
Message from the Chairman

Dear Stakeholders,

Year 2018 was one of the reforms where Saudi Cable Company experienced changes in most lines of operation, Group-wide.

The direction of the Group remained the same, even after the change in key management personnel mid-2018, which was to reach a settlement with its lenders and create a sustainable balance in terms of profitability, liquidity and governance.

Consequently, efforts made to ease debt burden of the Group enabled a reduction in external debt to SR 424 million as at December 31, 2018 from SR 877 million at the end of 2017, for continuing operations.

The Group's net loss for the year ended December 31, 2018 was SR 63 million compared to SR 80 million in 2017.

Business performance

Saudi Arabia and the Gulf, which are main markets catered to by SCC's local operations did not see improvement as these markets remained depressed throughout the year, an effect that began in mid-2016. The ongoing slump in the market was felt in price pressure in all segments and lack of projects, notably in the High Voltage segment. Further penetration in export markets was hampered by lack of funds due to the ongoing strain of the restructuring discussion with the lenders.

Elimsan Group, in Turkey played a big role in the change process where significant unfavorable impacts were identified, some of which relate to previous years, and adjusted in the financial statements of 2018. These are detailed further in the reports to follow.

Midal Cables Bahrain, an equity accounted investee of the Group, was operationally impacted heavily by new tariffs and duties on imports, imposed by the Americas and the Mid-West, the Company's main markets of operation. In addition, the winding up of its cable operations in Australia resulted in severe impairment losses, all of which impacted the net result of the historically profitable venture.

Changes in the legal structure

Due to the losses incurred in the first half of 2018, causing accumulated losses reaching above 50% of the issued share capital, SCC proceeded to reduce its capital against such losses with the recommendation of its Board and in compliance with regulations and legislations. The issued share capital which was SR 404 million at the beginning of 2018 was reduced to SR 110 million post reduction; however, shareholder value remained intact as this did not affect market capitalization.

In September 2018, SCC Group disposed its entire stake in Demirer Kablo, the cable operations of Turkey, due to the latter's business struggles and liquidity for a net gain of SR 48 million. The proceeds from sale were utilized to negotiate a haircut deal with 2 of the 3 prevailing restructuring lenders of the Saudi operations, resulting in gains excess of SR 200 million being recognized in the financial statements as of December 31, 2018.

Human capital development

In the last 4 years, Saudi cable has successfully adopted an ambitious program to increase the Saudization in all Levels starting from Top Management.

By Partnering with HRDF to prepare the youth for the Shop floor Environment (1-2 years) preparation program, we have successfully injected the first batch of 50 Saudi engineers into our operations.

Sustainability

The Board and Management of Group are abreast of the occurrences in all Group entities and are working towards streamlining their operations to the overall Group objective.

SCC is pursuing avenues to generate sufficient working capital to revive its operations. The Board and Management are involved in plans to further restructure borrowings to ensure the operations and growth is sustainable, consequently growing shareholder wealth.

Meyassar Nowailati
Chairman

Message from the President

Dear Stakeholder,

The year 2018 confronted SCC with the full impact of working capital restrictions and company's financial means remained a concern. The company took steps to reduce output and lowered its costs to be aligned with limited funds in an optimal way.

On the positive side, the company managed to complete a debt reduction and settlement deal with two of its major lenders in December 2018.

Additionally, we are aggressively pursuing the possibility of a rescue structure and financial aid from the Government (Ministry of Finance – SAMA). This assistance is being extended to companies with potential to grow and align with the Kingdom's Vision 2030.

Until now, SCC is the market's benchmark and first choice, the leader and the teacher, the pride of cable industry in KSA. In local electrical market down town, traders still use SCC coil weight to measure other manufacturers' products! This shows how SCC name is priceless and trustworthy.

SCC is working closely with Major Fiber Optic producer to engage in long strategic relation to revive the business of Fiber Optic Cable plant and to ensure the sustainability through long term supply purchase agreement of raw materials. The prospect of this business relation can be extended to have Joint venture agreement with the FO Producer and Technology Provider where SCC can take advantage of Technical Support as well as Machines' maintenance and upgrade.

With a close ear to market's needs, SCC intends to capitalize on know-how and resources within its diverse group to bring in local production of **cable accessories**. In order to compliment local success, SCC also intends to export cable accessories to GCC & MENA markets.

The management is proud to report that SCC's staff has shown resilience under difficult circumstances and therefore want to thank every employee for the contributions made. Our appraisal system is working well and provides an efficient way of getting everybody aligned to make SCC sustain during challenging times.

In the long run, the need for electricity generation, transportation and distribution will continue to be the reason for SCC to be around and provide best support and service to its customers, who continued to be on our side in 2018.

Abdulahdi A. Abulkhair
President, SCC Group

SAUDI CABLE COMPANY

Board of Director's Report

For the Year Ended 31 December 2018

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SAUDI CABLE COMPANY
(A Joint Stock Company)

BOARD OF DIRECTORS' REPORT
FOR THE YEAR ENDED
31 December 2018

1 - INTRODUCTION

Saudi Cable Company (SCC) Group – Market Leader in Cable.

The Group is a leading manufacturer of cables, cable accessories, cable materials and electrical equipment, and a provider of total cable system solutions for customers in the energy and telecommunications sectors

- Wide range of products – power cables, telecommunication cables, electromechanical equipment such as switchgear, circuit breakers, high voltage instrument transformers and disconnectors
- Wide spectrum of services, from design and engineering to manufacturing, installation, testing & commissioning

Headquartered in Jeddah, Saudi Arabia, the Group has manufacturing and R&D facilities in Saudi Arabia, Turkey and Bahrain. From this combined base, the Group sells its products and services globally to customers in more than 60 countries, particularly in the Middle East, North Africa, South Asia and Europe. Customers include government agencies, public utilities and large multinational private companies.

For more than four decades, The Group's primary focus has been to provide high quality products and outstanding services to customers globally. In 1994, this led to the Group becoming the first cable manufacturer in the Middle East to receive ISO 9001:2000 certification. The Group has once again become the first cable manufacturer in the Middle East to receive the newly revised ISO 9001:2015 certification.

2 - SALIENT ACTIVITIES

Profit & Loss and Financial Restructuring

The Group has made a net loss of SR 62.9 million as compared to the net loss of SR 80.3 million last year. The reasons for decrease in net loss of current period compared with the net loss of similar period of last year are mainly due to the following items included in the statement of income:

1. A waiver of loans totaling to SR 228 million from restructuring banks as compared to SR 77 million in 2017.
2. Reduction in operating expenses and finance cost.
3. Gain on disposal of Demirer Kablo amounting to SR 47.3 million in 2018.

4. Net results of certain subsidiaries and associates include one-off negative adjustments of significant impact in 2018.
5. Lower volume and margins in 2018 as compared to year 2017.

Financial Restructuring

On 23 February 2016, the Group secured financial restructuring agreements ("Initial restructuring agreement") with its four main lenders that requires the Group to comply with additional covenants and allows the Group to reschedule repayment of its debts over a period of 7 years, culminating with a final payment at the end of December 2022, subject to certain additional requirements to be completed within sixty days. The amount of total debt restructured is SR 793 million, including accumulated financing costs of SR 85 million. However, these terms were amended subsequent to the yearend, through the following:

- a) On 17 April 2017, the Group had entered into a Final Settlement Agreement ("the Settlement agreement") with BNP Paribas on the basis of which the Group made a payment of SR 40 million. Based on the terms of the said agreement, on receipt of SR 40 million by BNP Paribas, the loan amount of BNP Paribas shall be reduced from SR 142 million to SR 24.99 million. Accordingly, the Group has reversed the obligation through consolidated statement of income and reduction in accumulated losses, by SR 77 million in the period.
- b) On 11 June 2017, the Group finalized further renegotiations to "Restructuring Framework Agreement" through an amendment and restatement agreement by virtue of which the Participating Banks (excluding BNP Paribas) have agreed to defer the repayment of the loan for a further period. According to the terms of the said agreement, the Company shall increase its capital through issuance of right shares and settle an amount of SR 188.38 million, from the said proceeds by 30 June 2018. The remaining amount of SR 371.65 million is payable in equal semi-annual instalments commencing from 31 December 2018 to 30 June 2022.
- c) During October 2017 all the participating banks (excluding BNP Paribas) within the restructuring consortium, have confirmed that, in an event the issuance of right shares gets delayed and the Company is unable to generate sufficient cash for the repayment of amounts due on 30 June 2018, the participating banks will revisit the current repayment terms and defer the obligations for a sufficient period to ensure that the Company's operations are not discontinued. Concurrently, the Company shall be relieved from any breaches of debt covenants caused by the aforementioned delay. Additionally, the Participating banks have also confirmed to provide continued support to in case of un-willful defaults by the Company due to unforeseen circumstances, as mentioned.
- d) On December 25, 2018, the Group entered into a Final Settlement Agreement ("the settlement agreement") with National Commercial Bank and Bank Al Jazira on the basis of which SCC paid in relation to capital and finance cost of SR 110 million, receiving a waiver for the balance SR 203 million due to these banks. Accordingly, the Group has reversed the obligation through consolidated



statement of income and reduction in accumulated losses, by SR 203 million in the period.

- e) The remaining restructuring lender, Al Rajhi Banking Corporation, will continue until mutual terms and conditions are agreed outside of the said restructuring framework agreement signed in 2016 and amended thereto.

Furthermore, as per the restructuring agreement, the Saudi Industrial Development Fund (SIDF) has agreed to restructure the loan according to the revised repayment terms of the restructured loan.

Profit Distribution & Dividend

During 2018, the company did not disburse any dividends, similar to 2017.

3 - REVENUES

The Group's revenues in 2018 were SR 865 million as compared to SR 1,342 million in 2017.

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 3,221.1 million in 2018.

The Geographical distribution of the revenues was:

Region	SR Million	
	2018	2017
Kingdom of Saudi Arabia (KSA) & GCC	702	939
Rest of the World	163	403
TOTAL SALES	865	1,342

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

Region	SR Million	
	2018	2017
Kingdom of Saudi Arabia (KSA) & GCC	13	(70)
Rest of the World	(76)	(10)
TOTAL NET INCOME / (LOSS)	(63)	(80)

Revenue was generated from the following segments:

Revenue From	SR Million		
	As at 31 December		
	2018	2017	Net Change
Product Sales	1,244	1,481	(237)
Projects & Contracting	99	84	15
TOTAL REVENUE	1,342	1,565	(222)



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 2018, the company continues to train 30 recent graduates and enrolled them into a training program in cooperation with the Ministry of Labor through the Human Resources Development Fund (HRDF), at one of the non-profitable institutes contracting with the Human Resources Development Fund. Also, the (24) trainees who have completed training period of 24 months at the institute have been enrolled.

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 sustained in 2017 as well.

