

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS AND REVIEW REPORT
THREE-MONTH AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2014**

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

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INDEX	PAGE
Review report	1 - 2
Interim consolidated balance sheet (Unaudited)	3
Interim consolidated statement of operations (Unaudited)	4
Interim consolidated statement of changes in shareholders' equity (Unaudited)	5
Interim consolidated cash flows statement (Unaudited)	6
Notes to the interim consolidated financial statements (Unaudited)	7 - 16

REVIEW REPORT

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

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 (the "Group") as of September 30, 2014 and the related interim consolidated statement of operations for the three-month and nine-month periods ended September 30, 2014, and the interim consolidated statement of changes in shareholders' equity and cash flows for the nine-month period then ended, and notes 1 to 14 which form an integral part of these interim consolidated financial statements as prepared by the Group and presented to us with all necessary information and explanations. These interim consolidated financial statements are the responsibility of the Group's management.

We conducted our review in accordance with the standard of review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A review of interim consolidated financial statements 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 review is substantially less than an audit conducted in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Observations

- i) The Group incurred a net loss of SR 141.74 million for the nine-month period ended September 30, 2014 and, as of that date the Group's current liabilities exceeded its current assets by SR 496.96 million. The management 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 been finalized up to date of this review report. The accompanying unaudited interim 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 unaudited interim consolidated financial statements do not include any adjustments that may arise from the possible impairment of goodwill.

REVIEW REPORT (continued)

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

Review results

Based on our review, except for the effect of the observation paragraphs mentioned above, we are not aware of any material modifications that should be made to the interim consolidated financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

Emphasis of matter

The accompanying interim consolidated financial statements have been prepared on a going concern basis. The Group incurred a net loss of SR 141.74 million for the nine-month period ended September 30, 2014 and, as of that date, the Group's current liabilities exceeded its current assets by SR 496.96 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 11.

Deloitte & Touche
Bakr Abulkhair & Co.



Al-Mutahhar Y. Hamiduddin
Certified Public Accountant
License No. 296

2 Muharram, 1436
October 26, 2014

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2014

(Expressed in thousand Saudi Riyals unless otherwise stated)

	Note	2014	2013
		(Unaudited)	(Unaudited)
ASSETS			
Current assets			
Cash and cash equivalents		54,443	108,148
Accounts receivable		624,512	833,429
Prepayments and other receivables		96,461	185,442
Due from related parties		-	1,254
Unbilled revenue		54,869	200,512
Inventories		434,001	555,815
Total current assets		1,264,286	1,884,600
Non-current assets			
Investments		434,007	397,154
Property, plant and equipment		779,081	840,817
Investment properties		31,575	32,538
Deferred tax asset		2,508	9,463
Other intangible assets		67,503	69,038
Goodwill	4	86,558	86,558
Total non-current assets		1,401,232	1,435,568
TOTAL ASSETS		2,665,518	3,320,168
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short term loans		875,717	1,122,484
Accounts payable and accruals		529,063	518,032
Current portion of long-term loans		149,376	156,711
Current obligation under finance lease		2,455	4,526
Zakat and income tax		61,117	46,708
Advances from customers		107,267	248,006
Due to related parties		36,250	55,668
Total current liabilities		1,761,245	2,152,135
Non-current liabilities			
Obligation under finance lease		39,457	30,472
Long term loans		234,264	266,465
Employees' termination benefits		69,165	61,193
Other long term liabilities	5	44,222	59,337
Total non-current liabilities		387,108	417,467
Equity			
Share capital	6	760,000	760,000
Statutory reserve	7	63,432	63,432
Cumulative changes in fair values	8	230	10,452
Foreign currency translation reserve		(7,185)	-
Accumulated losses		(307,393)	(91,733)
Equity attributable to the shareholders of the parent		509,084	742,151
Non-controlling interest		8,081	8,415
Total equity		517,165	750,566
TOTAL LIABILITIES AND EQUITY		2,665,518	3,320,168

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

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014
(Expressed in thousand Saudi Riyals unless otherwise stated)

	Note	Three-month period ended September 30		Nine-month period ended September 30	
		2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Sales		348,650	487,518	1,156,056	1,586,446
Contract revenue		46,010	129,842	131,702	299,210
Total revenue		394,660	617,360	1,287,758	1,885,656
Cost of sales		(357,055)	(455,860)	(1,149,369)	(1,504,413)
Contract cost		(39,046)	(115,452)	(122,530)	(270,568)
		(396,101)	(571,312)	(1,271,899)	(1,774,981)
Gross profit/(loss)		(1,441)	46,048	15,859	110,675
General and administrative expenses		(26,539)	(23,395)	(76,220)	(81,998)
Selling and distribution expenses		(19,646)	(13,051)	(50,593)	(51,241)
Provision for doubtful debts		(3,711)	(15,217)	(12,705)	(102,890)
Amortization of other intangible assets		(4,910)	(8,722)	(14,903)	(12,313)
Loss from main operations		(56,247)	(14,337)	(138,562)	(137,767)
Fair value of derivative financial instruments		2,419	-	9,134	-
Foreign currency measurement gain / (loss)		1,044	3,226	(1,754)	6,394
Finance charges		(24,105)	(27,659)	(90,316)	(96,493)
Equity share of profit from associates		26,218	33,572	77,577	82,576
Other (loss) / income		2,531	(86)	8,632	(2,278)
Net loss before zakat and income tax and non-controlling interest		(48,140)	(5,284)	(135,289)	(147,568)
Zakat and income tax		(3,831)	(4,460)	(11,872)	(12,507)
Net loss before non-controlling interest		(51,971)	(9,744)	(147,161)	(160,075)
Non-controlling interest		1,923	1,706	5,421	4,878
Net loss for the period		(50,048)	(8,038)	(141,740)	(155,197)
Loss per share from net loss (SR)	9	(0.66)	(0.11)	(1.87)	(2.04)
Loss per share from main operations (SR)	9	(0.74)	(0.19)	(1.82)	(1.81)
(Loss)/income per share from other operations (SR)	9	0.11	0.12	0.04	(0.13)

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

