimated future cash flows from the assets is considered an impairment loss.

An impairment loss is recognized immediately in the consolidated statement of operations. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of operations. Impairment loss relating to intangible assets with indefinite lives is not reversed in a subsequent period. A reversal of an impairment loss to intangible assets with identified useful life is recognized immediately in the consolidated statement of operations.

Financial assets and liabilities

Financial assets comprise of cash and cash equivalents, accounts receivables, other receivables and due from related parties. These financial assets are initially measured as fair value and thereafter at their cost value as reduced by appropriate allowance for estimated irrecoverable amounts.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include bank overdraft, short term and long term loans, accounts payable, finance lease obligations, other liabilities and due to related parties and are stated at their fair value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Certain categories of financial assets, such as accounts receivable, that are assessed not to be impaired individually are subsequently assessed for impairment on an individual basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit year as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced through an allowance account. When a financial asset is not considered recoverable, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to the consolidated statement of operations. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations.

Zakat and income tax

The Company is subject to the regulations of the Directorate of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis. The Zakat charge is computed on the Zakat base. Any differences in the estimate is recorded when the final assessment is approved at which time the accrual is cleared.

Foreign subsidiaries are subject to income taxes in their respective countries of domicile. Such income taxes are charged to consolidated statement of operations.

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian Labor Law, are provided in the consolidated financial statements based on the employees' length of service.

Derivative financial instruments

i) The Group uses derivative financial instruments such as metal futures that are cash settled to hedge the exposure against metal price changes risk on sale of goods.

Derivative financial instruments are initially recognized at fair value and subsequently re-measured at fair value. Derivatives are recognized as a financial asset if it has a positive fair value and as a financial liability if has a negative fair value.

The gain or loss on re-measurement to fair value is recognized immediately in the consolidated statement of operations. However, where derivatives qualify for hedge accounting, recognition of any resulting gain or loss depends on the nature of the item being hedged.

The derivative instruments used by the Group are designated as cash flow hedges of the risks being hedged. The use of financial derivatives is governed by the Group's policies which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of forecast transactions are recognized directly in consolidated statement of shareholders' equity. If the cash flow hedge results in the recognition of an asset or a liability, then at the time the asset or liability is recognized, the associated gains or losses on the derivative that had been recognized in consolidated statement of shareholders' equity are included in the initial measurement of the asset or liability.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the consolidated statement of operations as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to the consolidated statement of operations for the year.

ii) The Group uses interest rate swaps to manage its exposure to interest rate fluctuations on its bank borrowings.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gains or losses are recognized in the consolidated statement of operations immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated statement of operations depends on the nature of the hedge relationship.

Interest rate swaps, if material, are presented as a non-current asset in case of favorable contracts or a non-current liability in case of unfavorable contracts if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of operations.

(Expressed in thousand Saudi Riyals unless otherwise stated)

On consolidation, the assets and liabilities of the Group's overseas subsidiaries are translated at exchange rates prevailing on the consolidated balance sheet date. Income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation difference are recognised in the consolidated statement of operations in the period in which the overseas subsidiary is disposed.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under capital leases are recognized as assets of the Company at the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease.

Finance costs, which represent the difference between the total leasing commitments and the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease, are charged to the consolidated statement of operations over the term of the relevant lease in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting year.

Rentals payable under operating leases are charged to consolidated statement of operations on a straight line basis over the term of the operating lease.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, demand deposits and highly liquid investments with original maturities of three months or less and comprise of the following:

	2013	2012
Cash and bank balances	**122,029**	132,379

4. ACCOUNTS RECEIVABLE

	2013	2012
Accounts receivable*	**950,499**	1,115,040
Less: Allowance for doubtful debts	**(202,870)**	(131,431)
	747,629	983,609

The movement in allowance for doubtful debts is as follows:

	2013	2012
January 1	**131,431**	91,602
Provision for the year	**71,439**	40,157
Utilized during the year	**-**	(328)
December 31	**202,870**	131,431

* This includes retention receivable of SR 60.67 million (2012: SR 97.87 million).