Manpower

Sector / Company	Total Employees	Nationalization %	NITAQAT Rating
Total Workforce in the Kingdom	721	32%	Bright Green
Total Workforce outside the Kingdom	442		
Total workforce	1,163		

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 (HRDF)

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 1439H (2018), the company organized a party for all employees at its headquarters for breaking the fast.

5 - TURKISH OPERATIONS

MASS KABLO:

Mass Kablo is the holding company in Turkey, which owned a direct holding of 87% of Demirer Kablo (SCC Group indirect holding was 13%) and 94% of Elimsan Group as of January 01, 2018.

In July 2018, SCC Group entered into a share purchase agreement with Jiangsu Zhongtian Technology Co. Ltd. (“ZTT”) to dispose its entire stake in Demirer Kablo. Legalities of this transaction were completed in September 2018 and the Group recognized a gain on disposal of SR 47.3 million upon disposal.

Elimsan (Switchgear)

Elimsan incurred a net loss of USD 25.6 million in 2018 as compared to a breakeven in 2017. The main reasons for such a decline in profitability were:

- One-off negative adjustments because of the restructuring of Elimsan’s operations in Turkey, aligning it to the overall Group objective
- Working capital constraints that temporarily limited its capabilities, for which management are exploring alternatives
- Decline in production due to liquidity hurdles

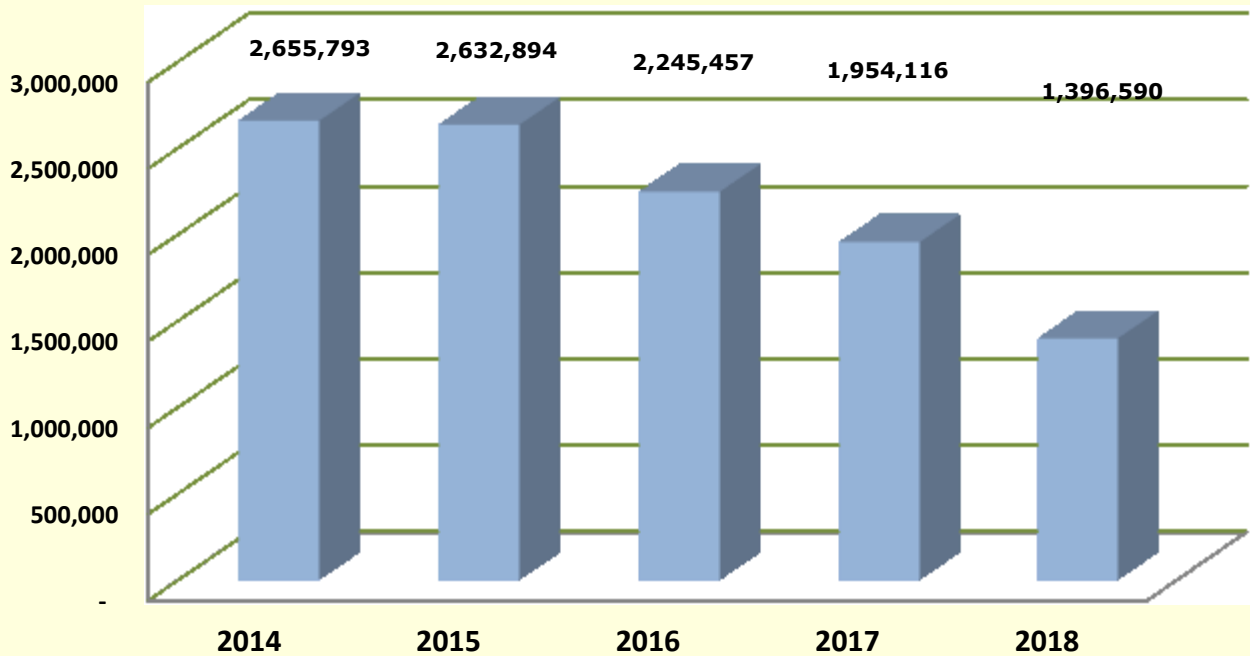
SCC’s management are actively involved in day-to-day operations of Elimsan and working on ways to revive its operations and profitability.

6 - GROUP FINANCIALS

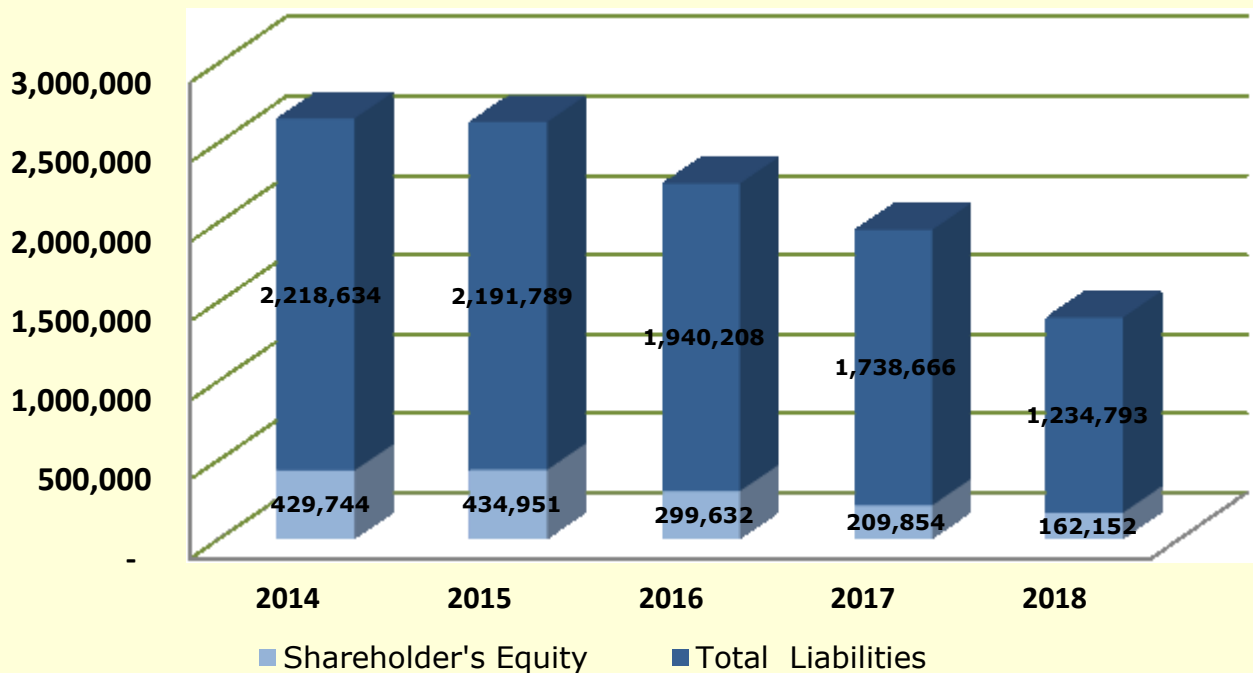
Summary of Financial Position (5 Years)

Description	As of 31 December				
	(SR’000)				
	2014	2015	2016	2017	2018
Current Assets	1,116,440	1,222,560	1,008,934	892,923	631,484
Non - Current Assets	1,539,353	1,410,334	1,236,523	1,061,193	765,106
Total Assets	2,655,793	2,632,894	2,245,457	1,954,116	1,396,590
LIABILITIES AND SHAREHOLDERS’ EQUITY:					
Current liabilities	1,961,520	1,928,747	1,263,136	1,197,083	1,001,384
Non - Current liabilities	257,114	263,042	677,072	541,583	233,409
Total Liabilities	2,218,634	2,191,789	1,940,208	1,738,666	1,234,793
Shareholders’ Equity	429,744	434,951	299,632	209,854	162,152
Minority Interest	7,415	6,154	5,617	5,596	(355)
Total Liabilities and Shareholders’ Equity	2,655,793	2,632,894	2,245,457	1,954,116	1,396,590

Total Assets (SR'000)



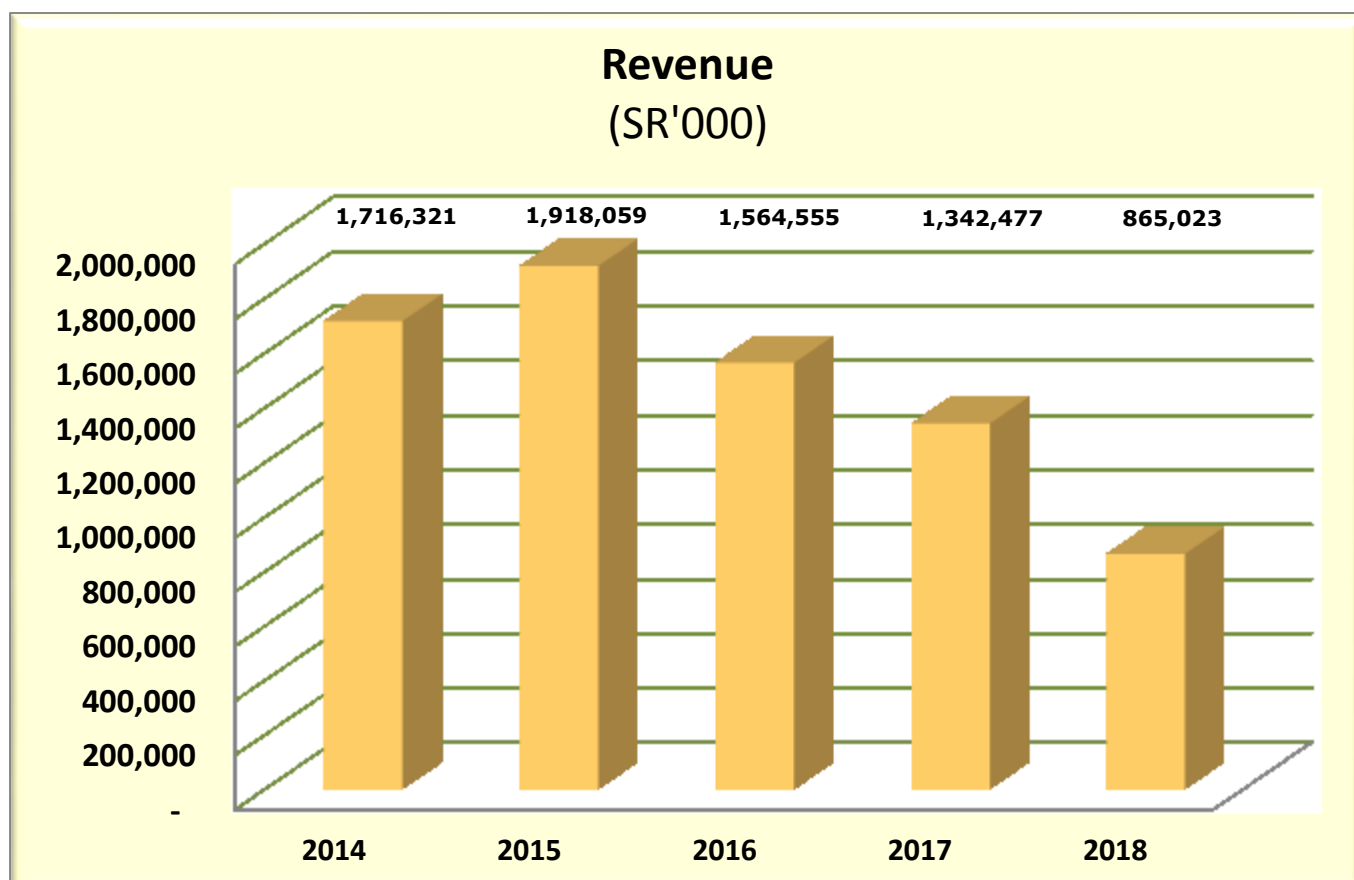
Total Shareholder's Equity & Total Liabilities (SR'000)





