



SAUDI CABLE COMPANY
Board of Directors' Report
For the Year Ended 31 December 2013

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SAUDI CABLE COMPANY
(A Joint Stock Company)

BOARD OF DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

1 - 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, Testing & Commissioning and Maintenance of Power Cable, ranging from Extra High Voltage, Medium Voltage, Low 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, Testing & Commissioning and Maintenance of Electrical Systems with the state-of-the-art Digital and Information Technology System.

2 - SALIENT ACTIVITIES

Profit & Loss And Financial Restructuring

The Group net loss of SR 229.1 million (including a major clean-up of MSR 150 due to recognition of penalties, & old inventory write offs) was largely as a result of the main operations performing well below their normal functional capabilities, which was due to inadequate funding facilities available to the Group. Curtailment of operating financing facilities continued to cause a major disruption to the main operations of the Group, as the operations were sustained at below break-even levels, given the limited resources available.

The Group has engaged internationally renowned institutions of financial advisors, to restructure the financial requirements for the Group. A comprehensive plan which proposes a long term feasible financial structure for the Group with additional working capital financing, including a capital increase, which will help stabilize, and strengthen the on-going operations, has been presented to its lenders. The Group has worked extensively with its lenders and advisors, and soon expects to finalize the restructuring plan.

The market trend of improving margins gives the Group substantial encouragement to streamline its resources for the long term. The Group has also undertaken key management changes, and appointed a new President/CEO, CFO & a new Head of Commercial Affairs, and expects to benefit from this over the coming periods. With the realignment of the financial and management resources, along with the new machinery and the upgraded computerization systems, the Group will be well poised to capitalize on the good prevailing market conditions, in escalating demand and margin from the going forward outlook from the growth in infrastructure investments within the regional economies.

Profit Distribution & Dividend

During 2013, the company did not disburse any dividends, similar to 2012.

3 - REVENUES

The Group's revenues in 2013 were SR 2,448 million as compared to SR 2,688 million in 2012.

The Group's consolidated revenues include sales from its Turkish and UAE subsidiaries, but do not include the revenues of Midal Cables, which is 50% owned by SCC. Midal Cables recorded revenue of SR 2,660 million in 2013.

The Geographical distribution of the revenues was:

Region	SR Million	
	2013	2012
Kingdom of Saudi Arabia (KSA) & GCC	1,870	2,011
Rest of the World	578	677
TOTAL SALES	2,448	2,688

The Geographical distribution of the net Income/(Loss) was:

Region	SR Million	
	2013	2012
Kingdom of Saudi Arabia (KSA) & GCC	(175)	(124)
Rest of the World	(54)	(32)
TOTAL NET INCOME / (LOSS)	(229)	(156)

Revenue was generated from the following segments:

Revenue From	SR Million		
	As at 31 December		
	2013	2012	Net Change
Product Sales	2,043	2,458	(415)
Projects & Contracting	405	230	175
TOTAL REVENUE	2,448	2,688	(240)

4 - ORGANIZATIONAL DEVELOPMENT

The Group continued maintaining its Saudization policy and also in its commitment of encouraging local employment. At the end of the year 2013, the locals constituted 53% of the total Group workforce of 1,901 employees, as compared to 58% of 1,878 employees at the end of 2012.

5 - INFORMATION TECHNOLOGY

The new Integrated Enterprise Application system of SAP is now operational allowing the management to exercise better controls. The enhancement of Business Intelligence and Dashboard suites are under progressive development and expected to be completed in the coming year.

6 - TURKISH OPERATIONS

MASS CABLES

The company maintained its steady performance in its core markets. Like other Group Companies, its internal operations were adversely influenced by the lack of inadequate liquidity. The company acquired sizeable business to enhance its order-intake during the latter half of the year.

On resolving the liquidity issues, the company can turnaround to a satisfactory performance level in a short span of time to reap the benefits from its long term investments, coupled with a good backlog of orders, and with the incorporation of its own accessories brand, should further translate this into margin improvement.

ELIMSAN (SWITCHGEAR)

The demand for domestic electric infrastructure was maintained throughout the year in spite of this segment providing lower margins.

