

SAUDI CABLE COMPANY

Board of Director's Report

For the Year Ended 31 December 2015

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SAUDI CABLE COMPANY
(A Joint Stock Company)

BOARD OF DIRECTORS' REPORT
FOR THE YEAR ENDED
31 DECEMBER 2015

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-Station, 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 has achieved a net profit of SR 1.7 million as compared to the loss of SR 201.7 million last year, mainly due to significant improvement in main operations. Both the revenue and margins have improved. Also the Group has recovered significant amount of old outstanding receivables during the year, accordingly provision held against were reversed. This result was achieved despite the fact that inadequate funding facilities available during the year.

Financial Restructuring

SCC KSA operations finalized a debt-restructuring agreement with its 4 main bankers, on 23 February 2016. This agreement allows the company to reschedule and amortize its debt over a period of 7 years, culminating with a final payment at the end of December 2022.

The broad terms of the restructuring include a rights issue to be carried out by the Company within the next 2 years, proceeds of which will primarily be used finance working capital, thereby further fuelling growth.

Profit Distribution & Dividend

During 2015, the company did not disburse any dividends, similar to 2014.

3 - REVENUES

The Group's revenues in 2015 were SR 1,918 million as compared to SR 1,716 million in 2014.

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 3,598 million in 2015.

The Geographical distribution of the revenues was:

Region	SR Million	
	2015	2014
Kingdom of Saudi Arabia (KSA) & GCC	1,410	1,175
Rest of the World	508	541
TOTAL SALES	1,918	1,716

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

Region	SR Million	
	2015	2014
Kingdom of Saudi Arabia (KSA) & GCC	26	(124)
Rest of the World	(24)	(77)
TOTAL NET INCOME / (LOSS)	2	(201)

Revenue was generated from the following segments:

Revenue From	SR Million		
	As at 31 December		
	2015	2014	Net Change
Product Sales	1,827	1,563	264
Projects & Contracting	91	153	(62)
TOTAL REVENUE	1,918	1,716	202

4 - ORGANIZATIONAL DEVELOPMENT

The company realizes that a strong cultural foundation is the cornerstone of its short and long-term strategies in building a high performance organization. Our Journey to Excellence, specifies three guiding principles: people-centric, results-driven, and forward-looking:

People-centric – To become an accessible and responsive organization, the company needed to expand and enhance its connections with customers and suppliers, emphasizing commitment and transparency, and engage with its own employees’ development for leadership, ownership and accountability

Results-driven – The provision of excellent results necessitated emphasis on accurate data collection, individual performance measures, key performance indicators, and team performance monitoring. Everyone is to be held accountable for results that matter to the company. Additionally, building cost-consciousness in all conduct and staying within the budget are also key aspects of our results-driven culture.

Forward-looking – Investment in SCC facilities, technology, systems, programs, and business processes that need to be conducted to establish value added processes.

At the company, We value a High Performance Culture and sense of ownership among our team. We live by our “ICARE” value system, Occupational Health & Safety and compliance with legislations and codes of ethics. A high performance culture is about diversity, teamwork and leadership. It is how we build trust, focus on customers and drive changes through creativity and innovation.

We are certain that a cohesive culture based on our “ICARE” values strengthens our business and makes the SCC group a more attractive employer, business partner, industry leader, and trusted corporate citizen. “ICARE” stands for:

I nnovation	Creative thinking that adds value
C ommitment	Transform promise to reality, as one team
A ppreciation	Recognize the achievements of others
R espect	Showing admiration and consideration to everyone
E xcellence	Deliver outstanding results

Human Resources

With the belief of the company's Management that the human element is the prime ingredient for success of an enterprise, the company has developed a new Organization Structure including changes to functional regulation and salary scale.

The company's Management has followed the latest scientific methods for job evaluation and estimation of functional depth for all positions. This has enabled the company to systematize salary administration and keep up with a market approach to the labor market in the Kingdom of Saudi Arabia, thereby providing an encouraging work environment and greater job stability to all employees of the company. We believe this will have a beneficial effect on the company's results in the future.

Program to employ recent young graduates

Proceeding from the company's approach to maintain its leading role in the Saudization of jobs in 2015, the company employed an additional 50 recent graduates and enrolled them into a training program in cooperation with the Ministry of Labor through the Human Resources Development Fund.

This program aims at preparing the youth and imparting to them the required basic skills so that they are adequately prepared to add value in their new positions at the company. We believe this will also reflect positively on the company's performance.

Programs created for welfare of Employees

The company supports the welfare of its employees by providing educational assistance to the children of its employees. This program was made available to all employees of the company in 2015.

Manpower

Sector / Company	Total Employees	Nationalization %	NITAQAT Rating
Total Workforce in the Kingdom	1,028	26.95%	Green
Total Workforce outside the Kingdom	805		
Total workforce	1,833		

Social Responsibility and Sustainability Programs

The company encourages its employees to get involved in helping the local community through a range of activities, including charitable establishments and other similar institutions and by devoting a part of their time for that purpose. The company seeks to build constructive relations with several institutions for building a better society and a better environment that is economically sustainable.

Support to social organizations in carrying out their role

- The company provides annual support to 15 Charitable Societies for Memorization of Quran in various regions of the Kingdom of Saudi Arabia
- The company also supports various Charitable Organizations by making donation in kind from time to time
- The company participates in the training of young Saudi men and women with the cooperation of Ministry of Labor's Human Resources Development Fund

Programs for continuous contact with the Employees " Hosting Parties"

The company always endeavors to consolidate the relationship among the employees through hosting parties. Accordingly, in Ramadan 1436H, the company organized a party for all employees at its headquarters for breaking the fast.

5 - TURKISH OPERATIONS

MASS KABLO

During the period, the Group introduced a process of organizational change, which has involved redefining its product composition and commercial segmentation

encompassing the development and introduction of its own brand of accessories as well as product range customization, such as aluminum metallic shields, on its High and Extra High cable range, thus offering a complete and innovative product portfolio designed to satisfy the diverse and specific application needs of the market. The aim is clearly to provide commercial focus to target markets for high-tech and high value-added businesses whose focus is on underground networks and complement client base resources on their execution

2015 performance by Mass Kablo High Voltage business largely mirrored the same period of 2014. Although High Voltage commercial performance was positive domestically and in selective neighboring markets, it remained weak in some of our major export markets adversely affected by regional geopolitical developments (Syria, Russia, Iraq). During the 4th Quarter, the company has redoubled its efforts to service the growing demand for energy infrastructure in the Middle East market, winning some orders; however these markets are also characterized by lower profitability.