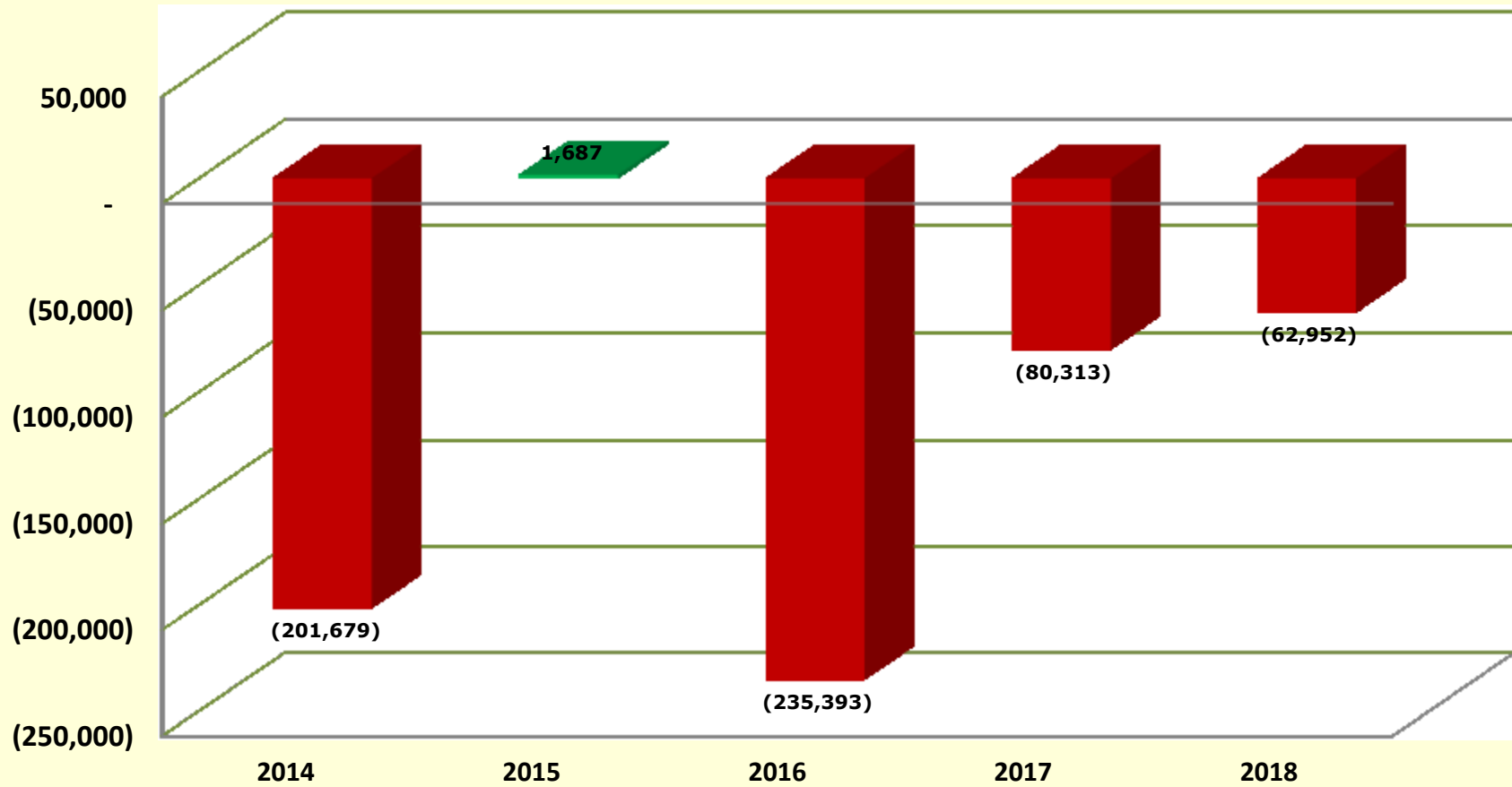
Condensed Statement of Comprehensive income (5 Years)

DESCRIPTION	Year ended 31 December				
	(SR'000)				
	2014	2015	2016	2017	2018
Revenue	1,716,321	1,918,059	1,564,555	1,342,477	865,023
Costs and Expenses	(2,019,005)	(1,986,235)	(1,831,573)	(1,387,190)	(836,076)
Net Profit/(Loss) before equity share of Profit/(Loss) from Associates and zakat	(302,684)	(68,176)	(267,018)	(44,713)	28,947
Equity Share of Profit/(Loss) from Associates	114,540	83,763	42,577	(23,238)	(86,490)
Net Profit/(Loss) before Zakat	(188,144)	15,587	(224,441)	(67,951)	(57,543)
Zakat & Income Tax	(13,535)	(13,900)	(10,952)	(12,362)	(5,409)
Net Profit/(Loss)	(201,679)	1,687	(235,393)	(80,313)	(62,952)





Net Profit/(Loss) - Group (SR'000)



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

DESCRIPTION	2018		2017		Increase / (Decrease) Amount
	Amount	%	Amount	%	
Gross Sales	801,221	92.6	1,243,680	92.6	(442,459)
Contract revenue	63,800	7.4	98,797	7.4	(34,997)
Total Sales	865,021	100.0	1,342,477	100.0	(477,456)
Cost of Sales	(901,412)	(104.2)	(1,191,831)	(89.2)	(296,419)
Contracts Cost	(59,475)	(6.9)	(92,728)	(6.9)	(33,253)
Selling & Distribution Expenses	(35,420)	(4.1)	(36,106)	(2.7)	(686)
General & Administrative Expenses	(63,971)	(7.4)	(91,547)	(6.8)	(27,576)
Amortization of Deferred Cost	(12,869)	(1.5)	(12,170)	(0.9)	699
Financial Charges	(43,981)	(5.1)	(65,394)	(4.9)	(21,413)
Total Expenses	(1,117,128)	(129.1)	(1,495,776)	(110.4)	(378,648)
Other Income / (Loss)	275,379	31.8	108,578	8.1	166,801
Equity share of Profit from Associates	(86,490)	(10.0)	(23,238)	(1.7)	63,252
Total Other Income & Share of Profit From Associates	188,889	21.8	85,340	6.4	103,549
PROFIT / (LOSS) BEFORE ZAKAT & INCOME TAX	(63,218)	(7.3)	(67,959)	(5.1)	(4,741)
Zakat and Income Tax	(5,409)	(0.6)	(12,362)	(0.9)	(6,953)
PROFIT/(LOSS) BEFORE MINORITY INTEREST	(68,627)	(7.9)	(80,321)	(6.0)	(11,694)
Minority Interest	5,675	0.7	8	0.0	5,667
NET PROFIT / (LOSS)	(62,952)	(7.3)	(80,313)	(6.0)	(17,361)

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

DESCRIPTION	As at 31 December		Net Change
	2018	2017	
Capital Stock	110,614	404,114	(293,500)
Accumulated (Loss)/Profit	55,006	(175,542)	230,548
Employee benefit reserve	2,277	-	2,277
Cumulative changes in fair values	958	(11,650)	12,608
Foreign currency translation reserve	(6,703)	(7,068)	365
Total Shareholders' Equity	162,152	209,854	(47,702)
Minority Interest	(355)	5,596	(5,951)
Total Equity	161,797	215,450	(53,653)

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

DESCRIPTION	As at 31 December		Net Change
	2018	2017	
Zakat	11,000	110	10,890
The Public Authority for Social Insurance	5,562	6,179	(617)
Registration, Visa and Other Expenses	3,715	3,325	390
Total amounts paid to the Government	20,747	9,614	10,663

Qualifications of the External Auditors on Annual Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Saudi Cable Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and the accompanying notes which form an integral part of these consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the paragraph of basis for Qualified Opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants.

Basis for Qualified Opinion

- a. We did not receive certain banks confirmations for the balances amounting to SAR 2.23 million, in addition to the loan balance with Al Rajhi bank amounting to SAR 261.89 million as of December 31, 2018. Consequently, we were unable to determine whether adjustments, if any, may require if we received these bank confirmations and we were unable to determine the possible impact on the consolidated financial statements for the year ended December 31, 2018. In addition, we were unable to perform sufficient alternative audit procedures to satisfy ourselves regarding the completeness and existence of these bank balances.
- b. As of December 31, 2018 the subsidiary; Mass Kablo Ve Ticaret Anonim Sirketi, reported a net loss amounting to SAR 94.5 million and its accumulated losses at that date have reached to SAR 413.3 million, representing 86.7% of the Subsidiary's share capital, which indicate a significant doubt about its ability to continue as going concern and its ability to meet its obligations when it becomes due. The Subsidiary has been restructuring its due amounts to banks and other creditors and plans to reduce its payables with future cash flows from its current projects. Therefore, the Company's Management does not foresee any risk regarding going concern and has prepared their financial statements under going concern basis.

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' ("IESBA") "Code of Ethics for Professional Accountants" together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA requirements "Code of Ethics for Professional Accountants".

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

7 - CONVERGENCE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Consolidated financial position of the Group as of December 31, 2018, and its financial performance for the year ended in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants.

8 - ZAKAT & INCOME TAX

Below is the status of zakat and income tax for the Companies in the Group:

Saudi Cable Company

The General Authority of Zakat and Tax (GAZT) assessed a zakat liability of SR 22 million on the Company for the years 2002 to 2004. The Company objection was filed in court but ended not being in its favor. As a result, the bank guarantee with BNP Paribas of SR 11 million was immediately encashed by the GAZT and remaining was scheduled for payment in accordance with an installment plan starting from January 2019 onwards.

GAZT issued the assessment for the years 2005 to 2007 and claimed additional zakat and withholding tax liability of SR 35.7 million. The Company objected the said assessment and approached the Preliminary Appeal Committee (PAC) for the review and decision. PAC approved the GAZT point of view. Accordingly, the Company filed an appeal against PAC's decision with Higher Appeal Committee (HAC), which also ruled in favor of GAZT. As a last resort, the Company filed a petition with Board of Grievances (BOG), which is still under review.