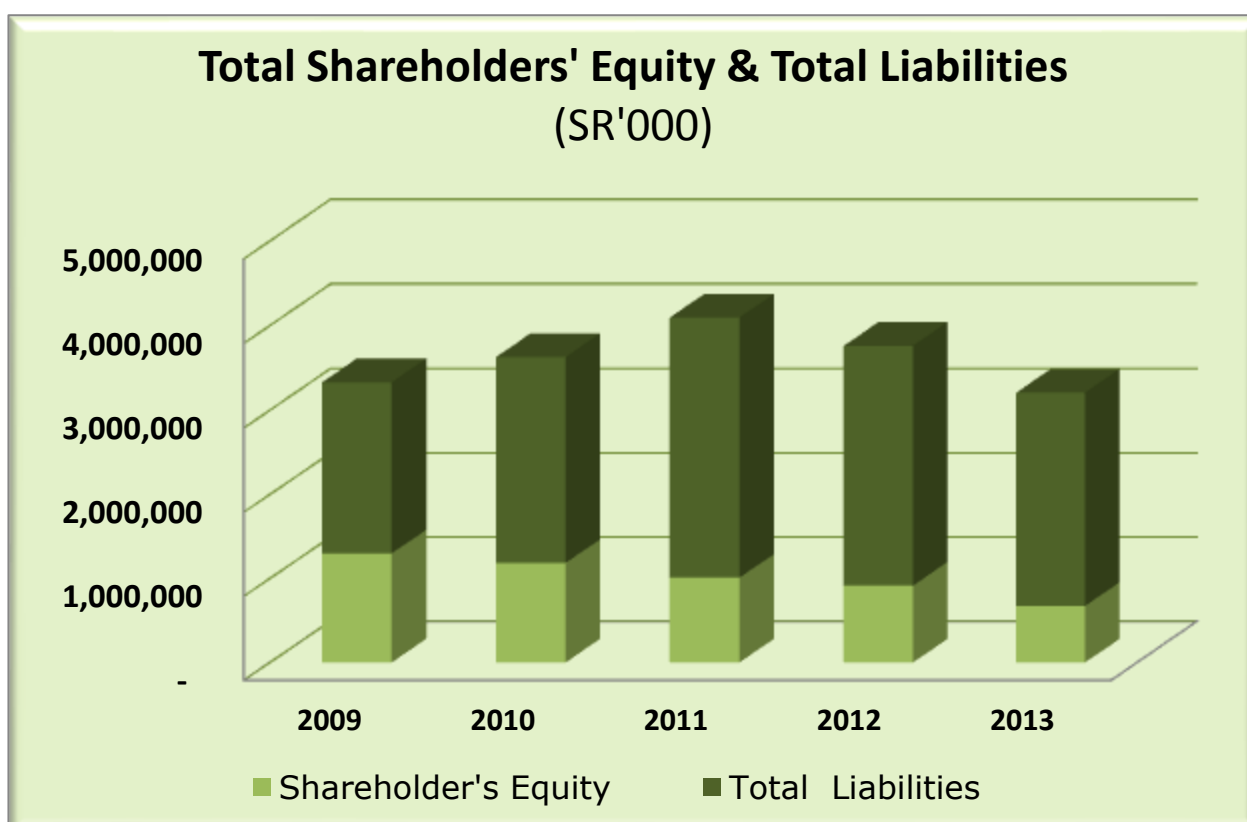
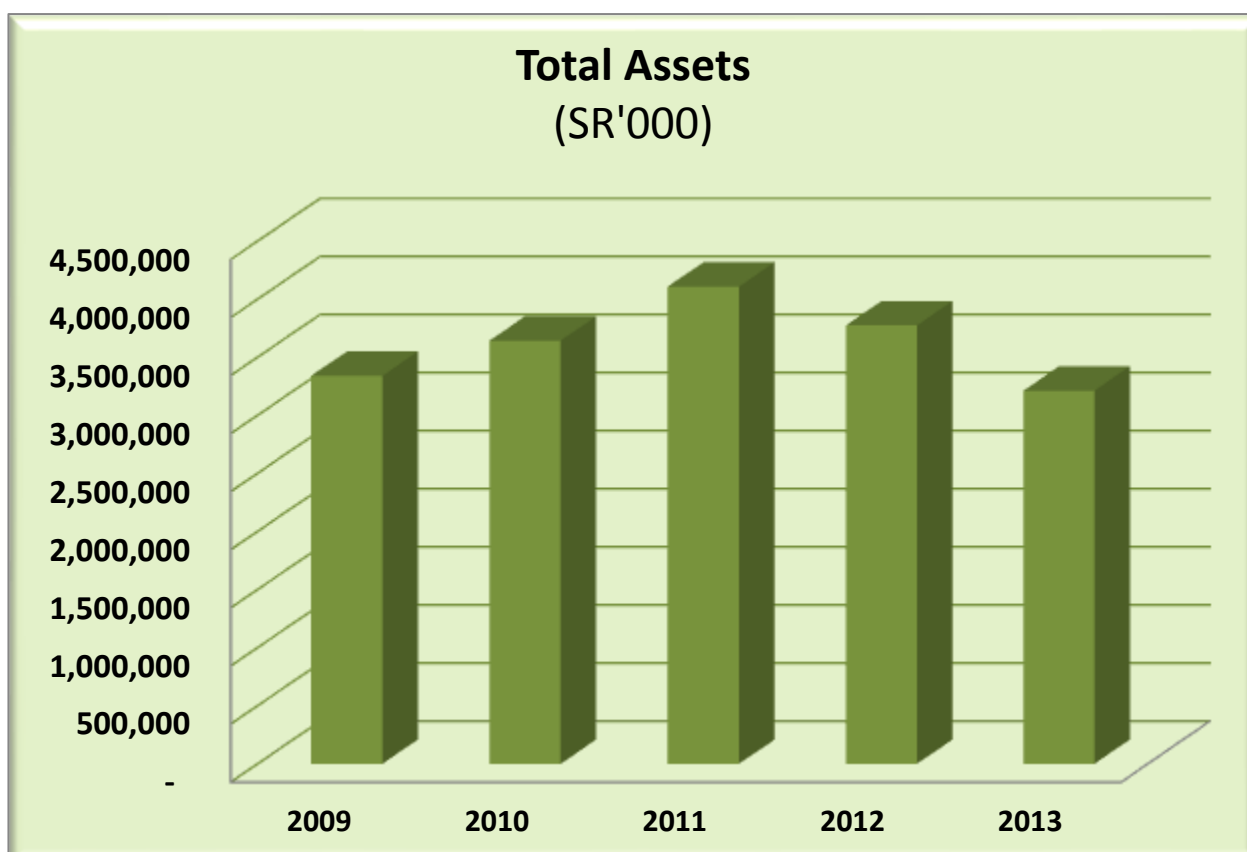
The impetus focus on developing export markets continued to draw the focus of the management, where new markets were tapped. The qualifications process is at its final stages of completion in GCC and, in particular, KSA where the market is promising with higher margins..

In addition, a further portfolio of products was successfully developed, which will allow the company to explore additional export markets.