(Expressed in thousand Saudi Riyals unless otherwise stated)

5. PREPAYMENTS AND OTHER RECEIVABLES

	2013	2012
Prepaid expenses	**16,059**	41,338
Advances to suppliers	**35,730**	44,708
Other deposits (5.1)	**39,057**	72,808
Other receivable (5.2)	**71,725**	90,967
	162,571	249,821

5.1 Other deposits include an amount of SR 13.5 million paid to the Custom Authorities on account of custom duty levied on the Company for certain imports of copper rods, the main raw material for cable production and it is considered duty exempt for all cable producers. Based on the exemption available in the Customs Act, the Company is pursuing this matter with the relevant authorities for the refund of such deposit, the Company is confident of the full recovery of the amount.

5.2 During 2012 and in the current year, the Company entered into various commodity future contracts to hedge against metal price changes risk on sale of goods. As of December 31, 2013, the Company had various open metal future contracts. The valuation of these contracts showed gains of SR 19.77 million (2012: SR 19.33 million).

6. RELATED PARTY TRANSACTIONS

The Company has transacted during the year with the following related parties:

Name	Relationship
Midal Cables W.L.L	Associate
Xenel Industries Limited	Affiliate
Xeca International Information Technology	Affiliate
Hidada Limited	Affiliate
Alujain Corporation	Affiliate
Chem Global Limited	Affiliate

The significant transactions and the related amounts are as follows:

	2013	2012
Purchases	**61,755**	21,941
Dividend income	**11,195**	116,553
Loan received and other advances	**8,003**	25,003
Outsourcing services paid	**7,501**	1,318
Advances	-	6,788
Expenses charged by the Group	**16**	230
Directors' remuneration	**640**	1,661

Due from related parties as of December 31 is comprised of the following:

	2013	2012
Alujain Corporation	**84**	1,396
Hidada Limited	-	1,132
Xeca International Information Technology	-	3
	84	2,531

(Expressed in thousand Saudi Riyals unless otherwise stated)

Due to related parties as of December 31 is comprised of the following:

	2013	2012
Xenel Industries Limited	**33,353**	25,350
Midal Cables W.L.L	**20,175**	7,510
Chem Global Limited	**664**	664
Xeca International Information Technology	**550**	-
Hidada Limited	**294**	-
	55,036	33,524

7. UNBILLED REVENUE

Unbilled revenue represents revenue earned but not yet billed up to the year end. These amounts will be billed in the subsequent periods. It also includes an amount of SR 76 million which is outstanding for more than three years. The management believes that this amount will be invoiced and collected during 2014.

	2013	2012
Value of work completed	**1,958,874**	2,075,630
Less: Progress billings received and receivable	**(1,762,345)**	(1,857,250)
Allowance for unbilled revenue	**(1,489)**	(4,476)
	195,040	213,904

The movement in allowance for unbilled revenue is as follows:

	2013	2012
January 1	**4,476**	4,476
Utilized during the year	**(2,987)**	-
December 31	**1,489**	4,476

8. INVENTORIES

	2013	2012
Finished goods	**247,215**	393,330
Work in process	**107,479**	168,095
Raw materials	**187,609**	250,790
Spare parts and wooden reels	**25,994**	24,671
Goods in transit	**10,506**	3,788
	578,803	840,674
Less: Allowance for slow moving inventories	**(58,333)**	(53,710)
	520,470	786,964

(Expressed in thousand Saudi Riyals unless otherwise stated)

The movement in provision for slow moving inventory is as follows:

	2013	2012
January 1	**53,710**	58,241
Allowance during the year	**12,331**	15,364
Utilized during the year	**(7,708)**	(19,895)
December 31	**58,333**	53,710

9. INVESTMENTS

	2013	2012
Investments in associates (note a)	**437,902**	329,042
Available-for-sale investments - quoted (note b)	**1,733**	1,700
Available-for-sale investments - unquoted (note c)	**589**	2,529
	440,224	333,271

Movement in investments is as follows:

a) Associates:

	2013	2012
January 1	**329,042**	309,468
Share of profit from associates	**131,858**	104,610
Share of net movement of unrealized (loss)/gain relating to cash flow hedges	**(4,618)**	31,517
Share of exchange differences on translation of foreign operations	**(7,185)**	-
Dividends	**(11,195)**	(116,553)
December 31	**437,902**	329,042

b) Available -for-sale investments - quoted:

	2013	2012
January 1	**1,700**	3,137
Provision during the year	**(376)**	-
Net movement in unrealized gain/(loss) during the year	**409**	(1,437)
December 31	**1,733**	1,700