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

The GAZT issued the assessment for the years from 2010 to 2012 and claimed additional Zakat liability of SR 66.97 million. The company has filed an appeal against the GAZT's assessment with the Preliminary Appeal Committee (PAC). PAC approved the GAZT point of view. Accordingly, the Company filed an appeal against PAC's decision with Higher Appeal Committee (HAC), which is under review.

The Company booked a provision of SR 101.9 million against current and above-mentioned assessment years by the GAZT. The Company filed its Zakat returns for the year between 2013 and 2017 and has obtained restricted Zakat certificates.

Mass Centers for Distribution of Electrical Products Limited

The GAZT issued the Zakat assessments for the years from 1998 to 2007, which showed Zakat liability of SR 1 million. The Company filed an appeal with the Higher

Appeal Committee (HAC) against the said assessments and is confident of favorable outcome. The Company filed its Zakat returns for the years ended December 31, 2008 to 2010. The GAZT did not issue the final Zakat assessments for the said years till to date. Although, the Company is essentially dormant but is in the process to file the Zakat returns for the years from 2011 to 2015.

Mass Projects for Power & Telecommunications Limited

The GAZT issued the Zakat assessments for the years from 1999 to 2004 and claimed additional Zakat differences of SR 3.2 million. The Company filed an objection against the GAZT assessment.

The GAZT issued the amended Zakat assessment of the Company for the years ended December 31, 1999 to 2004 based on the Company's objection, which has shown a Zakat liability reduction of SR 13,462. The Company has requested the GAZT to transfer its objection for the said years to the Preliminary Objection Committee (POC). The POC issued its decision, by which the Zakat differences were reduced by SR 2.1 million.

The Company filed an appeal against the said POC's decision with the Higher Appeal Committee (HAC) and submitted a bank guarantee of SR 1.0 million, which is still under review by HAC.

The GAZT issued the Zakat assessments for the years from 2005 to 2012 and claimed additional Zakat differences of SR 34.7 million. The Company filed an objection against the GAZT assessments, and GAZT recently issued the amended zakat assessment which has shown zakat difference 27.7 million after reductions which is still under review.

The Company filed its Zakat returns for the years ended December 31, 2013 to 2017 and obtained the restricted Zakat certificate for the year ended December 31, 2017. The GAZT did not issue the Zakat assessment for the said years to date.

Saudi Cable Company for Marketing Limited

The GAZT issued the final assessment for the years 1996 to 2004, and claimed Zakat differences of Saudi Riyals 17 million. The Company filed its objection against the said Zakat differences and is confident of favorable outcome. The Company filed its Zakat returns for the years 2005 to 2007. The GAZT did not issue the final Zakat assessment for the said years till to date. Although, the Company is essentially dormant but is in the process to file the Zakat returns for the years up to 2014.

By the end of 2018, the group's zakat liability was SR 192 million.

9 - BANK LOANS

Term Loans of the Company at 31 December 2018 were:

Figures in (SR'000)

Company	Bank Name	Loan Date	Financing Period	Original Loan Amount	Balance 2017	Addition/Waiver / derecognition	Transfer to Short Term Loans	Paid in 2018	Balance 2018
TERM LOANS									
Saudi Cable	SIDF	25-Jul-16	6 Years	191,460	110,230	-		(980)	109,250
TOTAL SIDF LOAN				191,460	110,230	-	-	(980)	109,250
RESTRUCTURED BANK LOANS (A)									
Restructured Bank Loans	ALRAJHI FACILITY- A	25-Jul-16	6 Years	31,578	169,779				169,779
	BANK AL JAZIRA FACILITY - A	25-Jul-16	6 Years	-	82,608	(57,382)		(25,226)	-
	NCB FACILITY - A	25-Jul-16	6 Years	-	220,530	(146,462)		(74,068)	-
	TOTAL FACILITY - B			31,578	472,917	(203,844)		(99,294)	169,779
	ALRAJHI BANK - B (MP)	25-Jul-16	6 Years	159,988	92,114				92,114
	BNP PARIBAS BANK- B	25-Jul-16	6 Years	30,000	24,985	(24,985)			
	TOTAL BANKS (B)				189,988	117,099	(24,985)		
TOTAL RESTRUCTURED BANK LOANS (C) = (A+B)				221,566	590,016	(228,829)	-		261,893
TOTAL TERM LOAN				413,026	700,246	(228,829)	-	(100,274)	371,143
Mass Kablo	ZIRAATBANK	09-Oct-17	2 Years		9,812			(9,812)	-
	EXIMBANK	07-Apr-15	5 Years		8,909			(8,909)	-
	TOTAL MASS KABLO (D)				16,200	18,721			(18,721)
ELIMSAN	YAPI KREDİ	2015	5 Years	7,136	3,195		(3,195)		-
	İŞBANKASI	2015	5 Years	9,540	4,271		(4,271)		-
	KUVEYTTURK	2015	5 Years	6,551	2,613		(2,613)		-
	DENİZBANK	2015	5 Years	8,929	6,280		(5,391)		889
	VAKIFBANK	2015	5 Years	6,375	4,208		(4,208)		-
	BANK ASYA	2015	5 Years	-	2,427		(2,427)		-
TOTAL ELIMSAN (E)				38,531	22,994	-	(22,105)	-	889
TOTAL LONG TERM LOAN (C+D+E)				467,757	741,961	(228,829)	(22,105)	(118,995)	372,032
LESS: Current Position	SIDF	Rescheduled for 2 years			(1,960)			980	(980)
	Commercial Banks				(266,225)	160,838	(82,006)		(187,393)
	Total Current Portion Term Loan					(268,185)	160,838		980
TOTAL LONG TERM LOANS AS OF 31-DEC-2018					473,776	(67,991)	(104,111)	(118,015)	183,658

Short Term Loans of the Company at 31 December 2018 were:

Figures in (SR'000)

Company	Bank Name	Loan Date	Financing Period	Original Loan Amount	Balance 2017	Addition/Waiver / derecognition	Transfer from Term Loans	Paid in 2018	Balance 2018
SHORT TERM LOANS									
Saudi Cable Company	Saudi British Bank	27-Nov-14	2 Months	15,233	29,946	3,141		(29,946)	3,141
TOTAL SAUDI CABLE COMPANY				15,233	29,946	3,141	-	(29,946)	3,141
Mass Kablo	AK BANK	2014	5 Years	56,250	14,604	(14,604)			-
	ALBARAKA TURK	2017	1 Year	17,584	3,783	(3,783)			-
	T.VAKIFLAR BANKASI	2014	1.5 Years	9,375	4,688	220			4,908
		2016	1 Year	-	6,562	(6,562)			-
	ZIRAATBANK	2017	9 Months		10,500	(10,500)			-
		2017	7 Months		2,625	(2,625)			-
		2017	8 Months		2,625	(2,625)			-
		2017	9 Months		2,775	(2,775)			-
2017		10 Months		5,179	(5,179)			-	
2017	1 Year		3,814	(3,814)			-		
2017	3 Months		1,350	(1,350)			-		
	VAKIFBANK	2017	1 YEAR	-	6,254	(6,254)	-	-	-
	TRANSLATION			-	248	(248)	-	-	-
TOTAL MASS KABLO				83,209	65,006	(60,099)	-	-	4,908
ELIMSAN	YAPI KREDİ	2015	1 Year	1,470	3,614	1,441	3,195	(199)	8,051
	İŞBANKASI	2015	1 Year	1,966	4,838	133	4,271	(226)	8,996
	KUVEYTTURK	2014	8 Months	3,341	2,318	3,091	2,613	(1,133)	6,889
	KUVEYTTURK	2015	1 Year	1,039	3,795			(2,719)	1,076
	BANK ASYA	2015	9 Months	10,260	2,321		2,427	(765)	3,983
	DENİZBANK	2015	1 Year	1,132	2,558		5,391	(563)	7,386
	VAKIFBANK	2015	1 Year	1,125	2,111		4,207	(254)	6,064
TOTAL ELIMSAN				20,333	21,555	4,645	22,103	(5,859)	42,444
TOTAL SHORT TERM LOANS AS OF 31-DEC-2018				118,775	116,507	(52,313)	22,103	(35,805)	50,492



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%	477.3
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
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. Midal Cables mainly carries out operates in Bahrain, Turkey, Saudi Arabia and Mozambique.

Sr #	Subsidiary	Country of Incorporation	Share-holding %	Principal activities
1	Aluminum Wheel Company W.L.L (Aluwheel)	Bahrain	100	Manufacturing and sale of aluminum allow car and truck wheel castings and ingots.
2	Bahrain Welding Wire Products Manufacturing Company W.L.L	Bahrain	75	Manufacturing of aluminum rods.
3	Metal Form W.L.L	Bahrain	100	Manufacturing of alloy wires, aluminum clad steel wire, core and conform products and providing processing services.
4	Midal Kablo San. ve Tic. A.Ş	Turkey	100	Manufacturing and supply of aluminum alloy rods, wires and conductors.
5	Midal Cables International Pty Ltd.	Australia	90	Manufacturing and supply of aluminum and aluminum alloy rods, wires and conductors.
6	Midal Cables Private Ltd.	India	100	The commercial operations have not commenced yet.
7	Midal Cables International Limited	Mozambique	100	Manufacturing and supply of aluminum and aluminum alloy rods, wires and conductors.
8	Midal Cables International FZE	UAE	100	Provision of engineering and management services.
9	Sohar Electrical Industries L.L.C.	Oman	100	The commercial operations have not commenced yet.
10	Midal Cables International Limited	UK	100	Marketing the products of Midal in Europe and Turkey.
11	Midal Cables International SDN. BHD.	Malaysia	100	Marketing the products of Midal in Asia, Australia and New Zealand.
12	Midal Cables Marketing Ltd.	Kenya	100	Dormant
13	Midal Cable International Ltd.	Canada	100	Marketing the products of Midal in Americas and Canada.
14	Midal Cables Saudi	Saudi Arabia	100	Provide commercial services and produce rods, wires, cables and conductors.
15	Midal Electrics Company	Bahrain	100	Dormant.
16	Tunaverken Sweden A.B. (owned by Aluwheel)	Sweden	100	Managing shares and other securities, manufacturing and trading of parts for motor vehicles and runs consultancy business.
17	Midal Cable Marketing Ltd. Nigeria	Nigeria	100	Marketing the products of Midal in Africa.
18	Midal Cable Marketing Ltd. South Korea	South Korea	100	Marketing the products of Midal in Asia.
19	Leader Makina San. Ve Tic. A.S.	Turkey	100	Manufacture and distribution of drums, machine (trailer/silobas), container and construction.