7 - GROUP FINANCIALS

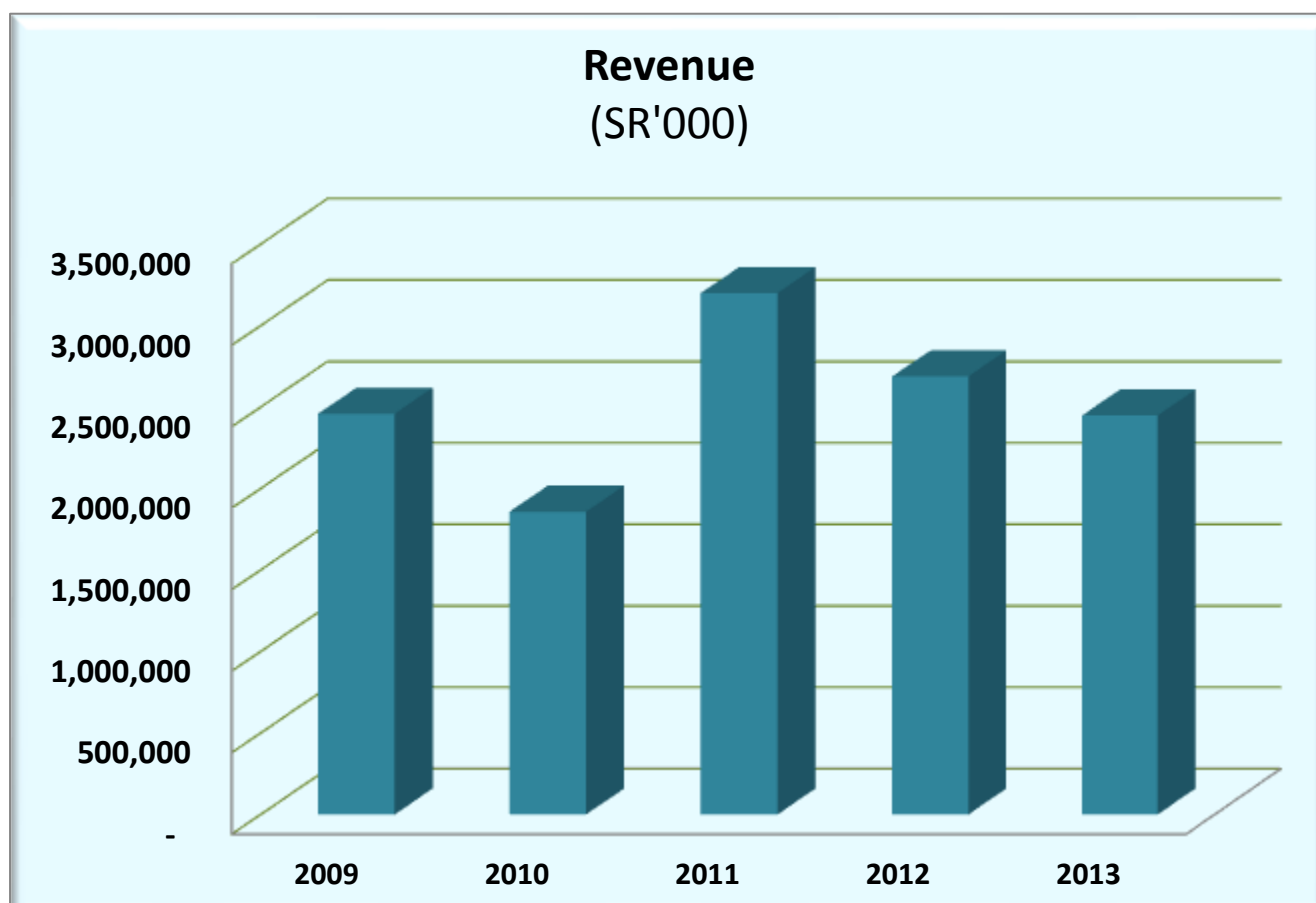
Summary of Financial Position (5 years)

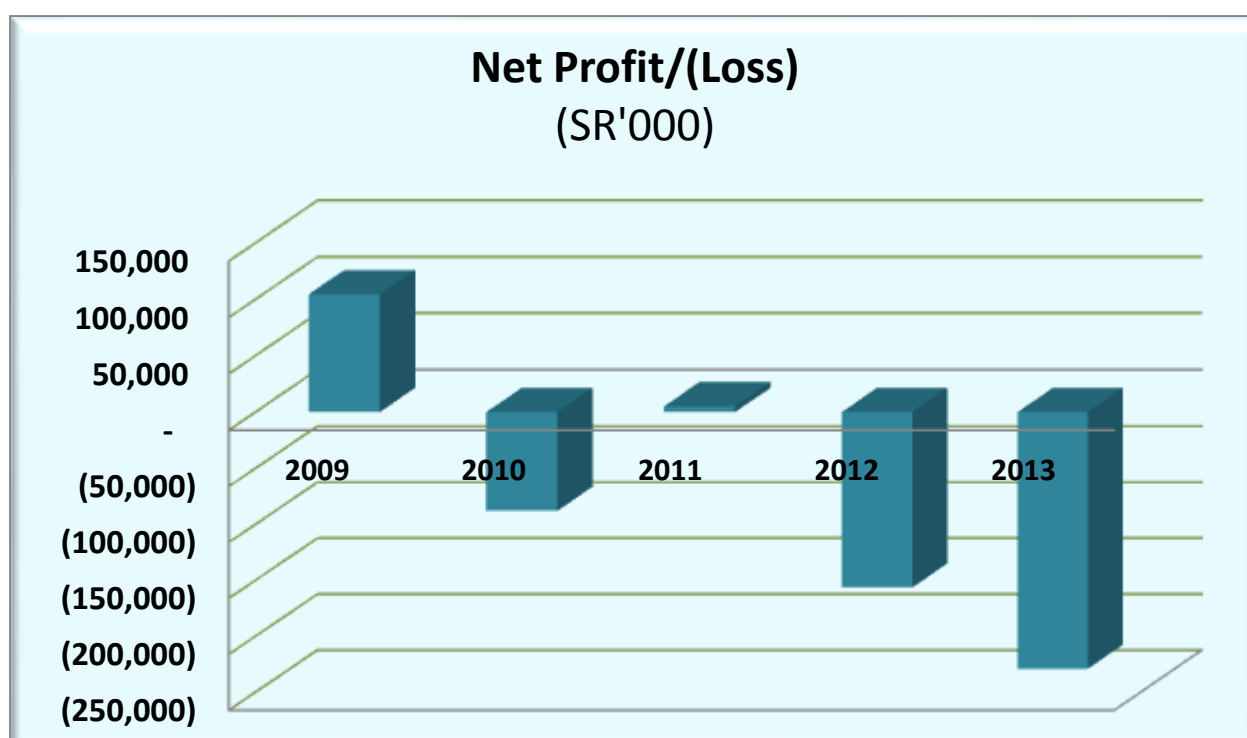
DESCRIPTION	As at 31 December				
	(SR'000)				
	2009	2010	2011	2012	2013
ASSETS:					
Current Assets	2,202,003	2,366,331	2,786,207	2,369,208	1,747,823
Non - Current Assets	1,137,362	1,276,214	1,320,855	1,404,885	1,464,228
Total Assets	3,339,365	3,642,545	4,107,062	3,774,093	3,212,051
LIABILITIES AND SHAREHOLDERS' EQUITY:					
Current liabilities	1,513,478	1,978,521	2,619,001	2,256,645	2,168,760
Non - Current liabilities	516,701	464,398	466,660	589,081	365,141
Total Liabilities	2,030,179	2,442,919	3,085,661	2,845,726	2,533,901
Shareholders' Equity	1,298,619	1,183,625	1,009,093	915,084	673,681
Minority Interest	10,567	16,001	12,308	13,283	4,469
Total Liabilities and Shareholders' Equity	3,339,365	3,642,545	4,107,062	3,774,093	3,212,051



