

**SAUDI CABLE COMPANY**  
**(A Saudi Joint Stock Company)**

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2011  
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

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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 December 31, 2011 and the related interim consolidated statement of income for the three-month period and year ended December 31, 2011 and the interim consolidated statements of cash flows and changes in shareholders' equity for the year ended 31 December 2011, 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



January 21, 2012

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

		As at December 31,	
	Note	2011 (Unaudited)	2010 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		95,635	124,370
Accounts receivable		1,138,465	672,128
Prepayments and debit balances		287,472	316,386
Due from related parties		2,988	2,201
Unbilled revenue		285,092	386,672
Inventories		<u>995,142</u>	<u>864,574</u>
		<u>2,804,794</u>	<u>2,366,331</u>
<b>Non-current assets</b>			
Investments		315,573	318,897
Property, plant and equipment	3	872,835	856,734
Other intangible assets		43,826	14,025
Goodwill	4	<u>86,558</u>	<u>86,558</u>
		<u>1,318,792</u>	<u>1,276,214</u>
<b>Total assets</b>		<u>4,123,586</u>	<u>3,642,545</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Bank overdrafts		293	6,756
Short term loans		1,793,320	1,320,011
Accounts payable and accruals		551,318	278,613
Current portion of long-term loans		55,868	159,355
Current obligation under finance lease		15,630	19,748
Zakat and income tax		42,629	50,015
Advances from customers		132,283	125,660
Due to related parties		<u>1,010</u>	<u>18,363</u>
		<u>2,592,351</u>	<u>1,978,521</u>
<b>Non-current liabilities</b>			
Obligation under finance lease		18,038	23,573
Long term loans		352,777	287,995
Employees' termination benefits		55,717	54,588
Deferred tax liabilities		623	4,106
Other long term liabilities	5	<u>82,110</u>	<u>94,136</u>
		<u>509,265</u>	<u>464,398</u>
<b>Total liabilities</b>		<u>3,101,616</u>	<u>2,442,919</u>
<b>Shareholders' equity</b>			
Share capital	6	760,000	760,000
Statutory reserve	7	63,489	62,922
Cumulative changes in fair values	8	(34,208)	88,427
Retained earnings		<u>220,381</u>	<u>272,276</u>
<b>Total shareholders' equity in the parent</b>		<u>1,009,662</u>	<u>1,183,625</u>
Minority interest		<u>12,308</u>	<u>16,001</u>
<b>Total shareholders' equity</b>		<u>1,021,970</u>	<u>1,199,626</u>
<b>Total liabilities and shareholders' equity</b>		<u>4,123,586</u>	<u>3,642,545</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)

	<u>Year ended December 31</u>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Audited)
<b>Cash flow from operating activities</b>		
Net income (loss) before Zakat and income tax and minority interest	7,305	(77,188)
<u>Adjustments for non-cash items</u>		
Depreciation	66,897	90,860
Provision for doubtful debts	12,539	34,431
Gain on sale of property, plant and equipment	-	(17,497)
Gain on sale of available for sale investments	-	(1,946)
Provision for slow moving items	17,712	5,613
Amortization of other intangible assets	6,623	5,888
Equity share of profit from associates	(96,709)	(116,308)
Employees' termination benefits, net	1,129	2,662
Financial charges	72,243	63,920
<u>Change in working capital</u>		
Accounts receivable	(478,876)	42,010
Prepayments and other receivables	28,914	(115,844)
Due from related parties	(787)	(147)
Unbilled revenue	101,580	30,903
Inventories	(148,280)	(140,605)
Accounts payable and accruals	186,427	(18,783)
Advances from customers	6,623	7,800
Due to related parties	(17,353)	12,322
Zakat and income tax paid	(12,717)	(10,626)
Net cash utilized in operating activities	<u>(246,730)</u>	<u>(202,535)</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(82,998)	(157,613)
Proceeds from sale of available for sale investments	-	11,300
Proceeds from disposal of property, plant and equipment	-	19,386
Dividends received from an associate	48,172	22,750
Purchase of other intangible assets	(36,424)	(7,163)
Net cash utilized in investing activities	<u>(71,250)</u>	<u>(111,340)</u>
<b>Cash flow from financing activities</b>		
Short term loans	473,309	443,863
Long term loans	(38,705)	25,674
Obligation under finance lease	(9,653)	(23,121)
Bank overdrafts	(6,463)	3,987
Dividends paid	(57,000)	(57,000)
Financial charges paid	(72,243)	(63,920)
Net cash generated from financing activities	<u>289,245</u>	<u>329,483</u>
<b>Change in cash and cash equivalents</b>	<b>(28,735)</b>	15,608
Cash and cash equivalents at the beginning of the year	<u>124,370</u>	<u>108,762</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><b>95,635</b></u>	<u><b>124,370</b></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)