ELIMSAN (SWITCHGEAR)

The initiatives and targets that were set in 2014 for turning around the negative results into profitability within 3 years, started to yield. In 2015, substantial orders from Qatar with high margins entered starting from August, 2015. These orders both from Electrical Utility and Private Customers thanks to the long-lasting successful approval procedure will play a significant role in Elimsan's sales revenues for minimum 5 years to come. Elimsan has become the market leader in this lucrative market and is committed to stay this way. Additional profitable export orders also from Kazakhstan and the UK show the successful yield of Elimsan's export initiatives.

All the above with increasing its market share in the domestic market with all the products in its product-portfolio, Elimsan is becoming the market leader not only in Turkey but also in a wide geography including GCC, CIS and Turkey. Trusting the growth in sales and general positive trend in energy business worldwide, Elimsan continuously invests in product developments, which include not only the existing products but also totally new products for enabling penetration into new and challenging markets including Europe and South Africa. Successful product launches with type-tests from worldwide recognized accredited laboratories are enabled within a Total Quality concept. Slowly but surely, Elimsan is getting ready to face competition with its rivals and even surpass them.

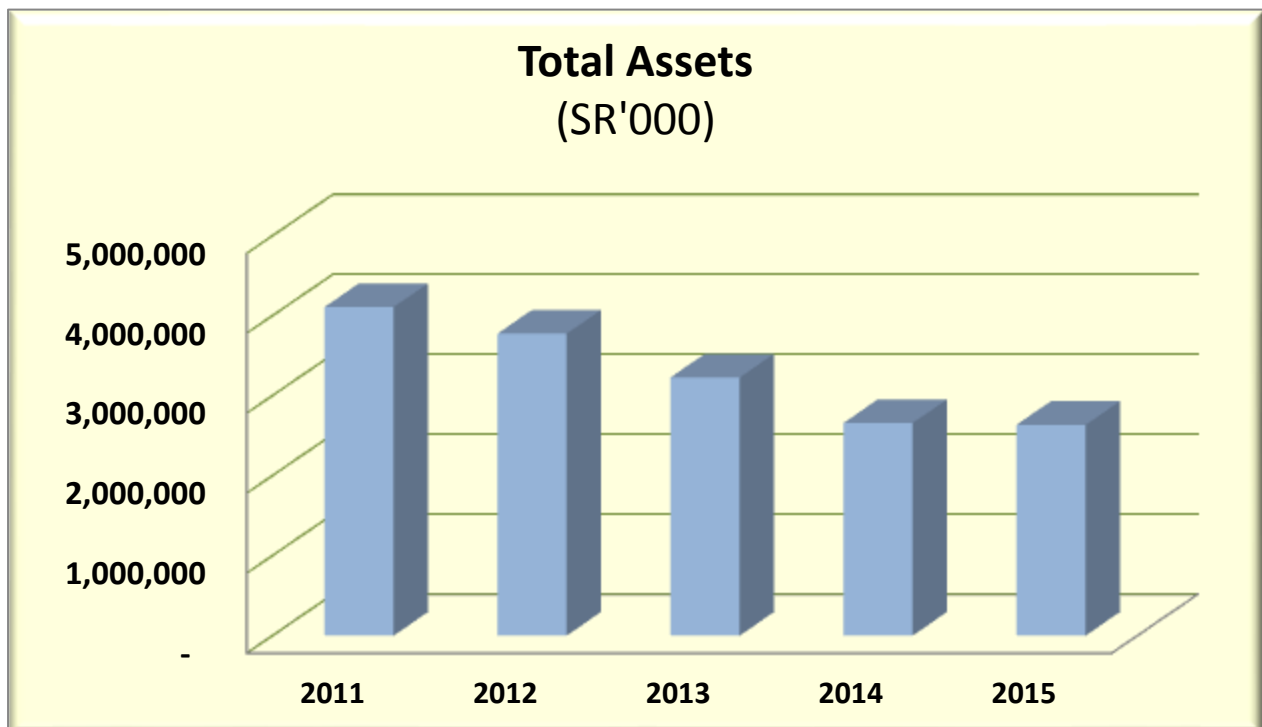
Liquidity issues are taken care of very intensively and restructuring with the banks are signed within 2015. Further actions and initiatives are undertaken for getting access to additional cash assets. Thanks to a strong immovable asset portfolio, Elimsan has minimized its risks for cash management. Cash is used rigorously for new investments and all precautions are undertaken for enabling further healthy

growth. Elimsan managed the positive change and commenced to become a profitable global industrial player in 2016 and beyond thanks to innovative products and a healthy and strong backlog from domestic and foreign customers.

6 - GROUP FINANCIALS

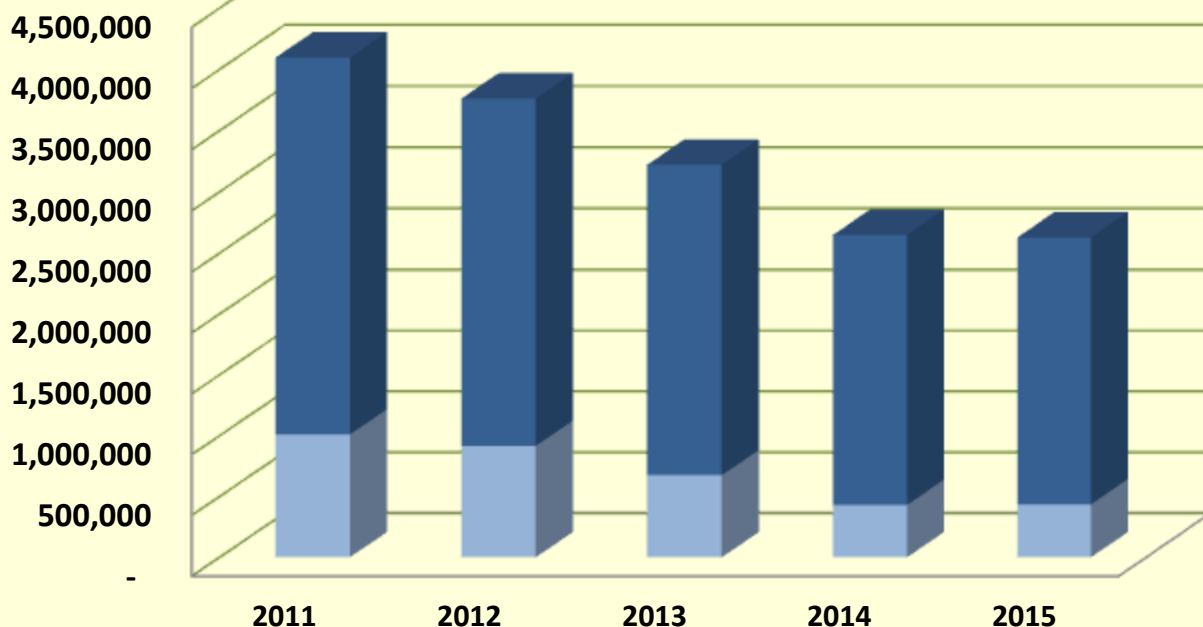
Summary of Financial Position (5 Years)

