

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

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

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FOR THE THREE-MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

January 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 (a Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2012 and the related interim consolidated statement of income for the three-month period and year ended December 31, 2012 and the interim consolidated statements of cash flows and changes in shareholders' equity for the year 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.

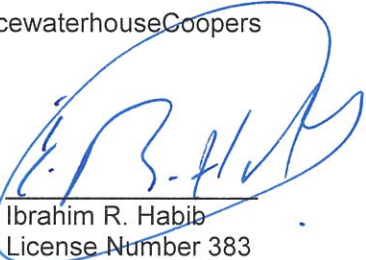
We conducted our limited review in accordance with the standard of review of interim financial reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of 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.

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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 December 31,	
		2012 (Unaudited)	2011 (Audited)
Assets			
Current assets			
Cash and cash equivalents		134,581	93,492
Accounts receivable		1,020,319	1,135,534
Prepayments and other debit balances		258,462	275,083
Due from related parties		2,598	2,988
Unbilled revenue		213,904	285,092
Inventories		<u>750,856</u>	<u>994,018</u>
		<u>2,380,720</u>	<u>2,786,207</u>
Non-current assets			
Investments		323,276	315,134
Property, plant and equipment		924,227	873,885
Deferred tax asset		7,924	-
Other intangible assets		57,161	45,278
Goodwill	4	<u>86,558</u>	<u>86,558</u>
		<u>1,399,146</u>	<u>1,320,855</u>
Total assets		<u><u>3,779,866</u></u>	<u><u>4,107,062</u></u>
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts		1,419	293
Short term loans		1,236,803	1,798,810
Accounts payable and accruals		514,117	538,267
Current portion of long-term loans		199,886	90,347
Current obligation under finance lease		10,785	17,839
Zakat and income tax		42,287	40,165
Advances from customers		173,263	132,270
Due to related parties		<u>33,524</u>	<u>1,010</u>
		<u>2,212,084</u>	<u>2,619,001</u>
Non-current liabilities			
Obligation under finance lease		8,850	15,878
Long term loans		448,000	312,605
Employees' termination benefits		58,668	56,082
Deferred tax liabilities		3,784	-
Other long term liabilities	5	<u>92,115</u>	<u>82,095</u>
		<u>611,417</u>	<u>466,660</u>
Total liabilities		<u>2,823,501</u>	<u>3,085,661</u>
Shareholders' equity			
Share capital	6	760,000	760,000
Statutory reserve	7	63,432	63,432
Cumulative changes in fair values	8	22,170	(34,208)
Retained earnings		<u>97,087</u>	<u>219,869</u>
Total shareholders' equity in the parent		<u>942,689</u>	<u>1,009,093</u>
Minority interest		<u>13,676</u>	<u>12,308</u>
Total shareholders' equity		<u>956,365</u>	<u>1,021,401</u>
Total liabilities and shareholders' equity		<u><u>3,779,866</u></u>	<u><u>4,107,062</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 December 31,		Year ended December 31,	
		2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Audited)
Sales		305,089	751,236	2,558,896	3,021,546
Contracts revenue		<u>49,171</u>	<u>74,334</u>	<u>189,151</u>	<u>178,019</u>
		<u>354,260</u>	<u>825,570</u>	<u>2,748,047</u>	<u>3,199,565</u>
Cost of sale		(417,957)	(748,549)	(2,483,165)	(2,880,419)
Contracts cost		<u>(46,122)</u>	<u>(75,794)</u>	<u>(181,693)</u>	<u>(175,641)</u>
		<u>(464,079)</u>	<u>(824,343)</u>	<u>(2,664,858)</u>	<u>(3,056,060)</u>
Gross (loss) profit		<u>(109,819)</u>	<u>1,227</u>	<u>83,189</u>	<u>143,505</u>
Operating expenses					
Selling and distribution		(33,556)	(18,208)	(100,288)	(67,668)
General and administrative		(19,614)	(21,467)	(86,167)	(85,136)
Amortization of other intangible assets		<u>(1,541)</u>	<u>8</u>	<u>(11,959)</u>	<u>(6,615)</u>
		<u>(54,711)</u>	<u>(39,667)</u>	<u>(198,414)</u>	<u>(159,419)</u>
Loss from main operations		<u>(164,530)</u>	<u>(38,440)</u>	<u>(115,225)</u>	<u>(15,914)</u>
Other income (expenses)					
Foreign currency remeasurement gain (loss)		4,525	(286)	(611)	(9,604)
Financial charges		(34,741)	(15,726)	(109,906)	(71,587)
Equity share of profit from associates		30,531	18,542	100,548	96,272
Other income (loss)		<u>958</u>	<u>(107)</u>	<u>(987)</u>	<u>1,876</u>
Net (loss) income before zakat and income tax and minority interest		<u>(163,257)</u>	<u>(36,017)</u>	<u>(126,181)</u>	<u>1,043</u>
Zakat and income tax		<u>2,844</u>	<u>11,612</u>	<u>(4,067)</u>	<u>362</u>
Net (loss) income before minority interest		<u>(160,413)</u>	<u>(24,405)</u>	<u>(130,248)</u>	<u>1,405</u>
Minority interest		<u>5,973</u>	<u>1,455</u>	<u>7,466</u>	<u>3,698</u>
Net (loss) income for the period		<u>(154,440)</u>	<u>(22,950)</u>	<u>(122,782)</u>	<u>5,103</u>
				(Saudi Riyals)	
(Loss) income per share:					
(Loss) income from main operations	9	<u>(2.16)</u>	<u>(0.51)</u>	<u>(1.52)</u>	<u>0.21</u>
Net (loss) income	9	<u>(2.03)</u>	<u>(0.30)</u>	<u>(1.62)</u>	<u>0.07</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 cash flows statement
(All amounts in thousands Saudi Riyals unless otherwise stated)

