

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012

| | Pages |
|---|--------------|
| Independent auditors' limited review report | 2 |
| Interim consolidated balance sheet | 3 |
| Interim consolidated statement of income | 4 |
| Interim consolidated cash flows statement | 5 |
| Interim consolidated statement of changes in shareholders' equity | 6 |
| Notes to the interim consolidated financial statements | 7 - 10 |



INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

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

Scope of review

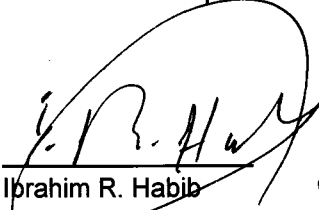
We have reviewed the accompanying interim consolidated balance sheet of **Saudi Cable Company** (a Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2012 and the related interim consolidated statements of income, for the three-month and six-month periods then ended, and the interim consolidated statements of cash flows and changes in shareholders' equity for the six-month period ended June 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.

PricewaterhouseCoopers

By: 
Ibrahim R. Habib
License Number 383



July 21, 2012

*PricewaterhouseCoopers, Jameel Square, P.O. Box 16415, Jeddah 21464, Kingdom of Saudi Arabia
T: +966 (2) 610-4400, F: +966 (2) 610-4411, www.pwc.com/middle-east*

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 June 30, | |
|---|------|-------------------------|-------------------------|
| | | 2012 | 2011 |
| Assets | | (Unaudited) | (Unaudited) |
| Current assets | | | |
| Cash and cash equivalents | | 115,911 | 103,650 |
| Accounts receivable | | 1,253,352 | 945,052 |
| Prepayments and other debit balances | | 291,592 | 289,740 |
| Due from related parties | | 3,426 | 4,191 |
| Unbilled revenue | | 242,963 | 366,980 |
| Inventories | | 777,012 | 929,645 |
| | | <u>2,684,256</u> | <u>2,639,258</u> |
| Non-current assets | | | |
| Investments | | 280,931 | 310,699 |
| Property, plant and equipment | | 878,599 | 858,975 |
| Deferred tax asset | | 6,788 | - |
| Other intangible assets | | 42,323 | 24,908 |
| Goodwill | 4 | 86,558 | 86,558 |
| | | <u>1,295,199</u> | <u>1,281,140</u> |
| Total assets | | <u>3,979,455</u> | <u>3,920,398</u> |
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Bank overdrafts | | 67,528 | 14,918 |
| Short term loans | | 1,601,007 | 1,575,581 |
| Accounts payable and accruals | | 526,084 | 368,412 |
| Current portion of long-term loans | | 84,097 | 103,903 |
| Current obligation under finance lease | | 8,003 | 8,704 |
| Zakat and income tax | | 44,295 | 54,631 |
| Advances from customers | | 182,600 | 160,071 |
| Accrued dividends | | - | 57,000 |
| Due to related parties | | 7,066 | 4,234 |
| | | <u>2,520,680</u> | <u>2,347,454</u> |
| Non-current liabilities | | | |
| Obligation under finance lease | | 15,690 | 24,214 |
| Long term loans | | 241,003 | 280,258 |
| Employees' termination benefits | | 57,889 | 54,465 |
| Deferred tax liabilities | | - | 1,594 |
| Other long term liabilities | 5 | 83,771 | 85,939 |
| | | <u>398,353</u> | <u>446,470</u> |
| Total liabilities | | <u>2,919,033</u> | <u>2,793,924</u> |
| Shareholders' equity | | | |
| Share capital | 6 | 760,000 | 760,000 |
| Statutory reserve | 7 | 67,966 | 67,204 |
| Cumulative changes in fair values | 8 | (48,015) | 30,759 |
| Retained earnings | | 260,671 | 253,818 |
| Total shareholders' equity in the parent | | <u>1,040,622</u> | <u>1,111,781</u> |
| Minority interest | | 19,800 | 14,693 |
| Total shareholders' equity | | <u>1,060,422</u> | <u>1,126,474</u> |
| Total liabilities and shareholders' equity | | <u>3,979,455</u> | <u>3,920,398</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 June 30, | | Beginning of the year to June 30, | |
|---|------|--------------------------------------|---------------------|--------------------------------------|---------------------|
| | | 2012 (unaudited) | 2011 (unaudited) | 2012 (unaudited) | 2011 (unaudited) |
| Sales | | 796,489 | 771,459 | 1,658,690 | 1,558,395 |
| Contracts revenue | | <u>64,221</u> | <u>27,834</u> | <u>119,663</u> | <u>70,861</u> |
| | | <u>860,710</u> | <u>799,293</u> | <u>1,778,353</u> | <u>1,629,256</u> |
| Cost of sale | | (727,008) | (712,377) | (1,510,073) | (1,441,946) |
| Contracts cost | | <u>(59,146)</u> | <u>(26,512)</u> | <u>(113,691)</u> | <u>(67,886)</u> |
| | | <u>(786,154)</u> | <u>(738,889)</u> | <u>(1,623,764)</u> | <u>(1,509,832)</u> |
| Gross profit | | <u>74,556</u> | <u>60,404</u> | <u>154,589</u> | <u>119,424</u> |
| Operating expenses | | | | | |
| Selling and distribution | | (19,661) | (18,726) | (44,592) | (32,502) |
| General and administrative | | (22,249) | (21,366) | (42,327) | (41,017) |
| Amortization of other intangible assets | | <u>(3,567)</u> | <u>(2,306)</u> | <u>(7,130)</u> | <u>(4,241)</u> |
| | | <u>(45,477)</u> | <u>(42,398)</u> | <u>(94,049)</u> | <u>(77,760)</u> |
| Income from main operations | | 29,079 | 18,006 | 60,540 | 41,664 |
| Other income (expenses) | | | | | |
| Foreign currency remeasurement gain (loss) | | 2,263 | (2,889) | 4,346 | (8,642) |
| Financial charges | | (25,569) | (17,850) | (51,500) | (35,919) |
| Equity share of profit from associates | | 19,100 | 28,708 | 37,193 | 50,804 |
| Other (loss) income | | <u>(3,260)</u> | <u>104</u> | <u>(2,203)</u> | <u>1,108</u> |
| Net income before zakat and income tax and minority interest | | 21,613 | 26,079 | 48,376 | 49,015 |
| Zakat and income tax | | <u>(2,779)</u> | <u>(3,750)</u> | <u>(4,375)</u> | <u>(7,500)</u> |
| Net income before minority interest | | 18,834 | 22,329 | 44,001 | 41,515 |
| Minority interest | | <u>1,343</u> | <u>229</u> | <u>1,335</u> | <u>1,309</u> |
| Net income for the period | | <u>20,177</u> | <u>22,558</u> | <u>45,336</u> | <u>42,824</u> |
| | | | | (Saudi Riyals) | |
| Income per share: | | | | | |
| Income from main operations | 9 | <u>0.38</u> | <u>0.24</u> | <u>0.80</u> | <u>0.55</u> |
| Non-operating expenses | 9 | <u>(0.10)</u> | <u>0.11</u> | <u>(0.16)</u> | <u>0.02</u> |
| Net income | 9 | <u>0.27</u> | <u>0.30</u> | <u>0.60</u> | <u>0.56</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)