Description	As of 31 December				
	(SR'000)				
	2011	2012	2013	2014	2015
Current Assets	2,786,207	2,369,208	1,704,208	1,116,440	1,222,560
Non - Current Assets	1,320,855	1,404,885	1,520,794	1,539,353	1,410,334
Total Assets	4,107,062	3,774,093	3,225,002	2,655,793	2,632,894
LIABILITIES AND SHAREHOLDERS' EQUITY:					
Current liabilities	2,619,001	2,256,645	2,181,711	1,961,520	1,928,693
Non - Current liabilities	466,660	589,081	365,141	257,114	263,096
Total Liabilities	3,085,661	2,845,726	2,546,852	2,218,634	2,191,789
Shareholders' Equity	1,009,093	915,084	673,681	429,744	434,951
Minority Interest	12,308	13,283	4,469	7,415	6,154
Total Liabilities and Shareholders' Equity	4,107,062	3,774,093	3,225,002	2,655,793	2,632,894

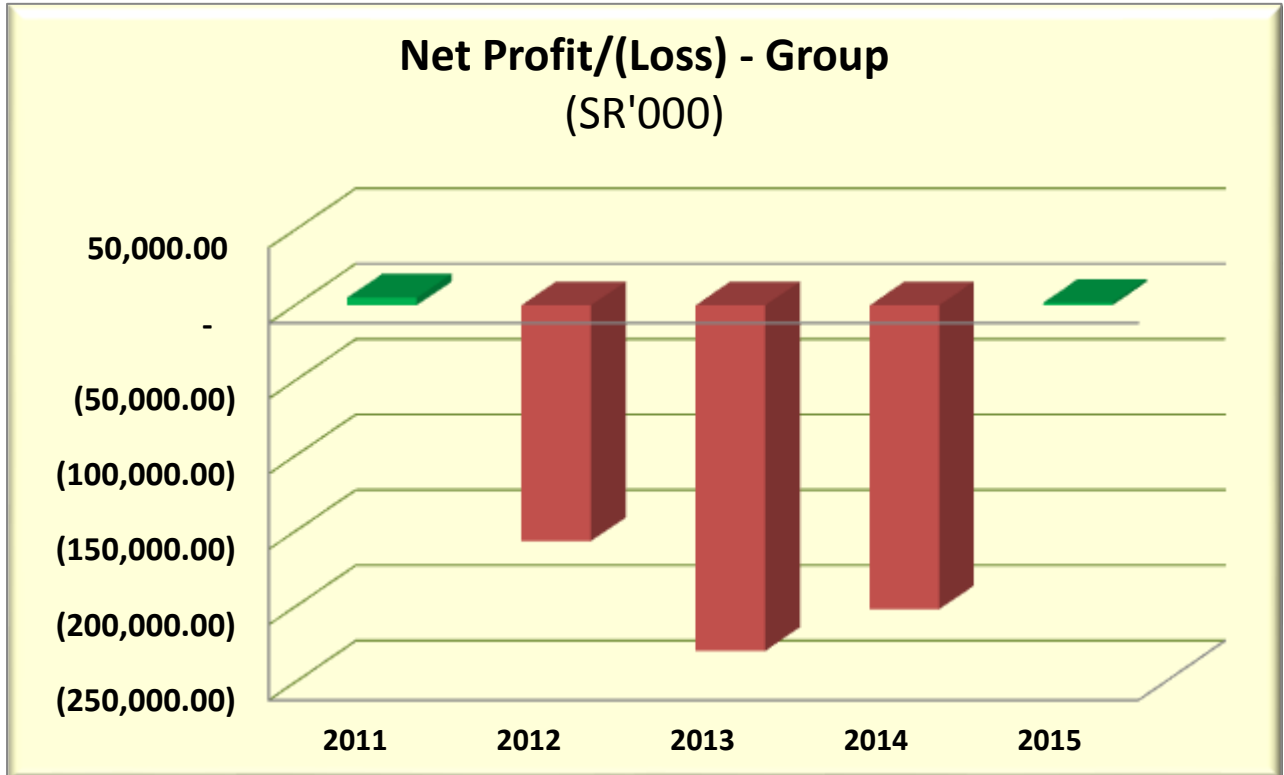
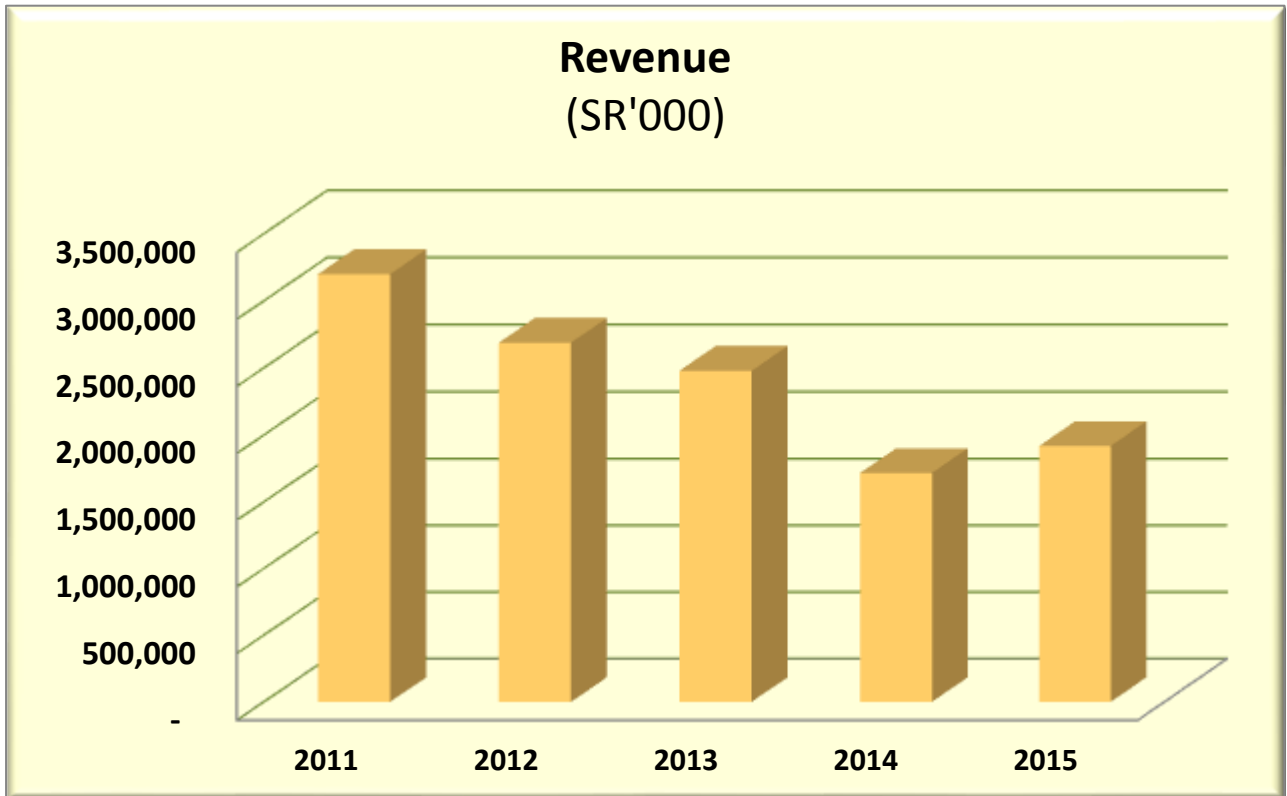