		<u>Year ended December 31</u>	
		<b>2011</b>	2010
		<b>(Unaudited)</b>	(Audited)
<b>Shareholders' equity</b>			
<b>Share capital</b>	6	<u>760,000</u>	<u>760,000</u>
Statutory reserve	7		
Beginning balance		62,922	62,922
Transferred from retained earnings		567	-
Ending balance		<u>63,489</u>	<u>62,922</u>
<b>Cumulative changes in fair values</b>	8		
Beginning balance		88,427	58,605
Fair value adjustments		(122,635)	29,822
Ending balance		<u>(34,208)</u>	<u>88,427</u>
<b>Retained earnings</b>			
Beginning balance		272,276	360,092
Net income (loss) for the year		5,672	(87,816)
Dividends		(57,000)	-
Transferred to statutory reserve		(567)	-
Ending balance		<u>220,381</u>	<u>272,276</u>
<b>Proposed dividends</b>			
Beginning balance		-	57,000
Paid during the year		-	(57,000)
Ending balance		-	-
<b>Total shareholders' equity of the parent company</b>		<u>1,009,662</u>	<u>1,183,625</u>
Minority interest			
Beginning balance		16,001	10,567
Net movement during the year		5	5,321
Net (loss) income for the year attributable to minority interest		(3,698)	113
Ending balance		<u>12,308</u>	<u>16,001</u>
<b>Total shareholders' equity</b>		<u>1,021,970</u>	<u>1,199,626</u>

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

**SAUDI CABLE COMPANY**  
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**Notes to the unaudited interim consolidated financial statements**  
**For the three-months periods and year ended December 31, 2011**  
(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 27 April 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 31 December 2010:

<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>2011</u>	<u>2010</u>
<b><u>Domestic</u></b>				
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%
<b><u>International</u></b>				
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 Plaza Gayrimenkul Kiralama Ve Turizm Gelistirme Anonim Sirketi	Real Estate	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 31 December:

<u>Name of entity</u>	<u>Principal field of activities</u>	<u>Country of incorporation</u>	<u>% of ownership</u>	
			<u>2011</u>	<u>2010</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, 2010.

**3 PROPERTY, PLANT AND EQUIPMENT**

During the fourth quarter of 2010, the useful life of a certain class of buildings and plant & equipment with a net book value of SR 171 million has been changed from 5 years to 33 years for buildings and to 15 years for plant & equipment. The objective was to reflect the new estimated life of this class of assets more accurately and in conformity with the original normal rates of depreciation.

**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 SR 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 SR 86,558 thousands, has been accounted for as goodwill in these interim consolidated financial statements.

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**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 SR 10 each as at December 31, 2011 and 2010.

**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. Transfer was made to the reserve during 2011 amounting SR 567 thousand (2010: NIL). 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:

	2011	2010
At the beginning of the year	88,427	58,605
Net movement in unrealized gains on available-for-sale investments	(690)	556
Net movement in unrealized losses relating to cash flow hedges	<u>(121,945)</u>	<u>29,266</u>
At the end of the year	<u><u>(34,208)</u></u>	<u><u>88,427</u></u>

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

	2011	2010
Net unrealized gains on revaluation of investments	1,931	2,621
Net unrealized gains relating to cash flow hedges	<u>(36,139)</u>	<u>85,806</u>
At the end of the year	<u><u>(34,208)</u></u>	<u><u>88,427</u></u>

**9 (LOSS) EARNING PER SHARE**

(Loss) Earnings per share for the years ended December 31, 2011 and 2010 have been computed by dividing the operating loss, non operating income and net (loss) income for such years by the number of shares outstanding during the years.

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**10 COMMITMENTS AND CONTINGENCIES**

	2011	2010
Outstanding forward metal contracts	<u>528,603</u>	<u>555,168</u>
Contingent liabilities in respect of performance and bid bonds	<u>461,761</u>	<u>539,730</u>
Authorized and contracted for capital expenditure commitments	<u>36,416</u>	<u>22,490</u>
Contingent liabilities in respect of outstanding letters of credit	<u>186,467</u>	<u>71,229</u>

In addition to providing guarantees in respect of bank facilities available to certain subsidiaries, the parent company has also provided undertakings to support such subsidiaries in meeting their liabilities as they fall due.

Also, a claim amounting to SR 8.4 million was lodged in prior years against a subsidiary company from a contractor. 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.