

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

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2012
AND INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT**

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
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FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2012

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INDEPENDENT ACCOUNTANTS' 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 September 30, 2012 and the related interim consolidated statement of income for the three-month and nine-month periods then ended, and the interim consolidated statements of cash flows and changes in shareholders' equity for the nine-month period ended September 30, 2012 including 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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October 21, 2012

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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 September 30,	
		2012	2011
Assets		(Unaudited)	(Unaudited)
Current assets			
Cash and cash equivalents		121,823	94,417
Accounts receivable		1,315,683	1,140,316
Prepayments and other debit balances		301,006	254,511
Due from related parties		3,013	2,309
Unbilled revenue		216,375	247,211
Inventories		<u>631,182</u>	<u>967,224</u>
		<u>2,589,082</u>	<u>2,705,988</u>
Non-current assets			
Investments		299,832	297,819
Property, plant and equipment		923,087	875,646
Deferred tax asset		2,928	-
Other intangible assets		41,393	25,658
Goodwill	4	<u>86,558</u>	<u>86,558</u>
		<u>1,353,798</u>	<u>1,285,681</u>
Total assets		<u>3,942,880</u>	<u>3,991,669</u>
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts		82,066	25,817
Short term loans		1,372,023	1,723,948
Accounts payable and accruals		526,040	504,468
Current portion of long-term loans		148,632	87,419
Current obligation under finance lease		5,584	3,064
Zakat and income tax		46,747	56,439
Advances from customers		194,657	133,104
Accrued dividends		-	29,635
Due to related parties		<u>3,519</u>	<u>3,278</u>
		<u>2,379,268</u>	<u>2,567,172</u>
Non-current liabilities			
Obligation under finance lease		18,060	26,314
Long term loans		246,094	282,947
Employees' termination benefits		58,908	54,774
Deferred tax liabilities		-	660
Other long term liabilities	5	<u>83,198</u>	<u>86,269</u>
		<u>406,260</u>	<u>450,964</u>
Total liabilities		<u>2,785,528</u>	<u>3,018,136</u>
Shareholders' equity			
Share capital	6	760,000	760,000
Statutory reserve	7	66,598	65,727
Cumulative changes in fair values	8	62,750	(106,481)
Retained earnings		<u>248,361</u>	<u>240,524</u>
Total shareholders' equity in the parent		<u>1,137,709</u>	<u>959,770</u>
Minority interest		<u>19,643</u>	<u>13,763</u>
Total shareholders' equity		<u>1,157,352</u>	<u>973,533</u>
Total liabilities and shareholders' equity		<u>3,942,880</u>	<u>3,991,669</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 September 30,		Beginning of the year to September 30,	
		2012 (unaudited)	2011 (unaudited)	2012 (unaudited)	2011 (unaudited)
Sales		595,117	711,915	2,253,807	2,270,310
Contracts revenue		<u>20,317</u>	<u>32,824</u>	<u>139,980</u>	<u>103,685</u>
		<u>615,434</u>	<u>744,739</u>	<u>2,393,787</u>	<u>2,373,995</u>
Cost of sale		(555,135)	(689,924)	(2,065,208)	(2,131,870)
Contracts cost		<u>(21,880)</u>	<u>(31,961)</u>	<u>(135,571)</u>	<u>(99,847)</u>
		<u>(577,015)</u>	<u>(721,885)</u>	<u>(2,200,779)</u>	<u>(2,231,717)</u>
Gross profit		<u>38,419</u>	<u>22,854</u>	<u>193,008</u>	<u>142,278</u>
Operating expenses					
Selling and distribution		(22,140)	(16,958)	(66,732)	(49,460)
General and administrative		(24,226)	(22,652)	(66,553)	(63,669)
Amortization of other intangible assets		<u>(3,288)</u>	<u>(2,382)</u>	<u>(10,418)</u>	<u>(6,623)</u>
		<u>(49,654)</u>	<u>(41,992)</u>	<u>(143,703)</u>	<u>(119,752)</u>
(Loss) Income from main operations		(11,235)	(19,138)	49,305	22,526
Other income (expenses)					
Foreign currency remeasurement loss		(9,482)	(676)	(5,136)	(9,318)
Financial charges		(23,665)	(19,942)	(75,165)	(55,861)
Equity share of profit from associates		32,824	26,926	70,017	77,730
Other income (loss)		<u>258</u>	<u>875</u>	<u>(1,945)</u>	<u>1,983</u>
Net (loss) income before zakat and income tax and minority interest		(11,300)	(11,955)	37,076	37,060
Zakat and income tax		<u>(2,536)</u>	<u>(3,750)</u>	<u>(6,911)</u>	<u>(11,250)</u>
Net (loss) income before minority interest		(13,836)	(15,705)	30,165	25,810
Minority interest		<u>158</u>	<u>934</u>	<u>1,493</u>	<u>2,243</u>
Net (loss) income for the period		<u>(13,678)</u>	<u>(14,771)</u>	<u>31,658</u>	<u>28,053</u>
				(Saudi Riyals)	
(Loss) income per share:					
(Loss) income from main operations	9	<u>(0.15)</u>	<u>(0.25)</u>	<u>0.65</u>	<u>0.30</u>
Net (loss) income	9	<u>(0.18)</u>	<u>(0.19)</u>	<u>0.42</u>	<u>0.37</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)