Profit & Loss Summary (5 years)
(SR'000)

DESCRIPTION	Year ended 31 December				
	2009	2010	2011	2012	2013
Revenue	2,458,431	1,857,106	3,199,565	2,687,850	2,447,859
Costs and Expenses	(2,393,713)	(2,050,715)	(3,291,096)	(2,944,554)	(2,779,495)
Net Profit/(Loss)	64,718	(193,609)	(91,531)	(256,704)	(331,636)
Equity Share of Profit from Associates	61,477	116,308	96,272	104,610	131,858
Net Profit/(Loss) before Zakat	126,195	(77,301)	4,741	(152,094)	(199,778)
Zakat & Income Tax	(21,718)	(10,515)	362	(4,311)	(29,339)
Net Profit/(Loss)	104,477	(87,816)	5,103	(156,405)	(229,117)





FINANCIAL HIGHLIGHTS
Profit and Loss Summary (2 Years)
(In SR'000)

DESCRIPTION	2013		2012		Increase /(Decrease)
	Amount	%	Amount	%	Amount
Gross Sales	2,043,261	83.5	2,458,180	91.5	(414,919)
Contract revenue	404,598	16.5	229,670	8.5	174,928
Total Sales	2,447,859	100.0	2,687,850	100.0	(239,991)
Cost of Sales	(1,987,647)	(81.2)	(2,402,335)	(89.4)	(414,688)
Contracts Cost	(389,833)	(15.9)	(199,636)	(7.4)	190,197
Selling & Distribution Expenses	(67,048)	(2.7)	(66,434)	(2.5)	614
General & Administrative Expenses	(114,438)	(4.7)	(87,440)	(3.3)	26,998
Amortization of Deferred Cost	(13,781)	(0.6)	(11,959)	(0.4)	1,822
Financial Charges	(153,225)	(6.3)	(109,921)	(4.1)	43,304
Provision for Doubtful Debts	(71,439)	(2.9)	(40,157)	(1.5)	31,282
Total Expenses	(2,797,411)	(114.3)	(2,917,882)	(108.6)	(120,471)
Other Income / (Loss)	(738)	(0.0)	(1,036)	-	298
Foreign Currency re-measurement (Loss)/Profit	(6,243)	(0.3)	(606)	-	(5,637)
Equity share of Profit from Associates	131,858	5.4	104,610	3.9	27,248
Derivative Financial Instruments	15,660	0.6	(32,496)	(1.2)	48,156
Total Other Income & Share of Profit From Associates	140,537	5.7	70,472	2.6	70,065
PROFIT / (LOSS) BEFORE ZAKAT & INCOME TAX	(209,015)	(8.5)	(159,560)	(5.9)	(49,455)
Zakat and Income Tax	(29,339)	(1.2)	(4,311)	(0.2)	25,028
PROFIT/(LOSS) BEFORE MINORITY INTEREST	(238,354)	(9.7)	(163,871)	(6.1)	(74,483)
Minority Interest	9,237	0.4	7,466	0.3	1,771
NET PROFIT / (LOSS)	(229,117)	(9.4)	(156,405)	(5.8)	(72,712)

**FINANCIAL HIGHLIGHTS
THE SHAREHOLDERS EQUITY
(IN SR'000)**

DESCRIPTION	As at 31 December		Net Change
	2013	2012	
Capital Stock	760,000	760,000	-
Statutory Reserves	63,432	63,432	-
Accumulated (Loss)/Profit	(165,653)	63,464	(229,117)
Proposed dividends	-	-	-
Cumulative changes in fair values	23,087	28,188	(5,101)
Foreign currency translation reserve	(7,185)	-	(7,185)
Total Shareholders' Equity	673,681	915,084	(241,403)
Minority Interest	4,469	13,283	(8,814)
Total Equity	678,150	928,367	(250,217)

**FINANCIAL HIGHLIGHTS
ZAKAT AND OTHER AMOUNTS PAID TO GOVERNMENT
(IN SR'000)**

DESCRIPTION	As at 31 December		Net Change
	2013	2012	
Zakat	6,821	8,513	(1,692)
The Public Authority for Social Insurance	6,534	5,715	819
Registration, Visa and Other Expenses	3,262	1,018	2,244
Total amounts paid to the Government	16,616	15,246	1,370

8 - ZAKAT & INCOME TAX

Zakat and income taxes applicable to the Company and its subsidiaries are calculated separately in accordance with the respective countries' applicable laws. Provision is made for Zakat and income tax payable annually. Adjustments arising from final zakat and income tax assessments, if any, are reported as part of the results of the year in which such assessments are made. Accordingly, a net of provision of SR 22.2 million was made for zakat in the year 2013. The zakat provision available at 31 December 2013 amounted to SR 50.3 million, which includes prior years' provisions.

The Company is still contesting some of the prior years' assessments with the appellate authorities and also awaiting the Board of Grievances ruling on an appeal filed with them.

9 - BANK LOANS

The Bank Borrowings of the Company in SR'000 at 31 December 2013 were:

Long Term Loans as at 31 December 2013			
Company	Banks/Others	SR'000	
		2013	2012
Saudi Industrial Development Fund (SIDF)			
- Saudi Cable Company		143,408	142,318
Total SIDF (A)		143,408	142,318
Commercial Banks/Others			
- Saudi Cable Company	Al-Rajhi, BNP, NCB Gauder	82,881	102,258
- Mass Projects	Al Rajhi	95,464	246,375
- Mass Kablo	AK, Euro, T.Finans, Vakiflar, Ziraat, Seker, Odea & TTGV	59,540	156,559
Total Commercial (B)		237,885	505,192
Total Long Term Loans (A+B)		381,293	647,510
LESS: Current Position			
SIDF		(17,848)	(21,800)
Commercial Banks		(150,603)	(178,086)
Long Term Loans		212,842	447,624