| | Six-month period ended June 30, | |
|---|--|--------------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| Cash flow from operating activities | | |
| Net income before Zakat and income tax and minority interest | 48,376 | 49,015 |
| <u>Adjustments for non-cash items</u> | | |
| Depreciation | 34,035 | 34,485 |
| Provision for doubtful debts | 15,280 | 8,261 |
| Amortization of other intangible assets | 7,130 | 4,241 |
| Equity share of profit from associates | (37,193) | (50,804) |
| Employees' termination benefits, net | 1,807 | (123) |
| Financial charges | 51,500 | 35,919 |
| <u>Change in working capital</u> | | |
| Accounts receivable | (133,098) | (281,185) |
| Prepayments and other receivables | (23,297) | 26,646 |
| Due from related parties | (438) | (1,990) |
| Unbilled revenue | 42,129 | 19,692 |
| Inventories | 217,006 | (65,071) |
| Accounts payable and accruals | (19,199) | 32,253 |
| Advances from customers | 50,330 | 34,411 |
| Due to related parties | 6,056 | (14,129) |
| Zakat and income tax paid | (245) | (2,884) |
| Net cash generated from (utilized in) operating activities | <u>260,179</u> | <u>(171,263)</u> |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (38,749) | (36,726) |
| Dividends received from an associate | 75,108 | 48,172 |
| Purchase of other intangible assets | (4,175) | (15,124) |
| Net cash generated from (utilized in) investing activities | <u>32,184</u> | <u>(3,678)</u> |
| Cash flow from financing activities | | |
| Short term loans | (197,803) | 255,570 |
| Long term loans | (77,852) | (63,189) |
| Obligation under finance lease | (10,024) | (10,403) |
| Bank overdrafts | 67,235 | 8,162 |
| Financial charges paid | (51,500) | (35,919) |
| Net cash (utilized in) generated from financing activities | <u>(269,944)</u> | <u>154,221</u> |
| Change in cash and cash equivalents | 22,419 | (20,720) |
| 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>115,911</u> | <u>103,650</u> |
| Supplementary information for non-cash transactions | | |
| Accrued dividends | <u>-</u> | <u>57,000</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)