	Nine-month period ended September 30,	
	2012 (Unaudited)	2011 (Unaudited)
Cash flow from operating activities		
Net income before Zakat and income tax and minority interest	37,076	37,060
<u>Adjustments for non-cash items</u>		
Depreciation	55,151	51,579
Provision for doubtful debts	22,141	13,588
Amortization of other intangible assets	10,418	6,623
Equity share of profit from associates	(70,017)	(77,730)
Employees' termination benefits, net	2,826	186
Financial charges	75,165	55,861
<u>Change in working capital</u>		
Accounts receivable	(202,290)	(481,776)
Prepayments and other debit balances	(25,925)	61,875
Due from related parties	(25)	(108)
Unbilled revenue	68,717	139,461
Inventories	362,836	(102,650)
Deferred tax assets	(2,928)	-
Accounts payable and accruals	63,431	78,138
Advances from customers	62,387	7,444
Due to related parties	2,509	(15,085)
Zakat and income tax paid	(329)	(4,826)
Net cash generated from (utilized in) operating activities	<u>461,143</u>	<u>(230,360)</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(104,353)	(70,491)
Dividends received from an associate	116,552	48,172
Purchase of other intangible assets	(6,533)	(18,256)
Net cash generated from (utilized in) investing activities	<u>5,666</u>	<u>(40,575)</u>
Cash flow from financing activities		
Short term loans	(426,787)	403,937
Long term loans	(8,226)	(76,984)
Obligation under finance lease	(10,073)	(13,943)
Bank overdrafts	81,773	19,061
Financial charges	(75,165)	(55,861)
Other long term liabilities	-	(7,863)
Dividends paid	-	(27,365)
Net cash (utilized in) generated from financing activities	<u>(438,478)</u>	<u>240,982</u>
Change in cash and cash equivalents	28,331	(29,953)
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>121,823</u></u>	<u><u>94,417</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)

		Nine-month period ended September 30,	
		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>3,166</u>	<u>2,805</u>
Ending balance		<u>66,598</u>	<u>65,727</u>
Cumulative changes in fair values	8		
Beginning balance		(34,208)	88,427
Fair value adjustments		<u>96,958</u>	<u>(194,908)</u>
Ending balance		<u>62,750</u>	<u>(106,481)</u>
Retained earnings			
Beginning balance		219,869	272,276
Net income for the period		31,658	28,053
Dividends		-	(57,000)
Transferred to statutory reserve		<u>(3,166)</u>	<u>(2,805)</u>
Ending balance		<u>248,361</u>	<u>240,524</u>
Total shareholders' equity of the parent company		<u>1,137,709</u>	<u>959,770</u>
Minority interest			
Beginning balance		12,308	16,001
Net movement during the period		8,828	5
Net loss for the period attributable to minority interest		<u>(1,493)</u>	<u>(2,243)</u>
Ending balance		<u>19,643</u>	<u>13,763</u>
Total shareholders' equity		<u>1,157,352</u>	<u>973,533</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 and nine-month periods ended September 30, 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 September 30:

<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 September 30:

<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 for the nine-month period ended September 30, 2012 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.

SAUDI CABLE COMPANY
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Notes to the unaudited interim consolidated financial statements
For the three-month and nine-month periods ended September 30, 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 September 30, 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 nine-month period ended September 30, 2012 an amount of Saudi Riyals 3,166 thousand was transferred to the reserve (September 30, 2011: Saudi Riyals 2,805 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 September 30:

	2012	2011
At the beginning of the period	(34,208)	88,427
Net movement in unrealized loss on available-for-sale investments	(40)	(502)
Net movement in unrealized gain (losses) relating to cash flow hedges	<u>96,998</u>	<u>(194,406)</u>
At the end of the period	<u><u>62,750</u></u>	<u><u>106,481</u></u>

The balance of cumulative changes in fair values is comprised of the following as at September 30:

	2012	2011
Net unrealized gains on revaluation of investments	1,891	2,119
Net unrealized gains (losses) relating to cash flow hedges	<u>60,859</u>	<u>(108,600)</u>
	<u><u>62,750</u></u>	<u><u>(106,481)</u></u>

9 (LOSS) INCOME PER SHARE

(Loss) income per share for the three-month and nine-month periods ended September 30, 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.

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Notes to the unaudited interim consolidated financial statements
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 (All amounts in thousands Saudi Riyals unless otherwise stated)

10 COMMITMENTS AND CONTINGENCIES

	2012	2011
Outstanding forward metal contracts	<u>824,907</u>	<u>456,240</u>
Contingent liabilities in respect of performance and bid bonds	<u>518,425</u>	<u>477,378</u>
Authorized and contracted for capital expenditure commitments	<u>22,044</u>	<u>26,431</u>
Contingent liabilities in respect of outstanding letters of credit	<u>31,238</u>	<u>184,208</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.