Short Term Loans as at 31 December 2013			
Company	Banks/Others	SR'000	
		2013	2012
Commercial Banks/Others			
- Saudi Cable Company	Al Bilad, Al Rajhi, Al Jazira, BNP, NCB, SAMBA	624,219	986,704
- Mass Projects	Bank Muscat	211,803	129,372
- Mass Kablo	Barakturk, AK, Anadolu, Bankasya, Euro, Fiba, Garanti, Isbank, Odea, Seker, T. Finance, Vakiflar, Yapikredi & Ziraat	189,326	162,070
- Elimsan	Aktif, Asya, Deniz, Isbank, Kuveyt, T. Bank, Vakif & Yapi Kredi	59,660	88,313
Short Term Loans		1,085,008	1,366,459

10 - SUBSIDIARIES & ASSOCIATE COMPANIES

Subsidiaries	Principal Field of Activities	Country of Incorporation	% of Capital held Directly or Indirectly	Capital as per Nominal Share Value in SR Million
Domestic				
Saudi Cable Company for Marketing Limited	Purchase and sale of electrical cables and related products	Saudi Arabia	100%	10.0
Mass Projects for Power and Telecommunications Limited	Turnkey power and telecommunication projects	Saudi Arabia	100%	10.0
Mass Centers for Distribution of Electrical Products Limited	Electrical & telecommunication distribution services	Saudi Arabia	100%	44.5
International				
Mass Kablo Yatirim Ve Ticaret Anonim Sirketi (Previously Mass Holding Anonim Sirketi)	Holding Company	Turkey	100%	350.3
Demirer Kablo Tesisleri Sanayi Ve Ticaret Anonim Sirketi	Manufacture, supply and trading of electrical cables	Turkey	100%	
Mass International Trading Company Limited (dormant)	International trade	Ireland	100%	0.6
Saudi Cable Company (U.A.E) L.L.C.	Sale of cables and related products	United Arab Emirates	100%	1.0
Elimsan Group of Companies	Manufacturer of Switch Gears, Transformers and related accessories	Turkey	79%	72.5
Associate Companies				
Name of Entity	Principal Field of Activities	Country of Incorporation	% of Ownership	
Midal Cables W.L.L.	Conductors, Rods & related products	Bahrain	50%	79.1
XECA International Information Technology	Implementation of Information Systems and Network Services	Saudi Arabia	25%	13.2

Midal Cables W.L.L.

The Company owns 50% of Midal Cables W.L.L. which is engaged in the manufacture and supply of Aluminum alloy rods, wires and conductors and related products. The facilities are located adjacent to the Alba Smelter in Bahrain. The capacity for Aluminum rod production at the year-end 2013 was 250,000

MT. Midal Cables W.L.L. owns 70% shareholding in Bahrain Welding Wire Products W.L.L. – Bahrain which manufactures aluminium rod with production capacity of 32,000 MT.

Midal Cables fully owned subsidiary in Turkey - Midal Kablo San. ve Tic. A.Ş. is engaged in conductor production with capacity of over 20,000 MT and is in the process of setting up an aluminum rod manufacturing facility of 30,000 MT by end of Q1 2014.

During 2014 the following subsidiaries of Midal Cables are expected to commence production

1. Midal Cables Saudi Arabia L.L.C – Conductor production capacity of over 20,000 MT and is expected to commence production in 2nd quarter of 2014.
2. Midal Cables International Pty Ltd - Australia – Rod production capacity of 50,000 MT and is expected to commence production in 2nd quarter of 2014.
3. Midal Cables International Limitada – Mozambique - Rod production capacity of 50,000 MT and is expected to commence production in last quarter of 2014.

XECA International Information Technology

The Company currently owns 25% of XECA. Process of ownership increase to 50% is still under progress. XECA is engaged in the Implementation of Information Systems and Network Services. It is providing this service to many companies, including SCC. XECA has its headquarters in Saudi Arabia and provides its services internationally; presently throughout the GCC and some Middle East countries, Turkey and in several parts of Africa and spreading further internationally.

11 - TRANSPARENCY AND CORPORATE GOVERNANCE

11A - THE SCC BOARD OF DIRECTORS

The major functions and responsibilities of the Board of Directors are:

- a) Approving the strategic plans and main objectives of the Company and supervising their implementation;
- b) Laying down rules for internal control systems and supervising them;
- c) Drafting a corporate governance code for the company which does not contradict the provisions of the CMA regulations, supervising and monitoring in general the effectiveness of the code and amending it whenever necessary.
- d) Laying down specific and explicit policies, standards and procedures, for the membership of the Board of Directors and implementing them after approval of these by the General Assembly.
- e) Without prejudice to the competencies of the General Assembly, the Board shall assume all the necessary powers for the Company's management the ultimate responsibility for the company rests with the Board even if it sets up committees or delegates some of its powers to a third party.

11B - BRIEF CREDENTIALS

The Board of Directors comprises of 7 members elected for a three-year term commencing 3rd September 2011.

Name of the Member	Member Classification	Academic Qualifications	Membership of other Public Joint Stock Companies
Khalid A. Alireza Chairman	Non-Executive	<ul style="list-style-type: none"> - Bachelor's degree in Engineering from University of California, Berkley. - Master's degree in Engineering from University of California, Berkley. 	<ol style="list-style-type: none"> 1. Chairman of Alujain Corporation for the petrochemical industry. 2. Chairman of the National Company for the petrochemical industry.
Shaukat Aziz	Independent	<ul style="list-style-type: none"> - Master's degree in Business Administration 	-
Saleh E. Al Hussaini	Independent	<ul style="list-style-type: none"> - Master's degree in Economics. 	<ol style="list-style-type: none"> 1. Saudi Basic Industries Corporation (SABIC). 2. Saudi Airlines Cargo Limited Company. 3. Trade Union Insurance.
Abdullah H. Masri	Independent	<ul style="list-style-type: none"> - Bachelor's degree in Humanities from University of California. - Master's degree in Humanities from University of Chicago. - Doctorate in Humanities from University of Chicago, - Dip in Business Administration from Harvard University. 	Coca-Cola Bottling Company of Saudi Arabia (CCBCSA) for soft drink.
Adnan A. Maimani	Non-Executive	<ul style="list-style-type: none"> - Master's degree in Law from McGill University, Canada 	Saudi Industrial Services Co. (SISCO)
Yousuf A. Alireza	Non-Executive	<ul style="list-style-type: none"> - Bachelor's degree in Applied Sciences in Business Sector from University of San Francisco - Master's degree in Business Administration 	-
Eng. Abdullah M. Rehami	Independent	<ul style="list-style-type: none"> - B.Sc. Mechanical Engineering - King Fahd University of Petroleum and Minerals in Saudi Arabia. 	<ol style="list-style-type: none"> 1. Savola Group - a representative of the Public Investment Fund - Ministry of Finance. 2. Alujain Corporation.