	<u>Year ended December 31,</u>	
	2012 (Unaudited)	2011 (Audited)
Cash flow from operating activities		
Net (loss) income before Zakat and income tax and minority interest	(126,181)	1,043
<u>Adjustments for non-cash items</u>		
Depreciation	73,953	66,910
Provision for doubtful debts	40,157	13,212
Loss (Gain) on sale of property, plant and equipment	2,071	(470)
Amortization of other intangible assets	11,959	6,615
Provision for slow moving item	15,364	17,712
Equity share of profit from associates	(100,548)	(96,272)
Employees' termination benefits, net	2,586	1,494
Financial charges	109,906	71,587
<u>Change in working capital</u>		
Accounts receivable	75,058	(476,618)
Prepayments and other debit balances	8,697	41,303
Due from related parties	390	(787)
Unbilled revenue	71,188	101,580
Inventories	227,798	(147,156)
Accounts payable and accruals	30,719	164,767
Advances from customers	40,993	6,610
Due to related parties	32,514	(17,353)
Zakat and income tax paid	(1,945)	(9,488)
Net cash generated from (utilized in) operating activities	<u>514,679</u>	<u>(255,311)</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(126,366)	(84,077)
Dividends received from an associate	116,553	48,172
Proceeds from sale of property, plant and equipment	-	486
Purchase of other intangible assets	(23,842)	(37,868)
Net cash utilized in investing activities	<u>(33,655)</u>	<u>(73,287)</u>
Cash flow from financing activities		
Short term loans	(562,007)	478,799
Long term loans	244,934	(44,398)
Obligation under finance lease	(14,082)	(9,604)
Bank overdrafts	1,126	(6,463)
Financial charges	(109,906)	(63,614)
Dividends paid	-	(57,000)
Net cash (utilized in) generated from financing activities	<u>(439,935)</u>	<u>297,720</u>
Change in cash and cash equivalents	41,089	(30,878)
Cash and cash equivalents at beginning of the year	<u>93,492</u>	<u>124,370</u>
Cash and cash equivalents at end of the year	<u>134,581</u>	<u>93,492</u>
Supplementary information for non-cash transactions		
Net changes in fair value of investments and cash flow hedges	<u>56,378</u>	<u>(122,635)</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)

		<u>Year ended December 31,</u>	
		2012	2011
		(Unaudited)	(Audited)
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>-</u>	<u>510</u>
Ending balance		<u>63,432</u>	<u>63,432</u>
Cumulative changes in fair values	8		
Beginning balance		(34,208)	88,427
Fair value adjustments		<u>56,378</u>	<u>(122,635)</u>
Ending balance		<u>22,170</u>	<u>(34,208)</u>
Retained earnings			
Beginning balance		219,869	272,276
Net (loss) income for the year		(122,782)	5,103
Dividends		-	(57,000)
Transferred to statutory reserve		<u>-</u>	<u>(510)</u>
Ending balance		<u>97,087</u>	<u>219,869</u>
Total shareholders' equity of the parent company		<u>942,689</u>	<u>1,009,093</u>
Minority interest			
Beginning balance		12,308	16,001
Net movement during the year		8,834	5
Net loss for the period attributable to minority interest		<u>(7,466)</u>	<u>(3,698)</u>
Ending balance		<u>13,676</u>	<u>12,308</u>
Total shareholders' equity		<u>956,365</u>	<u>1,021,401</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 and year ended December 31, 2012 (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 December 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>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%

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period and year ended December 31, 2012 (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 December 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 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, 2011.

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
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three-month period and year ended December 31, 2012 (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 December 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 year ended December 31, 2012 no amount was transferred to the reserve (December 31, 2011: Saudi Riyals 510 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 December 31:

	2012	2011
At the beginning of the year	(34,208)	88,427
Net movement in unrealized loss on available-for-sale investments	(1,437)	(690)
Net movement in unrealized gain (loss) relating to cash flow hedges	<u>57,815</u>	<u>(121,945)</u>
At the end of the year	<u><u>22,170</u></u>	<u><u>(34,208)</u></u>

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

	2012	2011
Net unrealized gain on revaluation of investments	494	1,931
Net unrealized gain (loss) relating to cash flow hedges	<u>21,676</u>	<u>(36,139)</u>
	<u><u>22,170</u></u>	<u><u>(34,208)</u></u>

9 (Loss) income per share

(Loss) income per share for the three-month period ended and year ended December 31, 2012 and 2011 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

	2012	2011
Outstanding forward metal contracts	<u>920,027</u>	<u>528,603</u>
Contingent liabilities in respect of performance and bid bonds	<u>583,711</u>	<u>659,458</u>
Authorized and contracted for capital expenditure commitments	<u>22,699</u>	<u>36,416</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.