Total Shareholder's Equity & Total Liabilities (SR'000)



DESCRIPTION	Year ended 31 December				
	(SR'000)				
	2011	2012	2013	2014	2015
Revenue	3,199,565	2,687,850	2,478,444	1,716,321	1,918,059
Costs and Expenses	(3,291,096)	(2,944,554)	(2,810,080)	(2,019,005)	(1,986,235)
Net Profit/(Loss)	(91,531)	(256,704)	(331,636)	(302,684)	(68,176)
Equity Share of Profit from Associates	96,272	104,610	131,858	114,540	83,763
Net Profit/(Loss) before Zakat	4,741	(152,094)	(199,778)	(188,144)	15,587
Zakat & Income Tax	362	(4,311)	(29,339)	(13,535)	(13,900)
Net Profit/(Loss)	5,103	(156,405)	(229,117)	(201,679)	1,687



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

DESCRIPTION	2015		2014		Increase /(Decrease) Amount
	Amount	%	Amount	%	
Gross Sales	1,827,034	95.3	1,563,179	91.1	263,855
Contract revenue	91,025	4.7	153,142	8.9	(62,117)
Total Sales	1,918,059	100.0	1,716,321	100.0	201,738
Cost of Sales	(1,766,995)	(92.1)	(1,567,793)	(91.3)	199,202
Contracts Cost	(82,659)	(4.3)	(141,865)	(8.3)	(59,206)
Selling & Distribution Expenses	(55,859)	(2.9)	(84,058)	(4.9)	(28,199)
General & Administrative Expenses	(95,611)	(5.0)	(103,635)	(6.0)	(8,024)
Amortization of Deferred Cost	(19,009)	(1.0)	(16,485)	(1.0)	2,524
Financial Charges	(21,733)	(1.1)	(112,039)	(6.5)	(90,306)
Provision for Doubtful Debts	39,902	2.1	(3,970)	(0.2)	(43,872)
Total Expenses	(2,001,964)	(104.4)	(2,029,845)	(118.3)	(27,881)
Other Income / (Loss)	6,749	0.4	9,783	0.6	(3,034)
Foreign Currency re-measurement (Loss)/Profit	8,127	0.4	(473)	(0.0)	8,600
Equity share of Profit from Associates	83,763	4.4	114,540	6.7	(30,777)
Impairment of Goodwill	-	-	(12,342)	(0.7)	12,342
Derivative Financial Instruments	-	-	11,715	0.7	(11,715)
Total Other Income & Share of Profit From Associates	98,639	5.1	123,223	7.2	(24,584)
PROFIT / (LOSS) BEFORE ZAKAT & INCOME TAX	14,734	0.8	(190,301)	(11.1)	205,035
Zakat and Income Tax	(13,900)	(0.7)	(13,535)	(0.8)	365
PROFIT/(LOSS) BEFORE MINORITY INTEREST	834	0.0	(203,836)	(11.9)	204,670
Minority Interest	853	0.0	2,157	0.1	(1,304)
NET PROFIT / (LOSS)	1,687	0.1	(201,679)	(11.8)	203,366

FINANCIAL HIGHLIGHTS
THE SHAREHOLDERS EQUITY
(IN SR'000)

DESCRIPTION	As at 31 December		Net Change
	2015	2014	
Capital Stock	760,000	760,000	-
Statutory Reserves	63,432	63,432	-
Accumulated (Loss)/Profit	(365,644)	(367,331)	1,687
Proposed dividends	-	-	-
Cumulative changes in fair values	(13,694)	(20,123)	6,429
Foreign currency translation reserve	(9,143)	(6,234)	(2,909)
Total Shareholders' Equity	434,951	429,744	5,207
Minority Interest	6,154	7,415	(1,257)
Total Equity	441,105	437,159	3,950

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

DESCRIPTION	As at 31 December		Net Change
	2015	2014	
Zakat	544	407	137
The Public Authority for Social Insurance	7,413	8,190	(777)
Registration, Visa and Other Expenses	794	2,490	(1,696)
Total amounts paid to the Government	8,751	11,087	(2,336)

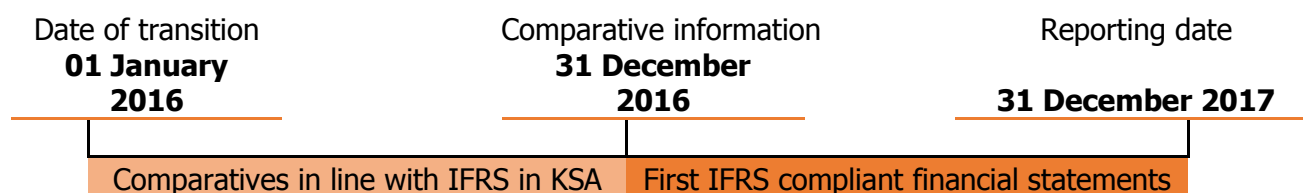
7 - CONVERGENCE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Introduction

In line with the current developments in financial reporting on a global spectrum, the Saudi Organization for Certified Public Accountants (SOCPA) in Kingdom of Saudi Arabia approved the project of convergence to International Financial Reporting Standards (IFRS). IFRS in KSA will be similar to the standards issued by International Accounting Standards Board (IASB), taking into consideration local laws and regulations.