11C - DIRECTORS' OWNERSHIP OF SCC SHARES

The details of the Directors' and their Families' ownership of shares in the Company is as follows:

A description of any interest of returning to the board members and their spouses and their minor children in the shares or any of its subsidiaries					
Name of the Member	No. of shares at the beginning of 2013	No. of shares at the end of 2013	Net change in the No. of shares during the year	Percent Change	Ownership of first degree relatives & changes therein
Khalid A. Alireza	132,524	250,524	118,000	89%	Included
Shaukat Aziz	1,000	1,000	-	-	None
Saleh Eid Al-Hussaini	1,000	1,000	-	-	None
Abdullah H. Masri	2,559	2,559	-	-	None
Adnan A. Maimani	1,000	1,000	-	-	None
Yousuf A. Alireza	1,000	1,000	-	-	None
Eng. Abdullah M. Rehaimi	5,000	5,000	-	-	None

Neither the Senior Executives nor their Families acquired any shares during the year 2013. There were no shares owned by any of them at the end of 2013 and 2012.

11D - BOD MEETINGS & IMPORTANT RESOLUTIONS

Attended by	2013 Meeting Dates					
	19 Jan	25 Feb	30 Apr	30 Apr	31 Jul	10 Nov
Khalid A. Alireza	√	√	√	√	√	√
Shaukat Aziz	√	√	√	√	√	√
Saleh E. Al-Husseini	By Proxy	By Proxy	√	√	By Proxy	√
Abdullah H. Masri	By Proxy	√	√	√	√	√
Adnan A. Maimani	√	√	By Proxy	By Proxy	√	√
Yousuf A. Alireza	√	By Proxy	√	√	√	√
Abdullah M. Rehaimi	---	---	---	---	---	√

The following important resolutions were passed:

Brief
Acceptance of resignation of Group President & MD Dr. Waheeb A. Linjawi and appointment of Eng. Abdullah M. Bukhari as Acting Group President. (BOD Res No. BOD-143/4 of 20-1-2013)
Acceptance of resignation of Mohammed Ashraf Tumbi and Wadia Eshgi from the Audit Committee and appointment of Mohammed Uzair Afzal as a member of the Audit Committee. (BOD Res No. BOD-143/5 of 20-1-2013)
Approval of re-appointment of Yousuf A. Alireza as a member of the Nomination & Remuneration Committee for the Committee to comprise of 1. Abdullah H. Masri (Chairman), 2. Yousuf A. Alireza (Member) and 3. Ahmed S. Gabbani (Member). (BOD Res. No. BOD-144/3 of 25-2-2013)
Appointment of Adnan A. Maimani as the Company's contact person for the Capital Market Authority for all matters pertaining to implementation of the Capital Market Law and the

Implementing Regulations. (BOD Res No. BOD-145/3 of 30-4-2013)
Recommendation to the shareholders for increase of the Company's capital by up to SR 500 million and direction to the Management to complete all the required formalities. (BOD Res No. BOD-145/5 of 30-4-2013)
Acceptance of Audit Committee's recommendation and approval of the writing off of SR 32.567 million against provision available in the books for non-moving finished goods and inventory adjustment. (BOD Res No. BOD-147/3 of 31-7-2013)
Chairman asked to perform also the functions and duties of the Managing Director temporarily, up to the end of the current term of the Board. (BOD Res No. BOD-147/4 of 31-7-2013)
Approval of the writing off of some old, damaged cables of value SR 4,369,507 from the Company's books. (BOD Res No. BOD-148/2 of 10-11-2013)
Appointment of Abdullah Mohammed Noor Rehaimi as a member of the Board of Directors in place of Dr. Waheeb A. Linjawi, who resigned. (BOD Res.No.C-2013-1 of 18-9-2013)
Approval of Purchase Contract, Term Sheet, the MSA & Deferred Payment Terms Agreement with Noble Resources International Pte Ltd. (BOD Res.No.C-2013-3 of 28-9-2013)

11E - DETAILS OF REMUNERATION TO EXECUTIVE & NON-EXECUTIVE BOD MEMBERS & SENIOR EXECUTIVES

	In SR'000					
	Board Members			Five Highest paid senior executives including CFO		
	2013			2012		
	Executive (1 Person)	Non-Executive (7 Persons)	Total	Total	2013	2012
Salaries and Allowances	88	480*	568	1,541	3,745	3,774
Fees	3	69	72	120	-	-
Bonus	-	-	-	-	-	-
Total	91	549	640	1,661	3,745	3,774

* In view of the company's losses, Khalid A. Alireza, Chairman, has decided to forgo his salary of SR 480,000. This amount has been reimbursed back to the company in the first quarter of 2014.

Board Committees:

1. SCC-Audit & Risk Committee

Mandate

The main objective of the Committee includes ensuring adequacy and soundness of internal control structure, financial accounting and reporting policies/procedures and its

implementation, effectiveness of the internal and external audit functions; and specially to examine risks and exposures facing the Company and its management.

The Audit Committee in the Company was formed under the Resolution No. 903 dated 12/08/1414H issued by the Ministry of Commerce. The formation of the Committee was approved by the Ordinary General Assembly of the shareholders on 30/12/1414H. The Charter of the Audit Committee was approved by the Board of Directors on 8/6/1994 (Resolution No. BM 65 - 4).

Membership

The following are the current members of the Audit & Risk Committee (As of 31.12.2013):

Members	Member of the BOD	Non-Executive	Shareholder	Position
Omar H. Khalifati		√	√	Chairman
Adnan A. Maimani	√	√	√	Member
Mohammad Uzair Afzal		√	√	Member

All the Audit & Risk Committee Members are not Employees of SCC Group

SCC – Audit & Risk Committee Meetings and Result

The committee held 7 meetings in 2013.

