



SAUDI CABLE COMPANY
(A Joint Stock Company)

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2011

INTRODUCTION

Saudi Cable Company (SCC) is a Joint Stock Company with ownership in several manufacturing facilities in the Kingdom of Saudi Arabia (KSA), Kingdom of Bahrain and Turkey. These companies are engaged in the manufacture, supply, installation and maintenance of Power Cables, ranging from Extra High Tension Voltage, Medium Tension Voltage, Low Tension Voltage, Building Wires, Telecommunication Cables, Instrumentation, Specialty Control Cables, Electrical Sub-Stations, Switch Gears, Electrical Cables' Accessories and Transformers.

Additionally, SCC Group has a network of distribution for the supply of all types of cables and associated electrical products from several of its Warehouses. It also supports its customers through a total solution for the supply, installation and maintenance of Electrical Systems with the state-of-the-art Digital and Information Technology System.

SALIENT ACTIVITIES

Profit & Loss

The Group net profit of SR 5 million was a marked improvement as compared to the previous year net loss of SR 88 million. This turnaround is largely attributable to better market conditions and improved operational performance in the core cable business of the Group.

The Group enjoyed success in obtaining substantial business in the latter part of the year in all market segments as the imbalance of supply and demand narrowed, and the aggressive new entrant pricing strategy of the new cable manufacturers in KSA and GCC began to settle down to more realistic sustainable pricing levels. This enhancement in business volume has provided the Company with a sizeable backlog of better margin orders.

Profit Distribution & Dividend

During 2011, the company disbursed dividends amounting to SR 57,000,000 in two equal installments (SR 57,000,000 in 2010). This is in accordance with the on-going policy of annual dividend distribution to the shareholders.

Other Highlights

The Group progressed further in its development of extra high voltage business as it obtained qualification to supply a major utility for its 380 kV in KSA, and also completed its qualification process in some of the other GCC countries.

The Group's production capabilities of 500 kV cable as well as its 500 kV accessories facility are under pre-qualification testing. Once completed, this will provide an additional competitive edge in the Group's progress towards a total solution provider, ranging from a wide spectrum, of building wires cables to 500 kV underground cables, and accessories (joints and terminations) along with other electrical equipment range of transformers, switch-gears etc. This will provide the regional customers a dynamic group within their territory that provides the entire spectrum of electrical network products and services under one umbrella.