The plan

Earliest date of application for listed entities is set at financial periods starting on or after 01 January 2017, with comparative financial statements for a period of two years starting 01 January 2016 (as illustrated below):



Accordingly, quarterly reporting during first quarter 2017 will be published along with the auditors review report, which will be compliant with IFRS in KSA with the similar comparative periods starting 01 January 2016.

In preparation, the Group has designed a comprehensive plan to converge its systems and reporting structure in line with the newly applicable reporting framework, in which the Group, with assistance of an external consultant, will:

- Perform SOCPA / IFRS diagnostic review and assess the impact of convergence on the reporting function
- Assess the impact on business processes across the Group
- Implement the IFRS in KSA as prescribed and in conformance with the prevailing jurisdiction

Preparation

As of 2015, the only components of the Group who are yet to implement IFRS in KSA are the Parent Company and one of its fully owned subsidiaries. The other subsidiaries are already IFRS compliant.

The Board of Directors, along with management, are confident that company, and its subsidiaries, will be IFRS compliant by the time stipulated and are taking all the steps possible to ensure a smooth transition.

8 - ZAKAT & INCOME TAX

The Department of Zakat and Income Tax (DZIT) has assessed additional Zakat liability amounting to SR 50.7 million on the Company for the years 1993 to 2004. The company objected to part of the additional liabilities, which is still under an appeal with the DZIT and Board of Grievances (BOG).

DZIT issued an assessment for the years 2005 to 2007 and claimed additional zakat and withholding tax liability of SR 35.6 million. The Company objected to this assessment, which was transferred to Preliminary Objection Committee (PAC) for their review and decision. PAC approved DZIT's point of view. Accordingly, the company then filed an appeal against PAC's decision with Higher Appeal Committee (HAC) which is currently under review by the HAC. HAC might reject the appeal since the company did not submit the required bank guarantee of SR 33 million along with the appeal. However, the HAC might accept the said appeal if the company will manage to file the bank guarantee before the hearing.

The DZIT has also raised assessment for the years 2008 and 2009 with additional liability of SR 32.9 million. The company has filed an appeal against the DZIT's assessment with the Preliminary Appeal Committee (PAC).

The DZIT issued another assessment for the years starting from 2010 to 2012 and claimed additional Zakat liability of SR 72.2 million. The company also objected to this assessment, which is still under review by the DZIT until date.

The company booked a provision of SR 79 million against the above mentioned assessments by the DZIT. The company filed its Zakat returns for the year 2013 and 2014 and has obtained the restricted Zakat certificates.

9 - BANK LOANS

Term Loans of the Company at 31 December 2015 were:

Company	Bank Name	Loan Date	Financing Period	Original Loan Amount	Balance YTD 2014	Addition /Transfer from TL	Paid in 2015	Balance YTD 2015
(SR'000)								
TERM LOANS								
Saudi Cable Company	SIDF	8-Mar-12	6 Years	191,460	125,560	-	(12,600)	112,960
TOTAL TERM LOANS (A)				191,460	125,560		(12,600)	112,960
COMMERCIAL BANK								
Saudi Cable Company	AL-RAJHI	19-Oct-09	6 Years	31,578	26,748	-	-	26,748
		03-Nov-09	6 Years	36,375	31,596	-	-	31,596
		21-Dec-09	6 Years	18,193	15,791	-	-	15,791
		TOTAL		86,146	74,135	-	-	74,135
	BNP PARIBAS	24-Sep-12	4 Years	30,000	7,610	-	-	7,610
TOTAL		116,146	81,745	-	-	81,745		
Mass Projects	AL-RAJHI	26-Sep-12	2 Years	159,988	95,464	-	-	95,464
Mass Kablo	AK BANK	27-Dec-12	5 Years	56,250	39,375	(11,250)	(16,874)	11,251
	ZIRAATBANK	24-Oct-14	1 Year 4 Months	5,625	5,625	(5,625)		-
	ZIRAATBANK	12-Jan-15	5 Years	3,750		3,750		3,750
	T.VAKIFLAR BANKASI	3-Dec-14	1 Year	9,375	9,375	(9,375)		-
	ZIRAATBANK	12-Nov-14	1 Year 4 Months	7,500	7,500	(7,500)		-
	TTGV			6,281	246	-	(246)	-
	EXIMBANK	7-Apr-15	5 Years	6,825		6,825		6,825
TOTAL		95,606	62,121	(23,175)	(17,120)	21,826		
ELIMSAN	YAPI KREDİ	2015	5 Years	7,136	-	7,136	-	7,136
	İŞBANKASI	2015	5 Years	9,540	-	9,540	-	9,540
	KUVEYTTURK	2015	5 Years	6,551	-	6,551	-	6,551
	T-BANK	2015	2 Years	208	-	208	-	208
	DENİZBANK	2015	5 Years	8,929	-	8,929	-	8,929
	VAKIFBANK	2015	5 Years	6,375	-	6,375	-	6,375
TOTAL		38,739	-	38,739	-	38,739		
TOTAL COMMERCIAL BANK (B)				410,479	239,330	15,564	(17,120)	237,774
TOTAL LONG TERM LOAN (A+B)				601,939	364,890	15,564	(29,720)	350,734
LESS: Current Position	SIDF				(27,400)	-	-	(27,400)
	Commercial Banks				(177,209)	-	-	(177,209)
	Total Current Portion Term Loan					(204,609)	-	-
TOTAL LONG TERM LOANS AS OF 31-DEC-2015					160,281	15,564	(29,720)	146,125

