

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2012
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
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FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2012

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INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

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

Scope of review

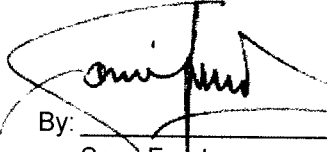
We have reviewed the accompanying interim consolidated balance sheet of **Saudi Cable Company** (a Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2012 and the related interim consolidated statements of income, cash flows and changes 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.

We conducted our limited review in accordance with the standard of review of interim financial reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial accounting matters. The scope of the limited review is substantially less than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

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

PricewaterhouseCoopers

By: 
Sami Farah
License Number 168



April 21, 2012

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

		<u>As at March 31,</u>	
	Note	2012	2011
Assets		(Unaudited)	(Unaudited)
Current assets			
Cash and cash equivalents		171,496	109,788
Accounts receivable		1,405,434	825,433
Prepayments and debit balances		288,663	284,157
Due from related parties		2,431	2,237
Unbilled revenue		280,955	391,749
Inventories		<u>972,726</u>	<u>827,352</u>
		<u>3,121,705</u>	<u>2,440,716</u>
Non-current assets			
Investments		316,274	302,539
Property, plant and equipment		876,193	856,156
Other intangible assets		43,414	18,874
Goodwill	4	<u>86,558</u>	<u>86,558</u>
		<u>1,322,439</u>	<u>1,264,127</u>
Total assets		<u>4,444,144</u>	<u>3,704,843</u>
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts		37,070	-
Short term loans		1,998,466	1,427,227
Accounts payable and accruals		584,144	325,052
Current portion of long-term loans		84,097	138,599
Current obligation under finance lease		12,683	14,325
Zakat and income tax		41,583	51,204
Advances from customers		175,660	162,129
Due to related parties		<u>2,535</u>	<u>8,091</u>
		<u>2,936,238</u>	<u>2,126,627</u>
Non-current liabilities			
Obligation under finance lease		15,979	23,921
Long term loans		256,124	221,283
Employees' termination benefits		56,773	54,191
Deferred tax liabilities		-	2,074
Other long term liabilities		<u>82,564</u>	<u>87,386</u>
		<u>411,440</u>	<u>388,855</u>
Total liabilities		<u>3,347,678</u>	<u>2,515,482</u>
Shareholders' equity			
Share capital	6	760,000	760,000
Statutory reserve	7	65,948	64,949
Cumulative changes in fair values	8	7,771	58,972
Retained earnings		<u>242,512</u>	<u>290,515</u>
Total shareholders' equity in the parent		<u>1,076,231</u>	<u>1,174,436</u>
Minority interest		<u>20,235</u>	<u>14,925</u>
Total shareholders' equity		<u>1,096,466</u>	<u>1,189,361</u>
Total liabilities and shareholders' equity		<u>4,444,144</u>	<u>3,704,843</u>

The accompanying notes on pages 7 to 10 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,	
		2012 (Unaudited)	2011 (Unaudited)
Sales		862,201	786,936
Contracts revenue		<u>55,442</u>	<u>43,027</u>
		<u>917,643</u>	<u>829,963</u>
Cost of sales		(783,065)	(729,569)
Contracts cost		<u>(54,545)</u>	<u>(41,374)</u>
		<u>(837,610)</u>	<u>(770,943)</u>
Gross profit		<u>80,033</u>	<u>59,020</u>
Operating expenses			
Selling and distribution		(24,931)	(13,776)
General and administrative		(20,078)	(19,651)
Amortization of other intangible assets		<u>(3,563)</u>	<u>(1,935)</u>
		<u>(48,572)</u>	<u>(35,362)</u>
Income from main operations		31,461	23,658
Other income (expenses)			
Foreign currency re-measurement gain (loss)		2,083	(5,753)
Financial charges		(25,931)	(18,069)
Equity share of profit from associates		18,093	22,096
Other income		<u>1,057</u>	<u>1,004</u>
Net income before zakat and income tax and minority interest		26,763	22,936
Zakat and income tax		<u>(1,596)</u>	<u>(3,750)</u>
Net income before minority interest		25,167	19,186
Minority interest		<u>(8)</u>	<u>1,080</u>
Net income for the period		<u>25,159</u>	<u>20,266</u>
		Saudi Riyals	
Earnings (loss) per share:			
Income from main operations	9	<u>0.41</u>	<u>0.31</u>
Non-operating loss	9	<u>(0.06)</u>	<u>(0.01)</u>
Net income	9	<u>0.33</u>	<u>0.27</u>

The accompanying notes on pages 7 to 10 form an integral part of these interim consolidated financial statements.