XECA International Information Technology

The Company currently owns 25% of XECA. XECA was engaged in the supporting of Information Systems and Network Services to many companies within and outside the Group, including SCC. In 2016, a decision was made to discontinue XECA'S operations and as of December 31, 2018, XECA is under the process of liquidation.

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 14th January 2018:

Name of the Member	Member Classification	Academic Qualifications	Membership of other Public Joint Stock Companies	Current Position	Previous Position	Experience
Khalid A. Alireza	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. 	<ul style="list-style-type: none"> - Chairman of Hidada Company - Board member of the National Company for the petrochemical industry - CEO of Xenel Industries Co. Ltd. - Chairman of Safra Co. Ltd. - Vice Chairman of AMI Co. Ltd. 	Member	Chairman/Member	Industrial Engineering
Shaukat Aziz (Resigned on 11-Feb-2018)	Independent	<ul style="list-style-type: none"> - Master's degree in Business Administration 	-	-	Member	Corporate Banking & Financial Advisor
Abdullah H. Masri	Non-Executive	<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. 	<ul style="list-style-type: none"> - Coca-Cola Bottling Company of Saudi Arabia (CCBCSA) for soft drink 	Member	Member	Corporate Management

Name of the Member	Member Classification	Academic Qualifications	Membership of other Public Joint Stock Companies	Current Position	Previous Position	Experience
Adnan A. Maimani	Non-Executive	<ul style="list-style-type: none"> - Bachelor's Degree in Law from Beirut University, Cairo. - Master's degree in Law from McGill University, Canada 	<ul style="list-style-type: none"> - Board Member of SEJEL Technology for Electronic Integration Applications Co. Ltd. - Board Member of Saudi Industrial Services Co. (SISCO) - Board Member of National Petrochemical Industrial Company. - Board Member of Kindasa Water Services - Partner & Board Member of Rakeem Technology Co. Ltd. - Board Member of Saudi Services and Operations Company Limited - Board Member of Arabian Services Group Co. Ltd. - Board Member of Hidada Company Limited 	Member	Member	Legal Advisor

Name of the Member	Member Classification	Academic Qualifications	Membership of other Public Joint Stock Companies	Current Position	Previous Position	Experience
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 	<ul style="list-style-type: none"> - Board Member & Executive Manager of Xenel Industries Limited Company - Board Chairman of Imdad Medical Business Co. Ltd. - Board Chairman of Chemical Co. Ltd. (London) - Board Member of Safra Co. Ltd. - Board Member of Hidada Company - Board Member of National Petrochemical Industrial Company - Board Member of TECHNOMATE - Board Member of AMI Co. Ltd. 	Member	Member	Corporate Management
Meyassar A. Nowailati Chairman	Non Executive	<ul style="list-style-type: none"> - Bachelor's degree in Science-Finance - King Fahd University of Petroleum and Minerals, Saudi Arabia - Training courses (Banking-Analysis-Management). 	<ul style="list-style-type: none"> - Board Member of Mazar International Real-estate & Development Co. - Board Member of Al-Fursan Industrial Resins Company. 	Chairman	Member	Corporate Banking & Financial Advisor

Name of the Member	Member Classification	Academic Qualifications	Membership of other Public Joint Stock Companies	Current Position	Previous Position	Experience
Raaid Khalid Alireza Vice Chairman	Non-Executive	<ul style="list-style-type: none"> - Bachelor's degree in Industrial Engineering and Operations Research – University of California, Berkeley. - Masters of Science degree in Construction Management – Department of Civil Engineering at University of California, Berkeley - Certificate in Management Technology – University of California, Berkeley. 	<ul style="list-style-type: none"> - Board Member of AECOM Arabia. 	Member	-	Corporate Finance & Investment Advisor
Khalid Ali H. Al Ajlan	Independent	<ul style="list-style-type: none"> - Bachelor's degree in Administration – King Saud University, Riyadh - Master Degree in Business Administration – King Saud University, Riyadh 	-	Member	-	Financial Affairs

11C - DIRECTORS' OWNERSHIP OF COMPANY 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 of the company or any of its subsidiaries					
Name of the Member	No. of shares at the beginning of 2018	No. of shares at the end of 2018	Net change in the No. of shares during the year	Percent Change	Ownership of first degree relatives & changes therein
Khalid A. Alireza	359,191	98,317	(260,874)	(72.63)	Included
Shaukat Aziz	531	145	(386)	(72.69)	None
Abdullah H. Masri	1,360	372	(988)	(72.65)	None
Adnan A. Maimani	531	145	(386)	(72.69)	None
Yousuf A. Alireza	531	145	(386)	(72.69)	None
Raaid Khalid Alireza	53,172	14,554	(38,618)	(72.63)	None

11D - EXECUTIVES' DETAILS

Name	Current Position	Previous Position	Qualifications	Experience
Dionysius A. Metzemaekers	Group President, Resigned on 23 of Oct 2018	CEO, NKT Cables	Mathematical Physicist	20+ years in Cable Industries
Mohamed Ali Vaid	President - KSA Operations, Resigned on 30 of June 2018	Director, Pre-owned Vehicles Division, Toyota	MBA in Strategic Management	15+ years is Sales & Marketing leadership roles
Abdulhadi A. Abulkhair	Group President SCC & President-KSA Operations	President- KSA Operations	BS in Applied Chemical Engineering Marketing Diploma	24+ years of Vast Experience in Chemical Industry from Production, Quality Control, to Sales & Marketing leadership roles and as Managing Director for last 4 years in UPR industry
Mohammad Talal Himdi	Vice President-Operations	Deputy COO	Masters in Industrial Engg.	10+ years with Saudi Cable Company, Operations
Hesham Ismail	Vice President-Commercial & Corporate Affairs	Vice President-Human Resources & Corporate Affairs	MBA in Finance & B Sc. In Mechanical Engineering	10+ years with Saudi Cable Company in Operations, HR & Sales
Ashfaque Sayed	Vice President-Finance	Deputy GM, ITN Food Corporation	CPA-Certified Public Accountant & CGMA- Chartered Global Management Accountant	15+ years of Vast Experience in Business & Financial Planning, Accounting & IT 4+ Years as Deputy GM in ITN Food Corporation, Canada

11E - SENIOR EXECUTIVES' OWNERSHIP OF COMPANY SHARES

Name of the Member	No. of shares at the beginning of 2018	No. of shares at the end of 2018	Net change in the No. of shares during the year	Percent Change	Ownership of first degree relatives & changes therein
Hesham Abdul Rahman Essam Ismail	3,341	914	(2,427)	(72.64)	None

11F - BOD / SHAREHOLDERS MEETINGS & IMPORTANT BOD RESOLUTIONS

Attended by	2018 Meeting Details							
	No. 167 11/02/18G	No. 168 27/02/18G	No. 169 31/03/18G	No. 170 25/04/18G	No. 171 17/05/18G	No. 172 02/08/18G	No. 173 04/10/18G	No. 174 17/12/18G
Shaukat Aziz	Over Phone.	Resigned	---	---	---	---	---	---
Meyassar A. Nowailati	√	√	√	√	√	√	√	√
Khalid A. Alireza	Proxy	Proxy	Proxy	Proxy	Proxy	Proxy	Proxy	Proxy
Abdullah H. Masri	√	√	Proxy	Proxy	Proxy	Proxy	√	√
Adnan A. Maimani	√	√	√	√	√	√	√	√
Khalid Ali H. Al Ajlan	√	√	√	√	√	√	√	√
Yousuf A. Alireza	√	√	√	Proxy	Proxy	Over Phone.	√	√
Raaid Khalid Alireza	√	√	Proxy	√	√	Over Phone.	Proxy	√

List of the Shareholders Meeting:

Statement of the Shareholders General Assembly Meetings held during the Fiscal year 2018 and the names of Board Members attended these meetings:

Names of Board Member	1 st Meeting 14/01/2018 EGA 23	2 nd Meeting 07/06/2018 OGA 42	3 rd Meeting 02/09/2018 EGA 24
Meyassar A. Nowailati	√	√	√
Abdullah H. Masri	√	√	√
Yousuf A. Alireza	√	---	---
Khalid Ali H. Al Ajlan	---	√	√
Dionysius A. Metzemaekers	√	---	---

The following important resolutions were passed in the year 2018:

Board Resolution	BOD Res. No.	Date
Approval of the preliminary financial results of the 1 st Quarter 2017.	2/167	11/02/2018
Approval the resignation of Mr. Shaukat Aziz as the Board member and appointing him as company advisor.	3/167	11/02/2018
Approval the appointment of Mr. Meyassar A. Nowailati as Board member instead of the resigned member Mr. Shaukat Aziz.	4/167	11/02/2018
Approval appointment of Mr. Meyassar A. Nowailati as Chairman of the Board, Mr. Raaid Khalid Alireza as a Deputy Chairman and Mr. Majdi Dirar as Board Secretary.	5/167	11/02/2018
Approval appointment of Mr. Khalid Ali H. Al Ajlan as a member of the Audit Committee.	6/167	11/02/2018
Approval re-appointment of the Nomination & Remunerations Committee from Dr. Abdullah H. Masri, Yousuf A. Alireza, Dr. Ahmed S. Gabbani and approved appointment of Mr. Majdi Dirar as Committee Secretary.	7/167	11/02/2018
Approval of the preliminary financial results of the 2 nd Quarter 2017.	2/168	27/02/2018
Approval of the preliminary financial results of the 3 rd Quarter 2017.	3/168	27/02/2018
Suspension execution of the Board Decision No. (167/6) related to the appointment of the new Audit Committee member until it presented to the Shareholders Assembly.	4/168	27/02/2018
Approval of the annual financial results of the fiscal year ending 31 December 2017.	1/169	31/03/2018
Approval disbursement of the monthly remuneration allotted to the Chairman of the Board.	2/169	31/03/2018
Approval of the preliminary financial results of the 1 st Quarter 2018.	2/170	25/04/2018
Nomination of Messer Al Azam & Al Sudairy (Member of Crowe Horwath) as External Auditor to audit company's financial accounts for the years 2018 and 2019.	3/170	25/04/2018
Approval of the Board Report for the year 2017 and recommended including other recommendations to Shareholders General Assembly for approval.	4/170	25/04/2018
Approval of the Audit Committee Recommendation to write-off the amount of unsellable cables.	5/170	25/04/2018