Company	Bank Name	Loan Date	Financing Period	Original Loan Amount	Balance YTD 2014	Addition/ Transfer from TL	Paid in 2015	Balance YTD 2015
				(SR'000)				
SHORT TERM LOANS								
Saudi Cable Company	Al-Rajhi Musharaka	05-Jul-12	1 Year	149,894	92,142	-	-	92,142
	Bank Al-Bilad	01-Aug-13	1 Year	114,644	46,681	-	(46,681)	-
		02-Oct-13	1 Year	33,405	31,914	-	(483)	31,431
		12-Sep-13	1 Year	25,094	19,103	-	(19,103)	-
	Bank Al-Jazira	31-Dec-13	1 Year	90,344	77,864	18	(1,691)	76,191
	BNP	15-Aug-12	9 Months	69,603	69,880	628	(319)	70,189
	NCB	02-Mar-13	2 Months	234,644	220,442	-	(2,300)	218,142
SABB	27-Nov-14	2 Months	15,233	15,233	26,018	-	41,251	
TOTAL SAUDI CABLE COMPANY				732,861	573,259	26,664	(70,577)	529,346
Mass Projects	Al-Rajhi	26-Sep-12	2 Years	159,988	45,497	-	-	45,497
		2014	1 Year	45,000	27,250	-	-	27,250
TOTAL MASS PROJECTS				204,988	72,747		-	72,747
Mass Kablo	AK BANK	2014	1 Year	75,731	11,981	-	(11,981)	-
		2012	5 Years	56,250	-	11,250	-	11,250
	ALBARAKA TURK	2014	6 Months	27,953	8,831	-	-	-
		2015	6 Months	15,673	-	15,673	(6,210)	9,464
	EUROBANK/ BURGAN	2013	2 Years	10,500	12,938	-	(12,938)	-
		2015	1.5 Years	12,825	-	12,825	(8,410)	4,415
		2015	8 Months	1,806	-	1,806	-	1,806
	FIBA BANK	2013	6 Months	48,675	14,813	-	(14,813)	-
		2015	6 Months	12,000	-	12,000	-	12,000
	GARANTI BANKASI	2014	1 Year	5,063	5,063	-	(5,063)	-
	ODEABANK	2014	6 Months	7,500	3,750	-	(3,750)	-
		2015	6 Months	4,688	-	4,688	-	4,688
		2013	2 Years	26,719	3,281	-	(3,281)	-
		2014	1 Year	2,813	2,813	-	(2,813)	-
	SEKERBANK	2014	6 Months	15,469	8,918	-	(8,918)	-
2014		3 Months	13,594	2,344	-	(2,344)	-	
2014		1 Year	20,738	14,498	-	(14,498)	-	
T.VAKIFLAR BANKASI	2015	6 Months	14,250	-	14,250	(6,515)	7,735	
	2014	1 Year	9,375	9,375	-	-	9,375	
	2014	1.5 Years	9,375	-	9,375	-	9,375	
ZIRAATBANK	2014	-	43,125	42,905	5,625	(48,530)	-	
	2014	1.5 Years	13,125	-	13,125	-	13,125	
	2015	1 Year	41,625	-	41,828	-	41,828	
TOTAL MASS KABLO				488,869	141,508	142,445	(158,892)	125,060



Company	Bank Name	Loan Date	Financing Period	Original Loan Amount	Balance YTD 2014	Addition/ Transfer from TL	Paid in 2015	Balance YTD 2015
				(SR'000)				
ELIMSAN	YAPI KREDİ	2014	11 Months	8,606	8,606	-	(8,606)	-
		2015	1 Year	1,470	-	1,467	(107)	1,360
	İŞBANKASI	2013	1 Year	11,505	11,505	-	(11,505)	-
		2015		1,966	-	1,966	(144)	1,822
	KUYEYTTURK	2014	8 Months	3,341	3,341	-	(3,341)	-
		2014	6 Months	4,028	4,028	-	(4,028)	-
		2015	1 Year	1,039	-	1,039	(44)	995
	T-BANK	2013	9 Months	2,486	2,481	-	(2,481)	-
		2015	1 Year	2,278	-	2,278	(1,036)	1242
	BANK ASYA	2014	6 Months	5,502	5,502	-	(5,502)	-
2014		9 Months	2,678	2,678	-	(2,678)	-	
2015		9 Months	10,260	-	10,260	(2,820)	7,440	
DENİZBANK	2013	5 Months	10,061	10,061	-	(10,061)	-	
	2015	1 Year	1,132	-	1,132	-	1,132	
VAKIFBANK	2013	7 Months	7,500	7,500	-	(7,500)	-	
	2015	1 Year	1,125	-	1,125	-	1,125	
TOTAL ELIMSAN				74,977	55,702	19,267	(59,853)	15,116
TOTAL SHORT TERM LOANS AS OF 31-DEC-2015				1,501,695	843,216	188,376	(289,322)	742,270

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	94.4%	216.9

Associate Companies	Principal Field of Activities	Country of Incorporation	% of Ownership	Capital as per Nominal Share Value in SR Million
Midal Cables W.L.L.	Conductors, Rods & related products	Bahrain	50%	124.3
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 Limited. – Bahrain, 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 2015 was 263,530 MT.

Statement below provides shareholding pattern & principal business activities of the subsidiary companies of Midal Cables Limited.

Sr #	Subsidiary	Country of Incorporation	Country of Operations	Shareholding %	Principal activities
1	Aluwheel WLL	Bahrain	Bahrain	100	Manufacturing of Aluminum specialty wire with capacity of 9,000 MT
2	Metal Form WLL	Bahrain	Bahrain	100	Manufacturing of aluminum clad steel wire, core / alloy wire with capacity of 5,000 MT.
3	Bahrain Welding Wire & Product	Bahrain	Bahrain	70	Manufacturing of aluminum rods with capacity of 32,000 MT.
4	Midal Kablo San. ve Tic. A.Ş	Turkey	Turkey	100	Manufacturing of aluminum Rods and conductors with production capacity of 35,000 & 20,000 respectively
5	Midal Cables International Pty Ltd	Australia	Australia	90	Manufacturing of aluminum Rods & aluminum conductor with production capacity of 50,000 & 10,000 respectively
6	Midal Cable Saudi	Saudi Arabia	Saudi Arabia	100	Manufacturing of Aluminum Conductors with capacity of 24,000 MT.
7	Midal Cables International Limitada	Mozambique	Mozambique	100	Manufacturing of aluminum Rods & aluminum conductor with production capacity of 50,000 & 20,000 respectively

XECA International Information Technology

The Company currently owns 25% of XECA. XECA is engaged in the supporting of Information Systems and Network Services. It is providing this service to many companies, including SCC.

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 2014.

Name of the Member	Member Classification	Academic Qualifications	Membership of other Public Joint Stock Companies
Khalid A. Alireza Chairman	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 	-

Name of the Member	Member Classification	Academic Qualifications	Membership of other Public Joint Stock Companies
Saleh E. Al Hussaini	Independent	- Master's degree in Economics.	1. Saudi Basic Industries Corporation (SABIC). 2. Saudi Airlines Cargo Limited Company. 3. Trade Union Insurance.
Abdullah H. Masri	Independent	- 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	- Master's degree in Law from McGill University, Canada	Saudi Industrial Services Co. (SISCO)
Yousuf A. Alireza	Non-Executive	- Bachelor's degree in Applied Sciences in Business Sector from University of San Francisco - Master's degree in Business Administration	-
Eng. Abdullah M. Rehaimi	Independent	- B.Sc. Mechanical Engineering - King Fahd University of Petroleum and Minerals in Saudi Arabia.	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 2015	No. of shares at the end of 2015	Net change in the No. of shares during the year	Percent Change	Ownership of first degree relatives & changes therein
Khalid A. Alireza	650,524	650,524	-	-	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 2015. There were no shares owned by any of them at the end of 2015.