Available-for-sale investments in quoted comprise quoted equity securities denominated in United States Dollars. As at December 31, 2013, available-for-sale Investments amounting to Saudi Riyals 1.7 million (2012: Saudi Riyals 1.3 million) are pledged against short term facilities.

c) Available-for-sale investments - unquoted:

	2013	2012
January 1	**2,529**	2,529
Provision during the year	**(1,940)**	-
December 31	**589**	2,529

(Expressed in thousand Saudi Riyals unless otherwise stated)

Available-for-sale investments for unquoted comprise unquoted equity securities carried at cost due to the unpredictable nature of future cash flows and lack of suitable alternate methods for determining a reliable fair value.

10. PROPERTY, PLANT AND EQUIPMENT

	January 1	Additions	Disposals	Transfers	Reclassification	December 31
Cost:						
Lands	180,154	-	-	-	-	180,154
Buildings	411,508	65	(79)	26,600	-	438,094
Plant and machineries	1,302,934	20,886	(889)	22,852	-	1,345,783
Furniture and fixtures	94,706	923	(84)	325	49,243	145,113
Capital work-in-progress (*)	122,879	34,320	(19,125)	(68,073)	(49,243)	20,758
Total Cost	2,112,181	56,194	(20,177)	(18,296)	-	2,129,902
Depreciation:						
Buildings	218,008	12,422	-	-	-	230,430
Plant and machineries	924,214	52,880	(802)	-	-	976,292
Furniture and fixtures	83,476	14,296	(129)	-	-	97,643
Total Depreciation	1,225,698	79,598	(931)	-	-	1,304,365
Net Book Value at January 1	886,483					
Net Book Value at December 31						825,537

(*) Capital work-in-progress represents buildings, plant & machineries, development cost, furniture and fixtures under construction.

11. INVESTMENT PROPERTIES

	January 1	Additions	December 31
Cost:			
Lands	611	-	611
Buildings	47,123	-	47,123
Total Cost	47,734	-	47,734
Depreciation:			
Buildings	14,456	983	15,439
Total Depreciation	14,456	983	15,439
Net Book Value at January 1	33,278		
Net Book Value at December 31			32,295

(Expressed in thousand Saudi Riyals unless otherwise stated)

12. OTHER INTANGIBLE ASSETS

	January 1	Additions	December 31
Cost:			
Capitalized development cost	77,793	23,550	101,343
Rights	16,268	210	16,478
Other	12,976	157	13,133
Total Cost	107,037	23,917	130,954
Amortization:			
Capitalized development cost	25,562	12,265	37,827
Rights	12,418	878	13,296
Other	11,896	638	12,534
Total Amortization	49,876	13,781	63,657
Net Book Value at January 1	57,161		
Net Book Value at December 31			67,297

13. GOODWILL

On July 31, 2009, the Group acquired 79% of the issued share capital of Elimsan Salt Cihazlari ve Elektrornekanik San ve Tic. AS (group of companies) for consideration of Saudi Riyals 128,336 thousand.

The Group recognized the following fair value adjustments:

Share in acquired net assets before acquisition	(17,748)
Fair value adjustments to:	
Property, plant and equipment	60,210
Inventories	3,917
Deferred tax liabilities	(4,601)
	59,526
Fair value of net assets acquired	41,778
Goodwill	86,558
Total consideration fulfilled by cash	128,336

The acquisition has been accounted for using the purchase method of accounting. The purchase consideration in excess of the fair value of the net assets acquired, amounted to Saudi Riyals 86,558 thousand, and has been accounted for as goodwill in these consolidated financial statements.

(Expressed in thousand Saudi Riyals unless otherwise stated)

14. BANK OVERDRAFT AND SHORT TERM LOANS

Bank overdraft and short term loans obtained from various local and foreign banks are secured by assignment of receivables and are repayable within one year. These loans carry commission charges at various rates at normal commercial terms.

The Company's foreign subsidiaries have obtained short term loans from various foreign banks which are secured by the Company's guarantee. These loans carry commission charges at various rates on normal commercial terms. All short term loans are repayable within one year and are shown as current liability.

The Group has breached covenants related to the bank borrowings and is in process of restructuring its borrowings with the banks as mentioned in note 29.

15. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2013	2012
Trade payables*	**465,137**	441,317
Accrued expenses and other liabilities	**193,596**	118,260
	658,733	559,577

* This includes retention payable of SR 30.03 million (2012: SR 30.88 million).

16. OBLIGATION UNDER FINANCE LEASE

	2013	2012
Obligation under finance lease	**50,269**	19,647
Within one year	**9,573**	10,793
Within two to five years	**40,696**	8,854

Finance leases relate to manufacturing equipment leases with a term of 5 years or less. The Group has options to purchase the equipment for a nominal amount at the end of the lease agreement. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

17. LONG TERM LOANS

	2013	2012
Other commercial loans	**237,884**	505,193
Loan from SIDF	**143,408**	142,318
Long term loans	**381,292**	647,511
Less : Current portion of long term loans	**(168,450)**	(199,886)
Non-current portion of long term loans	**212,842**	447,625

(Expressed in thousand Saudi Riyals unless otherwise stated)

All commercial loans are at prevailing commercial terms. The loans are repayable in approximately equal semi-annual installments spread over various periods up to the year 2015 commencing April 15, 2011. These are secured by promissory notes. The SIDF loan is secured by a mortgage over property, plant and equipment of the Company and is repayable in semi-annual installments up to the year 2015 commencing from March 15, 2010.

The non-current portion of loan is allocated as follows:

	2013	2012
2014	-	261,300
2015	**77,382**	82,957
2016	**56,250**	41,450
2017	**43,250**	43,250
2018	**35,960**	18,668
	212,842	447,625

The Group has breached covenants related to the bank borrowings and is in process of restructuring its borrowings with the banks as mentioned in note 29.

18. OTHER LONG TERM LIABILITIES

	2013	2012
Previous shareholders of Elimsan Salt (18.1)	**36,109**	39,458
Derivative financial instrument	**16,836**	32,496
December 31	**52,945**	71,954

18.1 This amount represents payables to previous shareholders of Elimsan Salt due to the acquisition of the entity.

18.2 The Group entered into an interest rate swap (the "Swap Contract"), with a commercial bank to hedge future adverse fluctuation in interest rates on its long term borrowings. The Group designated the Swap Contracts, at its outset, as a cash flow hedge.

The notional amount of the Swap Contracts at December 31, 2013 is US Dollars 130 million (2012: US Dollars 130 million). The Swap Contract is intended to effectively convert the interest rate cash flow on the long term loans from a floating rate based on LIBOR to a fixed rate, during the entire tenor of the loan agreements.

At December 31, 2013, the Swap Contracts has a negative fair value of SR 16.84 million (2012: SR 32.50 million), based on the valuation determined by a model and confirmed by the banker. Such negative fair value is included in non-current liabilities in the consolidated balance sheet and changes in fair value of derivative is recognized in the consolidated statement of operations, being ineffective interest rate swap.

(Expressed in thousand Saudi Riyals unless otherwise stated)

19. END-OF-SERVICE INDEMNITIES

	2013	2012
January 1	**60,648**	56,082
Provision for the year	**6,762**	9,006
Paid during the year	**(8,752)**	(4,440)
December 31	**58,658**	60,648

20. SHARE CAPITAL

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

21. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the by-laws of the Company, after recovering the accumulated losses, the Company establishes a statutory reserve by appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

22. ZAKAT AND INCOME TAX

The principal elements of the zakat base are as follows:

	2013	2012
Non-current assets	**1,026,669**	1,257,661
Non-current liabilities	**219,078**	374,857
Opening shareholders' equity	**1,002,945**	1,060,613
Net loss before zakat and income tax and non-controlling interest	**157,912**	113,368

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

Zakat computation for the years ended December 31, 2013 and 2012 was based on the financial statements of the parent Company and its subsidiaries.

Foreign subsidiaries are subject to income tax in accordance with the tax laws of the countries of their incorporation. Provisions for income tax of foreign subsidiaries are charged to the consolidated statement of operations.

(Expressed in thousand Saudi Riyals unless otherwise stated)

The movement in zakat and income tax provision is as follows:

	2013	2012
January 1	**42,287**	40,165
Provision during the year	**22,162**	4,311
Payment during the year	**(14,173)**	(2,189)
December 31	**50,276**	42,287

The movement in deferred tax asset is as follows:

	2013	2012
January 1	**8,134**	8,134
Movement during the year	**(7,177)**	-
December 31	**957**	8,134

At December 31, 2013, deferred tax asset amounting to SR 0.96 million (2012: SR 8.13 million) relates to a foreign subsidiary of the Group and the management believes that it is recoverable.