No	Meeting Date	Meeting No	Attended By
1	01/01/2013	(97) Ninety Seven	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • Ashraf Tumbi • Wadia Eshgi
2	16/01/2013	(98) Ninety Eight	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • Ashraf Tumbi • Wadia Eshgi
3	24/02/2013	(99) Ninety Nine	<ul style="list-style-type: none"> • Omar Khalifati • Mohammad Uzair Afzal
4	28/04/2013	(100) Hundred	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • Mohammad Uzair Afzal
5	18/07/2013	(101) Hundred and one	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • Mohammad Uzair Afzal
6	23/07/2013	(102) Hundred and two	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • Mohammad Uzair Afzal
7	28/10/2013	(103) Hundred and three	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • Mohammad Uzair Afzal

Meeting Fees paid @ SR 3,000 per meeting per member.

RESULT AND FINDINGS

1. The Audit Plan, Procedures and profile of the Internal Audit Department were reviewed and found adequate.
2. A study of the Company's financial and operational policies/procedures and internal control system shows that the policies/procedures are adequate and well placed.
3. The result of Internal Audit showed that internal control procedures were effective throughout the Group. Examination and review of books of account, financial transactions, reports, data and operational activities and physical verification of company's assets and properties showed no significant procedural violations.

2. Nominations & Remunerations Committee:

The functions of the Nominations & Remunerations Committee may be summarized as determining the policies and standards for nominations to the membership of the Board of Directors with periodical review of the requirements of capabilities and skills for the Board; study of the Board's strengths and weaknesses and suggesting ways of addressing it; ensuring the independence of the independent Directors, study of conflict of interest with their membership of the Boards of other companies; beside studying or suggesting policies for compensation and bonus to the Board of Directors and Senior Executives. The Committee has been reconstituted vide BOD Resolution No. BOD 142/2 dated 4 Muharram 1434 H corresponding to 18 November 2012 G and BOD Resolution 144/3 dated 25/02/2013 as follows:

Members	Position
Dr. Abdullah H. Masri.	Chairman of the Committee
Yousuf A. Y. Zainal Alireza.	Member
Dr. Ahmed Saad Gabbani.	Expert Member

The tenure of the new committee will be for a period of the existing Board of Directors' as per the rules approved by the shareholders.

Meetings:

The initial Committee had two meetings during the year 2013 as per the following attendance:

No	Meeting Date	Meeting No	Attended By
1	19 January 2013	(2)	1- Yusuf A. Y. Alireza. 2- Dr. Waheeb Linjawi. 3- Dr. Ahmed Gabbani.
1	23 December 2013	(3)	1- Dr. Abdullah H. Masri. 2- Yusuf A. Y. Alireza. 3- Dr. Ahmed Gabbani.

12 - IMPLEMENTATION STATUS OF CORPORATE GOVERNANCE (CMA) REGULATIONS

(As of 31 December 2013)

No	CMA Article No. /Description	No. of clauses	Impleme nted	Partial Implem	In Process of Implmnt.	Not Appl.	REMARKS
1	3- General Rights of Shareholders	1	1				
2	4- Shareholders Exercise of Rights and Access to Information	2	2				
3	5- Shareholders Rights related to the General Assembly	10	10				
4	6- Voting Rights	4	3			1	Article 6/d - is not applicable to the company
5	7- Dividends Rights of Shareholders	2	2				
6	8- Policies and Procedure related to Disclosure	1	1				
7	9- Disclosure in the Board of Directors' Report	7	7				
8	10- Main Functions of the Board of Directors	17	17				
9	11- Responsibilities of the Board	8	8				
10	12- Formation of the Board	9	9				
11	13- Committees of the Board	3	3				
12	14- Audit Committee	11	11				
13	15- Nomination and Remuneration Committee	8	8				
14	16- Meetings of the Board	4	4				
15	17- Remuneration and Indemnification of Board Members	1	1				
16	18- Conflict of Interest within the Board	3	3				
17	Total Clauses	91	90			1	
18	Percentage of Implementation	100%	98.9%			1.1%	

13 - PENALTIES IMPOSED BY CAPITAL MARKET AUTHORITY

The Capital Market Authority announced the issuance of a CMA Board resolution to impose a penalty of SR 100,000 (One Hundred Thousand Saudi Riyals) on the Company due to its violation of clause (A) of Article (46) of the Capital Market Law, clause (B) of Article (40), clause(A) and sub-clause (5) of clause (B) of Article (41) of the Listing Rules. The company was late, by one day, to inform CMA and the public about its Board of directors' decision to accept the resignation of the company's director and Board member, in its meeting on Sunday 20/01/2013, and assigning an acting director.

14 - TRANSACTIONS WITH RELATED PARTIES

The Company, in the normal course of business, has the following major dealings with related parties:

1. The Group engages in regular trade transactions with Midal Cables and Hidada Limited, which are disclosed in the annual financial statements. All transactions are enacted on prevailing commercial terms.
2. An affiliate of the Company, XECA, is engaged in providing Information Technology Services at commercial prices.
3. Xenel Industries Limited, under an on-going agreement with the Company, is reimbursed with actual costs incurred on its behalf for services rendered. Additionally, to support the company's urgent working capital requirements an incremental amount of SR 5 million (interest free) was advanced to SCC during the year 2013, in addition to the SR 25 million (interest free) loan provided during 2012, which is still unpaid and continues to be interest free.

The Group had the following related party transactions during the years ended 31 December:

Related party	Nature of transaction	(SR'000)	
		2013	2012
Management	Remunerations	640	1,661
Midal Cables W.L.L. – 50% Owned by SCC: In total the BOD has 6 members, of which 3 are nominated from SCC's management.	Purchases of Aluminum Rod	61,755	21,941
	Dividends income	11,195	116,553
Xenel Industries Limited Private company. The BOD of which includes 2 members from SCC BOD: Khalid A. Alireza & Yousuf A. Alireza	Expenses of Travel, Consultancy, Training, Legal etc. charged to the Group, advances and Loans.	8,003	25,003
XECA International Information Technology 25% owned by SCC and 25% owned by Xenel Industries	IT Outsourcing services paid/Advances	7,501	8,106
Hidada Limited Subsidiary of Xenel Industries	Consultancy Expenses charged by the Group	-	153
Alujain Corporation 2 common directors: Chairman: Khalid A. Alireza Director: Abdullah Mohammed Noor Rehaimi	Consultancy Expenses charged by the Group	16	77
Related party balances comprised of the following as at 31 December:		2013	2012
Due from related parties			
Hidada Limited		-	1,132
Alujain Corporation		84	1,396
XECA International Information Technology		-	3
		84	2,531
Due to related parties			
Xenel Industries Limited		33,353	25,350
Midal Cables W.L.L		20,175	7,510
Chem Global Limited		664	664
XECA International Information Technology		550	-
Hidada Limited		294	-
		55,036	33,524

The above related party transactions along with an external auditor's special report will be submitted at the next Ordinary General Assembly (OGA).