11D - BOD MEETINGS & IMPORTANT RESOLUTIONS

Attended by	2015 Meeting Dates			
	154/A	154/B	155	156
Khalid A. Alireza	√	√	√	√
Shaukat Aziz	√	√	√	√
Saleh E. Al-Husseini	By Proxy	By Proxy	By Proxy	By Proxy
Abdullah H. Masry	√	√	√	√
Adnan A. Maimani	By Proxy	By Proxy	√	√
Yousuf A. Alireza	√	√	√	√
Abdullah M. Rehaimi	By Proxy	By Proxy	√	By Proxy

The following important resolutions were passed in the year 2015:

1. Approval to Authorize Eng. Abdullah Bukhari to represent company with the Capital Market Authority (CMA). (BOD Circular Res No. BOD-C-2015-2) dated 16-04-2015).
2. BOD Announcement in regard Unbilled revenues announced in 3rd Quarter 2015. (BOD Circular Res No. BOD-C-2015-4 dated 31-03-2015).

3. Approval of the continuation of Mr. Khalid Ahmed Yousuf Zainal Alireza in the Chairmanship of the Board of Directors. (BOD Circular Res No. BOD-C-2015-6) dated 27-12-2015).
4. Recommendation to shareholders to appoint M/s KPMG AL-Fozan & Al-Sadhan to Audit the financials of SCC for the year 2015. (BOD Res. No. BOD-155/3 dated 15-06-2015).
5. Approval to appoint Mr. Ala'a AL-Jabri as a new member in the Audit Committee. (BOD Res. No. BOD-155/4 dated 15-06-2015).
6. Approval of sale of certain assets in Turkey of the company to benefit from their potential value and meet the company's business needs. (BOD Res No. BOD-155/6 of 15-06-2015).

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

	In SR'000			
	2015	2014	Five Highest paid senior executives including President & CFO	
	Non-Executive (7 Persons)		2015	2014
Salaries and Allowances	-	-	6,365	6,159
Fees	45	72	-	-
Bonus	-	-	2,000	1,195
Total	45	72	8,365	7,354

11F - BOARD COMMITTEES

1. SCC-Audit Committee

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 (OGA) 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).

Mandate

The main objective of the Committee include, but are not limited to, ensuring adequacy of policies, procedures and soundness of the internal control appropriateness of financial accounting and reporting, as well as ensuring the

effectiveness of the internal and external audit functions on an going basis. The audit of the effectiveness of internal control for the year 2015 showed no substantial or material weakness in the company. The committee also reviews the company's financial statements.

The Audit Committee oversees the work of the internal audit in the company periodically to ensure the adequacy and effectiveness of the internal control system in general and with respect to the fairness of the financial statements in particular. It also provides ongoing evaluation of the internal control system and its effectiveness, and deals with any serious observation, in context of the goals of the Board of Directors to obtain a resolution assurance about the soundness of the design and effectiveness of the same.

In this context the Committee has discussed during the fiscal year 2015 the periodic reports prepared by the internal auditor and reported to the Board of Directors on actions and recommendations as it deemed appropriate, and met with external auditors and executive management to discuss matters related to the work of the company.

The Annual review of the effectiveness of the Internal Control System has not shown any intrinsic weakness in the company.

The Audit Committee and Board of Directors have confirmed the effectiveness of the internal control procedures that the company's objectives have been achieved, and the published financial statements have been prepared in reliable and dependable manner in accordance with the accounting standards and related regulations and laws.

Membership

The following are the current members of the Audit & Risk Committee (As of 31.12.2015):

Members	Member of the BOD	Non-Executive	Shareholder	Position
Adnan A. Maimani	√	√	√	Chairman
Mohammed Ashraf Tumbi	Replacing resigned member Mr. Uzair Afzal	√	√	Member
Ala'a Al-Jabri	Replacing resigned member Mr. Omar Khalifati	√	√	Member

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

SCC – Audit & Risk Committee Meetings and Result

The committee held 6 meetings in 2015:

No	Meeting Date	Meeting No	Attended By
1	14/01/2015	(111) One Hundred Eleven	<ul style="list-style-type: none"> • Omar Khalifati • M. Ashraf Tumbi
2	19/02/2015	(112) One Hundred Twelve	<ul style="list-style-type: none"> • Omar Khalifati • M. Ashraf Tumbi
3	11/06/2015	(113) One Hundred Thirteen	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • M. Ashraf Tumbi
4	18/08/2015	(114) One Hundred Fourteen	<ul style="list-style-type: none"> • Adnan A Maimani • M. Ashraf Tumbi
5	08/10/2015	(115) One Hundred Fifteen	<ul style="list-style-type: none"> • Adnan A Maimani • M. Ashraf Tumbi
6	27/10/2015	(116) One Hundred Sixteen	<ul style="list-style-type: none"> • Adnan A Maimani • M. Ashraf Tumbi

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

Results and Findings

1. The Scope and Audit Plan, Procedures and function 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.
4. In view of recent basic changes in the organizational structure of the company, the management has updated the existing Limits of Authority. The revised documents were implemented in 2015.
5. Financial statements are prepared in accordance with the accounting standards generally accepted in Saudi Arabia. However, there is a plan under

study to switch over to IFRS (International Financial Reporting System) and most probably IFRS would be adopted in 2017. Company's subsidiaries in Turkey have already implemented IFRS.

2. Nominations & Remunerations Committee:

The main objectives 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 1434H corresponding to 18 November 2012G and BOD Resolution 144/3 dated 25/02/2013 as follows:

No.	Members	Position
1	Dr. Abdullah H. Masri.	Chairman of the Committee
2	Yousuf A. Y. Zainal Alireza.	Member
3	Dr. Ahmed Saad Gabbani.	Expert Member

The newly elected Board, which commenced on 3rd September 2014, has confirmed the continuity of existing Members of the Nomination & Remuneration Committee in their current positions, until further notice.