Status of assessments:

Saudi Cable Company

The Department of Zakat and Income Tax (DZIT) has assessed additional Zakat liability amounting to Saudi Riyals 88 million on the company for the years 1993 to 2009. The Company booked a provision of Saudi Riyals 49 million against the additional liabilities assessed by the DZIT, and objected against part of the additional liabilities, which is still under an appeal with the DZIT and Board of grievances (BOG).

The Company filed its Zakat returns for the years 2010 to 2012 and has obtained the restricted Zakat certificates.

Mass Centers for Distribution of Electrical Products Limited

The DZIT issued the Zakat assessments for the years from 1998 to 2007, which showed Zakat liability of Saudi Riyals 1 million. The Company filed an appeal with the Higher Appeal Committee (HAC) against the said assessments and is confident of favorable outcome.

The Company filed its Zakat returns for the years ended December 31, 2008 to 2010. The DZIT did not issue the final Zakat assessments for the said years till to date. The Company is essentially dormant and the company did not file the Zakat returns for the year 2012 till to date.

Mass Projects for Power & Telecommunications Limited

The Company filed its Zakat returns for the years from 1999 to 2012, The DZIT issue its final Zakat Assessments for the years 1999 to 2004 and claimed additional Zakat differences of Saudi Riyals 3 million. The Company filed an objection against the DZIT assessment, which is still under review by DZIT. Final assessments for the years 2005 to 2012 were not issued by the DZIT till to date.

(Expressed in thousand Saudi Riyals unless otherwise stated)

Saudi Cable Company for Marketing Limited

The DZIT issued the final assessment for the years 1996 to 2004, and claimed Zakat differences of Saudi Riyals 17 million. The Company filed its objection against the said Zakat differences and is confident of favorable outcome. The Company filed its Zakat returns for the years 2005 to 2007. The DZIT did not issue the final Zakat assessment for the said years till to date. The Company is essentially dormant and the company has not yet filed its Zakat returns for the years ended December 31, 2008 to 2012 till to date.

23. CUMULATIVE CHANGES IN FAIR VALUES

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

	2013	2012
January 1	**28,188**	(34,208)
Net movement in unrealized gains/(losses) on available-for-sale investments	**409**	(1,437)
Net movement in unrealized (losses)/gains relating to cash flow hedges	**(5,510)**	63,833
December 31	**23,087**	28,188

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

	2013	2012
Net unrealized gains on revaluation of available-for-sale investments	**902**	494
Net unrealized gains relating to cash flow hedges	**22,185**	27,694
December 31	**23,087**	28,188

24. SELLING AND DISTRIBUTION EXPENSES

	2013	2012
Salaries and related benefits	**39,480**	38,375
Travel and transportation	**5,322**	7,327
Repair and maintenance	**2,063**	3,486
Professional charges	**2,631**	3,055
Commissions	**6,547**	2,742
Export, loading and unloading	**2,947**	2,445
Depreciation	**2,964**	2,394
Rent	**1,594**	1,731
Utilities	**861**	1,043
Printing and stationary	**312**	607
Other	**2,327**	3,229
	67,048	66,434

(Expressed in thousand Saudi Riyals unless otherwise stated)

25. GENERAL AND ADMINISTRATIVE EXPENSES

	2013	2012
Salaries and related benefits	**45,895**	34,185
Professional charges	**12,394**	9,599
Cable testing expenses	**6,937**	-
Depreciation	**12,477**	8,848
Bank charges	**5,648**	7,883
Repair and maintenance	**5,539**	5,368
Traveling and transportation expenses	**3,990**	4,903
Rent and insurance	**3,082**	3,350
Utilities	**2,901**	3,157
Communications, public relations and social responsibility	**7,020**	2,871
Training and seminars	**3,076**	1,948
Advertisements	**1,305**	1,939
Printing and stationary	**501**	585
Others	**3,673**	2,804
	114,438	87,440

26. LOSS PER SHARE

Loss per share for the years ended December 31, 2013 and 2012 have been computed by dividing the net loss, loss from main operations and loss from other operations for such years by the weighted average number of shares outstanding at the end of the year.