Approval nomination of Messer Al Azam & Al Sudairy(Member of Crowe Horwath) and Messer Dr. Mohamed Al Amri & Partners (Member of BDO) as External Auditor to audit company's financial accounts for the years 2018 and 2019.	1/171	17/05/2018
Approval the authorization of the President of SCC Group to negotiate and sign Non-binding Framework Agreement with Rajhi Bank.	2/171	17/05/2018
Approval authorization of the Chairman of the Board to negotiate with part of debtors to settle company debts.	3/171	17/05/2018
Approval of the preliminary financial results of the 2 nd Quarter 2018	1/172	02/08/2018
Recommendation for company capital reduction from SR. 404,114,000 to SR. 110,614,060.	2/172	02/08/2018
Approval to sell off Demirer Kablo Company in Turkey	1/2018 (Circular)	11/07/2018
Approval of opening bank escrow account at HSBC Bank in China.	2/2018 (Circular)	13/09/2018
Appointment of the company's Representative to the Capital Market Authority.	3/2018 (Circular)	12/09/2018
Approval of Exemption request submitted by the current President of the Group and approved the appointment of the New Acting President.	4/2018 (Circular)	22/10/2018
Approval of the allocation & disbursement fees Policy allotted to the Board members representing SCC in the Subsidiaries & Associate Companies.	5/2018 (Circular)	29/10/2018
Approval of SCC's preliminary financial results for the 3 rd Quarter 2018.	6/2018 (Circular)	06/11/2018



11G- DETAILS OF REMUNERATION TO EXECUTIVES, NON-EXECUTIVE BOD MEMBERS AND SENIOR EXECUTIVES

Board Members Remunerations Policies:

1. The annual remunerations of the Board Members for the services they perform shall be determined in accordance with the provision of Article (43/5) of the Bylaws: (Subject to the provision of Article (19) of this regulation and Article (76) of Companies Law to preserve. Not more than (10%) of the remainder shall be distributed to Board members, provided that the entitlement of such remunerations must be in accordance with the relevant regulations in this concern). Every Director may in addition be paid a fee for attending the Board Meetings in maximum amount of SR (6000) - Saudi only six thousand Saudi Riyals - per Board meeting.
2. The Board's Annual Report to the Ordinary General Assembly of Shareholders shall contain a statement of all amount paid to the Directors in that capacity during the Company's financial year as remuneration, dividends, attendance fee or allowances, expenses and other benefits in cash or in kind. The said report shall also state the amounts received by the Directors in their capacity as Company's officers or executives, or received in return for technical, administrative or consultation services

There are no any significant variations between the policy and the actual remunerations paid.

The following table represents Board of Director's members' remuneration for 2018

Figures in (SR'000)

	Fixed Remuneration						Variable Remuneration					Total	End-of Service Award	Aggregate Amount	Expenses Allowances	
	Specific Amount	Allowances for attending BOD Meetings	Total Allowance for Attending Committee Meetings	In-Kind Benefits	Remunerations for Technical, Managerial, and Consultative Work	Remuneration of the Chairman, Managing Director or Secretary, if a Member	Total	Percentage of the Profits	Periodic Remunerations	Short-term incentive plans	Long-Term Incentive Plans					Granted Shares (Insert the Value)
First: Independent Directors																
1. Meyassar A. Nowailati	-	42	-	-	-	724	766	-	-	-	-	-	-	-	766	-
2. Khalid Ali H. Al Ajlan	-	48	-	-	-	-	48	-	-	-	-	-	-	-	48	-
TOTAL	-	90	-	-	-	724	814	-	-	-	-	-	-	-	814	-
Second: Non-Executive Directors																
1. Yousuf A. Alireza	-	30	-	-	-	-	30	-	-	-	-	-	-	-	30	-
2. Adnan A. Maimani	-	42	-	-	-	-	42	-	-	-	-	-	-	-	42	-
3. Abdullah H. Masri	-	30	-	-	-	-	30	-	-	-	-	-	-	-	30	-
4. Raaid Khalid Alireza	-	36	-	-	-	-	36	-	-	-	-	-	-	-	36	-
TOTAL	-	138	-	-	-	-	138	-	-	-	-	-	-	-	138	-
GRAND TOTAL	-	228	-	-	-	724	952	-	-	-	-	-	-	-	952	-

The following table represents senior executive's remuneration for 2018

Figures in (SR'000)

Senior Executives	Fixed Remuneration				Variable Remuneration						End-of Service Award	Total Remunerations for BOD Executives, if any	Aggregate Amount
	Salaries	Allowances	In-Kind Benefits	Total	Periodic Remunerations	Profits	Short-term incentive plans	Long-Term Incentive Plans	Granted Shares (Insert the Value)	Total			
1. Group President	1,375	481	-	1,856	-	-	-	-	-	-	-	-	1,856
2. President KSA	359	125	-	484	-	-	-	-	-	-	366	-	850
3. Vice President (Finance)	328	115	-	443	-	-	-	-	-	-	-	-	443
4. Vice President (Commercial & Corporate Affairs)	578	202	-	780	-	-	-	-	-	-	-	-	780
5. Vice President (Operations)	578	202	-	780	-	-	-	-	-	-	-	-	780
GRAND TOTAL	3,218	1,125	-	4,343	-	-	-	-	-	-	366	-	4,709

11H - BOARD COMMITTEES

A. 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 current Committee was reformed and approved by the shareholders in the Extra Ordinary General Assembly (EGA) No.23 held on 27 Rabi al Thani 1439 (14 January 2018) and the following members were appointed effective the EGA date for a period equivalent to Board's duration.

1. Adnan A. Maimani
2. Mohammed Ashraf Tumbi
3. Ziad Tayara, and
4. Khalid Ali H. Al Ajlan - Appointed later on by the shareholders in the 42nd OGA meeting held on 07 June 2018 for a period equivalent to Board's duration.

Note: Qualifications of Committee Members have been given hereunder.

The Charter of the Audit Committee was initially approved by the Board of Directors on 8/6/1994 (Resolution No. BM 65-4). The current revised Charter was approved by the shareholders in their 23rd Extraordinary General Assembly (EGA) held on 14 January 2018.

Mandate:

The main objectives of the Committee includes, but are not limited to, ensuring adequacy of policies, procedures and soundness of the internal control maintained by the Management for safeguarding the Company's assets and properties, appropriateness of financial accounting and reporting, as well as ensuring the effectiveness of the internal and external audit functions on an ongoing basis. The committee also reviews the company's periodical and annual financial statements and annual budgets and recommends to the Board of its approval. The Committee also recommends to the shareholders of the selection of external auditors to be chosen and approved by the shareholders.

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 2018 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.

Membership

The following were the members of the Audit & Risk Committee (As of 31.12.2018):

Members	BOD Member	Non-Executive	Shareholder	Position
Adnan A. Maimani	√	√	√	Chairman
Mohammed Ashraf Tumbi	--	√	√	Member
Ziad Tayara	--	--	--	Member
Khalid Ali H. Al Ajlan	√	√	--	Member

All the Audit Committee Members were not Employees of the Group.

Qualifications of the Members:

Members	Current Position	Previous Position	Qualification	Experience
Adnan A. Maimani	Chairman of Audit Committee, Director SCC Board	Chairman of Audit Committee, Director SCC Board	<ul style="list-style-type: none"> • Bachelor's Degree in Law Beirut University, Cairo. • Master's degree in Law McGill University, Canada 	Legal
Mohammed Ashraf Tumbi	Member	-	<ul style="list-style-type: none"> • Bachelor of Commerce & CA. 	Finance
Ziad Tayara	Member	-	<ul style="list-style-type: none"> • Bachelor of Economy & Business Management 	Finance
Khalid Ali H. Al Ajlan	Member	-	<ul style="list-style-type: none"> • Bachelor's degree in Administration King Saud University, Riyadh • Master Degree in Business Administration King Saud University Riyadh 	Finance

SCC – Audit Committee Meetings and Results

The committee held 4 meetings in 2018:

S.No	Meeting#	Meeting Date	Attended By
1	124	08/02/2018	Adnan A. Maimani Mohammed Ashraf Tumbi Ziad Tayara
2	125	24/04/2018	Adnan A. Maimani Mohammed Ashraf Tumbi Ziad Tayara
3	126	29/07/2018	Adnan A. Maimani Ziad Tayara Khalid Ali H. Al Ajlan
4	127	06/11/2018	Adnan A. Maimani Ziad Tayara Khalid Ali H. Al Ajlan

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

Audit Committee Members	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings (SAR)	Total (SAR)
Adnan A. Maimani	x	12,000	12,000
Mohammed Ashraf Tumbi	x	6,000	6,000
Ziad Tayara	x	12,000	12,000
Khalid Ali H. Al Ajlan	x	6,000	6,000

Results and Findings of the Audit Committee:

1. The current audit manual containing audit scope, functions of the Internal Audit Department, procedures, code of ethics of the Department and Audit Plan was reviewed and found adequate and satisfactory.
2. A review of the company's financial and operational policies/procedures and internal control system shows that policies/procedures and internal control system

are satisfactory. The audit of the effectiveness of internal control for the year 2018 showed no substantial or material weakness in the company. With the implementation of IFRS effective 2018, the Committee suggests to revise the current SCC Accounting Standard in order to incorporate necessary changes required by IFRS, if any.

3. The Committee conducted several meetings to review the financial and operational statements, internal control system, management's reports and reports of the internal auditor. The result of internal audit showed that the internal control system/procedures were effective. 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. The Annual review of the effectiveness of the Internal Control System has not shown any intrinsic weakness in the company.
5. 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.

B. Nominations & Remunerations Committee:

The main objectives of the Nominations & Remunerations Committee 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 167/7 dated 25 Jamadi-ul-Awwal 1439H corresponding to 11 February 2018G as follows:

No.	Members	Position
1	Dr. Abdullah H. Masri.	Chairman
2	Yousuf A. Alireza.	Member
3	Dr. Ahmed S. Gabbani.	Expert Member

The newly elected Board, which commenced on 14 January 2018, has confirmed the continuity of existing Members of the Nomination & Remuneration Committee in their current positions, until further notice.

Meetings:

The Nominations & Remunerations Committee had two meetings during the year 2018 as per the following attendance:

No	Meeting Date	Meeting No	Attended By
1	15 October 2018	(17)	<ul style="list-style-type: none"> • Dr. Abdullah H. Masri • Yousuf A. Alireza • Dr. Ahmed S. Gabbani
2	24 October 2018	(18)	<ul style="list-style-type: none"> • Dr. Abdullah H. Masri • Yousuf A. Alireza • Dr. Ahmed S. Gabbani

Details of Nomination & Remuneration Committee Members:

Members	Current Position	Previous Position	Qualification	Experi ence
Dr. Abdullah H. Masri.	Chairman	Chairman	<ul style="list-style-type: none"> • Bachelor's degree in Humanities University of California. • Master's degree in Humanities University of Chicago. • Doctorate in Humanities University of Chicago, • Dip in Business Administration Harvard University 	Corporate Management & Documental Corporate a Media Management.
Yousuf A. Alireza.	Member	Member	<ul style="list-style-type: none"> • Bachelor's degree in Applied Sciences in Business Sector University of San Francisco. • Master's degree in Business Administration 	Corporate Management & IT
Dr. Ahmed S. Gabbani.	Expert Member	Expert Member	<ul style="list-style-type: none"> • Ph.D. In International Relations University of South California. 	Human Capital, Organizational Development & Public Relations.