Meetings:

The initial Committee had three meetings during the year 2015 as per the following attendance:

No	Meeting Date	Meeting No	Attended By
1	09 February 2015	(6)	<ul style="list-style-type: none"> • Dr. Abdullah Masry • Yousuf A. Y. Alireza • Dr. Ahmed Gabbani
2	02 March 2015	(7)	<ul style="list-style-type: none"> • Dr. Abdullah Masry • Yousuf A. Y. Alireza • Dr. Ahmed Gabbani
3	27 October 2015	(8)	<ul style="list-style-type: none"> • Dr. Abdullah Masry • Yousuf A. Y. Alireza • Dr. Ahmed Gabbani

12- IMPLEMENTATION STATUS OF CORPORATE GOVERNANCE (CMA) REGULATIONS

(As of 31 December 2015)

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%	

Company's Announcements Published on CMA website (Tadawul)

1. Correction announcement on 26/01/2015 relating to the interim financial results for the period ending on 31/12/2014 (Twelve months).
2. Announcement on 25/02/2015 and a supplementary ones on 11/03/2015 and on 25/03/2015 and on 09/04/2015 and on 15/04/2015 regarding the postponement of publication of the company's annual financial results for the period ended 31/12/2014 and reasons of postponement.
3. Supplementary announcement on 01/04/2015 related to the latest developments regarding Board of Directors recommendation on increase of the company share capital through a rights issue. The principle announcement was announced on Tadawul on 02/10/2014.
4. Supplementary announcement on 09/04/2015 about the signing of a binding term sheet agreement with the company's lenders for restructuring the financial debt of the company.
5. Supplementary announcement on 12/04/2015 regarding the date of signing the binding term sheet agreement.
6. Supplementary announcement on 12/04/2015 relating to the signing of a contract for supply, installation and inspection of power cables voltage 38 KV.
7. Supplementary announcement on 23/04/2015 explaining certain issues mentioned in the External Auditor Report related to the Term Sheet agreement.
8. Supplementary announcement on 30/06/2015 regarding the latest development of the Terms Sheet Agreement signed with three banks notably Alrajhi Bank, NCB and Bank Aljazira.
9. Supplementary announcement on 08/10/2015 stating that the preparation of legal documentation of the Terms Sheet Agreement is in an advanced stage, but is not yet complete.
10. Supplementary announcement on 30/11/2015 stating that the preparation of draft legal documentation of the Terms Sheet Agreement has just been completed.
11. Supplementary announcement on 28/12/2015 stating that it has had to delay the signing of the legal documents of the Terms Sheet Agreement, as one bank has requested certain changes in the legal wording to conform with provisions in their chosen banking convention.
12. Announcement on 29/12/2015 regarding the impact of the cabinet resolution in respect of revision in power products priced.

CMA's Announcements Published on their website

1. On 26/02/2015, CMA suspended trading of shares as the company failed to announce its financial statements for the year 2014 during the specified period mentioned in the listing rules. Following the company's announcement of 1st Quarter 2015 interim financials on 21/04/2015, CMA revoked the suspension and trading of shares resumed on 26/04/2015.

13 - PENALTIES IMPOSED BY CAPITAL MARKET AUTHORITY (CMA)

There following penalties were imposed by Capital Market Authority during 2015.

1. On 23/03/2015 CMA imposed a penalty of SR 30,000 because the company's announcement published on the Saudi Stock Exchange (Tadawul's) website regarding its preliminary financial results for the period ending on 31/12/2013 (Twelve Months) did not mention the emphasis of matter paragraph mentioned in the auditor's report.
2. On 13/04/2015 CMA imposed a penalty of SR 40,000 because the company's announcement on its annual financial statements for the period ending on 31/12/2013 was not clear as it did not mention all the reasons for the increase in 2013 losses compared to the previous year.
3. On 15/06/2015 CMA imposed a penalty of SR120,000 as the company failed to inform CMA and the public in a timely manner about signing a binding agreement to restructure the financial debt of the company on 07/04/2015. It was later announced on 09/04/2015. The company also violated clause (E) of Article (42) of the Listing Rules. It did not announce its annual financial results for the year 2014 within the specified period as the company announced on 25/2/2015 the postponement of publication of the annual financial results for the year 2014 until after the specified period.
4. On 06/07/2015 CMA imposed a penalty of SR 200,000 as the company was late to inform the public in a timely manner about not convening the 21st extraordinary general assembly. It also failed to disclose the results of the 39th ordinary general assembly in a timely manner.

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)	
		2015	2014
Management	Remunerations	45	72
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	26,838	6,865
	Dividends income	76,875	87,167
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.	2,377	2,866
XECA International Information Technology 25% owned by SCC and 25% owned by Xenel Industries	IT Outsourcing services paid/Advances	4,105	6,742

Related party balances comprised of the following as at 31 December:	2015	2014
Due from related parties		
Hidada Limited	483	-
Alujain Corporation	-	-
XECA International Information Technology	378	-
TOTAL	861	-

Due to related parties		
Xenel Industries Limited	38,596	36,219
Midal Cables W.L.L	22,237	2,687
Chem Global Limited	664	664
XECA International Information Technology	-	549
Hidada Limited	1,452	1,451
TOTAL	62,949	41,570

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 markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group has established controls on counter-party risks and uses derivative instruments to hedge its major risk exposures. Property risks, Business Interruption, Public/Product Liability etc. are covered through appropriate insurance policies.

Risk management is carried out by senior management under policies approved by the Board of Directors. The most important types of risks are credit risks, 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 12/11/2006G.

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 / 7-6-2011G.

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 2016. The actual meeting dates may vary upon BOD Members' availability.

Meeting		Day and Date
1	Ordinary General Assembly (OGA)	
2	Board of Directors Meeting	Wednesday, 01-05-1437 H – 10-02-2016
3	Board of Directors Meeting	Sunday, 17-07-1437 H – 24-04-2016
4	Board of Directors Meeting	Sunday, 28-09-1437 H – 03-07-2016
5	Board of Directors Meeting	Sunday, 29-01-1438 H – 30-10-2016

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 2015.
2. Approval of the 2015 year-end financial statements and external auditors' report.
3. Absolving the Board of Directors of their responsibilities for the year 2015.
4. Approval of the appointment of external auditors for the year 2016.
5. Approval of the Business and Agreements made by and between the company and related parties.

The Chairman and the Board of Directors duly expresses appreciation and gratitude to the Custodian of the two Holy Mosques King Salman Bin Abdul-Aziz Al-Saud; HRH Crown Prince Mohammed Bin Naif bin Abdul-Aziz Al-Saud - Deputy Prime Minister & Minister of Interior; HRH Crown Prince Mohammad Bin Salman Bin Abdul-Aziz Al-Saud - Second Deputy Prime Minister & Minister of the Defense, and the Government, for their continued cooperation and support.

Thanks are extended to the Shareholders for their continued support and Executive Management and company's staff for their great efforts which helped to achieve company's goals in 2015.

On behalf of the Board of Directors
CHAIRMAN