27. COMMITMENTS AND CONTINGENT LIABILITIES

	2013	2012
Outstanding forward metal contracts	**746,242**	920,027
Contingent liabilities in respect of performance and bid bonds	**330,187**	583,711
Authorized and contracted for capital expenditure commitments	**4,143**	22,699
Contingent liabilities in respect of outstanding letters of credit	**2,068**	-
Corporate guarantees issued	**69,824**	-

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 in previous years, a claim amounting to SR 8.4 million was lodged against a subsidiary company by a contractor. During the year ended December 31, 2013, the court decided the claim in favour of the contractor, amounting to SR 6.8 million, which the subsidiary company recorded as a liability.

(Expressed in thousand Saudi Riyals unless otherwise stated)

28. SEGMENTAL INFORMATION

Segment information pertains to the Group's activities and operations as basis for preparing its own financial information.

The Group currently operates in manufacturing/selling its products and turnkey power and telecommunication projects.

Revenues and costs for the years ended December 31:

Revenues	**Sale of goods**		**Contract revenue**	
	2013	2012	**2013**	2012
Kingdom of Saudi Arabia	**1,445,499**	1,762,278	**366,972**	178,734
Other Gulf Cooperation Council Countries	**57,389**	70,173	**-**	-
Turkey	**540,373**	625,729	**37,626**	50,936
	2,043,261	2,458,180	**404,598**	229,670

Costs	**Cost of sales**		**Contract cost**	
	2013	2012	**2013**	2012
Kingdom of Saudi Arabia	**1,405,288**	1,720,060	**378,682**	173,255
Other Gulf Cooperation Council Countries	**53,163**	65,351	**-**	-
Turkey	**529,196**	616,924	**11,151**	26,381
	1,987,647	2,402,335	**389,833**	199,636

The Group's operations are conducted in Saudi Arabia, other Gulf Cooperation Council Countries (GCC) and Turkey. Selected financial information for the year ended December 31, and financial position as of December 31, 2013 & 2012, summarized by geographic area, is as follows:

2013	**Saudi Arabia**	**Other GCC countries**	**Turkey**	**Total**
Accounts receivable	**650,137**	**16,238**	**81,254**	**747,629**
Property, plant and equipment	**440,089**	**315**	**385,133**	**825,537**
Short term loans	**836,022**	**-**	**248,986**	**1,085,008**
Long term loans	**321,752**	**-**	**59,540**	**381,292**
Net loss	**(174,459)**	**(306)**	**(54,352)**	**(229,117)**

2012	Saudi Arabia	Other GCC countries	Turkey	Total
Accounts receivable	863,440	17,235	102,934	983,609
Property, plant and equipment	483,873	494	402,116	886,483
Short term loans	986,704	-	250,384	1,237,088
Long term loans	490,952	-	156,559	647,511
Net (loss)/income	(124,305)	67	(32,167)	(156,405)

(Expressed in thousand Saudi Riyals unless otherwise stated)

29. FINANCIAL RESTRUCTURING

The Group has engaged internationally renowned institutions of financial advisors, to restructure the financial requirements for the group. A comprehensive plan which proposes a long term feasible financial structure for the group with additional working capital financing, including a capital increase, which will help stabilize, and strengthen the on-going operations, has been presented to its lenders. The Group has worked extensively with its lenders and advisors, and soon expects to finalize the restructuring plan.

30. NON-CASH TRANSACTIONS

Non-cash transactions comprised the following:

	2013	2012
Cumulative changes in fair values	**(5,101)**	62,396
Exchange difference on translation of foreign operations	**(7,185)**	-
Movement in minority interest, net	**(8,814)**	(975)

31. OPERATING LEASE ARRANGEMENTS

	2013	2012
Payments under operating leases recognized as an expense during the year	**2,868**	**2,549**

Operating lease payments represent rentals paid by the Company for warehouses, offices, staff housing and equipment and expire within one year.

32. FAIR VALUES

Except for the investments in associates and available-for-sale – unquoted, the fair values of the Company's financial assets and liabilities approximate their carrying amounts.

33. COMPARATIVE FIGURES

Certain figures for 2012 have been reclassified to conform with the presentation of 2013.