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

	Three-month period ended March 31,	
	2012 (Unaudited)	2011 (Unaudited)
Cash flow from operating activities		
Net income before Zakat and income tax and minority interest	26,763	22,936
<u>Adjustments for non-cash items</u>		
Depreciation	16,986	16,976
Provision for doubtful debts	10,433	2,599
Amortization of other intangible assets	3,563	1,935
Equity share of profit from associates	(18,093)	(22,096)
Employees' termination benefits, net	691	(397)
Financial charges	25,931	18,069
<u>Change in working capital</u>		
Accounts receivable	(280,333)	(155,904)
Prepayments and other receivables	(13,580)	32,229
Due from related parties	557	(36)
Unbilled revenue	4,137	(5,077)
Inventories	21,292	37,222
Accounts payable and accruals	76,224	363
Advances from customers	43,390	36,469
Due to related parties	1,525	(10,272)
Zakat and income tax paid	(178)	(2,561)
Net cash utilized in operating activities	<u>(80,692)</u>	<u>(27,545)</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(19,294)	(16,398)
Dividends received from an associate	36,973	46,297
Purchase of other intangible assets	(1,699)	(6,784)
Net cash generated from investing activities	<u>15,980</u>	<u>23,115</u>
Cash flow from financing activities		
Short term loans	199,656	107,216
Long term loans	(62,731)	(87,468)
Obligation under finance lease	(5,055)	(5,075)
Bank overdrafts	36,777	(6,756)
Financial charges paid	(25,931)	(18,069)
Net cash generated from (utilized in) financing activities	<u>142,716</u>	<u>(10,152)</u>
Change in cash and cash equivalents		
	78,004	(14,582)
Cash and cash equivalents at beginning of the period	<u>93,492</u>	<u>124,370</u>
Cash and cash equivalents at end of the period	<u><u>171,496</u></u>	<u><u>109,788</u></u>

The accompanying notes on pages 7 to 10 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)

		Three-month period ended March 31,	
		2012	2011
		(Unaudited)	(Unaudited)
Shareholders' equity			
Share capital	6	<u>760,000</u>	<u>760,000</u>
Statutory reserve	7		
Beginning balance		63,432	62,922
Transferred from retained earnings		<u>2,516</u>	<u>2,027</u>
Ending balance		<u>65,948</u>	<u>64,949</u>
Cumulative changes in fair values	8		
Beginning balance		(34,208)	88,427
Fair value adjustments		<u>41,979</u>	<u>(29,455)</u>
Ending balance		<u>7,771</u>	<u>58,972</u>
Retained earnings			
Beginning balance		219,869	272,276
Net income for the period		25,159	20,266
Transferred to statutory reserve		<u>(2,516)</u>	<u>(2,027)</u>
Ending balance		<u>242,512</u>	<u>290,515</u>
Total shareholders' equity of the parent company		<u>1,076,231</u>	<u>1,174,436</u>
Minority interest			
Beginning balance		12,308	16,001
Net movement during the period		7,919	4
Net income (loss) for the period attributable to minority interest		<u>8</u>	<u>(1,080)</u>
Ending balance		<u>20,235</u>	<u>14,925</u>
Total shareholders' equity		<u>1,096,466</u>	<u>1,189,361</u>

The accompanying notes on pages 7 to 10 form an integral part of these interim consolidated financial statements.

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
Notes to the unaudited interim consolidated financial statements
For the three-month period ended March 31, 2012
(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, 2012:

<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>2012</u>	<u>2011</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%

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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>2012</u>	<u>2011</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, 2011.

3 INTERIM FINANCIAL RESULTS

The results presented in the interim consolidated financial statements may not be an accurate indicator of the annual operating results.

4 GOODWILL / ACQUISITION OF A SUBSIDIARY

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.

SAUDI CABLE COMPANY
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Notes to the unaudited interim consolidated financial statements
For the three-month period ended March 31, 2012
(All amounts in thousands Saudi Riyals unless otherwise stated)

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.

6 SHARE CAPITAL

The share capital consists of 76,000,000 shares of Saudi Riyals 10 each as at March 31, 2012 and 2011.

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 three-month period ended March 31, 2012 an amount of Saudi Riyals 2,516 thousand was transferred to the reserve (March 31, 2011: Saudi Riyals 2,027 thousand). 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:

	2012	2011
At the beginning of the period	(34,208)	88,427
Net movement in unrealized gains on available-for-sale investments	184	533
Net movement in unrealized losses relating to cash flow hedges	<u>41,795</u>	<u>(29,988)</u>
At the end of the period	<u><u>7,771</u></u>	<u><u>58,972</u></u>

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

	2012	2011
Net unrealized gains on revaluation of investments	2,115	3,154
Net unrealized gains relating to cash flow hedges	<u>5,656</u>	<u>55,818</u>
At the end of the period	<u><u>7,771</u></u>	<u><u>58,972</u></u>

9 EARNINGS (LOSS) PER SHARE

Earnings (loss) per share for the three-month period ended March 31, 2012 and 2011 have been computed by dividing the income non operating income net income for such periods by the number of shares outstanding during the periods.

SAUDI CABLE COMPANY
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Notes to the unaudited interim consolidated financial statements
For the three-month period ended March 31, 2012
(All amounts in thousands Saudi Riyals unless otherwise stated)

10 COMMITMENTS AND CONTINGENCIES

	2012	2011
Outstanding forward metal contracts	<u>390,587</u>	<u>512,630</u>
Contingent liabilities in respect of performance and bid bonds	<u>528,340</u>	<u>559,570</u>
Authorized and contracted for capital expenditure commitments	<u>11,169</u>	<u>12,888</u>
Contingent liabilities in respect of outstanding letters of credit	<u>371,332</u>	<u>94,312</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.