12- IMPLEMENTATION STATUS OF CORPORATE GOVERNANCE (CMA) REGULATIONS

(As of 31 December 2018)

S. No	CMA Article No. /Description	No. of Applicable clauses	Implemented	Partial Implementation	In Process of Implementation.	Not Applicable	REMARKS
1	Article 4: Fair Treatment of Shareholders	3	3				
2	Article 5: Rights Related to Shares	1	1				
3	Article 6: Shareholder access to information	3	3				
4	Article 7: Communicating with Shareholders	3	3				
5	Article 8: Electing the Board Members	3	3				
6	Article 9: Distribution of Dividends	3	3				
7	Article 10: Rights Related to the Meeting of the General Assembly	1	1				
8	Article 11: Competencies of the Extraordinary General Assembly	1	1				
9	Article 12: Competencies of the Ordinary General Assembly	1	1				
10	Article 13: Shareholders' Assembly	8	8				
11	Article 14: The Agenda of the General Assembly	4	4				
12	Article 15: Management of the Shareholders' Assembly	5	5				
13	Article 16: Composition of the Board	1	1				
14	Article 17: Appointment of the Board members	4	4				
15	Article 18: Conditions for the membership of the Board* 1						*Guiding Article
16	Article 19: Termination of a Board Membership	3	3				
17	Article 20: Issues Affecting Independence	4	4				
18	Article 21: Responsibility of the Board	2	2				
19	Article 22: Main Functions of the Board* 2						*Guiding Article
20	Article 23: Distribution of Competencies and Duties	1	1				
21	Article 24: Separation of Positions	4	4				

S. No	CMA Article No. /Description	No. of Applicable clauses	Implemented	Partial Implementation	In Process of Implementation.	Not Applicable	REMARKS
22	Article 25: Oversight over the Executive Management	1	1				
23	Article 26: Competencies and Duties of the Executive Management	1	1				
24	Article 27: Competencies and Duties of the Chairman of the Board	1	1				
25	Article 28: Appointing CEO after end of his/her services as Chairman of the Board	1	1				
26	Article 29: Principles of truthfulness, honesty and loyalty	1	1				
27	Article 30: Tasks and Duties of the Board Members	1	1				
28	Article 31: Duties of the Independent Director	1	1				
29	Article 32: The Board Meetings* 3	4	4				*Guiding Article 32.b only
30	Article 33: Remarks of the Board Members	2	2				
31	Article 34: Organising the Attendance of the Board Meetings.	2	2				
32	Article 35: The Agenda of Board Meetings	2	2				
33	Article 36: Exercising the Competencies of the Board	4	4				
34	Article 37: The Secretary of the Board	2	2				
35	Article 38: Qualifications of the Secretary* 4						*Guiding Article
36	Article 39: Training* 5						*Guiding Article
37	Article 40: Providing Members with Information	1	1				
38	Article 41: The Assessment* 6						*Guiding Article
39	Article 42: Dealing with Conflicts of Interest and Related Parties Transactions	1	1				
40	Article 43: Conflicts of Interest Policy	1	1				
41	Article 44: Avoiding Conflicts of Interest	2	2				
42	Article 45: Disclosure of Conflicts of Interest by the Nominee	1	1				
43	Article 46: Competing with the Company	1	1				
44	Article 47: Concept of the Competing Businesses	1	1				

S. No	CMA Article No. /Description	No. of Applicable clauses	Implemented	Partial Implementation	In Process of Implementation.	Not Applicable	REMARKS
45	Article 48: Rejecting the Renewal of Authorisation	1	1				
46	Article 49: Accepting Gifts	1	1				
47	Article 50: Forming the Committees	1	1				
48	Article 51: Committees Membership	3	3				
49	Article 52: Studying Subjects	2	2				
50	Article 53: Committees Meetings	3	3				
51	Article 54: Audit Committee Formation	4	4				
52	Article 55: Competencies, powers and responsibilities of the Audit Committee	4	4				
53	Article 56: Conflict between the Audit Committee and the Board	1	1				
54	Article 57: Audit Committee Meetings	3	3				
55	Article 58: Arrangements for Providing Remarks	1			1		
56	Article 59: Powers of the Audit Committee	1	1				
57	Article 60: Composition of the Remuneration Committee	2	2				
58	Article 61: Competencies of the Remuneration Committee	1	1				
59	Article 62: Remuneration Policy	1	1				
60	Article 63: Meetings of the Remuneration Committee	1	1				
61	Article 64: Composition of the Nomination Committee	2	2				
62	Article 65: Competences of the Nomination Committee	1	1				
63	Article 66: the Nomination Procedures* 8	2	2				*Guiding Article 66.b
64	Article 67: Meetings of the Nomination Committee	1	1				
65	Article 68: Publishing the Nomination Announcement	1	1				
66	Article 69: Nomination Rights of Shareholders	1	1				
67	Article 70: Composition of the Risk Management Committee* 9						*Guiding Article
68	Article 71: Competencies of the Risk Management Committee * 10						*Guiding Article

S. No	CMA Article No. /Description	No. of Applicable clauses	Implemented	Partial Implementation	In Process of Implementation.	Not Applicable	REMARKS
69	Article 72: Meetings of the Risk Management Committee * 11						*Guiding Article
70	Article 73: Internal Control System	1	1				
71	Article 74: Establishing Independent Units or Departments within the Company	2	2				
72	Article 75: Duties of the Internal Audit Unit or Department	1	1				
73	Article 76: Composing an Internal Audit Unit or Department * 12						*Guiding Article
74	Article 77: Internal Audit Plan* 13						*Guiding Article
75	Article 78: Internal Audit Report* 14						*Guiding Article
76	Article 79: Maintaining Internal Audit Reports	1	1				
77	Article 80: Assigning the Audit Function	1	1				
78	Article 81: Appointment of the External Auditor	1	1				
79	Article 82: Duties of the External Auditor	1				1	
80	Article 83: Regulating the Relationship with Stakeholders *15						*Guiding Article
81	Article 84: Reporting Non-Compliant Practices	1			1		
82	Article 85: Employee Incentives *16						*Guiding Article
83	Article 86: Professional Conduct Policy	1	1				
84	Article 87: Social Responsibility *17						*Guiding Article
85	Article 88: Social Initiatives *18						*Guiding Article
86	Article 89: Policies and Procedure of Disclosure* 19						*Guiding Article 89.3
87	Article 90: The Board's Report	1	1				
88	Article 91: The Audit Committee's Report	2	2				
89	Article 92: Disclosure by the Board	1	1				
90	Article 93: Disclosure of Remunerations	2	2				
91	Article 94: Implementation of Effective Governance	1	1				
92	Article 95: Formation of a Corporate Governance Committee *20						*Guiding Article
93	Article 96: Retaining of Documents	1	1				
	Total Applicable Clauses	142	139		2	1	
	Percentage of Implementation	100%	97.89%		1.41%	0.7%	

Company's Announcements Published on CMA website (Tadawul)

1. Company invites its shareholders to attend the 23rd Extraordinary General Meeting (3rd Meeting), dated 04/01/2018.
2. Company announces for the starting date of electronic voting of its shareholders on the items of the 23rd Extraordinary General Meeting (Third Meeting), dated 09/01/2018.
3. Company invites its shareholders to attend the 23rd Extraordinary General Meeting (Third Meeting) (Reminder Announcement), dated 09/01/2018.
4. Company announces for the results of the 23rd Extraordinary General Meeting (3rd Meeting), dated 15/01/2018.
5. Supplementary Announcement from Company On its inability to publish its Financial Results for the First, Second and Third Quarters of 2017 on time, dated 16/01/2018.
6. Company announces the interim financial results for the period ending on 31-03-2017 (Three Months), dated 05/02/2018.
7. Company announces the results of its preliminary financial statements for the period ended 31 March 2017 (3 months period), dated 06/02/2018.
8. Company announces a correction announcement of the results of its preliminary financial statements for the period ended 31 March 2017 (3 months period), dated 07/02/2018.
9. Company announces the resignation of a member of the Board of Directors, dated 12/02/2018.
10. Company announces the appointment of a board member, dated 13/02/2018.
11. Company announces the election for the Chairman, Vice Chairman and Secretary of the Board, dated 13/02/2018.
12. Company announces the interim financial results for the period ending on 30-06-2017 (Six Months), dated 19/02/2018.
13. Company announces the appointment of a member of the Audit Committee, dated 20/02/2018.
14. Company announces the interim financial results for the period ending on 30-09-2017 (Nine Months), dated 26/02/2018

15. Company announces correction announcement of its results for the period ended 30-09-2017 (nine months), dated 04/03/2018
16. An announcement by the Company concerning the appointment of a member of the Audit Committee, dated 05/03/2018.
17. Company announces that it will not be able to publish its annual financial results ending on 2017/12/2008 at the specified time, 29/03/2018.
18. Company announces the annual financial results for the period ending on 31-12-2017, dated 01/04/2018.
19. Company announces the interim financial results for the period ending on 31-03-2018 (Three Months), dated 26/04/2018.
20. Company announces appendices annulment of preliminary financial results for the period ended 31-03-2018 (three months), dated 29/04/2018.
21. Company invites its shareholders to attend the 42nd Ordinary General Assembly (OGA) Meeting (first meeting), dated 20/05/2018.
22. An announcement by the Company regarding the Company's invitation to its shareholders to attend the 42nd Ordinary General Meeting (1st Meeting), dated 20/05/2018.
23. Company invites its shareholders to attend the 42nd Ordinary General Assembly (OGA) Meeting (first meeting) (reminder), dated 31/05/2018.
24. Company announces the date of the commencement of the electronic voting of the 42nd Ordinary General Assembly (First Meeting), dated 31/05/2018.
25. Company announces the results of shareholder Ordinary General Assembly meeting, dated 10/06/2018.
26. Company announces appendices annulment the results of the 42nd Ordinary Meeting of The General assembly (1st meeting), dated 10/06/2018.
27. Company announces the signing of an agreement to sell its entire stake in Demirer Cable Company in Turkey to Giangsu Zhongtian Technology (ZTT), a Chinese cable company, dated 16/07/2018.
28. Company announces its accumulated losses reached 72.6% of its capital, dated 24/07/2018.