| | | Six-month period ended June 30, | |
|---|---|--|--------------------|
| | | 2012 | 2011 |
| | | (Unaudited) | (Unaudited) |
| Shareholders' equity | | | |
| Share capital | 6 | <u>760,000</u> | <u>760,000</u> |
| Statutory reserve | | | |
| Beginning balance | 7 | 63,432 | 62,922 |
| Transferred from retained earnings | | <u>4,534</u> | <u>4,282</u> |
| Ending balance | | <u>67,966</u> | <u>67,204</u> |
| Cumulative changes in fair values | | | |
| Beginning balance | 8 | (34,208) | 88,427 |
| Fair value adjustments | | <u>(13,807)</u> | <u>(57,668)</u> |
| Ending balance | | <u>(48,015)</u> | <u>30,759</u> |
| Retained earnings | | | |
| Beginning balance | | 219,869 | 272,276 |
| Net income for the period | | 45,336 | 42,824 |
| Dividends | | - | (57,000) |
| Transferred to statutory reserve | | <u>(4,534)</u> | <u>(4,282)</u> |
| Ending balance | | <u>260,671</u> | <u>253,818</u> |
| Total shareholders' equity of the parent company | | <u>1,040,622</u> | <u>1,111,781</u> |
| Minority interest | | | |
| Beginning balance | | 12,308 | 16,001 |
| Net movement during the period | | 6,157 | (2,617) |
| Net loss for the period attributable to minority interest | | <u>1,335</u> | <u>1,309</u> |
| Ending balance | | <u>19,800</u> | <u>14,693</u> |
| Total shareholders' equity | | <u>1,060,422</u> | <u>1,126,474</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 six-month period ended June 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 June 30, 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% |

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
Notes to the unaudited interim consolidated financial statements
For the six-month period ended June 30, 2012
(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 June 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 six-month period ended June 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
(A Saudi Joint Stock Company)
Notes to the unaudited interim consolidated financial statements
For the six-month period ended June 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 June 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 six-month period ended June 30, 2012 an amount of Saudi Riyals 4,534 thousand was transferred to the reserve (June 30, 2011: Saudi Riyals 4,282 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 June 30:

| | 2012 | 2011 |
|---|-----------------|-----------------|
| At the beginning of the period | (34,208) | 88,427 |
| Net movement in unrealized (loss) gains on available-for-sale investments | (209) | 364 |
| Net movement in unrealized losses relating to cash flow hedges | <u>(13,598)</u> | <u>(58,032)</u> |
| At the end of the period | <u>(48,015)</u> | <u>30,759</u> |

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

| | 2012 | 2011 |
|--|-----------------|---------------|
| Net unrealized gains on revaluation of investments | 1,721 | 2,985 |
| Net unrealized gains relating to cash flow hedges | <u>(49,736)</u> | <u>27,774</u> |
| At the end of the period | <u>(48,015)</u> | <u>30,759</u> |

9 EARNINGS (LOSS) PER SHARE

Earnings (loss) per share for the six-month periods ended June 30, 2012 and 2011 have been computed by dividing the income from main operations, non operating expenses and net income for such periods by the number of shares outstanding during the periods.

SAUDI CABLE COMPANY
(A Saudi Joint Stock Company)
Notes to the unaudited interim consolidated financial statements
For the six-month period ended June 30, 2012
 (All amounts in thousands Saudi Riyals unless otherwise stated)

10 COMMITMENTS AND CONTINGENCIES

| | 2012 | 2011 |
|--|----------------|----------------|
| Outstanding forward metal contracts | <u>755,935</u> | <u>388,838</u> |
| Contingent liabilities in respect of performance and bid bonds | <u>583,856</u> | <u>477,179</u> |
| Authorized and contracted for capital expenditure commitments | <u>24,534</u> | <u>22,668</u> |
| Contingent liabilities in respect of outstanding letters of credit | <u>136,553</u> | <u>99,793</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.