15 - POTENTIAL RISKS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

16 - CORPORATE GOVERNANCE

The Company endeavors to lay down the basis, the policies and procedures that match the Corporate Governance Regulations issued by the Capital Market Authority as per Resolution No. 1-212-2006 dated 21/10/1427 H corresponding to 21/11/2006G.

Taking guidance from the Corporate Governance Regulations in the Kingdom of Saudi Arabia, the Company's Corporate Governance Regulations have been approved vide Resolution No. 10 issued by the General Assembly of the Shareholders at its meeting No. 36 held on 5-7-1432 H / 7-6-2001G.

Operationally, the Company has applied what has been laid down in the Regulations, either fully or partly, through the Bylaws and the Internal Regulations and Procedures and the related mechanisms, beside its adherence to the Accounting Standards recognized in the Kingdom of Saudi Arabia.

The Company is continuously working on updating the policies and procedures governing the application of these regulations.

Shareholders' Rights and communications with them: All shareholders are entitled to all rights attached to the share and as described in the Company's Bylaws and as laid down in the governance regulations, in particular the right to participate in governance and profits of the Company. These documents cover the rights of the shareholders and they may acquaint themselves of these by visiting the Company's website (www.saudicable.com); this is in addition to what is published periodically on 'Tadawul' and that published from time to time in the local newspapers.

Dividend Policy: Articles 39 and 40 of the Company's Bylaws cover the policy on distribution of annual profits as follows:

Article 39 – Distribution of annual profits:

The annual profits arrived at after deducting all general expenditures and other charges, shall be distributed as follows:

39.1 A sum of 10 per cent of the net profits shall be set aside to form a Legal Reserve. The Ordinary General Assembly may stop such setting aside when the said reserve equal fifty per cent of the Company's paid-up capital.

39.2 Out of the remainder of the net profits a first dividend of not less than five per cent of the paid-up capital shall be distributed among the shareholders.

39.3 Then an amount of not more than 10% (maximum of SR 200,000 per Director) of the remainder of the net profits, shall be allocated and distributed to the members of the Board of Directors.

39.4 The remainder shall be distributed among the shareholders as an additional dividend, or be carried forward for subsequent years in the manner recommended by the Board of Directors and approved by the General Assembly.

Article 40 – Distribution of Dividends:

The dividends decided to be distributed among the shareholders shall be paid at the place and time fixed by the Board of Directors within the guidelines or the relevant directives issued by the Ministry of Commerce.

Voting : The Company had included a resolution on approval of cumulative voting in the agenda of the Extraordinary General assembly No.39 on 3/8/1433H corresponding to 23/6/2012G; but there was no quorum and therefore the cumulative voting method has not been incorporated in the Company's Bylaws till date. Hence the Company has not implemented it.

Share Capital of the Company: The Company has a fully paid up capital of SR 760,000,000 divided into 76,000,000 equal shares of SR 10 each.

17 - IMPORTANT DATES FOR SHAREHOLDERS AND STAKEHOLDERS:

The BOD endeavors to meet four times each year. The dates of meetings are dependent on the maximum attendance availability of its members. The following tentative dates have been initially fixed for important meetings to be convened in 2014. The actual meeting dates may vary upon BOD Members' availability.

Meeting		Day and Date
1	Ordinary General Assembly (OGA)	Wednesday, 06-08-1435 H – 04-06-2014 G
2	Board of Directors Meeting	Sunday, 12-03-1435 H – 13-01-2014 G
3	Board of Directors Meeting	Sunday, 27-06-1435 H – 27-04-2014 G
4	Board of Directors Meeting	Thursday, 20-09-1435 H – 17-07-2014 G
5	Board of Directors Meeting	Tuesday, 27-12-1435 H – 21-10-2014 G

18 - BOARD DECLARATIONS

1. Proper books of account have been maintained.
2. The system of internal control is sound in design and has been effectively implemented.

3. There are no significant doubts concerning the Company's ability to continue as a going concern.
4. The Company's financial statements were prepared in accordance with the accounting principles generally accepted in the Kingdom of Saudi Arabia and such accounting principles are applied on a consistent basis.
5. The Company has not issued any financial instruments such as stock options or stock rights that may be converted into shares.
6. There were no major contracts awarded to any related parties, other than those disclosed in the afore-mentioned section of this report and also similarly disclosed in the financial statements.
7. There were no outstanding loans that neither were due from the directors during the year nor were any loan repayments made.
8. There were no loans given to any of its members.
9. The Company has not made any transactions relating to its own stocks.
10. Bank loans and its movements are disclosed in this report, and in the financial statements.
11. There were no other share dealings entered by the Company with any of its directors or immediate members of their families other than those disclosed above.
12. No waiver of rights has been received from any shareholder.
13. The external auditor has given a qualified opinion on the financial statements.

19 - BOARD OF DIRECTORS RECOMMENDATIONS TO THE SHAREHOLDERS:

1. Approval of the Board of the Directors' Report for 2013.
2. Approval of the 2013 year-end financial statements and external auditors' report.
3. Absolving the Board of Directors of their responsibilities for the year 2013.
4. Approval of the appointment of external auditors for the year 2014.
5. Approval of the appointment of Abdullah Mohammed Noor Rehami as a board member.
6. Approval of the Business and Agreements made by and between the Company and related parties.

The Board of Directors duly expresses appreciation and gratitude to the Government of the Custodian of the two Holy Mosques, King Abdullah Bin Abdul Aziz Al Saud, HRH Crown Prince Salman Bin Abdul Aziz Al Saud, Deputy Prime Minister and Minister of Defense, and the Government for their continuing cooperation and support.

The Directors thank all customers, shareholders and employees for their continued loyalty and support to the Company.

On behalf of the Board of Directors
CHAIRMAN