29. The Company announces the procedures to be taken and the time periods for them after the accumulated losses of 72.6% of its capital, dated 26/07/2018.
30. The Board of Directors of Company has recommended a reduction in the company's capital, dated 02/08/2018.
31. Company Announces the Appointment of the Financial Advisor, dated 02/08/2018.
32. Company announces the interim financial results for the period ending on 30-06-2018 (Six Months), dated 06/08/2018.
33. Company Announces the Submission of the Capital Reduction Request File to the Capital Market Authority, dated 06/08/2018.
34. Supplementary announcement from Company in respect of its announcement regarding its financial results ended in 30 June 2018 (Six Months), dated 06/08/2018.
35. Company announces the latest developments regarding the submission of the capital reduction request file to the Capital Market Authority, dated 13/08/2018.
36. Supplementary announcement by Saudi Cable Company regarding the announcement of its preliminary financial results for the period ended June 30, 2018 (six months), dated 15/08/2018.
37. Company invites its shareholders to attend the 24th Extraordinary General Assembly Meeting including Capital Reduction (First Meeting), dated 16/08/2018.
38. Company announces the deadline for the Extraordinary General Assembly to handle the accumulated losses, dated 26/08/2018.
39. Company invites its shareholders to attend the 24th Extraordinary General Assembly Meeting including Capital Reduction (First Meeting) - (Reminder), dated 26/08/2018.
40. Company announces the commencement of the electronic voting of the 24th extraordinary general assembly including the reduction of the capital (the first meeting), dated 28/08/2018.
41. Company announces the deadline for the Extraordinary General Meeting to deal with accumulated losses (Reminder), dated 29/08/2018.
42. Company announces the commencement of the electronic voting for the 24th extraordinary general assembly including the reduction of the capital (the first meeting) (Reminder), dated 29/08/2018.

43. Company announces the results of shareholder extraordinary general assembly meeting approving company's capital Decrease, dated 03/09/2018.
44. An appendices announcement by Company regarding the announcement of the General Assembly Meeting of Opportunities and Risks (Second Meeting), dated 06/09/2018.
45. Company announces for the latest updates on signing an agreement to sell the whole shares of the Company in Demirer Kablo in Turkey to Jiangsu Zongitan Technology (ZTT), dated 16/09/2018.
46. Company announces the amendment of its position and the amortization of its accumulated losses, dated 04/10/2018.
47. Company announces the request to exempt the Group's CEO and appoint a new CEO, dated 23/10/2018.
48. Company announces a correction regarding the request to exempt the Group's CEO and appoint a new CEO, dated 24/10/2018.
49. Company announces its interim Financial results for the period ending on 2018-09-30 (Nine Months), dated 08/11/2018.
50. Company announces preliminary financial results for the period ending 2018-09-30 (nine months), dated 08/11/2018.
51. Company Announces to impose a fine on it for violating some regulatory controls and procedures, dated 03/12/2018.
52. A corrective announcement from the Company regarding the announcement of the imposition of a fine on it for violating some regulatory controls and procedures, dated 04/12/2018.
53. Company announces that it has reached a final settlement with its commercial creditors regarding the debt owed to it and the positive reflection on its financial statements, dated 26/12/2018.

CMA's Announcements Published on their website

1. CMA Announcement in regard to continuing the suspension of trading the shares of the Company on 27-February-2018.
2. An Announcement from the CMA Regarding Lifting the Suspension of trading the shares of the Company on 02-April-2018.

3. Announcement by the CMA Approving the Company's Request to reduce its Capital on 09-August-2018.

13 - PENALTIES IMPOSED BY CAPITAL MARKET AUTHORITY (CMA)

The following penalties were imposed by Capital Market Authority during 2018:

1. On 28-November-2018 CMA imposed a penalty of SR 50,000 on the Company, due to the Violation of Paragraph (a) of Article (48) of the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies. In addition to imposing a penalty of SR 50,000 on the Company, due to the Violation of Paragraph (a) of Article (49) of these Regulatory Rules.
2. On 11-December-2018 CMA Imposed a penalty of SR 20,000 on the Company, due to the violation of paragraph (a) of Article (61) of the Rules On The Offer Of Securities And Continuing Obligations, and subparagraph (5) of paragraph (a) of the General Guidelines for Listed Companies' Announcements.
3. On 31-December-2018 CMA imposed a penalty of SR 10,000 on the Company, due to the violation of procedures and instructions related to listed companies with accumulated losses reaching 20% or more of their share capital.

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, which are disclosed in the annual financial statements. All transactions are enacted on prevailing commercial terms.
2. An affiliate of the Company, XECA, was 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 are still unpaid and continue 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)	
		2018	2017
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	9,662	9,010
	Dividends income	25,933	21,341
	Directors remuneration	469	1,875
	Finance costs & others	26	1,141
Xenel Industries Limited Private company. The BOD of which includes 2 members from SCC BOD.	Expenses of Travel, Consultancy, Training, Legal etc. charged to the Group, advances and Loans.	562	2,686
XECA International Information Technology 25% owned by SCC and 25% owned by Xenel Industries	IT Outsourcing services paid/Advances	750	250
Demirer Kablo Tesisleri	Sales of goods and expenses	17,540	-
Hidada Limited	Sales of goods	-	7

Related party balances comprised of the following as at 31 December:	2018	2017
Due from related parties		
Demirer Kablo Tesisleri	25,522	-
Hidada Limited	187	187
TOTAL	25,709	187

Due to related parties		
Xenel Industries Limited	43,540	44,102
Midal Cables W.L.L.	3,374	15,876
Chem Global Limited	664	664
XECA International Information Technology	1,719	2,469
Hidada Limited	1,452	1,452
TOTAL	50,749	64,563

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. A risk matrix is plotted based on impact (severity) and likelihood (probability). Risks that have a medium to high score in terms of impact and likelihood are as follows:

1. Credit risk (withdrawal of credit line received / non-compliance of credit provided)
2. Zakat exposure risk
3. Political risk

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. (8-16-2017) dated 16/05/1438H corresponding to 13/02/2017G.

Updates of Corporate Governance Regulations:

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. 11 issued by the General Assembly of the Shareholders at its meeting No. 42 held on 23/08/1439H corresponding to 07/06/2018G.

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.

Bylaws Updates:

Depending on Companies Regulations issued by the Royal Decree No. (3/M), dated 28/01/1437H, with amendments & addendums issued by the Royal Decree No. (79/M), dated 25/07/1439H, the company has amended its Bylaws to comply with the new Companies 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.

Company Capital Reduction:

Company accumulated losses has reached as of 30 June 2018 an amount of SR. 293,499,940, whereas all the accumulated losses were fully amortized through capital reduction from SR. 404,114,336 to SR. 110,614,060, within the Extraordinary General Assembly Meeting No. (24), held in 22/12/1439H corresponding to 02/06/2018G.

Dividends Policy:

Articles 43, 44 and 45 of the company's Bylaws cover the policy on distribution of annual profits as follows:

Article 43 – Distribution of Profits:

1. A sum of (10%) of the net profits shall be set aside to form the Company's Statutory Reserve. The Ordinary General Assembly may stop such setting aside when the said reserve equals (30%) thirty per cent of the Company's paid-up Capital.
2. The Ordinary General Assembly upon recommendation of the Board of Directors, may set aside a share of the net profits to form an agreed reserve that shall be allocated for a certain purpose(s).
3. The Ordinary General Assembly may decide to form other reserves, to the extent that shall realize the Company's interest or guarantees distribution of fixed profits as much as possible, for the shareholders.
4. Then from the remainder, an amount of (5%) of the Company's paid-up Capital, shall be distributed to the shareholders.
5. Subject to the provisions set in article (19) of these Bylaws and article (Seventy six) of the Companies' law, after the aforesaid, no more than (10%) of the remainder shall be allocated as remuneration for the Board of Directors, and the entitlement for this remuneration shall in accordance with the applicable regulations in this respect.

Article 44 – Entitlement for Dividends:

The shareholder shall be entitled for dividend pursuant to a resolution by the General Assembly issued in this respect. The resolution shall show the date of entitlement and

the date of distribution. The priority for dividends shall be for the shareholders registered in the shareholders' register at the end of the day prescribed for entitlement.

Article 45 – Distribution of Preferred Shares' Profits:

1. If no profits have been distributed for any financial year, the profits for the following years may not be distributed unless after the payment of the rate prescribed as per article (One hundred fourteen) of the Companies' Law, to the owners of preferred shares for this year.
2. Upon failure of the Company to pay the rate prescribed as per the provision of article (One hundred fourteen) of the Companies' Law from the profits for three successive years, the Private Assembly for the owners of these shares convened in accordance with the provisions of article (eighty nine) of the Companies' Law, may decide either their attendance at the meetings of the Company's General Assembly and participation in voting, or to appoint representatives for them in the Board of Directors in proportion with the value of their shares in the Capital till the Company can pay all the priority rights profits allocated for the owners of these shares for the previous years.

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 2019. The actual meeting dates may vary upon BOD Members' availability.

Meeting		Day and Date	
1	Board of Directors Meeting	Tuesday,	18-08-1440 H – 23-04-2019
2	EGA # 25	Sunday,	23-08-1440 H – 28-04-2019
3	Board of Directors Meeting	Tuesday,	13-11-1440 H – 16-07-2019
4	Board of Directors Meeting	Tuesday,	17-02-1440 H – 15-10-2019

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. 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.
4. The company has not issued any financial instruments such as stock options or stock rights that may be converted into shares.

5. 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.
6. There were no outstanding loans that neither were due from the directors during the year nor were any loan repayments made.
7. There were no loans given to any of its members.
8. The company has not made any transactions relating to its own stocks.
9. Bank loans and its movements are disclosed in this report, and in the financial statements.
10. 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.
11. No waiver of rights has been received from any shareholder.
12. The external auditor has given a qualified opinion on the financial statements.

19 - SHAREHOLDERS' REGISTER:

The Company requested the Shareholders' Register from The Securities Depository Center (EIDAH) during 2018 on the following dates and the reasons thereof:

Dates of Request	Reason	No. of Requests
07/06/2018	To determine the eligibility for attending the Ordinary General Meeting (# 42)	1
02/09/2018	To determine the eligibility for attending the Extraordinary General Meeting (# 24)	1
01/04/2018, 03/04/2018, 12/04/2018, 26/04/2018, 03/05/2018, 31/07/2018, 26/08/2018, 09/09/2018, 10/10/2018, 18/10/2018, 01/11/2018, 08/11/2018, 15/11/2018, 22/11/2018, 29/11/2018, 06/12/2018, 13/12/2018, 20/12/2018, 27/12/2018	To review the changes in share ownership for investor relations purposes	19

20 - BOARD OF DIRECTORS RECOMMENDATIONS TO THE SHAREHOLDERS:

1. Approval of the Board of the Directors' Report for 2018.
2. Approval of the 2018 year-end financial statements and external auditors' report.
3. Absolving the Board of Directors of their responsibilities for the year 2018.
4. Approval of the appointment of external auditors for the year 2019.
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 Mohammad Bin Salman Bin Abdul-Aziz Al-Saud - Deputy Prime Minister & Minister of 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 2018.

On behalf of the Board of Directors
CHAIRMAN